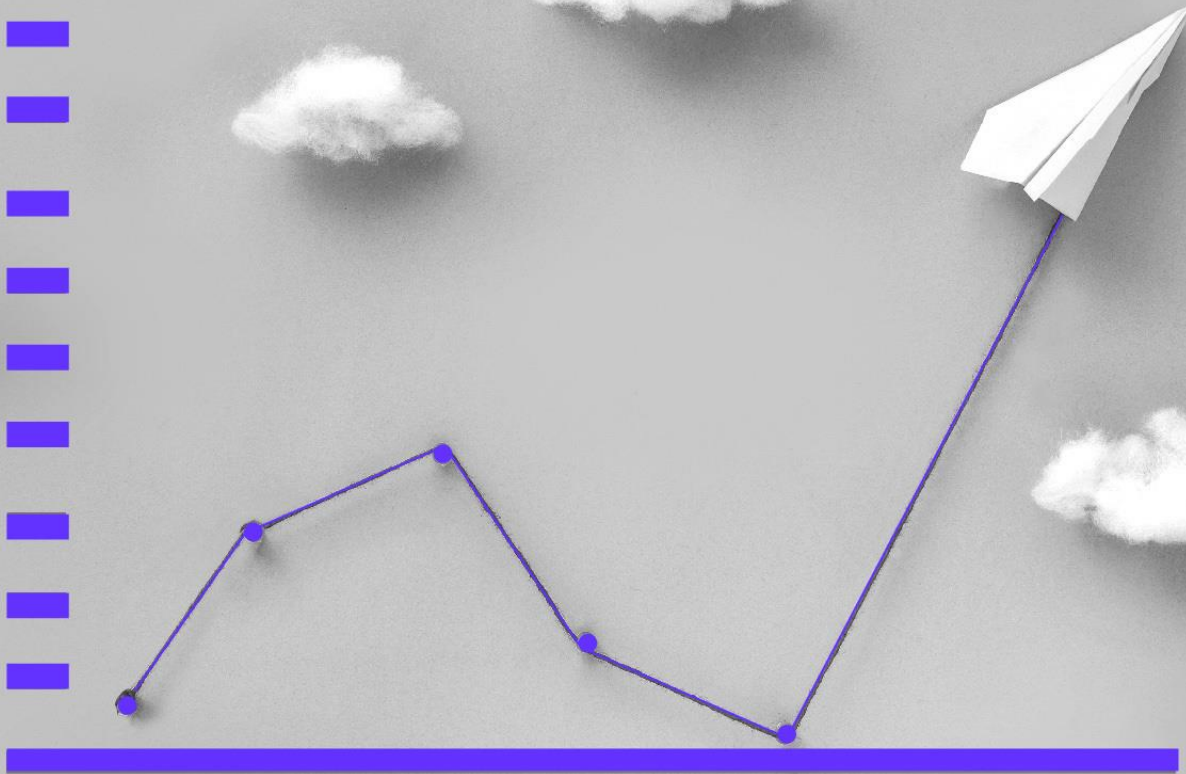


# TRENDS & TIDES

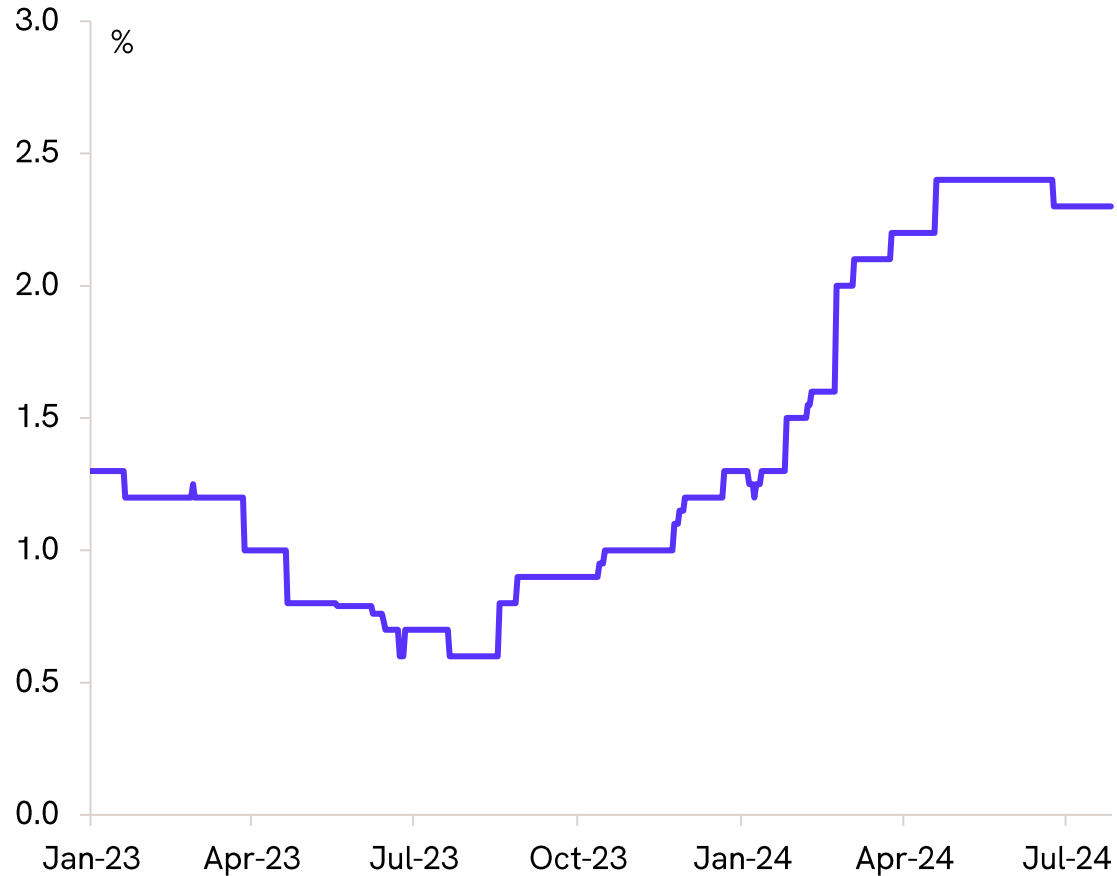
July 2024 US FOMC holds federal funds rate steady at 5.25-5.50% as expected, signals a possible rate cut in September



# US economic momentum appears to have slowed down

US economic data have been coming in below market expectations, as reflected by the decline in the economic surprise index

US Real GDP Forecast 2024



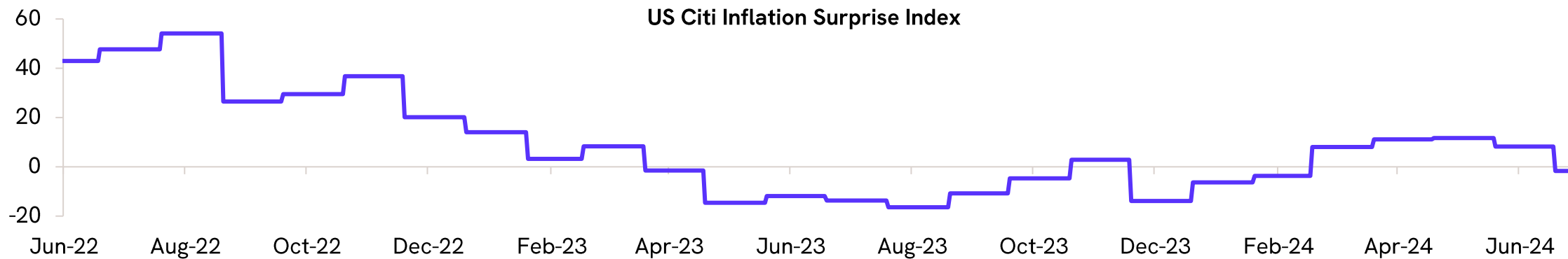
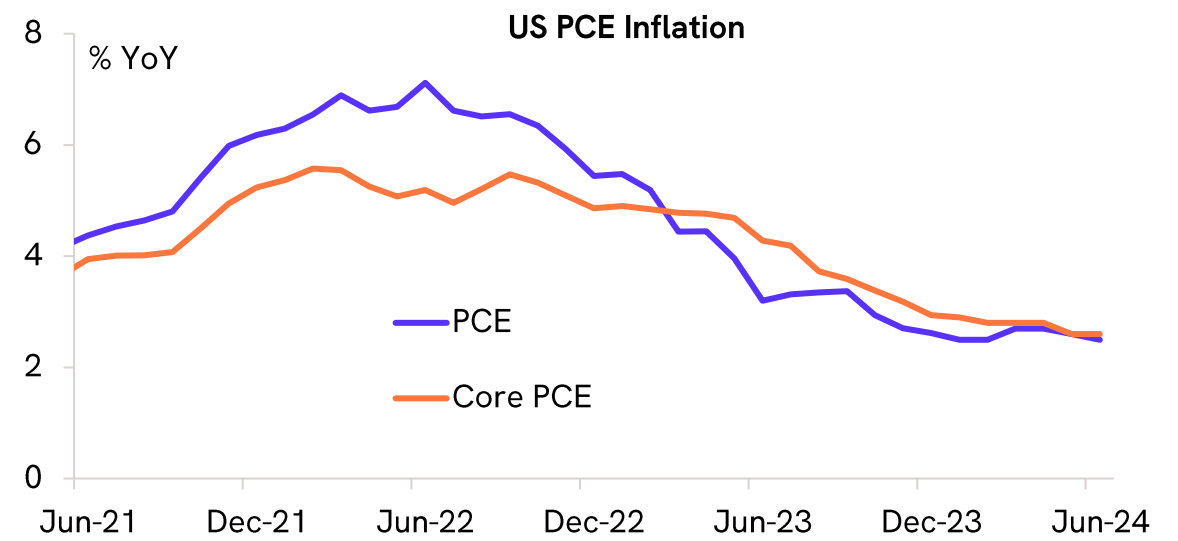
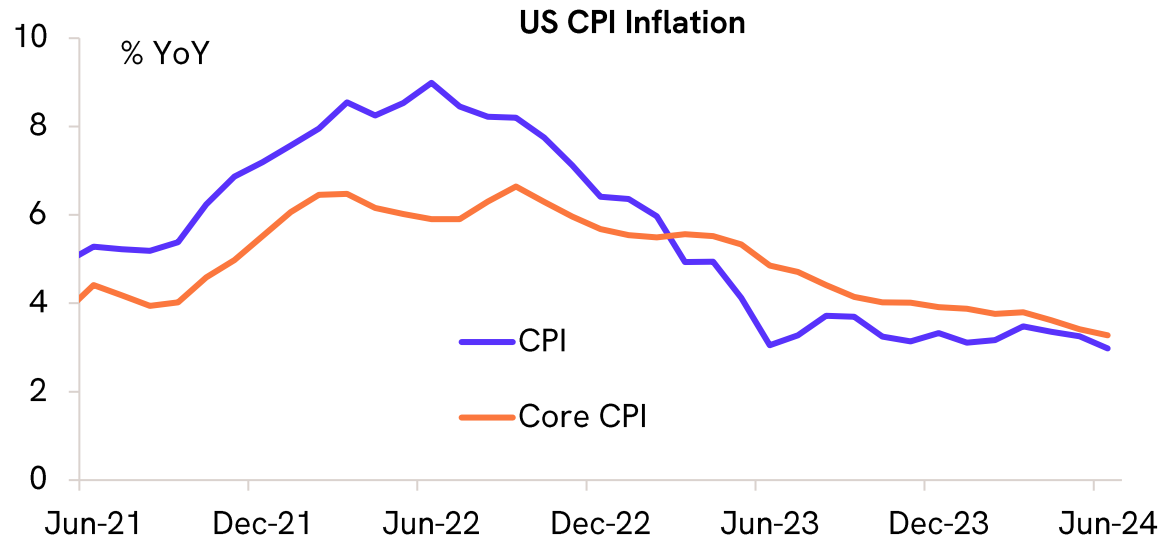
Bloomberg ECO US Surprise Index



Source: Bloomberg, 360 ONE Asset Research

# Recent US inflation prints have been encouraging

FOMC statement notes that inflation has eased over the past year but remains somewhat elevated

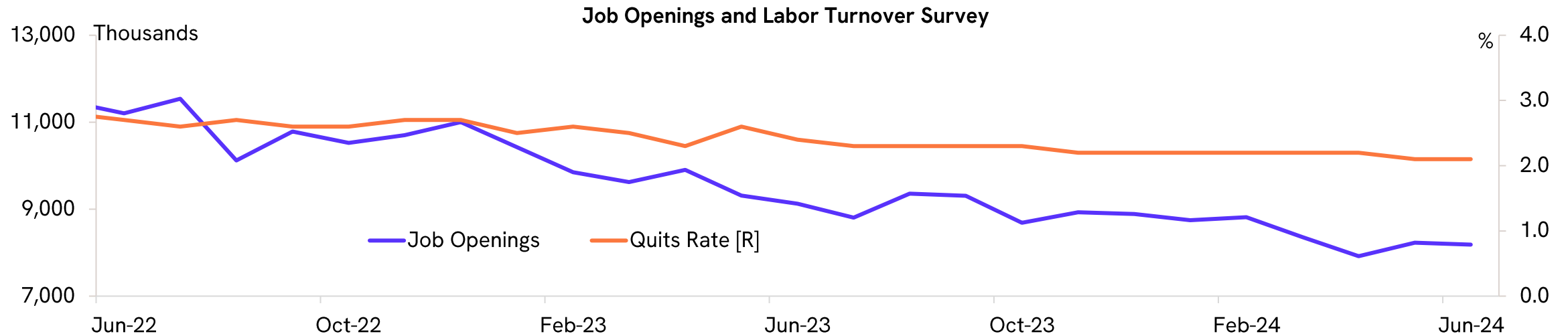
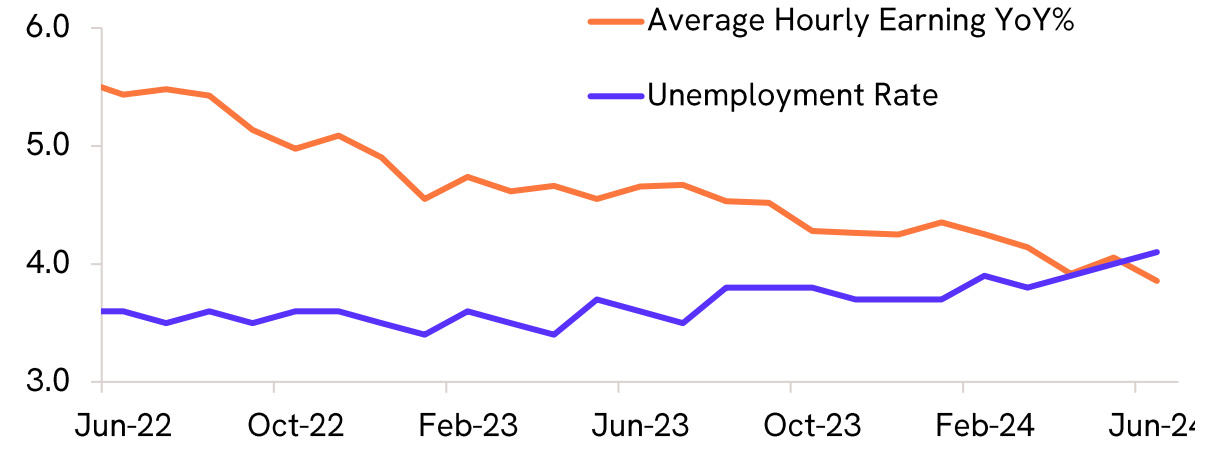
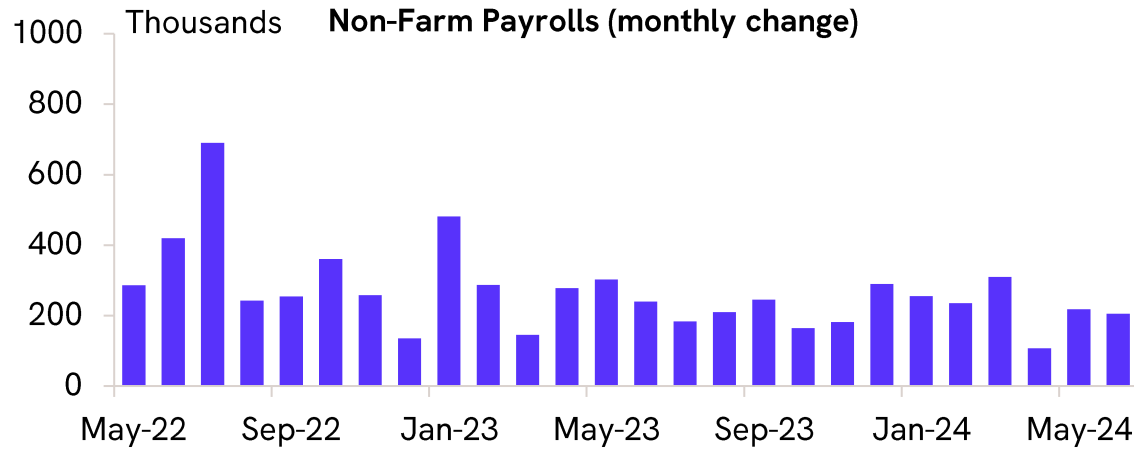


Source: Bloomberg, FRED, 360 ONE Asset Research

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

# Labor market shows clear signs of cooling

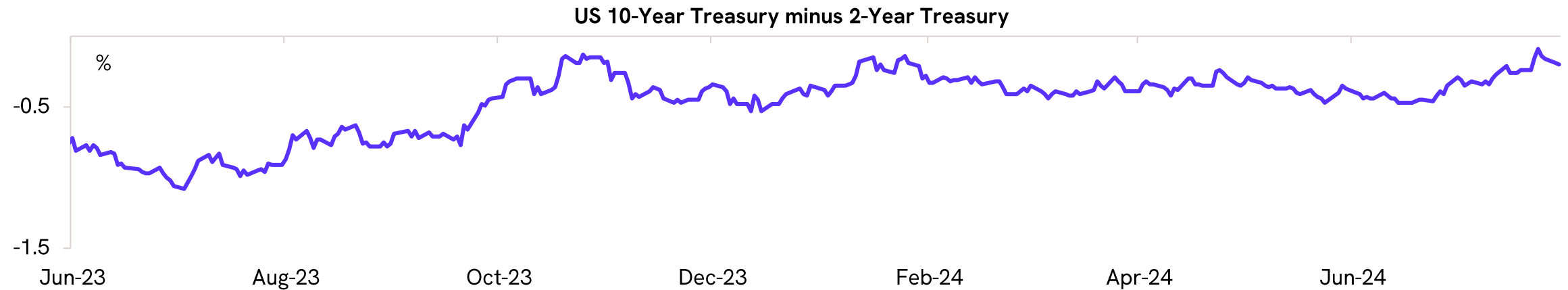
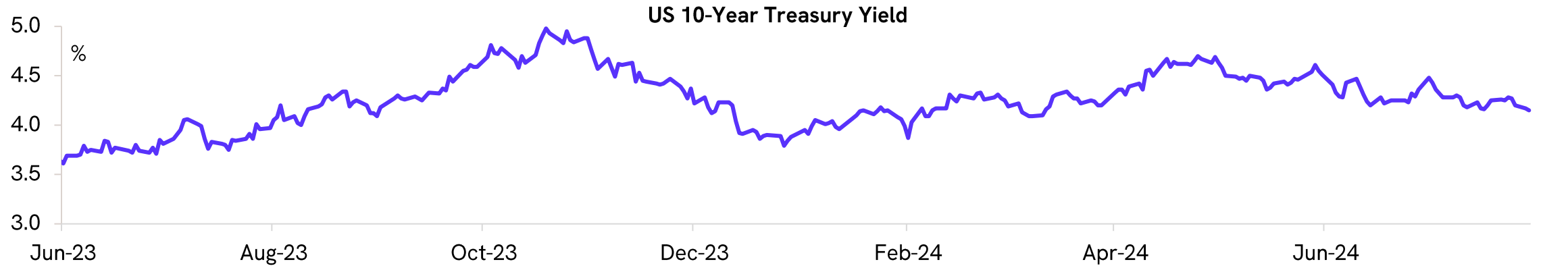
FOMC statement highlights moderation in job gains and increase in the unemployment rate



Source: FRED, 360 ONE Asset Research

# Treasury yields are falling in anticipation of rate cuts

Yield curve inversion has narrowed, solidifying expectations of an impending rate cut



Source: FRED, 360 ONE Asset Research

# Markets expect three rate cuts in 2024, starting in September

Fed Chair Jerome Powell indicated a possible rate cut in September if economic conditions align with expectations

The FOMC judges that ‘the risks to achieving its employment and inflation goals continue to move into better balance’ and the Committee is ‘attentive to the risks to both sides of its dual mandate’

Implied probabilities of upper end of Fed Funds Rate (as of 1st August 2024)								
FOMC Meeting Date	3.75	4.00	4.25	4.50	4.75	5.00	5.25	5.50
	-175bps	-150bps	-125bps	-100bps	-75bps	-50bps	-25bps	Current
18-09-2024			0.0%	0.0%	0.0%	13.5%	86.5%	0.0%
07-11-2024	0.0%	0.0%	0.0%	0.0%	9.8%	66.5%	23.7%	0.0%
18-12-2024	0.0%	0.0%	0.1%	10.1%	66.2%	23.6%	0.0%	0.0%
29-01-2025	0.0%	0.0%	8.2%	55.5%	31.8%	4.5%	0.0%	0.0%
19-03-2025	0.0%	7.5%	51.6%	33.7%	6.8%	0.4%	0.0%	0.0%
30-04-2025	4.9%	36.3%	39.9%	16.1%	2.6%	0.1%	0.0%	0.0%

The markets now anticipate three rate cuts in 2024, beginning with the September 2024 FOMC meeting

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