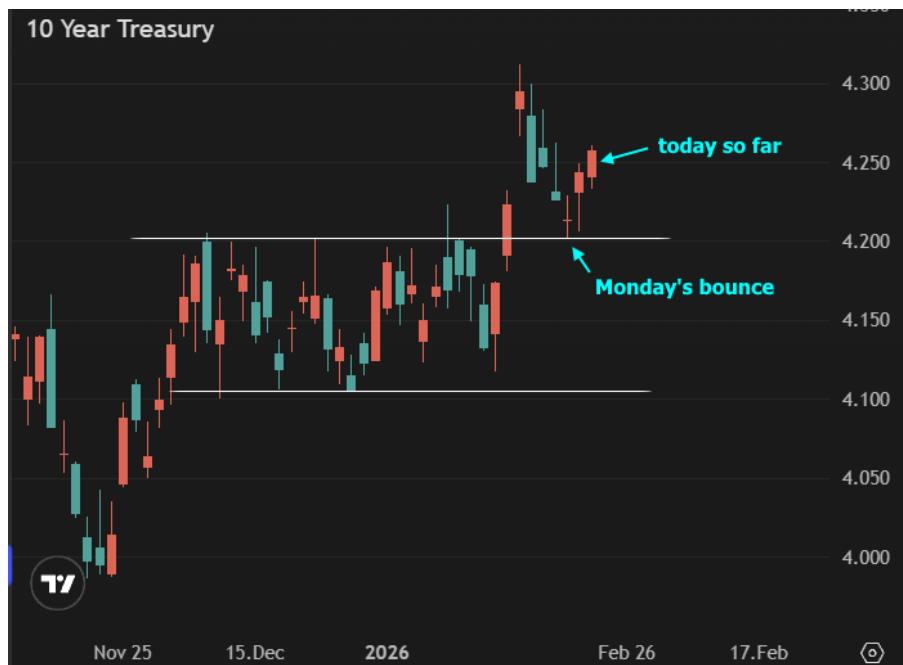




## The Day Ahead: Re-Entry Rejected. What Can The Fed Say?

Wednesday brings 2026's first Fed announcement, but it's guaranteed to be one of the least interesting. For a start, this is one of 4 annual meetings without an economic projections update and thus, no dot plot. That automatically takes any Fed meeting down a peg in importance, but there are certainly exceptions, as we learned on October 29th's meeting. That was the last time Fed rate expectations saw any major volatility as Powell pushed back on the certainty of ongoing cuts. At this point, bonds have come to terms with resilient labor data and still-too-high inflation preventing consistent rate cuts. Nonetheless, the market thinks there's a better than 50% chance of another cut by the June meeting, and Powell could conceivably say something that speaks to the Fed's requirements before pulling those triggers. On the approach, bonds are starting out slightly weaker, adding to the sense that re-entry into the previous trading range is being rejected.



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