

Economic Alert iQ

Tuesday 15th March 2016 – 1:30 pm

International

Prepared by: Ravi Kurjah, Analyst II, First Citizens Research and Analytics

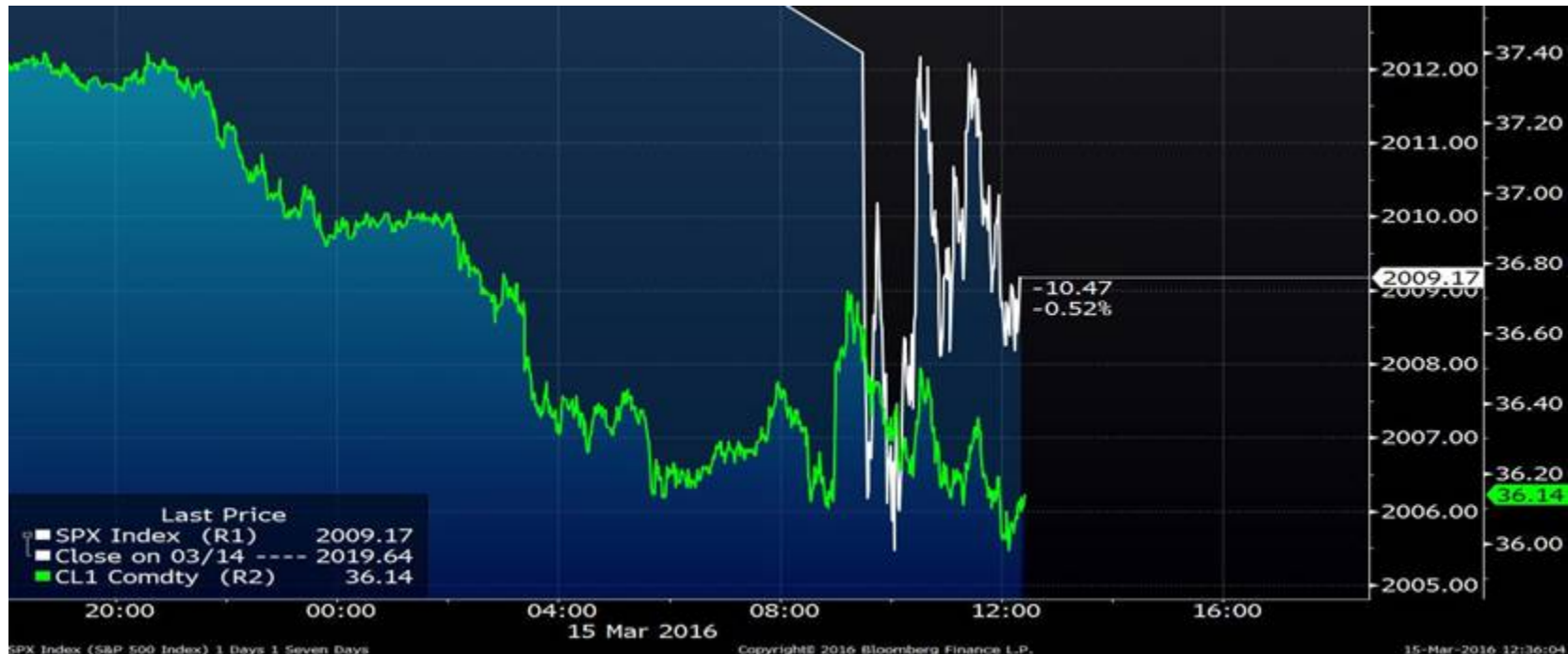
ravi.kurjah@firstcitizenstt.com

- The Fed meeting begins today, with a pending announcement tomorrow afternoon.
- While economists do not expect the Fed to make any interest hikes, the market points toward an increase later this year.
- Future markets that track the probability of a Fed move point to a 2% chance of interest rate hike this month then to a 53.8% chance of a rate hike in June and a 68.3% in September as seen in the table below.

Current Implied Probabilities			Add/f							
Dates	Meeting	Calculation	Calculated	03/15/2016	Based on rate 0.25-0.50					
Meeting	Prob Of Hike	Prob of Cut	0.25-0.5	0.5-0.75	0.75-1	1-1.25	1.25-1.5	1.5-1.75	1.75-2	
03/16/2016	2.0%	0.0%	98.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
04/27/2016	25.5%	0.0%	74.5%	25.0%	0.5%	0.0%	0.0%	0.0%	0.0%	
06/15/2016	53.8%	0.0%	46.2%	43.8%	9.8%	0.2%	0.0%	0.0%	0.0%	
07/27/2016	59.4%	0.0%	40.6%	44.1%	13.9%	1.3%	0.0%	0.0%	0.0%	
09/21/2016	68.3%	0.0%	31.7%	43.3%	20.5%	4.1%	0.3%	0.0%	0.0%	
11/02/2016	71.6%	0.0%	28.4%	42.1%	22.9%	5.8%	0.7%	0.0%	0.0%	
12/14/2016	79.4%	0.0%	20.6%	38.3%	28.2%	10.5%	2.1%	0.2%	0.0%	
02/01/2017	81.1%	0.0%	18.9%	36.9%	29.0%	11.9%	2.8%	0.4%	0.0%	

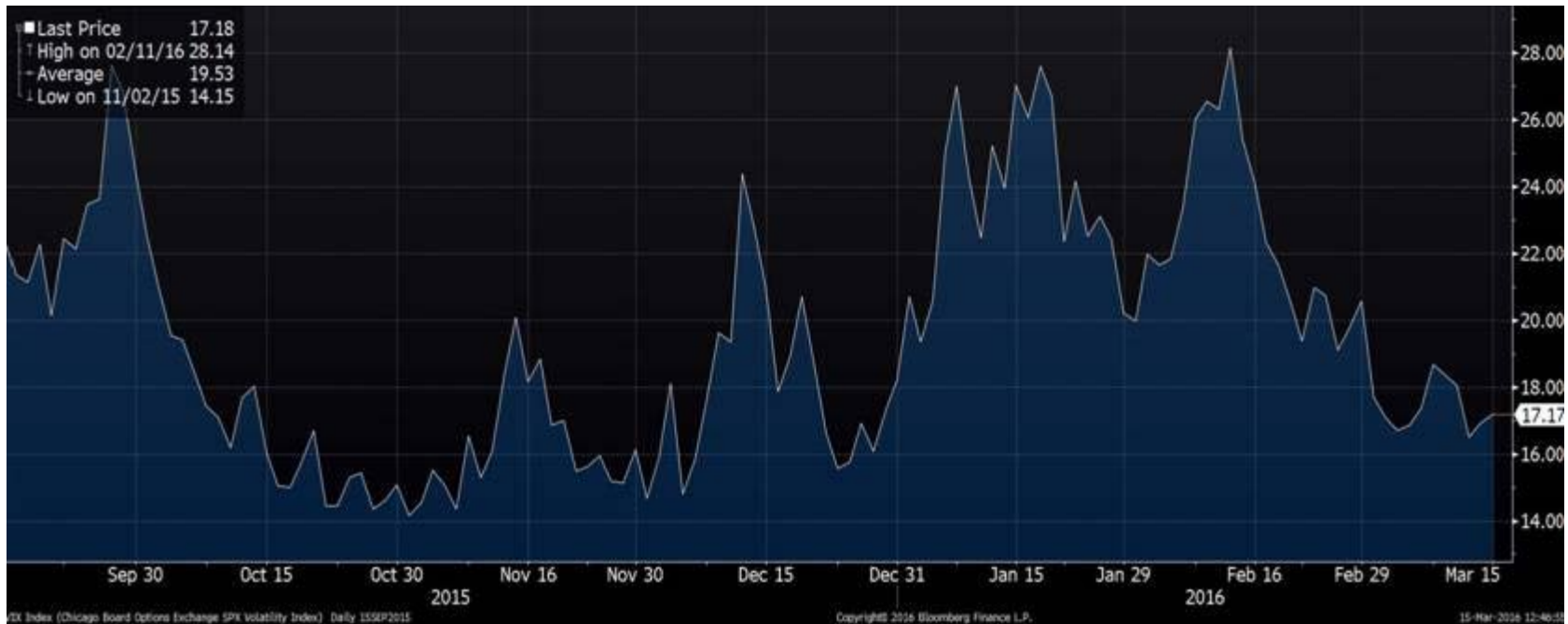
Source : Bloomberg

- Oil prices helped push equities down, with U.S. crude sliding 2.77% to USD36.14 and the S&P 500 falling 0.52%.



Source: Bloomberg

- Currently volatility looks muted but often ticks up after Fed meetings as seen in chart below when the last Fed meetings were held in mid-December 2015 and at the end of January 2016.



Source: Bloomberg



Follow us on Twitter [@FCISResearch](https://twitter.com/FCISResearch)

Disclaimers

All information contained in this article has been obtained from sources that First Citizens Investment Services believes to be accurate and reliable. All opinions and estimates constitute the Author's judgment as of the date of the article; however neither its accuracy and completeness nor the opinions based thereon are guaranteed. As such, no warranty, express or implied, as to the accuracy, timeliness or completeness of this article is given or made by First Citizens Investment Services in any form whatsoever. First Citizens Investment Services and/or its employees or directors may, where applicable, make markets and effect transactions, or have positions in securities or companies mentioned herein. Neither the information nor any opinion expressed shall be construed to be, or constitute an offer or a solicitation to buy or sell.