

## FED HAS COME TO THE END OF THE CYCLE

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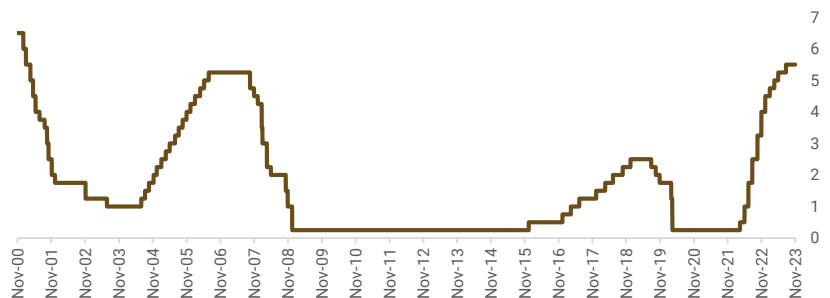
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- The FFR rate remained at 5.25 - 5.50% - the highest level in 22 years – as expected.
- Fed is "proceeding carefully" on upcoming policy.
- We believe that Fed is at the end of the interest rate hike cycle, however we assume that interest rates will continue to maintain at a high level above 5% until the end of 2024.
- USDVND exchange rate is still under some pressure. PHS maintains the view that FX rate will increase 1 - 2% more until the end of the year, corresponding to level 24,800 - 25,000.

### Fed hold rate at its 22-year high of 5.25%-5.50% for 2nd consecutive time

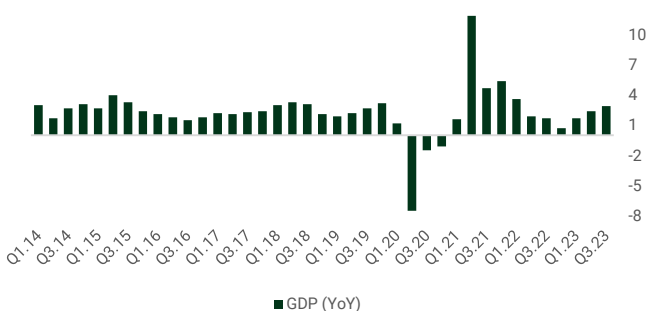
Fed kept interest rates unchanged for the second consecutive time in the meeting yesterday (01-Nov-23) as expected by the market. The FFR rate remained at 5.25 - 5.50% - the highest level in 22 years. FOMC members said that the US economy is still very strong, the labor market is better than Fed's expectations while inflation remains elevated. Fed kept its long-term inflation target at 2% and "strongly committed" to achieve that.

**Figure 1: Fed had raised interest rates consecutively 11 times before**



US GDP in Q3 grew 2.9% YoY - far exceeding the forecast of experts. Along with that, the number of job openings increased by 56,000 from the previous month to 9.55 million in September 2023, reaching the highest level in four months and exceeding the market consensus of 9.25 million. The unemployment rate thus remained at a historically low level - 3.8% in last quarter. In the opposite side, rising oil prices are causing some risks to the process of controlling inflation to the Fed's target level.

**Figure 2: US GDP in Q3 grew 2.9% YoY - far exceeding the forecast of experts.**



**Figure 3: The unemployment rate remained at a historically low level while inflation was sticky.**

