

**First Read**

# US Economic Comment

## The FOMC will wait and see

**Economics**

## Americas

**Diminished risks but stable forecast**

The minutes show the Fed was less worried about the impact of the UK "Leave" vote as well as the pace of job gains (following the June rebound in jobs, but before the follow on gains in July). Despite the diminished risks, the baseline view of the economy held by committee members was largely unchanged. The minutes read: "participants generally indicated that their economic forecasts had changed little over the intermeeting period."

**Wait and see...again**

The minutes also note that member generally thought it "prudent to accumulate more data in order to gauge the underlying momentum in the labor market and economic activity." Given the healthy jobs numbers for July, it seems likely that the need to see even more may be diminished among a few more FOMC members, but likely not enough to prompt near-term action.

**December, not September**

The "wait and see" theme is a recurrent theme for the FOMC. We expect committee members will want sustained evidence of progress in the labor market as well as some evidence that inflation will migrate higher over time. Since the July meeting they have gotten some supporting evidence regarding the health of the labor market, but inflation remains less robust than they would likely prefer to see. These factors argue for a slow path toward tightening. We continue to expect a December rate hike.

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