

Capital Markets & Investments

Session 8: Fixed Income (5) – Fed & Monetary Policy

Spring 2025
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Equities

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Markets decline on US interest rate concerns

Federal Reserve minutes show central bankers' uncertainty over pace and timing of cuts



Stock markets fell after the US Federal Reserve released minutes from

Spring 2025

The falls also came after the US Federal Reserve [released minutes from its January rate-setting meeting](#) in which officials said they wanted to see “further progress on inflation” before making more rate cuts.



fomcminutes20250129.pdf
PDF

This was released just yesterday -- what do you think? Should I freak out about my investments?

Look, the Fed minutes are basically the market's collective Rorschach test. You stare at them long enough, and you'll see whatever you want—rate cuts, rate hikes, economic doom, a soft landing, Jerome Powell winking at you.

The big takeaway here is that inflation is still a little warm, but the Fed thinks they're in a good spot to wait and see. Rate cuts? Not yet. They kept the federal funds rate at 4.25%-4.50%, and t. ["] signaling that they want more proof inflation is really cooling before making any big moves. The market was hoping for a more dovish tone, so this could mean a bit of volatility ahead.

Should you freak out? Probably not. But if you're betting on rate cuts fueling a stock rally, you might need some patience. The Fed is basically saying, "We'll get there... eventually." Markets, on the other hand, tend to throw tantrums when they don't get what they want *right now*. So expect some short-term noise, but unless inflation spikes again, they'll likely cut rates later this year.

Fed Trivia - Spring 2025

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