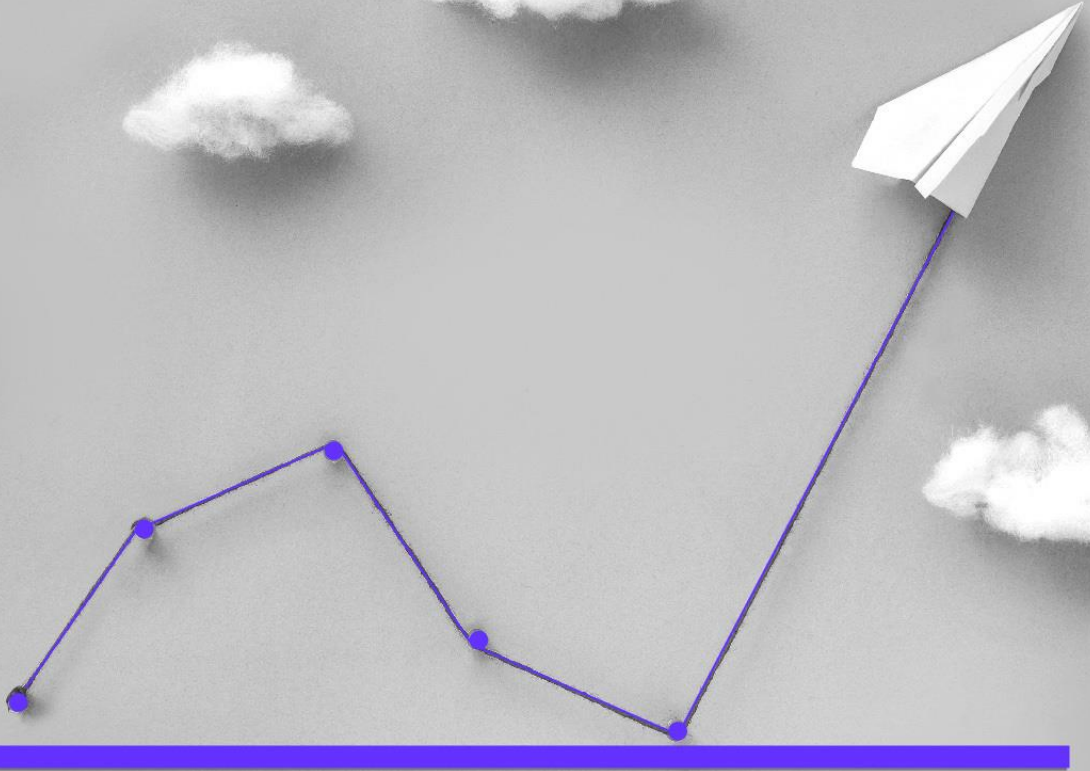


TRENDS & TIDES

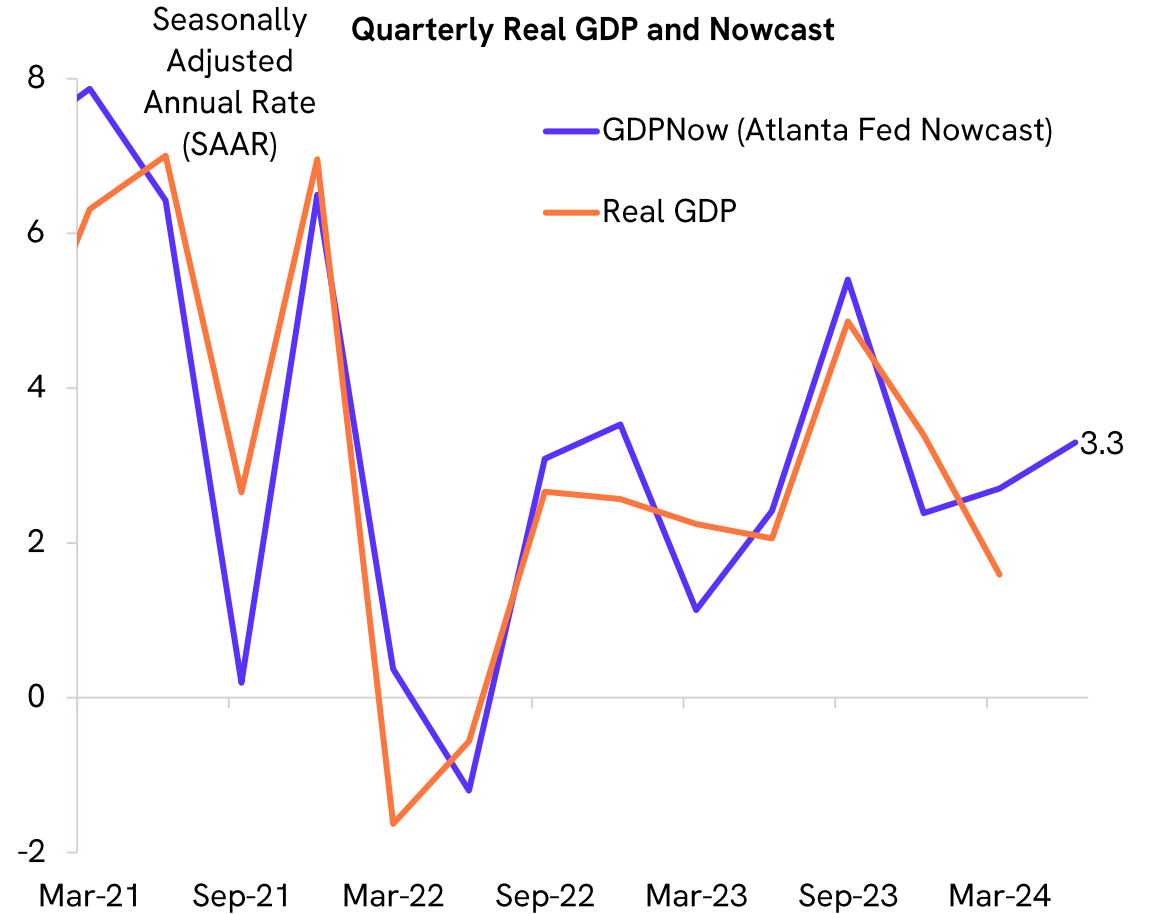
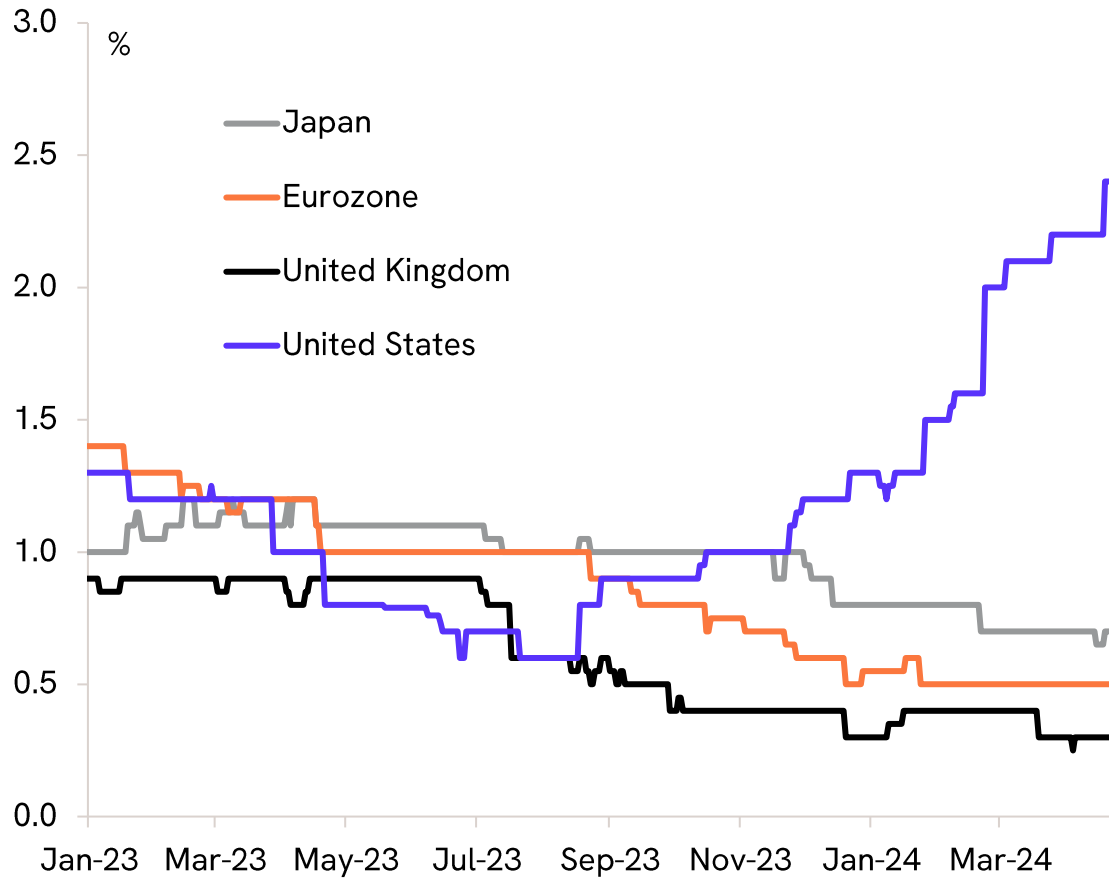
**May 2024 US FOMC holds
federal funds rate steady at
5.25-5.50% as expected**



US economic growth remains surprisingly strong

Analysts have consistently revised 2024 growth forecast upward as data points toward continued economic strength

Analysts' 2024 Real GDP Forecasts

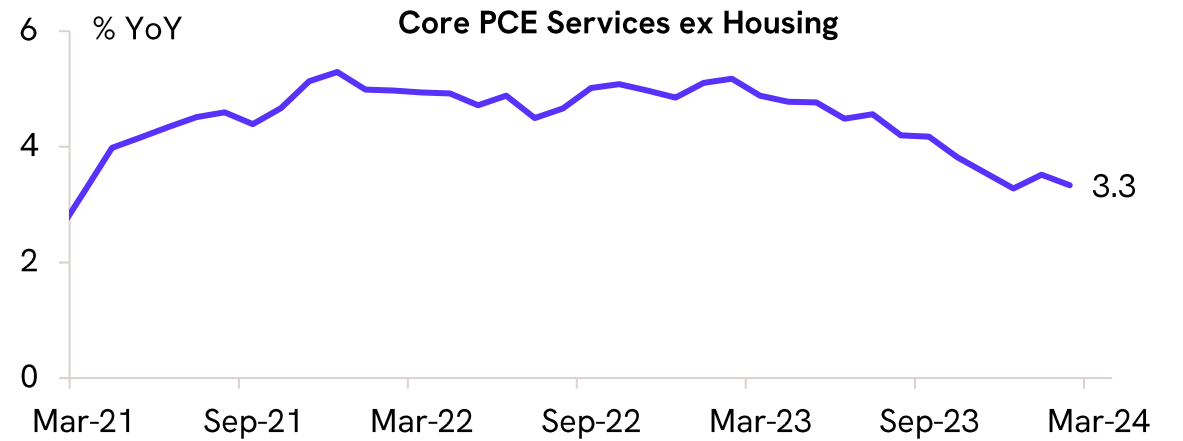
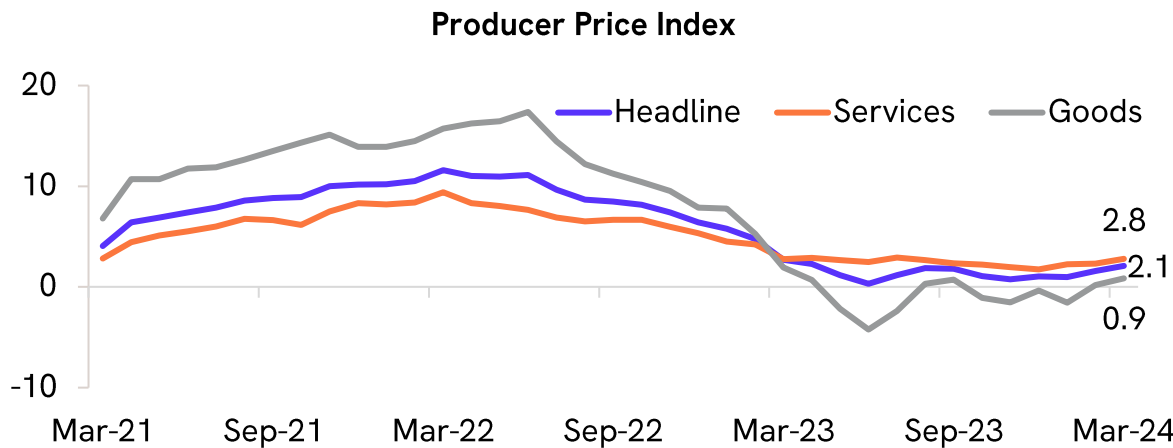
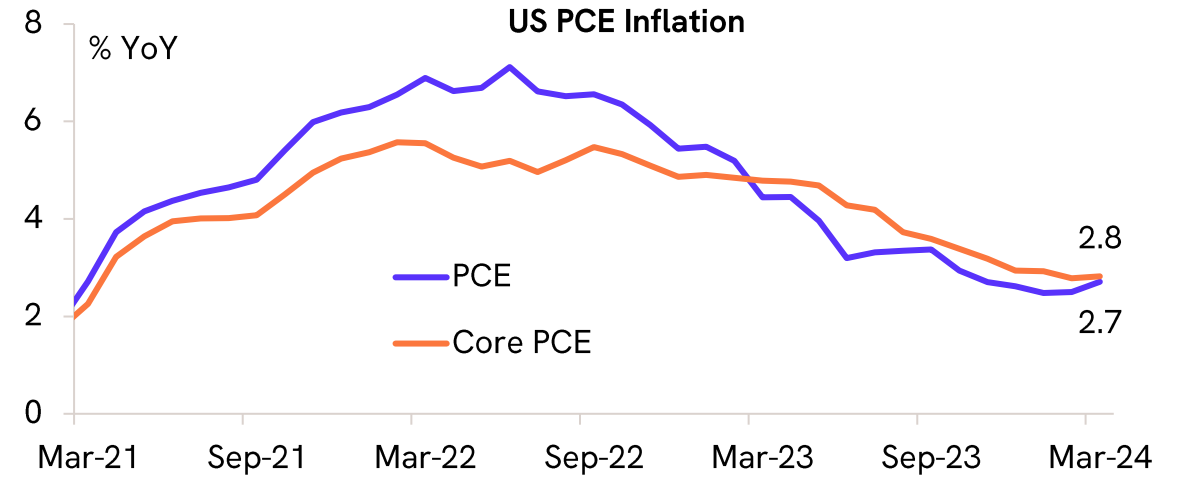
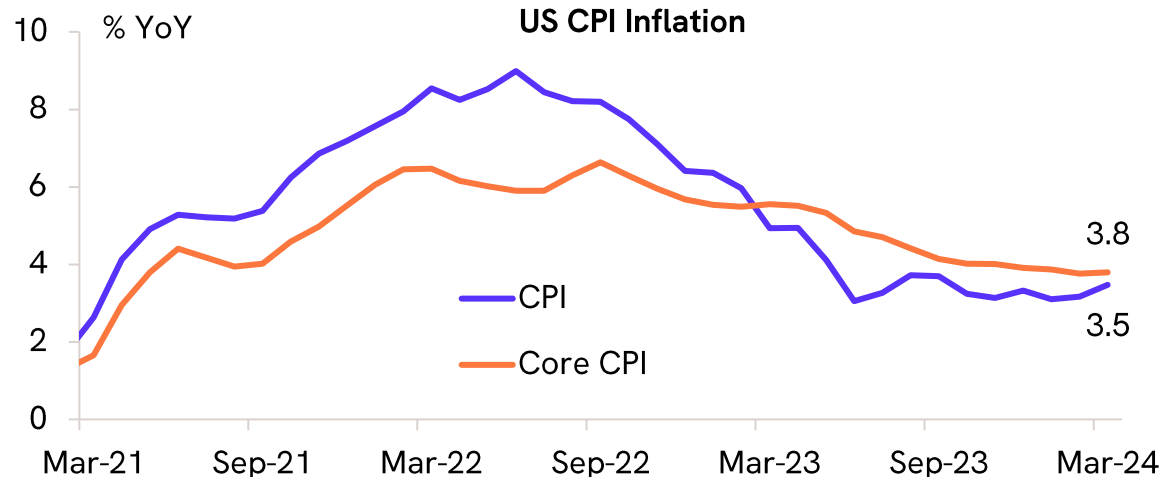


Source: Bloomberg, FRED, 360 ONE Asset Research

Note- GDPNow estimate as of 1st May 2024

US inflation is turning out to be stickier than expected

FOMC statement notes that in recent months, there has been a lack of further progress toward the inflation objective

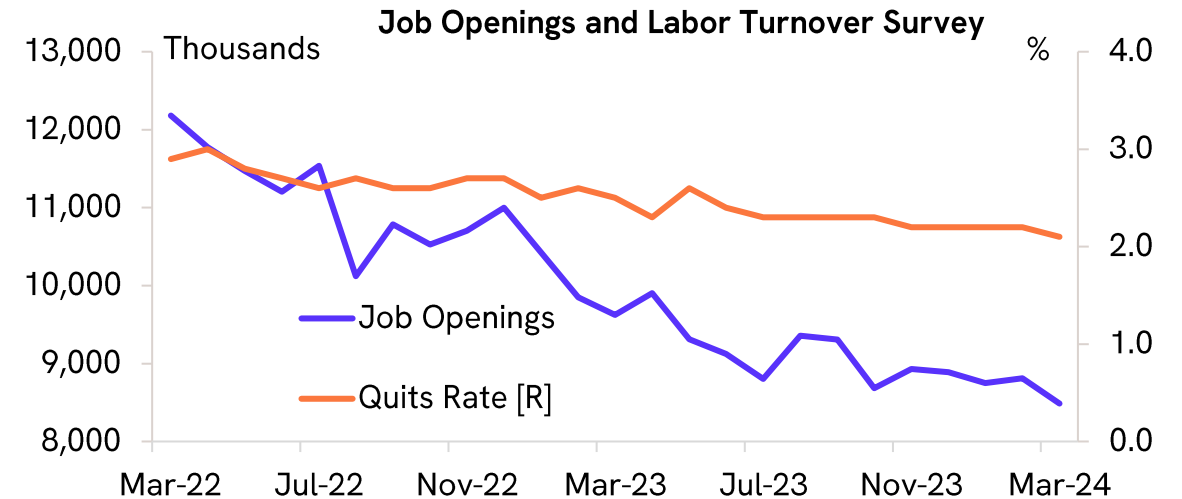
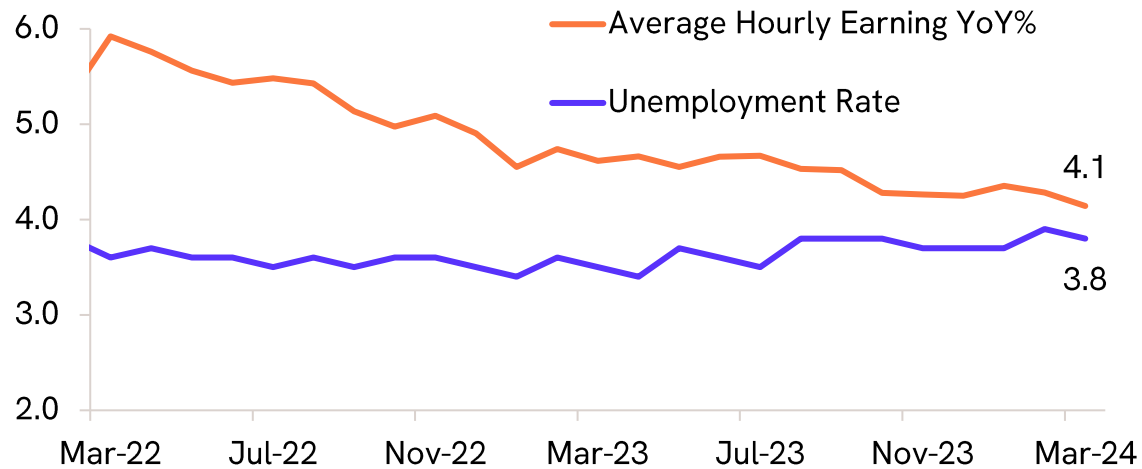
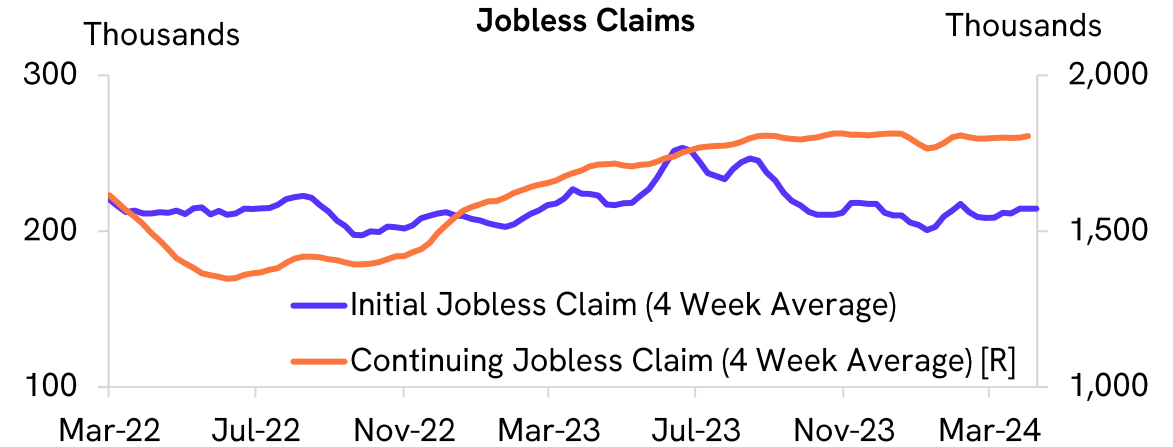
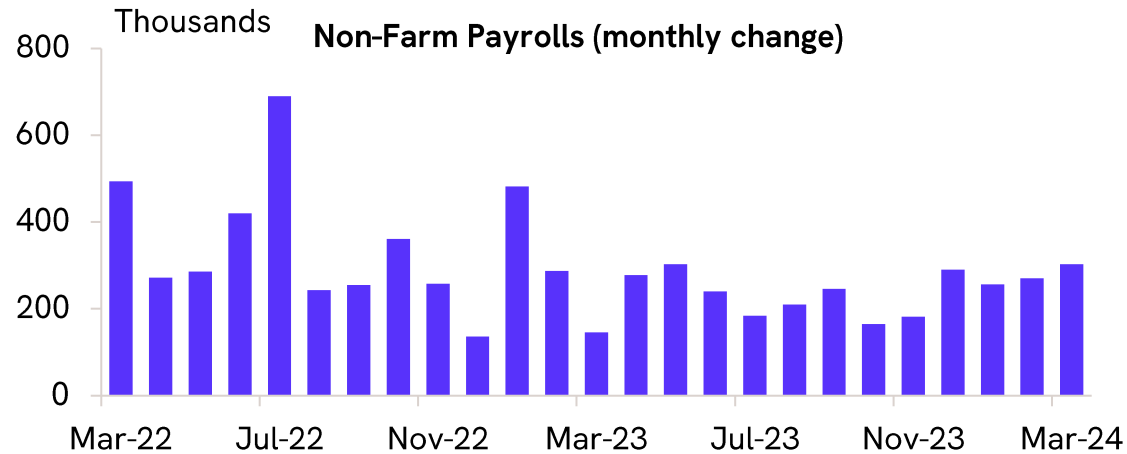


Source: FRED, 360 ONE Asset Research

Note- PCE: Personal Consumption Expenditure Price Index, CPI: Consumer Price index

Labor market shows clear signs of cooling, but slow pace continues

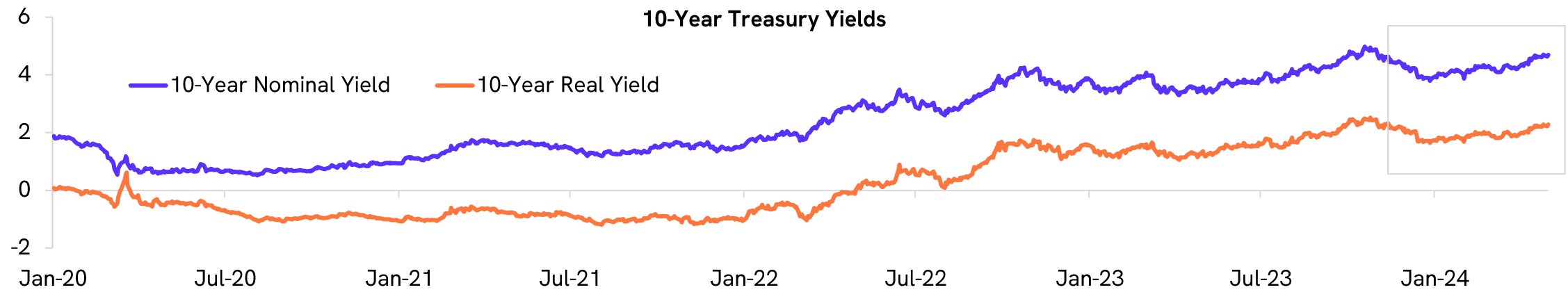
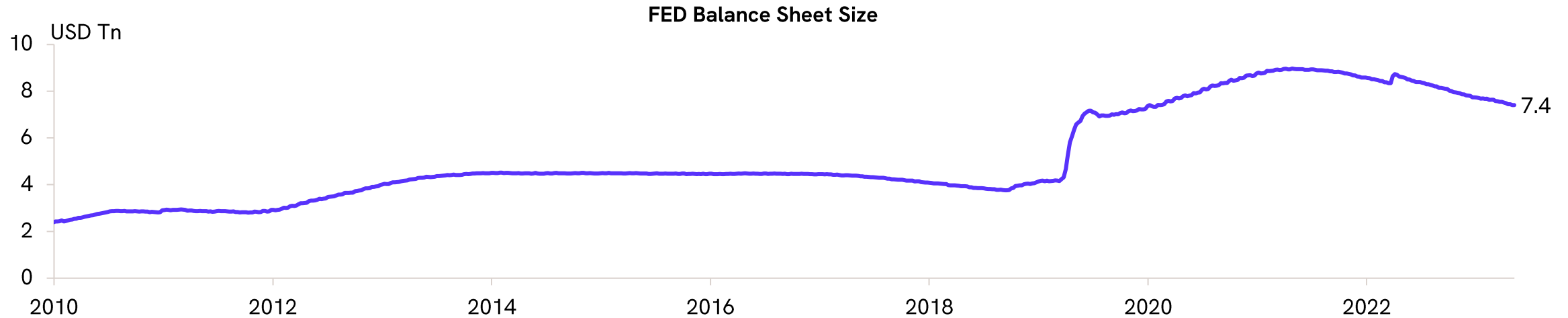
FOMC statement highlights robust job gains and a consistently low unemployment rate



Source: FRED, FED, 360 ONE Asset Research

Fed reduces the pace of quantitative tightening to \$60 bn from \$95 bn

Yields have risen in 2024 so far as markets reprice aggressive rate-cut expectations



Markets have significantly trimmed expectations of rate cuts in 2024

Fed Chair Powell reiterated that monetary policy is 'restrictive' and that an interest rate hike is 'unlikely'

Implied probabilities of upper end of Fed Funds Rate (as of 2nd May 2024)								
FOMC Meeting Date	3.75	4.00	4.25	4.50	4.75	5.00	5.25	5.50
	-175bps	-150bps	-125bps	-100bps	-75bps	-50bps	-25bps	Current
12-06-2024			0.0%	0.0%	0.0%	0.0%	14.5%	85.5%
31-07-2024	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	29.2%	67.8%
18-09-2024	0.0%	0.0%	0.0%	0.0%	1.1%	13.0%	43.9%	42.0%
07-11-2024	0.0%	0.0%	0.0%	0.3%	4.2%	20.8%	43.4%	31.3%
18-12-2024	0.0%	0.0%	0.1%	2.0%	11.7%	31.1%	37.9%	17.1%
29-01-2025	0.0%	0.0%	0.7%	5.2%	17.9%	33.3%	31.2%	11.6%
19-03-2025	0.0%	0.4%	2.7%	10.8%	24.7%	32.4%	22.6%	6.5%
30-04-2025	0.1%	1.0%	5.0%	14.8%	26.9%	29.5%	17.9%	4.6%

The market is assigning nearly identical probabilities to the possibility of either a rate cut or no change during the September 2024 meeting

Source: CME FedWatch Tool, 360 ONE Asset Research

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