



PREDICTED FED DECISION **HOLD**

0.00%-0.25%

OPENFED OPTIMAL RATE **HOLD**

0.00%-0.25%

KEY TAKEAWAY

The Committee expects the real Federal Reserve to hold at 0-0.25%, and its own deterministic framework independently arrives at the same 0 bps as optimal, with every reference rule and all five members in agreement.

STATEMENT

The defining feature of this meeting is the near-total absence of tension: every member, approaching the decision from a different lens, arrived independently at the same conclusion, and the deterministic framework landed there too. Core PCE inflation stands at 0.98%, roughly half the 2 percent target, and the framework's inflation momentum term of -0.08 confirms that prices are drifting slightly away from the objective rather than building toward it. Against that backdrop, the labor market is close to balance: unemployment at 5.3 percent sits essentially at the 5.38 percent estimated natural rate, initial jobless claims are low at 281,000, and the Beige Book describes firms adding workers, expanding operations, and opening facilities. Members recalled that the prior meeting conditioned liftoff on two criteria together, further labor improvement and reasonable confidence that inflation is returning to 2 percent. The labor leg is essentially met; the inflation leg, at 0.98 percent with negative momentum, is not.

Members weighing inflation risk noted that their discipline cuts both ways: with core PCE well below target and no wage acceleration evident, there is simply no upside pressure to lean against, and a first move now would violate the stated framework. Members focused on employment made the mirror-image point from the other mandate, observing that they support easing only when unemployment is rising or hiring is slowing, and with joblessness near natural and unemployment momentum at 0.0, no such trigger exists. Those attentive to financial conditions judged that markets could absorb a first move without disruption but that nothing forces one: the stress index at 0.075 is very low, VIX at 12.12 signals calm, the Baa spread at 2.87 is moderate, and the 10-year to 2-year spread of 1.58 shows no recession signal from the term structure. Members weighing market pricing added the cleanest confirmation, the 3-month T-bill spread of -0.095, which indicates money markets are not



pricing an imminent hike. Read together, these considerations point in one direction. On that basis, the Committee's predictive judgment is that the real Federal Reserve will hold the target range at 0.0 to 0.25 percent at the coming meeting.

The Committee's independent determination of optimal policy reaches the same figure through its own framework. All four reference rules, the Taylor rule, the balanced-approach rule, the first-difference rule, and the ELB-adjusted rule, print 0 bps, and the framework judged them reliable this meeting. The estimated neutral real rate of -0.5 percent is the anchor here: with r^* negative, the current 0.0 to 0.25 percent range is not especially accommodative and certainly not restrictive, so holding is consistent with a low- r^* , low-inflation environment rather than a policy that is behind the curve. Members found the ELB-adjusted rule's logic most persuasive given proximity to the effective lower bound, since a cut is neither available nor warranted, while the negative inflation momentum removes any basis for tightening off the floor. The optimal conclusion is therefore 0 bps, holding at 0.0 to 0.25 percent, and it is the Committee's own considered judgment, not merely a restatement of the predictive call.

The value of this meeting lies less in the outcome than in the corroboration: five distinct analytical lenses and a rule-based framework converged on the same stance for mutually reinforcing reasons. The shared reading is that policy should preserve optionality, sustaining accommodation while the labor market stays healthy and awaiting clearer confirmation that inflation is moving toward 2 percent before liftoff. Holding at the current range preserves that patience without disrupting the presently calm financial conditions.

COMMITTEE VOTE

The Committee's predictive vote was unanimous, 5-0, that the real Federal Reserve will hold at 0.0 to 0.25 percent; on the optimal-side deliberation, all five members endorsed the framework's 0 bps recommendation as-is, a full 5-0 endorsement.