Free newsletter: fxmacro.info
Twitter: @fxmacroguy
08.12.23

Central Bank Overview: last meetings

CB	Date	Days	Event	Content	Market Reaction	Source
Fed	2023-11-01	37	Rates	**Unchanged at 5.25-5.50 (both expected and fully priced in)**		x
			Statement	* The statement is virtually unchanged from the previous one * Economic activity has expanded at a strong pace in Q3 * Inflation remains elevated * Guidance: "The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goal"	USD lower, 2s and 10s lower	x
			Presser	The process of getting inflation back to 2% still has a long way to go, a few months of good inflation data "only the beginning of what it will take", data could warrant further tightening of monetary policy, the idea that it's difficult to re-start hikes after stopping is just not true, we're not thinking about rate cuts or talking about rate cuts, we are close to the end of the cycle, the question we are asking is: should we hike more?, we have not made any decisions on future meetings, will continue to make our decisions meeting-by-meeting, highly attentive to the risks that inflation poses to our mandate, it feels like the risks are more two-sided now around inflation, the full effects of policy tightening have yet to be felt, the economy has expanded well above expectations, the labor market remains tight, supply and demand conditions for labor continue to come into better balance, nominal wage growth has shown some signs of easing, we are attentive to the increase in longer-term yields, higher rates can have implications for monetary policy but would need to be persistent, it does not appear that policy expectations are driving rates, staff did not put a recession back into the forecast.		x
	2023-11-21	17	Minutes	* All participants judged it appropriate to maintain the target range for the federal funds rate at 5¼ to 5½ percent at this meeting. All participants agreed that it was appropriate to continue the process of reducing the Federal Reserve's securities holdings. * Participants judged that the current stance of monetary policy was restrictive and was putting downward pressure on economic activity and inflation. * Further evidence would be required for them to be confident that inflation was clearly on a path to the Committee's 2 percent objective. * Participants also noted that there had been only limited progress in bringing down inflation in core services excluding housing. * All participants agreed that the Committee was in a position to proceed carefully and that policy decisions at every meeting would continue to be based on the totality of incoming information and its implications for the economic outlook as well as the balance of risks. * All participants judged that it would be appropriate for policy to remain at a restrictive stance for some time until inflation is clearly moving down sustainably toward the Committee's objective. * Risks to the achievement of the Committee's goals had become more two sided.		x

Economic Calendar

Data since the last central bank meeting

08.12.23

FX	Date	LON	Data	Act	Exp	Prev	Reaction
USD	Tue 31.10.23	12:30	Employment Cost Index q/q	1.1	1.0	1.0	USD stronger
		13:00	S&P/CS Composite-20 HPI y/y	2.2	1.8	0.1	USD stronger
			HPI m/m	0.6	0.5	0.8	
		13:45	**Chicago PMI**	44.0	45.4	44.1	USD sideways
		14:00	CB Consumer Confidence	102.6	100.1	103.0	USD sideways
	Wed 01.11.23	12:15	ADP Non-Farm Employment Change	113	149	89	USD weaker
		14:00	**ISM Manufacturing PMI**	46.7	49.0	49.0	USD weaker
			ISM Manufacturing Prices	45.1	46.2	43.8	
			JOLTS Job Openings	9.55	9.34	9.61	
		18:00	**FOMC Statement**	5.50	5.50	5.50	USD weaker
	Thu 02.11.23	11:30	Challenger Job Cuts y/y	8.8		58.2	USD sideways
		12:30	Unemployment Claims	217	210	210	USD weaker
			Prelim Unit Labor Costs q/q	-0.8	0.4	2.2	
		14:00	Factory Orders m/m	2.8	2.2	1.2	USD stronger
	Fri 03.11.23	12:30	Average Hourly Earnings m/m	0.2	0.3	0.2	USD sharply lower
			Non-Farm Employment Change	150	178	336	
			Unemployment Rate	3.9	3.8	3.8	
		14:00	**ISM Services PMI**	51.8	53.2	53.6	USD higher
	Mon 06.11.23	19:00	Loan Officer Survey				USD stronger
	Tue 07.11.23	13:30	Trade Balance	-61.5	-59.7	-58.3	USD stronger
	Thu 09.11.23	13:30	Unemployment Claims	217	218	217	USD weaker
	Fri 10.11.23	15:00	Prelim UoM Consumer Sentiment	60.4	63.7	63.8	USD briefly higher
			Prelim UoM Inflation Expectations	4.4		4.2	
	Tue 14.11.23	11:00	NFIB Small Business Index	90.7	90.6	90.8	USD stronger
		13:30	**Core CPI m/m**	0.2	0.3	0.3	USD sharply lower
			CPI m/m	0.0	0.1	0.4	
			CPI y/y	3.2	3.3	3.7	
	Wed 15.11.23	13:30	**Core PPI m/m**	0.0	0.3	0.3	USD stronger
			Core Retail Sales m/m	0.1	-0.1	0.6	
			Empire State Manufacturing Index	9.1	-3.3	-4.6	
			PPI m/m	-0.5	0.1	0.5	
			Retail Sales m/m	-0.1	-0.3	0.7	
	Thu 16.11.23	13:30	Unemployment Claims	231	221	217	USD weaker
			Philly Fed Manufacturing Index	-5.9	-10.4	-9.0	
		14:15	Industrial Production m/m	-0.6	-0.3	0.3	USD stronger
		15:00	NAHB Housing Market Index	34	40	40	USD unchanged
	Fri 17.11.23	13:30	Building Permits	1.49	1.45	1.47	USD sideways
			Housing Starts	1.37	1.35	1.36	
	Tue 21.11.23	15:00	Existing Home Sales	3.79	3.90	3.96	USD stronger
		19:00	FOMC Meeting Minutes				USD sideways
	Wed 22.11.23	13:30	Unemployment Claims	209	226	231	USD stronger
			Core Durable Goods Orders m/m	0.0	0.2	0.4	
			Durable Goods Orders m/m	-5.4	-3.2	4.6	
	Fri 24.11.23	14:45	**Flash Manufacturing PMI**	49.4	49.9	50.0	USD weaker
			Flash Services PMI	50.8	50.4	50.6	
	Mon 27.11.23	15:00	New Home Sales	679	724	759	USD sideways
	Tue 28.11.23	14:00	S&P/CS Composite-20 HPI y/y	3.9	4.0	2.2	USD weaker
			HPI m/m	0.6	0.4	0.6	
		15:00	CB Consumer Confidence	102.0	101.0	102.6	USD weaker
			Richmond Manufacturing Index	-5	1	3	
	Wed 29.11.23	13:30	**Prelim GDP q/q**	5.2	5.0	4.9	USD sideways
			Goods Trade Balance	-89.8	-86.4	-86.8	
			Prelim GDP Price Index q/q	3.6	3.5	3.5	

Economic Calendar

Data since the last central bank meeting

08.12.23

FX	Date	LON	Data	Act	Exp	Prev	Reaction
	Thu 30.11.23	13:30	Core PCE Price Index m/m	0.2	0.2	0.3	USD stronger
			Personal Income m/m	0.2	0.2	0.3	
			Personal Spending m/m	0.2	0.2	0.7	
			Unemployment Claims	218	219	209	
		14:45	**Chicago PMI**	55.8	46.0	44.0	USD weaker
		15:00	Pending Home Sales m/m	-1.5	-1.9	1.1	USD weaker
	Fri 01.12.23	15:00	**ISM Manufacturing PMI**	46.7	47.9	46.7	USD lower
			ISM Manufacturing Prices	49.9	46.1	45.1	
	Mon 04.12.23	15:00	Factory Orders m/m	-3.6	-3.7	2.8	USD higher
	Tue 05.12.23	15:00	**ISM Services PMI**	52.7	52.2	51.8	USD briefly lower
			JOLTS Job Openings	8.83	9.31	9.55	
	Wed 06.12.23	13:15	ADP Non-Farm Employment Change	103	131	113	USD weaker
		13:30	Trade Balance	-64.3	-64.1	-61.5	USD weaker
	Thu 07.12.23	12:30	Challenger Job Cuts y/y	-40.8		8.8	USD weaker
		13:30	Unemployment Claims	220	221	218	USD weaker
		20:00	Consumer Credit m/m	5.1	8.3	9.1	USD unchanged
	Fri 08.12.23	13:30	Average Hourly Earnings m/m	0.4	0.3	0.2	USD higher
			Non-Farm Employment Change	199	190	150	
			Unemployment Rate	3.7	3.9	3.9	
		15:00	Prelim UoM Consumer Sentiment	69.4	62.0	61.3	USD lower
			Prelim UoM Inflation Expectations	3.1		4.5	

Fed Speakers Crib Sheet

Most recent comments first

Days ago	Date	Speaker	Bias	Relevant Points
7	01.12.23	**Powell**	Neutral	It's premature to say that monetary policy is restrictive enough or when policy might ease, Fed funds range well into restrictive territory, will raise rates further if appropriate to do so, making decisions meeting by meeting, the right thing to do right now is to move carefully, welcomes recent softening in inflation data, need to see more progress on lowering inflation to 2%, wage growth still high but moderating to more sustainable levels, we've been surprised on the upside this year with growth, people who dropped out of the labor market in the pandemic came back in 2023 and we had more immigration, as long as unemployment remains low with wages rising some spending will continue.
		Goolsbee	Dove	Inflation is coming down exactly as we want, we are on track to 2%, if shocks come we'll figure it out, meltdown in China seen as the biggest risk to the US economy.
8	30.11.23	**Daly**	Neutral	Not thinking about rate cuts at all right now, should take our time now and remain vigilant, further rate hikes are not our base case, too early to know if Fed is done hiking rates, the economy needs to cool down a little more, latest data is encouraging, fear of recession has faded into the background.
		Williams	Neutral	We are at or near the peak of the interest rate target, appropriate to keep monetary policy restrictive for some time, we could hike again if inflation pressures persist, inflation will close in on 2% in 2025, financial conditions have tightened, sees upside and downside risks for inflation, not losing sleep over market views of Fed funds path, overnight RRP shrinkage works as intended, reserve scarcity still well off in the future.
9	29.11.23	**Barkin**	Neutral	Not willing to take another rate hike off the table, talking about rate cuts is premature, wants the option of doing more on rates if inflation flairs again, sceptical that price setters at this point have gone back to where they were pre-Covid, 5.2% GDP tells companies that they can still try to raise prices, a lot of services prices are still going up driven by wages, markets have a different forecast than me on inflation, try not to get overly focused on the financial conditions in the markets.
		Mester	Hawk	Monetary policy is in a good place, sees clear progress in getting inflation to 2%, will take time to get to 2%, monetary policy must be nimble, we are well positioned to be flexible, balance sheet rundown can happen independent of FFR moves.
		Bostic	Dove	Downward trajectory of inflation likely to continue, economic activity to slow in the coming months, path to 2% inflation will be bumpy but we will get there, companies' pricing power is diminishing.
10	28.11.23	**Bowman**	Neutral	Favours hiking rates if progress on inflation stalls, inflation remains high and recent progress remains uneven, baseline outlook is that the Fed will need to increase rates further to keep policy sufficiently restrictive, we should keep in mind risks with prematurely declaring victory on inflation.
		Williams	Neutral	Encouraging to see decline in inflation pressure, longer run inflation expectations have been very stable, the Fed has signaled strong commitment to get inflation back to 2%.
		Waller	Hawk	Good arguments that if inflation continues falling for several more months that you could lower policy rate, cannot say for sure if the Fed has done enough, data over the next couple months will hopefully tell if the Fed has done enough, recent loosening of financial conditions a reminder to be careful about relying on market tightening to do Fed's job, too early to say if slowing inflation will be sustained, need some improvement in services inflation ex housing for overall inflation to reach 2%, supply-side problems mostly behind us and now monetary policy will need to do the work from here.
		Goolsbee	Dove	Have some concern about keeping rates too high for too long, once you believe you are on path to 2% inflation the amount of restrictiveness needs to be less, data will determine how fast we go, market-based inflation expectations have been anchored, housing inflation is most paramount.
18	20.11.23	**Barkin**	Neutral	Inflation does seem to be settling but the job is not done, will respond to data, not a big time for offering forward guidance, overall core inflation numbers are coming down nicely but l lot of that is for goods, continue to view inflation as a stubborn which feeds the higher for longer approach.
21	17.11.23	**Collins**	Neutral	I don't see additional hikes off the table, we really need to stay the course, the work we've done is working its way through the economy, it's important for us to be patient, we are seeing some moderation in inflation, we've had "promising news", goods inflation is back to pre-pandemic levels, seeing positive signs that labor supply and demand are more aligned.
		Daly	Neutral	The Fed needs the boldness to wait given uncertain times, the Fed needs patience and "measured adjustments", not certain inflation is on track to 2%, unsure about the length of policy lags, central bank policy debates are now centred on what constitutes sufficiently restrictive and how long to maintain that stance.
		Goolsbee	Dove	We will do whatever it takes to beat inflation, there is a 'big gap' between the data and how consumers/businesses feel about the economy, inflation is improving but still too high, inflation is front-of-mind to me.
22	16.11.23	**Barr**	Neutral	Concerned about the risks of highly leveraged hedge fund trading in the treasury market and about the basis trade in particular, leverage can also increase risks to both market participants and to treasury market functioning and must be managed appropriately by both investors and their counterparties, the government needed more information about these trades.
		Cook	Neutral	Risks are two-sided, must balance risk of not tightening policy enough against risk of doing too much, a soft landing is possible.
		Mester	Hawk	Whether further hikes are needed depends on the economy, has not assessed whether she will pencil in another rate hike in her December projections, we're currently in a very good spot for policy, it's not about cutting rates but how long we stay in a restrictive stance and possibly higher, does not have a recession in her forecast.
23	15.11.23	**Barkin**	Neutral	Hopes to eventually bring interest rates back to normal, a lot of frenzy has been taken out of the housing market, seeing banks pull back credit is a not-unexpected outcome.

Fed Speakers Crib Sheet

Most recent comments first

Days ago	Date	Speaker	Bias	Relevant Points
		Daly	Neutral	Recent data showing falling inflation “very, very encouraging”, rate cuts are “not happening for a while”, refused to rule out rate hikes, we have to be bold enough to say "we don’t know" and bold enough to say "we need to take the time to do it right", without a sufficient amount of information about whether we’re really on that disinflationary process that brings us back to 2% we have to stop-start, stop-start would hurt credibility.
24	14.11.23	**Barkin**	neutral	The Fed is making real progress on inflation, there are risks from over and under-correcting on inflation.
		Jefferson	Neutral	Uncertainty on inflation persistence may warrant stronger policy response.
		Goolsbee	Dove	October CPI report "looked pretty good", inflation progress continues while economic growth has been strong, still have a way to go before US central banks a 2% inflation goal reached, more concerned about possible external shocks than about the economy overheating, the Fed should focus its attention mostly on inflation data, key to further progress on inflation is housing.
28	10.11.23	**Daly**	Neutral	Policy is in a very good place, risks of overtightening and undertightening are balanced, far too early to declare a victory, not ready to say what that next move will be, policy is significantly restrictive but not sure policy restrictive enough at current settings, unsure if inflation will come down where we need it to, if financial conditions ease more Fed would need to take note, has open mind about where neutral rates now stand, it's hard to know why yields are rising.
		Bostic	Dove	There's still more work to be done on inflation, estimates that they got into restrictive territory about a year ago, we are well positioned to let things happen.
29	09.11.23	**Barkin**	Neutral	Whether more is needed from the Fed remains to be seen, inflation remains too high, the job isn't done, has a hard time declaring "sufficiently restrictive" at any point in time, not yet convinced inflation on a smooth glide path to 2%, return to elevated inflation would mean we need to look hard if we need to do more, any downturn will be less severe than past recessions.
		Harker	Neutral	The Fed will stay higher for longer, no sign of near-term rate cuts, next decision could go either way depending on data, now is a time to take stock of past rate hikes’ impact, says he supported the steady interest rate stance at latest FOMC meeting, unemployment rate to rise to 4.5% in 2024 before falling.
		Powell	Neutral	We are not confident that we've achieved sufficiently restrictive policy, will not hesitate not tighten further if that becomes appropriate, we will continue to move carefully and decide meeting by meeting, attentive to risk that stronger growth could undermine inflation progress which could warrant a monetary policy response, US economy may be structurally more resilient to higher rates but I don't see evidence yet, it's hard to draw a "direct line" from things like higher bond yields to a monetary policy response, we are not going to ignore a significant bond tightening but we do not have to make a decision now, the bigger mistake is not getting rates high enough.
		Bostic	Dove	We will remain restrictive until we're sure about 2% inflation, current policy stance is likely sufficiently restrictive.
		Pease	n/a	Too soon to rule out further US rate hikes, the Fed still has time to decide next step, watching 10-year yield for signals on financial conditions, not sure public expectations are aligned with likely Fed policy path.
30	08.11.23	**Bowman**	Neutral	I continue to expect we will need to raise Fed funds further, Fed funds rate currently appears restrictive, don't yet know effects of tightened financial conditions on economic activity, some tightening is due to long end which can be volatile.
		Cook	Neutral	We must remain vigilant to potential shocks that could exacerbate vulnerabilities in the global financial system.
		Jefferson	Neutral	If inflation expectations rise the Fed may need to respond.
		Logan	Hawk	My expectation is we'll see growth slow but we've been wrong before, key question on long-term rates is what was driving it, if rise in long end driving by term premium it could do some of the Fed's work, the core question is if financial conditions today are sufficiently restrictive, we'll need to see tight financial conditions to bring inflation to 2%.
31	07.11.23	**Kashkari**	Hawk	We have to let inflation and labour data guide us, if inflation starts to tick back up that would tell me the Fed's job is not yet done, economic activity running hot makes me question if we've done enough, no discussion at the Fed about rate cuts.
		Waller	Hawk	The labour market is cooling and getting close to average from before the pandemic, move up in 10-year yields was an 'earthquake' in central bank terms, policymakers are mulling what drove long-term yields higher, what people have in mind now is for prices to return to earlier levels and that is not going to happen.
		Goolsbee	Dove	So far we are on a good path on inflation but we're not done yet, I don't like precommitting what rates will be at the next meeting, so far the slowdown is what you would want towards more balanced growth and sustainable level, the topic is then only how long we keep rates at this level as long as we're making progress on inflation, my conditions for Fed being done with rates are that we are clearly back on path to get inflation back to 2%.
32	06.11.23	**Cook**	Neutral	Hopes current policy enough to return inflation to 2%, expectations of near-term policy rates do not appear to be driving long end, if commercial mortgage delinquency rates force sales committal real estate prices could decline sharply.
		Kashkari	Hawk	Not convinced FOMC rate hikes are over, undertightening will not get us back to 2% in a reasonable time, concerned about inflation ticking up again, some prices and wages data indicate that inflation could be settling somewhere north of 2% and that would be very concerning, not ready to say we are in a good place, we have more work to do to get inflation under control.

Fed Speakers Crib Sheet

Most recent comments first

Days ago	Date	Speaker	Bias	Relevant Points
35	03.11.23	**Barkin**	Neutral	Doesn't know if Fed has reached peak of hike cycle, not sure if 25 bps is the answer to all world's problems, rate cuts are still a way off, won't prejudge the next rate decision, we have more more data to see, the labor market is in better balance now, office and older office real estate is under pressure, more evidence of middle income consumers cutting spending, high end consumers aren't cutting back.
		Kashkari	Hawk	Too soon to call if another rate hike is needed, there's a lot of uncertainty around what's driving the yield curve, the labour market is slowing.
		Bostic	Dove	Fed policy is likely in the right place given the economic outlook, the Fed will have to weigh interest rate level as 2% inflation gets closer, down the road the Fed can consider rate cuts, thinks we can get to 2% inflation without a recession, welcomes more moderate wage gains, expects to see inflation cooling into next year, over the longer run interest rates likely higher than they once were.
37	01.11.23	**Powell**	Neutral	The process of getting inflation back to 2% still has a long way to go, a few months of good inflation data "only the beginning of what it will take", data could warrant further tightening of monetary policy, the idea that it's difficult to re-start hikes after stopping is just not true, we're not thinking about rate cuts or talking about rate cuts, we are close to the end of the cycle, the question we are asking is: should we hike more?, we have not made any decisions on future meetings, will continue to make our decisions meeting-by-meeting, highly attentive to the risks that inflation poses to our mandate, it feels like the risks are more two-sided now around inflation, the full effects of policy tightening have yet to be felt, the economy has expanded well above expectations, the labor market remains tight, supply and demand conditions for labor continue to come into better balance, nominal wage growth has shown some signs of easing, the September reading on Employment Cost Index was very close to internal expectations, we are attentive to the increase in longer-term yields, higher rates can have implications for monetary policy but would need to be persistent, it does not appear that policy expectations are driving rates, staff did not put a recession back into the forecast.