

US Fed Meet June 2025

- **Federal Reserve Holds Rates Steady Amid Inflation Concerns**
- The U.S. Federal Reserve has opted to maintain its benchmark interest rate, keeping the federal funds rate within the **4.25% to 4.50% range**.
- **GDP Growth Outlook:** The Fed has adjusted its 2025 GDP growth projection to **1.4%, down from the previous estimate of 1.7%** issued in March.
- **Inflation Expectations:** Inflation is now forecasted at **3% above the Fed's 2% target**. A gradual decline is anticipated, with inflation expected to ease to **2.4% in 2026 and 2.1% by 2027**.
- **Interest Rate Path:** Despite a weaker growth outlook and elevated inflation, the Fed still **anticipates two quarter-point rate cuts in 2025**. However, only **one cut is now projected for both 2026 and 2027**, suggesting a more measured pace of monetary easing.
- **Labor Market Update:** The unemployment rate is projected to **increase to 4.5% by the end of the year, compared to 4.2% in May**.
- This policy stance reflects the Fed's careful balancing act aiming to curb inflation while avoiding an excessive slowdown in economic activity. Going forward, the central bank will remain data-dependent and adjust its approach as new economic information emerges.

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