

# Register-Guard Capital

FEDERAL RESERVE REGISTER GUARD 6/17/26

## PRE-MEETING OUTLOOK

We predict the Federal Open Market Committee will hold the target range for the federal funds rate unchanged at 3.50 percent to 3.75 percent at the conclusion of its June 16–17, 2026 meeting, the first chaired by Kevin Warsh. This would be the fourth consecutive meeting at the current range, which the Committee reached with its December 2025 cut and has held through the January, March, and April decisions.<sup>1</sup> Federal-funds futures tracked by the CME FedWatch Tool price the probability of an unchanged decision at roughly 97 percent.<sup>2</sup> We expect the post-meeting statement to remove or materially neutralize the easing bias that produced three dissents in April and we expect the Summary of Economic Projections to show no rate cuts in 2026 as its central tendency, with the first projected cut pushed into 2027. We expect a more unified vote than the 8–4 split of April 29; with the easing-bias language addressed, the most plausible remaining dissent is a dovish one, from Governor Stephen I. Miran, in favor of a cut. Above all, we see the funds rate unchanged over the next six months: no cut and no hike across the four remaining meetings of 2026.

We endorse the expected decision to hold, and the data since April 29 have hardened the case rather than softened it. The May Employment Situation, released June 5, showed nonfarm payroll growth of 172,000, far above the consensus range of roughly 80,000 to 105,000 and well above our own Employment Guard projection of 120,000.<sup>3,4</sup> March and April were revised up by a combined 93,000, leaving three consecutive months of positive, broadening payroll gains, while the unemployment rate held at 4.3 percent and average hourly earnings rose 3.4 percent year-over-year.<sup>5</sup> The May Consumer Price Index, released June 10, showed headline inflation of 4.2 percent year-over-year, the fastest annual pace since April 2023, and core inflation of 2.9 percent, the highest since September 2025.<sup>6</sup> We were directionally correct and closer than consensus on payrolls, exact on the unemployment rate, and within a tenth on both wages and core CPI; our 3.0 percent core call slightly overshot the 2.9 percent print, for reasons we take up below.<sup>7</sup>

The May CPI is a split-screen report, and the split matters for policy. Energy rose 3.9 percent on the month and accounted for more than 60 percent of the headline increase, carrying the year-over-year energy index up roughly 23 percent.<sup>8</sup> Yet core goods prices fell 0.1 percent, the clearest sign yet that tariff pass-through is not broadening into consumer goods in the way we

---

<sup>1</sup> Board of Governors of the Federal Reserve System, "Meeting Calendars and Information," Monetary Policy, accessed June 17, 2026, <https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm>.

<sup>2</sup> CME Group, "CME FedWatch Tool," Interest Rates Market Data, accessed June 17, 2026, <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>.

<sup>3</sup> Bureau of Labor Statistics, "The Employment Situation—May 2026," news release, U.S. Department of Labor, June 5, 2026, [https://www.bls.gov/news.release/archives/empsit\\_06052026.htm](https://www.bls.gov/news.release/archives/empsit_06052026.htm).

<sup>4</sup> Register-Guard Capital, *Employment Guard 6/5/26* (June 5, 2026).

<sup>5</sup> Bureau of Labor Statistics, "Employment Situation, May 2026."

<sup>6</sup> Bureau of Labor Statistics, "Consumer Price Index—May 2026," news release, U.S. Department of Labor, June 10, 2026, <https://www.bls.gov/news.release/cpi.nr0.htm>.

<sup>7</sup> Register-Guard Capital, *Inflation Guard 6/10/26* (June 10, 2026).

<sup>8</sup> Bureau of Labor Statistics, "CPI, May 2026."

# Register-Guard Capital

had flagged as a risk.<sup>9</sup> The firming in core to 2.9 percent was services-led: shelter at 3.4 percent, transportation services at 4.1 percent, medical care services at 3.6 percent, and apparel at 4.8 percent.<sup>10</sup> This is precisely why our core projection came in a tenth high. We built in a slight tariff-goods contribution that did not materialize in May. The substantive point, however, now cuts in our favor: the inflation problem is increasingly a services-and-energy problem rather than a clean two-shock story that will mechanically fade once tariffs and oil pass through. Non-housing services, the "supercore" the Committee watches, remain elevated, and core PCE was running at 3.29 percent on the latest April reading.<sup>11</sup> We have argued since our first Federal Reserve Register Guard that inflation has now sat above the 2 percent target for over five years; the May data are consistent with that diagnosis, not against it.<sup>12</sup>

In our April outlook we said we would be watching for spillover from the Iran ceasefire into commodity markets and inflation expectations. That question has now been answered, and the spillover ran against disinflation. The April 8 ceasefire never delivered relief at the pump, nor has any attempts since: the Strait of Hormuz, which carries roughly a fifth of global energy flows, remains largely obstructed, and the national average retail gasoline price rose to about \$4.61 per gallon in May, up more than 40 percent year-over-year, with diesel up roughly 60 percent.<sup>13</sup> A recent 14-point memorandum of understanding is in the works to open up the Strait of Hormuz and end hostilities.<sup>14</sup> Yet, any lasting progress has not been seen. For the Committee, this removes the cleanest argument for looking through the headline: the energy shock is not fading on a reliable schedule.

The labor side of the bind we described in April has eased. Three consecutive positive payroll prints and sizable upward revisions describe a labor market that is firming, not deteriorating, and that no longer presses the Committee to cut for employment reasons.<sup>15</sup> Beneath the headline, the household survey remains softer than the establishment data: the long-term unemployed accounted for 27.5 percent of all unemployed in May, those working part-time for economic reasons held near 4.8 million, and entry-level conditions, recent-graduate and teenage unemployment, remain elevated, consistent with the low-hire, low-fire freeze we have described.<sup>16</sup> But the net reading is that the downside labor risk that would have forced the Committee's hand has receded materially. The Federal Reserve may still find itself with its back against the wall, but the wall is now overwhelmingly on the inflation side of the mandate. On statement language, our April position, and the dissent of Cleveland's Hammack, Minneapolis's Kashkari, and Dallas's Logan, was that an easing bias was inappropriate with

---

<sup>9</sup> Bureau of Labor Statistics, "CPI, May 2026."

<sup>10</sup> Bureau of Labor Statistics, "CPI, May 2026."

<sup>11</sup> Bureau of Economic Analysis, "Personal Income and Outlays, April 2026," news release, U.S. Department of Commerce, May 28, 2026, <https://www.bea.gov/news/2026/personal-income-and-outlays-april-2026>.

<sup>12</sup> Register-Guard Capital, *Federal Reserve Register Guard* 3/18/26 (March 18, 2026).

<sup>13</sup> U.S. Energy Information Administration, "U.S. All Grades All Formulations Retail Gasoline Prices," Petroleum & Other Liquids Data, accessed June 17, 2026, [https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM\\_EPM0\\_PTE\\_NUS\\_DPG&f=W](https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM_EPM0_PTE_NUS_DPG&f=W).

<sup>14</sup> "Read the 14-Point Draft Memorandum Between the US and Iran," *Bloomberg*, June 16, 2026, <https://www.bloomberg.com/news/articles/2026-06-16/read-the-14-point-draft-memorandum-between-the-us-and-iran>.

<sup>15</sup> Bureau of Labor Statistics, "Employment Situation, May 2026."

<sup>16</sup> Bureau of Labor Statistics, "Employment Situation, May 2026."

# Register-Guard Capital

inflation accelerating and the labor market closer to balance than to deterioration.<sup>17</sup> The data since make that case stronger, and we expect Chair Warsh's first statement to remove the easing bias or replace it with neutral language. The most consequential non-rate development at this meeting may be a change in the communications regime itself: Warsh has been openly skeptical of the usefulness of the Summary of Economic Projections and the dot plot, and his debut is the natural occasion to signal reform.<sup>18</sup> We will score any such change in the supplemental sections below, once the statement, projections, and press conference are released.

This brings us to our central forward view. We see the federal funds rate unchanged at 3.50 percent to 3.75 percent over the next six months, with no cut and no hike across the four remaining meetings of 2026. The May employment and inflation prints pushed that window out. The balance of risks around the next move has, in our reading, tilted. With energy elevated, services sticky, the labor market firming, and a Chair who is institutionally hawkish on inflation (despite his recent dovishness), the next change in the funds rate is now as plausibly a hike as a cut, and we would not characterize the current stance as meaningfully restrictive given core PCE near 3.3 percent.<sup>19</sup>

## DECISION AND STATEMENT

The Committee held the target range for the federal funds rate at 3.50 to 3.75 percent, exactly as we predicted, and did so on a 12–0 vote.<sup>20</sup> In a related action the Board of Governors set the interest rate on reserve balances at 3.65 percent effective June 18, with the standing repurchase rate at 3.75 percent, the overnight reverse-repurchase offering rate at 3.50 percent, and the primary credit rate at 3.75 percent.<sup>21</sup> We score the meeting against the four markers we set out above.

On the vote, we were directionally correct but understated the result. We predicted a more unified vote than April's 8–4 and named Governor Miran, who had dissented in favor of a cut at six consecutive meetings, as the most plausible remaining dissenter.<sup>22</sup> The Committee instead voted unanimously, and Miran did not dissent. We read his decision to join a unanimous hold as the single most telling development of the meeting: the Committee's most persistent dove fell in behind a statement that hardened the inflation language and dropped the easing bias. We called the direction of the vote; we did not anticipate that the dovish dissent would disappear entirely.

On statement language, we were correct, and the Committee went further than we expected. We anticipated removal or neutralization of the easing bias that produced three

---

<sup>17</sup> Register-Guard Capital, *Federal Reserve Register Guard 4/29/26* (April 29, 2026).

<sup>18</sup> "Fed Chair Warsh Expected to Withhold 'Dot' From Central Bank's Interest Rate Outlook," *CNBC*, June 16, 2026, <https://www.cnbc.com/2026/06/16/fed-chair-warsh-expected-to-withhold-dot-from-central-banks-interest-rate-outlook.html>.

<sup>19</sup> Bureau of Economic Analysis, "Personal Income and Outlays, April 2026."

<sup>20</sup> Board of Governors of the Federal Reserve System, "Federal Reserve Issues FOMC Statement," news release, June 17, 2026, <https://www.federalreserve.gov/monetarypolicy/files/monetary20260617a1.pdf>.

<sup>21</sup> Board of Governors, "FOMC Statement, June 17, 2026."

<sup>22</sup> Board of Governors, "FOMC Statement, June 17, 2026."

# Register-Guard Capital

dissents in April. The new statement does that and more: it is markedly shorter, drops the easing bias, and removes forward guidance altogether.<sup>23</sup> In its place it states plainly that inflation remains elevated relative to the 2 percent goal, attributes part of the increase to supply shocks in certain sectors including energy, and closes with a flat commitment that the Committee will deliver price stability.<sup>24</sup> This is the re-anchoring on the price-stability mandate that we, and the three April dissenters, had argued the data required.

On the Summary of Economic Projections, we were right on direction and the Committee moved past our own baseline. We predicted no 2026 cuts and a first cut pushed into 2027. The June median dot for year-end 2026 came in at 3.8 percent, up sharply from 3.4 percent in March and now above the current target midpoint of roughly 3.6 percent, a path that implies not merely no cuts this year but a lean toward at least one hike, with the median easing only gradually to 3.6 percent in 2027 and 3.4 percent in 2028 against an unchanged longer-run median of 3.1 percent.<sup>25</sup> The inflation projections were revised up across the board: the 2026 median for headline PCE jumped to 3.6 percent from 2.7 percent in March, and core PCE to 3.3 percent from 2.7 percent, the latter almost exactly the 3.29 percent April reading we cited above, while participants' assessed risks to both measures are now weighted to the upside.<sup>26</sup> The one place the Committee landed to the hawkish side of us is the near-term path itself: our base case was a flat hold through 2026, whereas the median participant now pencils in a hike.<sup>27</sup> We had called that hike an equal risk rather than the base case; the dot plot has made it the base case, and we adjust accordingly in our implications below.

## PRESS CONFERENCE ANALYSIS

Chair Warsh's first press conference reinforced the hawkish read and answered the questions we posed going in. There was no looking through the energy headline: in his opening statement Warsh said inflation has run well ahead of the 2 percent goal for more than five years, called persistently high prices a burden on American households, and reported that the Committee was, in his words, "unambiguous and unanimous" that it will deliver price stability.<sup>28</sup> Pressed in the Q&A on whether the new inflation-framework task force might revisit the target itself, he was emphatic that it will not: he focuses, he said, on the left of the decimal point rather than the right, and sees no reason to reconsider the 2 percent objective until the Committee has reestablished its commitment and ability to deliver it.<sup>29</sup> He repeated his long-standing line that inflation is a choice and that monetary policy is primarily responsible for it.<sup>30</sup> This is the explicit reaffirmation of the target we expected, and the more hawkish tone from both Chair and

---

<sup>23</sup> Board of Governors, "FOMC Statement, June 17, 2026."

<sup>24</sup> Board of Governors, "FOMC Statement, June 17, 2026."

<sup>25</sup> Board of Governors of the Federal Reserve System, "Summary of Economic Projections," June 17, 2026, Table 1, <https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20260617.pdf>.

<sup>26</sup> Board of Governors, "Summary of Economic Projections, June 17, 2026."

<sup>27</sup> Board of Governors, "Summary of Economic Projections, June 17, 2026."

<sup>28</sup> Board of Governors, "FOMC Statement, June 17, 2026."

<sup>29</sup> "TRANSCRIPT: Fed Chair Warsh Says Wants Changes, Appoints Five Task Forces, But Will Keep 2% Inflation Target," *Mace News* via *TradingView*, June 17, 2026, <https://www.tradingview.com/news/macenews:d31687211094b:0-transcript-fed-chair-warsh-says-wants-changes-appoints-five-task-forces-but-will-keep-2-inflation-target/>.

<sup>30</sup> "Transcript: Fed Chair Warsh."

# Register-Guard Capital

Committee was welcome, an outcome that, for the first time this year, aligns the Committee with the view we have held throughout, and a notable one given the controversy that surrounded Warsh's nomination and his 54–45 confirmation.

On the projections, Warsh declined to submit a dot of his own, consistent with his stated skepticism of the SEP as currently structured, and offered a revealing read of his colleagues' dots: they were submitted, he said, "with pencils, those kind with the big erasers," reflecting humility rather than conviction in a fast-changing environment.<sup>31</sup> Nine of the eighteen participants who submitted projections penciled in at least one rate increase by year-end, an even split, half at or below the current rate and half above, that the Chair himself described.<sup>32</sup> Repeatedly pressed on why the Committee did not hike or at least threaten to, given its own language on inflation risk, he declined to engage the premise, noting that none of the nineteen around the table had argued the move should have been to tighten, and offered only that the Committee will meet again in six weeks.<sup>33</sup> We read this as fully consistent with our forward call: no cuts, a live and roughly even hike contingency, and a Chair who will not pre-commit in either direction.

Asked directly how restrictive policy is, Warsh called it uneven: somewhat restrictive in housing, but, in his words, hard to describe as restrictive when looking at financial markets.<sup>34</sup> That assessment tracks closely with the view we have carried, that the current stance is at most neutral and not meaningfully restrictive, and it is precisely why we now read the current range as a floor rather than a ceiling.

On communications, Warsh gave the clearest statement yet of the philosophy behind the shorter statement and the dropped forward guidance. Markets, he argued, work best when they react to incoming data rather than asking how the Fed will react to it; when market prices merely reflect the Fed's own words back, the central bank is blinded to its single most valuable information source, and he wants those blinders off.<sup>35</sup> We share this diagnosis. We have thought for some time that markets have leaned too heavily on the Fed's every word, and a healthier give-and-take between the two would be constructive, even if the cost is that Fed watchers like us have somewhat less to parse, a trade we can accept. Warsh also signaled that press conferences may not follow every meeting and that he would not be surprised to see changes to the SEP and the broader communications framework by year-end.<sup>36</sup>

The data task force drew the sharpest commentary and warrants the most careful watching. Warsh argued that much of the official data the Fed consumes rests on dated survey methods and a system of national accounts that, in his view, looks little like the 2026 economy, with response rates and revision bounds too large for decisions that must be made in real time; he wants to bring lower-revision, real-time private-sector data and new analytic tools to bear.<sup>37</sup>

---

<sup>31</sup> "Transcript: Fed Chair Warsh."

<sup>32</sup> "Transcript: Fed Chair Warsh."

<sup>33</sup> "Transcript: Fed Chair Warsh."

<sup>34</sup> "Transcript: Fed Chair Warsh."

<sup>35</sup> "Transcript: Fed Chair Warsh."

<sup>36</sup> "Transcript: Fed Chair Warsh."

<sup>37</sup> "Transcript: Fed Chair Warsh."

# Register-Guard Capital

Importantly, asked whether he intends to overhaul the national accounts, he answered, in a word, no, professing considerable deference to the statistical agencies that produce them.<sup>38</sup> This maps almost exactly onto our own position. We see real merit in higher-frequency, less-revised, point-in-time data, and we welcome that disclaimer; the recent government shutdown was a reminder of the risk of gaps in coverage. But we remain wary of large changes to survey methods or any deprioritization of official government statistics, which are a genuine public good, and we are reassured that Warsh placed the 2 percent target itself outside the scope of the inflation-framework review.<sup>39</sup> These are the recommendations we will be watching for in the weeks ahead.

The five task forces: on Fed communications, balance-sheet policy, the Fed's data sources, productivity and jobs in an era of new general-purpose technologies including artificial intelligence, and the Fed's inflation frameworks, are to begin within weeks and, Warsh hopes, largely conclude by year-end.<sup>40</sup> On productivity, the Chair who had once argued that productivity gains could justify lower rates now framed AI as a long-run positive the Fed should embrace while subordinating it firmly to the price-stability priority.<sup>41</sup> On independence, the meeting itself answered the question we raised about the most partisan Chair confirmation in the institution's history: Warsh reported nothing to share on conversations with the President, described monetary policy as independent in its conduct, the Fed keeping a wide lens on the world but a narrow remit, and a Committee that held rates, hardened its inflation language, declined to offer a Chair's dot, and tilted its projections toward a hike is plainly not one bending to the administration's stated preference for lower rates.<sup>42</sup>

## MINUTES REVIEW

*To be appended when Meeting Minutes are published.*

## MACRO AND MARKET IMPLICATIONS

The decision and the projections confirm and harden our forward view, and we update it accordingly. We had called a flat hold through 2026 with the next move as plausibly a hike as a cut; the Committee's own median now implies a hike by year-end, and its most persistent dove has stopped dissenting for cuts. We therefore now regard the current 3.50 to 3.75 percent range as the floor for at least the next year: we do not expect a cut over that horizon, and the risk to policy is to the upside. Higher-for-longer has become higher-and-possibly-higher. With core PCE near 3.3 percent, the real funds rate remains low enough that we still would not describe the stance as meaningfully restrictive, which is precisely why we read the current level as a floor rather than a ceiling.

The initial market reaction tracked the hawkish surprise in the projections. Treasury yields jumped, the two-year rose about 16 basis points to roughly 4.208 percent, and equities,

---

<sup>38</sup> "Transcript: Fed Chair Warsh."

<sup>39</sup> "Transcript: Fed Chair Warsh."

<sup>40</sup> "Transcript: Fed Chair Warsh."

<sup>41</sup> "Transcript: Fed Chair Warsh."

<sup>42</sup> "Transcript: Fed Chair Warsh."

# Register-Guard Capital

which had set a fresh intraday record earlier in the session, reversed: the Dow closed down about 0.98 percent, the S&P 500 off about 1.2 percent, and the Nasdaq about 1.3 percent, with the large-cap technology leaders bearing the brunt as the discount rate on long-duration cash flows repriced higher.<sup>43</sup> Commentators read the move as a response to the dot plot rather than the rate decision; Goldman Sachs Asset Management noted that the meeting confirmed the Fed's hawkish shift was about more than energy, with roughly half the Committee now projecting a hike this year, even as it judged the Fed can still narrowly avoid one.<sup>44</sup> These are same-day, preliminary moves, and we will revisit them as the dust settles.

The standard consequences of a hawkish hold, now a hawkish hold with a hiking bias, follow with more force. Treasury yields should stay elevated across the curve; mortgage and auto-loan rates should remain at levels that constrain household formation and durable-goods demand; rate-sensitive equities, housing, regional banks with concentrated commercial-real-estate exposure, and small caps with floating-rate debt, should continue to face pressure; and the dollar should find support. Housing is the clearest pressure point: Zillow, citing a new Fed Chair and higher inflation, cut its 2026 sales forecast and described elevated mortgage rates as strangling the recovery.<sup>45</sup> The shelter disinflation that anchored core through the winter is also fading at the margin, Apartment List reports national rents rose 0.5 percent in May, a fourth consecutive monthly increase, with the vacancy rate falling for the first time in over four years, which removes a tailwind from the very component now carrying core inflation.<sup>46</sup>

For our medium-term outlook, the firming labor data continue to push the post-Special Note recession scenario we outlined on March 11 further from the probability-weighted base case; we are not retracting it, since the credit-market deterioration we flagged there remains a live concern, but its labor leg has weakened materially. The binding constraint is inflation, the data are not cooperating, and the Committee, now under new leadership, newly unanimous, and explicitly recommitted to the 2 percent target, has neither the evidence nor the inclination to ease. We expect it to hold, with a bias to hike, through year-end and beyond.

---

<sup>43</sup> "Stock Market Today: Live Updates," *CNBC*, June 16, 2026, <https://www.cnbc.com/2026/06/16/stock-market-today-live-updates.html>.

<sup>44</sup> Karee Venema et al., "June Fed Meeting: Live Updates and Commentary," *Kiplinger*, last updated June 17, 2026, <https://www.kiplinger.com/news/live/fed-meeting-updates-and-commentary-june-2026>.

<sup>45</sup> Mischa Fisher, "Zillow's May Market Report: The housing recovery is back on pause," *Zillow Research*, June 4, 2026, <https://www.zillow.com/research/may-2026-market-report-36389/>.

<sup>46</sup> Apartment List Research Team, "Apartment List National Rent Report," *Apartment List*, May 27, 2026, <https://www.apartmentlist.com/research/national-rent-data>.