

Federal Reserve Signals March Rate Hike Amid Inflation Concerns

Source: Wall Street Journal

Date: February 6, 2025 | Time: 8:30 AM ET

The Federal Reserve signaled on Wednesday that it may raise interest rates by 25 basis points at its next meeting in March as inflation remains stubbornly above 3%. Fed Chair Jerome Powell stated that while inflation has moderated, the labor market remains tight, and core inflation metrics suggest more tightening may be needed.

Markets reacted swiftly, with the S&P 500 falling 1.2% in early trading and 10-year Treasury yields rising to 4.35%.

Market Impact:

- Tech & Growth Stocks: Likely decline due to rising borrowing costs.
- Banking Sector: May benefit from higher interest rates.
- Bonds: Yields increase as investors anticipate Fed action.