FOMC

Minutes of the Federal Open Market Committee

October 27–28, 2026

FEDERAL RESERVE SYSTEM

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October 27–28, 2026

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, October 27, 2026, at 9:30 a.m. and continued on Wednesday, October 28, 2026, at 9:00 a.m.[1]

Staff Review and Policymakers' Discussion of Financial Stability

The staff presented an assessment of financial stability vulnerabilities. The staff's presentation used a range of tail scenarios to illustrate how a decline in asset prices could amplify economic shocks, with investors and fund managers being forced to sell assets to deleverage and to meet redemptions, respectively. The staff noted that asset sales by return-sensitive investment vehicles such as hedge funds, bond mutual funds, and target date funds could, in very severe scenarios, be substantial enough to impair market functioning.

The staff also highlighted the rapid growth of debt associated with the artificial intelligence (AI) buildout, noting that off-balance-sheet leasing commitments and circular financing arrangements among AI-related firms could amplify losses if returns on AI investment were to disappoint.

Overall, the staff judged that current vulnerabilities could amplify shocks somewhat more than usual, with elevated asset valuations and leverage at hedge funds representing the most salient vulnerabilities, while strong bank and household balance sheets provided an important buffer against more severe outcomes.

In their discussion of financial stability, almost all participants commented on risks associated with a scenario in which the returns on AI investment turned out to be disappointing to investors. Many participants commented on the potential consequences of an AI-related asset price revaluation should it occur. Most participants observed that AI-related debt had grown rapidly and that much of this growth had taken place through complex and opaque financing structures. A few participants remarked that AI-related exposures were becoming increasingly concentrated among a small number of firms.

Several participants noted that the staff's assessment was that the financial system remained resilient, with the banking sector well capitalized and able to withstand losses under the severe

[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.

scenarios considered. However, several participants cautioned that past experience suggested that banking system vulnerabilities could emerge rapidly even after seemingly reassuring initial assessments. Several participants expressed concerns that the existing data available to bank supervisors may not fully capture banks' indirect exposure through nonbank financial institutions, including credit lines to private credit funds and other complex linkages.

Most participants highlighted hedge fund leverage or limited dealer intermediation capacity as potential channels of amplification during periods of market stress. Several participants pointed to banks' prime brokerage exposures as warranting continued monitoring and supervisory attention. Some participants raised concerns about potential interactions among the level of government indebtedness, rising long-term yields, and financial stability, noting that the implications of adverse shocks for the economic outlook could be harder to gauge in a situation of diminished fiscal policy space. Some participants also highlighted cyber risk as a critical area of concern.

Almost all participants commented on potential policy responses that could address financial stability vulnerabilities. A few participants suggested that maintaining strong bank capital cushions, including through the deployment of the countercyclical capital buffer, would help ensure that commercial banks could continue intermediating credit if stress emerged elsewhere in the financial system. A few participants noted the importance of ensuring ready bank access to the discount window and other liquidity programs. Some participants highlighted potential ways of enhancing operational readiness, including those relating to the Federal Reserve's ability to lend to designated financial market utilities amid stressed conditions, with participants expressing different views on the steps to be taken, if appropriate. A few participants also discussed distinguishing Federal Reserve asset purchases undertaken for market functioning purposes from those undertaken to provide monetary policy accommodation. Several participants stressed that monetary policy was not the appropriate tool to address financial stability risks directly, though a couple of participants noted that monetary policy implementation choices could influence the nonbank sector's incentives to rely on leverage.

Developments in Financial Markets and Open Market Operations

The manager started with an overview of developments in financial markets over the intermeeting period. On net, nominal Treasury yields and inflation compensation were little changed, broad equity prices were marginally higher, and the dollar was stronger. However, asset prices exhibited notable swings over the period, as market participants absorbed economic data releases, financial disclosures by AI companies, evolving developments in the ongoing conflict with Iran, and a sharp repricing of France's sovereign debt.

With respect to Treasury securities markets, the manager noted that nominal Treasury yields had moved up significantly until early October, mostly in response to economic data that pointed to a strong economy. Subsequently, however, uncertainty about the projected revenue trajectory of key AI

firms and about the sustainability of the pace of the buildout of AI data centers, together with concerns regarding French sovereign bonds, triggered renewed investor appetite for U.S. Treasury securities, winding back the previous increase in yields. The manager assessed that liquidity in the market for Treasury securities had diminished somewhat over the period but by no more than what could have been expected to occur in response to the increase in yield volatility; market functioning had continued to be orderly.

With regard to policy rate expectations, the manager observed that the federal funds rate path implied by futures prices was little changed, on net, over the period, with little chance of a rate increase associated with this meeting but high probabilities assigned to a 25 basis point hike by year-end and two more by the summer of 2027. Expectations derived from the Open Market Desk Survey of Market Expectations (Desk survey) were somewhat lower, with the median participant expecting one rate hike in December and another one in March 2027, followed by a rate cut early in 2028. The manager noted that term premiums embedded in market prices may help reconcile the differences between the two expected paths. The Desk survey's median estimate of the longer-run nominal federal funds rate increased to about 3.4 percent; an increase in estimates of the longer-run real interest rate was believed to be the source of this upward shift.

The manager then turned to developments in equity and credit markets. Equity prices rose earlier in the intermeeting period, largely driven by the AI infrastructure segment, with investors continuing to price in expectations of robust earnings growth. Risk sentiment deteriorated, however, after two leading AI firms reported revenue growth below investor expectations and a hyperscaler released capital spending plans that required a greater amount of financing than investors had anticipated. These developments weighed on hyperscalers' equity valuations, and the effects were even more pronounced on stock prices in the AI infrastructure segment. Credit spreads increased over the period in both the investment-grade and high-yield segments, with high-yield bonds issued to finance data center construction experiencing an especially notable widening in spreads. The manager assessed that, even before this intermeeting period, the higher interest rate environment was both weighing on equity prices and raising credit spreads. Higher interest rates had helped lower equity valuations and had contributed to greater investor sensitivity regarding more highly leveraged borrowers.

With regard to international developments, the manager observed that sovereign yields rose substantially in France amid heightened concerns about fiscal sustainability. The French–German 10-year yield spread surged to levels not seen since the highs reached in 2011 during the euro-area debt crisis. Market-implied policy rate paths in major advanced-economy central banks continued to indicate further policy tightening by the end of 2027. That said, whereas the U.S. policy rate path was little changed on net, market-implied policy rate paths in advanced foreign economies (AFEs) shifted down, in part reflecting perceptions of a less resilient economic outlook than in the U.S. and the AFEs' greater sensitivity to elevated energy prices. Increased investor concerns over fiscal prospects also

weighed on policy rate expectations in the euro area. The widening of interest rate differentials between the AFEs and the U.S. helped drive the appreciation of the U.S. dollar.

The manager then turned to money markets. Money market conditions had remained stable over the period, with the effective federal funds rate staying 2 basis points below the interest on reserve balances (IORB) rate, and with repurchase agreement rates also averaging slightly below the IORB rate. The September corporate tax date and the September quarter-end passed uneventfully.

The manager noted that the level of reserves appeared to remain within a range consistent with an ample supply. In light of orderly money market conditions and expectations that the near-term outlook for reserve conditions would be broadly similar to the conditions observed recently, the Desk decided to keep reserve management purchases (RMPs) at zero in the current purchase period. The manager noted that the pace of RMPs was not on a preset course and that the Desk would continue to make decisions each month in pursuit of the goal of keeping the level of reserve balances within the ample range. The manager also noted that, according to the latest Senior Financial Officer Survey, reserve demand did not appear to have changed much recently, though it had increased over time, especially in the wake of the March 2023 period of banking stress.

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 inflation remained elevated. Labor market conditions continued to be broadly stable with some signs of gradual tightening. Real gross domestic product (GDP) was expanding at a solid pace.

Based on data from the consumer price index (CPI) and the producer price index, the staff estimated that price inflation—as measured by the 12-month change in the price index for total personal consumption expenditures (PCE)—rose to 3.6 percent in September, boosted by a rapid increase in consumer energy prices. Core PCE price inflation, which excludes changes in consumer energy prices and many consumer food prices, was estimated to have edged up to 3.1 percent in September. Both total and core inflation were higher than their year-earlier levels, a development that the staff attributed largely to the effects of earlier tariff increases, higher energy price inflation, and upward pressure on consumer goods prices that was associated with the AI buildout.

The unemployment rate edged up to 4.2 percent in September but remained 0.2 percentage point below its average in the second half of 2025. The labor force participation rate moved up in September and had fully retraced the decline seen since May. Nonfarm payroll gains averaged about 50,000 per month over the three months ending in September and had been reasonably broad based

in recent months. Average hourly earnings rose 3 percent over the 12 months ending in September and had decelerated over the past year.

Available indicators suggested that real GDP growth picked up in the third quarter of this year following a first-half gain that had been revised up as a result of the annual update to the national accounts. Real private domestic final purchases—which comprises PCE and private fixed investment and which tends to provide a better signal of economic momentum than does real GDP—appeared to have risen strongly in the third quarter and outpaced real GDP, with solid gains in both consumer spending and business investment. The AI buildout continued to support robust increases in investment spending. Trade data for July and August showed that real goods imports continued to grow at a rapid pace, led by booming imports of high-tech products. Meanwhile, real goods exports were lower than their second-quarter average, as U.S. oil exports fell back.

Economic activity abroad continued to expand at a moderate pace, with foreign economies demonstrating resilience in the face of elevated energy prices. Manufacturing activity remained solid, supported by strong global demand for AI-related products. Labor markets were generally stable across major foreign economies.

Headline inflation remained above target levels in most foreign economies, largely reflecting rises in energy prices this year due to the Middle East conflict. In response to elevated inflation, and with real GDP growth holding up, several foreign central banks—including the Bank of Japan, the Reserve Bank of Australia, and central banks in several emerging market economies—raised their policy rates during the intermeeting period.

Staff Review of the Financial Situation

Over the intermeeting period, nominal Treasury yields were little changed, on net, and the dollar appreciated, while broad equity price indexes increased somewhat despite notable volatility late in the period tied to shifting investor sentiment about AI-related investment. Spreads on corporate debt widened, notably so for riskier corporate debt.

The expected path of the federal funds rate implied by market quotes had exhibited considerable shifts over the period since the September FOMC meeting but ended the period little changed, with market pricing assigning a high probability to no change in the target range at this meeting. Option-implied volatility of short-term interest rates increased notably, consistent with greater investor uncertainty about the policy rate path. Nominal Treasury yields rose early in the period before retracing those steps.

Broad equity price indexes rose modestly, on net, as reduced optimism regarding AI-related financing weighed on sentiment later in the period. Equity prices for interest-sensitive segments—including real estate investment trusts and smaller-capitalization firms—declined, and bank equity prices fell sharply amid concerns about slower loan growth and commercial real estate (CRE) exposures. One-month

option-implied volatility on the S&P 500—the VIX—was little changed, on net, and remained at a moderate level. Spreads on investment-grade corporate bonds and benchmark municipal securities increased slightly and remained compressed by historical standards, while spreads on speculative-grade bonds widened notably, reflecting the elevated interest rate sensitivity of riskier firms.

In AFEs, sovereign bond yields exhibited significant volatility, as investors grappled with uncertainty related to the Middle East conflict and the profitability of AI-related investments. On net, long-term yields in most AFEs declined. France was a notable exception, reflecting heightened market concerns about its fiscal trajectory. The broad dollar appreciated, reflecting the widening of U.S.–AFE yield differentials and depreciation pressures on some Latin American currencies.

Financing conditions in domestic credit markets remained broadly supportive of economic activity even as borrowing costs rose notably over the intermeeting period across a range of markets. Conditions in short-term funding markets continued to be stable, with the September increase in the target range for the federal funds rate passing through promptly into overnight funding markets.

Credit remained broadly available through September, though private credit remained constrained and residential mortgage activity declined further amid the sharp rise in mortgage rates. Gross issuance of investment-grade corporate bonds remained solid, while speculative-grade gross issuance picked up to a strong pace, likely reflecting mounting pressure on riskier firms to refinance. Bank lending standards were unchanged in the October Senior Loan Officer Opinion Survey on Bank Lending Practices at levels estimated to be slightly easier than historical medians. Mortgage credit availability continued to ease gradually, even as elevated interest rates kept origination activity subdued. Consumer credit remained generally available, with credit card and auto lending standards being little changed to somewhat easier.

Credit performance remained solid in most markets, though forward-looking measures deteriorated somewhat, consistent with potential challenges associated with elevated interest rates, particularly for leveraged and rate-sensitive businesses. Corporate bond defaults remained low, while leveraged loan default rates continued to be somewhat elevated, reflecting continued use of distressed exchanges; the share of distressed private credit loans, particularly among software firms, increased in the second quarter. Delinquency rates for commercial mortgage-backed securities remained elevated. Household credit performance remained sound on balance, though credit card delinquencies, concentrated among a limited set of consistent revolving accounts, stayed elevated relative to pre-pandemic norms.

Staff Economic Outlook

The staff's inflation forecast was similar to the one prepared for the September meeting. Total inflation was expected to step down sharply next year as energy prices decelerated, while the boost to

inflation from tariff increases, geopolitical turmoil, and the AI buildout was expected to mostly fade over the next couple of years. Inflation was expected to be about 2 percent in 2028.

The staff's outlook for economic activity in 2026 was a little stronger relative to the forecast prepared for the September meeting, mostly in response to incoming data. Thereafter, the outlook was similar to the September forecast: Real GDP was expected to slightly outpace potential through 2028, with spending supported by AI-related investment and financial conditions. The unemployment rate was expected to remain below the staff's estimate of its longer-run rate through 2029.

The staff continued to view the uncertainty around the projection as substantial, with the outlook clouded by risks associated with persistently high inflation, the pace of AI-related investment, possible productivity gains from AI adoption, and geopolitical developments. Risks to the inflation projection were seen as skewed to the upside: In addition to the possibility that the AI buildout and geopolitical turmoil might put greater-than-expected upward pressure on prices, the staff viewed the possibility that longer-run inflation expectations could have become unanchored after five years' worth of elevated inflation as a salient risk. In contrast, the risks around the forecasts for employment and real GDP growth were seen as more balanced.

Policymakers' Discussion of Current Conditions, the Economic Outlook, and Monetary Policy Considerations

Participants acknowledged that inflation remained elevated. Several participants noted that the annual revision to the national accounts had led to a reduction in measured inflation for this year, though a couple emphasized that the revision did not indicate an improvement in the basic inflation outlook. Several participants observed that tariff-related effects on prices appeared to be waning; however, most remarked that inflation pressures in the economy were broad based. The vast majority noted that high energy prices continued to contribute to current inflation pressures. Many participants observed that demand for products associated with the AI buildout was continuing to strain supply and raise prices of technology-related consumer goods, and several judged that price pressures were increasingly extending beyond industries directly affected by data center construction. A number of participants also pointed to elevated inflation in the category of market-based core nonhousing services and to measures of underlying inflation that remained above 2 percent.

Participants assessed that medium- and longer-term inflation expectations continued to be consistent with the Committee's 2 percent objective. A few, however, noted that market- and survey-based measures of shorter-term inflation expectations had increased or cautioned that market-based measures of inflation expectations—being derived from the pricing of securities indexed to the CPI—might be difficult to interpret in the current circumstance of an unusual discrepancy between CPI and PCE inflation rates. Some participants expressed concern that more widespread price pressures in

the context of a prolonged period of above-target inflation could increase the risk of elevated inflation becoming entrenched in the inflation expectations of households and businesses.

Most participants expected inflation to remain elevated in the near term but to decline over time toward 2 percent, reflecting the waning of tariff-related price effects, a reduction in energy prices' contribution to inflation, and a moderation of the pressures associated with the AI buildout. The vast majority saw upside risks to this outlook, citing higher energy prices and continued supply constraints with regard to refined fuel products. Many participants viewed the AI buildout as a material source of inflation risk. Some judged that the current investment surge could raise aggregate demand relative to supply if capacity expansion proved slower than expected. A majority noted the possibility that higher costs could be passed through more broadly and persistently to consumer and business prices. A few, however, observed that price pressures could diminish as productive capacity and productivity increased. A number of participants remarked that greater scrutiny of the sector's returns and financing could lead to a slowing in AI-related spending, thereby tending to reduce inflation pressures.

Participants characterized labor market conditions as stable and close to maximum employment, citing an unemployment rate near estimates of its natural rate, payroll gains within the range of estimates of breakeven employment growth, and low levels of layoffs and initial claims for unemployment insurance. Many pointed to signs of modest tightening in the labor market, citing the decline in the unemployment rate since late 2025. At the same time, some noted that labor market dynamism remained unusually low, as reflected in low rates of hiring and layoffs, a low job-finding rate, elevated long-term unemployment, and perceptions of weak job availability. Most judged that aggregate nominal wage growth remained moderate and was broadly consistent with the Committee's 2 percent inflation objective. Many observed that shortages of skilled workers needed for data center construction and related industries had contributed to sizable wage premiums in those industries, while a few noted that reduced labor supply in industries reliant on immigrant workers could add to sectoral wage pressures, although these developments did not appear to be having a material effect on aggregate wage measures. Participants generally expected labor market conditions to remain stable in the near term and viewed upside and downside risks to the labor market as broadly balanced.

Several participants indicated that financial conditions overall remained supportive of continued economic growth, citing elevated equity valuations and broadly available credit. However, a majority of participants noted a tightening in financial conditions since the September meeting, citing higher mortgage interest rates as well as wider credit spreads for some higher-risk and AI-related borrowers and reduced issuance, particularly by lower-rated firms. Many observed that higher borrowing costs and more selective lending had weighed somewhat on residential investment, CRE, small business borrowing, and some other interest-sensitive sectors. Many pointed to lower AI-related equity valuations amid apparent reassessments of prospective returns and financing risks and judged that greater market discipline over highly leveraged projects could temper investment demand.

Participants generally assessed that economic activity continued to expand at a strong pace, supported by resilient household spending and robust business fixed investment. A couple of participants noted that revisions to the national accounts had strengthened the view that households had sufficient income and savings to sustain their consumption spending. A number of participants cited elevated household net worth and strong corporate earnings as factors supporting household spending and business investment, while several noted that productivity gains were a sign of the economy's resilience. At the same time, a number of participants observed that growth remained uneven, with AI-related investment, manufacturing, and data center construction being particularly strong, whereas housing and other interest-sensitive sectors were weak. A few noted that higher prices of necessities were straining the budgets of lower- and middle-income households, while increased energy and borrowing costs were leading some firms to reconsider production plans and the pace of expansion. A couple of participants observed that conditions in the agricultural sector had been strained by higher prices of diesel and other inputs.

Some participants discussed the implications of the AI-related buildout for productivity and potential output. These participants judged that stronger productivity would allow output to expand without correspondingly tightening the labor market. At the same time, a number of participants emphasized considerable uncertainty regarding the timing, magnitude, and distribution of AI-related productivity gains. Several participants also noted risks that the AI investment surge could be excessive, leading to lower-than-expected returns, and a couple of participants noted that it could be crowding out other types of investment.

A number of participants shared their views on monetary policy strategy. They stressed the importance of restoring inflation to 2 percent on a sustained basis, preventing persistent relative-price shocks from giving rise to broad inflation pressures, and maintaining well-anchored inflation expectations. They also emphasized the importance of adjusting the stance of monetary policy in response to incoming information and its implications for the economic outlook amid uncertainty about the neutral rate, the interest sensitivity of AI-related demand, and financial conditions, and risks to the Committee's dual-mandate objectives.

In their consideration of monetary policy at this meeting, most participants expressed support for maintaining the target range for the federal funds rate. Many of these participants pointed to benefits in accumulating additional information, which would help in determining the policy stance appropriate to ensure a timely return of inflation to the Committee's 2 percent goal. These participants cited the need to assess the durability of AI-related investment demand, the evolution of financing conditions, the transmission of the September rate increase to the economy, or geopolitical developments. A couple of participants noted that, at the current juncture, a gradual approach to policy firming would give businesses and households time to adjust to higher interest rates. Several participants emphasized that monetary policy's stance and the effects of that stance should be evaluated by considering the overall path of the federal funds rate over time rather than actions taken at individual

meetings. Some participants observed that market-implied expectations of tightening steps in December and next year were broadly consistent with their assessments of the appropriate policy rate path, and several saw this alignment as reducing the risks associated with keeping the target range unchanged at this meeting. A few participants, while supporting maintaining the current target range for the federal funds rate, indicated that they viewed the decision as a close call. Many participants stressed the importance of clearly relaying the message that the decision to maintain the target range did not reflect a weakening of the Committee's commitment to returning inflation to 2 percent in a timely manner.

Some participants favored an increase of 25 basis points in the target range at this meeting, emphasizing that inflation had remained too high and that they saw few signs of it abating. They judged that the current policy stance was not sufficiently restrictive, and a few of them warned that further delay risked allowing high inflation to become entrenched or necessitating a larger and more disruptive tightening later. A few participants observed that only a limited amount of additional data would become available in coming weeks, geopolitical uncertainty was unlikely to be substantially resolved in the near future, or the next inflation release was likely to be unfavorable. A few participants who favored an increase in the target range indicated that they could have supported no change in the federal funds rate provided that it was clearly understood by market participants that further tightening was likely.

With regard to the outlook for monetary policy in the months ahead, almost all participants judged that, under their baseline outlooks for inflation and the labor market, further action to raise the target range for the federal funds rate—broadly consistent with the September Summary of Economic Projections—would likely be appropriate, in order to ensure a timely return of inflation to the 2 percent objective. A couple of participants noted that an increase of more than 25 basis points could warrant consideration at the next meeting if incoming inflation data were unfavorable. A few participants observed that inflation could prove more persistent than anticipated, in which case a shift to a more restrictive policy stance could become necessary. Participants remarked that future policy decisions would depend on the incoming data, the evolving outlook, and the balance of risks.

Committee Policy Actions

In support of the Committee's dual-mandate goals, 10 members agreed to maintain the target range for the federal funds rate at 3¾ to 4 percent and reaffirmed the FOMC's policy of maintaining ample reserves in the banking system. Members agreed that the unemployment rate was largely unchanged and that economic activity was expanding at a strong pace amid resilient domestic spending, while inflation remained elevated relative to the Committee's 2 percent goal. Members noted that the accumulation of more information would help the Committee determine the policy stance appropriate to ensure a timely return of inflation to the Committee's 2 percent goal. The Committee underlined its continuing resolve to achieve its dual-mandate goals by indicating in its postmeeting statement that it

"will deliver price stability." Two members voted against the decision to maintain the target range for the federal funds rate, preferring an increase of 25 basis points in the target range at this meeting.

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 System Open Market Account in accordance with the following domestic policy directive, for release at 2:00 p.m.:

"Effective October 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 3¾ to 4 percent.
- Conduct standing overnight repurchase agreement operations at a rate of 4.0 percent.
- Conduct standing overnight reverse repurchase agreement operations at an offering rate of 3.75 percent and with a per-counterparty limit of $160 billion per day.
- When appropriate, 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.:

"The Federal Open Market Committee approved the following statement for release by a 10 — 2 vote:

The Committee decided to maintain the target range for the federal funds rate at 3¾ to 4 percent, in support of the Federal Reserve's dual mandate. The Committee is continuing its policy of maintaining ample reserves in the banking system.

Economic activity is expanding at a strong pace. While uncertainty remains elevated owing, in part, to geopolitical developments, domestic spending has been resilient. Productivity growth is strong, and capital investment is robust. Job gains have kept pace with the workforce, and the unemployment rate has changed little.

Inflation remains elevated. The accumulation of more information will help the Committee determine the policy stance appropriate to ensure a timely return of inflation to the Committee's 2 percent goal. The Committee will deliver price stability."

Voting for this action: Kevin Warsh, John C. Williams, Michael S. Barr, Michelle W. Bowman, Philip N. Jefferson, Neel Kashkari, Lorie K. Logan, Anna Paulson, Jerome H. Powell, and Christopher J. Waller.

Voting against this action: Lisa D. Cook and Beth M. Hammack, who preferred to raise 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 to 3.90 percent, effective October 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 4.0 percent.

It was agreed that the next meeting of the Committee would be held on Tuesday–Wednesday, December 8–9, 2026. The meeting adjourned at 10:30 a.m. on October 28, 2026.

Notation Vote

By notation vote completed on October 6, 2026, the Committee unanimously approved the minutes of the Committee meeting held on September 15–16, 2026.

Attendance

Kevin Warsh, Chairman
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
Anna Paulson
Jerome H. Powell
Christopher J. Waller

Thomas I. Barkin, Mary C. Daly, Austan D. Goolsbee, Sushmita Shukla, and Cheryl L. Venable, 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
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, Brian M. Doyle, Michael T. Kiley, Elizabeth Klee, and Edward S. Knotek II, Associate Economists

Roberto Perli, Manager, System Open Market Account

Julie Ann Remache, Deputy Manager, System Open Market Account

Jose Acosta, Principal System Engineer, Division of Information Technology, Board

Andrea Ajello, Assistant Director, Division of Monetary Affairs, Board

Gianni Amisano, Assistant Director, Division of Research and Statistics, Board

Alyssa Arute,[2] Assistant Director, Division of Reserve Bank Operations and Payment Systems, Board

William F. Bassett, Senior Associate Director, Division of Financial Stability, Board

Kimberly N. Bayard, Section Chief, Division of Monetary Affairs, Board

Michael Blume, Principal Software Developer, Division of Monetary Affairs, Board

Falk Braeuning, Vice President, Federal Reserve Bank of Boston

Sophia S. Castelo, Senior Financial Institution Policy Analyst II, Division of Monetary Affairs, Board

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

Andrew Cohen,[3] Special Adviser to the Board, Division of Board Members, Board

Francisco Covas, Deputy Director, Division of Supervision and Regulation, Board

Daniel M. Covitz, Special Adviser to the Chairman, Division of Board Members, Board

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

Ryan A. Decker, Special Adviser to the Board, Division of Board Members, Board

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

Eric C. Engstrom, Special Adviser to the Chairman, Division of Board Members, Board

Laura J. Feiveson,[4] Special Adviser to the Board, Division of Board Members, Board

Greg Frischmann,[3] Assistant General Counsel, Legal Division, Board; Special Adviser to the Board, Division of Board Members, Board

Sean A. Fulmer,[2] Capital Markets Trading Associate, Federal Reserve Bank of New York

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

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

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

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

Jonathan Heathcote, Monetary Advisor, Federal Reserve Bank of Minneapolis

Daniel L. Heil, Special Adviser to the Chairman, Division of Board Members, Board

Valerie S. Hinojosa, Assistant Director, Division of Monetary Affairs, Board

Bart Hobijn, Vice President, Federal Reserve Bank of Chicago

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

Don H. Kim,[2] Senior Adviser, Division of Monetary Affairs, Board

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

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

Keith Kudrycki, Deputy Associate Director, Division of Monetary Affairs, Board

Andreas Lehnert, Director, Division of Financial Stability, Board

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[2] Attended through the discussion of developments in financial markets and open market operations.
[3] Attended through the discussion of financial stability issues.
[4] Attended the discussion of developments in financial markets and open market operations through the end of the meeting.

Benjamin Lester, Vice President, Federal Reserve Bank of Philadelphia

Dan Li, Deputy Associate Director, Division of Monetary Affairs, Board

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

Zheng Liu, Senior Policy Advisor, Federal Reserve Bank of San Francisco

John P. McConnell, Special Adviser to the Chairman, Division of Board Members, Board

Benjamin W. McDonough, Secretary of the Board, Office of the Secretary, Board

Raven Molloy, Deputy Associate Director, Division of Research and Statistics, Board

Alexander Monge-Naranjo, Vice President, Federal Reserve Bank of Atlanta

Kevin B. Moore, Assistant Director, Division of Research and Statistics, Board

Norman J. Morin, Associate Director, Division of Research and Statistics, Board

Edward Nelson, Senior Adviser, Division of Monetary Affairs, Board

David Newville,[5] Director, Division of Consumer and Community Affairs, Board

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

Ekaterina Peneva, Assistant Director, Division of Research and Statistics, Board

Eugenio P. Pinto,[6] Special Adviser to the Board, Division of Board Members, Board

Odelle Quisumbing,[5] Assistant to the Secretary, Office of the Secretary, Board

Nellisha D. Ramdass, Deputy Director, Division of Monetary Affairs, Board

Samuel Schulhofer-Wohl, Senior Vice President, Federal Reserve Bank of Dallas

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

Manjola Tase, Principal Economist, Division of Monetary Affairs, Board

Jeffrey D. Walker,[2] Senior Associate Director, Division of Reserve Bank Operations and Payment Systems, Board

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

David Wiczer, Economic Policy Economist, Federal Reserve Bank of New York

Mark A. C. Wilkinson,[2] Financial Modeling and Quantitative Analytics Principal, Federal Reserve Bank of New York

Paul Winfree, Special Adviser to the Chairman, Division of Board Members, Board

Ines Xavier, Senior Economist, Division of Monetary Affairs, Board

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

Andrei Zlate, Group Manager, Division of Monetary Affairs, Board

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Joshua Gallin
Secretary

[5] Attended Tuesday's session only.
[6] Attended the discussion of developments in financial markets and open market operations through the end of the meeting.