



**The Federal Open Market Committee (FOMC) voted on March 16, 2022, to raise the Fed Funds Target Rate by 25 basis points. The FOMC indicated the potential for six additional rate increases by the end of the year.**

### **What Has Happened Since March of 2020:**

In March of 2020, the FOMC dropped rates by 150 basis points at the start of the COVID-19 pandemic. This has effectively kept short-term rates near zero ever since in response to the resulting economic downturn. However, highly accommodative monetary policy paired with significant fiscal stimulus has led to strong economic growth over the past year.

### **What Happened Today:**

For the first time since 2018, the FOMC voted to raise the Fed Funds Target Rate by 25 basis points to a new range of 0.25% to 0.50%. Additional rate hikes are anticipated over the course of this year.

### **Why This Happened:**

The FOMC has a dual mandate to promote maximum employment and stable prices. While the labor market is close to full employment, inflation is at a 40-year high and still accelerating. Despite the current geopolitical risks, the FOMC needs to re-establish its inflation-fighting credibility.

### **Why Utilize LAMP in a Rising Rate Environment:**

As the economy continues to show signs of recovery and the Fed adopts a more hawkish tone, LAMP Participants are now well-positioned to take advantage of this rising rate environment. Given the short average maturity of pool investments, LAMP yields can adjust more rapidly and typically provide an enhanced market rate. As holdings in LAMP mature, fund management invests these proceeds into higher-yielding securities thus providing investors with more current (and higher) rates.

### **Next Steps for Your Local Government:**

Review your investments to ensure that yields are in line with rising Fed Funds rate expectations at a minimum. We're happy to assist with this analysis and answer any other questions you may have. If you'd like to set up a meeting to analyze your current investment program or for more information on how to best navigate your investment portfolio in a rising rate environment, please [contact us!](#)

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