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International

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An increase in fed fund rate seems “unlikely” for now.

- The FOMC dropped the word patient in its forward guidance regarding the date of the first federal fund rate hike.
- The Committee explicitly noted that a hike at the upcoming April meeting was unlikely, while stating that the Committee will increase rates “when it has seen further improvement in the labor market and is reasonably confident that inflation will move back to its 2% objective over the medium term.”
- Changes to the Committee assessment of economic activity were generally dovish, with language such as growth at a “solid pace” in the FOMC’s previous announcement downgraded to growth having “moderated somewhat”.
- The Committee currently anticipates that, even after employment and inflation are near mandate-consistent levels, economic conditions may, for sometime warrant keeping the target fed funds below levels the Committee views as normal in the longer run.
- Treasuries fell but Equities rallied after the FOMC announcement.

Selected Indicators	2013	2014f	2015f	2016f
Real GDP growth (%)	1.9	2.5	3.2	3.4
General government balance/GDP (%)	4.5	4.5	4.2	4.4
General government debt/GDP (%)	88.0	89.0	89.0	89.1
Net general government debt/GDP (%)	27.6	25.8	24.4	23.1
General government interest expenditure/revenues (%)	6.2	6.1	6.5	7.2
CPI growth (%)	1.5	1.9	1.5	1.5
Current account balance/GDP (%)	(2.3)	(2.2)	(2.2)	(2.4)

Source: Standard & Poor's

Selected Indicators

	Opening USD	Closing USD	% Change
S&P 500	2,074.28	2104.02	3.2
General government balance/GDP (%)	4.5	4.5	4.2
General government debt/GDP (%)	88.0	89.0	89.0
Net general government debt/GDP (%)	27.6	25.8	24.4
General government interest expenditure/revenues (%)	6.2	6.1	6.5
CPI growth (%)	1.5	1.9	1.5
Current account balance/GDP (%)	(2.3)	(2.2)	(2.2)

Source: Bloomberg



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