

FEDERAL FUNDS RATE HOLDS STEADY

MARCH 18, 2026

Fed Maintains Policy Rate, Signals Cautious Path Forward

The Federal Open Market Committee (FOMC) announced its March policy decision today, holding the federal funds rate unchanged in the 3.50%–3.75% target range, an outcome that was widely anticipated. In its statement, the Committee cited low job growth, a stabilizing unemployment rate, and inflation that has remained somewhat elevated as key factors informing its decision to hold policy steady. Importantly, the committee also signaled that it is paying attention to developments in the Middle East and how it may impact their dual mandate.



The FOMC reiterated its strong commitment to achieving its dual mandate of maximum employment and price stability, emphasizing its long-run inflation objective of 2%. Policymakers noted that they continue to closely monitor a broad range of economic indicators and remain prepared to adjust the stance of monetary policy as conditions warrant.

Policy Outlook Remains Uncertain

According to the March Summary of Economic Projections (SEP), the Committee continues to factor in just one 25-basis-point rate cut for 2026, with markets extending the expectation for a cut to the December meeting. In his post-meeting conference, Chair Powell noted significant uncertainty within the March SEP and emphasized that risks are pulling the dual mandate in opposite directions.

While the policy path remains highly dependent on incoming economic data, the statement released today explicitly stated that the committee will be assessing international developments moving forward. While energy price shocks are a significant consideration, Powell maintains that further inflation data is needed to navigate upcoming committee meetings.

On January 30, Kevin Warsh was announced as the next Federal Reserve Chair. Pending Senate confirmation, Warsh will take over the lead role after Powell's term ends in May 2026. The former Fed governor has historically taken hawkish inflation views; however, he is set to inherit a highly volatile international and economic landscape, obscuring his current perspective.

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