

- The Federal Open Market Committee continues to view strength in the current expansion highlighting low unemployment, picked up household spending, and moderately rising economic activity.
- However, soft readings on inflation and business fixed investment coupled with reemerging trade tensions and slowing global growth are prevailing uncertainties that the Fed is closely monitoring.
- The Fed voted to leave the fed funds rate unchanged at 2.25% - 2.50% in a 9-1 vote.
- Chairman J. Powell dropped 'patient' from his terminology stating that many FOMC members see a case for more 'accommodative' policy indicating that the Fed is ready and willing to act as appropriate to sustain the expansion.
- Fixed income markets took the announcement as a forewarning of darker times ahead, Treasury yields fell across the board on Wednesday as the two-year note dropped by more than 12 basis points to a yield of 1.74%.
- The market is pricing in a 100% chance of a rate cut at the July meeting and focus has shifted from whether cutting is necessary, to how much to cut by as some believe a 25 basis point cut is suitable while others are warranting a 50 point cut.

Please call us if you have any questions about Wednesday's statement by Chairman Powell or want to discuss the potential direction of interest rates.