

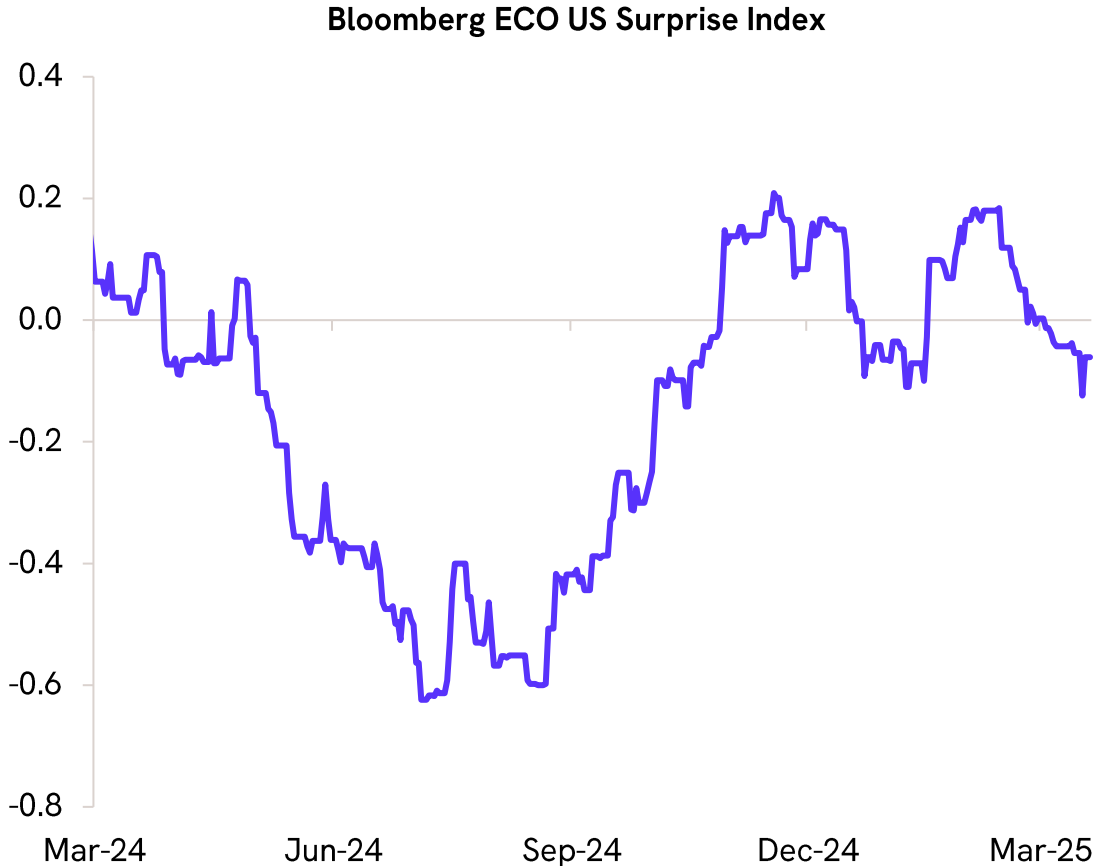
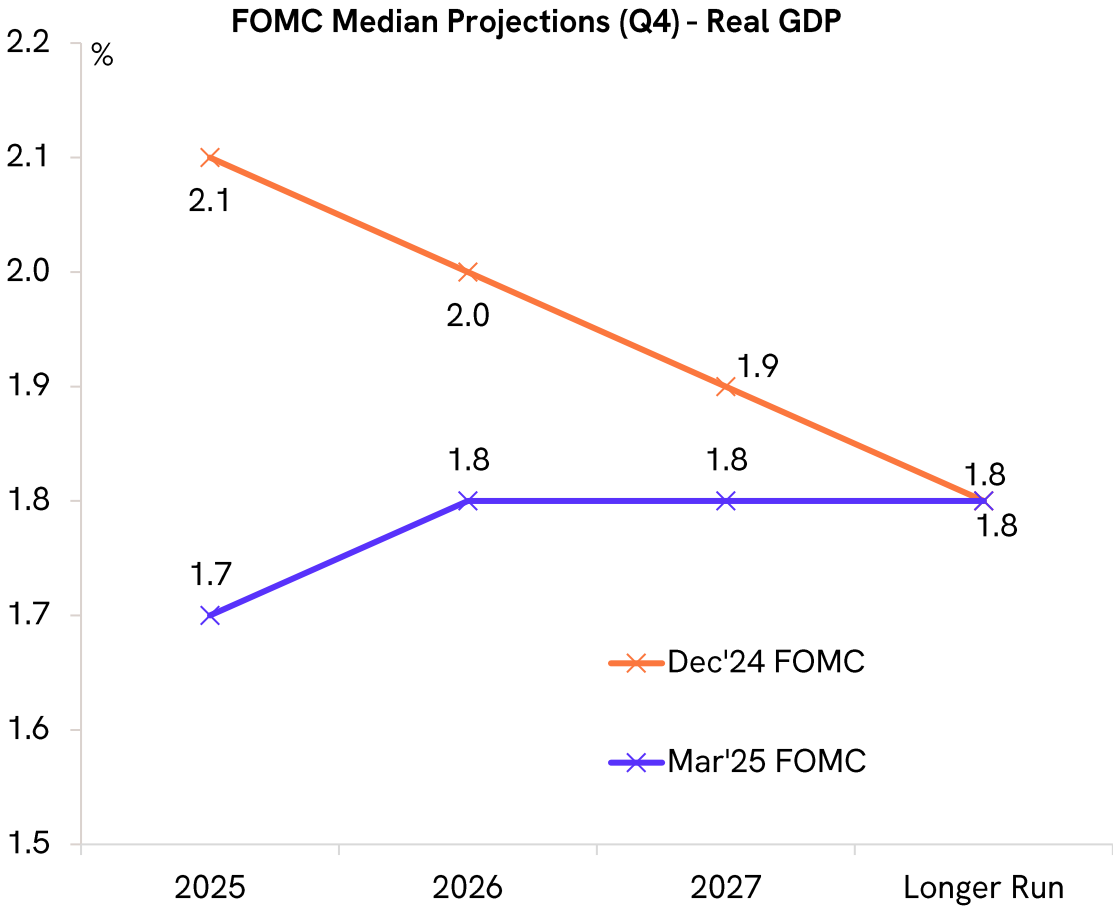
TRENDS & TIDES

**Mar'25 US FOMC holds rates
steady, slows the pace of QT
and signals two more rate
cuts in 2025**



FOMC revises growth projections downwards as economic activity slows

High economic policy uncertainty and recent weakness in economic data have ignited recessionary concerns

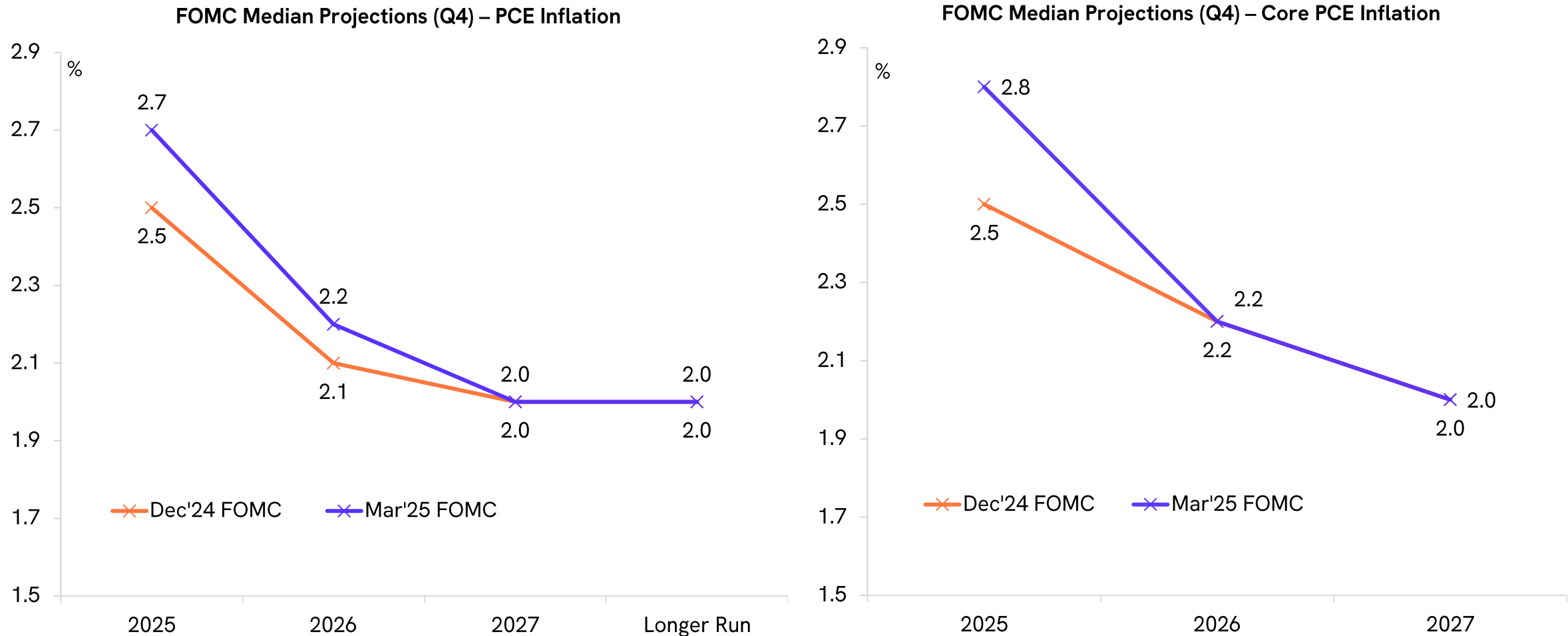


Note- FOMC: Federal Open Market Committee, Projections of real gross domestic product (GDP) are per cent changes from the fourth quarter of the previous year to the fourth quarter of the year indicated

Source: Fed, Bloomberg, 360 ONE Asset Research

FOMC revises inflation projections upwards

Participants project core PCE inflation at 2.8% in Q4 2025, up from the 2.5% projection in the December policy

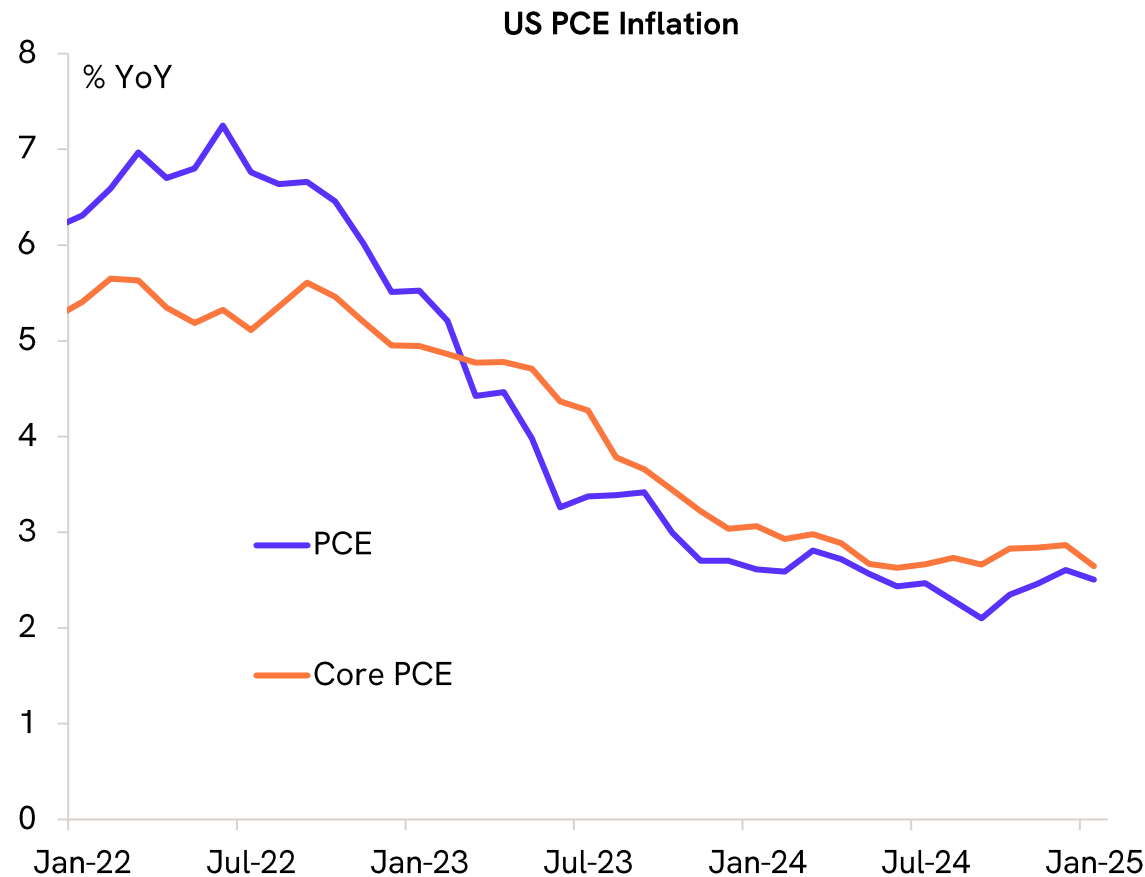
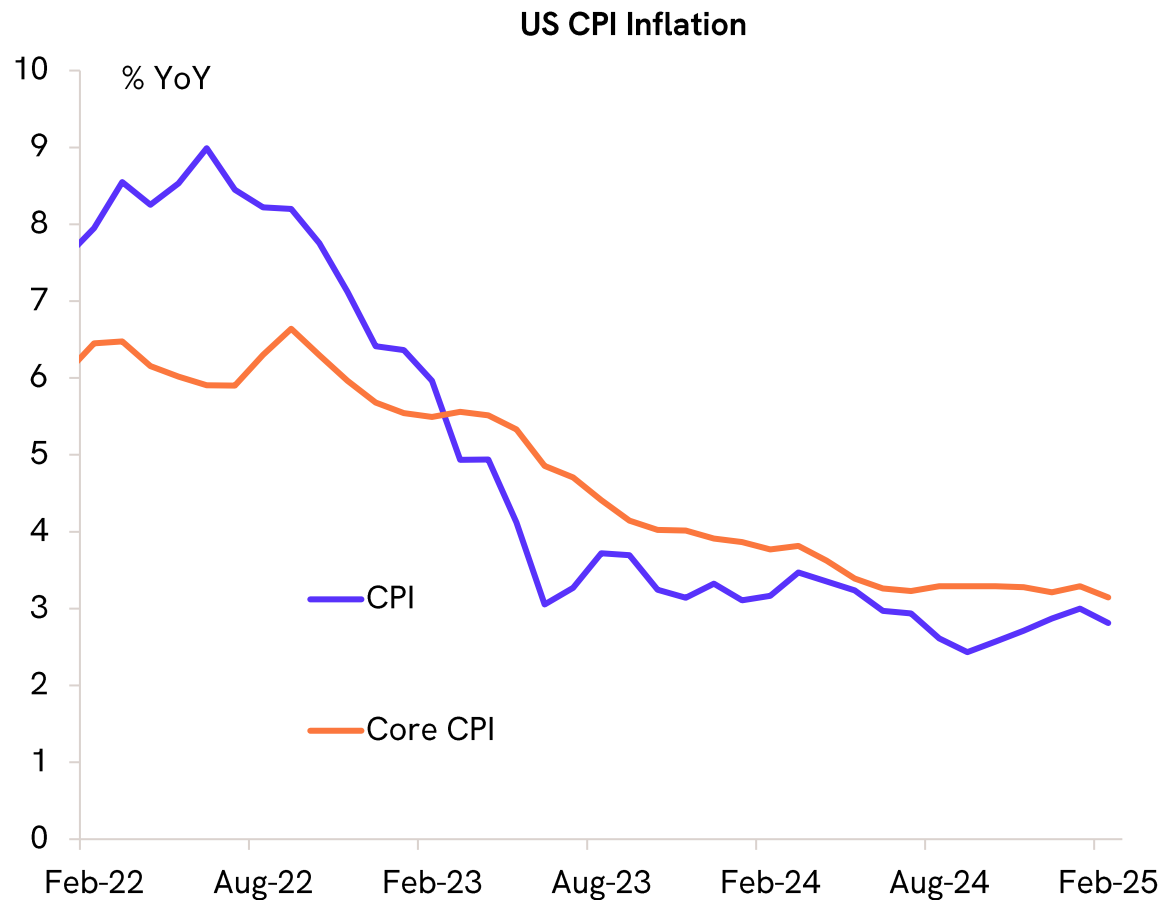


Source: Fed, 360 ONE Asset Research

Note- PCE: Personal Consumption Expenditure Price Index, Projections for both measures of inflation are per cent changes from the fourth quarter of the previous year to the fourth quarter of the year indicated

Inflation has turned out to be stickier than expected

The FOMC statement notes that inflation remains 'somewhat elevated'

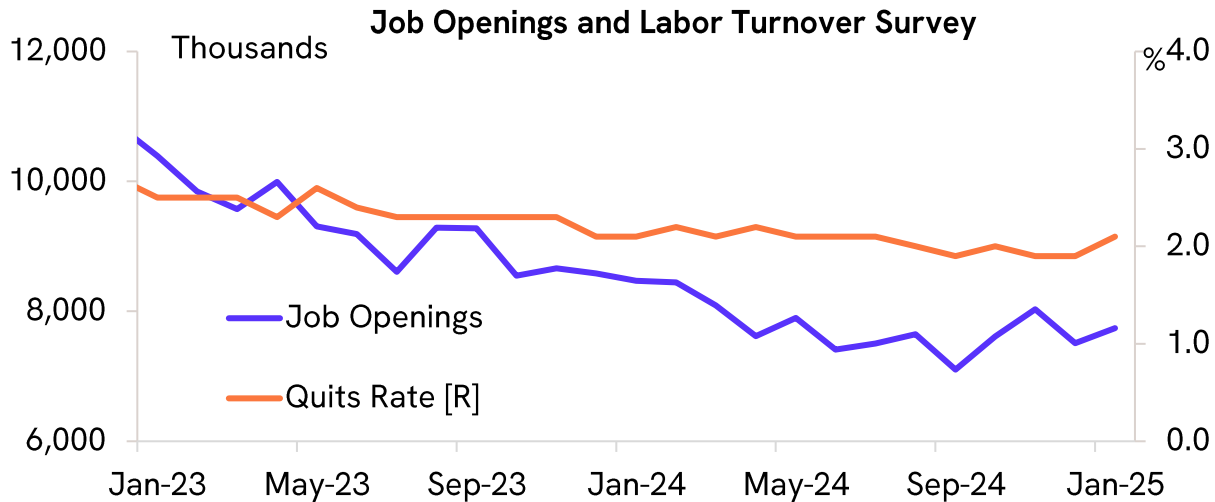
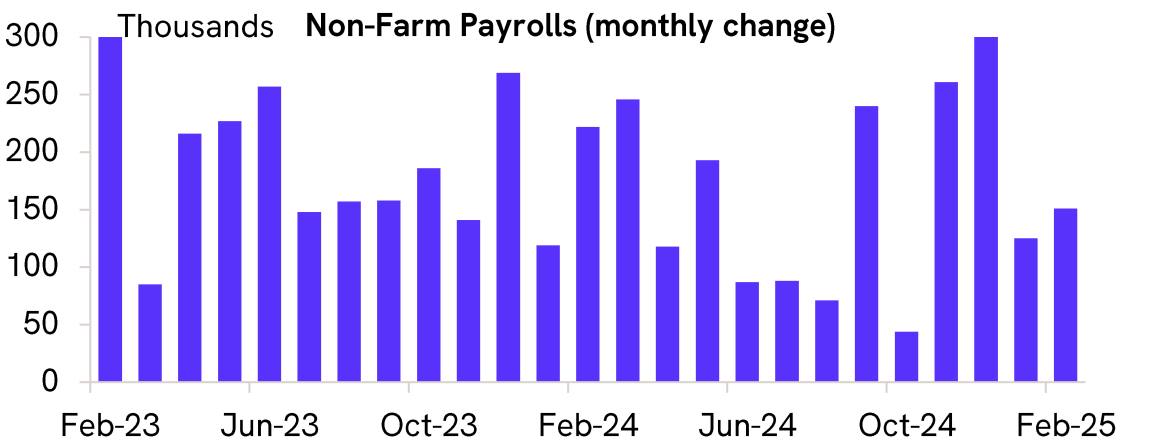
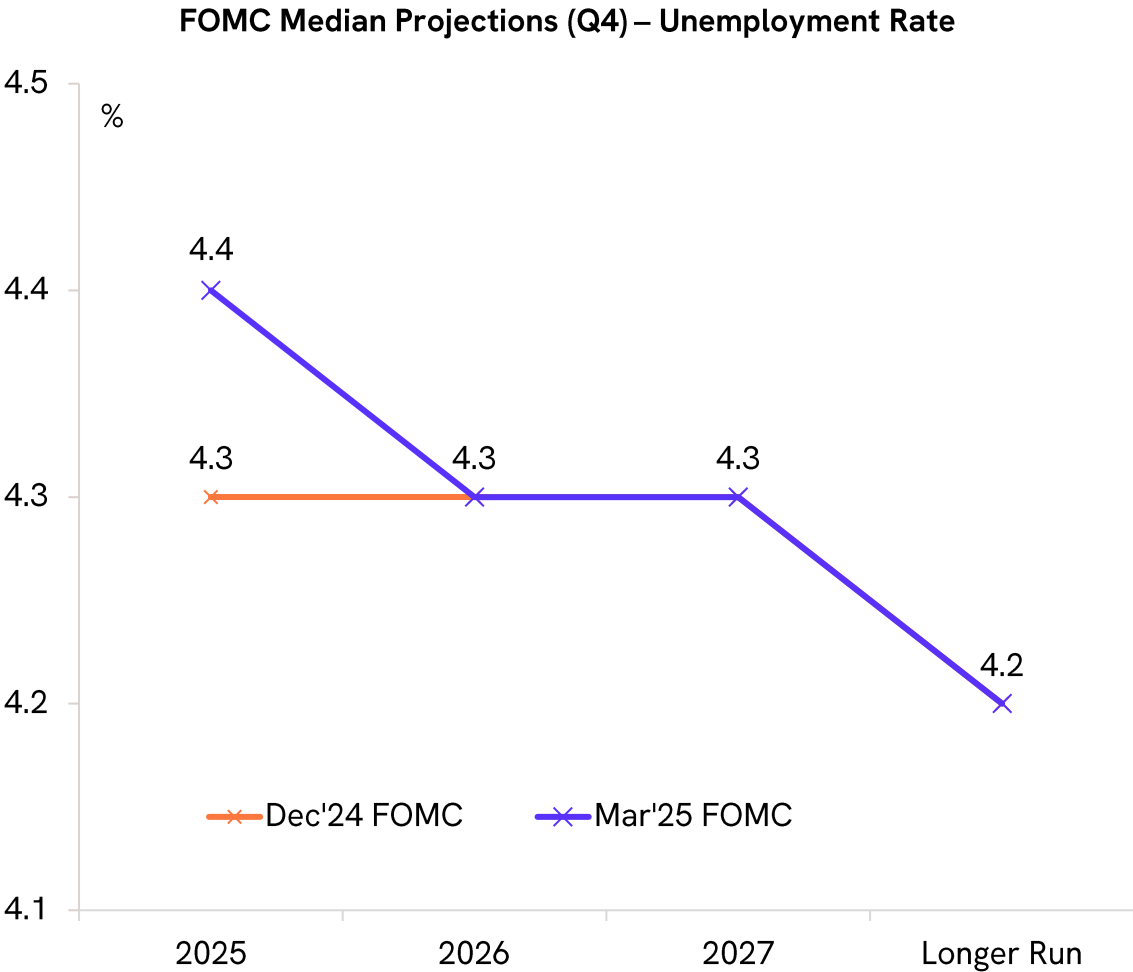


Source: FRED, Bloomberg, 360 ONE Asset Research

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

FOMC raises its unemployment rate projection for 2025

FOMC statement maintains that the unemployment rate has stabilised at a low level, and labour market conditions remain solid



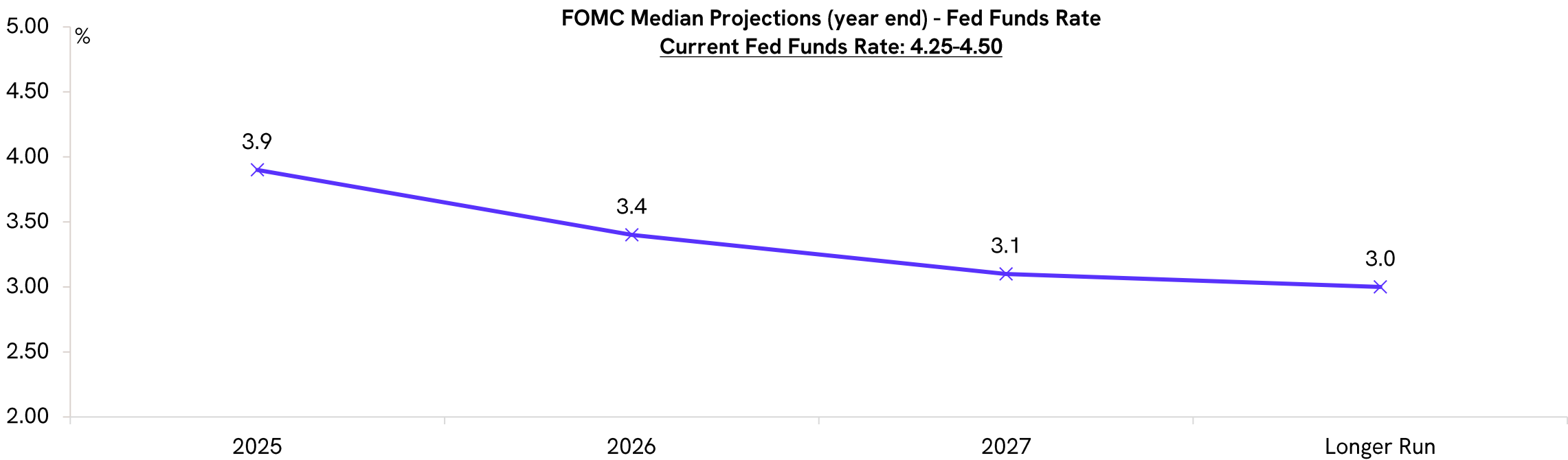
Source: FRED, FED, 360 ONE Asset Research Note: Projections for the unemployment rate are for the average civilian unemployment rate in the fourth quarter of the year indicated

FOMC dot plot retains 50 bps of rate cuts each for 2025 and 2026

Powell noted that a “good part” of the higher inflation expectations was due to the tariffs

The policy statement introduces new wording acknowledging that "uncertainty around the economic outlook has increased". It removes the previous reference stating that risks to employment and inflation "are roughly in balance."

The Fed also announced a reduction in the pace of quantitative tightening (QT). The monthly cap on Treasury security redemptions will be lowered from US\$25bn to US\$5bn, while the US\$35bn cap on agency debt and mortgage-backed securities will remain unchanged.



Note: The projections for the federal funds rate are the value of the midpoint of the projected appropriate target range for the federal funds rate or the projected appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run

Source: Fed, 360 ONE Asset Research

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