

**FED RATE INTEREST RATE HIKE & 2017 ISM NON-MANUFACTURING/MANUFACTURING INDEX**

Hello everyone. Thank you for joining us once again here at Seifried & Brew. I am Jamie Sumner, chief analyst. For this week what we want to focus on is the Fed week [Slide 2]. The Fed is coming out on Wednesday with their release as far as the interest rate move. And it's anticipated, almost set in stone, that there will be an increase of 25 basis points (bps) to the **Fed Funds rate**.

What we do want to look at though that's something we know, what we don't know, is whether or not they're going to give us any more guidance on as far as the balance sheet and how they plan on unwinding that balance sheet. They (the Fed) gave us a little bit in the last meeting within their minutes as far as their process that they're looking to go through, which would be setting a certain amount to roll off every month and then increasing that amount every three months. So we're going to see if they give us any more guidance as far as how much that initial roll-off will be and then also the timing of that and when it's going to start. So, it will be interesting to see what they (the Fed), have to say about that.

Also with this Fed meeting, they release their projections for throughout the rest of this year and then in the next couple of years, so it'll be interesting to see on the dot plot if they continue to look for additional **interest rate hikes** this year or if they're going to push that off into 2018 & beyond, of course, the rate hike we expect coming this week. However, last week we had a bunch of news come out with inside of the economic realm. We won't be able to go over all of it.

Just a couple of items here, that we want to focus on (Slide 3), such as **factory orders**. We can see that factory orders came down by 0.2% in here. We had some good growth over the past four months, but right here in April we start to see that this jumped down. Hopefully what we'll see in May and June, and in the rest of this quarter, is those numbers start to pick up again. (Slide 4) We look at the **ISM report** for **manufacturing** and we're at a 54.9 right now, off from our high, and as you can see your recent high close to that 58. So we're at 54.9. Anything above that 50 mark would indicate an expanding economy right now, and that's where we find ourselves as far as with inside of manufacturing. (Slide 5) Now we look at the **non-manufacturing index**. We can see we continue to see strength in here at 56.9, so we would continue to see that strengthen again, above that 50 mark, indicating a growing economy.

That's what we have for you this week. Next week, we'll review the Fed release. We will review the projections and what this could mean as far as interest rates on the long end of the curve when they start to unwind that balance sheet. So, see you all next week. Have a great week!

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