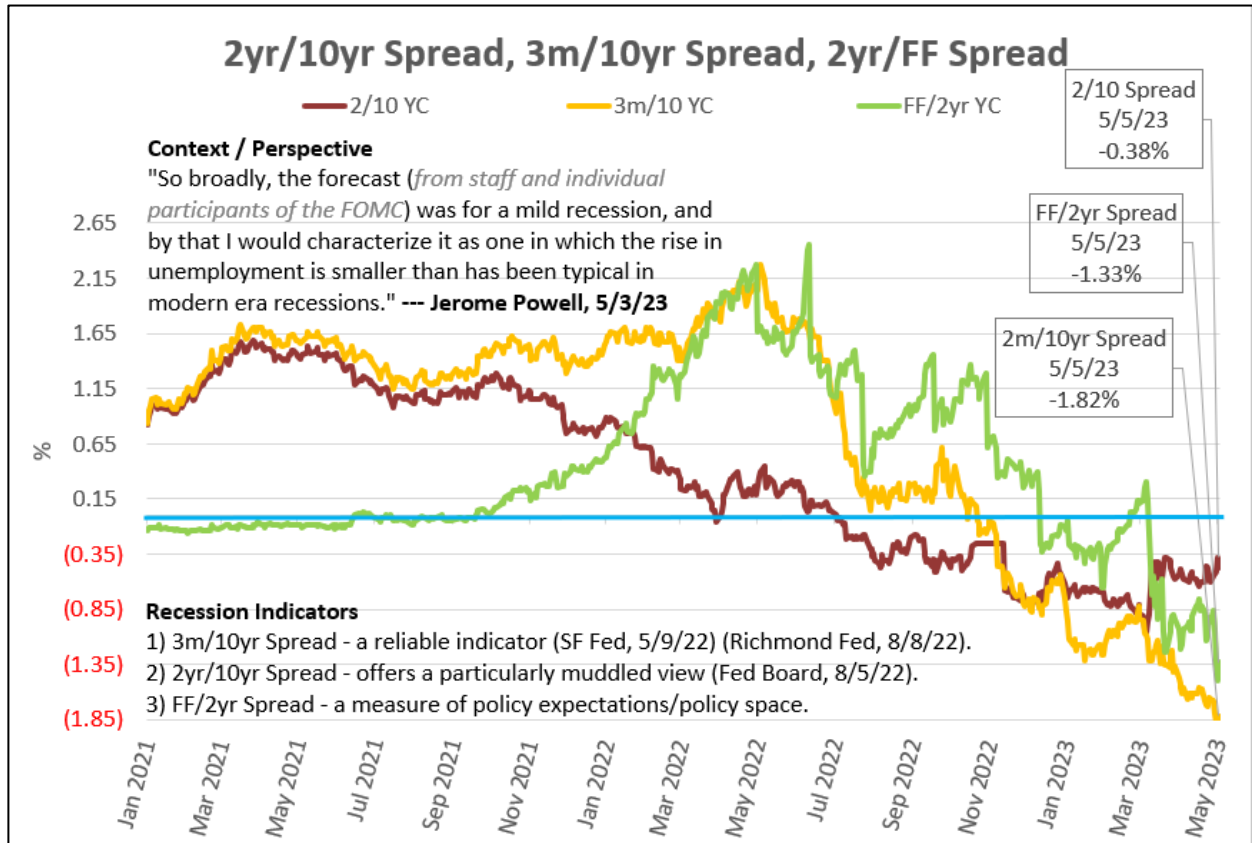


## ANNOTATED GRAPHS – YC Spreads (Recession Indicators)



## Daily Report - FOMC Report

**Fed Unfiltered**

**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 1.3% (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 5.4% (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)**

Rate	2023	2024	2025	2026	2027
Fed Funds	5.25	5.25	5.25	5.25	5.25
10yr	4.1	3.4	3.1	2.8	2.6
5yr	4.2	3.4	3.1	2.8	2.6
3m/10yr	5.4	5.1	4.8	4.5	4.2
Fed Funds (2024)	5.25	5.25	4.50	3.50	3.00

**Fed Unfiltered - Opinion**  
After the Friday's jobs report showed continued growth, Austin Goobee was asked if there would be a rate hike in June.  
• Goobee: "I think it's way too premature to say that."  
Over the next month, three other key reports will be released, one just prior to the next FOMC meeting and decision.  
• May 27<sup>th</sup> - April CPI report  
• June 2<sup>nd</sup> - May jobs report  
• June 13<sup>th</sup> - May CPI report

From here, the Fed will be trying to determine if the economy is continuing to grow (and demand keeps inflation high) or if the economy will slow enough to pause rate hikes.  
At the May 3<sup>rd</sup> press conference, Jerome Powell kept both options on the table for June (either a rate hike or pause).  
• Options to Raise: "You will have noticed that in the statement from March we had a sentence that said, the committee anticipates that some additional policy firming may be appropriate. That sentence is not in the statement anymore. We took that out and instead we're saying that, in determining the extent to which additional policy firming may be appropriate to return inflation at 2% over time the committee will take into account certain factors. So that's a meaningful change that we're no longer saying that we anticipate. And so we'll be driven by incoming data, meeting by meeting, and we'll approach that question at the June meeting."  
• Options to Drop: Question - Will 5.25% be the terminal rate? "It's not possible to say that with confidence now... it's an ongoing assessment."

**Recession**  
During the press conference, Powell also conveyed perspectives of the FOMC staff/individual participants as "broadly" forecasting a mild recession. On Friday, James Bullard took the opposite side.  
• Bullard: "The numbers of the imminent demise of the economy are greatly exaggerated."

**FOMC Voters - Permanent Voters (6) - Rotating Voters (8)**

Name	Position	Vote	Reserve Bank
James Bullard	1st Vice Chair, President	Y/N/A	Minneapolis Policy, Summary
Patrick Harker	1st Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
Michelle Miller	2nd Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
John Neal	2nd Vice Chair	Y/N/A	Minneapolis Policy, Summary
James Powell	Fed. President	Y/N/A	Minneapolis Policy, Summary
Laura Wallac	3rd Vice Chair	Y/N/A	Minneapolis Policy, Summary
Patrick Harker	2nd Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
Michelle Miller	3rd Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
John Neal	4th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
James Powell	5th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
Laura Wallac	6th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
John Neal	7th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
James Powell	8th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
Laura Wallac	9th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
John Neal	10th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
James Powell	11th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
Laura Wallac	12th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
John Neal	13th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
James Powell	14th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
Laura Wallac	15th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
John Neal	16th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
James Powell	17th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
Laura Wallac	18th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
John Neal	19th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary
James Powell	20th Deputy Fed. President	Y/N/A	Minneapolis Policy, Summary

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