

Think Strategically

Federal Reserve Bank Outlook

June 18, 2026 · Birling Capital Advisors

The Federal Reserve's Federal Open Market Committee left interest rates unchanged at its June 2026 meeting, a widely expected move, voting 12-0 in what was Chairman Kevin Warsh's first meeting at the helm since succeeding Jerome Powell. The accompanying Summary of Economic Projections, also released for the first time under Warsh, marks a clear hawkish pivot from the committee's March outlook. The median projection for 2026 PCE inflation jumped to 3.6% from 2.7%, while core PCE inflation rose to 3.3% from 2.7%, reflecting the inflationary pressure transmitted through the Iran-driven energy shock earlier this year. Growth and labor market projections moved in the opposite direction but by smaller magnitudes: real GDP growth for 2026 was trimmed to 2.2% from 2.4%, and the unemployment rate ticked down slightly to 4.3% from 4.4%, suggesting the committee still views the economy as fundamentally healthy even as it raises its inflation forecast.

The more consequential shift sits in the policy path itself. The median federal funds rate projection for 2026 rose to 3.8% from 3.4%, with 2027 climbing to 3.6% from 3.1% and 2028 to 3.4% from 3.1%, while the longer-run estimate held at 3.1%. Nine of eighteen participants now see at least one rate increase before year-end, a sharp reversal from March's expectation of a quarter-point cut. Combined with the unanimous hold, the projections indicate that the committee prioritizes inflation control over the next leg of easing, even as energy prices retreat from their conflict-era highs. For markets, the signal is that any further policy support is on hold, and the bar for resuming rate cuts has moved meaningfully higher than it stood three months ago.

We are sharing the updated Fed's Projections, released on June 17, 2026, and all the Fed's Rate changes since 2020 for your review, and we are also sharing an article from El Vocero Newspaper in which we are quoted on the Fed's view on rates.

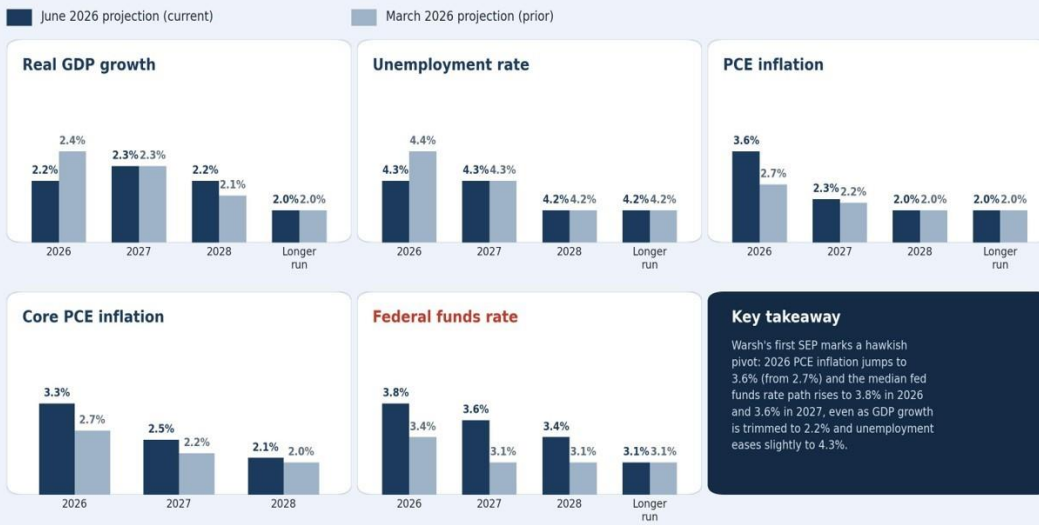
- **El artículo de El Vocero: ¿Qué implica que la Fed mantenga las tasas de interés sin cambios?** https://www.elvocero.com/economia/qu-implica-que-la-fed-mantenga-las-tasas-de-inter-s-sin-cambios/article_7f50cd19-755e-44ed-8a46-dc4c90fa9a74.html

We hope you will find the information useful,

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Federal Reserve Summary of Economic Projections

FOMC median projections, June 2026 meeting vs. March 2026 meeting



Key takeaway
 Warsh's first SEP marks a hawkish pivot: 2026 PCE inflation jumps to 3.6% (from 2.7%) and the median fed funds rate path rises to 3.8% in 2026 and 3.6% in 2027, even as GDP growth is trimmed to 2.2% and unemployment eases slightly to 4.3%.

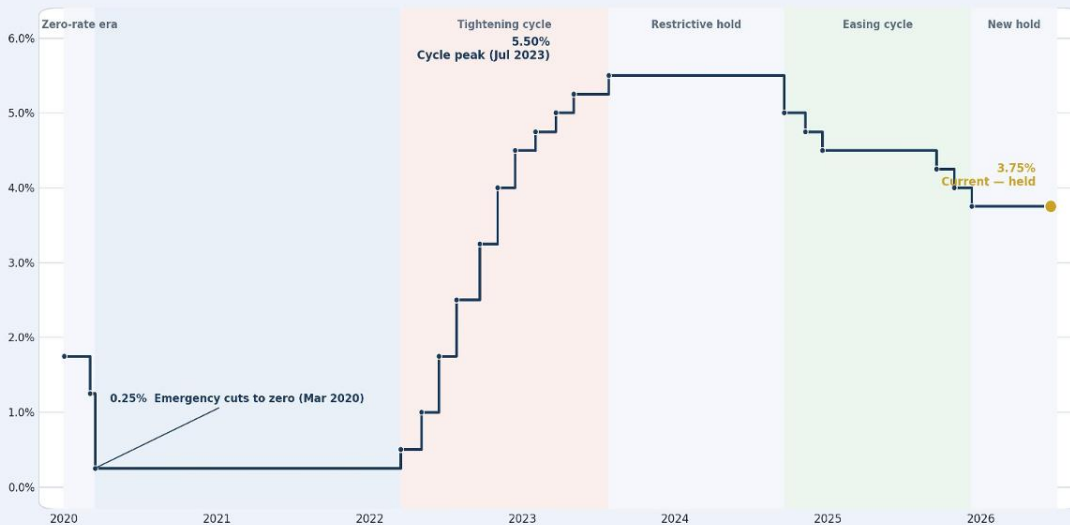
Source: Federal Reserve Board, Summary of Economic Projections, June 17, 2026

Note: Core PCE longer-run projections are not collected. Fed funds rate longer-run for March held flat where not separately reported.

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Federal Funds Rate: 2020-2026

Target range (upper bound), from the COVID emergency cuts through the June 2026 FOMC meeting



Source: Federal Reserve Board of Governors / Birling Capital Advisors

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