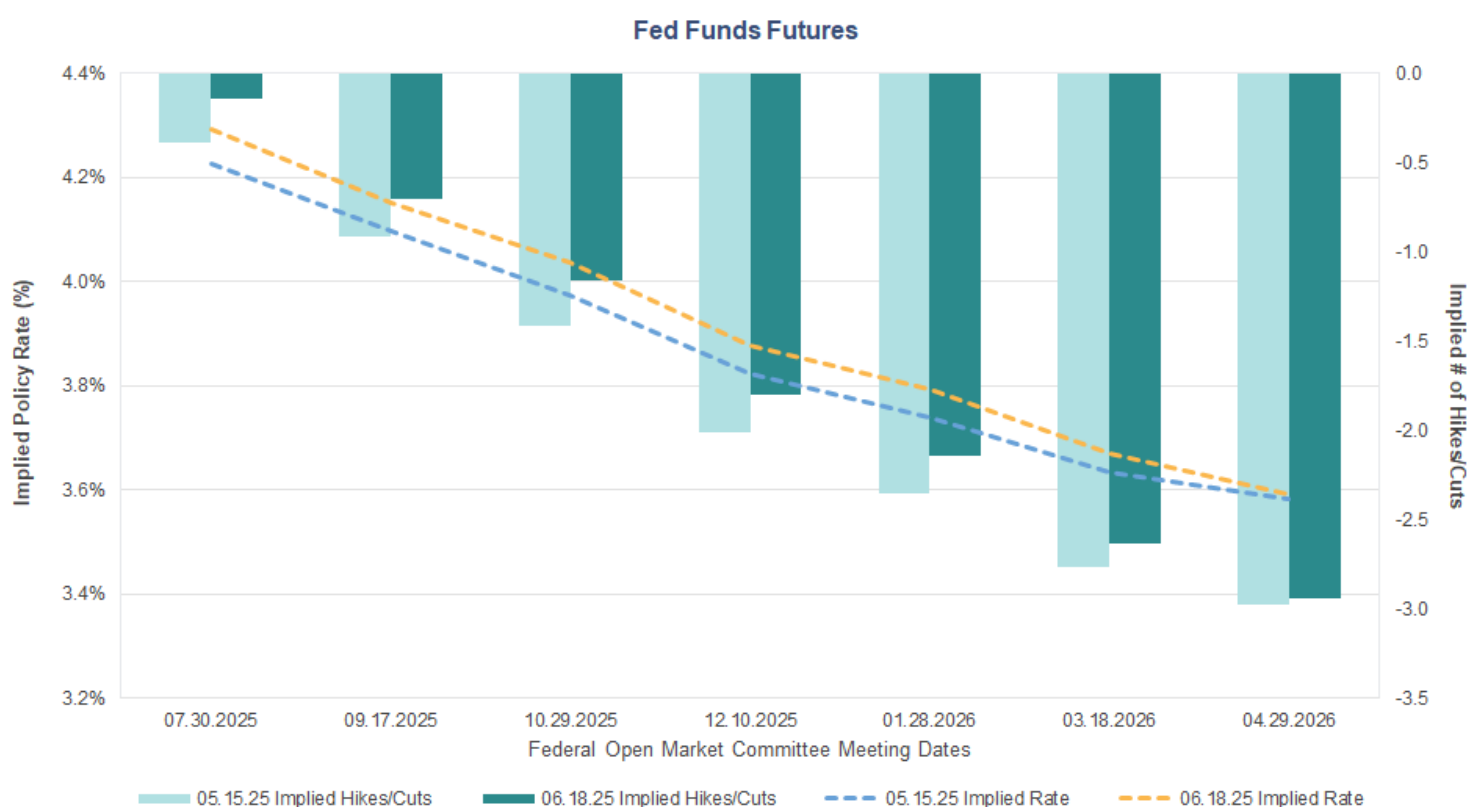


Fed Well-Positioned to Wait

June 20, 2025

The fed funds rate policy remained unchanged today as the Federal Open Market Committee (FOMC) continues to take a wait and “learn” approach as it has done throughout 2025. The median forecast for fed funds rate cuts stayed at two, consistent with March’s Summary of Economic Projections. However, the FOMC raised inflation expectations up to 3.0% while once again lowering full year growth estimates from 1.70% to 1.40%. During the press conference that followed the Federal Reserve (Fed) statement, Chair Jerome Powell stated that the current expectations for fed fund rate cuts do not have a great deal of conviction. He went on to clarify that while uncertainty regarding the economy has diminished from April’s initial tariff announcements, it is still elevated.



Powell stated that the FOMC hopes to learn a great deal more over the summer regarding the impacts and extent of tariffs. We believe this will be challenging to discern given the myriad of parties involved, including producers, importers, sellers, and buyers. This supports Powell’s wait and see approach. Yields on U.S. treasuries finished the day mostly unchanged with the U.S. 10-year note yield at 4.39%. Fed funds futures are now divided on whether the next cut will be in September or October. In either case, there is a lot of time in between now and then for these projections to change.

Chart above: Data is as of 06.18.2025. Source: Bloomberg L.P. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.

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Our View

The uncertainty that exists supports our current neutral duration positioning bias. We continue to tilt our risk allocation to higher-quality assets as we await further information around monetary and fiscal policy and how the economy performs amidst a shifting policy landscape.



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Andrew Richman, CTFA, Managing Director, joined SunTrust in 2001 and SCM in 2020 as part of an integration following the merger of equals between SunTrust Banks and BB&T Corporation. Andy has investment experience since 1988 and is a Fixed Income Portfolio Manager and Senior Fixed Income Client Strategist. Prior to his 20 years in SunTrust's portfolio management division, Andy ran a trust and investment department in Florida as the trust department senior manager and worked as an equity portfolio manager with Sanford Bernstein. He received his B.A. from the State University of New York at Albany and his M.B.A. with a concentration in International Business from the University of Miami. He is also a graduate of the ABA National Trust School at Northwestern University and holds the Certified Trust & Financial Advisor designation.

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