

Federal Open Market Committee Meeting | March 18, 2026

Fed policy stays neutral for now

The Federal Reserve voted to hold interest rates steady at 3.50% - 3.75% at its Federal Open Market Committee (FOMC) meeting today, as widely expected. In its policy statement, the FOMC maintained a neutral tone, still emphasizing its commitment to both maximum employment and returning to the 2% inflation target. Officials acknowledged the war in the Middle East, but they did not state how the conflict is causing them to adapt their expectations for the economy and interest rates.

The Federal Reserve's updated Summary of Economic Projections (SEP) reflected a cautious outlook, with the 2026 GDP growth forecast revised up to 2.4% from 2.3% at the December meeting. Policymakers' unemployment rate projections for the end of this year remained at 4.4%. Most notably though, policymakers now expect PCE inflation to end the year at a 2.7% pace, compared to last quarter's estimate of 2.4%. 16 out of 19 FOMC participants now see risks to the unemployment rate as skewed higher, and 17 out of 19 see inflation risks to the upside. Given this balance, the median participant maintained a forecast for one 25-basis point rate cut in 2026, following three cuts in 2025 and four in 2024.

We think the Fed is on an extended pause from here as the global economy remains in a state of elevated uncertainty. Although the Fed maintained a cautious and neutral tone, market-based inflation expectations have moved higher, and crude oil futures imply prices could remain elevated for an extended period. With so many policymakers acknowledging upside risks to inflation, the bar for lowering interest rates could be higher.

The main takeaway is that after proving accommodation to the economy and financial markets in 2024 and 2025, the Fed seems less likely to do so this year unless economic conditions worsen.

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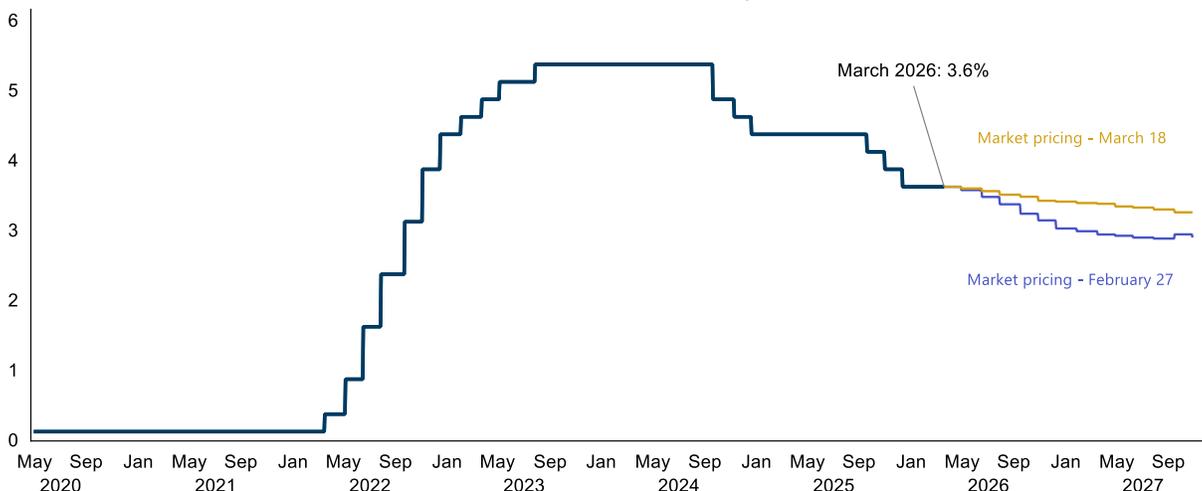
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Federal Funds Rate & Market Implied Path



Source: Federal Reserve, First Citizens Bank
Data as of March 18, 2026



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