

Making Sense

November 2023 Federal Open Market Committee Meeting

Federal Reserve Holds Rates Again

In Brief:

What just happened?

The Fed held the overnight rate at 5.25%-5.50%.

Why did the Fed hold?

Inflation is still above the Fed's preferred target, but past hikes take time to soak into the economy.

What is the impact?

Interest rates will likely remain higher for longer.

What to watch:

The Fed's next rate decision is December 13th. Ahead of that decision, the Fed will keep a close eye on inflation and wage data.

What now?

Review your financial plan.

Talk with your financial partner.

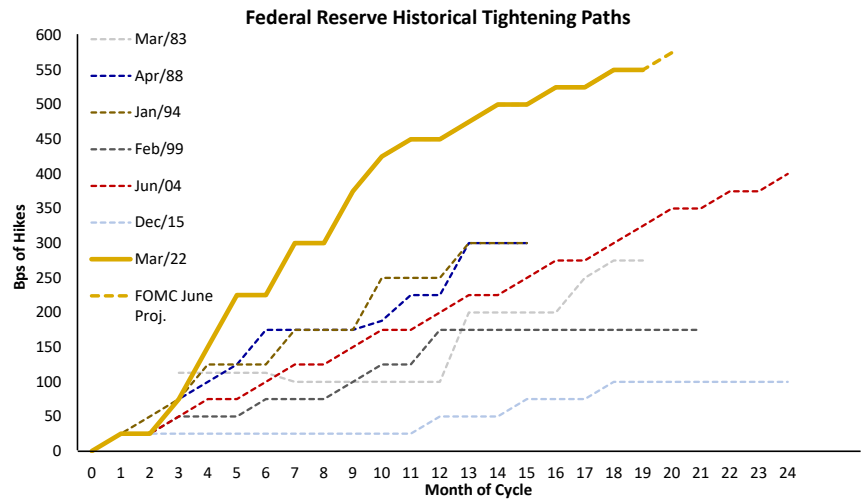
Sign up for [November's Making Sense Market Update](#).

As expected, the Federal Reserve held the federal funds rate steady today at a range of 5.25% to 5.50%. During his press conference, Chairman Powell left the door open for further hikes, yet as of this writing, fed funds futures are pricing just a ~20% chance the Fed hikes at their December 12-13 meeting.ⁱ

Today's decision follows strong economic data, including September's employment report (336,000 net new jobs) and Q3 GDP (4.9% growth).ⁱⁱ The strong economy and sticky inflation give credence to the idea the Fed might keep rates higher for longer. Chairman Powell and Federal Open Market Committee (FOMC) members want to allow more time for past hikes to circulate through the economy, but also have indicated that controlling inflation, which persists well above the Fed's 2% target (3.7% in September's CPI report), remains a priority.

The FOMC will evaluate economic and financial conditions between now and December—at which point the committee will make its final rate decision for 2023 and update its Summary of Economic Projections. We continue to believe that the Fed is in no hurry to cut rates in 2024.

Figure 1: Federal Funds Rate



Source: Strategas Research, Bloomberg

Capital Management Group | First Citizens Bank | 8510 Colonnade Center Drive | Raleigh, NC 27615

Phillip Neuhart | SVP, Director of Market and Economic Research

phillip.neuhart@firstcitizens.com | 919.716.2403

Brent Ciliano, CFA | SVP, Chief Investment Officer

brent.ciliano@firstcitizens.com | 919.716.2650

The views expressed are those of the author(s) at the time of writing and are subject to change without notice. First Citizens does not assume any liability for losses that may result from the information in this piece. This is intended for general educational and informational purposes only and should not be viewed as investment advice or recommendation for a security, investment product or personal investment advice.

Your investments in securities, annuities and insurance are not insured by the FDIC or any other federal government agency and may lose value. They are not a deposit or other obligation of, or guaranteed by any bank or bank affiliate and are subject to investment risks, including possible loss of the principal amount invested. Past performance does not guarantee future results.

First Citizens Wealth Management is a registered trademark of First Citizens BancShares, Inc. First Citizens Wealth Management products and services are offered by First-Citizens Bank & Trust Company, First Citizens Investor Services, Inc., Member [FINRA/SIPC](#), an SEC-registered broker-dealer and investment advisor; and First Citizens Asset Management, Inc., an SEC-registered investment advisor.

Brokerage and investment advisory services are offered through First Citizens Investor Services, Inc., Member [FINRA/SIPC](#). First Citizens Asset Management, Inc. provides investment advisory services.

ⁱ CME Group, 11/1/2023

ⁱⁱ Bureau of Labor Statistics and Bureau of Economic Analysis