



Global Macro Flash

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

The Fed Hold Interest Rates, Still Projects Two Rate Cuts

Previous Data

Period	Actual	Change
May 2025	4.50%	-
Apr 2025	4.50%	-
Mar 2025	4.50%	-

Source : Tradingeconomics

Historical Probability Target Rate (%)

Target Rate (bps)	Now*	-1W	-1M
375-400	-	0.37%	0.40%
400-425	10.33%	16.28%	18.17%
425-450	89.67%	83.35%	81.43%

Source : CME FedWatch Tool | *(18/5)

Headline Inflation (PCE)

Period	Actual (YoY)	Consensus
Apr 2025	2.10%	2.20%
Mar 2025	2.30%	2.20%
Feb 2025	2.70%	2.50%

Source : Tradingeconomics

Unemployment

Period	Actual	Consensus
May 2025	4.2%	4.2%
Apr 2025	4.2%	4.2%
Mar 2025	4.2%	4.1%

Source : Tradingeconomics

Nonfarm Payrolls (NFP)

Period	Actual	Consensus
May 2025	139K	130K
Apr 2025	177K	130K
Mar 2025	288K	135K

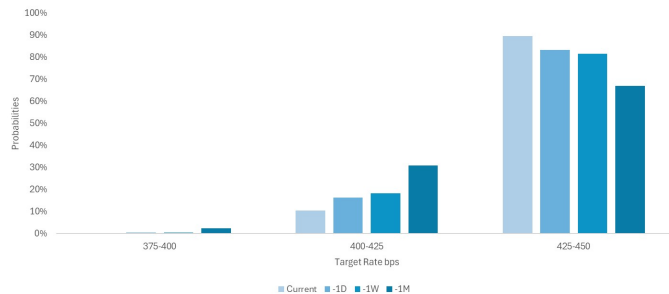
Source : Tradingeconomics

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Source : Tradingeconomics

Figure 1. Target Rate Probabilities for 30 Jul 2025 FOMC- as of 18 June 2025



Source : Phintraco Sekuritas Research | CME FedWatch Tool

The Fed hold the interest rate at 4.25%-4.50% during the Federal Open Market Committee (FOMC) meeting on June 18, 2025, for the fourth consecutive time. The Fed Committee also projected the latest economic indicators, showing weaker growth for both the US and globally, with higher unemployment and inflation rates in 2025, in line with the high reciprocal tariff policies implemented by US President Donald Trump.

Fed Chairman, Jerome Powell believes that the Fed is in a position to study further and wait for economic direction when considering future interest rate policy adjustments. Meanwhile, the emerging conflict between Israel and Iran has created new uncertainties that could slow the direction of interest rate cuts as inflation is expected to upward trend.

The Fed expects interest rates to remain in the range of 4.25%-4.50% with a probability of 89.67% at the FOMC meeting scheduled for July 30, 2025. This probability level reflects the Fed's more hawkish stance on holding rates, as shown by significant differences from yesterday (17/6), which rose 6.32%, last week (11/6), which increased 19.2%, and a month ago (16/5) at 14.5% (Figure 1).

The interest rate projections released alongside the June 2025 rate decision show a division: Seven officials now expect no rate cuts this year, compared to four in March, and two other officials forecast one cut. Meanwhile, ten officials predict it would be appropriate to lower rates at least twice before the end of 2025.

Conditional Meeting Probabilities data support this, with the Fed expected to cut rates at the September 2025 FOMC meeting with a probability of 73.02%. Over the next year, the Fed's benchmark rate is expected to experience two 50-basis-point (bps) reductions, reaching a range of 3.75%-4.00%. In the longer run, interest rates are projected to move toward the 2.75%-3.00% (Figure 2).

Figure 2. Conditional Meeting Probabilities and Implied Future Fund Rate - as of 18 June 2025

Meeting Date	300-325	325-350	350-375	375-400	400-425	425-450
7/30/2025	0.00%	0.00%	0.00%	0.00%	10.33%	89.67%
9/17/2025	0.00%	0.00%	0.00%	0.00%	73.02%	26.98%
10/29/2025	0.00%	0.00%	0.00%	24.33%	75.67%	0.00%
12/10/2025	0.00%	0.00%	0.00%	92.80%	7.20%	0.00%
1/28/2026	0.00%	0.00%	29.33%	70.67%	0.00%	0.00%
3/18/2026	0.00%	0.00%	76.44%	23.56%	0.00%	0.00%
4/29/2026	0.00%	3.33%	96.67%	0.00%	0.00%	0.00%

Source : Phintraco Sekuritas Research | CME FedWatch Tool, Bloomberg

