

## High Level

### Fed Funds & Terminal Rate

Fed Funds is 5.25%. Based on the YE FF forecast in the March SEP, we've arrived at the Terminal Rate. The next FOMC meeting will be June 13-14, which will be accompanied by an updated SEP.

### Pause & Rate Cuts

Rate cuts are not on the Fed's agenda until 2024 (March SEP). Once the terminal rate (currently 5.25%), is reached, Fed Officials talk about holding rates thru 2023 and into 2024.

### GDP

Currently 1.1% (Q123, Advanced Estimate), adjusted down from 2.6% (Q422). Fed Officials are expecting growth to slow to 0.4% by YE23. Q223 is trending at 2.7% (Atlanta Fed GDPNow).

### Inflation

Currently 4.6% (Feb, Core PCE). Fed Officials are expecting inflation to return to the 2.0% target sometime in 2025. The March SEP inflation forecast is 3.6% by YE23.

### Jobs

The unemployment rate is 3.4% (April). The Fed is expecting the unemployment rate to increase to 4.5% by YE23 (March SEP). 253,000 jobs were created in April, the U-Rate fell to 3.4%.

### FOMC Forecasts – SEP (March 2023)

SEP - March	Current	Fed Forecast YE 2023	Fed Forecast YE 2024	Fed Forecast Longer Run	Next Release Date
GDP	1.1	0.4	1.2	1.8	5/25/23
Core PCE	4.6	3.6	2.6	2.0	5/26/23
Unemployment Rate	3.4	4.5	4.6	4.0	6/2/23
Core CPI	5.5	n/a	n/a	n/a	6/13/23
Fed Funds (FOMC)	5.25	5.10	4.30	2.50	6/14/23

## Fed Unfiltered - Opinion

In an interview Wednesday, Tom Barkin added to the Fed's ongoing commentary about the flexibility of the June meeting.

- **Barkin:** "The message of the last statement is in my mind, is that — it's explicitly not — explicitly not a pause or even necessarily a peak, it gives you the optionality to do more, if you need to do it. And also the optionality to wait if waiting is appropriate. So there's a lot of data coming in. There's a lot of uncertainty and I think it gives me and us the time to take all that in."

Barkin joins a growing list of Fed Officials who have talked about relying on incoming data for the upcoming June FOMC, starting with Powell on May 3<sup>rd</sup>, followed by Goolsbee (on May 5<sup>th</sup> and May 8<sup>th</sup>), Bullard on May 5<sup>th</sup> and Williams on May 9<sup>th</sup>.

With last Friday's job growth numbers and Wednesday's flat CPI, all eyes now turn to the May jobs report (out June 2<sup>nd</sup>). And, even more importantly, the May CPI report (out June 13<sup>th</sup>), which will post after the Fed's communication blackout begins and one-day before the FOMC wraps up (June 14<sup>th</sup>) with a decision to either pause or go ahead with a rate hike.

Job growth of less than 100,000 (the new entrant replacement rate), would be an indicator of slowing demand, as would rapidly declining core inflation — currently 5.5% - sub 5.0% would be ideal.

Absent a meaningful change in those two metrics (representing lessening demand), the Fed would likely proceed with a rate hike.

Barkin also talked about what could be an interesting dynamic with jobs/unemployment.

- **Barkin:** "For the most part, people being laid off are professionals, support and overhead. They're actually not

laying off a lot of frontline people ... it's easy to imagine that this might be a different sort of softening labor market, one that hits college graduates more than the last one, which hit the less educated."

[Tom Barkin, Interview: Associate Press \(Transcript\) 5/10/23](#)

[Jerome Powell, Speech/Q&A: FOMC May 2-3 Meeting Press Conference 5/3/23](#)

[Austan Goolsbee, Interview: Fox News 5/5/23](#)

[Austan Goolsbee, Interview: Yahoo Finance 5/8/23](#)

[James Bullard, Interview: Economic Club of Minnesota 5/5/23](#)

[John Williams, Speech: This is the Way 5/9/23](#)

### FOMC Voters – Permanent Voters (Gray) – Rotating Voters (Blue)

MOST RECENT --- SPEECH, INTERVIEW, ESSAY	Date	TOPIC	
Tom Barkin	Richmond Fed - President	5/10/23	Monetary Policy, Economy
John Williams	NY Fed - President	5/9/23	Monetary Policy, Economy
Philip Jefferson	Fed Board - Member	5/9/23	Economy (recording not yet available)
Austan Goolsbee	Chicago Fed - President	5/8/23	Monetary Policy, Economy
James Bullard	St. Louis Fed - President	5/5/23	Monetary Policy, Economy
Lisa Cook	Fed Board - Member	5/5/23	Commencement Address
Jerome Powell	Fed Board - Chair	5/3/23	Monetary Policy, Economy
Forecasts Prior to May 2-3 FOMC Meeting			
Loretta Mester	Cleveland Fed - President	4/20/23	Monetary Policy, Economy
Patrick Harker	Philadelphia Fed - President	4/20/23	Monetary Policy, Economy
Christopher Waller	Fed Board - Member	4/20/23	Tokenization and AI
Michelle Bowman	Fed Board - Member	4/20/23	Fed Listens Event
Lorie Logan	Dallas Fed - President	4/20/23	Monetary Policy, Economy
Raphael Bostic	Atlanta Fed - President	4/20/23	Speech & Q&A are not yet available
Mary Daly	San Francisco Fed - President	4/12/23	Monetary Policy, Economy
Neel Kashkari	Minneapolis Fed - President	4/11/23	Economy
Susan M. Collins	Boston Fed - President	4/3/23	Monetary Policy
Michael Barr	Fed Board - Vice Chair for Supervision	3/29/23	Banking System, SVB Failure & CRA
Forecasts Prior to March 21-22 FOMC Meeting			
Esther George <i>(Retired)</i>	Kansas City Fed - President	1/20/23	Monetary Policy, Economy
Lael Brainard <i>(Resigned)</i>	Fed Board - Vice Chair	1/19/23	Monetary Policy, Economy

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## Fed Officials

### Tom Barkin, Interview, 5/10/23

Today's CPI report was commented on, along with Fed Funds, jobs, inflation (in general) and a recession.

[Tom Barkin, Interview: Associate Press \(Transcript\) 5/10/23](#)

### John Williams, Speech, 5/9/23

Fed Funds was talked about in general terms, although specifics were shared about inflation, GDP and jobs.

[John Williams, Speech: This is the Way 5/9/23](#)

## Research Reports

### KC Fed

Underlying inflation could ease to near 2 percent sometime next year, its path depends crucially on the evolution of future inflation.

[KC Fed, Report: Will High Underlying Inflation Persist? 5/10/23](#)

### Chicago Fed

A retrospective on the crypto runs of 2022 and the impact on individuals and banking.

[Chicago Fed, Report: A retrospective on the crypto runs of 2022 5/10/23](#)

### Boston Fed

Demographics and income play significant roles in explaining financial outcomes, so do the consumer personality traits.

[Boston Fed, Report: Personality Traits and Financial Outcomes 5/10/23](#)

### BLS

April's CPI numbers were 5.5%, slightly down from March's 5.6%. Increases were from shelter, cars/trucks.

[BLS, Report: Consumer Price Index – April 2023 5/10/23](#)

## Economic Calendar

May	
5/24/2023	FOMC - Minutes of the FOMC, May 2-3, 2023
5/25/2023	Gross Domestic Product, 1st Quarter 2023 (Second Estimate)
5/26/2023	Personal Income and Outlays - April 2023
5/31/2023	The Beige Book - May 2023
June	
6/2/2023	Employment Situation - May 2023
6/3/2023	FOMC - Blackout Period, June 3 - June 15

[Fed Unfiltered, Up to Speed: Economic Releases \(May, June, July\)](#)

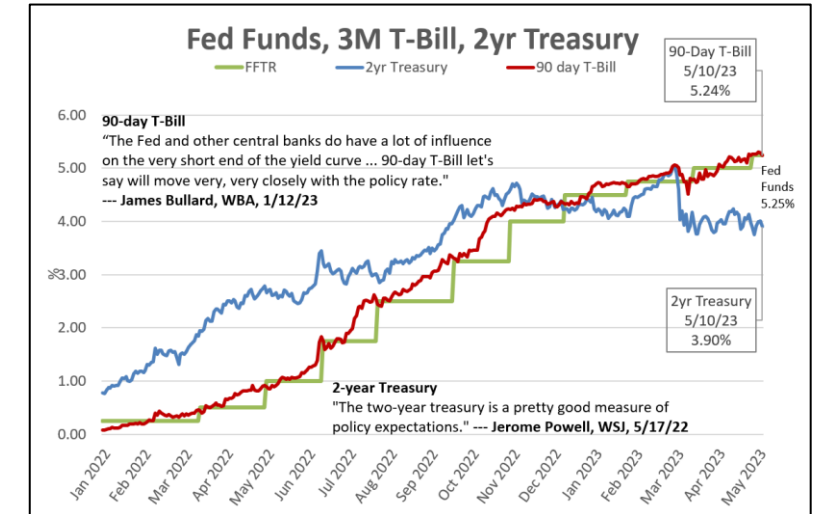
## Rate Trends

Key Interest Rates	5/9/23	5/10/23	Change
Fed Funds Target Rate (FFTR)	5.25	5.25	↑ 0.25
BSBY - 1-month	5.10	5.10	↑ 0.00
SOFR - Term Rate - 1-Month (CME Term SOFR)	5.05	5.06	↑ 0.00
US Treasury - 3-Month	5.29	5.24	↓ (0.05)
US Treasury - 2-Year	4.01	3.90	↓ (0.11)
US Treasury - 10-Year	3.53	3.43	↓ (0.10)
3-Month / 10-year Treasury Yield Curve Spread	(1.76)	(1.81)	↓ (0.05)
2-Year / 10-year Treasury Yield Curve Spread	(0.48)	(0.47)	↑ 0.01

Key Interest Rates	5/4/23	5/5/23	5/8/23	5/9/23	5/10/23	5-Day Change
Fed Funds Target Rate (FFTR)	5.25	5.25	5.25	5.25	5.25	0.00
BSBY - Overnight	4.903	4.952	5.097	5.152	5.153	↑ 0.250
BSBY - 1-month	5.068	5.084	5.094	5.097	5.099	↑ 0.032
SOFR - Overnight	5.060	5.060	5.060	5.060	0.000	0.000
SOFR - 30-Day Average	4.814	4.822	4.847	5.856	4.864	↑ 0.050
SOFR - Term Rate - 1-Month	5.043	5.050	5.055	5.054	5.057	↑ 0.014
US Treasury - 3-Month	5.26	5.26	5.31	5.29	5.24	↓ (0.02)
US Treasury - 2-Year	3.75	3.92	4.00	4.01	3.90	↑ 0.15
US Treasury - 10-Year	3.37	3.44	3.52	3.53	3.43	↑ 0.06
YC Spread - 3-Month / 10-year Treasury	(1.89)	(1.82)	(1.79)	(1.76)	(1.81)	↑ 0.08
YC Spread - 2-Year / 10-year Treasury	(0.38)	(0.48)	(0.48)	(0.48)	(0.47)	↓ (0.09)

[Fed Unfiltered, Daily Report: Rate Trends \(5/10/23\)](#)

## Annotated Graphs



[Annotated Graphs](#)

## Fed Official Report - and - Research Report

**Relevant Information for Your Decision Making**

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## Fed Officials – Fed Funds Forecast – In the Box

2023 Voter	Fed	Fed Official	Role	Date	MOST RECENT --- Comment about Fed Funds	Source	If a Specific Rate Mentioned
Voter	Board	Jerome Powell	Fed Board - Chair	5/3/23	"We're getting closer or maybe even there. But that again, that's going to be an ongoing assessment and we're going to be looking at those factors ... to determine whether there's more to do."	FOMC Press Conference – May 2023, 5/3/23	Rate Not Mentioned
Voter	Board	Lael Brainard <i>(Resigned)</i>	Fed Board - Vice Chair	n/a	No current comments on Fed Funds.	n/a	
Voter	Board	Michael Barr	Fed Board - Vice Chair for Supervision	n/a	No current comments on Fed Funds.	n/a	
Voter	Board	Christopher Waller	Fed Board - Member	4/14/23	"I believe there's still work to do."	Speech, Financial Stabilization and Macroeconomic Stabilization, Two Tools for Two Problems, 4/14/23	Rate Not Mentioned
Voter	Board	Lisa Cook	Fed Board - Member	4/21/23	"Currently, with the federal funds rate target near 5 percent, I am looking at what rate will be sufficiently restrictive to bring inflation down to 2 percent, over time."	Speech: Important Questions for Economic Research, 4/21/23	Rate Not Mentioned
Voter	Board	Philip Jefferson	Fed Board - Member	n/a	No current comments on Fed Funds.	n/a	
Voter	Board	Michelle Bowman	Fed Board - Member	2/17/23	"We'll have to continue to raise the federal funds rate until we see a lot more progress."	Speech, Tennessee Bankers Association Credit Conference, 2/17/23	Rate Not Mentioned
	District 1	Susan M. Collins	Boston Fed - President	4/3/23	"Perhaps one more increase might be sufficiently tight and then holding for some time."	Interview, Marketplace Morning Report, 4/3/23	Rate Not Mentioned
	District 2	John Williams	NY Fed - President	5/9/23	"I will be particularly focused on assessing the evolution of credit conditions and their effects on the outlook for growth, employment, and inflation."	Speech, This is the Way, 5/9/23	Between 5.00-5.25% <b>(4/11/23)</b>
Voter	District 3	Patrick Harker	Philadelphia Fed - President	4/20/23	"I anticipate that some additional tightening may be needed to ensure policy is restrictive enough to support both pillars of our dual mandate."	Speech, Understanding Monetary Policy Through the Housing Channel, 4/20/23	Above 5.00% <b>(4/11/23)</b>
	District 4	Loretta Mester	Cleveland Fed - President	4/20/23	"I anticipate that monetary policy will need to move somewhat further into restrictive territory this year, with the fed funds rate moving above 5 percent."	Speech, Progress and Prudence, An Update on the Economy and Monetary Policy, 4/20/23	Above 5.00% <b>(4/20/23)</b>
	District 5	Tom Barkin	Richmond Fed - President	5/10/23	"If you don't see demand weakening, if you don't see inflation start to come down, then you do have to ask yourself whether the level of restrictiveness is sufficient or not."	Interview, AP, 5/10/23	Rate Not Mentioned
	District 6	Raphael Bostic	Atlanta Fed - President	4/18/23	Interview Question: Are you still thinking one and done when it comes to a May interest rate increase? "One, for sure, that's my baseline for this year." After May? "My baseline is to hold."	Interview: CNBC, 4/18/23	5.25% <b>(4/18/23)</b>
Voter	District 7	Austan Goolsbee	Chicago Fed - President	5/8/23	"Well, like I say, we're more than a month away from the next FOMC meeting. I don't think we can decide what we should do with rates now."	Interview: Yahoo Finance, 5/8/23	Rate Not Mentioned
	District 8	James Bullard	St. Louis Fed - President	5/5/23	"I am willing to be data dependent and not prejudge ... It is impressive that we moved above the 5% benchmark."	Interview, Economic Club of Minnesota, 5/5/23	Little Higher than 5.00% <b>(4/3/23)</b>
Voter	District 9	Neel Kashkari	Minneapolis Fed - President	3/26/23	"Now, on one hand, such strains could then bring down inflation. So we have to do less work with the federal funds rate to bring the economy into balance."	Interview, CBS Face the Nation, 3/26/23	Rate Not Mentioned
	District 10	Esther George <i>(Retired)</i>	Kansas City Fed - President	n/a	No current comments on Fed Funds.	n/a	
Voter	District 11	Lorie Logan	Dallas Fed - President	2/14/23	"I anticipate we will need to continue gradually raising the fed funds rate."	Speech, Restoring Price Stability, 2/14/23	Rate Not Mentioned
	District 12	Mary Daly	San Francisco Fed - President	4/12/23	"We're at a point now where ... we don't expect to continue to raise rates up every meeting."	Speech, Calibrating Policy in an Uncertain Time 4/12/23	Rate Not Mentioned

[Fed Unfiltered, Daily Report: In the Box \(5/10/23\)](#)

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