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FOMC Update

As summarized by Smith Shellnut Wilson

April 29, 2026

FOMC Holds Rates Steady with Growing Dissent

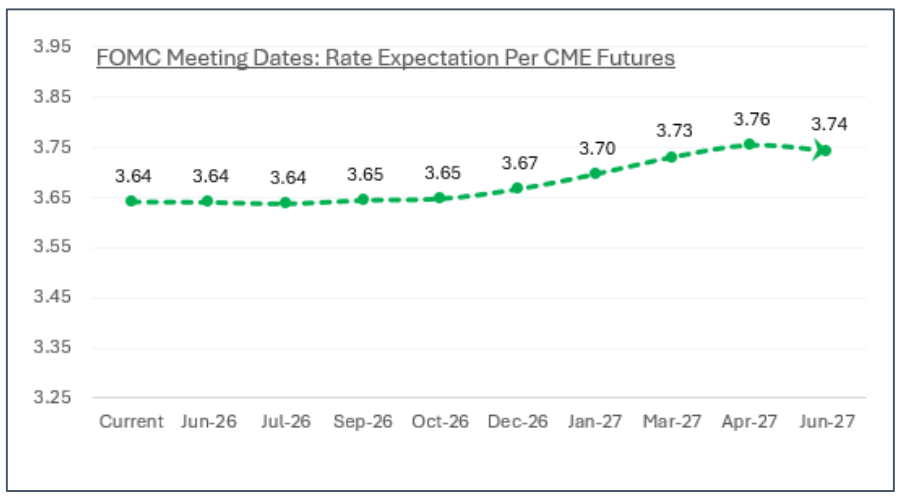
The Federal Reserve left interest rates unchanged, maintaining the federal funds target range at 3.5%–3.75%, a decision that was broadly expected by markets. However, the meeting stood out for the degree of internal disagreement, with the vote splitting 8–4, the first time since 1992 that four policymakers dissented on a rate decision. The outcome highlighted growing uncertainty around the appropriate path for monetary policy.

The dissents reflected competing concerns inside the Fed. Three regional Fed presidents (Beth Hammack, Neel Kashkari, Lorie Logan) supported holding rates steady but objected to language in the policy statement that suggested a future easing bias, signaling discomfort with committing to rate cuts while inflation risks remain elevated. In contrast, one Fed governor (Stephen Miran) dissented in favor of an immediate 25-basis-point rate cut, pointing to slowing growth and increased labor-market vulnerability.

Geopolitical risks featured more prominently in the Fed's messaging. Officials revised their statement to note that "developments in the Middle East are contributing to a high level of uncertainty", particularly through rising energy prices. Policymakers acknowledged that inflation remains above the Fed's 2% target, with recent pressures driven in part by higher global energy costs, raising concerns that inflation could broaden if elevated prices persist.

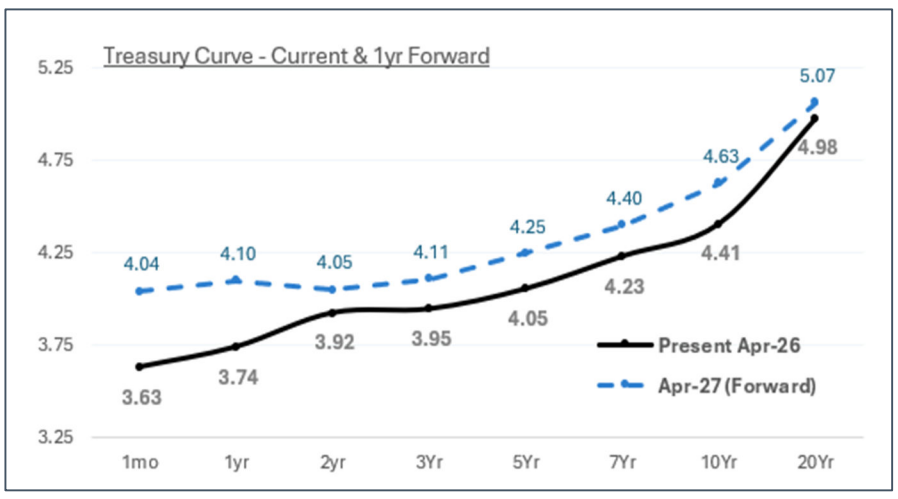
At the same time, the Fed described a labor market that appears stable but fragile. Job gains have been low on average, net hiring has slowed significantly over the past year, and while the unemployment rate has changed little, officials emphasized the labor market's vulnerability to shocks. Together, these dynamics underscore a challenging policy environment in which inflation risks and growth concerns are pulling monetary policy in opposite directions, leaving the outlook for future rate moves less clear than in prior meetings.

Fed Fund Futures



Source Data: Bloomberg

Treasury Curve Forwards



Source Data: Bloomberg

Side-by-side comparison of the U.S. Federal Open Market Committee statements from April 29, 2026 and March 18, 2026.

April 29, 2026	March 18, 2026
Recent indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained low, on average, and the unemployment rate has been little changed in recent months. Inflation is elevated, in part reflecting the recent increase in global energy prices.	Available indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained low, and the unemployment rate has been little changed in recent months. Inflation remains somewhat elevated.
The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Developments in the Middle East are contributing to a high level of uncertainty about the economic outlook. The Committee is attentive to the risks to both sides of its dual mandate.	The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Uncertainty about the economic outlook remains elevated. The implications of developments in the Middle East for the U.S. economy are uncertain. The Committee is attentive to the risks to both sides of its dual mandate.
In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.	In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.
In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.	In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.
Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Michael S. Barr; Michelle W. Bowman; Lisa D. Cook; Philip N. Jefferson; Anna Paulson; and Christopher J. Waller. Voting against this action were Stephen I. Miran, who preferred to lower the target range for the federal funds rate by 1/4 percentage point at this meeting; and Beth M. Hammack, Neel Kashkari, and Lorie K. Logan, who supported maintaining the target range for the federal funds rate but did not support inclusion of an easing bias in the statement at this time.	Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Michael S. Barr; Michelle W. Bowman; Lisa D. Cook; Beth M. Hammack; Philip N. Jefferson; Neel Kashkari; Lorie K. Logan; Anna Paulson; and Christopher J. Waller. Voting against this action was Stephen I. Miran, who preferred to lower the target range for the federal funds rate by 1/4 percentage point at this meeting.
SOURCE: Federal Reserve Board	SOURCE: Federal Reserve Board

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