Fed Cuts Rates, Signals Shift Toward Neutral

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By a vote of 11–1, the Federal Open Market Committee (FOMC) lowered the federal funds target range by 25 basis points to 4.00% to 4.25%, marking the first rate cut since December. The lone dissent came from newly appointed Fed Governor Stephen Miran, who favored a more aggressive 50 bp reduction.

The Fed's official statement acknowledged a cooling labor market, noting that "job gains have slowed, and the unemployment rate has edged up but remains low." Inflation, meanwhile, "has moved up and remains somewhat elevated." The Committee cited rising downside risks to employment as a key factor in its decision, framing the move as a "risk management cut."

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