

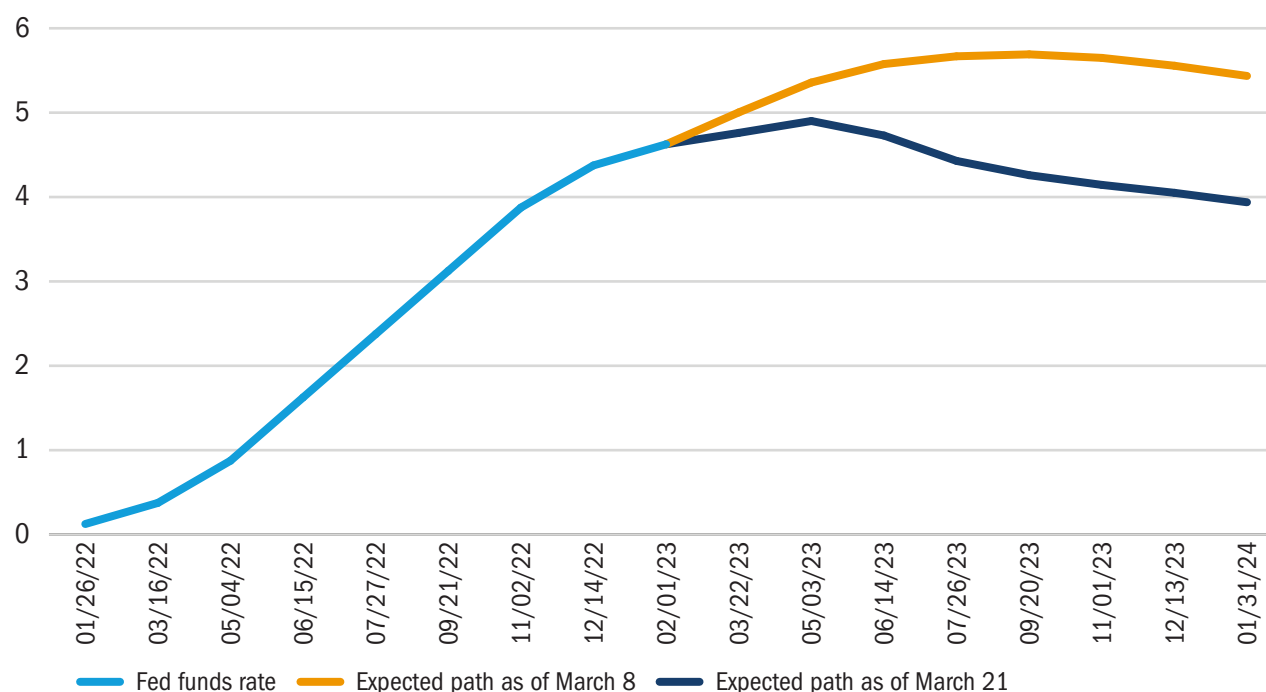
# Chart on the Go

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## ▶ We've seen a sharp repricing in the path for the fed funds rate post bank failure

Federal funds rate (%)



The Fed's task is now more complicated — the central bank has to balance the need for additional hikes in response to high inflation against the risk of a disorderly tightening of financial conditions triggered by bank failures.

For the Fed, the risk of overtightening is outweighed by the risk of relaxing policy prematurely.

Markets have moved to price in a much less aggressive hiking cycle from here, with easing expected to begin as soon as this summer. Our view is that this is premature unless we see a rapid deterioration in risk sentiment.

Source: Bloomberg, Columbia Threadneedle Investments. Fed funds rate represents the midpoint of the target range for overnight lending among U.S. banks.

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