

Hi Dennis,

Flash Update: US Rate Markets – Monday 3/18/2024

- FOMC Meeting Wednesday, March 20 at 2:00 PM Eastern
- FOMC Chairman Powell’s press conference (and Q&A) to immediately follow at ~2:30 PM Eastern
- Housing Starts / Building Permits data released tomorrow, March 19, at 8:30 AM Eastern
- Data is not expected to move the markets – *All eyes are on the FOMC Meeting*

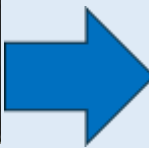
Rates are very quiet ahead of Wednesday’s FOMC meeting. The rate decision is due at 2:00 PM, followed by Powell’s press conference and Q&A at ~2:30 PM. Consensus calls for the Fed to hold rates unchanged for the fifth straight meeting. Market participants and economists are waiting for the FOMC’s new “dot-plot” and economic projections. Fed officials have been leaning hawkish (See Chart 2), so the market is increasingly worried rate cuts may be pushed out further or postponed indefinitely. The updated “dot-plot” and projections, coupled with the meeting statement and Powell’s press conference, will give the market *a ton* of new information to process.

There is no major data scheduled for release before the meeting and Fed officials remain blacked-out, so it is basically all eyes on the Fed meeting. Rates opened the week very close to Friday’s closing levels and I expect them to remain in a tight range ahead of the Fed meeting (See Chart 1). We do see Housing Starts and Building Permits data tomorrow, but I do not expect that to materially impact rates, not with the meeting looming. The market should be relatively quiet ahead of the FOMC meeting – let’s hope it is not the calm before the storm! Rates have definitely been biased higher since the beginning of last week, so we may also see rates creep a few bps higher ahead of the Fed meeting.

Chart 1: US RATES SNAPSHOT: 9:15 AM Eastern

UST YIELDS | SOFR SWAP SPREADS | SOFR SWAP RATES

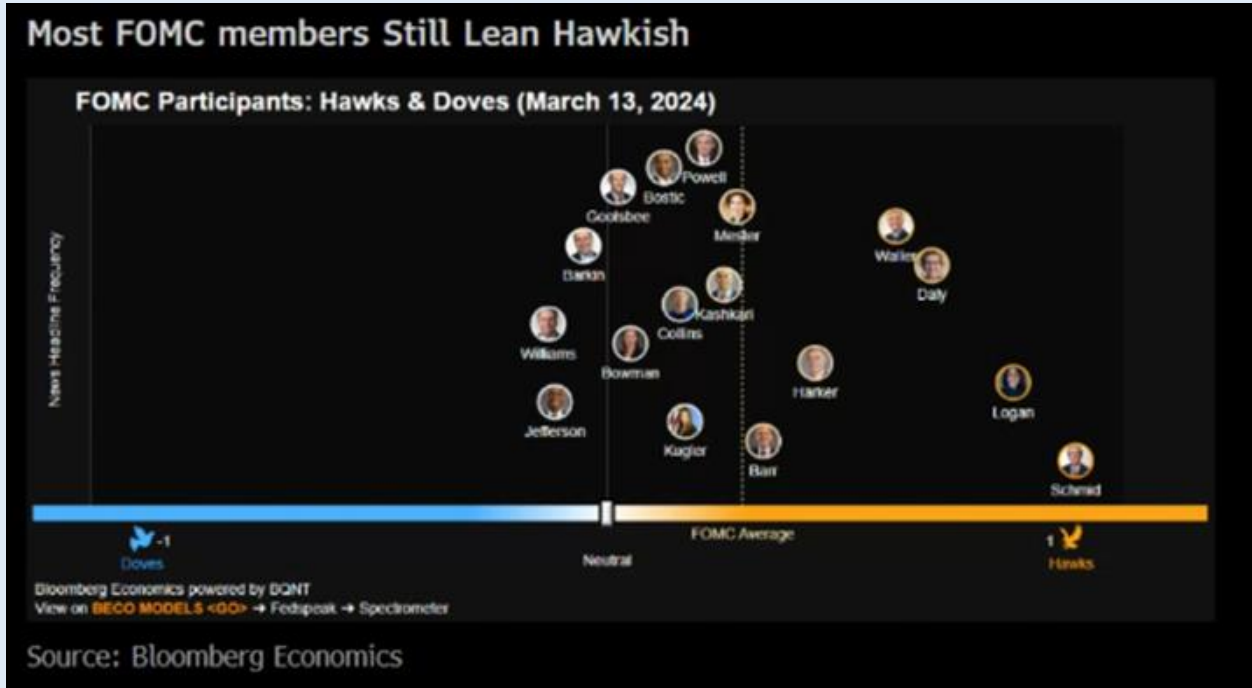
GV	Ask/Chg	SOFR/GV	SOFR OIS
2Y	4.723 -0.005	-10.2300 +0.1900	4.6234 -0.0011
3Y	4.512 +0.007	-16.0900 -0.5500	4.3529 +0.0004
4Y	4.431 +0.011	-23.4500 -0.3200	4.1932 +0.0071
5Y	4.340 +0.014	-24.6300 -0.2500	4.0948 +0.0121
7Y	4.344 +0.018	-34.8200 -0.4000	3.9973 +0.0141
10Y	4.322 +0.016	-38.1500 -0.1500	3.9428 +0.0148
20Y	4.567 +0.018	-67.4400 +0.2100	3.8931 +0.0191
30Y	4.450 +0.021	-75.0000	3.7010 +0.0208



US Treasuries and SOFR swap rates opened the week mostly flat to Friday’s closing levels. Expect a range bound market ahead of the FOMC meeting (Wed at 2:00 PM). Rates have been biased higher since the beginning of last week.

Source: Bloomberg, LLP | 9:15 AM NY Rates Snapshot

Chart 2: Increasingly Hawkish FOMC Has Market Concerned...Will the Latest Fed “Dot-Plot” Reflect Less Than 3 Rate Cuts??



Source: Bloomberg, LLP | FOMC Hawks vs. Doves

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