

Seifried
& Brew
LLC

Press Release

Release Date: September 20, 2017

For release at 2:00 p.m. EDT

Information received since the Federal Open Market Committee met in July indicates that the **labor market has continued to strengthen** and that economic activity has been rising moderately so far this year. Job gains have remained solid in recent months, and the unemployment rate has stayed low. **Household spending has been expanding at a moderate rate, and growth in business fixed investment has picked up in recent quarters.** On a 12-month basis, overall inflation and the measure excluding food and energy prices have declined this year and are running below 2 percent. **Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations are little changed,** on balance.

Press Release

Release Date: September 20, 2017

For release at 2:00 p.m. EDT

...The Committee decided to maintain the target range for the federal funds rate at 1 to 1-1/4 percent...

...The Committee **expects that economic conditions will evolve in a manner that will warrant gradual increases in the federal funds rate**; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run...

...In October, the Committee will initiate the balance sheet normalization program described in the June 2017 Addendum to the Committee's Policy Normalization Principles and Plans....

Highlights from the Policy Normalization Principles and Plans

U.S. Treasury Securities

Initial monthly roll off: \$6 billion

3-month interval increase: \$6 billion

Monthly roll off cap: \$30 billion

Agency Debt and Mortgage-Backed Securities

Initial monthly roll off: \$4 billion

3-month interval increase: \$4 billion

Monthly roll off cap: \$20 billion

Total Roll Off:

Year 1 = \$300 Billion

Year 2+ = \$600 Billion per year

Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents under their individual assessments of projected appropriate monetary policy, September 2017

Advance release of table 1 of the Summary of Economic Projections to be released with the FOMC minutes

Percent

Variable	Median ¹					Central tendency ²					Range ³				
	2017	2018	2019	2020	Longer run	2017	2018	2019	2020	Longer run	2017	2018	2019	2020	Longer run
Change in real GDP	2.4	2.1	2.0	1.8	1.8	2.2-2.5	2.0-2.3	1.7-2.1	1.6-2.0	1.8-2.0	2.2-2.7	1.7-2.6	1.4-2.3	1.4-2.0	1.5-2.2
June projection	2.2	2.1	1.9	n.a.	1.8	2.1-2.2	1.8-2.2	1.8-2.0	n.a.	1.8-2.0	2.0-2.5	1.7-2.3	1.4-2.3	n.a.	1.5-2.2
Unemployment rate	4.3	4.1	4.1	4.2	4.6	4.2-4.3	4.0-4.2	3.9-4.4	4.0-4.5	4.5-4.8	4.2-4.5	3.9-4.5	3.8-4.5	3.8-4.8	4.4-5.0
June projection	4.3	4.2	4.2	n.a.	4.6	4.2-4.3	4.0-4.3	4.1-4.4	n.a.	4.5-4.8	4.1-4.5	3.9-4.5	3.8-4.5	n.a.	4.5-5.0
PCE inflation	1.6	1.9	2.0	2.0	2.0	1.5-1.6	1.8-2.0	2.0	2.0-2.1	2.0	1.5-1.7	1.7-2.0	1.8-2.2	1.9-2.2	2.0
June projection	1.6	2.0	2.0	n.a.	2.0	1.6-1.7	1.8-2.0	2.0-2.1	n.a.	2.0	1.5-1.8	1.7-2.1	1.8-2.2	n.a.	2.0
Core PCE inflation ⁴	1.5	1.9	2.0	2.0		1.5-1.6	1.8-2.0	2.0	2.0-2.1		1.4-1.7	1.7-2.0	1.8-2.2	1.9-2.2	
June projection	1.7	2.0	2.0	n.a.		1.6-1.7	1.8-2.0	2.0-2.1	n.a.		1.6-1.8	1.7-2.1	1.8-2.2	n.a.	
Memo: Projected appropriate policy path															
Federal funds rate	1.4	2.1	2.7	2.9	2.8	1.1-1.4	1.9-2.4	2.4-3.1	2.5-3.5	2.5-3.0	1.1-1.6	1.1-2.6	1.1-3.4	1.1-3.9	2.3-3.5
June projection	1.4	2.1	2.9	n.a.	3.0	1.1-1.6	1.9-2.6	2.6-3.1	n.a.	2.8-3.0	1.1-1.6	1.1-3.1	1.1-4.1	n.a.	2.5-3.5

Fed Funds Implied Probabilities

United States Instrument Futures: Fed Funds - Effective Fed Effective Rate 1.16

1) Overview 2) Future Implied Probability

Current Implied Probabilities 3) Add/Remove Rates

Dates Meeting Calculation Calculated 09/25/2017 Based on rate 1.00-1.25

Meeting	Hike Prob	Cut Prob	0.75-1	1-1.25	1.25-1.5	1.5-1.75	1.75-2	2-2.25	2.25-2.5
11/01/2017	2.8%	0.0%	0.0%	97.2%	2.8%	0.0%	0.0%	0.0%	0.0%
12/13/2017	60.5%	0.0%	0.0%	39.5%	58.8%	1.7%	0.0%	0.0%	0.0%
01/31/2018	61.6%	0.0%	0.0%	38.4%	58.2%	3.3%	0.0%	0.0%	0.0%
03/21/2018	74.0%	0.0%	0.0%	26.0%	51.8%	21.1%	1.1%	0.0%	0.0%
05/02/2018	74.2%	0.0%	0.0%	25.8%	51.6%	21.3%	1.2%	0.0%	0.0%
06/13/2018	81.3%	0.0%	0.0%	18.7%	44.5%	29.6%	6.8%	0.4%	0.0%
08/01/2018	81.4%	0.0%	0.0%	18.6%	44.3%	29.8%	6.9%	0.4%	0.0%
09/26/2018	84.7%	0.0%	0.0%	15.3%	39.8%	32.3%	10.9%	1.6%	0.1%
11/08/2018	85.6%	0.0%	0.0%	14.4%	38.4%	32.7%	12.1%	2.1%	0.2%

Source: Bloomberg Finance LP.

Seifried
& Brew
LLC