

TRENDS & TIDES

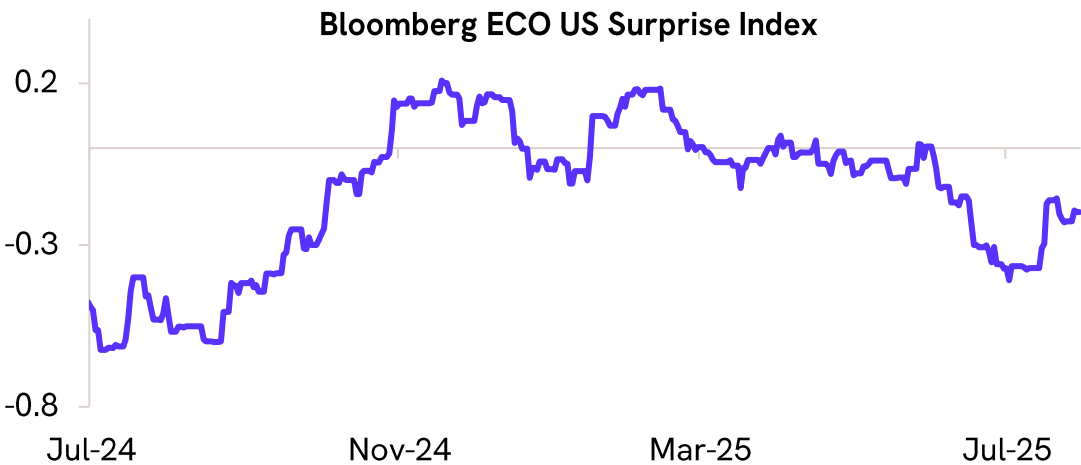
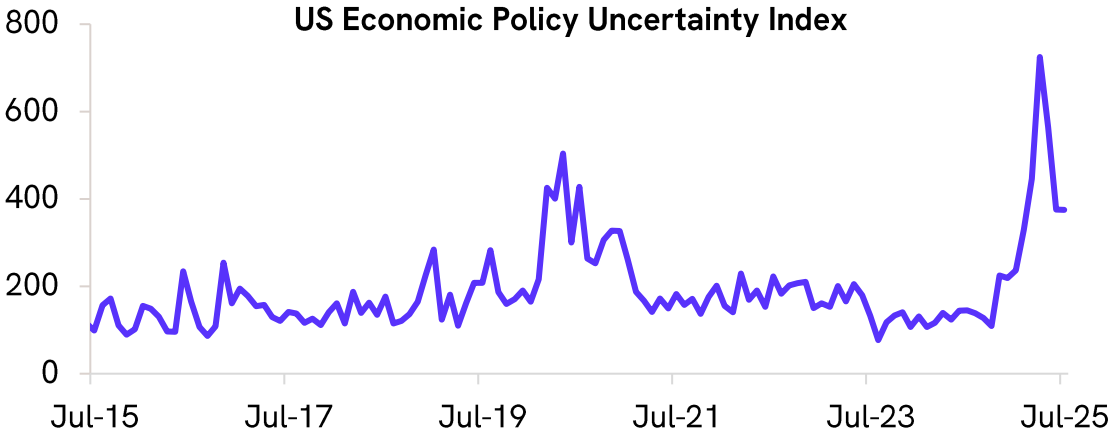
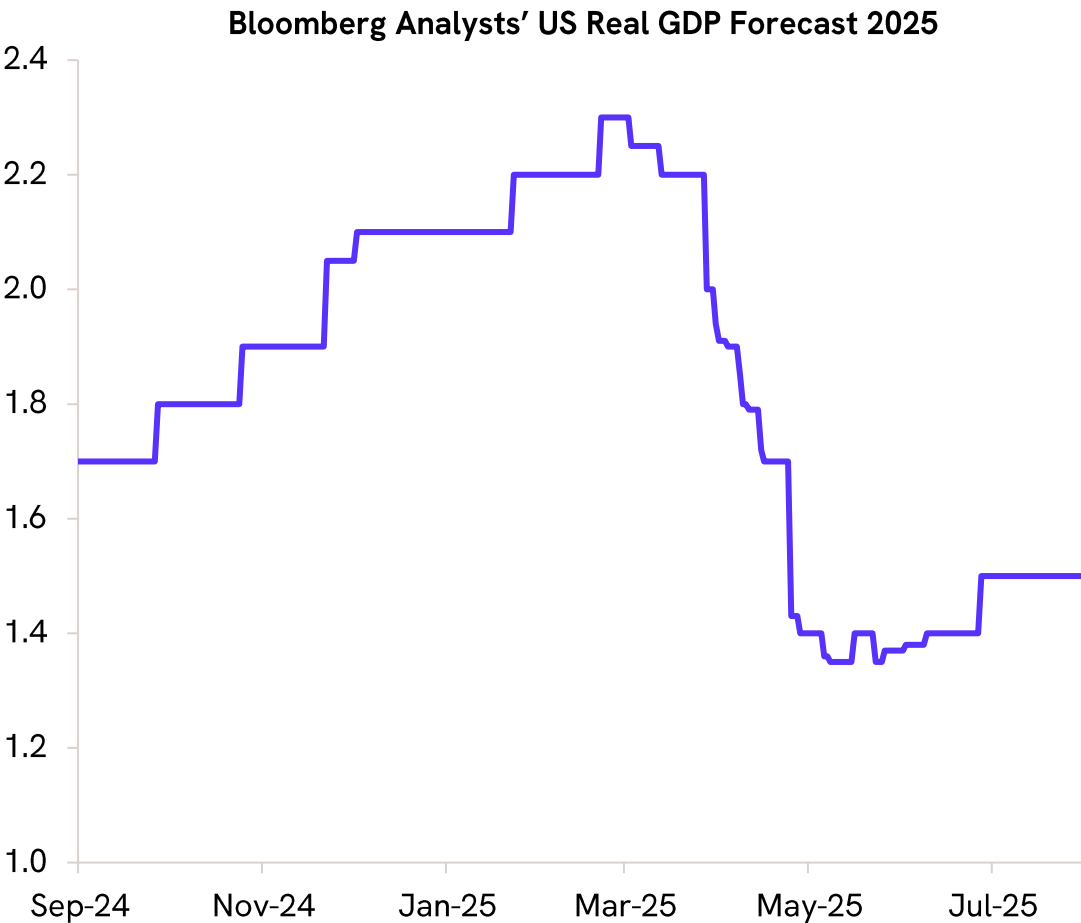
**US FOMC keeps the Federal
Funds Rate steady at
4.25-4.50%**



US GDP projections appear to have bottomed out as uncertainty eases

However, economic data has fallen short of market expectations, with the FOMC statement also noting a moderation in activity in H1

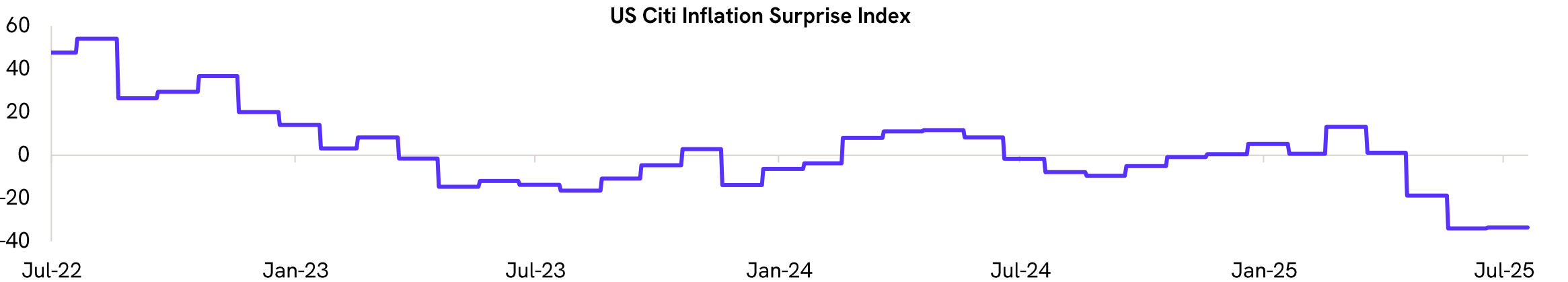
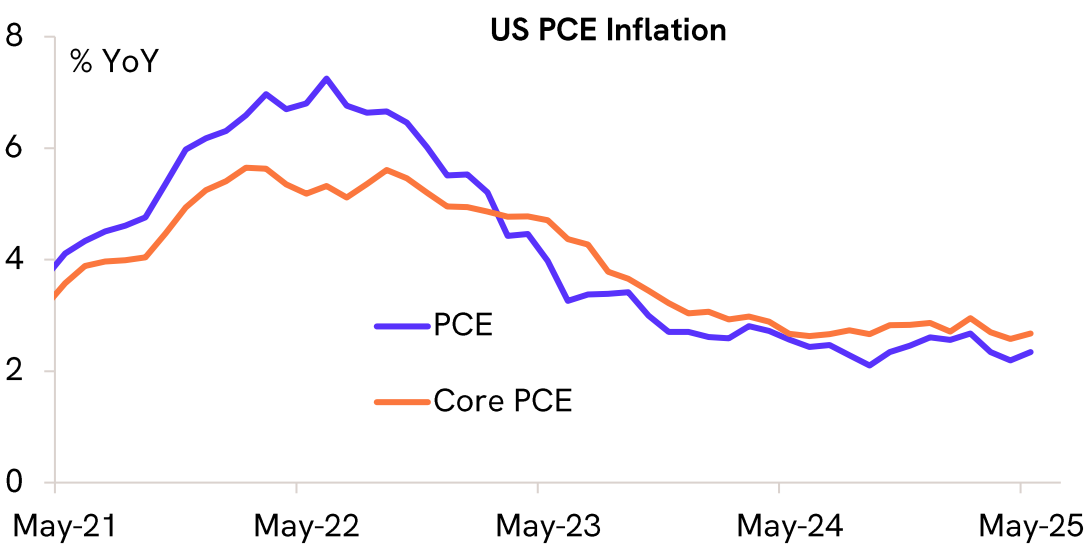
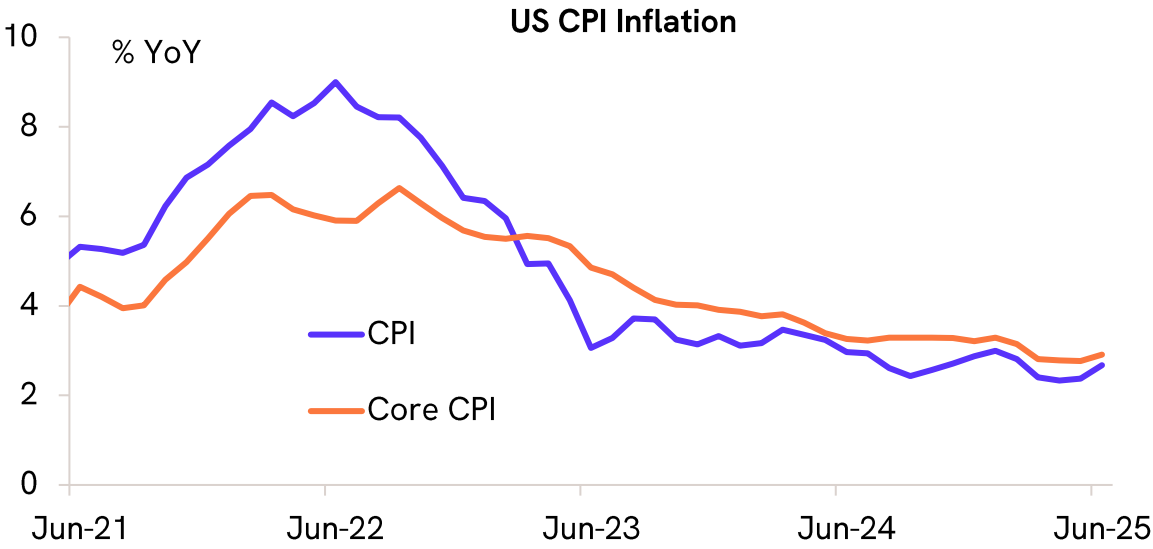
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Source: Bloomberg, FRED, 360 ONE Asset Research

Tariff increases have not been reflected in US inflation prints so far

Recent inflation readings have consistently come in below market expectations

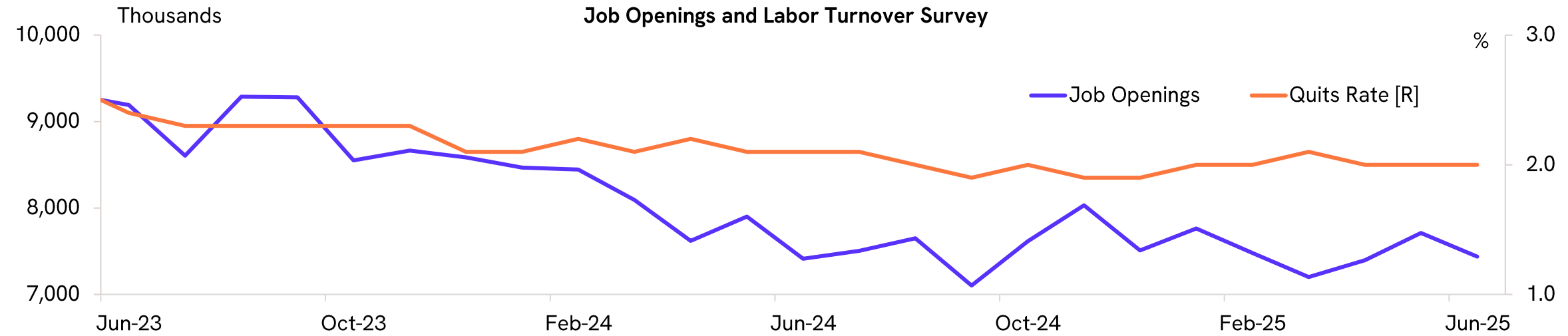
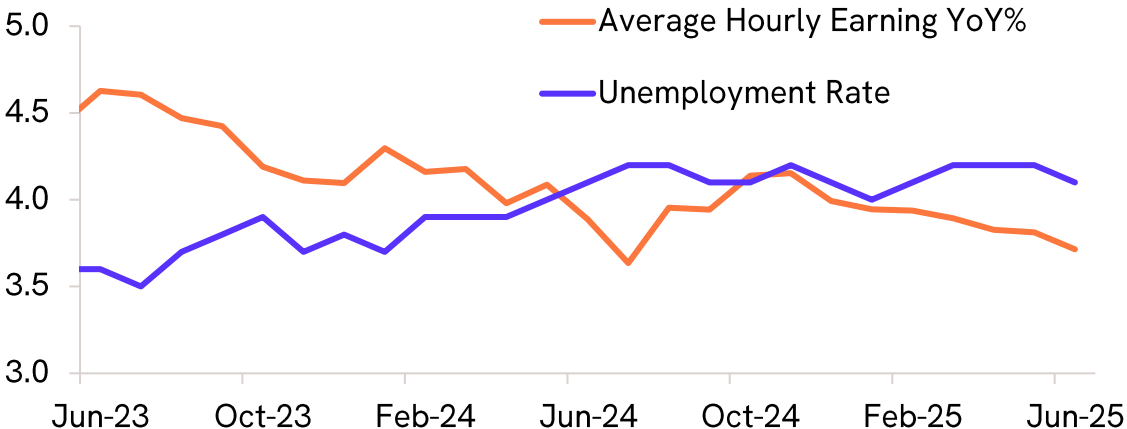
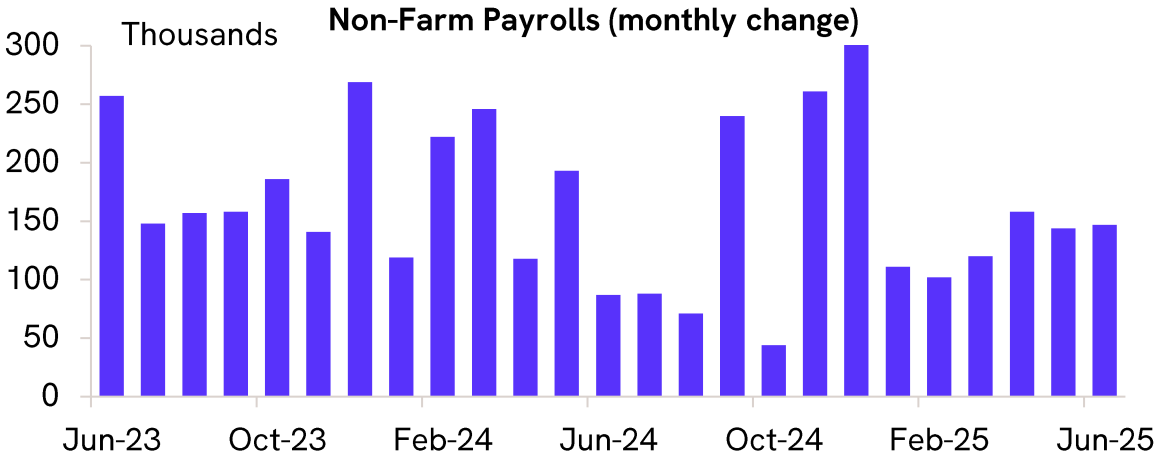


Source: Bloomberg, FRED, 360 ONE Asset Research

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

US labor market stays strong, but signs of gradual cooling are appearing

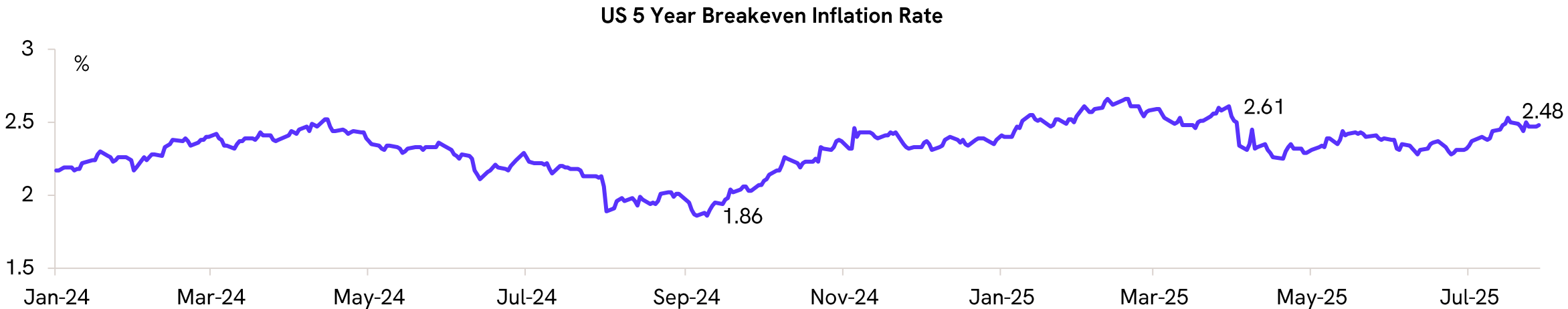
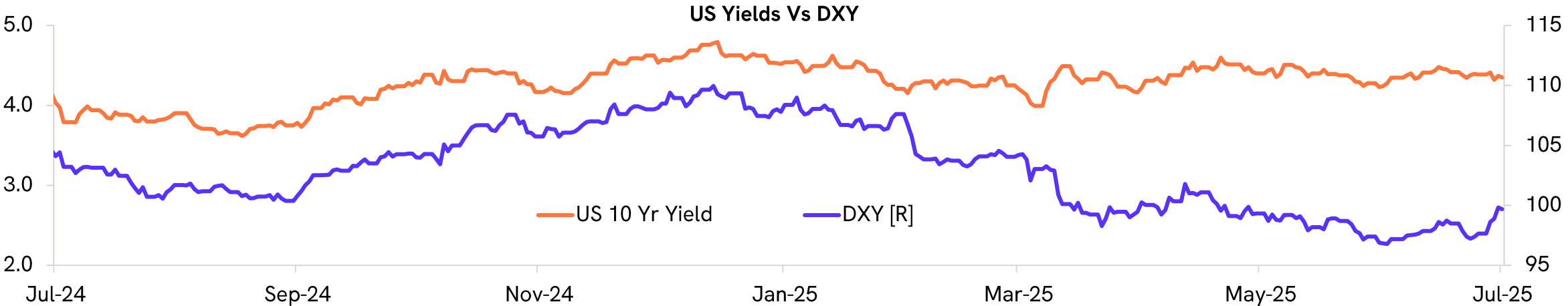
FOMC statement also notes that unemployment rate remains low, and labor market conditions remain solid



Source: FRED, 360 ONE Asset Research

Yields remain elevated as September rate cut bet fades

Markets anticipate inflation will stabilize near 2.5% on average over the next five years



Source: FRED, Bloomberg, 360 ONE Asset Research

Markets now anticipate only a 25-bps rate cut by the end of 2025

Powell mentioned that higher tariffs are raising some goods prices, but their overall economic impact remains unclear

The FOMC statement also notes that uncertainty around the economic outlook remains elevated

The Fed Chair noted that while policy rates remain 'moderately restrictive,' the economy is not showing signs of being unduly constrained, and a modestly restrictive stance appears appropriate

Implied probabilities of upper end of Fed Funds Rate										
FOMC Meeting Date	2.25	2.50	2.75	3.00	3.25	3.50	3.75	4.00	4.25	4.50
	-225bps	-200bps	-175bps	-150bps	-125bps	-100bps	-75bps	-50bps	-25bps	Current
17-09-2025					0.0%	0.0%	0.0%	0.0%	43.2%	56.8%
29-10-2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.7%	48.1%	36.2%
10-12-2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	36.3%	40.5%	13.2%
28-01-2026	0.0%	0.0%	0.0%	0.0%	0.0%	3.6%	19.6%	37.8%	30.6%	8.4%
18-03-2026	0.0%	0.0%	0.0%	0.0%	1.9%	12.1%	29.3%	34.0%	18.8%	3.9%
29-04-2026	0.0%	0.0%	0.0%	0.6%	4.9%	17.1%	30.6%	29.6%	14.5%	2.8%
17-06-2026	0.0%	0.0%	0.3%	3.2%	12.3%	25.3%	30.0%	20.4%	7.4%	1.1%
29-07-2026	0.0%	0.1%	1.4%	6.6%	17.1%	27.0%	26.4%	15.6%	5.1%	0.7%

Markets expect a hold in September policy

Rate cut is expected in October

Source: CME FedWatch Tool, 360 ONE Asset Research

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