

US FEDERAL RESERVE MEET JULY 2025

KEY HIGHLIGHTS

- The U.S. Federal Reserve's Federal Open Market Committee (FOMC) has **kept interest rates unchanged at 4.25 percent to 4.5 percent in the July 29-30 meeting for the fifth straight session.**
- Despite concerns over slowing economic growth, the Fed was widely expected to hold rates steady.
- The core PCE inflation forecast for the end of 2025 has been revised **upward to 3.1%, compared to 2.8% in March.**
- The Fed's preferred inflation gauge, the Producer Price Index (PPI), however, **declined to 2.3 per cent in June from 2.7 per cent in May. June PPI came below expectations of 2.5 per cent.**
- Meanwhile, the **GDP growth projection for the end of 2025 has been lowered to 1.4% from the earlier forecast of 1.7%.**
- Jerome Powell **described the current monetary policy stance as “modestly restrictive,”** adding that it remains appropriate considering ongoing inflation concerns.
- Rate projections show the median official expected to lower rates by a **half percentage point in 2025, implying two quarter-point cuts this year, the same as expected in March**
- US President Donald Trump has urged Powell multiple times to cut rates. On Wednesday, Trump in a post on Truth Social said, **“2Q GDP JUST OUT: 3%, WAY BETTER THAN EXPECTED! ‘Too Late’ MUST NOW LOWER THE RATE. No Inflation! Let people buy, and refinance, their homes!”**