

Mar. 8, 2023



NEWS ALERT

50BP RATE HIKE IN MARCH ON THE TABLE

After Fed Chair Powell’s testimony yesterday, the futures market is now putting odds slightly in favor of a 50bp hike later this month. The decision will ultimately come down to Friday’s employment report and next week’s CPI print. If the balance tilts toward continued low unemployment and sticky inflation, Powell left the door open for 50bps on March 22nd.

The terminal Fed Funds rate according to the futures market is 5.62% in September. As of this morning, the 2-year Treasury rate sits at 4.99%, with the 10-year Treasury at 3.92%, after both breached 5% and 4%, respectively, within the last week. 107 bps of inversion between the two points on the curve has not been seen since 1981.

For more, please see the headlines and fed funds futures probability table below, and Mohammed El-Erian’s comments at the bottom.

Headlines

- Wall Street Fears 75 BPS Hike After Powell ‘Came Out Swinging’
- Citi Sees Half-Point March Rate Hike on Hawkish Powell Remarks
- Morgan Stanley says Powell opened the door to a return of half-point rate hikes
- BlackRock Predicts Fed Will Raise Interest Rate to 6%

Region: United States »		Instrument: Fed Funds Futures »			
Target Rate	4.75	Pricing Date	03/08/2023		
Effective Rate	4.57	Cur. Imp. 0/N Rate	4.575		
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
03/22/2023	+1.670	+167.0%	+0.417	4.993	0.250
05/03/2023	+2.998	+132.9%	+0.750	5.325	0.250
06/14/2023	+3.815	+81.7%	+0.954	5.529	0.250
07/26/2023	+4.110	+29.4%	+1.027	5.602	0.250
09/20/2023	+4.180	+7.0%	+1.045	5.620	0.250
11/01/2023	+4.024	-15.6%	+1.006	5.581	0.250
12/13/2023	+3.671	-35.3%	+0.918	5.493	0.250
01/31/2024	+3.210	-46.1%	+0.802	5.378	0.250