Fedspeak Monitor:
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Baseline Scenario: **Terminal rate projections (2023 dots) rise another 25 basis points to 5.375% at the March FOMC meeting.** Job growth has proven resilient (less than expected recession risk) and January PCE inflation data is likely running hotter than the Fed projected in December. We are also baking in the assumption that February labor market and CPI data will come in stronger than consensus, adding to the likelihood that some FOMC members will lift their dot as a result.

Balance of Risks vs Baseline: **A hawkish scenario is more likely than a dovish one. A 50bp hike in March is a far (but plausible) reach, but a 50bp rise in 2023 year-end dot (to 5.625%) seems more firmly on the cards.**

Drivers of hawkish scenarios:

1. Residual seasonality affecting labor market and activity data, including the February jobs report on Friday.
2. Sticky prices creating a seasonal echo that pushes up Q1 inflation data (also see here).
3. Fading used cars deflation.

The Fed would be forced into a tricky quandary if market pricing drifts towards pricing a 50bp hike following February CPI, which comes out during the blackout period. Nevertheless, FOMC members seem largely keen to stick to the more prudent 25bp pace of hikes and it will take a substantial amount of data to force a change in course now. The dots are the more flexible signaling device for additional hawkishness.

Summary Table

	Dec 2022 SEP	March 2023 SEP Dot Totals		
Policy Rate	Realized	Baseline	Dovish Scenario	Hawkish Scenario
Median	5.125%	**5.375%**	5.125%	5.625%
4.875%	2	**0**	0	0
5.125%	10	**4**	11	0
5.375%	5	**10**	4	4
5.625%	2	**3**	3	10
5.88%	0	**1**	0	4

	FOMC Members	Likely 2023 Dot in Dec 2022 SEP	Likely 2023 Dot in March 2023 SEP	Latest Comments	Comments as of Previous SEP
Governors	Median	5.125%	5.125%-5.625%		
	Jerome Powell	5.125%	5.125%-5.625%	The message from last week's FOMC was that the disinflationary process has begun, but there is still a long way to go. *February 7, 2023* Ongoing increases in the target range will be appropriate in order to attain a stance of monetary policy that is sufficiently restrictive. *March 3, 2023*	The Fed has been pretty aggressive, but it does not feel it appropriate to crash the economy and clean up afterwards. *November 30, 2022*
	Lael Brainard (Now Vacant)	5.125%	--	More two-sided risks develop as we move deeper into restrictive territory and we're now in an environment where there are risks on both sides. *January 30, 2023*	Continued supply shocks may force central banks to tighten policy in order to manage risks. *November 28, 2022*
	Lisa Cook	4.875%-5.125%	5.125%-5.625%	I believe inflation can be contained without a large increase in unemployment. *February 8, 2023*	Wage growth is above levels that are consistent with the Fed's 2% inflation target. *November 30, 2022*
	Philip Jefferson	4.875%-5.125%	5.125%-5.625%	It is possible for inflation to fall without causing a unnecessary amount of disruption in the labor market. *February 27, 2023*	Low inflation is critical to achieving long-term growth. *November 17, 2022*
	Michael Barr	5.125%	5.125%-5.625%	It is a mistake to believe that changes in the pace of rate hikes indicate a shift in the Fed's commitment to a 2% inflation target. *December 1, 2022*	The Fed's policy rate will have to remain high for an long period of time. *December 1, 2022*
	Michelle Bowman	5.125%-5.375%	5.625%-5.875%	The cost and risk of continuing to raise the Federal funds rate is necessary. I don't think we're seeing what we need to be seeing, especially with inflation...I think we'll have to continue to raise the federal funds rate until we start to see a lot more progress on that. *February 17, 2023*	We are not seeing a significant impact on inflation reduction, they are still at high levels and I need to see our actions have an impact. *December 1, 2022*
	Christopher Waller	5.125%-5.375%	5.125%-5.625%	If payroll and inflation data cool after hot prints in January "then I would endorse raising the target range for the federal funds rate a couple more times, to a projected terminal rate between 5.1% and 5.4% ..on the other hand, if those data reports continue to come in too hot, the policy target range will have to be raised this year even more to ensure that we do not lose the momentum that was in place before the data for January were released . *February 8, 2023*	Rates still have a long way to go and will require increases into next year. *November 16, 2022*

	FOMC Members	Likely Dot in Sep FOMC Dot Plot for 2023	Likely 2023 Dot in March 2023 SEP	Latest Comments	Comments as of Previous SEP
NY Fed	**John Williams**	5.125%	5.125%-5.625%	A year-end Federal funds rate of between 5.00% and 5.50% appears reasonable. In responses to reporters post-speech "The large majority of people had rates ending this year at either 5% or 5.25%, or 5.25% to 5.5%, so somewhere in that 5% to 5.5% range...I think this kind of range.. would make sense. But I do think that there's some signs the economy is clearly staying stronger than many thought and there is some risk inflation stays higher this year" [vs forecast] *February 14, 2023*	My view is you have to think about real interest rates...If you look at the median dots we just put out, you see the real Fed Funds Rate..the Fed funds rate minus the core PCE inflation around 1.5%. I think that's a reasonable view of restrictive. Whether it's sufficiently restrictive, we'll have to watch the data and see (cautions against 6-7% terminal). *December 1, 2022*
2023 Voting Presidents	**Evans/Goolsbee** (Chicago)	4.875%-5.125%	5.125%-5.375%	*Goolsbee*: A peak of 5% in the federal funds rate kind of makes sense to me. *October 31, 2022*	Following the September CPI, I view a policy rate of 4.5 to 4.75% as suitable for next year. *October 19, 2022* We probably are going to have a slightly high peak rate of the funds rate, even as we likely will step down the pace of increases. *December 2, 2022*
	Harker (Philadelphia)	4.875%-5.125%	5.125%-5.375%	Just at the last meeting, I voted for a hike of 25 basis points — what some would call slow but actually is closer to cruising speed when it comes to tightening. In my view, we are not done yet ... but we are likely close. *February 14, 2023*	We are actually increasing the odds we can get a soft landing Favors "a couple more" 25 basis point increases. "We need to get above five-- we're really close to that right now -- and then pause...how much above five? We'll see. *October 20, 2022*
	Logan (Dallas)	5.125%	5.375%-5.625%	Tightening policy too little is the top risk. We must remain prepared to continue rate increases for a longer period than previously anticipated, if such a path is necessary to respond to changes in the economic outlook, or to offset any undesired easing in conditions *February 14, 2023*	--
	Kashkari (Minneapolis)	5.375%	5.375%-5.625%	I'm open-minded, at this point, about whether it's 25 or 50 basis points...To me, much more important than whether it's 25 or 50 is what we signal in what's called the dot plot *March 1, 2023*	I have us pausing at 5.4%, but wherever the endpoint is, we won't immediately know if it is high enough to bring inflation back down to 2% in a reasonable period of time. *October 19, 2022* I am not lowering my rate path, it is still around 5.4%. *February 7, 2023*

2024 Voting Presidents	FOMC Members	Likely Dot in Sep FOMC Dot Plot for 2023	Likely Dot in Dec FOMC Dot Plot for 2023	Latest Comments	Comments as of Previous SEP
	Barkin (Richmond)	4.875%-5.125%	5.125%-5.375%	"The beauty of a shallower rate increase path is if you're wrong, you're not that far wrong." *March 3, 2023* We may or may not choose to take rates up further if inflation continues to persist but we'll have to see what happens...if inflation persists at levels well above our target, maybe we'll have to do more. *February 14, 2023*	A more inflationary environment suggests tighter Fed Policy *October 3, 2022*
	Bostic (Atlanta)	4.875%-5.125%	5.125%-5.375%	I think we will need to raise the federal funds rate to between 5 and 5.25 percent and leave it there until well into 2024...This will allow tighter policy to filter through the economy and ultimately bring aggregate supply and aggregate demand into better balance and thus lower inflation. *March 1, 2023* We may or may not choose to take rates up further if inflation continues to persist but we'll have to see what happens...if inflation persists at levels well above our target, maybe we'll have to do more. *February 14, 2023*	If the economy proceeds as I expect, I believe that 75 to 100 basis points of additional tightening will be warranted. *November 19, 2022*
	Daly (San Francisco)	5.125%-5.375%	5.375%-5.625%	The December Fed policymaker forecasts a good indicator, but we are prepared to do more. *February 3, 2023*	[Some say we can just reduce vacancies]. I just don't think so. My own projection for the unemployment rate is that we have to go into the mid-4s or slightly higher on unemployment to get the sort of relief of the unemployment in the labor market we need to bring things back in balance. *December 16, 2022*
	Mester (Cleveland)	5.625%	5.625%-5.875%	The Fed will need to raise the funds rate above 5% and keep it there for a while. Inflation readings are still not where we need them to be...[Jan PCE] just consistent with the fact that the Fed needs to do a little more on our policy rate to make sure that inflation is moving back down. Admitted on CNBC her dot is "a little bit above" the median 5.125% projection in December. *February 24, 2023*	I'm a little bit more, a little higher than the median on the SEP...I think we're going to need to be there for quite a while. [Rates would have to be above 5%] until we get inflation moving back down on that consistent basis. Indeed at our meeting two weeks ago, setting aside what financial market participants expected us to do, I saw a compelling economic case for a 50 basis-point increase, which would have brought the top of the target range to 5%. *February 16, 2023*

	FOMC Members	Likely Dot in Sep FOMC Dot Plot for 2023	Likely Dot in Dec FOMC Dot Plot for 2023	Latest Comments	Comments as of Previous SEP
Other Presidents	**Collins** (Boston)	5.125%	5.125%-5.625%	I do believe that we will need to do some additional rate increases and exactly what that right amount is really needs to be dependent on a holistic review of the information that we receive...And then I do believe that it will be important to hold there for some time because it takes a while for the effects of tighter financial conditions to work through the economy. *March 2, 2023*	The policy rate should be raised to just above 5%, and then held there for some time. *January 19, 2023*
	Bullard (St. Louis)	5.375%	5.375%-5.625%	My projection has rates reaching 5.375%. *February 22, 2022*	If inflation begins to fall meaningfully in 2023, the Fed can maintain where it is at higher rate level. *October 19, 2022*
	George (Kansas City)	5.625%	5.625%-5.875%	As the labor market softens, the Fed will face difficult communications and difficult choices. *January 6, 2023*	I am in favour of slower and steadier rate increases to allow time to see lags in our policy. *October 14, 2022*

	FOMC Members	(1) The Fed's Core Issue	(2) Desired Terminal Rate	(3) Pace of Tightening	(4) Labor Market Costs to Be Borne	(5) When Will Inflation End	(6) Recession?
Governors	Jerome Powell	If strong labor market reports or higher inflation reports continue, the Fed may need to raise rates more than is currently priced in. *February 7, 2023*	The process [of disinflation is] going to be bumpy, will need further rate increases. *February 7, 2023*	The Fed anticipates that further rate increases will be necessary, but they have not yet reached a sufficiently restrictive level. *February 7, 2023*	It is encouraging that disinflation has begun without causing harm to the labour market. *February 7, 2023*	It will almost certainly take until next year to get down to 2%. *February 7, 2023*	Nobody knows whether or not we will experience a recession. *December 13, 2022*
Governors	Lael Brainard	--	--	--	--	--	--
Governors	Michelle Bowman	According to recent data, our actions have yet to be effective, and we must raise rates until we reach a sufficiently restrictive level. *February 17, 2023*	I will continue to look for consistent evidence that inflation remains on a downward path when considering further rate increases and at what point we will have achieved a sufficiently restrictive stance for the policy rate. *February 13, 2023*	We need to continue rate hikes until we see more progress. *February 17, 2023*	Labor markets are likely to soften slightly before inflation returns to the Fed's 2% target *January 10, 2023*	The recent numbers not consistent with us bringing down inflation to our goal. *February 17, 2023*	Unusually low unemployment a great sign. *February 17, 2023*
Governors	Michael Barr	It is a mistake to believe that changes in the pace of rate hikes indicate a shift in the Fed's commitment to a 2% inflation target. *December 1, 2022*	--	At the next meeting, we may slow the pace of rate increase and it is smart to modulate on rate hike pace. *December 1, 2022*	We will see a rise in unemployment. I lack an accurate prediction of the unemployment rate. *November 15, 2022*	Inflation is too high. *November 15, 2022*	--
Governors	Lisa Cook	The current economic period is extremely uncertain. *November 30, 2022*	The Fed has not finished raising interest rates. *February 8, 2022*	It is appropriate now to move in smaller steps, as the Fed assesses the cumulative impact of rate increases so far. *February 8, 2022*	--	I expect inflation to fall further this year and next, though progress may be uneven. *February 8, 2022*	A combination of a strong labor market, and the moderating wages and prices has raised hopes for a soft landing. *February 8, 2022*
	Phillip Jefferson	The US central bank is addressing inflation quickly and forcefully in order to maintain credibility and preserve the inflation anchor. *February 24, 2023*	--	The Fed can't wait for the supply side to work itself out.	It is possible for inflation to fall without causing a unnecessary amount of disruption in the labor market. *February 27, 2023*	The outlook for core services inflation excluding housing is uncertain. *February 27, 2023*	The argument that policymakers should accept that disinflation will be costly is well-reasoned. *February 24, 2023*

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Governors	Christopher Waller	I see no signs of a quick drop in inflation and am bracing myself for a longer fight. *February 8, 2023*	Interest rates may stay higher for longer than some are expecting currently. *February 8, 2023*	Rate hikes will continue if inflation rises again. *January 20, 2023*	There has been some moderation in compensation growth, but not enough. *February 8, 2023*	To slow activity further in 2023, the Fed will need to maintain a tight stance on policy for some time. *February 8, 2023*	If there is a recession, it will be mild and brief. *January 20, 2023*
NY Fed	John Williams	We are certainly committed to returning to 2% in the coming years. *February 22, 2023*	A year-end Federal funds rate of between 5.00% and 5.50% appears reasonable. *February 14, 2023*	The essential problem for rate hikes is destination, not speed. *January 19, 2023*	I expect the unemployment rate to rise over the next year to between 4%-4.5%. *February 14, 2023*	I expect core PCE inflation to hit 3% this year. *February 14, 2023*	The US is not in a recession, I dont see it falling into a recession. *December 16, 2022*
2023 Voting Presidents	Evans (Chicago)	--	We are likely to have a slightly higher peak to Fed policy rate even as we slow the pace of rate hikes.. *December 2, 2022*	--	I am concerned that much higher rates will jeopardise the Fed's jobs mandate. *November 9, 2022*	We're on track to tighten financial conditions enough to bring inflation down to 2%. *December 2, 2022*	--
	Harker (Philadelphia)	I do think that we need to continue above 5% in 25 bps increments for a while. *February 14, 2023*	How much further above 5% we need go to depends on incoming data. *February 14, 2023*	The Fed is not done yet, but we are likely close. *February 14, 2023*	I see little evidence of a major job market downturn. *February 14, 2023*	I forecast core inflation around 3.5% this year, 2.5% in 2024, & back at 2% goal in 2025. *February 14, 2023*	GDP growth will be modest, but I do not expect a recession. *February 14, 2023*
	Logan (Dallas)	Tightening policy too little is the top risk. *February 14, 2023*	We should not commit to a maximum Fed policy rate or a specific rate path. *February 14, 2023*	Excessive or rapid tightening poses risks of weakening the labour market more than necessary. *February 14, 2023*	To sustainably return inflation to 2%, the labour market must achieve "better balance." *February 14, 2023*	--	--
	Kashkari (Minneapolis)	We will have to do more, but how much more is unknown. *February 8, 2023*	I am not lowering my rate path, it is still around 5.4%. *February 7, 2023*	So far I am more cautious than financial markets on the rate path when I look at the still strong wage growth and other indicators. *February 7, 2023*	Wage growth too hot now to support 2% inflation, we need to get wage growth around 3%. *February 8, 2023*	12 month PCE inflation is our ultimate goal. *February 7, 2023*	A recession is not in my forecast. *February 7, 2023*

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2024 Voting Presidents	**Bostic** (Atlanta)	Inflation report was encouraging news, as it may allow the Fed to proceed more cautiously. inflation report was encouraging news, as it may allow the Fed to proceed more cautiously. *January 12, 2023*	My base case remains two more hikes. *February 6, 2023*	We would be content to move at 25 bps if interactions with business leaders indicate that inflation is declining. *January 13, 2023*	The economy is still producing more than 200k per month, indicating that there is a lot of momentum in the economy; the presumption is that the economy will not face severe employment dislocation. *January 13, 2023*	Inflation is expected to be in the low three's this year. *February 6, 2023*	We have a good chance of avoiding a recession. *February 6, 2023*
2024 Voting Presidents	**Daly** (San Francisco)	The December Fed policymaker forecasts a good indicator, but we are prepared to do more. *February 3, 2023*	Something above 5% is absolutely likely for the peak rate, it is reasonable for rates to be 5%-5.25%. *January 9, 2023*	The rate decisions will depend on inflation. *February 3, 2023*	The two mandates of the Fed are not in conflict. *February 3, 2023*	I see PCE inflation in the low 3% range later this year and see pce inflation closer to 2% by end 2024, at 2% early 2025. *February 9, 2023*	I see a strong labor market. *February 3, 2023*
2024 Voting Presidents	**Barkin** (Richmond)	At this point, the risk of doing too much outweighs the risk of doing too little for me. *February 14, 2023*	Controlling inflation will necessitate more rate hikes, the number of which will have to be seen. *February 17, 2023*	In principle I'm supportive of a slower but longer and potentially higher rate path. *January 12, 2023*	Controlling high inflation also helps the Fed's employment mandate in the medium to longer term. *January 12, 2023*	My hope is that we have passed the peak of inflation. *January 17, 2023*	Despite earlier recession scares, data on spending, investment and employment have pushed the risk out. *January 12, 2023*
2024 Voting Presidents	**Mester** (Cleveland)	With a strong labor market, the costs of undershooting on policy or prematurely easing still outweigh costs of overshooting. *February 24, 2023*	The Fed will need to raise the funds rate above 5% and keep it there for a while. *February 24, 2023*	At the most recent meeting, repeats saw a strong case for 50 bps. *February 24, 2023*	I don't believe we need to choose between labour and price stability. *February 24, 2023*	The inflation risk is skewed to the upside. *February 24, 2023*	The economy does end up in recession in most disinflations. *February 24, 2023*
Other Presidents	**Bullard** (St. Louis)	We need to move quickly to shield the Fed's credibility. *February 24, 2023*	My projection has rates reaching 5.375%. *February 22, 2023*	The Fed should only slow down once it's got to the terminal rate. *February 22, 2023*	I still think we can get inflation down while maintaining a strong labor market. *February 22, 2023*	Markets anticipate that inflation will be brought under control in the coming quarters and years. *February 24, 2023*	A soft landing in the United States is possible if the post-pandemic regime shift is well executed. A soft landing in the United States is possible if the post-pandemic regime shift is well executed. *February 22, 2023*

Other Presidents

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Collins (Boston)	The Fed will need to get rates up, and potentially hold them for a long period. *February 24, 2023*	The policy rate should be raised to just above 5%, and then held there for some time. *January 19, 2023*	If we've gone to slower, more judicious rate increases, it could take us three rate increases to get there — and then holding through the end of 2023, that still seems like a reasonable outlook to me, *January 11, 2023*	Labor costs are still growing too rapidly and are not consistent with the goal of 2%. *January 19, 2023*	--	I am optimistic that the Fed will be able to reduce inflation and achieve a soft landing. *January 24, 2023*
George (Kansas City)	The longer inflation remains high, the more likely it will become embedded and more costly to combat. *January 6, 2023*	--	Fed will maintain rates until 2024. *January 5, 2023*	As the labor market softens, the Fed will face difficult communications and difficult choices. *January 6, 2023*	Inflationary pressures are expected to persist. *January 20, 2023*	I am not forecasting a recession, but there are risks. *January 5, 2023*