SMITH SHELLNUT WILSON
AN AFFILIATE OF b1BANK

FOMC Update

As summarized by Smith Shellnut Wilson

July 29, 2026

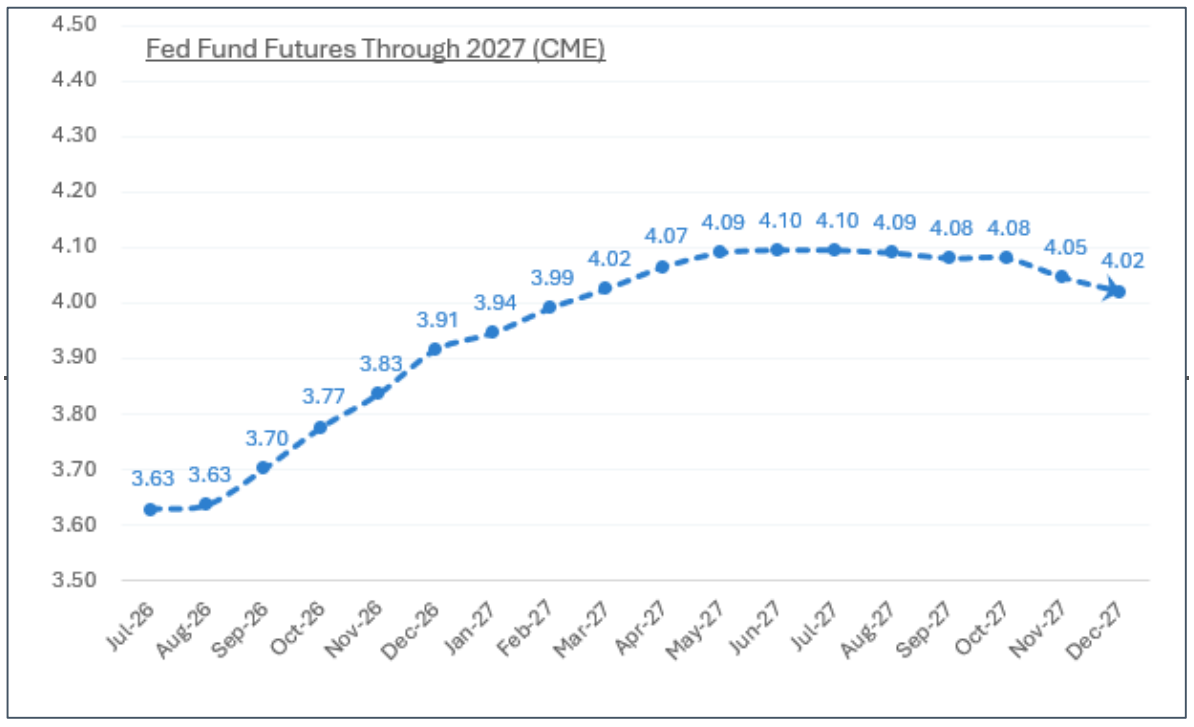
Fed Holds Rates Steady – Fractured Vote Signals September Hike Risk

The Federal Open Market Committee left interest rates unchanged today, voting 9-3 to hold the benchmark federal funds rate in a range of 3.5% to 3.75%. The vote itself told an important story: several officials dissented in favor of raising rates by a quarter percentage point, signaling growing conviction among some policymakers that further tightening may be needed to combat resurgent inflation. Far from offering a moment of consensus, the decision underscored just how divided the Committee remains on the path forward.

Chairman Kevin Warsh was clear that today's hold should not be read as inertia or a lack of resolve. He reiterated his firm commitment to fighting inflation, emphasizing that there is no "soft" inflation target and that the Fed remains pledged to deliver price stability, even as officials face mounting pressure from persistent price pressures.

Markets moved in response, though the picture evolved somewhat as the day progressed. Two-year Treasury yields initially slipped two basis points to 4.26%, while the 30-year yield surged to its highest level since 2007, reflecting a market bracing for a longer stretch of elevated rates. Interest-rate swaps initially priced in roughly a 70% probability of a hike at the September meeting, though that probability eased somewhat to around 60% as bond traders digested the full context of today's decision and modestly lowered their rate-hike expectations.

Ultimately, today's meeting offered the market a dose of clarity amid deep division: while the Fed opted to hold steady, the fractured vote and Warsh's uncompromising tone make clear that a September hike remains very much in play if inflation data doesn't show meaningful improvement in the interim.



Source Data: Bloomberg

Side-by-side comparison of the U.S. Federal Open Market Committee statements from July 29, 2026 and June 17, 2026.

July 29, 2026	June 17, 2026
The Federal Open Market Committee approved the following statement for release by a 9 - 3 vote:	The Federal Open Market Committee approved the following statement for release by a 12 - 0 vote:
The Committee decided to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent, in support of the Federal Reserve's dual mandate. The Committee is continuing its policy of maintaining ample reserves in the banking system.	The Committee decided to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent, in support of the Federal Reserve's dual mandate. The Committee reaffirmed its policy of maintaining ample reserves in the banking system.
Economic activity is expanding at a solid pace despite elevated uncertainty that owes, in part, to the conflict in the Middle East. Productivity growth and capital investment are strong. Job gains have kept pace with the workforce, and the unemployment rate has changed little.	Economic activity is expanding at a solid pace despite elevated uncertainty that owes, in part, to the conflict in the Middle East. Productivity growth and capital investment are strong. Job gains have kept pace with the workforce, and the unemployment rate has changed little.
Inflation remains elevated relative to the Committee's 2 percent goal, in part reflecting supply shocks that have driven price increases in certain sectors, including energy. The Committee will deliver price stability.	Inflation remains elevated relative to the Committee's 2 percent goal, in part reflecting supply shocks that have driven price increases in certain sectors, including energy. The Committee will deliver price stability.
Voting against the monetary policy action were Beth M. Hammack, Neel Kashkari, and Lorie K. Logan, who preferred to raise the target range for the federal funds rate by 1/4 percentage point at this meeting.	SOURCE: Federal Reserve Board
SOURCE: Federal Reserve Board	

All content is for informational purposes only and should in no way be construed or interpreted as a solicitation to sell or an offer to sell advisory services or an offer to sell advisory services or products.

Smith Shellnut Wilson, LLC is a registered investment adviser. Registration does not imply a certain level of skill or training. Information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and, unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser and/or tax professional before implementing any strategy discussed herein. Past performance is not indicative of future performance.

Share
Forward

Chad McKeithen | Research Department
Smith Shellnut Wilson, LLC
661 Sunnybrook Rd., Ste 130
Ridgeland, MS 39157
601.605.1776
www.ssw1776.com
Preferences | Unsubscribe