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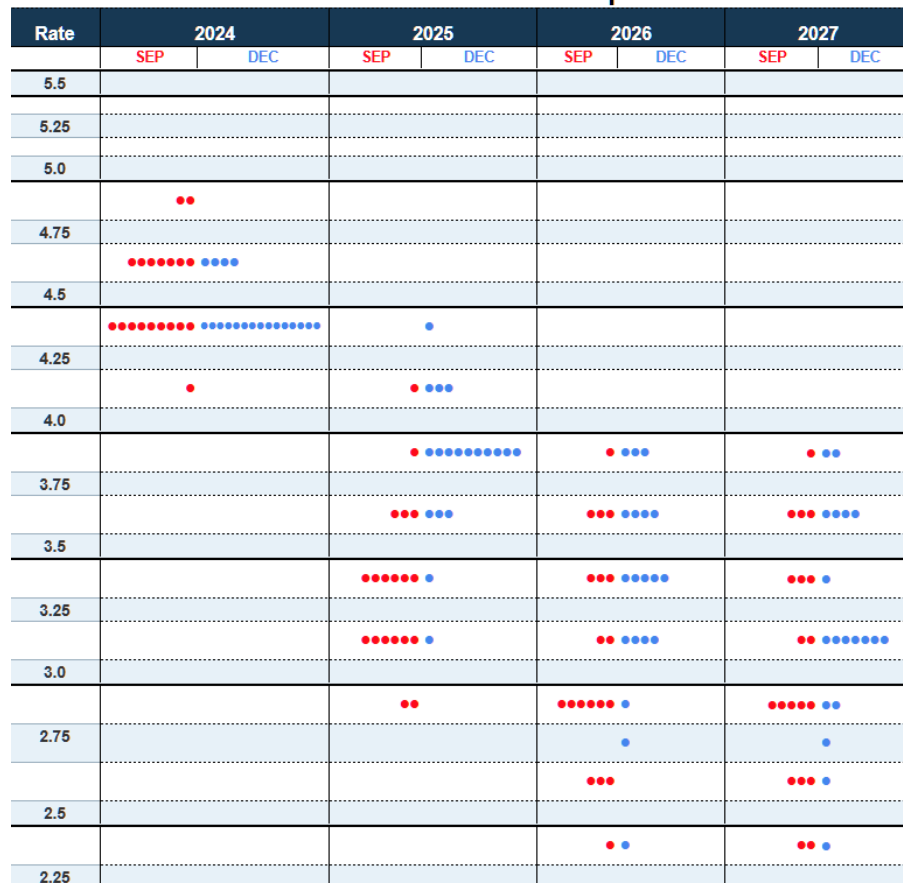
The Day Ahead: Bring on The Dots

Today's only big ticket calendar event is the Fed announcement, but that is more like 3 separate events over the course of roughly 2 hours. The announcement itself (2pm ET) contains the text of the official policy statement as well as confirmation that the Fed Funds Rate will remain unchanged. Occasionally, changes to the verbiage can have an impact on bonds. Also out at 2pm is the Fed's summary of economic projections (SEP) which contains the illustrious dot plot (a chart with each Fed member's best guess on where the Fed Funds Rate will be in the coming years).

The SEP is only at every other meeting. This is one of them. On SEP meetings (Mar, Jun, Sep, Dec), the dot plot often steals the show. The Fed Chair holds a press conference at every meeting (2:30pm) which can either add momentum to the 2pm trading impulse, push back against it, or both. In today's case, we're not expecting any specific fireworks, but volatility is always a stronger possibility on dot plot Fed days.

Here's the before and after dot plot from the last SEP in December. Note the big migration from red dots up to blue dots in 2025:

Before and After Dot Plot Comparison



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