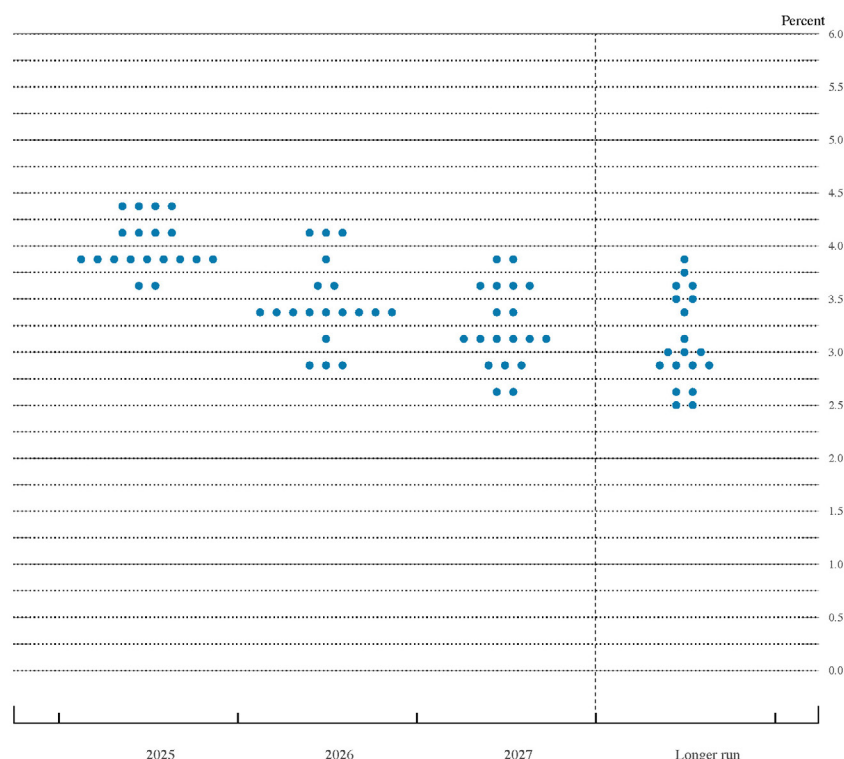


## FEDERAL FUNDS RATE HOLDS STEADY

MARCH 20, 2025

The Federal Reserve Open Market Committee released its decision on the federal funds rate yesterday at its March meeting and, as expected, kept the fed funds rate unchanged in a range of 4.25% to 4.50%. The committee released its Summary of Economic Projections (SEP), which remained the same in terms of expectations for two cuts in 2025 and two cuts in 2026. One of the variables that did change was core inflation expectations, which were revised upward. Comments indicated that the committee views inflation as remaining elevated for the remainder of 2025.

Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



Source: [Summary of Economic Projections, March 19, 2025](#)

The FOMC continues to highlight a resilient economy that is expanding at a steady pace, paired with a labor market that has shown remarkable stability and a persistently low unemployment rate.

The FOMC is firmly committed to achieving full employment and price stability, with a target inflation rate of 2% over the long term. Committee members continue to observe a wide range of economic factors and are prepared to adjust monetary policy if the attainment of the goals is jeopardized.

The path forward is likely to see many twists and turns as the FOMC focuses on the incoming data in order to avoid cutting too soon or waiting too long. The increase in inflation expectations in the SEP is likely to include some level of the price shocks from potential tariffs.

The FOMC's next decision is scheduled for May 6-7, 2025.

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