

MARKETS IN FOCUS

Fed insights

Waiting and seeing – March FOMC takeaways

March 19, 2026

BY MATT ORTON, CFA, AND JOEY DEL GUERCIO, CFA^{1,2}

For its second consecutive meeting, the Federal Open Market Committee (FOMC) held its policy rate steady, leaving the target range at 3.50% to 3.75%.

This was all but expected, though the market responded strongly to perceived hawkishness from the press conference, where Fed Chair Jerome Powell's statement said the "implications of developments in the Middle East for the US economy are uncertain." Otherwise, Powell's statement and the committee's summary of economic projections (SEP) offered few changes from January, but three SEP updates are worth noting:

- While headline and core inflation estimates were revised higher, real gross domestic product (GDP) growth and unemployment projections also were revised higher.
- The median projection for the longer-run neutral rate ticked up from 3.0% to 3.1%.
- But the median committee member still anticipates one cut in 2026 and one cut in 2027.

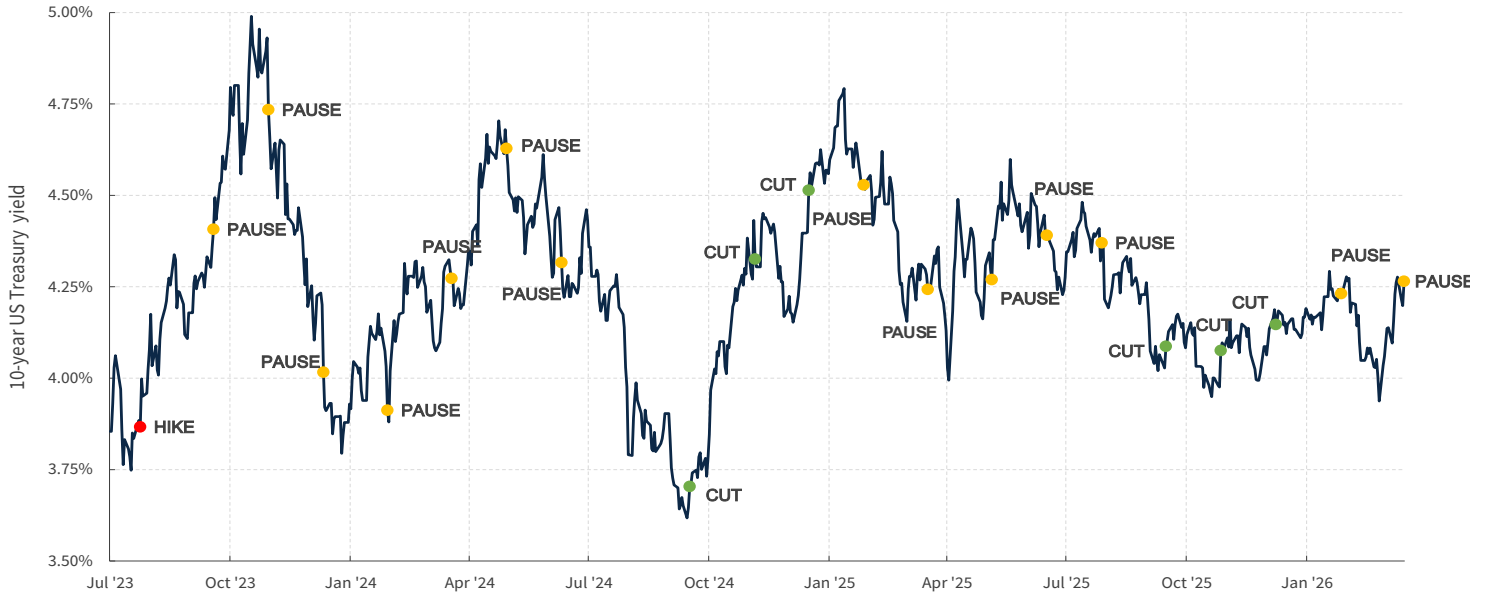
¹ Matt Orton, CFA, is Chief Market Strategist and Joey Del Guercio, CFA, is Research Analyst at Raymond James Investment Management.

² Unless otherwise indicated, all data cited is sourced from Bloomberg as of March 18, 2026.

Key takeaways

- Overall, the outcome from this meeting was less hawkish than some investors expected.
- Futures now imply less than one full interest rate cut in 2026, which appears overdone in our view.
- Despite near-term uncertainty, the stock market is coming from a place of strength with underlying economic resilience and many sectors that are minimally or even positively impacted by price increases across commodities.

Where do we go from here?
10-year US Treasury yield since July 2023 with Fed policy rate decisions highlighted



Source: Bloomberg, as of 3/18/2026.

We wouldn't read much into these updated projections given the pervasive uncertainty from the war in the Middle East. Powell even noted that "if we were to ever skip an SEP, it would be this one." Overall, the outcome from this meeting was less hawkish than some investors expected. If anything, we would characterize this meeting as lukewarm.

What this means going forward

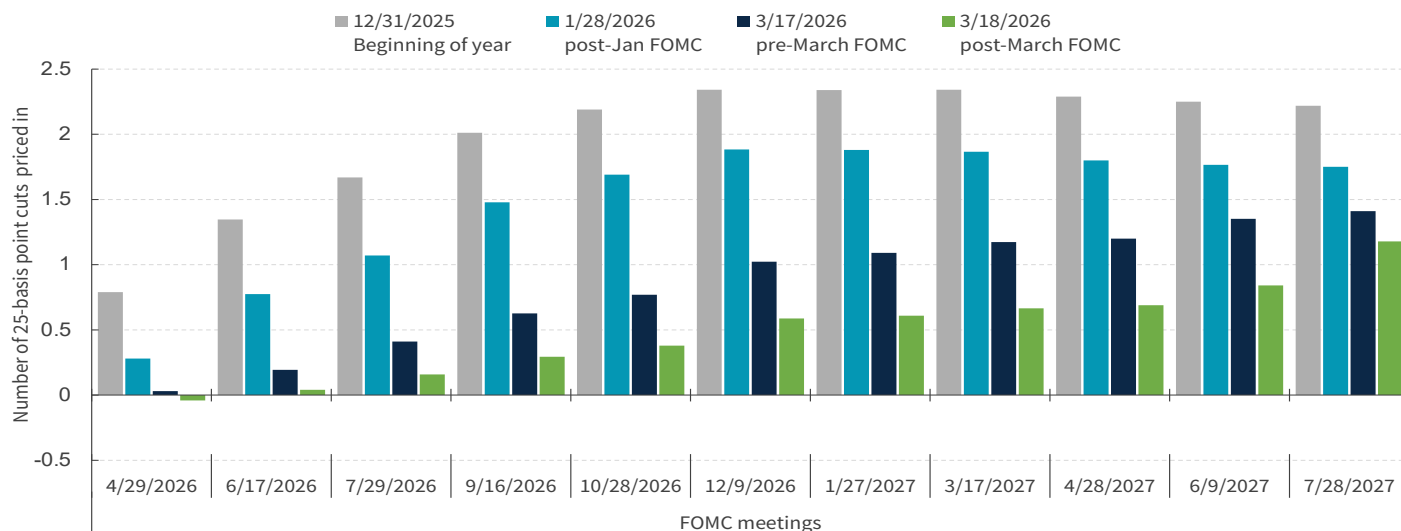
The US Federal Reserve remains on hold, waiting for clarity on the environment. Powell highlighted the base case that any oil-induced inflation should be transitory (though he avoided that word), given the "standard learnings that you look through energy shocks." While he noted that higher energy prices will push up overall inflation in the near term, it's "too soon" to know the scope and duration of the potential effects on the economy. Instead, he emphasized the importance of decreasing goods inflation as the effects of tariffs roll through the economy.

We expected the Fed to focus more on inflation risks, but Powell disputed that upside risks to inflation exceeded downside risks to

the labor market (pointing to the relatively stable unemployment rate). We feel strongly that recent expectations of stagflation have been overblown, and it was reassuring to hear Powell discredit those claims and disassociate the current backdrop from comparisons to the 1970s. Putting all of this together, futures are now implying less than one full interest rate cut in 2026. We think this is overdone and still expect one cut this year, but another major variable influencing these expectations is the confirmation of Fed chair nominee Kevin Warsh.

There's an unusual dynamic influencing market pricing. The ongoing U.S. Department of Justice investigation into Powell is expected to delay the confirmation of Warsh as his successor. Senator Thom Tillis (R-NC) has said he would oppose or block any Fed nomination until the investigation into Powell is resolved. In the press conference, Powell somewhat surprisingly said he would continue to serve as the Fed chair until the Senate confirms his successor. His comments likely caused the biggest market reaction of this FOMC meeting – yields spiked, cut expectations dwindled, and the dollar strengthened. The logic is that Powell is less dovish than Warsh. That view seems somewhat naïve, but assets reacted even though the market should have fully expected this.

The market continues to adjust to reality Futures-implied cuts priced in by respective FOMC meeting



Source: Bloomberg, as of 3/18/2026.

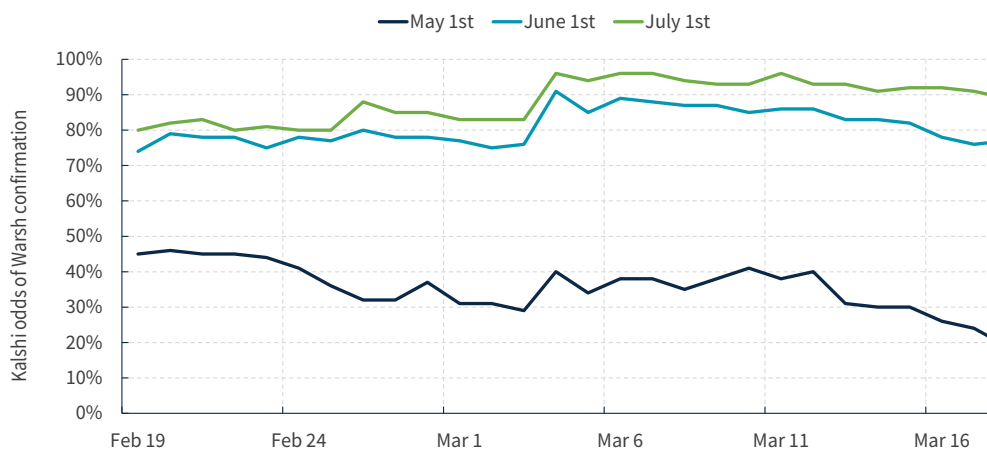
Near-term outlook and playbook

There's not much for investors to glean from this FOMC meeting. The market remains in a delicate situation, largely driven by oil prices due to the war in the Middle East. The positive equity price action at the start of the week felt misplaced given the lack of progress in the Persian Gulf and growing indications of further escalation from Iran. The post-meeting selloff was likely the realization that there isn't anything coming to the rescue short of a de-escalation and believable plan to reopen the Strait of Hormuz.

We remain cautious in the near term in light of the pervasive uncertainty, but we continue to believe there are many attractive buying opportunities being created. The market is coming from a place of strength with underlying economic resilience and many sectors that are minimally or even positively impacted by price increases across commodities. Still, headlines and geopolitical developments will continue to drive the markets. Now is the time to prepare a shopping list to redeploy capital once uncertainty wanes and this market gets back on its feet.

Powell for longer?

Kalshi odds: Kevin Warsh confirmed as Fed chair before...



Source: Bloomberg, as of 3/18/2026.

Risk Information:

Investing involves risk, including risk of loss.

Diversification does not ensure a profit or guarantee against loss.

Disclosures:

Index or benchmark performance presented in this document does not reflect the deduction of advisory fees, transaction charges, or other expenses, which would reduce performance. Indexes are unmanaged. It is not possible to invest directly in an index. Any investor who attempts to mimic the performance of an index would incur fees and expenses that would reduce return.

This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be taken as advice or a recommendation for any specific investment product, strategy, plan feature, or other purpose in any jurisdiction, nor is it a commitment from Raymond James Investment Management or any of its affiliates to participate in any of the transactions mentioned herein. Any examples used are generic, hypothetical, and for illustration purposes only. This material does not contain sufficient information to support an investment decision, and you should not rely on it in evaluating the merits of investing in any securities or products. In addition, users should make an independent assessment of the legal, regulatory, tax, credit, and accounting implications and make their own determinations together with their own professionals in those fields. Any forecasts,

figures, opinions, or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions, and are subject to change without prior notice. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted. It should be noted that investment involves risks, the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements, and investors may not get back the full amount invested. Both past performance and yields are not reliable indicators of current and future results.

The views and opinions expressed are not necessarily those of the broker/dealer or any affiliates. Nothing discussed or suggested should be construed as permission to supersede or circumvent any broker/dealer policies, procedures, rules, and guidelines.

Sector investments are companies engaged in business related to a specific sector. They are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

Commodity-linked investments may be more volatile and less liquid than the underlying instruments or measures, and their value may be affected by the performance of the overall commodities baskets as well as weather, disease, and regulatory developments.

Contact us at **800.521.1195** or visit **RJInvestmentManagement.com**
for more investment insights.

RAYMOND JAMES | INVESTMENT MANAGEMENT

880 Carillon Parkway, St. Petersburg, FL 33716 | 1.800.521.1195 | RJInvestmentManagement.com

© 2026 Raymond James Investment Management. All rights reserved. | 903712 | Exp. 7/19/26 | FL-RJIM-MIF031926