

Expediting the Release of the FOMC Minutes

In the statement issued at the end of its December 14, 2004 meeting, the FOMC announced the following change to its communication policy:

“Beginning with this meeting, the minutes of regularly scheduled meetings will be released three weeks after the date of the policy decision. The first set of expedited minutes will be released at 2 p.m. EST on January 4, 2005.”

This was a substantial change. Before this, the minutes were published two days following the next meeting, or roughly six weeks after the event that they cover took place. The FOMC’s meeting minutes are a summary of the discussions that took place. They typically run 8-9 pages long and contain 4000-5000 words. While the minutes are anonymous – views are not attributed to specific participants – they include substantial detail about the concerns of the participants and their likely reaction to future events as they unfold.

Why is halving the time it takes to publish the minutes so important? Because, over the years, the old six-week lag release time created problems. The business media and financial analysts only had the 200-word statement issued at the end of each meeting to gauge the FOMC’s views, and each word was scrutinized in exhaustive detail. And there are times when a short statement just isn’t enough to accurately describe what the Fed wants to express. If economic conditions are particularly unsettled and uncertainties about the near future are high, policymakers need a mechanism for adding nuance and subtlety. The solution was to expedite the release of the minutes, publishing them as quickly as they could be written and reviewed by the meeting participants. The result is better FOMC communication and increased transparency.