



Global Macro Flash

US Federal Open Market Committee (FOMC) | May, 8th 2025

Fed Holds Rates Steady Amidst Tariff Uncertainty Policy

Previous Data

Period	Actual	Change
Apr 2025	4.50%	-
Mar 2025	4.50%	-
Feb 2024	4.50%	-

Source : Tradingeconomics

Historical Probability Target Rate (%)

Target Rate (bps)	Now*	-1W	-1M
375-400	0.63%	3.90%	38.02
400-425	20.00%	63.20%	61.23%
425-450	80.00%	32.90%	-

Source : CME FedWatch Tool | * (7/5)

Headline Inflation (PCE)

Period	Actual (YoY)	Consensus
Mar 2025	2.30%	2.20%
Feb 2025	2.70%	2.50%
Jan 2025	2.60%	2.50%

Source : Tradingeconomics

Unemployment

Period	Actual	Consensus
Apr 2025	4.2%	4.2%
Mar 2025	4.2%	4.1%
Feb 2025	4.1%	4.0%

Source : Tradingeconomics

Nonfarm Payrolls (NFP)

Period	Actual	Consensus
Apr 2025	177K	130K
Mar 2025	288K	135K
Feb 2025	117K	160K

Source : Tradingeconomics

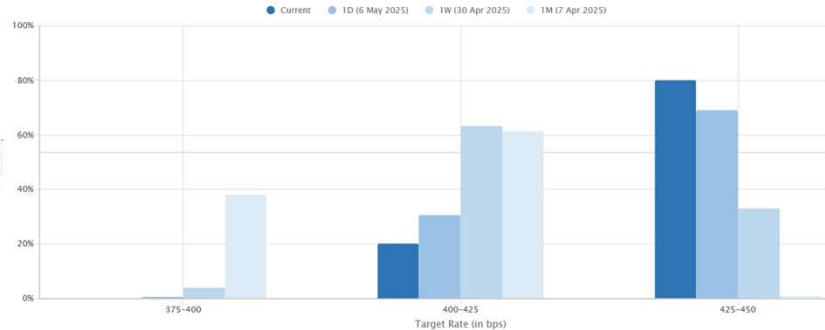
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Period	Actual	Change	Consensus
May 2025	4.50%	-	4.50%

Source : Tradingeconomics

Figure 1. Target Rate Probabilities for 18 Jun 2025 FOMC- as of 7 May 2025



Source : Phintraco Sekuritas Research | CME FedWatch Tool

The Fed has maintained the interest rate at 4.25%-4.50% at the Federal Open Market Committee (FOMC) meeting on May 7, 2025. The Fed Committee assessed that the latest economic indicators continue to show solid expansion in the US economy. The unemployment rate has remained stable at low levels in recent months, and the labor market remains strong, even though inflation data is still relatively high and the value of the trade balance continues to fluctuate.

Fed Chair Jerome Powell emphasized that the Fed has a dual mandate: control inflation and achieve maximum employment in the long run. Additionally, the Fed noted that rising tariff uncertainty could increase the risk of higher unemployment and inflation. The Fed is not in hurry to cut interest rates until precise data shows that inflation is moving toward 2% and the labor market is getting stronger, with a focus on trends in unemployment, labor force participation, and wage growth.

Uncertainty from the implementation of tariff policies could disrupt supply chains, therefore the Fed expects that interest rate adjustments may help on the demand side but are not an efficient way to address supply-side issues. However, these risks have not yet been reflected in economic data therefore the Fed will respond based on data, outlook, and the balance of risks rather than political factors.

The Fed projects that interest rates will remain in the 4.25%-4.50% range with an 80.00% probability at the next scheduled FOMC meeting on June 18, 2025. This probability reflects a more hawkish stance from the Fed in holding rates, as indicated by a significant increase from yesterday (5/6), which was up 11.17%, and from last week, which was up 35.93% (Figure 1).

Based on Conditional Meeting Probability data, the Fed is expected to cut rates at the Juli 2025 FOMC meeting, with a 55.30% probability. Over the next year, the Fed's benchmark rate is projected to experience three cuts totaling 75 basis points (bps), reaching 3.75%-4.00%. In the longer run, rates are expected to move toward the 2.75%-3.00% level (Figure 2).

Figure 2. Conditional Meeting Probabilities and Implied Future Fund Rate - as of 8 May 2025

Meeting Date	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
6/18/2025	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	23.40%	76.60%
7/30/2025	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	14.10%	55.30%	30.70%
9/17/2025	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.50%	47.70%	35.20%	5.60%
10/29/2025	0.00%	0.00%	0.00%	0.00%	0.00%	7.80%	36.20%	39.10%	15.00%	1.80%
12/10/2025	0.00%	0.00%	0.00%	5.80%	28.70%	38.40%	21.40%	5.30%	0.50%	0.00%
1/28/2026	0.00%	0.00%	0.00%	2.70%	16.40%	33.20%	30.50%	13.90%	3.00%	0.30%
3/18/2026	0.00%	0.00%	1.30%	9.40%	24.70%	31.90%	22.30%	8.60%	1.70%	0.10%
4/29/2026	0.00%	0.30%	3.40%	13.40%	26.50%	29.40%	18.80%	6.80%	1.30%	0.10%
6/17/2026	0.10%	1.30%	6.50%	17.50%	27.40%	26.10%	15.10%	5.10%	0.90%	0.10%
7/29/2026	0.30%	2.10%	8.30%	19.10%	27.20%	24.30%	13.50%	4.40%	0.80%	0.10%
9/16/2026	0.70%	3.30%	10.40%	20.70%	26.70%	22.20%	11.70%	3.70%	0.60%	0.00%
10/28/2026	0.80%	3.60%	10.80%	20.90%	26.50%	21.70%	11.30%	3.60%	0.60%	0.00%
1/29/2027	0.70%	3.20%	9.70%	19.40%	25.60%	22.50%	12.90%	4.80%	1.10%	0.10%

Source : Phintraco Sekuritas Research | CME FedWatch Tool, Bloomberg

