

Wednesday 20th March, 2019 – 10:35am
International

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The Federal Reserve issues policy decision later today

- Fed officials are expected to leave interest rates unchanged at the conclusion of the two-day policy meeting today.
- Investors are hoping to get an idea of the central bank's views on US economic growth this year and any signs of creeping hawkishness from Fed chairman Jerome Powell.

Current Implied Probabilities of Fed Fund Rate

Meeting	Hike Prob	Cut Prob	1.25-1.5	1.5-1.75	1.75-2	2-2.25	2.25-2.5	Fwd Rate
03/20/2019	0.0%	0.8%	0.0%	0.0%	0.0%	0.8%	99.2%	2.40
05/01/2019	0.0%	2.8%	0.0%	0.0%	0.0%	2.8%	97.2%	2.40
06/19/2019	0.0%	9.2%	0.0%	0.0%	0.2%	9.0%	90.8%	2.38
07/31/2019	0.0%	13.2%	0.0%	0.0%	0.6%	12.6%	86.8%	2.37
09/18/2019	0.0%	19.4%	0.0%	0.1%	1.4%	17.9%	80.6%	2.35
10/30/2019	0.0%	22.5%	0.0%	0.1%	2.1%	20.3%	77.5%	2.34
12/11/2019	0.0%	27.7%	0.0%	0.2%	3.3%	24.1%	72.3%	2.33
01/29/2020	0.0%	37.3%	0.0%	0.6%	6.1%	30.5%	62.7%	2.29

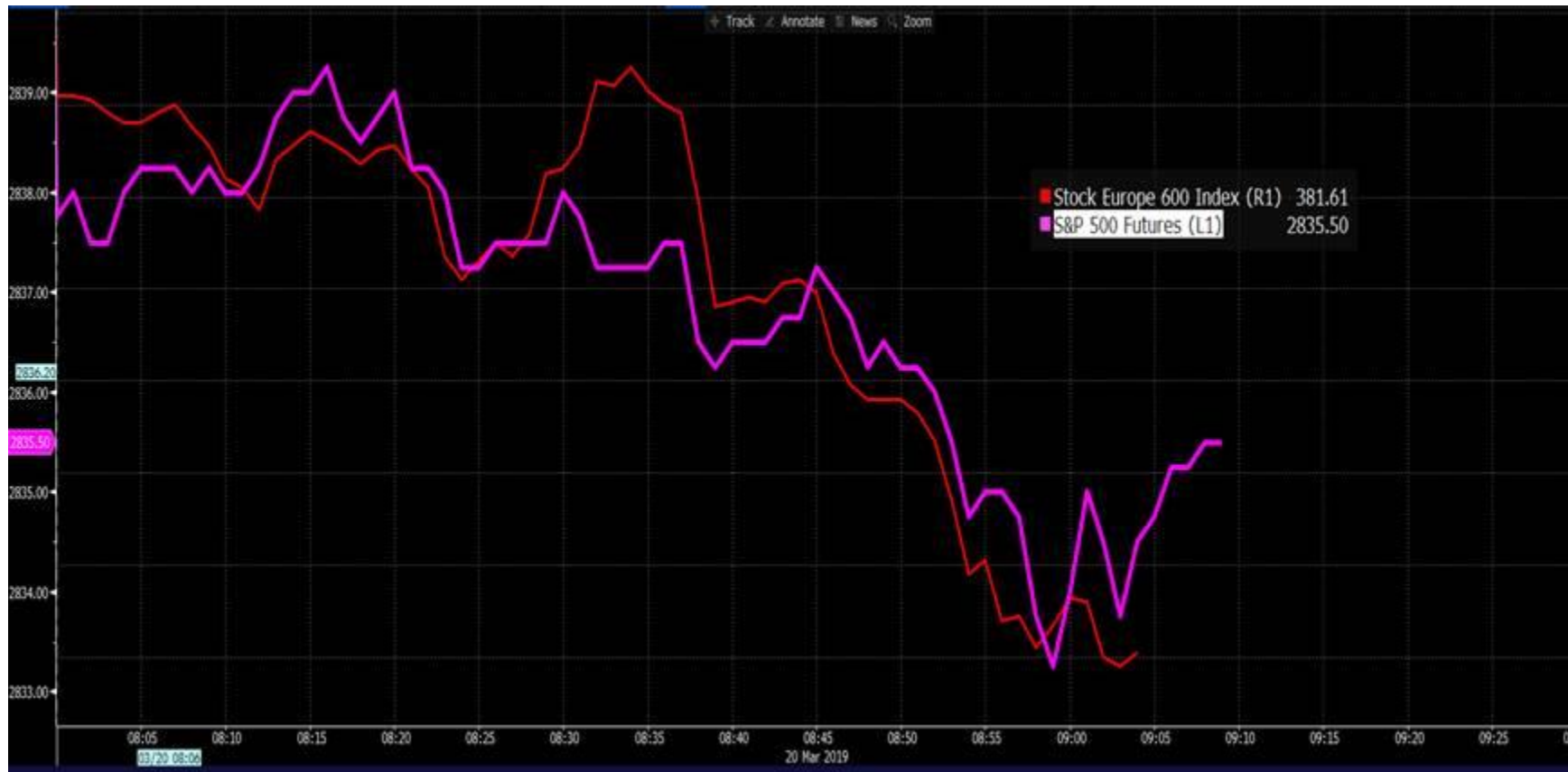
Source: Bloomberg

- The Fed last released its quarterly economic projections after its December meeting. Then, officials predicted 2.3% growth for the U.S. economy in 2019, but many analysts expect the Fed’s new projections to be even gloomier.
- Inflation expectations have been stuck on the low side, and a cooler housing market is among several factors that could weigh on future price pressures.
- Policy makers expected to hit 2% core inflation by the fourth quarter, according to their last set of economic forecasts, published in December. They also saw unemployment falling to 3.5% by the end of 2019.
- Officials will release a fresh set of projections following their two-day meeting which concludes Wednesday (today), and downgrades look likely. Economists surveyed by Bloomberg expect just one hike this year, in September, at which point the tightening cycle will have peaked.

U.S. Economic Indicators	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Economic Activity										
Real GDP (YoY%)	2.2	1.8	2.5	2.9	1.6	2.2	2.9	2.3	2	1.8
Consumer Spending (YoY%)	1.5	1.5	2.9	3.7	2.7	2.5	2.6			
Government Spending (YoY%)	-2.1	-2.4	-0.9	1.9	1.4	-0.1	1.5			
Private Investment (YoY%)	11	6.9	5.4	4.8	-1.3	4.8	6			
Exports (YoY%)	3.4	3.6	4.3	0.6	-0.1	3	3.9			
Imports (YoY%)	2.7	1.5	5.1	5.5	1.9	4.6	4.6			
Industrial Production (YoY %)	3	2	3.1	-1	-1.9	1.6	4			
Price Indices										
CPI (YoY%)	2.1	1.5	1.6	0.1	1.3	2.1	2.5			
PCE Price Index (YoY%)							1.9	1.9	2.1	2.1
Core PCE (yoy%)	1.9	1.5	1.6	1.3	1.7	1.6	1.9	2	2	2
Labor Market										
Unemployment (%)	8.1	7.4	6.2	5.3	4.9	4.4	3.9	3.5	3.6	3.8
Non-Farm Payrolls (000s SA, monthly chg.)										
Average Hourly Earnings (YoY%)	2.2	1.9	2	2.5	2.7	2.7	3.3			

Source: Bloomberg

- The S&P 500 Index decreased 0.3%, while the Stoxx Europe 600 Index declined 0.7% in early trading today.



Source: Bloomberg



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