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# Fed Statement

## Press Release

Release Date: September 26, 2018

**For release at 2:00 p.m. EDT**

Information received since the Federal Open Market Committee met in August indicates that the **labor market has continued to strengthen** and that **economic activity has been rising at a strong rate**. Job gains have been strong, on average, in recent months, and the unemployment rate has stayed low. **Household spending and business fixed investment have grown strongly**. On a 12-month basis, both overall inflation and inflation for items other than food and energy remain near 2 percent. **Indicators of longer-term inflation expectations are little changed, on balance**.

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...Risks to the **economic outlook appear roughly balanced**....

...The Committee expects that further **gradual increases in the target range** for the federal funds rate will be consistent with sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective over the medium term. **Risks to the economic outlook appear roughly balanced**....

...In view of realized and expected labor market conditions and inflation, the Committee decided to **raise the target range for the federal funds rate to 2 to 2-1/4 percent**.....

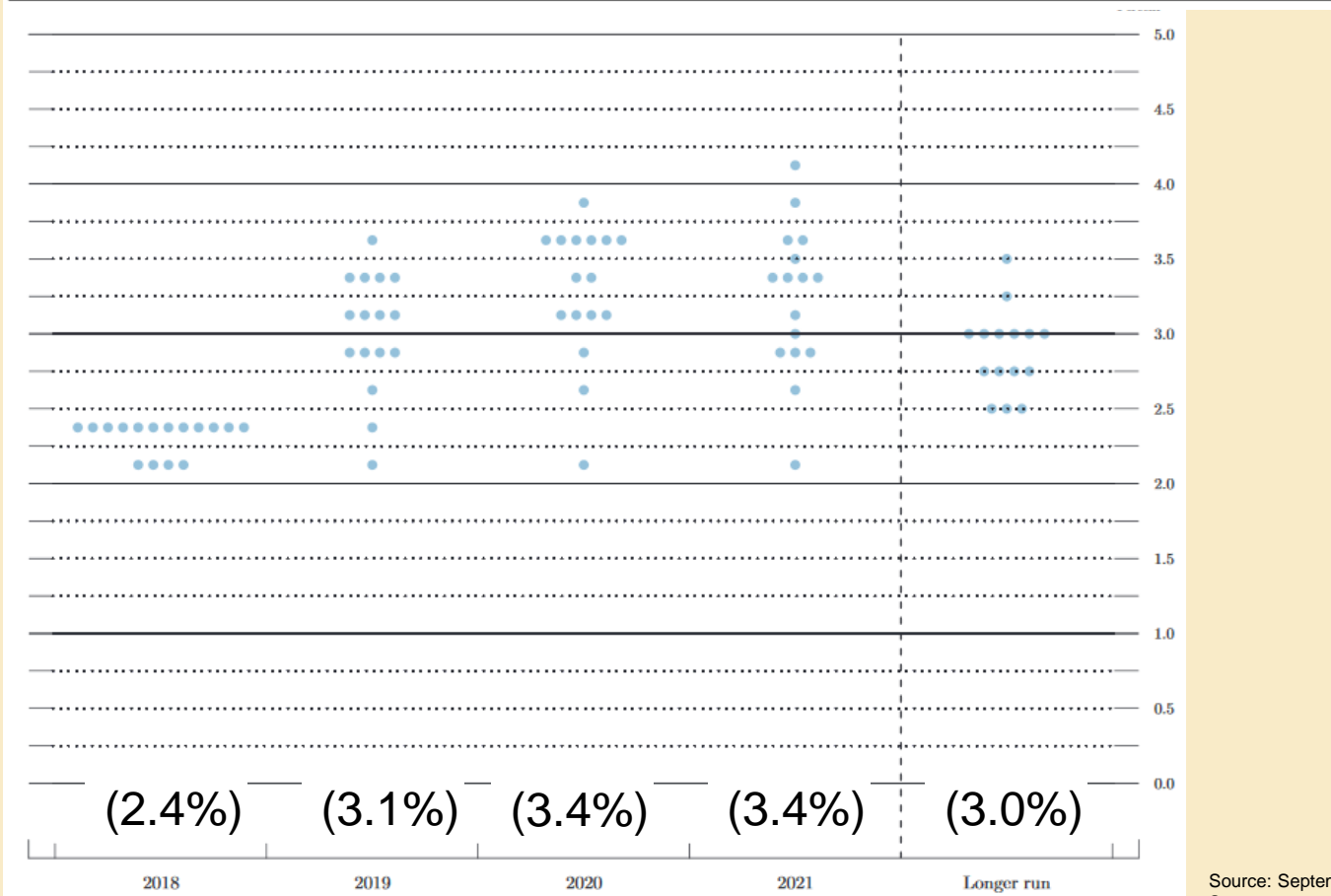
**Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents under their individual assessments of projected appropriate monetary policy, September 2018**

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

Percent

Variable	Median <sup>1</sup>					Central tendency <sup>2</sup>					Range <sup>3</sup>				
	2018	2019	2020	2021	Longer run	2018	2019	2020	2021	Longer run	2018	2019	2020	2021	Longer run
Change in real GDP	3.1	2.5	2.0	1.8	1.8	3.0-3.2	2.4-2.7	1.8-2.1	1.6-2.0	1.8-2.0	2.9-3.2	2.1-2.8	1.7-2.4	1.5-2.1	1.7-2.1
June projection	2.8	2.4	2.0	n.a.	1.8	2.7-3.0	2.2-2.6	1.8-2.0	n.a.	1.8-2.0	2.5-3.0	2.1-2.7	1.5-2.2	n.a.	1.7-2.1
Unemployment rate	3.7	3.5	3.5	3.7	4.5	3.7	3.4-3.6	3.4-3.8	3.5-4.0	4.3-4.6	3.7-3.8	3.4-3.8	3.3-4.0	3.4-4.2	4.0-4.6
June projection	3.6	3.5	3.5	n.a.	4.5	3.6-3.7	3.4-3.5	3.4-3.7	n.a.	4.3-4.6	3.5-3.8	3.3-3.8	3.3-4.0	n.a.	4.1-4.7
PCE inflation	2.1	2.0	2.1	2.1	2.0	2.0-2.1	2.0-2.1	2.1-2.2	2.0-2.2	2.0	1.9-2.2	2.0-2.3	2.0-2.2	2.0-2.3	2.0
June projection	2.1	2.1	2.1	n.a.	2.0	2.0-2.1	2.0-2.2	2.1-2.2	n.a.	2.0	2.0-2.2	1.9-2.3	2.0-2.3	n.a.	2.0
Core PCE inflation <sup>4</sup>	2.0	2.1	2.1	2.1		1.9-2.0	2.0-2.1	2.1-2.2	2.0-2.2		1.9-2.0	2.0-2.3	2.0-2.2	2.0-2.3	
June projection	2.0	2.1	2.1	n.a.		1.9-2.0	2.0-2.2	2.1-2.2	n.a.		1.9-2.1	2.0-2.3	2.0-2.3	n.a.	
Memo: Projected appropriate policy path															
Federal funds rate	2.4	3.1	3.4	3.4	3.0	2.1-2.4	2.9-3.4	3.1-3.6	2.9-3.6	2.8-3.0	2.1-2.4	2.1-3.6	2.1-3.9	2.1-4.1	2.5-3.5
June projection	2.4	3.1	3.4	n.a.	2.9	2.1-2.4	2.9-3.4	3.1-3.6	n.a.	2.8-3.0	1.9-2.6	1.9-3.6	1.9-4.1	n.a.	2.3-3.5

Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate






# Fed Funds Implied Probabilities

United States		Instrument		Futures: Fed Funds - Effective		Fed Effective Rate		2.18			
1) Overview		2) Future Implied Probability		3) Add/Remove Rates							
Current Implied Probabilities				Calculated 10/02/2018		Based on rate 2.00-2.25					
Dates	Meeting	Hike Prob	Cut Prob	1.75-2	2-2.25	2.25-2.5	2.5-2.75	2.75-3	3-3.25	3.25-3.5	Fwd Rate
11/08/2018		0.7%	0.0%	0.0%	99.3%	0.7%	0.0%	0.0%	0.0%	0.0%	2.19
12/19/2018		72.1%	0.0%	0.0%	27.9%	71.6%	0.5%	0.0%	0.0%	0.0%	2.37
01/30/2019		73.2%	0.0%	0.0%	26.8%	69.8%	3.4%	0.0%	0.0%	0.0%	2.38
03/20/2019		91.3%	0.0%	0.0%	8.7%	40.7%	48.3%	2.3%	0.0%	0.0%	2.55
05/01/2019		92.4%	0.0%	0.0%	7.6%	36.7%	47.4%	8.0%	0.3%	0.0%	2.58
06/19/2019		96.1%	0.0%	0.0%	3.9%	22.7%	42.3%	26.9%	4.0%	0.1%	2.70
07/31/2019		96.4%	0.0%	0.0%	3.6%	21.2%	40.7%	28.1%	5.8%	0.5%	2.71
09/18/2019		97.3%	0.0%	0.0%	2.7%	16.8%	35.8%	31.3%	11.4%	1.8%	2.77
10/30/2019		97.4%	0.0%	0.0%	2.6%	16.3%	35.0%	31.5%	12.2%	2.2%	2.79

Source: Bloomberg Finance LP.



	 <b>ADVANCE INTERNATIONAL TRADE: GOODS DEFICIT</b>	 <b>ADVANCE WHOLESALE INVENTORIES</b>	 <b>ADVANCE RETAIL INVENTORIES</b>
<b>AUGUST 2018</b>	<b>\$75.8 Billion</b> <b>+5.3%<sup>o</sup></b>	<b>\$641.5 Billion</b> <b>+0.8%</b>	<b>\$643.0 Billion</b> <b>+0.7%</b>
<b>JULY 2018</b>	<b>\$72.0 Billion</b>	<b>\$636.3 Billion (R)</b>	<b>\$638.3 Billion (R)</b>

**Value of Construction Put in Place - Seasonally Adjusted Annual Rate**  
 (Millions of dollars. Details may not add to totals due to rounding.)

Type of Construction:	Aug 2018 <sup>P</sup>	Jul 2018 <sup>F</sup>	Jun 2018 <sup>F</sup>	May 2018	Apr 2018	Aug 2017	Percent change Aug 2018 from -	
							Jul 2018	Aug 2017
<b>Total Construction</b>	1,318,485	1,317,434	1,314,788	1,324,347	1,314,692	1,237,494	0.1	6.5
Residential	555,751	559,743	558,134	568,812	569,988	534,024	-0.7	4.1
Nonresidential	762,734	757,692	756,654	755,535	744,704	703,470	0.7	8.4
Lodging	31,764	31,101	31,573	31,712	32,065	28,727	2.1	10.6
Office	73,886	72,525	72,518	72,997	71,453	64,644	1.9	14.3
Commercial	91,302	92,219	92,985	93,120	91,691	88,130	-1.0	3.6
Health care	41,962	41,528	41,913	42,195	41,759	42,661	1.0	-1.6
Educational	92,630	92,023	91,303	96,265	93,393	89,014	0.7	4.1
Religious	2,835	2,861	2,844	3,031	3,326	3,332	-0.9	-14.9
Public safety	9,788	9,721	9,437	9,315	9,108	8,582	0.7	14.1
Amusement and recreation	27,299	26,588	26,587	25,376	25,239	24,468	2.7	11.6
Transportation	54,033	54,052	52,848	50,941	50,413	44,070	0.0	22.6
Communication	24,895	24,460	24,447	24,691	25,242	24,542	1.8	1.4
Power	100,838	102,133	103,148	104,319	102,383	94,244	-1.3	7.0
Highway and street	99,206	97,576	95,934	95,473	94,495	87,153	1.7	13.8
Sewage and waste disposal	22,852	22,467	22,536	22,063	21,763	20,374	1.7	12.2
Water supply	15,937	15,252	15,377	14,488	13,108	11,610	4.5	37.3
Conservation and development	9,636	9,049	8,484	8,279	7,528	7,174	6.5	34.3
Manufacturing	63,872	64,137	64,722	61,272	61,740	64,745	-0.4	-1.3



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