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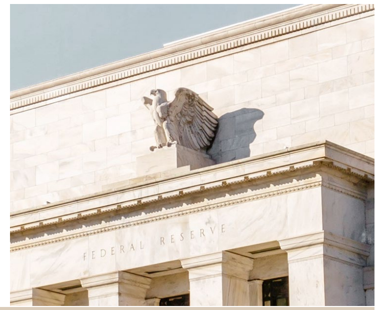
FOMC Meeting: Key Takeaways



June FOMC meeting **June 17, 2026**

Policy announcement

In Kevin Warsh's first Federal Open Market Committee (FOMC, or the Committee) meeting as Chair, the Committee held the federal funds rate steady at 3.50%–3.75%. The FOMC noted that recent economic activity is expanding at a solid pace, while inflation remains elevated relative to the Committee's 2 percent goal. The Federal Reserve (Fed) also reaffirmed its policy of maintaining ample reserves in the banking system.

Stated reasons

- Economic activity is expanding at a solid pace despite elevated uncertainty. Productivity growth and capital investment are strong. Job gains have kept pace with the workforce, and the unemployment rate has changed little. Inflation remains somewhat elevated reflecting supply shocks and energy constraints.
- In support of its goals, the Committee left the target range for the federal funds rate unchanged at 3.50% - 3.75%. The Committee stated that it will deliver price stability.

Looking forward

- In our view, the Fed will continue to remain on hold, allowing more time and flexibility to navigate the uncertainties between economic growth, labor market strength, and inflation risks given supply-driven shocks.

What else?

- The Fed leaving the federal funds rate unchanged at today's meeting was expected by markets. This rate decision was unanimous, following significant disagreement during the April meeting.
- The official statement has an increased focus on economic uncertainty and a greater focus on the threat posed by price instability from the April statement. The Summary of Economic Projections was released, which looks at FOMC members' future expectations of the economy and the federal funds rate.
- The median federal funds forecast for 2026 increased, implying the potential for one rate hike before year-end 2026. Gross domestic product (GDP) and personal consumption expenditures (PCE) inflation expectations saw notable changes for 2026 from 2.4% to 2.2% and 2.7% to 3.6%, respectively.
- The median change forecast in the unemployment rates decreased slightly for 2026 from 4.4% to 4.3%.
- In our opinion, the uncertain geopolitical environment may inject more uncertainty into the ultimate path of the federal funds rate. This statement from the Committee shows that a growing number of members favor a more neutral or hawkish bias, supporting our outlook for no federal fund rate changes this year. Ultimately, the economic data will impact the timing of any move higher or lower in policy rates.

Upcoming meeting schedule:

- July 29 | September 16* | October 28 | December 9*

*Indicates the meeting is associated with a summary of economic projections. In addition, every meeting will be accompanied by a press conference.

Risk considerations

Forecasts and targets are based on certain assumptions and on views of market and economic conditions which are subject to change.

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