

# Federal reserve

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Federal Reserve Federal Reserve Federal Reserve is all about a the US central bank that provide the US economy with a stable, flexible financial and monetary system. The Federal Reserve also supervises commercial banks and provides financial services to the US government (Tucker, 2011). San Francisco is the closest Federal District Bank that is close to me. In addition, the current Chairman of Fed is Janet Yellen who was sworn to office at Washington D. C (Brux, 2011)

Fed should remain independent from political authority so that it can be in a position to effectively and efficiently control the levels of inflation. However, the president and the congress may have said in their operation when there are economic sectors that need immediate attention (Brux, 2011).

FOMC is an abbreviation of Federal Market Operations Committee whose role is to make policies. It consists of five presidents of Reserve bank and seven board members of governors. Futher; the current federal rate is 0. 25% (Tucker, 2011)

Fed implements monetary policy by controlling inflation and interest rate. In addition, they utilize monetary policy tools such as open market operations to manage the economy (Tucker, 2011).

During the meeting, the FOMC maintained the federal funds rate at 0. 25%. It is an indication that their neither increase or reduce the rate (Tucker, 2011).

Expansionary policies may be appropriate given the current state of the US economy. The reason for applying expansionary policy is to promote the levels of economic activities as well as reduces the deflation. However, care should be taken to prevent further inflation (Brux, 2011).

## References

Brux, J. M. (2011). *Economic issues and policy*. Mason, OH: South-Western Cengage Learning.

Tucker, I. B. (2011). *Macroeconomics for today*. Mason, OH: South-Western Cengage Learning.