

Federal Reserve FOMC Recap & Regional Economic Development Update

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Executive Summary

The Federal Reserve concluded its January meeting today and opted to hold interest rates where they are. The target range for the federal funds rate remains 3.50% to 3.75%. This means we can expect that the Wall Street Journal Prime Rate will remain at 6.75%. The Fed described economic activity as expanding at a solid pace, noted that job gains have remained low with the unemployment rate showing some signs of stabilization, and said inflation remains somewhat elevated.

FOMC Decision & Rationale

While the Fed held rates steady because it sees the economy growing at a solid pace, two Fed governors, Stephen Miran and Christopher Waller voted against holding rates and instead preferred a quarter-point cut. Public reporting on the dissents points to a “softer-side” interpretation of the economy: Waller has been associated with ongoing concern about the job market’s underlying health, and both dissents fit a view that the Fed should keep moving rates down toward a more neutral level rather than waiting.

Policy Implementation Details

Compared with December, this meeting was largely a “no surprises” one from an implementation standpoint. In December, the Fed not only cut rates, but it also made some practical, behind-the-scenes adjustments to keep short-term funding markets stable, including purchasing short-term Treasury bills to maintain ample reserves and expanding its capacity to conduct overnight repo operations if needed. In January, the Fed did not add any new operational measures; it simply held the federal funds rate steady.

Regional Business Implications

For Southern Oregon businesses, the practical takeaway is that borrowing conditions should feel relatively familiar in the near term. A “no change” decision tends to preserve the current cost of variable-rate credit rather than improve it. That matters most for lines of credit and other short-term tools that reprice more quickly. The Fed also emphasized that future moves will depend on incoming data and how risks evolve, which is a clear signal that decisions will be made meeting-by-meeting rather than on a preset track.

Rotating Chamber Perspective (Grants Pass Chamber of Commerce):

Josephine County’s economy continues to show resilience amid a mixed statewide outlook. According to data from the Oregon Office of Economic Analysis, Oregon has experienced moderating job growth and a recent uptick in unemployment, a trend also reflected locally. While this has created uncertainty for some employers, overall business activity in Josephine County remains steady.

Tourism remains a bright spot. The local visitor economy is up approximately 6% year over year, with lodging nights and stays holding strong. At the same time, visitor spending remains conservative, reflecting broader cost-of-living pressures and cautious consumer behavior. Even so, the stability of overnight stays continues to provide an important foundation for local businesses.

Encouragingly, entrepreneurship remains strong. Local partners including the Small Business Development Center, the Chamber, and the Southern Oregon Innovation Hub continue to report growing numbers of aspiring business owners seeking technical assistance and startup support. While commercial vacancies and brick-and-mortar transitions remain a challenge, collaborative efforts between the Chamber and Main Street Grants Pass are generating optimism and momentum toward long-term solutions.

Overall, while challenges persist, Josephine County's business climate remains adaptive, collaborative, and cautiously optimistic.

Quote from Terry Hopkins, the Grants Pass Chamber of Commerce CEO/President:

“Josephine County businesses are navigating real challenges, but the level of collaboration, entrepreneurship, and community commitment we’re seeing gives us confidence. Our local economy continues to adapt, and with strong partnerships, we remain optimistic about sustainable growth.”

Bottom Line

Today's Fed decision keeps financial conditions steady rather than easier. Southern Oregon's economy continues to move forward in a realistic, pragmatic way, with tourism stability, active entrepreneurship, and strong local collaboration helping the region manage through cost pressures and uncertainty.

Sources:

- Federal Reserve Board, “Federal Reserve issues FOMC statement,” January 28, 2026. <https://www.federalreserve.gov/monetarypolicy/files/monetary20260128a1.pdf>
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- Grants Pass & Josephine County Chamber of Commerce, Business Conditions Summary and CEO statement, provided directly to SOREDI, January 2026. <https://grantspasschamber.org>
- Yahoo Finance, “Fed holds rates at first FOMC meeting of 2026: What to know,” January 28, 2026. <https://finance.yahoo.com/video/fed-holds-rates-at-first-fomc-meeting-of-2026-what-to-know-190729405.html>
- Federal Reserve Board, “Federal Reserve issues FOMC statement,” Jan. 28, 2026. <https://www.federalreserve.gov/monetarypolicy/files/monetary20260128a1.pdf>