

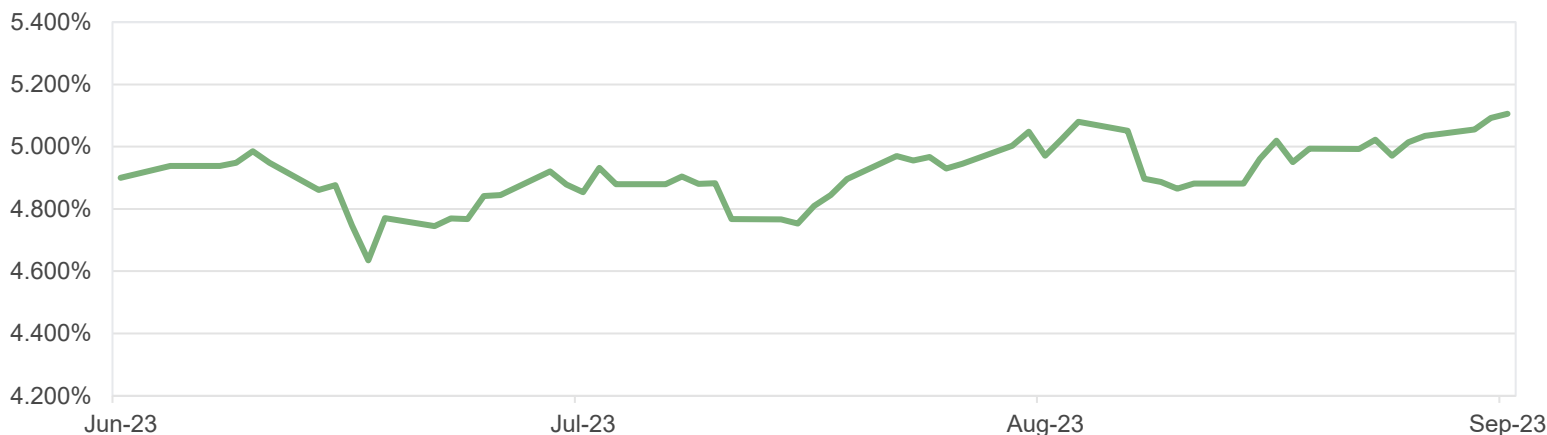
# Fed Reiterates-Higher for Longer

September 21, 2023

While the Federal Reserve (Fed) met expectations with a pause/skip this meeting, the real story was the upward movement in both the Fed Funds rate this year and next year. The consensus is now for one more 25 basis point hike in 2023 with the Fed funds rate median at 5.60%. The vote moved from nine members expecting a hike prior to the meeting, to now twelve of the nineteen expecting an additional hike this year. Additionally, the Fed significantly changed their forecast for 2024, from a median of 100 basis points in cuts to just 50 basis points. The statement acknowledges the pickup in economic activity since their July meeting up from a “moderate” pace to now “solid.” Gross Domestic Product (GDP) growth estimates also continued to move higher with 2023 mean estimates now at 2.10%.

Bonds initially sold off and the yield curve steepened on the announcement with the two-year U.S. treasury yield spiking to levels not seen since 2006, hitting almost 5.17%.

## 2Y Treasury Yield Passes 5%



## Our View

The Fed really didn't offer any surprises in this statement. They have signaled their commitment to keep rates higher for longer throughout 2023. The market has slowly moved closer to this reality but still may be too dovish in the projections for cuts in 2024. We continue to stay up in quality and maintain a neutral to slightly long duration stance.

**Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Economic charts are provided for illustrative purposes only. The information provided herein is subject to market conditions and is therefore expected to fluctuate.**

The views expressed represent the opinions of Sterling Capital Management LLC, and not those of Truist Financial Corporation or its executives. The stated opinions are for general information only and are educational in nature. These opinions are not meant to be predictions or an offer of individual or personalized investment advice. They are not intended as an offer or solicitation with respect to the purchase or sale of any security. This information and these opinions are subject to change without notice. All opinions and information herein have been obtained or derived from sources believed to be reliable. Sterling Capital Management LLC does not assume liability for any loss which may result from the reliance by any person upon such information or opinions.

Investment advisory services are available through Sterling Capital Management LLC, an investment adviser registered with the U.S. Securities & Exchange Commission and an independently-operated subsidiary of Truist Financial Corporation. Sterling Capital Management LLC manages customized investment portfolios, provides asset allocation analysis and offers other investment-related services to affluent individuals and businesses. Securities and other investments held in investment management or investment advisory accounts at Sterling Capital Management LLC are not deposits or other obligations of Truist Financial Corporation, Truist Bank or any affiliate, are not guaranteed by Truist Bank or any other bank, are not insured by the FDIC or any other federal government agency, and are subject to investment risk, including possible loss of principal invested.

Data is as of 09.20.2023. Yields are subject to market conditions and are therefore expected to fluctuate. Source: Bloomberg L.P. Chart is for illustrative purposes only.

