FOMC

Minutes of the Federal Open Market Committee

January 27–28, 2026

FEDERAL RESERVE SYSTEM

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A joint meeting of the Federal Open Market Committee and the Board of Governors of the Federal Reserve System was held in the offices of the Board of Governors on Tuesday, January 27, 2026, at 10:00 a.m. and continued on Wednesday, January 28, 2026, at 9:00 a.m.[1]

Annual Organizational Matters[2]

The agenda for this meeting reported that advices of the election of the following members and alternate members of the Federal Open Market Committee for a term beginning January 27, 2026, were received and that these individuals executed their oaths of office.

The elected members and alternate members were as follows:

John C. Williams, President of the Federal Reserve Bank of New York, with Sushmita Shukla, First Vice President of the Federal Reserve Bank of New York, as alternate;

Anna Paulson, President of the Federal Reserve Bank of Philadelphia, with Thomas I. Barkin, President of the Federal Reserve Bank of Richmond, as alternate;

Beth M. Hammack, President of the Federal Reserve Bank of Cleveland, with Austan D. Goolsbee, President of the Federal Reserve Bank of Chicago, as alternate;

Lorie K. Logan, President of the Federal Reserve Bank of Dallas, with Raphael W. Bostic, President of the Federal Reserve Bank of Atlanta, as alternate;

Neel Kashkari, President of the Federal Reserve Bank of Minneapolis, with Mary C. Daly, President of the Federal Reserve Bank of San Francisco, as alternate.

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[1] The Federal Open Market Committee is referenced as the "FOMC" and the "Committee" in these minutes; the Board of Governors of the Federal Reserve System is referenced as the "Board" in these minutes.
[2] Committee organizational documents are available at www.federalreserve.gov/monetarypolicy/rules_authorizations.htm.

By unanimous vote, the following officers of the Committee were selected to serve until the selection of their successors at the first regularly scheduled meeting of the Committee in 2027:

Jerome H. Powell	Chair
John C. Williams	Vice Chair
Joshua Gallin	Secretary
Matthew M. Luecke	Deputy Secretary
Brian J. Bonis	Assistant Secretary
Michelle A. Smith	Assistant Secretary
Mark E. Van Der Weide	General Counsel
Richard Ostrander	Deputy General Counsel
Reena Sahni	Assistant General Counsel
Trevor A. Reeve	Economist
Stacey Tevlin	Economist
Beth Anne Wilson	Economist
Stephanie R. Aaronson	
Shaghil Ahmed	
Kartik B. Athreya	
Brian M. Doyle	
Eric M. Engen	
Michael T. Kiley	
Elizabeth Klee	
Edward S. Knotek II	
Karel Mertens	
Donald Keith Sill	
Andrea Raffo	Associate Economists

By unanimous vote, the Committee selected the Federal Reserve Bank of New York to execute transactions for the System Open Market Account (SOMA).

By unanimous vote, the Committee selected Roberto Perli and Julie Ann Remache to serve at the pleasure of the Committee as manager and deputy manager of the SOMA, respectively, on the understanding that these selections were subject to being satisfactory to the Federal Reserve Bank of New York.

> Secretary's note: The Federal Reserve Bank of New York subsequently sent advice that the selections indicated previously were satisfactory.

By unanimous vote, the Committee approved the FOMC Authorizations and Continuing Directives for Open Market Operations, with a few minor changes to the Continuing Directive for Domestic Open Market Operations to ensure consistency with the Committee's direction on conducting standing repurchase agreement (repo) operations in the Implementation Note issued following the December 2025 meeting.

All participants indicated support for, and agreed to abide by, the FOMC Policy on Investment and Trading for Committee Participants and Federal Reserve System Staff, the Program for Security of FOMC Information, the FOMC Policy on External Communications of Committee Participants, and the FOMC Policy on External Communications of Federal Reserve System Staff. The Committee voted unanimously to reaffirm those four policies.

As part of the Committee's annual organizational review process, all participants indicated support for the Statement on Longer-Run Goals and Monetary Policy Strategy, and the Committee voted unanimously to reaffirm it without revision.

Developments in Financial Markets and Open Market Operations

The manager turned first to an overview of broad market developments during the intermeeting period. Respondents to the Open Market Desk Survey of Market Expectations (Desk survey) continued to see the economy as resilient and again marked up their forecasts for real gross domestic product (GDP) growth in 2026, while their expectations for headline personal consumption expenditures (PCE) inflation and the unemployment rate were little changed. Market- and survey-based policy rate expectations were likewise little changed. Market-based measures of policy rate expectations indicated one to two 25 basis point rate cuts this year, and the median modal path of the federal funds rate, as given in the Desk survey, continued to indicate expectations of two 25 basis point rate cuts this year.

The manager turned next to Treasury market developments and market-based measures of inflation compensation. Shorter-term Treasury yields were little changed, while longer-term yields rose a few basis points on net; the Treasury curve steepened slightly as a result. Near-term inflation compensation continued to decline amid lower-than-expected consumer price index (CPI) readings, lower energy prices, and lower-than-anticipated pass-through of tariffs to customers; forward rates suggested that near-term inflation would stabilize close to current levels for the rest of the year. Model-based measures of short-term inflation expectations also declined some over the intermeeting period, with forward rates suggesting further modest declines over the course of this year. The

Treasury market continued to function well amid low volatility. In light of the growing portion of Treasury securities that is financed using repos, the manager noted the importance of the stability of the repo market for the continued smooth functioning of the Treasury market.

The recent announcement that Fannie Mae and Freddie Mac may increase their mortgage investment portfolios garnered substantial market attention and was followed by a notable decline in mortgage-backed securities yields relative to those on comparable-maturity Treasury yields. Still, the manager observed that the decline was unlikely to result in a material increase in mortgage refinancing because current mortgage rates are well above the weighted average rate of outstanding mortgages.

The manager moved to a discussion of equity prices. The largest technology companies continued to underperform the market, as investors remained focused on their elevated valuations and large capital expenditures. Excluding those companies, the S&P 500 was up nearly 3 percent over the intermeeting period; cyclical sectors and indexes of firms with smaller market capitalizations performed even better.

Regarding international developments, private-sector consensus forecasts continued to call for dollar depreciation this year, as many of these forecasters expected a larger reduction in policy rates in the U.S. than in other advanced-economy jurisdictions. The extent of expected depreciation had moderated quite a bit, on net, over the previous several months, however, in light of continued improvement in the expected growth of the U.S. economy relative to the expected growth of other major economies. In the days leading up to the meeting, the dollar had depreciated markedly after reports that the Desk had made requests for indicative quotes, known as “rate checks,” on the dollar–yen exchange rate. The manager noted that the Desk had requested those quotes solely on behalf of the U.S. Treasury in the Federal Reserve Bank of New York’s role as the fiscal agent for the U.S.

The manager went on to discuss developments in money markets. Over the intermeeting period, the effective federal funds rate remained stable at a level just below the interest rate on reserve balances, and pressures in repo rates generally moderated. While repo rates increased notably at year-end, rate pressure was less than investors had generally anticipated. Money market contacts attributed the better-than-expected outcome to a variety of factors, including an increase in available liquidity due to the start of reserve management purchases (RMPs) and a lower Treasury General Account (TGA), the recent changes to standing repo operations’ design and communications, the increased adoption of centrally cleared repo, and the overall preparedness of investors for year-end tightness.

The manager noted that the changes to standing repo operations implemented in December might have made market participants more willing to participate in these operations, as suggested by increased utilization relative to the pre-December period when market rates exceeded the rate on standing repo operations. Market contacts mentioned that the removal of the aggregate limit, the clarifications that these operations are intended for monetary policy implementation purposes, and the statement by the Chair that the operations are expected to be used when “economically sensible” were particularly helpful factors.

Finally, the manager discussed the expected trajectory of key components of the Federal Reserve’s balance sheet. With RMPs continuing, reserves were expected to increase until early April before dropping quickly and sharply as tax revenues flow into the TGA. At their trough, reserves were expected to be at a level comparable with what prevailed at year-end. Over most of the projection period, reserves were expected to fluctuate in a range close to $3 trillion.

By unanimous vote, the Committee ratified the Desk’s domestic transactions over the intermeeting period. There were no intervention operations in foreign currencies for the System’s account during the intermeeting period.

Staff Review of the Economic Situation

The information available at the time of the meeting indicated that real GDP continued to expand in 2025, at a rate slightly below its 2024 pace. Labor market conditions showed signs of stabilizing following a period of gradual cooling. Consumer price inflation remained somewhat elevated.

The unemployment rate was 4.4 percent in December, unchanged from its level in September. The average monthly change in total payrolls turned negative in the fourth quarter, reflecting a large drop in government employment in October as workers rolled off payrolls after the end of the deferred resignation program; average payroll gains in November and December were similar to the average gains seen over the third quarter. Average hourly earnings rose 3.8 percent over the 12 months ending in December, slightly below their year-earlier pace.

Total consumer price inflation—as measured by the 12-month change in the price index for PCE—was 2.8 percent in November, a little higher than its year-earlier pace of 2.6 percent. Core PCE price inflation, which excludes changes in consumer energy prices and many consumer food prices, was 2.8 percent in November, compared with 3.0 percent a year earlier. Core services price inflation had declined relative to a year earlier, led by a deceleration in housing services prices. However, core goods price inflation had picked up over that period, a development that the staff largely attributed to the effects of higher tariffs. In December, the 12-month change in the CPI was 2.7 percent and core CPI inflation was 2.6 percent; both were below their year-earlier rates. Based on the CPI, the staff estimated that total PCE price inflation was 2.9 percent in December and core PCE price inflation was 3.0 percent. The staff also noted that data collection issues related to the government shutdown had likely pushed down the levels of the CPI and the PCE price index in November and December.

Real GDP posted a solid gain in the third quarter. Available indicators suggested that real GDP growth had slowed in the fourth quarter, with the government shutdown estimated to have reduced fourth-quarter real GDP growth about 1 percentage point. Real private domestic final purchases (PDFP)—which comprises PCE and private fixed investment and which often provides a better signal of underlying economic momentum than does GDP—rose at the same average pace as real GDP over the first three quarters of 2025; available indicators suggested that real PDFP growth also slowed in the fourth quarter but less markedly than real GDP growth. Nominal goods exports rose further in October, while nominal goods imports declined sharply after falling in the third quarter. Accordingly, the goods trade deficit continued to narrow following a substantial widening at the start of 2025 that resulted from a front-loading of imports ahead of anticipated tariff hikes.

Recent indicators suggested that foreign economic activity expanded at a below-trend pace in the second half of last year. U.S. tariffs continued to weigh on foreign manufacturing activity, notably for Canada and Mexico in autos, aluminum, steel, and related industries. By contrast, in some emerging Asian economies, exports of high-tech products surged amid robust demand from the artificial intelligence (AI) boom. In China, activity was boosted by strong exports to markets other than the U.S.

Headline inflation continued to run near central bank targets in many foreign economies, although upward pressures on food and services prices remained in some jurisdictions. A few foreign central banks cut their policy rates, including the Bank of England and the Bank of Mexico, but most others left them unchanged. The Bank of Japan was a notable exception, raising its key policy rate toward its assessment of the neutral range.

Staff Review of the Financial Situation

The market-implied expected path of the federal funds rate, nominal Treasury yields, and swap-based measures of inflation compensation were little changed, on net, over the intermeeting period. Broad equity price indexes rose modestly, on net, while credit spreads remained low by historical standards. The one-month option-implied volatility on the S&P 500 index ended the period roughly unchanged at a moderate level by historical standards.

Geopolitical developments led to some volatility in foreign financial markets over the intermeeting period, but risk appetite quickly recovered. On net, foreign equity price indexes rose and outperformed U.S. counterparts, extending last year's trend. Japanese government bond yields increased notably because of increased political uncertainty and investor concerns over fiscal prospects, but spillovers to other advanced-economy yields were modest. The dollar depreciated against most currencies. The Japanese yen appreciated late in the intermeeting period amid speculation among market participants that authorities may intervene in foreign exchange markets to support the yen.

Conditions in short-term funding markets were stable. The Federal Reserve's initiation of RMPs as well as Treasury bill paydowns contributed to a reduction in upward pressures on money market rates. The 25 basis point decrease in the target range for the federal funds rate in December quickly passed through to secured and unsecured money market rates. Year-end pressures in short-term funding markets were subdued; conditions were supported by additional liquidity resulting from RMPs and a smaller TGA, increased take-up of standing repo operations, and some dealers locking in financing ahead of year-end.

In domestic credit markets, borrowing costs of businesses, households, and municipalities remained significantly lower than the highs observed in 2023 but elevated relative to their average post–Global Financial Crisis levels. Yields on corporate bonds, leveraged loans, and commercial mortgage-backed securities (CMBS) all declined somewhat over the intermeeting period, as did rates on 30-year fixed-rate conforming residential mortgages and new auto loans.

Credit remained generally available to most businesses, households, and municipalities. Issuance volumes in corporate bond, private credit, and long-term municipal bond markets were strong, and bank loans continued to expand at a moderate pace. By contrast, credit appeared to remain relatively tight for small businesses and for people with low credit scores.

Responses to the January Senior Loan Officer Opinion Survey on Bank Lending Practices (SLOOS) suggested a slight further easing in lending standards, on balance, in the fourth quarter, principally reflecting eased standards for commercial real estate and consumer loans.[3] The overall level of bank lending standards aggregated across all loan categories was estimated to be around the median level observed since 2011.

Credit performance was stable but generally weaker than average pre-pandemic performance levels. The 12-month trailing default rates for corporate bonds and leveraged loans decreased in November and December. For direct private lending borrowers, default rates remained low, but payment-in-kind continued to be used to defer interest payments for many loans. Delinquency rates on small business and CMBS loans were little changed in November and remained elevated relative to pre-pandemic levels. For households, delinquency rates for most mortgage types remained near historical lows, while those for credit card and auto loans remained above pre-pandemic levels.

[3] The SLOOS results reported are based on banks' responses, weighted by each bank's outstanding loans in the respective loan category, and might therefore differ from the results reported in the published SLOOS, which are based on banks' unweighted responses.

The staff provided an updated assessment of the stability of the U.S. financial system and, on balance, continued to characterize the system's financial vulnerabilities as notable. The staff judged that asset valuation pressures were elevated. Price-to-earnings ratios for public equities stood at the upper end of their historical distribution, reflecting, in part, expectations of strong earnings growth for technology firms and elevated risk appetite among investors.

Vulnerabilities associated with nonfinancial business and household debt were characterized as moderate. Corporate debt grew modestly over the past few years, with growth concentrated in investment-grade public corporations. The financing of AI investment will likely entail higher debt issuance going forward, but low debt loads at most technology firms and muted aggregate debt growth in recent years suggest firms have the capacity to accommodate such growth.

Vulnerabilities associated with leverage in the financial sector were characterized as notable. Available data suggested that leverage remained high at hedge funds and life insurance companies. By contrast, bank regulatory capital ratios were high, although their market-adjusted capital ratios remained depressed and sensitive to long-term interest rates.

Vulnerabilities associated with funding risks were characterized as moderate. The amount of total short-run funding instruments and cash-management vehicles as a fraction of GDP remained in the middle of its historical range, uninsured deposits at banks were likewise within historical norms, and funding risks associated with nontraditional short-term liabilities at life insurance companies were low. The total market capitalization of stablecoins, some of which may be vulnerable to runs, grew significantly in the past two years but remained low relative to other funding instruments.

Staff Economic Outlook

The staff projection for economic activity was stronger than the one prepared for the December meeting, reflecting incoming data, greater expected support from financial conditions, and a small upward revision to the projected path of potential output. Real GDP growth was expected to outpace potential growth through 2028 as the drag from higher tariffs waned and as fiscal policy and financial market conditions continued to support spending. As a result, the unemployment rate was expected to decline gradually starting this year, moving below the staff's estimate of its natural rate by the end of the year and remaining below the natural rate through 2028.

The staff's inflation forecast was slightly higher, on balance, than the one prepared for the December meeting, reflecting the expectation that resource utilization would be tighter and the path of core import prices would be higher than previously projected. With the effect of higher tariffs on inflation expected to wane starting around the middle of this year, inflation was projected to return to its previous disinflationary trend.

The staff continued to view the uncertainty around the forecast as elevated in light of ongoing uncertainty about geopolitical developments, government policy changes and their effects, and the effect of AI on the economy. In addition, delays in statistical releases and related data-quality issues were providing an additional source of uncertainty. In an environment of high economic uncertainty, risks around the forecasts for employment and real GDP growth continued to be seen as skewed to the downside. Risks to the inflation projection continued to be viewed as skewed to the upside: With inflation having remained above 2 percent since early 2021, a salient risk was that inflation would prove to be more persistent than the staff anticipated.

Participants' Views on Current Conditions and the Economic Outlook

Participants observed that overall inflation had eased significantly from its highs in 2022 but remained somewhat elevated relative to the Committee's 2 percent longer-run goal. Participants generally noted that these elevated readings largely reflected inflation in core goods, which appeared to have been boosted by the effects of tariff increases. In contrast to prices for core goods, some participants commented that disinflation appeared to be continuing for core services, particularly for housing services.

Regarding the outlook for inflation, participants anticipated that inflation would move down toward the Committee's 2 percent objective, though the pace and timing of this decline remained uncertain. Participants generally expected that the effects of tariffs on core goods prices would likely start to diminish this year. Several participants remarked that the ongoing moderation in inflation for housing services was likely to continue to exert downward pressure on overall inflation. Several participants also expected higher productivity growth associated with technological or regulatory developments to put downward pressure on inflation. Consistent with that view, a few participants mentioned reports from business contacts that firms were automating more operations and using other measures to help offset cost increases, which would reduce the need to pass those increases on to consumer prices or to reduce margins. Most participants, however, cautioned that progress toward the Committee's 2 percent objective might be slower and more uneven than generally expected and judged that the risk of inflation running persistently above the Committee's objective was meaningful. Some of these participants cited reports from business contacts who expected to increase prices this year in response to cost pressures, including those related to tariffs. Several participants also raised the possibility that sustained demand pressures could keep inflation elevated relative to the Committee's 2 percent objective.

Participants noted that most measures of longer-term inflation expectations remained consistent with the Committee's 2 percent objective. In addition, several participants highlighted the fact that market-and survey-based measures of near-term inflation expectations had declined from their peaks in the spring of last year.

With regard to the labor market, participants observed that the unemployment rate had held steady, on net, in recent months, while job gains had remained low. Most participants noted that recent data readings such as those for the unemployment rate, layoffs, and job openings suggested that labor market conditions may be stabilizing after a period of gradual cooling. Almost all participants observed that while the level of layoffs remained low, hiring remained low as well. Consistent with that observation, several participants noted that their business contacts continued to express caution in hiring decisions, reflecting uncertainty about the economic outlook and the effect of AI and other automation technologies on the labor market. Some participants pointed to supply factors, such as lower net immigration, as contributing to the low pace of job gains.

While participants generally assessed that, under appropriate monetary policy, the labor market likely would stabilize and then improve this year, they continued to note that the outlook for the labor market remained uncertain. The vast majority of participants judged that labor market conditions had been showing some signs of stabilization and that downside risks to the labor market had diminished. Some participants, however, noted that even though the labor market was showing signs of stabilization, some indicators such as survey measures of job availability and the share of those working part time for economic reasons continued to suggest softening of conditions. In addition, most participants noted that downside risks to the labor market remained. In particular, some participants pointed to the possibility that a further fall in labor demand could push the unemployment rate sharply higher in a low-hiring environment or that the concentration of job gains in a few less cyclically sensitive sectors was potentially signaling heightened vulnerability in the overall labor market.

Participants observed that economic activity appeared to be expanding at a solid pace. Participants generally noted that consumer spending had been resilient, importantly supported by gains in household wealth. While aggregate consumption was seen as resilient, several participants cited reports from business contacts or recent analysis indicating a disparity between strong sales to higher-income consumers and soft sales to lower-income consumers. Participants observed that business fixed investment remained robust, particularly in the technology sector. In the agricultural sector, a couple of participants remarked that the crop sector had remained weak, while the livestock sector had stayed strong.

Participants generally anticipated that the pace of economic growth would remain solid in 2026, though uncertainty about the outlook for growth remained high. Most participants expected growth to be supported by continued favorable financial conditions, fiscal policy, or changes in regulatory policy.

Moreover, in light of the strong pace of AI-related investment as well as the higher productivity growth of recent years, several participants judged that ongoing gains in productivity would be supportive of economic growth.

In their discussion of financial stability, several participants commented on high asset valuations and historically low credit spreads. Some participants discussed potential vulnerabilities associated with recent developments in the AI sector, including elevated equity market valuations, high concentration of market values and activities in a small number of firms, and increased debt financing. A few participants commented that the financing of the AI-related infrastructure buildout in opaque private markets warranted monitoring. Several participants highlighted vulnerabilities associated with the private credit sector and its provision of credit to riskier borrowers, including risks related to interconnections with other types of nonbank financial institutions, such as insurance companies, and banks' exposure to this sector. Several participants commented on risks associated with hedge funds, including their growing footprint in Treasury and equity markets, rising leverage, and continued expansion of relative value trades that could make the Treasury market more vulnerable to shocks. A couple of participants commented that although consumer credit quality remained solid in the aggregate, there were signs of weakness in the financial positions of low- and medium-income households. A few participants noted the need to monitor potential spillovers from volatility in global bond markets and foreign exchange.

In their consideration of monetary policy at this meeting, participants noted that inflation had remained somewhat elevated and that available indicators suggested that economic activity had been expanding at a solid pace. They observed that job gains had remained low and that the unemployment rate had shown some signs of stabilization. Against this backdrop, almost all participants supported maintaining the current target range for the federal funds rate at this meeting, while a couple of participants preferred to lower the target range. Those who favored maintaining the target range generally viewed that, after the 75 basis point lowering of the target range last year, the current stance of monetary policy was within the range of estimates of the neutral level. They commented that maintaining the current target range of the federal funds rate at this meeting would leave policymakers well positioned to determine the extent and timing of additional adjustments to the policy rate, with these judgments being based on the incoming data, the evolving outlook, and the balance of risks. Those who preferred to lower the target range at this meeting expressed concerns that the current stance of the policy rate was still meaningfully restrictive and viewed downside risks to the labor market as a more prominent policy concern than the risk of persistently elevated inflation.

In considering the outlook for monetary policy, several participants commented that further downward adjustments to the target range for the federal funds rate would likely be appropriate if inflation were to decline in line with their expectations. Some participants commented that it would likely be appropriate to hold the policy rate steady for some time as the Committee carefully assesses incoming data, and a number of these participants judged that additional policy easing may not be warranted until there was clear indication that the progress of disinflation was firmly back on track. Several participants indicated that they would have supported a two-sided description of the Committee's future interest rate decisions, reflecting the possibility that upward adjustments to the target range for the federal funds rate could be appropriate if inflation remains at above-target levels. All participants agreed that monetary policy was not on a preset course and would be informed by a wide range of incoming data, the evolving economic outlook, and the balance of risks.

In discussing risk-management considerations that could bear on the outlook for monetary policy, the vast majority of participants judged that downside risks to employment had moderated in recent months while the risk of more persistent inflation remained, and some commented that those risks had come into better balance. Several participants cautioned that easing policy further in the context of elevated inflation readings could be misinterpreted as implying diminished policymaker commitment to the 2 percent inflation objective, perhaps making higher inflation more entrenched. By contrast, a few participants highlighted the risk that labor market conditions could deteriorate significantly while expressing confidence that inflation would continue to decline. These participants cautioned that keeping policy overly restrictive could risk further deterioration in the labor market. Participants judged that a careful balancing of risks was required to achieve the Committee's dual-mandate objectives.

Committee Policy Actions

In their discussions of monetary policy for this meeting, members agreed that available indicators suggested that economic activity had been expanding at a solid pace. Almost all members agreed that recent developments in the labor market indicated that job gains had remained low and that the unemployment rate had showed some signs of stabilization. Similarly, reflecting recent data on inflation, members agreed that inflation remained somewhat elevated, and with the turn of the calendar year, they agreed to remove the reference to inflation relative to readings from earlier last year. Members agreed that the Committee was attentive to the risks to both sides of its dual mandate, but almost all members no longer judged that downside risks to employment had risen in recent months.

In support of its goals, almost all members decided to maintain the target range for the federal funds rate at 3½ to 3¾ percent. Two members voted against that decision and preferred to lower the target range by ¼ percentage point. Members agreed that in considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee would carefully assess incoming data, the evolving outlook, and the balance of risks. Members agreed that the postmeeting statement should affirm their strong commitment both to supporting maximum employment and to returning inflation to the Committee's 2 percent objective.

Members agreed that in assessing the appropriate stance of monetary policy, the Committee would continue to monitor the implications of incoming information for the economic outlook. They would be prepared to adjust the stance of monetary policy as appropriate if risks emerged that could impede the attainment of the Committee's goals. Members also agreed that their assessments would take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

At the conclusion of the discussion, the Committee voted to direct the Federal Reserve Bank of New York, until instructed otherwise, to execute transactions in the SOMA in accordance with the following domestic policy directive, for release at 2:00 p.m.:

> "Effective January 29, 2026, the Federal Open Market Committee directs the Desk to:
>
> - Undertake open market operations as necessary to maintain the federal funds rate in a target range of 3½ to 3¾ percent.
> - Conduct standing overnight repurchase agreement operations at a rate of 3.75 percent.
> - Conduct standing overnight reverse repurchase agreement operations at an offering rate of 3.5 percent and with a per-counterparty limit of $160 billion per day.
> - Increase the System Open Market Account holdings of securities through purchases of Treasury bills and, if needed, other Treasury securities with remaining maturities of 3 years or less to maintain an ample level of reserves.
> - Roll over at auction all principal payments from the Federal Reserve's holdings of Treasury securities. Reinvest all principal payments from the Federal Reserve's holdings of agency securities into Treasury bills."

The vote also encompassed approval of the statement below for release at 2:00 p.m.:

> "Available indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained low, and the unemployment rate has shown some signs of stabilization. Inflation remains somewhat elevated.
>
> The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Uncertainty about the economic outlook remains elevated. The Committee is attentive to the risks to both sides of its dual mandate.

> In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 3½ to 3¾ percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.
>
> In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments."

Voting for this action: Jerome H. Powell, John C. Williams, Michael S. Barr, Michelle W. Bowman, Lisa D. Cook, Beth M. Hammack, Philip N. Jefferson, Neel Kashkari, Lorie K. Logan, and Anna Paulson.

Voting against this action: Stephen I. Miran and Christopher J. Waller.

Stephen I. Miran and Christopher J. Waller preferred to lower the target range for the federal funds rate by ¼ percentage point at this meeting.

Consistent with the Committee's decision to leave the target range for the federal funds rate unchanged, the Board of Governors of the Federal Reserve System voted unanimously to maintain the interest rate paid on reserve balances at 3.65 percent, effective January 29, 2026. The Board of Governors of the Federal Reserve System voted unanimously to approve the establishment of the primary credit rate at the existing level of 3.75 percent.

It was agreed that the next meeting of the Committee would be held on Tuesday–Wednesday, March 17–18, 2026. The meeting adjourned at 10:15 a.m. on January 28, 2026.

Notation Vote

By notation vote completed on December 29, 2025, the Committee unanimously approved the minutes of the Committee meeting held on December 9–10, 2025.

Attendance

Jerome H. Powell, Chair
John C. Williams, Vice Chair
Michael S. Barr
Michelle W. Bowman

Lisa D. Cook
Beth M. Hammack
Philip N. Jefferson
Neel Kashkari
Lorie K. Logan
Stephen I. Miran
Anna Paulson
Christopher J. Waller

Thomas I. Barkin, Raphael W. Bostic, Mary C. Daly, Austan D. Goolsbee, and Sushmita Shukla, Alternate Members of the Committee

Susan M. Collins, Alberto G. Musalem, and Jeffrey R. Schmid, Presidents of the Federal Reserve Banks of Boston, St. Louis, and Kansas City, respectively

Joshua Gallin, Secretary
Matthew M. Luecke, Deputy Secretary
Brian J. Bonis, Assistant Secretary
Michelle A. Smith, Assistant Secretary
Mark E. Van Der Weide, General Counsel
Richard Ostrander, Deputy General Counsel
Trevor A. Reeve, Economist
Stacey Tevlin, Economist
Beth Anne Wilson, Economist

Stephanie R. Aaronson, Shaghil Ahmed, Kartik B. Athreya, Michael T. Kiley, Elizabeth Klee, Edward S. Knotek II, Karel Mertens, and Andrea Raffo, Associate Economists

Roberto Perli, Manager, System Open Market Account

Julie Ann Remache, Deputy Manager, System Open Market Account

Jose Acosta, Senior System Engineer II, Division of Information Technology, Board

Isaiah C. Ahn, Information Management Analyst, Division of Monetary Affairs, Board

Mary L. Aiken,[4] Acting Director, Division of Supervision and Regulation, Board

Alyssa Arute, Assistant Director, Division of Reserve Bank Operations and Payment Systems, Board

Alessandro Barbarino, Special Adviser to the Board, Division of Board Members, Board

Camille Bryan, Senior Project Manager, Division of Monetary Affairs, Board

Isabel Cairó, Group Manager, Division of Monetary Affairs, Board

Michele Cavallo, Special Adviser to the Board, Division of Board Members, Board

Andrew Cohen,[5] Special Adviser to the Board, Division of Board Members, Board

Stephanie E. Curcuru, Deputy Director, Division of International Finance, Board

Marnie Gillis DeBoer,[6] Senior Associate Director, Division of Monetary Affairs, Board

Wendy E. Dunn, Adviser, Division of Research and Statistics, Board

[4] Attended through the discussion of the economic and financial situation.
[5] Attended the discussion of the economic and financial situation.
[6] Attended through the discussion of developments in financial markets and open market operations.

Burcu Duygan-Bump, Senior Associate Director, Division of Research and Statistics, Board

Laura J. Feiveson, Special Adviser to the Board, Division of Board Members, Board

Erin E. Ferris, Principal Economist, Division of Monetary Affairs, Board

Glenn Follette, Associate Director, Division of Research and Statistics, Board

Greg Frischmann,[7] Senior Special Counsel, Legal Division, Board; Special Adviser to the Board, Division of Board Members, Board

Jenn Gallagher, Assistant to the Board, Division of Board Members, Board

Carlos Garriga, Senior Vice President, Federal Reserve Bank of St. Louis

David P. Glancy, Principal Economist, Division of Monetary Affairs, Board

Joseph W. Gruber, Executive Vice President, Federal Reserve Bank of Kansas City

Luca Guerrieri, Senior Associate Director, Division of International Finance, Board

Christopher J. Gust, Associate Director, Division of Monetary Affairs, Board

Valerie S. Hinojosa, Section Chief, Division of Monetary Affairs, Board

Jane E. Ihrig, Special Adviser to the Board, Division of Board Members, Board

Scott R. Konzem, Senior Economic Modeler II, Division of Monetary Affairs, Board

Anna R. Kovner, Executive Vice President, Federal Reserve Bank of Richmond

Spencer D. Krane, Senior Vice President, Federal Reserve Bank of Chicago

Sylvain Leduc, Executive Vice President and Director of Economic Research, Federal Reserve Bank of San Francisco

Andreas Lehnert, Director, Division of Financial Stability, Board

Paul Lengermann, Deputy Associate Director, Division of Research and Statistics, Board

Natalie Leonard,[6] Associate, Federal Reserve Bank of New York

Kurt F. Lewis, Special Adviser to the Chair, Division of Board Members, Board

Logan T. Lewis, Assistant Director, Division of International Finance, Board

Stephen F. Lin, Principal Economist, Division of Research and Statistics, Board

Laura Lipscomb, Special Adviser to the Board, Division of Board Members, Board

Benjamin W. McDonough, Deputy Secretary and Ombudsman, Office of the Secretary, Board

Radhika Mithal,[6] Associate Director, Federal Reserve Bank of New York

Makoto Nakajima, Vice President, Federal Reserve Bank of Philadelphia

Anna Nordstrom, Head of Markets, Federal Reserve Bank of New York

Giovanni Olivei, Senior Vice President, Federal Reserve Bank of Boston

Julio L. Ortiz, Senior Economist, Division of International Finance, Board

[7] Attended Wednesday's session only.

Karen M. Pence, Deputy Associate Director, Division of Research and Statistics, Board

Caterina Petrucco-Littleton, Deputy Associate Director, Division of Consumer and Community Affairs, Board

Brian Phillips,[8] Special Counsel, Legal Division, Board; Special Adviser to the Board, Division of Board Members, Board

Eugenio P. Pinto, Special Adviser to the Board, Division of Board Members, Board

Odelle Quisumbing,[4] Assistant to the Secretary, Office of the Secretary, Board

Achilles Sangster II, Lead Information Manager, Division of Monetary Affairs, Board

Zeynep Senyuz, Special Adviser to the Board, Division of Board Members, Board

Paula Tkac, Director of Research, Federal Reserve Bank of Atlanta

Skander J. Van den Heuvel, Associate Director, Division of Financial Stability, Board

Francisco Vazquez-Grande, Group Manager, Division of Monetary Affairs, Board

Cheryl L. Venable, First Vice President, Federal Reserve Bank of Atlanta

Annette Vissing-Jørgensen, Senior Adviser, Division of Monetary Affairs, Board

Jeffrey D. Walker, Senior Associate Director, Division of Reserve Bank Operations and Payment Systems, Board

William Wascher, Deputy Director, Division of Research and Statistics, Board

Min Wei, Senior Associate Director, Division of Monetary Affairs, Board

Randall A. Williams,[9] Group Manager, Division of Monetary Affairs, Board

Filip Zikes, Special Adviser to the Board, Division of Board Members, Board

Joshua Gallin
Secretary

[8] Attended from the discussion of the economic and financial situation through the end of Tuesday's session.
[9] Attended the discussion of current monetary policy.