

MORNING MARKET COMMENTARY

Monday, September 26, 2022

	Last end of day	Previous end of day
Fed Funds (open)	3.07%	2.32%
3-Month T-Bill	3.16%	3.22%
6-Month T-Bill	3.82%	3.83%
1-Year T-Bill	4.00%	4.00%
2-Year T-Note	4.297%	4.242%
10-Year T-Note	3.779%	3.791%
30-Year T-Bond	3.659%	3.676%
SOFR	2.99%	2.99%
DJIA -486.27	29,590.41	30,076.68
Japanese Yen/USD	144.22	142.82
Canadian Dollar/USD	1.3670	1.3543
USD/Euro	0.9647	0.9759
Gold-London Fix	1,643.94	1,671.22
Crude Oil	78.74	83.49

September 26, 2022: Fed's Bostic Says US Could Have a 'Relatively Orderly' Slowdown (Bloomberg)

Federal Reserve Bank of Atlanta President Raphael Bostic said the strong US job market suggests the economy could slow down in "a relatively orderly way" as the central bank bears down on inflation by raising interest rates.

"It's going to be hard -- it's not going to be easy," Bostic said on CBS's "Face the Nation" on Sunday when asked about the likelihood of a so-called soft landing for the US economy. "There will likely be some job losses."

"But I do think we at Federal Reserve will do everything we can to avoid deep, deep pain," he said. There are "some scenarios" in which that goal can be achieved, said Bostic, who does not vote on monetary policy this year.

US central bankers raised their benchmark interest rate by three quarters of a percentage point last week for the third straight time and forecast they would keep hiking in the months ahead to cool red-hot price pressures.

Policy makers led by Chair Jerome Powell are moving rapidly to reduce the highest inflation in nearly 40 years after being slow to spot the threat of broadening price pressures. Critics have slammed them for that error, although inflation has also been worsened by Russia's invasion of Ukraine, which boosted food and energy prices around the world.

Bostic echoed statements by other Fed officials that US demand needs to decline. He said it is starting to shrink, which will "start to pay dividends" by stemming inflation. "We're still creating lots of jobs on a monthly basis, and so I actually think that there is some ability for the economy to absorb our actions and slow in a relatively orderly way," he said.

US consumer prices rose 8.3% in the 12 months through August. The Fed aims for 2% inflation measured by a different gauge of price pressures called the personal consumer expenditures price index. It rose 6.3% in the 12 months through July, its most recent reading showed. Policy makers have vowed to reduce inflation back to their target, even if that means causing harm to the US economy and its workers.

Officials couch this as an effort to slow excess demand and put the labor market back into "balance" -- a euphemism that glosses over the fact many people could lose their jobs in the process. The labor market has so far remained strong, with unemployment at 3.7%, but policy makers last week forecast that would rise to around 4.4% next year as they continue to raise interest rates.

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