Fed Remains Firmly on Hold; Hopes for June Cut Dashed

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By unanimous vote, Fed officials announced *no change* in the overnight funds target at the conclusion of the May FOMC meeting this afternoon. The official statement mirrored
the previous meeting statement, with an important addition: "…the risks of higher unemployment and higher inflation have risen." This isn't a surprise given the tariff overhang, but the fact that Fed officials have now acknowledged increased risks to both sides of the mandate is significant. Extreme uncertainty in the midst of expectations for higher prices and job losses indicate Fed officials will be on hold until the outlook becomes clearer.

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