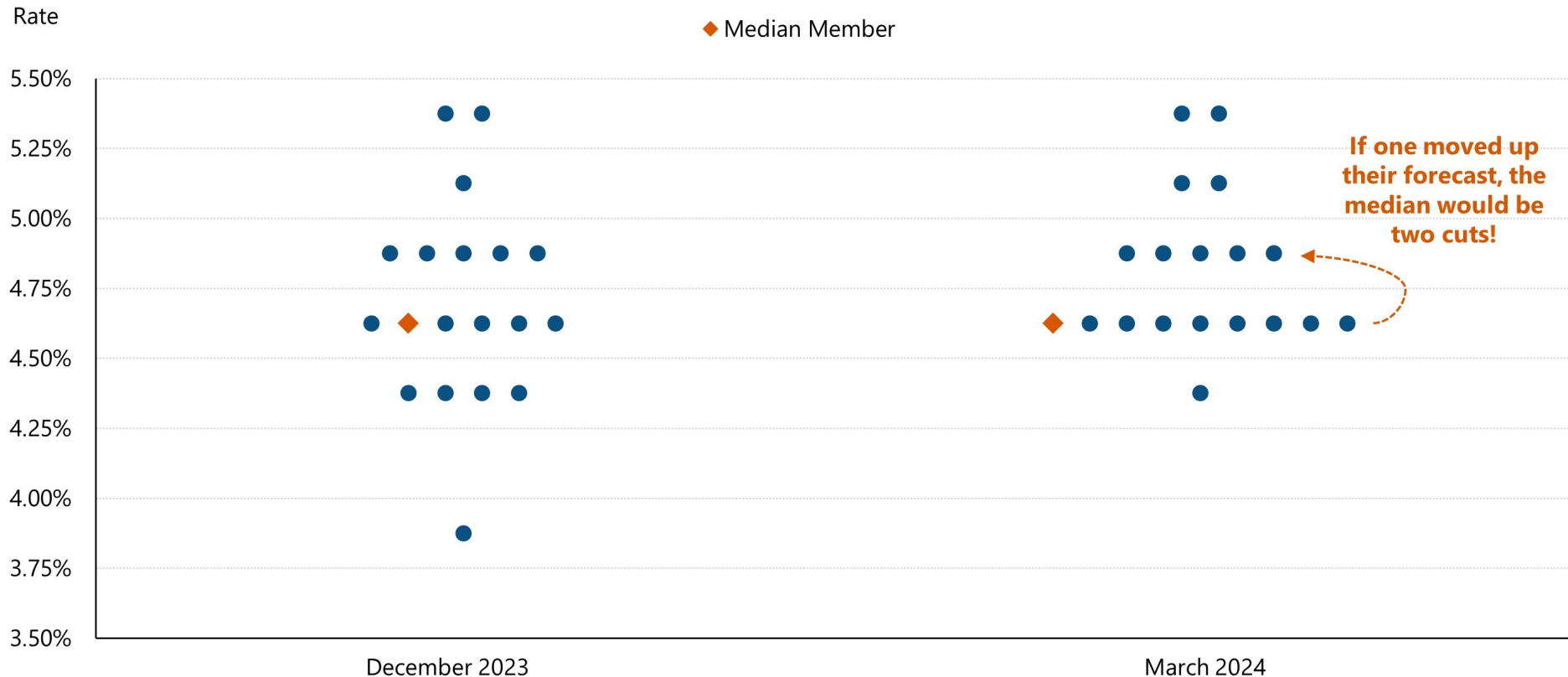


Lonesome Dove

FOMC Participants' Assessments of Appropriate Monetary Policy*

For The Week Ending 03/22/2024



Sources: Federal Reserve

*By 2024 year-end

Four times per year, the Federal Open Market Committee (FOMC) refreshes its economic projections. The exercise is less a forecast and more a vibe check. According to the March edition, policymakers are more upbeat on growth and the labor market while expecting a bit more inflation than in December. But the market cheered when realizing that the “median” member still penciled in three rate cuts for 2024. Unfortunately, the headline masks just how close the call was. Nine policymakers see two cuts or less, another nine have three cuts (the median), and one lonesome dove imagined four cuts. It was so close that if just one policymaker in the three cuts camp had moved up, the median would have risen to 4.875%, consistent with just two cuts. What about markets? Fed funds futures imply a 4.50% rate by year-end, suggesting bond investors stand with the Committee’s lone dove. But, the rest of the Committee seems to stand with Board Governor Waller, who said, “The strength of output and employment growth means that there is no great urgency in easing policy.”