



SHRIRAM
Wealth

associated with  **Sanlam** group

FOMC Sep policy review

18- September - 2025

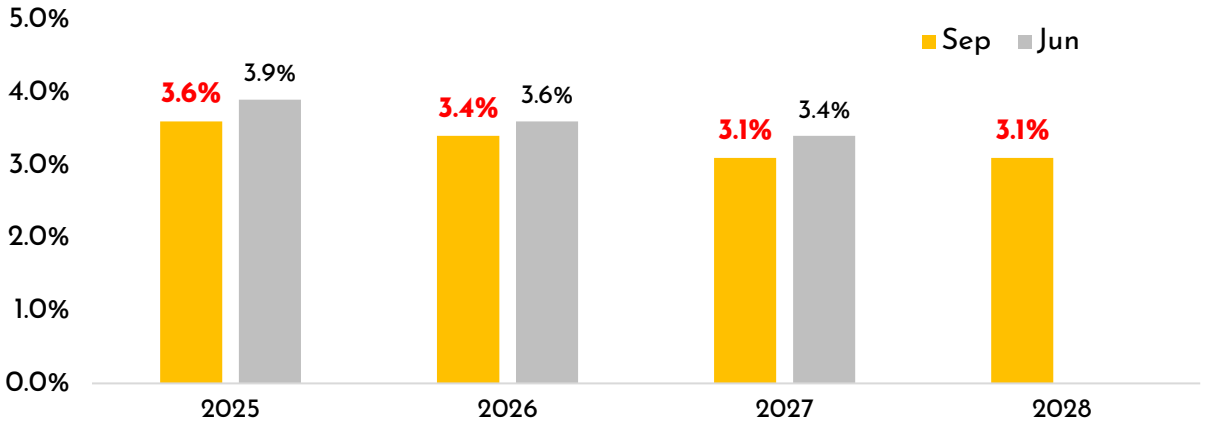
FOMC cuts benchmark rate along expected lines, shifts tone towards a more neutral policy with cooling jobs market

- The Federal Open Market Committee (FOMC) cut its benchmark rate by 25 bps as widely anticipated, with one member dissenting towards a 50bps easing.
- The policy statement highlighted a shift in labor market conditions, noting slower job gains, an uptick in unemployment rate, and increased downside risks to employment, in contrast to jobs market seen as solid in the previous policy meeting.
- Importantly, the dot-plot indicated rates to come down by 50 bps further this year, taking the median fed fund rate by end 2025 to 3.6% from 3.9% earlier. Rates for 2026 and 2027 were now being seen at 3.4% (vs 3.6% before), and 3.1% (vs 3.4% earlier). Projections for PCE (Personal Consumption Expenditure) and core PCE inflation were maintained for this year at 3% and 3.1% respectively but raised for next CY. Meanwhile, the unemployment rate for this year was also held at 4.5% but lowered for next year at 4.4%.
- In the post policy press conference, chair Powell attributed the recent slowing in payrolls to declining labor force participation and lower immigration and marked the moderation in both jobs supply as well as demand as unusual.
- On inflation, Mr. Powell noted a rise in goods inflation emanating from tariffs but also stated that these were not so large yet, with disinflation continuing for services. Apart from this, upside risks to inflation in the near term was noted but clarified that risks of higher and more persistent inflation was somewhat less than feared before.
- In response to recent shoot-up in prices of grocery items, Mr. Powell attributed it to increase in goods prices from tariffs, but also said this would be a one time increase rather than resulting in an inflationary process. The chair pointed out that the policy had been skewed towards inflation for long and called for a more balanced/neutral approach given downside risks to labor markets.
- Mr. Powell stressed that the recent policy action was in response to much lower job creation and softening in labor market and called it as a 'risk-management cut' - this wording led yields to reverse early downside.
- Lastly, chair Powell reiterated to adopt a meeting-by meeting approach in the forthcoming meetings.

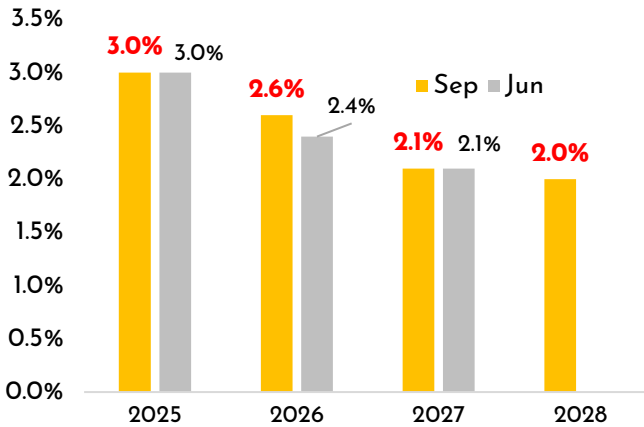
Implication: The policy outcome was largely as anticipated. From the Indian bonds market perspective, focus now shifts to H2 supply distribution for the GOI bonds. In addition, markets will also look forward to the RBI MPC Oct policy meeting. We expect the committee to hold rates in the upcoming meeting, given a sharp depreciation in INR and continuing uncertainty on US trade policies, though potential revision in real GDP and CPI projections will be closely watched following GST rate rationalization. In addition, any tweaks to underlying assumptions this year is also awaited.

Summary of Fed's economic projections

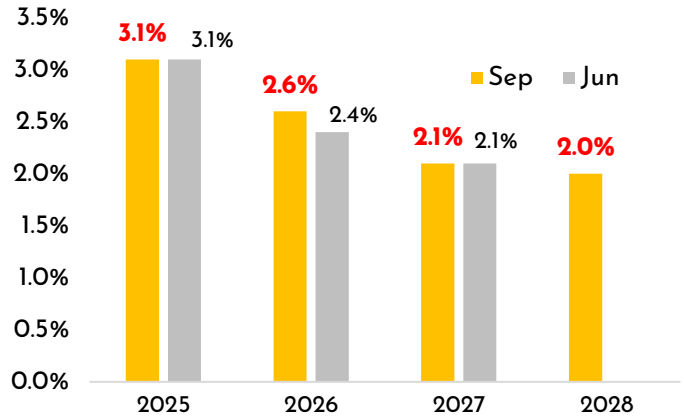
Median Fed funds rate



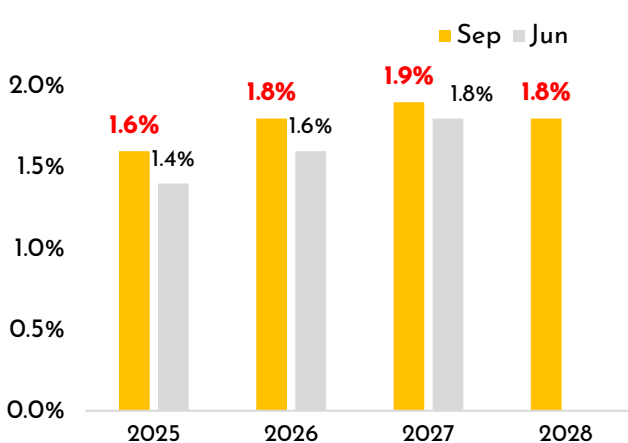
PCE inflation



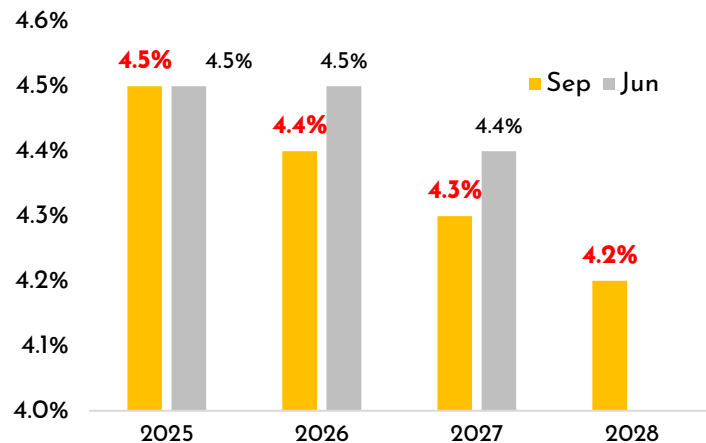
Core PCE inflation



Real GDP



Unemployment rate



Source: FOMC economic projections statement, SWL research

Disclaimer

Shriram Wealth Ltd. ("SWL") is a Distributor / Referrer of third-party investment / insurance / other products; all Distribution / Referral is done on a non-discretionary basis. SWL is registered as a Mutual Fund Distributor with AMFI (ARN code: 69250) and for PMS products with APMI (APRN code: APRN03929). SWL does not provide Investment Advisory services. All investments are subject to market and other risks, they are not obligations guaranteed by SWL or any of its affiliates or subsidiaries or by any government agency.


This document has been prepared solely for information purposes and does not constitute any offer, solicitation, recommendation or invitation to/for purchase or sale of any deposit, fund, security or any other financial or non-financial product, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. This document has been prepared based on information and data which SWL considers reliable, but makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this document. This document may not be all inclusive and may not contain all the information that you consider material. Any liability in respect of the contents of, or any omission from, this document is expressly excluded.

Certain information / data / matters discussed in this document may contain historical information & returns, statements regarding market opportunities and business prospects that are individually and collectively forward-looking statements. Forward-looking statements are not guarantees of future performance and are subject to assumptions, known and unknown risks and uncertainties that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the economies of India and of various international markets, the performance of the industry in India and world-wide, competition, the company's ability to successfully implement its strategy, the company's future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the company's market preferences and its exposure to market risks, as well as other risks. The company's actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this document. SWL assumes no obligation to update any forward-looking information contained in this document. Any forward-looking statements and projections made by third parties included in this document are not adopted by SWL and SWL is not responsible for such third-party statements and projections.

Investment products are subject to market and other risks, resulting in the appreciation or depreciation of the amount invested, including the possible loss of the principal amount. Returns are not guaranteed. Past performance is not indicative of future results. Returns from investment in products directly or indirectly denominated in foreign currency will also be dependent on the exchange rate fluctuations.

All investors are requested to read the Key Information Memorandum (KIM) / Scheme Investment Documents (SID) & Statement of Additional Information (SAI) / Term Sheet / Prospectus / all other product information, terms and risks carefully before taking any investment (buy / sell) decision. The KIM / SID / SAI for various AMCs and mutual fund schemes is available at: <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doMutualFund=yes&mftype=2>



 1800 268 3996

 support@shriramwealth.com

 The Capital, Unit 110, A Wing, 1st Floor, G Block, BKC, Mumbai – 400051