Fed Left Rates Unchanged Amid Elevated Uncertainty

The Fed left rates and the pace of QT unchanged as expected in Wednesday?s meeting. Powell?s opening statement was updated to reflect that uncertainty about the economic outlook has *?diminished but remains elevated.?* Powell emphasized that the Fed would maintain a data-dependent approach and isn?t in a hurry to cut rates, but left the door open for rate cuts this year.

The Fed also released its quarterly Summary of Economic Projections (SEP). The SEP provides the economic outlook of the Fed members and serves as a barometer of the board members? broad economic and inflation views. The FOMC reduced its median 2025 GDP forecast from 1.7% to 1.4%. In addition, it increased its median 2025 PCE and Core PCE projections by 0.3% each. The FOMC?s median 2025 unemployment rate projection rose from 4.4% to 4.5%. Overall, the updated SEP had a stagflationary tone, with growth forecasts revised lower while inflation and unemployment forecasts were revised higher. The median Fed Funds rate projection for 2025 was left unchanged from March?s SEP at 3.875%, implying two rate cuts this year. The median forecasts for 2026 and 2027 imply one rate cut in each of the next two years. &#2013266080;

The market had a muted initial reaction to Powell?s press conference. The S&P 500 gave up its 0.3% gain, and Treasury yields increased slightly heading into the close.

Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, June 2025

Percent

Variable	Median[1]				Central Tendency[2]				Range[3]			
	2025	2026	2027	Longer run	2025	2026	2027	Longer run	2025	2026	2027	Longer run
Change in real GDP	1.4	1.6	1.8	1.8	1.2–1.5	1.5–1.8	1.7–2.0	1.7–2.0	1.1–2.1	0.6–2.5	0.6–2.5	1.5–2.5
March projection	1.7	1.8	1.8	1.8	1.5–1.9	1.6–1.9	1.6–2.0	1.7–2.0	1.0–2.4	0.6–2.5	0.6–2.5	1.5–2.5
Unemployment rate	4.5	4.5	4.4	4.2	4.4–4.5	4.3–4.6	4.2–4.6	4.0–4.3	4.3–4.6	4.3–4.7	4.0–4.7	3.5–4.5
March projection	4.4	4.3	4.3	4.2	4.3–4.4	4.2–4.5	4.1–4.4	3.9–4.3	4.1–4.6	4.1–4.7	3.9–4.7	3.5–4.5
PCE inflation	3.0	2.4	2.1	2.0	2.8–3.2	2.3–2.6	2.0–2.2	2.0	2.5–3.3	2.1–3.1	2.0–2.8	2.0
March projection	2.7	2.2	2.0	2.0	2.6–2.9	2.1–2.3	2.0–2.1	2.0	2.5–3.4	2.0–3.1	1.9–2.8	2.0
Core PCE inflation[4]	3.1	2.4	2.1		2.9–3.4	2.3–2.7	2.0–2.2		2.5–3.5	2.1–3.2	2.0–2.9	
March projection	2.8	2.2	2.0		2.7–3.0	2.1–2.4	2.0–2.1		2.5–3.5	2.1–3.2	2.0–2.9	
Memo: Projected appropriate policy path												
Federal funds rate	3.9	3.6	3.4	3.0	3.9–4.4	3.1–3.9	2.9–3.6	2.6–3.6	3.6–4.4	2.6–4.1	2.6–3.9	2.5–3.9
March projection	3.9	3.4	3.1	3.0	3.9–4.4	3.1–3.9	2.9–3.6	2.6–3.6	3.6–4.4	2.9–4.1	2.6–3.9	2.5–3.9

What To Watch Today

Earnings

Friday Jun 20	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
Kroger KR:US		1.45	1.43		45.28B	45.27B	$50.63B	Q1	AM
Naspers NPN:SJ						3.01B	$44.01B	H2	
Darden Restaurants DRI:US		2.93	2.65		3.25B	3B	$23.33B	Q4	AM
CarMax KMX:US		1.19	0.97		7.56B	7.11B	$10.48B	Q1	AM

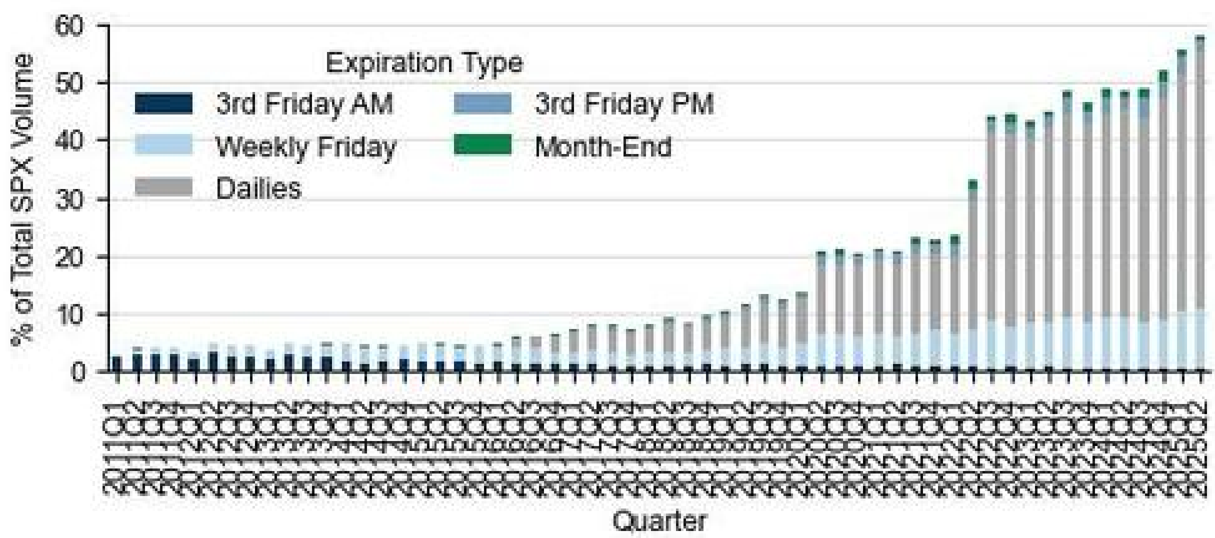
Economy

Friday June 20 2025			Actual	Previous	Consensus	Forecast
07:30 AM	US	Philadelphia Fed Manufacturing Index JUN		-4	-1	1
07:30 AM	US	Philly Fed Business Conditions JUN		47.2		
07:30 AM	US	Philly Fed CAPEX Index JUN		27.00		
07:30 AM	US	Philly Fed Employment JUN		16.5		
07:30 AM	US	Philly Fed New Orders JUN		7.5		
07:30 AM	US	Philly Fed Prices Paid JUN		59.80		
09:00 AM	US	CB Leading Index MoM MAY		-1%	-0.1%	-0.2%

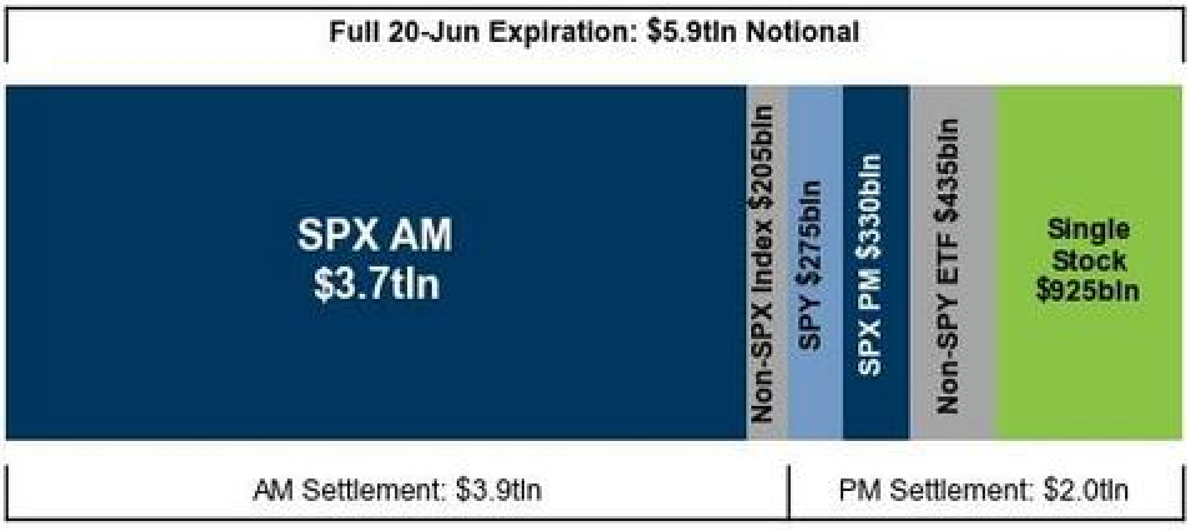
Market Trading Update

We discussed on Wednesday that the market had increased its momentum sell signal and broken down from a rising wedge pattern. While not the end of the world, it does suggest that the market will likely continue to struggle somewhat over the next week.

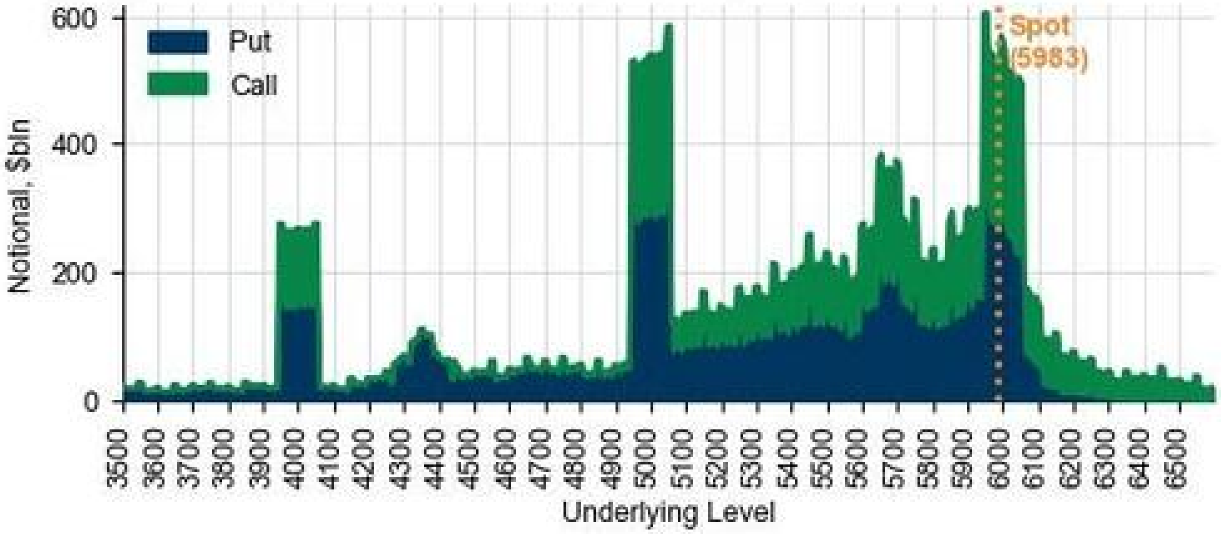
Today is the largest June options expiration day?ever. Such is particularly the case, as retail investor speculation in 0DTE options *(Zero Days To Expiration)* volumes hit a record high. The surge in retail speculation in 0DTE options has been stunning since the post-pandemic market *?casino?* mindset took over.



Concerning the market, Goldman Sachs John Marshall&#2013266080;estimates that over $5.9 trillion of notional options exposure will expire today (06/20), including $4.0 trillion of SPX options and $925 billion notional of single stock options.&#2013266080;



Most crucially, for investors, the **strike distribution of S&P options expiring tomorrow&#2013266080;**is dominated by some major price points *(5000 and 6000)*.



While this data does NOT suggest a severe market correction, these maturing options will cause some pickup in market volatility today, with downside likely outweighing upside into the close. Given the distribution of strikes, 5900 becomes a near-term target, shown below, depending on whether gamma *(the rate of change of an option?s&#2013266080;delta&#2013266080;for every $1 change in the underlying asset?s price)* unclenches or not. However, if the market violates the 20-DMA in the next few days, there will be a decent amount of&#2013266080;*?gravitational pull?&#2013266080;*to the 200-DMA around 5850.

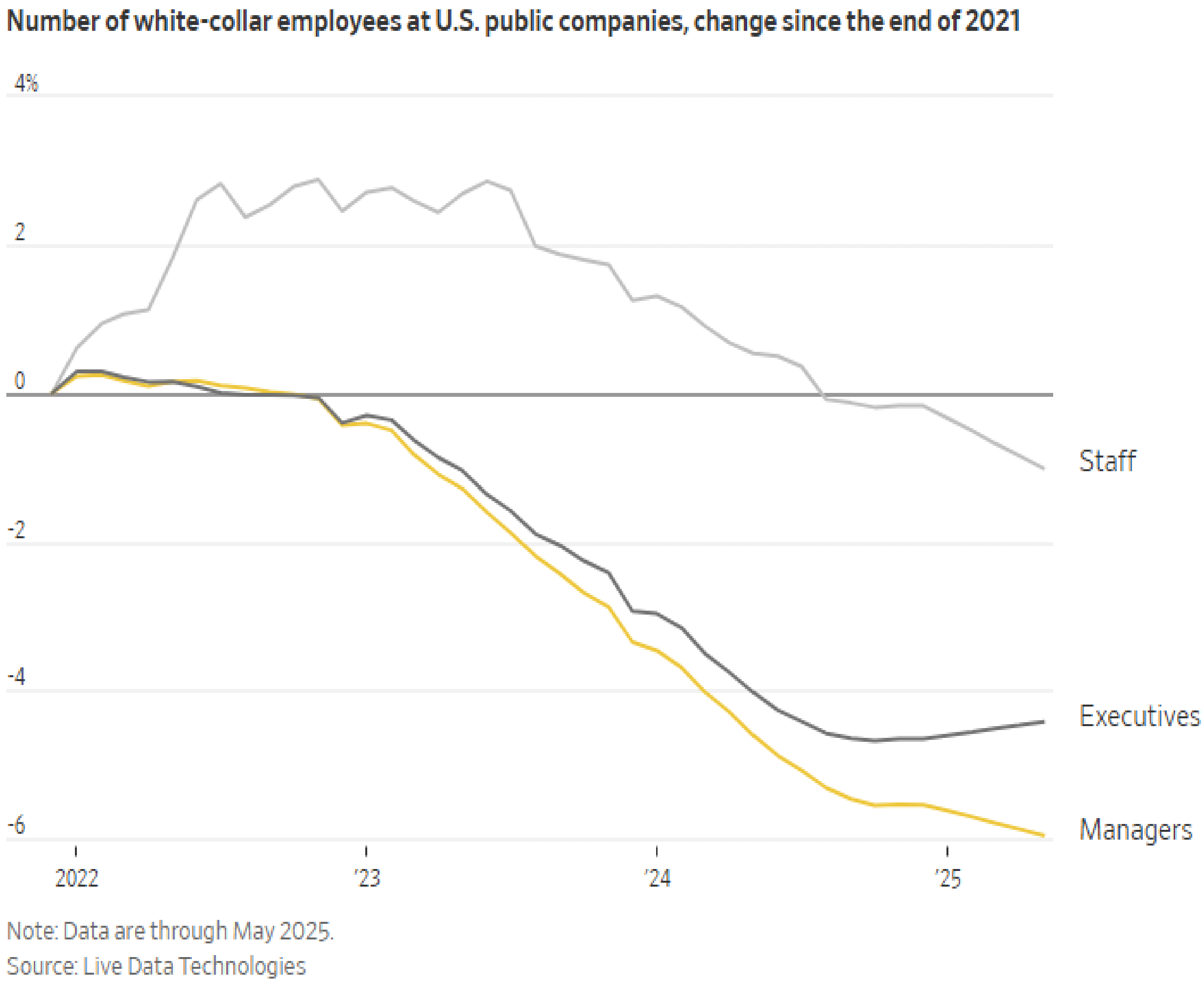
Continue to manage risk and trade accordingly.

Leaner and Meaner: AI Could Reshape the Workforce Very Soon

There?s been a strategic shift among U.S. public companies toward leaner operations. The chart below shows that US public companies have cut white-collar jobs by 3.5% over the past three years. Post-pandemic hiring surges have given way to the return of a philosophy prioritizing efficiency and corporate agility. Moreover, some companies are taking it further than simply trimming excesses built up after the pandemic. Per the Wall Street Journal:

> ?In all, about one in five S&P 500 companies have fewer employees today in both offices and the field than a decade ago, and it isn?t all due to selling or spinning off some operations, according to a Wall Street Journal analysis of public filings. That includes bellwether names such as Walmart, General Motors and Bank of America, whose sales have all climbed over that time.?

Generative AI is poised to accelerate this trend, with a World Economic Forum survey noting 41% of employers plan to downsize due to AI. Furthermore, that process could be getting underway in the next few years. On Tuesday, Amazon announced its intention to reduce its corporate workforce in the coming years. The CEO, Andy Jassy, stated that the rollout of AI agents will eliminate the need for certain jobs. Amazon?s mega-cap peers are likely on a similar trajectory. Hence, a leaner corporate future may be closer than we think. &#2013266080;



Why High Net Worth Investors Need a Different Wealth Management Strategy

High-net-worth individuals (HNWIs) face financial challenges and opportunities that go far beyond the scope of traditional investment advice. While most investors may focus on growing their nest egg, HNWIs must balance growth with preservation, manage complex tax situations, and prepare for legacy and philanthropic goals. A cookie-cutter approach simply doesn?t work.

In this guide, we?ll explore why HNWIs need a tailored wealth management strategy and how specialized financial planning can help you manage risk, minimize taxes, and protect your legacy.

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