

FEDERAL FUNDS RATE HOLDS STEADY

JANUARY 29, 2026

Fed Maintains Policy Rate, Signals Cautious Path Forward

The Federal Open Market Committee (FOMC) announced its January policy decision yesterday, 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 subdued job growth, a stabilizing unemployment rate, and inflation that has remained persistently elevated as key factors underpinning its decision to remain on hold.



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 Fluid

According to the December Summary of Economic Projections (SEP), the Committee penciled in just one 25-basis-point rate cut for 2026, with markets increasingly focused on the June meeting as the most likely window for such a move. An updated SEP will be released following the March 17–18 meeting, which should provide further clarity on the Fed's evolving outlook.

While the policy path remains highly dependent on incoming economic data, attention is also turning to potential leadership changes at the Federal Reserve. The identity and policy preferences of the next Fed Chair could play an important role in shaping the direction of monetary policy in the years ahead.

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