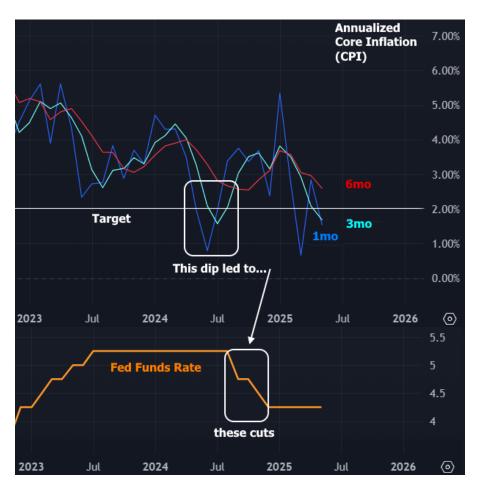
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The Day Ahead: Once Again: Today is Not About a Fed Rate Cut

Fed day is here and there's a 0% chance of a rate cut. That's been the case for just over a month due a combination of April's jobs report and the stock market recovery in May (or the underlying events that helped facilitate it). In order to cut, the Fed would need to see the sort of deterioration in the labor market it saw in 2024 as well as the sort of progress it saw on inflation. The latter is possibly in play, but then there's the debate about whether or not new trade policies will cause a bit of upward pressure. Even without the complication of tariff uncertainty, note 2024's "bouncy" example with annualized inflation figures all moving above 3.5% by early 2025.





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Then consider that there's no semblance of the labor market deterioration seen in 2024. Without that, the Fed's course of action is 100% clear and the market is 100% betting on it. As has been and continues to be the case, that leaves all of today's interesting tidbits in the dot plot and press conference.

