Fed Unfiltered

Website, Homepage
Left-Hand Column
6/14/23

Pete Sullivan
Research Analyst
pete.sullivan@fedunfiltered.com

Our Opinion

Today, the FOMC left Fed Funds unchanged at 5.25%.

- **Jerome Powell**: "We have raised our policy interest rate by 5 percentage points and have continued to reduce our securities holdings at a brisk pace. We have covered a lot of ground, and the full effects of our tightening have yet to be felt. In light of how far we have come in tightening policy, the uncertain lags with which monetary policy affects the economy, and potential headwinds from credit tightening, today we decided to leave our policy interest rate unchanged and to continue to reduce our securities holdings. Looking ahead, nearly all Committee participants view it as likely that some further rate increases will be appropriate this year to bring inflation down to 2 percent over time."

The June FOMC also includes the Fed's updated forecasts.

Looks like Fed Officials are expecting a higher Fed Funds at YE (5.60%), GDP to come in stronger (at 1.0%), inflation to be higher (3.9%) and the unemployment rate to be slightly higher by YE (3.9%).

JUNE - SEP	Current	Fed Forecast YE 2023	Fed Forecast YE 2024	Fed Forecast Longer Run
Fed Funds (FOMC)	5.25	5.60	4.60	2.50
	March SEP	5.10	4.30	2.50
GDP	1.3	1.0	1.1	1.8
	March SEP	0.4	1.2	1.8
Core PCE	4.7	3.9	2.6	2.0
	March SEP	3.6	2.6	2.0
Unemployment Rate	3.7	4.1	4.5	4.0
	March SEP	4.5	4.6	4.0
Core CPI	5.3	n/a	n/a	n/a

Median SEP forecasts are the middle projection when Fed Official projections are arranged from lowest to highest.