

FED MEETING UPDATE - MARCH 2026

19 Mar 2026



FED HOLDS RATES STEADY

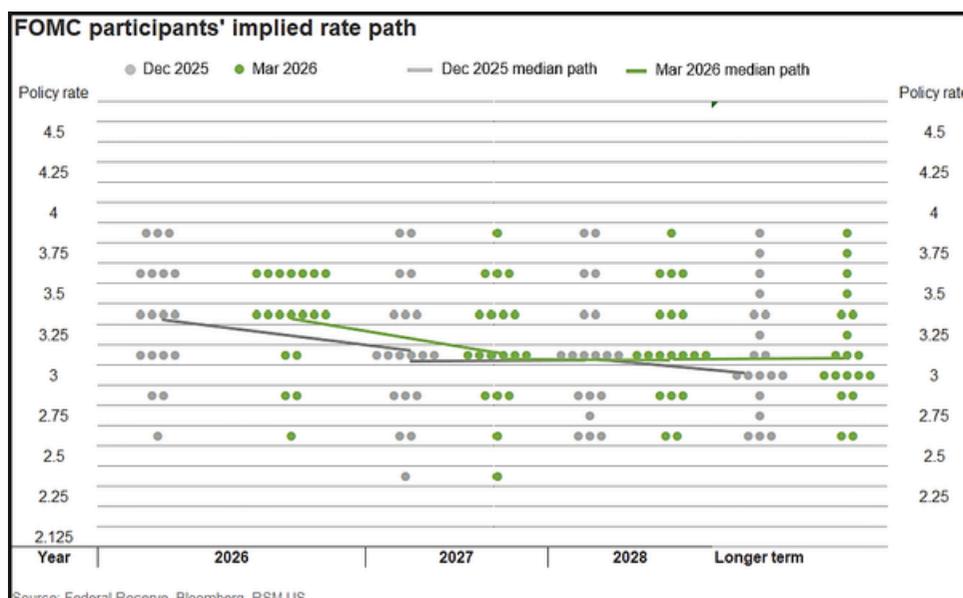
As widely expected by the market, the US Federal Reserve (the Fed) decided to leave its **benchmark interest rate unchanged at the target range of 3.50% - 3.75%** at its two-day policy meeting on March 17-18, with 11 votes in favor and 1 dissent.

The updated "Dot Plot" indicated that the Fed's stance on the future interest rate trajectory remains largely unchanged. Accordingly, policymakers maintained their projections for one rate cut in 2026 and another in 2027, before settling at a steady long-run rate of 3.00% - 3.25% from 2028 onwards.

Notably, seven Federal Open Market Committee (FOMC) members projected no rate cuts through the end of 2026, up from four at the previous meeting. However, no officials foresee the need for further rate hikes. This marks a shift from last December's meeting, where three members anticipated an additional 25-basis-point hike, which would have pushed rates to 3.75% - 4.00% in 2026.

This development suggests that FOMC members are exercising greater caution regarding inflationary risks stemming from Iran conflict, while simultaneously expressing concerns that consumer spending and the labor market could weaken due to spillover effects from the conflict. Nevertheless, Fed Chair Jerome Powell stated that the impact would be limited, as the US is a net energy exporter.

Dự báo Fed Funds Rates tại thời điểm cuối năm (mid-point)						
Năm	Kỳ họp T3/2026		Kỳ họp T12/2025		T3/26 so với T12/25	
	Trung vị	Cao nhất	Trung vị	Cao nhất	Trung vị	Cao nhất
2026	3.4%	3.6%	3.4%	3.9%	0.0%	-0.3%
2027	3.1%	3.9%	3.1%	3.9%	0.0%	0.0%
2028	3.1%	3.9%	3.1%	3.9%	0.0%	0.0%
Longer run	3.1%	3.9%	3.0%	3.9%	0.1%	0.0%



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U.S. GDP GROWTH OUTLOOK

- Despite the uncertainties surrounding the Iran war, **Fed upgraded its 2026 GDP growth projection to 2.4%**, up from the previous estimate of 2.3%, driven by expectations of continued improvements in economic productivity. This marks the third consecutive meeting in which the Fed has revised its growth forecasts upward. Concurrently, Chair Powell noted that the risk of stagflation is not a major concern at this time.
- Fed also revised its year-end 2026 core inflation forecast upward from 2.5% to 2.7%, before expecting it to ease to 2.2% at the end of 2027 and return to the 2.0% target in 2028. The higher inflation projection for 2026 is primarily attributed to the impact of tariffs and the upward momentum of oil prices. However, the Fed currently assesses these factors as short-term, expecting inflation to gradually moderate in 2027. Despite this, Chair Powell emphasized that the central bank will maintain a data-dependent approach to monetary policy at each meeting, and did not rule out the possibility of pausing rate cuts if inflation proves more persistent than anticipated.

Percent

Variable	Median ¹			
	2026	2027	2028	Longer run
Change in real GDP	2.4	2.3	2.1	2.0
December projection	2.3	2.0	1.9	1.8
Unemployment rate	4.4	4.3	4.2	4.2
December projection	4.4	4.2	4.2	4.2
PCE inflation	2.7	2.2	2.0	2.0
December projection	2.4	2.1	2.0	2.0
Core PCE inflation ⁴	2.7	2.2	2.0	
December projection	2.5	2.1	2.0	
Memo: Projected appropriate policy path				
Federal funds rate	3.4	3.1	3.1	3.1
December projection	3.4	3.1	3.1	3.0