



Economic and Market Insights

June 13, 2016

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Federal Reserve Will Likely Hold Off On Potential Interest Rate Hike This Week

For those who were concerned that a potential second Federal Reserve interest rate hike this week would roil the markets as badly as the first one did late last year, you can relax.

Fed Chair Janet Yellen is cautious and has taken a rate bump off the table during the June 14-15 Federal Open Market Committee. The 10½% market correction we all experienced in the first quarter certainly got the Fed's attention, and a recent jobs data report did not raise hopes that we've achieved the kind of market liftoff necessary for the next rate hike.

Don't count out a rate bump before the end of the year, however, even with a national election approaching in November. The Labor Department's report on reduced hiring may be a temporary employment condition, but the Fed has stated that it will be "data-dependent" in rolling out a very gradual progression of interest rate hikes. And we believe gradual they will be.

Takeaways:

- No short-term interest rate bump by the Fed this month
- Keep an eye on next Department of Labor jobs report due July 8
- Next Federal Open Market Committee meeting is July 26-27



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