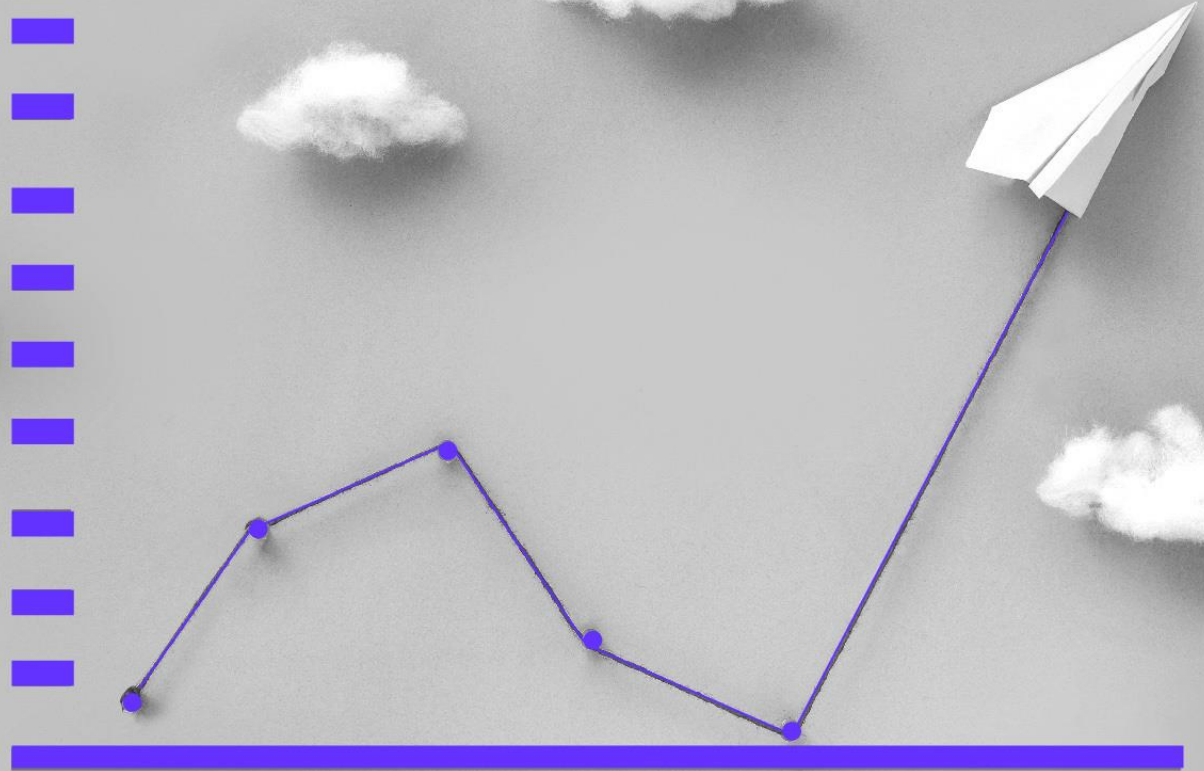


# TRENDS & TIDES

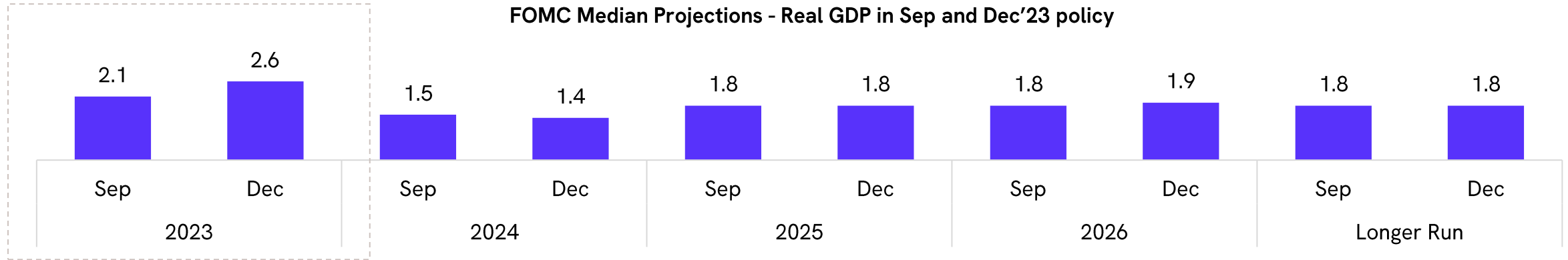
**Dec'23 US FOMC holds  
federal funds rate steady at  
5.25-5.50%, dot plot  
indicates three rate cuts in  
2024**



# US growth expectations for 2023 were again revised upwards in Dec

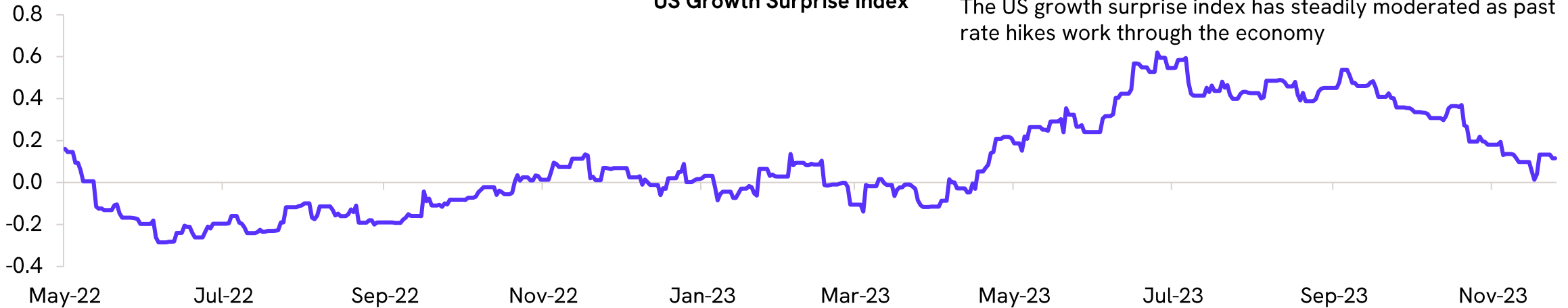
The moderation in the US growth surprise index indicates that further upward revisions in growth are unlikely

FOMC Median Projections - Real GDP in Sep and Dec '23 policy



The GDP projection for 2023 has increased from 1% in Jun'23 to 2.6% by Dec'23 FOMC

US Growth Surprise Index



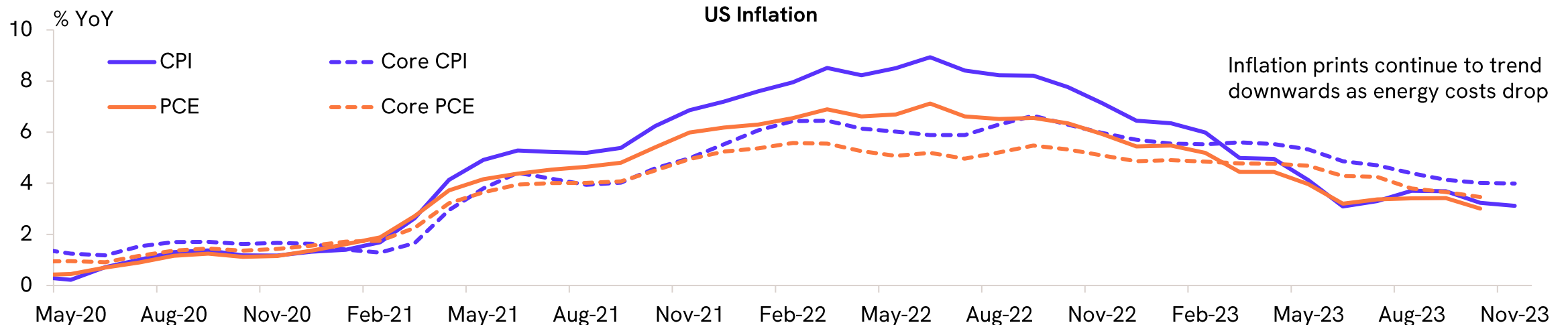
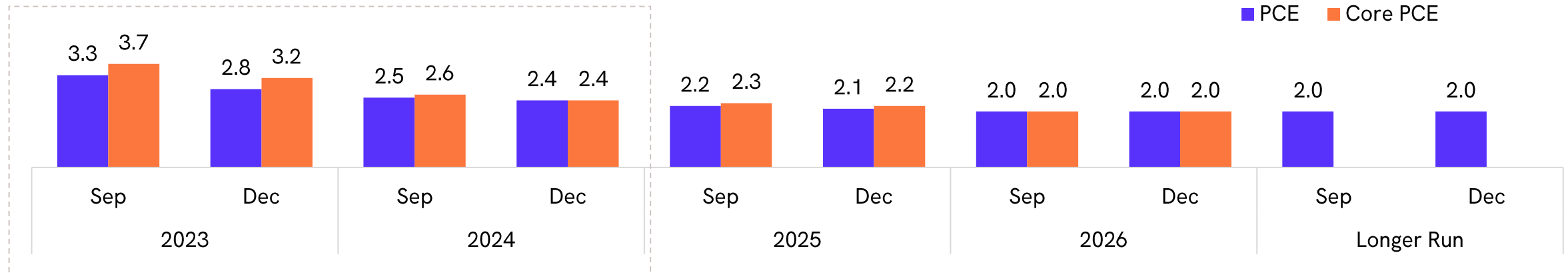
Source: Bloomberg, Fed, 360 ONE Asset Research

Note- FOMC: Federal Open Market Committee

# FOMC revised inflation projections downwards

FOMC participants project inflation to fall below 2.5% in 2024 and gradually align with 2% target by 2026

FOMC Median Projections – PCE & Core PCE in Sep and Dec'23 policy

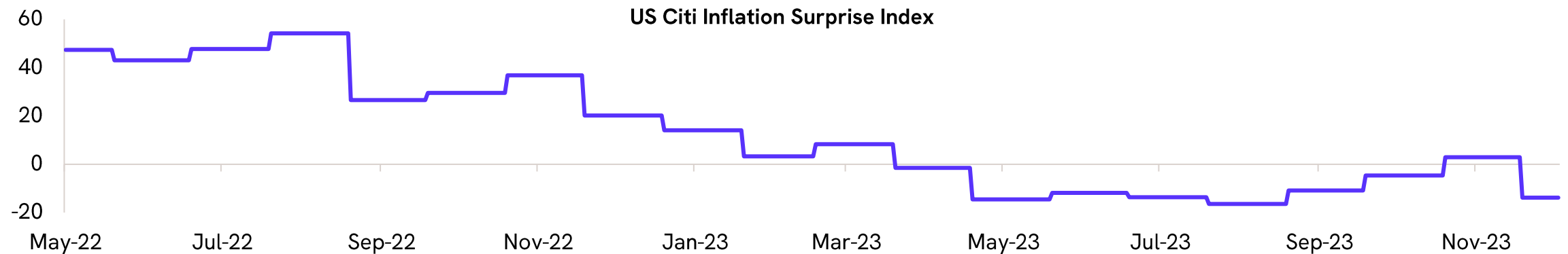
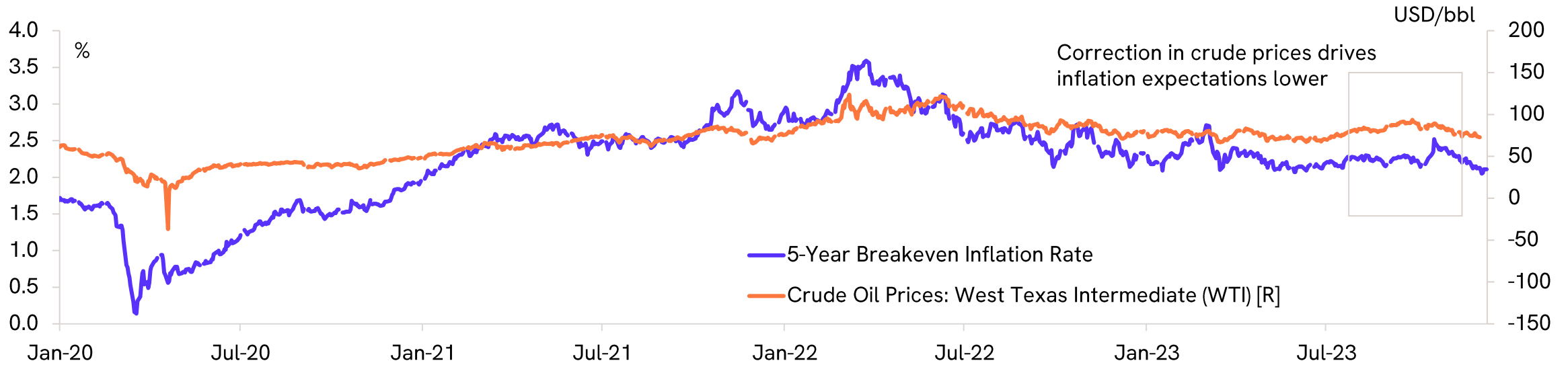


Source: FRED, Fed, 360 ONE Asset Research

Note: PCE: Personal Consumption Expenditure Price Index, CPI: Consumer Price index

# Inflation expectations have come down with a fall in crude prices

Recent US inflation prints have also been lower than the market expectations

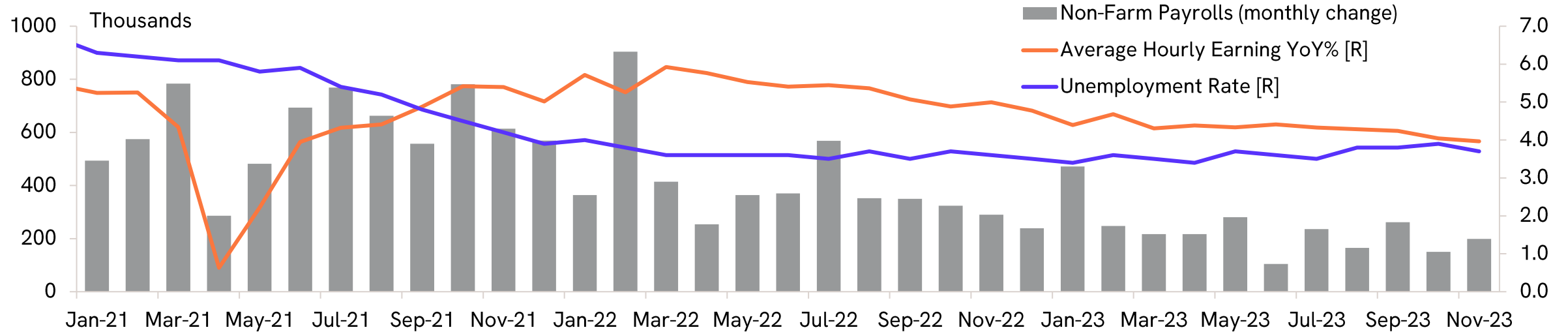
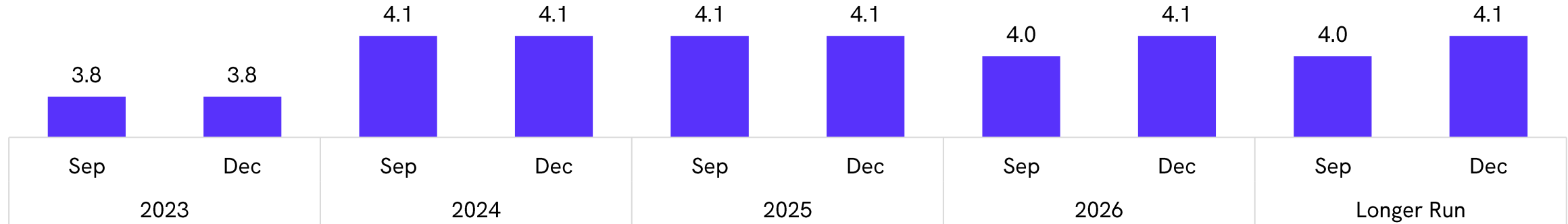


Source: FRED, Bloomberg, 360 ONE Asset Research

# The unemployment rate is projected to peak at 4.1%

The labor market is easing as job gains slow and earnings growth moderates

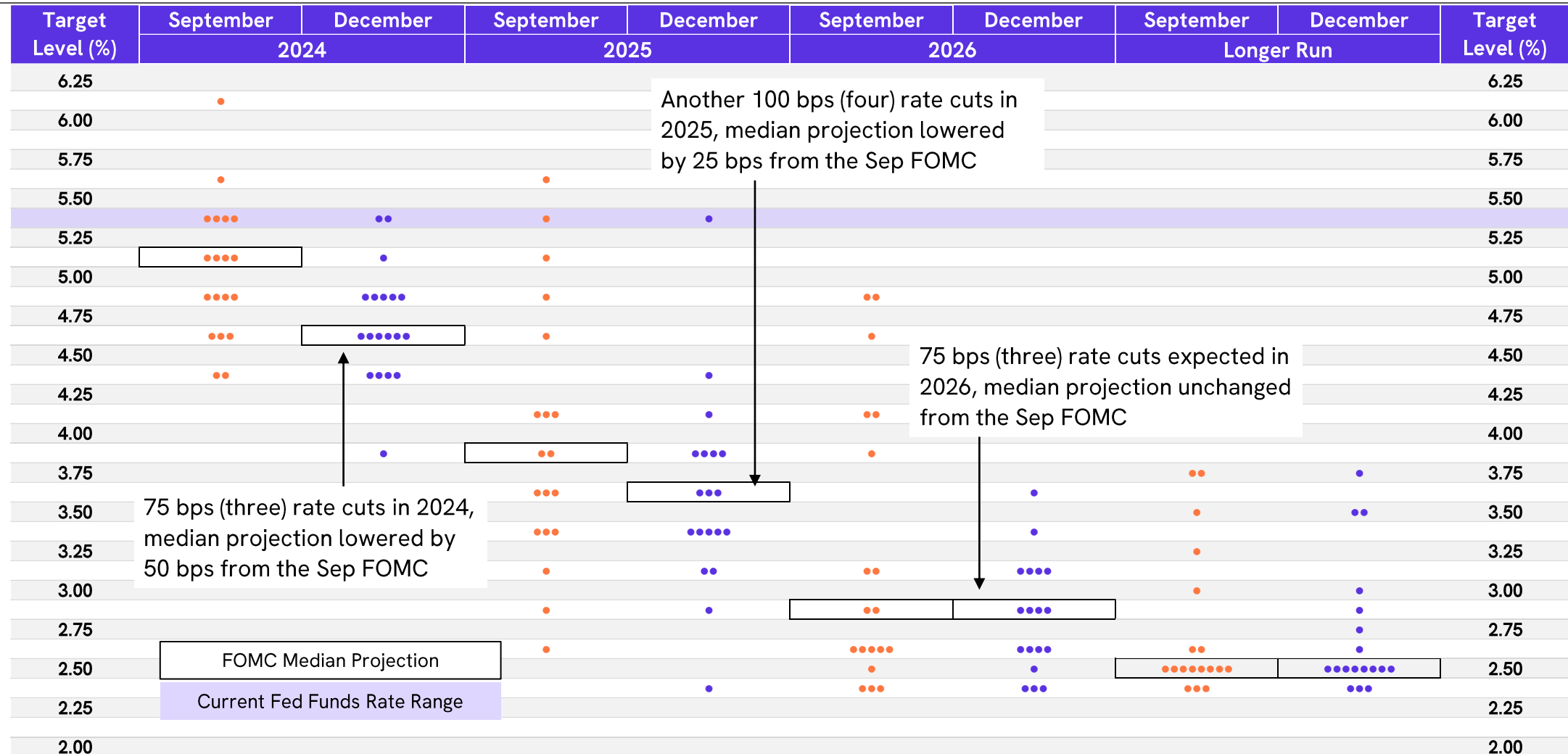
FOMC Median Projections – Unemployment Rate in Sep and Dec '23 policy



Source: FRED, FED, 360 ONE Asset Research

# Dot Plot indicates 75 bps rate cuts in 2024 and another 100 bps in 2025

Powell doesn't foresee the need for more tightening and emphasized that a recession isn't necessary for rate cuts



Source: Fed, 360 ONE Asset Research

Note: The Fed dot plot shows where each FOMC member thinks interest rates will be by the end of the year. Each "dot" represents a member's individual view.

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