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Divided Fed Officials Hold Rates; Powell to Stay as Governor

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- Four officials voted against the decision, including three who objected to language in their post-meeting statement that suggested the central bank would eventually resume cutting rates.

Short-maturity Treasury yields – which track the near-term outlook for Fed monetary policy closely – rose after the decision as investors focused on the hawkish dissenters. The rate on the two-year note climbed as much as 11 basis points to 3.95% on Wednesday, while traders added to bets the Fed will increase rates in 2027. The US dollar rose against most of its peers.

“The dissents clearly caught us and the markets by surprise and could potentially set the stage for a shift away from an easing bias at upcoming meetings,” said Subadra Rajappa, head of US research at Societe Generale.

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