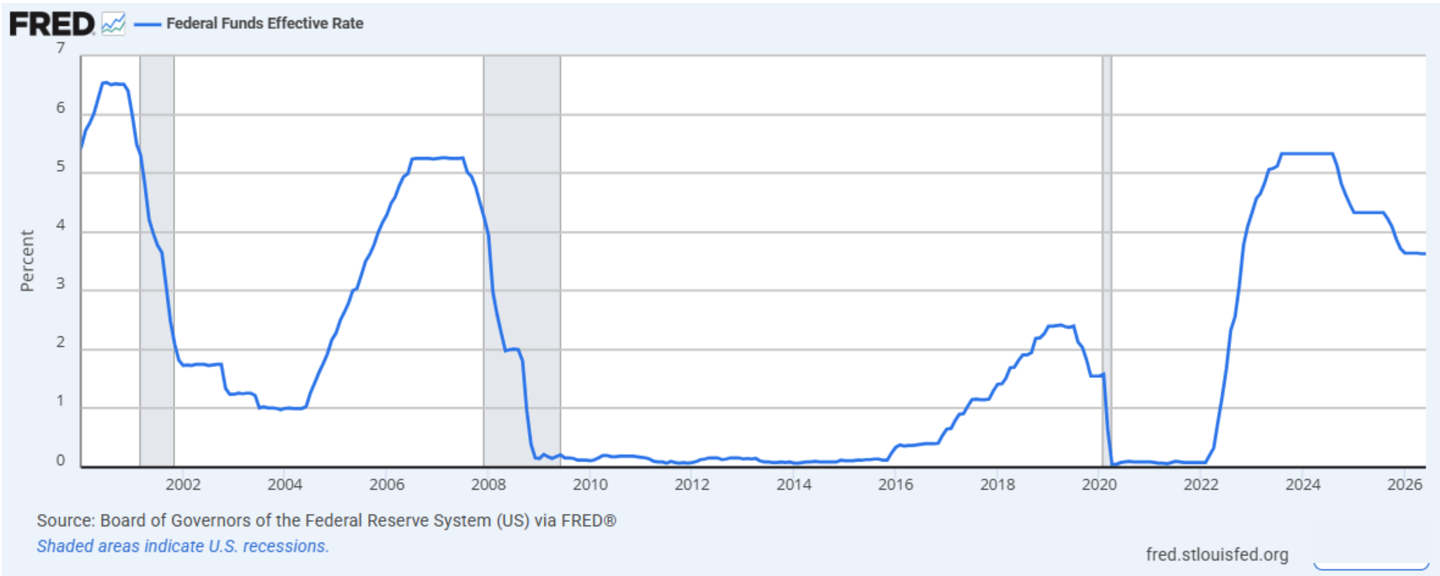
FEDERAL FUNDS RATE HOLDS STEADY

JULY 29, 2026

Fed Maintains Policy Rate, Signals Cautious Path Forward

The Federal Open Market Committee (FOMC) announced its July 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 a solid pace of economic expansion despite heightened uncertainty, particularly due to the conflict in the Middle East. Productivity growth and capital investment remain strong, with job gains keeping pace with the workforce and little change to the the unemployment rate. The statement noted that supply shocks in certain sectors, including energy, contributed to the higher inflation metric. Members voted 9 to 3 in favor of the decision, with those dissenting voting for 0.25% hike.



The FOMC reiterated its commitment to achieving its dual mandate of maximum employment and price stability, emphasizing its long-run inflation objective of 2.0%.

Policy Outlook Appears Steady In the Near Term

The FOMC statement was almost identical to the June statement, with short commentary and no forward guidance.

In the press conference, Warsh reiterated the focus on a 2.0% inflation target and the effort to avoid forward guidance. He emphasized the desire to give market participants more latitude to find correct price discovery without being led by the Fed's commentary and expectations. He also restated his belief in developing the right data and communications policies through the task forces.

The next obvious opportunity to address this will be at the central bank conference at Jackson Hole in late August.

Souce: Federal Reserve

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