



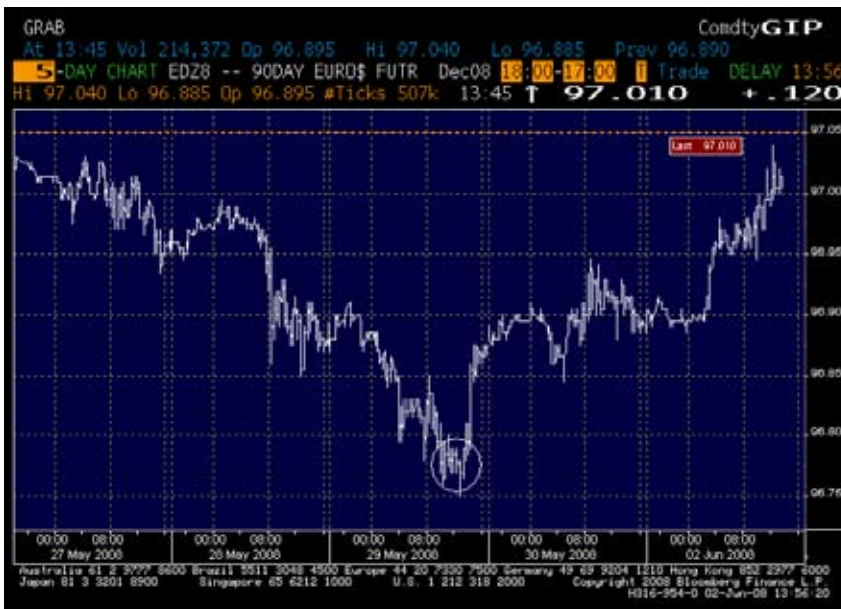
MEDLEY GLOBAL ADVISORS

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US Federal Reserve

MGA Fed report highlights that market pricing of a rate hike in the fourth quarter is premature and not in line with current policymakers' thinking. The report release marks the low for the trading cycle.

SUMMARY Both hawkish and dovish Fed officials have a common interest in acknowledging and expressing concern about and a willingness to stem any potential breakout of inflation or inflation expectations. But that does not necessarily validate the markets' increasingly aggressive pricing for the timing of rate hikes, as there are still ongoing risks associated with a frail economy, despite recent numbers that have not been as bad as feared, concerns about the strength and longevity of the impulse from fiscal stimulus, and little clarity still on the extent of the impact of current rate cuts on the economy. There will probably be no dissent at the next meeting as the FOMC continues in wait and see mode to gauge the impact of the work done so far.



Source: Bloomberg

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