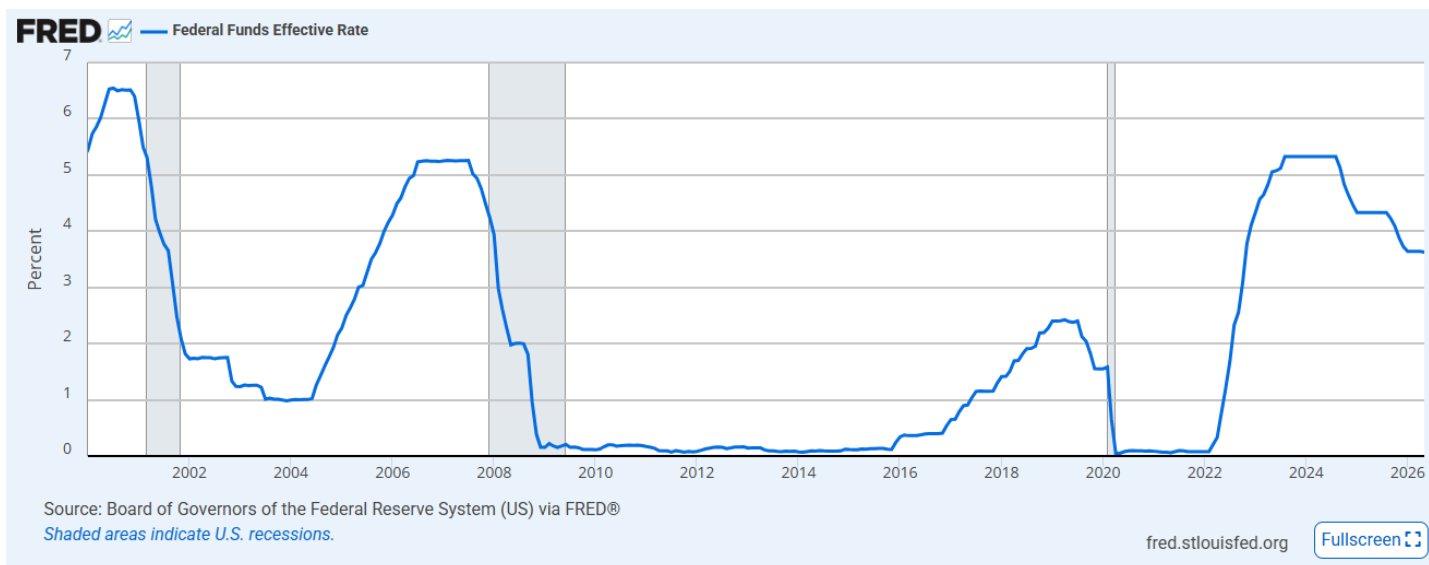


FEDERAL FUNDS RATE HOLDS STEADY

JUNE 17, 2026

Fed Maintains Policy Rate, Signals Cautious Path Forward

The Federal Open Market Committee (FOMC) announced its June 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: economic activity expansion despite uncertainty in the Middle East, strong productivity growth and capital investment, and a relatively stable unemployment rate. The statement noted that supply shocks in certain sectors, including energy, contributed to the higher inflation metric. All 12 members voted in favor of the decision.



The FOMC reiterated its commitment to achieving its dual mandate of maximum employment and price stability, emphasizing its long-run inflation objective of 2%.

Policy Outlook Appears Steady In the Near Term

The June Summary of Economic Projections (SEP) indicated that the Committee expects at least one rate hike by the end of 2026, which is a change from the last SEP statement. Despite international conflict and heightened market volatility, economic activity is expanding at a solid pace and job gains have kept pace with the workforce.

The FOMC statement was reminiscent of the Greenspan years, with the shorter commentary providing no forward guidance. With understated discussion of employment, it appears the committee's current priority is price stability. Two Fed participants did not submit dot plots, including Warsh, which could be a sign of its declining importance. Mentions of ample reserves should quell some concerns about Warsh's preference to eventually run-off U.S. Treasuries from the Fed balance sheet. In the press conference, Warsh discussed the creation of multiple task forces to address data and communication, in line with his previous thoughts on upgrading the Fed policy process.

Source: Federal Reserve

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