

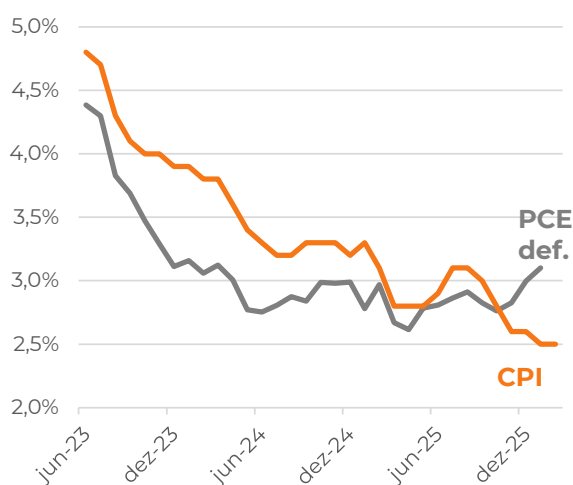


United States – FOMC Meeting

FOMC Holds Policy Rate: No Room for Cuts in 2026

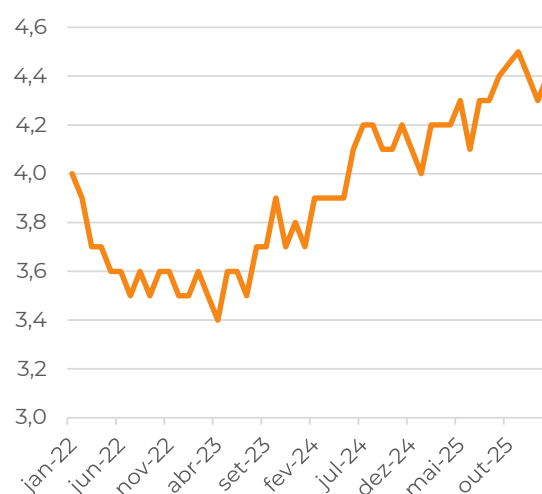
- **The Chair of the Federal Open Market Committee emphasized that there will be no room for rate cuts until clear evidence emerges that inflation is converging toward the 2% target. We have previously highlighted that, even prior to the recent increase in oil prices, such a dynamic was unlikely to materialize in 2026.**
- **Core Personal Consumption Expenditures Price Index has remained resilient at around 3% year-over-year, largely driven by persistently elevated medical services inflation. In the latest release for January, the annual increase of 3.1% exceeded the previous month's reading (3.0%) (Chart 1).**
- The recent deterioration in the inflation outlook over the past three months is also reflected in the median projections of Committee members. The estimate for 2026 was revised up from 2.5% to 2.7%, while the projection for 2027 increased from 2.1% to 2.2%. According to the Summary of Economic Projections, the 2% target would only be reached in 2028.
- The decision to keep the target range for the federal funds rate unchanged at 3.50%–3.75% was not unanimous, as Stephen Miran, the newest member of the Board of Governors nominated by Donald Trump, dissented in favor of a 25 bps rate cut, more aligned with the pressure coming from the White House.
- The central bank continues to assess that uncertainty around the outlook remains elevated, particularly following the escalation of tensions in the Middle East, but still consistent with solid economic growth. Median GDP growth projections were revised higher, from 2.3% to 2.4% for 2026 and from 2.0% to 2.3% for 2027, relative to last December. In addition, the unemployment rate appears to have stabilized, interrupting its previous upward trend (Chart 2).

Chart 1: Core Inflation Measures (PCE Deflator and CPI, % YoY)



Source: Bureau of Economic Analysis

Chart 2: Unemployment Rate



Source: Bureau of Labor Statistics

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