



# FOMC (JUNE 2026) : THE PAUSE CONTINUES BUT THE TONE CHANGES

19<sup>th</sup> June 2026

## KEY TAKEAWAYS OF THE MEETING

- The Federal Reserve kept interest rates unchanged at 3.50%–3.75%, largely in line with expectations and marking the first policy meeting under the new Chair Kevin Warsh.
- Inflation has become the primary focus. Updated projections showed higher inflation, alongside lower growth expectations.
- The Dot Plot reflected a more hawkish policy path, with 9 of 19 FOMC members projecting at least one rate hike by end-2026.
- Markets viewed the meeting as more hawkish than anticipated, with rates rising across the curve, stock indices edging lower, and the US dollar rallying.

### FORECASTS FOR 2026

	March FOMC	June FOMC	Change
Growth	2.40%	2.20%	↓ 0.2
Unemployment	4.4%	4.3%	↓ 0.1
Inflation	2.70%	3.60%	↑ 0.9
Core Inflation	2.70%	3.30%	↑ 0.6

## WHAT THIS MEANS?

- The Fed's shift towards a higher-for-longer rate regime is likely to keep interest rate differentials favorable to the US, while supporting the Dollar as well.
- For India, a hawkish Fed could add to intermittent volatility in capital flows and the Rupee going forward.
- However, with the US-Iran-Israel conflict appearing to be nearing resolution, and with coordinated policy measures by the RBI and the Government of India to support the Rupee and sustain capital inflows, immediate external pressures are likely to ease. More importantly, these measures should also help strengthen India's ability to attract more stable, long-term capital flows over time.
- That said, the RBI is likely to shift its focus on the inflation-GDP dynamics.
- The bar for a rate hike remains high, with the RBI likely to maintain its wait-and-watch approach unless second-round effects of the energy shock begin to emerge or weather-related risks, including a potential El Niño impact, lead to a sustained rise in inflationary pressures.

Source: The Federal Open Market Committee (FOMC) held on 17<sup>th</sup> June 2026.

Name of MF – Bajaj Finserv Mutual Fund | Registration no. – MF/078/23/04

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.