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15.09.23

Central Bank Overview: last meetings

CB	Date	Days	Event	Content	Market Reaction	Source
Fed	**2023-07-26**	**51**	**Rates**	**Hike 25 bps as expected to 5.25-5.50%**		
			Statement	* The statement was left virtually unchanged: the economy continued to expand at a moderate pace, inflation remains too high, the Committee will continue to assess additional information and its implications for monetary policy * In determining the extent of additional policy firming that may be appropriate to return inflation to 2 percent over time, the Committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments.	Dollar lower, 2s10s bull steepening slightly	x
			Presser	The full effect of monetary policy tightening has yet to be felt, the process of getting inflation back to target still has "a long way to go", inflation has proved repeatedly stronger than we and other forecasters expected, monetary policy is restrictive and moreso after today, expecting to hold policy at restrictive levels for some time, September decision could be another hike or remaining where we are, there's a range of views on the Committee on this meeting and the next, prepared to act if incoming data suggests more hikes are needed, doesn't think there will be rate cuts this year, rate cuts next year will be about our certainty that inflation has come down, could be continuing QT while cutting rates, there is still a strong pace of jobs growth, labour demand still exceeds supply substantially, inter-meeting data was broadly in line with our expectations, CPI was a bit better than expectations but it's just one reading, we want to see core inflation coming down, we're looking for moderate growth.	USD stabilizing somewhat	
	2023-08-16	30	**Minutes**	* Almost all participants judged it appropriate to raise the target range for the federal funds rate to 5-1/4 to 5-1/2 percent at this meeting. * A couple of participants indicated that they favored leaving the target range for the federal funds rate unchanged or that they could have supported such a proposal. * All participants agreed that it was appropriate to continue the process of reducing the Federal Reserve's securities holdings. * Most participants continued to see significant upside risks to inflation, which could require further tightening of monetary policy. * Participants continued to judge that it was critical that the stance of monetary policy be sufficiently restrictive to return inflation to the Committee's 2 percent objective o * Participants remarked on the uncertainty about the lags in the effects of monetary policy on the economy. * Participants stressed that inflation remained unacceptably high and that further evidence would be required for them to be confident that inflation was clearly on a path toward the Committee's 2 percent objective. * Some participants observed that recent increases in home prices suggested that the housing sector's response to monetary policy restraint may have peaked. * Nominal wages were still rising at rates above levels assessed to be consistent with the sustained achievement of the 2% inflation goal. Further progress toward a balancing of demand and supply in the labor market was needed. * Several participants commented that significant disinflationary pressures had yet to become apparent in the prices of core services excluding housing. * Participants stressed that they would need to see more data on inflation and further signs that aggregate demand and aggregate supply were moving into better balance to be confident that inflation was on course to return to 2%.	USD zig-zagging, 2s higher	x
Fed	**2023-06-14**	**93**	**Rates**	**Hold at 5.00-5.25% (as expected)**		
			Statement	The Fed left rates unchanged at their June meeting. Given reason: holding the rate steady allows the Committee to assess additional information and implications for monetary policy. Virtually everything else in the statement was left unchanged.	USD higher on the statement	
			Presser	The full effects of our policy have yet to be felt, nearly all policymakers view some further rate hikes this year as appropriate, inflation has moderated somewhat but still has a long way to go, if the economy evolves as expected the median of participants sees 5.6% FFR at year-end, Fed projections are not a plan or a decision, will continue to make our decisions meeting by meeting, have not made a decision about July, I expect July to be a live meeting, it's common sense to go a bit slower on rate hikes as we near the destination, inflation risks are still to the upside, not seeing a lot of progress on core PCE, rate cuts are not appropriate this year and no policymaker saw rate cuts this year, economic data came in consistent with but on the high side of expectations, the conditions we need to see in place to get inflation down are coming into place including lower growth labour slack, we don't know the full extent of the banking turmoil.	USD lower on the presser	
			Projections	* GDP growth has been upgraded from 0.4 to 1.0% this year and lowered by 0.1% in 2024 and 2025 * PCE inflation has been lowered from 3.3 to 3.2% for this year and left unchanged for the next two years; it remains above the 2% target through 2025 * Core PCE inflation for this year is seen at 3.9 vs. 3.6% in March and 2.6% in 2024 * The projected Fed funds rate has been revised higher through the entire projection horizon: 5.6 vs. 5.1% for this year, 4.6 vs. 4.3% next year, and 3.4 vs. 3.1% in 2025		

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Central Bank Overview: last meetings

CB	Date	Days	Event	Content	Market Reaction	Source
	2023-07-05	72	**Minutes**	* Participants agreed that inflation was unacceptably high and declines in inflation had been slower than they had expected. * Participants noted that the full effects of monetary tightening had likely yet to be observed, though several highlighted the possibility that much of the effect of past monetary policy tightening may have already been realized. * Almost all participants judged it appropriate or acceptable to maintain the target range for the federal funds rate at 5 to 5-1/4 percent at this meeting. Leaving the target range unchanged at this meeting would allow them more time to assess the economy's progress toward the Committee's goals of maximum employment and price stability. * Some participants indicated that they favored raising the target range for the federal funds rate 25 basis points at this meeting or that they could have supported such a proposal. The labor market remained very tight, momentum in economic activity had been stronger than earlier anticipated, and there were few clear signs that inflation was on a path to return to the Committee's 2 percent objective. * All participants agreed that it was appropriate to continue the process of reducing the Federal Reserve's securities holdings. * Almost all participants noted that additional increases in the target federal funds rate during 2023 would be appropriate. Many also noted that a further moderation in the pace of policy firming was appropriate.	USD higher, 2y and 10y yields mostly flat with 2s up a bit and 10s down a bit	x

Economic Calendar

Data since the last central bank meeting

15.09.23

FX	Date	LON	Data	Act	Exp	Prev	Reaction
USD	Mon 24.07.23	14:45	**Flash Manufacturing PMI**	49.0	46.1	46.3	USD sideways
			Flash Services PMI	52.4	54.0	54.4	
	Tue 25.07.23	14:00	HPI m/m	0.7	0.6	0.7	USD briefly higher
			S&P/CS Composite-20 HPI y/y	-1.7	-2.3	-1.7	
		15:00	CB Consumer Confidence	117.0	112.1	109.7	USD weaker
			Richmond Manufacturing Index	-9	-9	-7	
	Wed 26.07.23	15:00	New Home Sales	697	726	763	USD sideways
		19:00	**FOMC Statement**				USD weaker
	Thu 27.07.23	13:30	**Advance GDP q/q**	2.4	1.8	2.0	USD stronger
			Advance GDP Price Index q/q	2.2	3.0	4.1	
			Core Durable Goods Orders m/m	0.6	0.1	0.7	
			Durable Goods Orders m/m	4.7	1.3	1.8	
			Goods Trade Balance	-87.8	-91.8	-91.1	
			Unemployment Claims	211	234	228	
		15:00	Pending Home Sales m/m	0.3	-0.5	-2.7	USD stronger
	Fri 28.07.23	13:30	Core PCE Price Index m/m	0.2	0.2	0.3	USD stronger
			Employment Cost Index q/q	1.0	1.1	1.2	
			Personal Income m/m	0.3	0.5	0.4	
			Personal Spending m/m	0.5	0.4	0.1	
	Mon 31.07.23	14:45	**Chicago PMI**	42.8	43.5	41.5	USD weaker
		19:00	Loan Officer Survey				USD a bit higher
	Tue 01.08.23	15:00	**ISM Manufacturing PMI**	46.4	46.9	46.0	USD only briefly lower
			ISM Manufacturing Prices	42.6	43.8	41.8	
			JOLTS Job Openings	9.58	9.61	9.82	
	Wed 02.08.23	13:15	ADP Non-Farm Employment Change	324	195	497	USD stronger
	Thu 03.08.23	12:30	Challenger Job Cuts y/y	-8.2		25.2	USD lower
		13:30	Unemployment Claims	227	226	221	USD lower
			Prelim Unit Labor Costs q/q	1.6	2.7	4.2	
		15:00	**ISM Services PMI**	52.7	53.1	53.9	USD weaker
			Factory Orders m/m	2.3	2	0.3	
	Fri 04.08.23	13:30	Average Hourly Earnings m/m	0.4	0.3	0.4	USD weaker
			Non-Farm Employment Change	187	205	209	
			Unemployment Rate	3.5	3.6	3.6	
	Tue 08.08.23	11:00	NFIB Small Business Index	91.9	91.2	91.0	USD higher
		13:30	Trade Balance	-65.5	-65.1	-69.0	USD sideways
	Thu 10.08.23	13:30	**CPI m/m**	0.2	0.2	0.2	USD initially lower but subseque
			Core CPI m/m	0.2	0.2	0.2	
			CPI y/y	3.2	3.3	3.0	
			Unemployment Claims	248	231	227	
	Fri 11.08.23	13:30	**Core PPI m/m**	0.3	0.2	0.1	USD stronger
			PPI m/m	0.3	0.2	0.1	
		15:00	Prelim UoM Consumer Sentiment	71.2	71.0	71.6	USD lower
	Tue 15.08.23	13:30	Core Retail Sales m/m	1.0	0.4	0.2	USD lower
			Empire State Manufacturing Index	-19.0	-0.9	1.1	
			Retail Sales m/m	0.7	0.4	0.2	
		15:00	NAHB Housing Market Index	50	56	56	USD briefly higher
	Wed 16.08.23	13:30	Building Permits	1.44	1.47	1.44	USD stronger
			Housing Starts	1.45	1.45	1.43	
		14:15	Industrial Production m/m	1.0	0.3	-0.5	USD weaker
		19:00	FOMC Meeting Minutes				USD zig-zagging
	Thu 17.08.23	13:30	Unemployment Claims	239	240	248	USD sideways
			Philly Fed Manufacturing Index	12.0	-9.8	-13.5	
	Tue 22.08.23	15:00	Existing Home Sales	4.07	4.15	4.16	USD sideways

Economic Calendar

Data since the last central bank meeting

15.09.23

FX	Date	LON	Data	Act	Exp	Prev	Reaction
			Richmond Manufacturing Index	-7	-10	-9	
	Wed 23.08.23	14:45	**Flash Manufacturing PMI**	47.0	48.9	49.0	USD weaker
			Flash Services PMI	51.0	52.1	52.3	
		15:00	New Home Sales	714	705	697	USD weaker
	Thu 24.08.23	13:30	Unemployment Claims	230	239	239	USD stronger
			Core Durable Goods Orders m/m	0.5	0.2	0.5	
			Durable Goods Orders m/m	-5.2	-4.1	4.6	
	Tue 29.08.23	14:00	S&P/CS Composite-20 HPI y/y	-1.2	-1.5	-1.7	USD sideways
			HPI m/m	0.3	0.2	0.7	
		15:00	CB Consumer Confidence	106.1	116.0	117.0	USD weaker
			JOLTS Job Openings	8.83	9.49	9.58	
	Wed 30.08.23	13:15	ADP Non-Farm Employment Change	177	194	324	USD lower
		13:30	**Prelim GDP q/q**	2.1	2.4	2.4	USD lower
			Goods Trade Balance	-91.2	-90.0	-87.8	
			Prelim GDP Price Index q/q	2.0	2.2	2.2	
		15:00	Pending Home Sales m/m	0.9	-0.8	0.3	USD stronger
	Thu 31.08.23	12:30	Challenger Job Cuts y/y	266.9		-8.2	USD stronger
		13:30	Core PCE Price Index m/m	0.2	0.2	0.2	
			Personal Income m/m	0.2	0.3	0.3	
			Personal Spending m/m	0.8	0.7	0.5	
			Unemployment Claims	228	236	230	
		14:45	**Chicago PMI**	48.7	44.5	42.8	USD stronger
	Fri 01.09.23	13:30	Average Hourly Earnings m/m	0.2	0.3	0.4	USD briefly lower
			Non-Farm Employment Change	187	169	187	
			Unemployment Rate	3.8	3.5	3.5	
		15:00	**ISM Manufacturing PMI**	47.6	46.9	46.4	USD higher
			ISM Manufacturing Prices	48.8	43.9	42.6	
	Tue 05.09.23	15:00	Factory Orders m/m	-2.1	-2.5	2.3	USD sideways
	Wed 06.09.23	13:30	Trade Balance	-65.0	-67.9	-65.5	USD sideways
		15:00	**ISM Services PMI**	54.5	52.5	52.7	USD stronger
	Thu 07.09.23	13:30	Unemployment Claims	216	232	228	USD briefly higher
	Tue 12.09.23	11:00	NFIB Small Business Index	91.3	91.6	91.9	USD sideways
	Wed 13.09.23	13:30	**Core CPI m/m**	0.3	0.2	0.2	USD lower
			CPI m/m	0.6	0.6	0.2	
			CPI y/y	3.7	3.6	3.2	
	Thu 14.09.23	13:30	**Core PPI m/m**	0.2	0.2	0.3	USD stronger
			Core Retail Sales m/m	0.6	0.4	1.0	
			PPI m/m	0.7	0.4	0.3	
			Retail Sales m/m	0.6	0.1	0.7	
			Unemployment Claims	220	229	216	
	Fri 15.09.23	13:30	Empire State Manufacturing Index	1.9	-9.9	-19.0	USD sideways
		14:15	Industrial Production m/m	0.4	0.1	1.0	USD sideways
		15:00	Prelim UoM Consumer Sentiment	67.6	69.0	69.5	USD weaker
			Prelim UoM Inflation Expectations	3.1		3.5	

Fed Speakers Crib Sheet

Most recent comments first

Days ago	Date	Speaker	Bias	Relevant Points
7	08.09.23	**Logan**	Neutral	It could be appropriate to skip a rate hike in September, there is work left to do to get to sufficiently restrictive policy, skipping does not imply stopping rate hikes, not yet convinced we've extinguished excess inflation, ignificantly lower inflation in recent months is encouraging but too soon to confidently say on path to 2% in a timely way.
		Goolsbee	Dove	We are very rapidly approaching time when are argument is not about how high should rates go but rather how long rates have to stay high, monetary policy is working, the Fed's forecast is that rates will have to stay up for a relatively extended period, overall level of inflation is above where we want it, we have also had false dawns on inflation before, paying less attention to wage growth as an indicator of inflation, wants to see progress on core inflation and especially goods and housing, market expectations on inflation also has a major influence.
8	07.09.23	**Barr**	Neutral	The Fed is a long way from a decision on CBDC, deeply concerned about stablecoin issuance without strong federal oversight.
		Bostic	Neutral	There is still work to do to get inflation back to 2%.
		Williams	Neutral	Policy is in a good place and data-dependent, inflation is far too high but moving down, it's an open question if policy is restrictive enough, expects unemployment rate to rise to low 4% range, monetary policy takes a year or two to impact the economy, the post-pandemic economy will be close to the pre-pandemic economy.
9	06.09.23	**Collins**	Neutral	It's time for monetary policy to be patient and deliberate, patience does not mean indecision or a change in the commitment to the 2 percent target, the Fed should allow time when making policy choices, it's too soon to say inflation sustainably moving back back to target, we must balance lowering inflation against slowing economy too much, can likely achieve goals without causing notable economic pain.
10	05.09.23	**Mester**	Hawk	We might have to raise the policy rate a bit more, there is still a lot of time before our next decision in September and we will get a lot of data and information by then, we can lower interest rates if we end up raising interest rates too much and the economy loses momentum more than necessary, we will certainly not continue to raise interest rates until inflation has already fallen to 2% nor will we wait to lower interest rates until inflation is at 2%, sees upside risks to inflation.
		Waller	Hawk	Doesn't think one more hike would send the economy into a recession, risks to doing to much and too little are balanced, recent data will allow the Fed to proceed carefully, very careful to say that "we've done the job", wants to see "a couple of months of data", would say the risks to doing to much and too little are balanced, data last week clearly showed the jobs market is starting to soften, unemployment is about where it was a year ago so change isn't that big, starting to see the economy slow down.
14	01.09.23	**Mester**	Hawk	The main Fed debate is how restrictive policy needs to become and for how long, future policy decisions will be based on incoming data, must balance risks when setting rate policy, the jobs market is still strong amid signs of rebalancing.
15	31.08.23	**Bostic**	Neutral	Monetary policy is appropriately restrictive, inflation is still too high, not for any easing any time soon, would support more tightening should inflation climb unexpectedly.
20	26.08.23	**Mester**	Hawk	Next and possibly last rate hike doesn't necessarily have to be in September but thinks later this year, does not want policy so tight that the economy collapses, wants to set policy so that inflation reaches the 2% goal by the end of 2025.
21	25.08.23	**Harker**	Neutral	Doesn't see the need for more hikes now, doubts rate cuts are on the table until next year at some point, wants to hold rates steady and see how the economy develops, would call for more hikes in the inflation retreat stalls.
		Powell	Neutral	We are prepared to raise rates further if appropriate, we will proceed carefully when deciding to hike again or hold steady and decide the next move based on data, policy is restrictive but Fed can't be certain what neutral rate level is, attentive to signs economy not cooling as expected, two months of good data are only the beginning of what we need to see to build confidence on inflation path, restrictive monetary policy is essential for continued progress, we will keep at it until the job is done, lowering inflation also likely to require a softer labor markets, the job market not cooling could also warrant more Fed action, the Fed will not change 2% inflation target.
		Mester	Hawk	We probably still have more work to do, we have to be very diligent about this, we have made progress but inflation remains too high, doesn't want the Fed to overtighten, the main debate is whether rates are restrictive enough, doesn't have cuts built in for next year but will watch the data, it was "very good" to see recent inflation numbers but need to see more, very likely that we will need below-trend growth to get inflation under control, the labour market is stronger than anticipated.
		Goolsbee	Dove	Feels confident about a soft landing, doesn't like to speculate on the future Fed action, there is still a long way to go, rise in bond yields may not be issue for economy, uncomfortable declaring victory with inflation near 3%, willing to be patient in getting to a 2% target, doesn't think you can change the inflation target until it is hit.
22	24.08.23	**Collins**	Neutral	We may be near a place where we can hold rates, it's likely that we will need to hold for a substantial period of time, more rate hikes are a possibility, premature to send a clear signal about the timing of rate cuts, at this stage it's appropriate to be patient, not seen as much progress as hoped in core-services ex-housing.
		Harker	Neutral	We have probably done enough on interest rates, sees the Fed holding steady this year while next year is data-driven, needs to see inflation falling before he would be willing to cut rates, wants to see softening in the labour market and especially in the services sector, the low income consumer is clearly slowing down, credit card delinquencies are starting to tick up, student loans won't have a big economic effect but it will be a psychological effect.

Fed Speakers Crib Sheet

Most recent comments first

Days ago	Date	Speaker	Bias	Relevant Points
		Bullard (Ex)	Hawk	I think the probabilities are that we are in a new regime that will be a higher interest-rate regime, core inflation is likely to be sticky and come down rather slowly, the biggest question now is the re-acceleration in the economy, this could put upward pressure on inflation.
24	22.08.23	**Barkin**	Neutral	Won't pre-judge the outcome of the Sept FOMC meeting, recent moves in bond yields not a sign of "inappropriate" market tightening but likely a response to strong economic data, if inflation remains high and demand gives 'no signal' it is likely to drop that would require tighter policy, consumer spending and economic strength make it possible US economy could re-accelerate before inflation cools, if there's a recession it will likely be a less severe one, trying not to focus too much on short-term market moves, balance sheet normalization is a "background" policy at this point.
31	15.08.23	**Kashkari**	Neutral	Not ready to say we're done raising rates, the question is whether we have done enough or need to do more, we can take a bit more time to get some more data before we decide whether we need to do more, need to avoid 1970s style outcome where we stop hiking too soon, we're a long way from cutting rates because core is still close to 4%, at some point next year the Fed may need to lower rates, we have been surprised by the economy's resilience, the last few inflation readings have been positive, wants to see convincing evidence that inflation is on its way to 2%, housing market resilience has been one of the biggest surprises, March was a wake-up call for banks.
36	10.08.23	**Bostic**	Neutral	The Fed has been working hard to reduce too-high inflation, don't know how persistent labour market changes will be.
		Collins	Neutral	My read of the data that we have so far is that we are near or perhaps at a sufficiently restrictive level of monetary policy to hold for some time.
		Daly	Neutral	It's premature to project whether we need to hike rates or hold them steady for a longer period, we're a long way away from a conversation about rate cuts, there is a lot of data left to come in, today's inflation data is a "good data point", if core services ex housing doesn't come down and stalls that's something I'm watching, going to hold myself to data-dependence, we're going to be watching supercore carefully and need to see it come back to pre-pandemic levels, I see slowing in the economy but we're not there yet, the economy isn't yet in balance.
		Harker	Neutral	The Fed is making progress on its inflation fight.
38	08.08.23	**Barkin**	Neutral	GDP remains solid and the labour market is remarkably resilient, inflation remains too high.
		Harker	Neutral	We will probably start cutting rates sometime next year, barring "alarming" new data by mid-Sept I believe we may be at the where we can be patient and hold rates steady, in that case we would need to be there for a while, we do not want to overdo it on rates, sees core PCE falling just below 4% by year end and below 3% in 2024 and at target in 2025, expects unemployment to tick up slightly, expects only a modest slowdown, sees the US on the path to a soft landing, our forecast is not that inflation might spike back up.
39	07.08.23	**Bowman**	Neutral	Expects additional rate increases, will be looking for evidence that inflation is on a "consistent and meaningful" downward path when making decisions, inflation is still significantly above the 2% target.
		Williams	Neutral	Does not rule out the possibility of rate cuts in early 2024, it all depends on the economic data, inflation is coming down as hoped, expects unemployment to rise slightly as the economy cools, sees unemployment rising above 4% next year.
40	06.08.23	**Bowman**	Neutral	Additional rate hikes will be needed, we should remain willing to raise rates at a future meeting if data show inflation progress has stalled, consistent drops in inflation will be looked for when considering future hikes and how long to keep rates restrictive, monetary policy is not on a pre-set course, recent decline in core inflation is a positive sign but inflation remains well above target, demand for workers exceeding supply adds upward pressure on prices, will be watching for slower consumer spending and loosening in the labour market, no signs of sharp credit contraction from March banking turmoil.
42	04.08.23	**Bostic**	Neutral	Fed likely to be in restrictive territory well into 2024, we are on the trajectory to get to 2% inflation, jobs numbers came in as expected and I'm comfortable.
		Goolsbee	Dove	July NFP report is pretty much what we expect, we have to be patient, monetary policy operates with a lag, the question should be: how long are we going to stay at these levels and not when the next hike will be, holding rates at these levels is increasing restriction, the jobs market is cooling a bit but still extremely strong, improvements in US productivity are disinflationary, we have been getting promising numbers on inflation.
43	03.08.23	**Barkin**	Neutral	Inflation remains too high, consumer spending is weaker but "far from weak", efforts to address inflation have pushed several industries into "mini-recessions".
45	01.08.23	**Bostic**	Neutral	We are in a phase where there is some risk of overtightening, baseline is no rate cuts until the second half of 2024 at earliest, would have "grudgingly" voted for a July rate hike, would be comfortable contemplating a hike if progress on inflation stalls and no hike if the economy evolves as expected, inflation is unacceptably high but there has been significant progress, data is consistent with an orderly slowdown.
		Goolsbee	Dove	Any rate cut would be "far out in the future", FOMC decisions are "close calls" as Fed tries to manage transition, markets fully expect the Fed will bring down inflation, need to see sustained and steady progress on inflation.
46	31.07.23	**Goolsbee**	Dove	Asked about a rate hike: "not a fan of tying our hands before the data", open to reading data ahead of September, so far we've been able to walk the golden path, we can bring down inflation without jobs lost.
47	30.07.23	**Kashkari**	Hawk	Not sure when the Fed will be done raising rates, will let data guide the Fed, may or may not rise rates in September, the US economy remained resilient amid various shocks, right now it appears the US will avoid a recession, the inflation outlook is positive but can't prejudge it, would not surprise me to see unemployment tick up slightly.

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