

## No Surprises in the March Minutes

The minutes to the March 22nd FOMC meeting revealed Fed policymakers, while united in voting for another quarter point hike, had scaled-back expectations for additional increases this year. Committee members were mindful of the potential negative impact on the economy as a result of banking system turmoil which began less than two weeks before the meeting took place. Some members did consider holding rates steady in March, but ultimately opened the door to pause in May, while emphasizing the need for flexibility during highly uncertain periods.

Fed staff projects a mild recession beginning later this year, but the possibility of a contraction does not seem to be a primary concern for committee members who are actively orchestrating a slowdown. The minutes offered no real surprises, which is being interpreted as somewhat dovish. Since incoming data will ultimately drive policy decisions, *the stale minutes are of little value*. Fortunately, Fed officials have another 10 days to offer opinions before the next pre-meeting “quiet period” begins.

Last week, St Louis Fed President James Bullard told members of the Arkansas Bankers Association that financial system stress remains relatively low, focusing more on the stronger-than-expected economy and inflation that remains “too high.” Bullard, one of the Fed’s more outspoken members, is not a voting member in 2023 but is clearly leaning toward additional tightening.

Earlier this week, several other central bankers provided differing opinions. Philadelphia Fed President Patrick Harker reminded an audience at the University of Pennsylvania that the impact of rate hikes can take as long as 18 months to work their way through the economy. Harker added that the committee will watch incoming data to determine what, *if any*, additional action is required.

Also this week, Chicago Fed President Austan Goolsbee, appearing before the Chicago Economics Club, said the FOMC should proceed with caution, calling for prudence and patience during periods of financial stress. Both Goolsbee and Harker are voting members this year and seem to be in the wait-and-see camp.

### Market Indications as of 1:53 P.M. Central Time

DOW	Up 8 to 33,693 (HIGH: 36,800)
NASDAQ	Down -62 to 11,969 (HIGH: 16,057)
S&P 500	Down -4 to 4,105 (HIGH: 4,797)
1-Yr T-bill	current yield 4.67%; opening yield 4.63%
2-Yr T-note	current yield 3.98%; opening yield 4.02%
3-Yr T-note	current yield 3.72%; opening yield 3.76%
5-Yr T-note	current yield 3.48%; opening yield 3.53%
10-Yr T-note	current yield 3.43%; opening yield 3.42%
30-Yr T-bond	current yield 3.66%; opening yield 3.62%

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