

Fed officials back another rate hike this year but show no urgency for October

Policy makers remain focused on inflation



Most officials expect another interest rate increase by year's end. (Getty Images)

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Federal Reserve officials support another interest rate hike this year, but minutes released Wednesday offered no clear signal that the next move would come in October.

The unanimous decision to raise rates by a [quarter percentage point in September](#) came amid policymakers' view that inflation remained elevated. Many officials viewed the increase as necessary to guard against stubborn inflation, while others believed current conditions alone justified higher rates, according to September's meeting minutes.

Most officials projected one more rate increase over the Fed's two remaining meetings this year, while a smaller group saw rates rising at both October and December meetings.

“Most participants assessed that another increase in the target range for the federal-funds rate would likely be appropriate by year end,” the minutes said. “Participants emphasized, however, that they approached each meeting with an open mind and decisions at future meetings would depend on incoming information.”

The September increase followed months of persistent inflation, with policymakers pointing to higher energy costs, tariffs and an investment boom fueled by artificial intelligence as sources of continued price pressure. The Fed’s preferred inflation measure rose 3.4% in August from a year earlier, remaining above policymakers’ 2% goal.

But Gregory Daco, chief economist at EY-Parthenon, questioned whether further rate increases would effectively address those pressures. "This could create further strain for already-constrained interest-sensitive sectors while doing little to slow the AI-led investment surge beyond increasing the risk of a stock market correction."

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