

Fed Holds Rates Steady; 2025 Outlook Signals Two Cuts Amid Diverging Views

The Federal Open Market Committee (FOMC) voted unanimously this afternoon to maintain the federal funds target range at 4.25%–4.50% *for the fourth consecutive meeting*. The updated “dot plot” continues to project two quarter-point rate cuts in 2025, though it was somewhat surprising that the projection wasn’t reduced to a single cut, given the persistent economic uncertainty.

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Divergence of opinion within the committee was notable: seven of 19 FOMC members foresee no rate cuts this year, two expect one cut, eight anticipate two, and two project three. Looking further ahead, the committee trimmed its 2026 forecast from two cuts to one, while maintaining a single projected cut for 2027.

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