

FOMC Meeting Minutes—March 19-20

What's the Rush?

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The minutes of the March FOMC meeting **didn't move the needle on rate expectations**. Most members clearly see no need to alter course this year and support a “*patient*” approach before making the next move. “*A majority of participants expected that the evolution of the economic outlook and risks to the outlook would likely warrant leaving the target range unchanged for the remainder of the year.*”



There was **no sign that members are leaning toward a rate cut**, as the debt market anticipates by year end. While they are concerned about a slower global economy, uncertain trade policies and even Brexit, they remain relatively upbeat on the prospects for the U.S. economy and labour markets. “*Several*” members expressed concerns about the flat yield curve, but it was noted that the historical signal in terms of recession may have changed.

Still, the FOMC is willing to shift course if their views on the economy change, with “*several*” members saying that the “*patient*” policy stance should be reviewed on a regular basis. So, the Fed’s patience could be tested if the economy and inflation do not live up to expectations.

Bottom Line: The minutes reinforce our view that rates are on hold for the foreseeable future, though this could shift if the economy and/or inflation surprise to the up or down sides.

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