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International

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Fed Seen Sticking With Three 2018 Rate Hikes, May Hint at Fourth

- The rate-setting Federal Open Market Committee is expected to lift the target federal funds rate by a quarter percentage points from 1.5% to 1.75% at 2 p.m. today.
- In a poll of 41 economists conducted by Bloomberg March 13-16, the median forecast predicted a quarter-point hike this week, plus similar moves in June and September and December.
- At the same time, respondents said policy makers will continue to pencil in three rate increases as being likely in 2018 in their updated quarterly forecasts.

Meeting Date	Median Estimate	December Survey
21-Mar-18	1.75%	1.75%
2-May-18	1.75%	1.75%
13-Jun-18	2.00%	1.75%
1-Aug-18	2.00%	1.75%
26-Sep-18	2.25%	2.00%
8-Nov-18	2.25%	2.00%
19-Dec-18	2.50%	2.25%

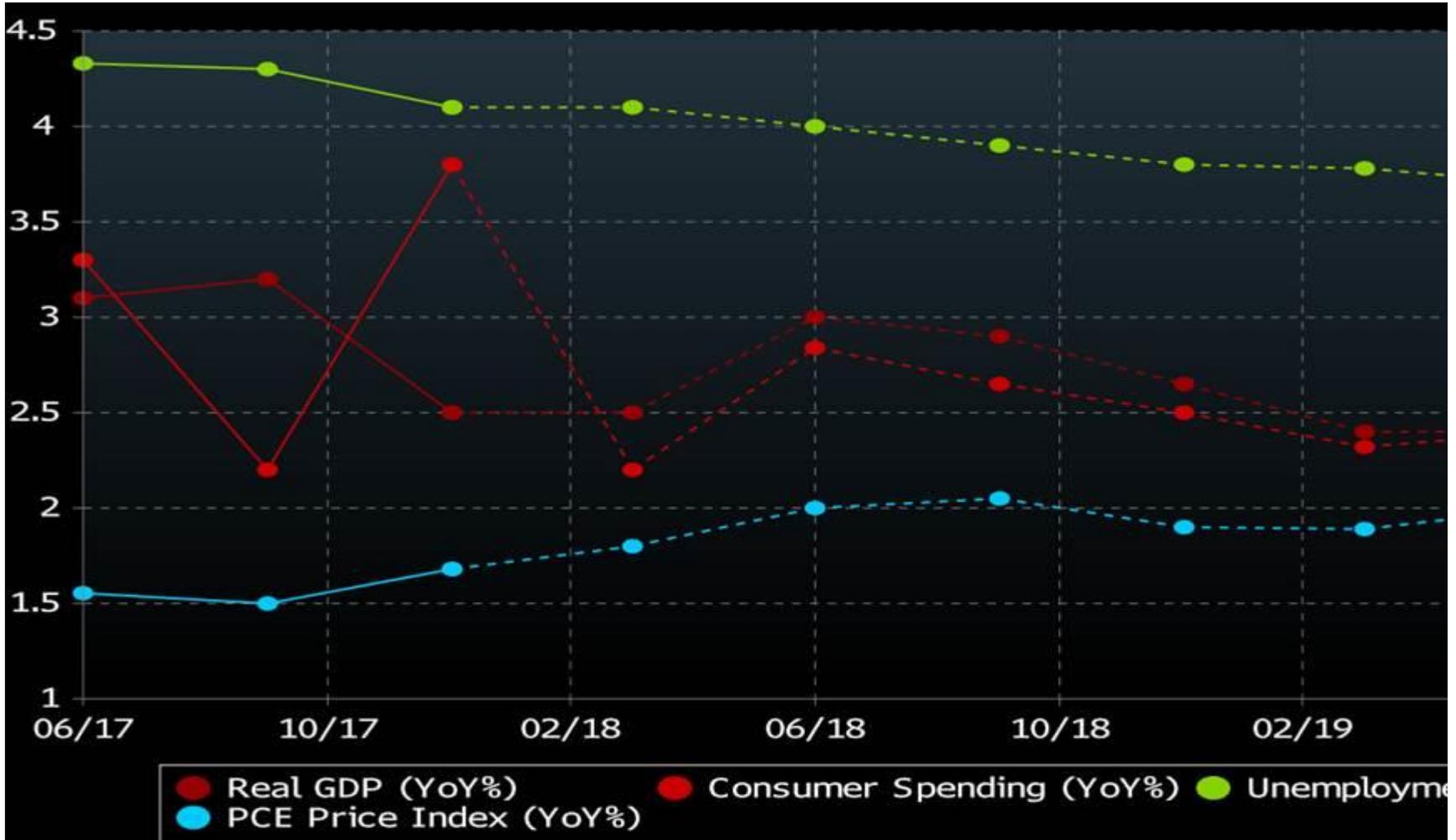
Source: Bloomberg

- The Federal Open Market Committee will issue a statement announcing its decision and assessment of the economy, along with a fresh series of projections for its benchmark overnight policy rate, U.S. economic growth, unemployment and inflation.
- The results of the survey highlight the caution that economists believe policy makers will observe as they respond to a brightening economic picture driven by faster global growth, a pick-up in investment, and the impact of massive U.S. tax cuts and increased government spending.
- The FOMC has estimated the long-term federal funds rate at 2.8%, which could move up to 3% based on fiscal stimulus and global growth.

- The long-term jobless rate is estimated to be about 4.6% by the FOMC, meaning the current level of 4.1% is overshooting the policy committee's view of full employment.



U.S. Quarterly Economic Forecast



Source: Bloomberg

Main Market Movers



Source: Bloomberg

- The S&P 500 Index fell 1.26% as of 11:17 a.m.
- The U.S. Govt 10 year yield fell 0.32%.
- West Texas Intermediate crude increased 0.9% to \$64.81 a barrel, the highest in almost seven weeks.



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