

# Daily Bulletin

June 18, 2026

## Fed holds rates steady at 3.50%-3.75%, projects rate hike in 2026-end

The US Federal Reserve held the federal funds rate in a range of 3.50%-3.75%, marking a fourth consecutive meeting on hold and the first policy decision under the new Fed Chairman, Kevin Warsh. The Federal Open Market Committee (FOMC) unanimously approved the decision in a 12-0 vote, marking the first policy action since Jun-25 to receive full support without any dissenting votes.

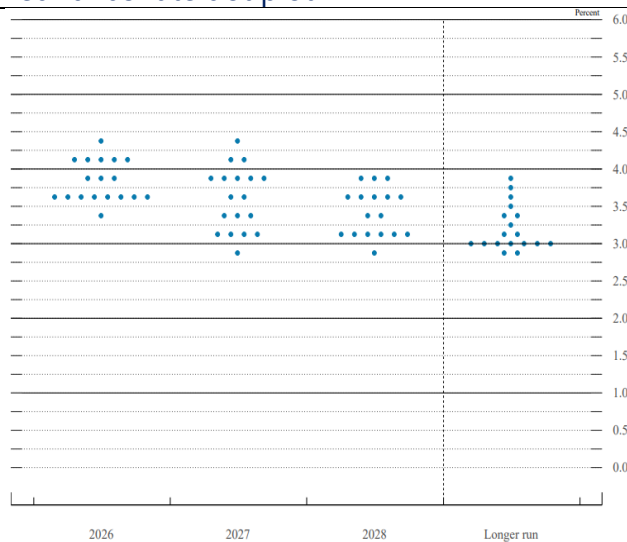
Notably, 18 out of 19 of the officials entered their projections for rates at the 2026-end. 9 of the officials forecast one or more 25 bps increase from the current range by 2026-end. However, 8 officials were of the view that rates could remain unchanged by the year-end, and only 1 person projected a 25-bps rate cut. The absence of 1 entry suggests new Chairman Kevin Warsh refrained from providing any guidance on future rate outlook. He emphasized that the Fed only remains committed to maintaining price stability.

The FOMC, in their latest projections, reflected a more challenging inflation outlook, with policymakers raising their 2026 inflation forecast to 3.6% from the previously announced 2.7% in Mar-26. At the same time, they lowered their real GDP growth forecast for 2026 to 2.2% from 2.4% expected in Mar-26. While the median unemployment rate forecast for 2026 was revised to 4.3% from 4.4% projected in Mar-26, signaling expectations of a resilient labor market despite slower economic expansion.

Labor market conditions remained strong during May-26, with creation of 172,000 jobs, surpassing expectations and the unemployment rate holding steady at 4.3%. However, inflationary pressures remained intense as inflation rate rose to 4.2% YoY in May, marking its largest increase since Apr-23.

Additionally, during his first press conference, Fed Chairman Warsh announced the creation of multiple task forces to review five areas of the central bank's operations and recommend potential reforms. These initiatives include an evaluation of the Fed's communications framework, including a possible reassessment of its quarterly Summary of Economic Projections. Another task force will focus on the Fed balance sheet and the management of Fed's USD 6.7 tn portfolio of government debt and mortgage-backed securities. Additional review areas encompass the data sources prioritized by the Fed, the models and analytical frameworks used to assess inflation dynamics, and the methodologies employed to evaluate productivity growth and labor market trends.

Fed funds rate dot plot



Source: US Fed, anbc research

Economic projections

	2026	2027	2028	Long run
<b>Real GDP change</b>				
Current projections	2.2%	2.3%	2.2%	2.0%
March projections	2.4%	2.3%	2.1%	2.0%
<b>Unemployment rate</b>				
Current projections	4.3%	4.3%	4.2%	4.2%
March projections	4.4%	4.3%	4.2%	4.2%
<b>PCE inflation</b>				
Current projections	3.6%	2.3%	2.0%	2.0%
March projections	2.7%	2.2%	2.0%	2.0%
<b>Core PCE inflation</b>				
Current projections	3.3%	2.5%	2.1%	
March projections	2.7%	2.2%	2.0%	
<b>Projected policy path</b>				
Current projections	3.8%	3.6%	3.4%	3.1%
March projections	3.4%	3.1%	3.1%	3.1%

Source: US Fed, anbc research

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