FedUnfiltered

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6/2/23

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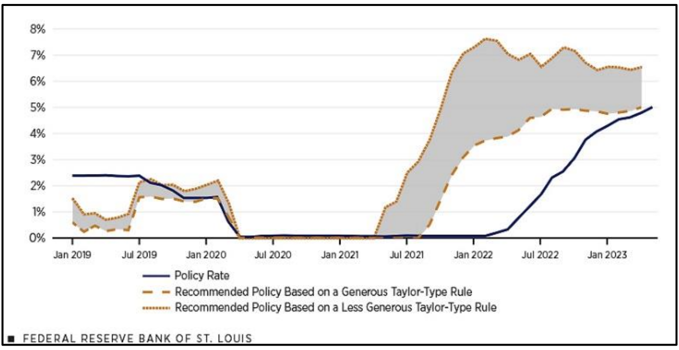
Our Opinion

James Bullard published an essay on Thursday (6/1/23) and talked about how Fed Funds (5.25%) is at the low end of the sufficiently restrictive range (between 4.9%-6.4%).



Bullard also talked about a need for additional rate hikes:

- "While both headline and core PCE inflation have declined from their peaks in 2022, they remain too high … The prospects for continued disinflation are good but not guaranteed, and continued vigilance is required."

Loretta Mester is on the same page:

- "I don't really see a compelling reason to pause … we may have to go further … take another small step to counter some of that really embedded stubborn inflationary pressure."

While **Patrick Harker** spoke for a second time in two days and advocated again for a hold (aka a skip or a pause):

- "I do believe that we are close to the point where we can hold rates in place and let monetary policy do its work to bring inflation back to the target in a timely manner."

Friday morning (8:30am EDT), the May jobs report will post. The Fed is looking for slower job growth (likely at or near 100,000), which is (roughly) the new entrant replacement rate. Median consensus is 180,000 in job growth. Fed Officials are expecting a 4.5% U-Rate by YE.

	Feb	Mar	Apr
Unemployment Rate	3.6%	3.5%	3.4%
Job Growth	248,000	165,000	253,000