

- The Federal Open Market Committee (FOMC) held the fed funds rate unchanged in a range of 4.25% and 4.50%, marking the third consecutive hold.
- The FOMC stated that uncertainty about the economic outlook has increased further, and the risks of higher unemployment and higher inflation have risen.
- The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities.
- In his press conference Fed Chair Powell said the FOMC needs to get clarity on the impact of tariffs on inflation and growth before deciding on the appropriate path of monetary policy.
- PNC's baseline forecast is for four cuts in the fed funds rate later this year with the first cut in July.

As widely expected, the FOMC left the fed funds rate unchanged in a range of 4.25% and 4.50% in its policy statement today. That marks the third straight hold after the FOMC cut the fed funds rate by a cumulative 100 basis points last year. The decision was unanimous.

The FOMC stated that “although swings in net exports have affected the data, recent indicators suggest that economic activity has continued to expand at a solid pace. The unemployment rate has stabilized at a low level in recent months, and labor market conditions remain solid. Inflation remains somewhat elevated.”

The forward-looking section of the statement was changed from March. It maintained that “uncertainty about the economic outlook has increased further.” The Committee is “attentive to the risks to both sides of its dual mandate and judges that the risks of higher unemployment and higher inflation have risen, and that the FOMC will consider both the labor market and inflation when making policy decisions.”

In his post-meeting press conference, Fed Chair Powell suggested that the FOMC is not ready to cut the fed funds rate again until there is more clarity on tariffs and the impacts on inflation and economic growth. He also said that in terms of the potential impacts of tariffs on the economy, the range of possibilities is very wide.

As anticipated, the FOMC kept the fed funds rate unchanged again today after easing in the second half of last year. PNC's baseline forecast is for four additional fed funds rate cuts in 2025 of 25 basis points at each of the FOMC's last four meetings beginning in July. This would take the fed funds rate to a range of 3.25% to 3.50% by year end.

Action Economics Survey	Range	Median	Last Actual	PNC's Comment
<b>Fed Funds Rate Target Range Mid-Point</b> (after the FOMC meeting on 6/18/25)	4.125-4.375%	4.375%	4.375%	4.375%. The Federal Open Market Committee will leave the fed funds rate unchanged in June.
<b>Apr CPI</b> (5/13, Tuesday)	0.1-0.4%	0.3%	-0.1% (Mar)	0.3%. Consumer price inflation to rebound in April, partially due to higher gas prices.
<b>Apr CPI (ex-food &amp; energy)</b> (5/13, Tuesday)	0.1-0.4%	0.3%	0.1% (Mar)	0.3%. Consumer price inflation excluding food and energy prices to accelerate in April.
<b>Apr Retail Sales</b> (5/15, Thursday)	-0.3 to 1.4%	0.0%	1.5% (Mar)	0.3%. Retail sales growth to rise at a solid pace in April as consumers try to front-run tariffs.
<b>Apr Retail Sales (ex-auto)</b> (5/15, Thursday)	-0.3 to 0.5%	0.3%	0.6% (Mar)	0.5%. Retail sales ex autos growth to slip slightly in April but remain strong.
<b>Apr PPI</b> (5/15, Thursday)	0.1-0.3%	0.2%	-0.4% (Mar)	0.2%. Producer price inflation to rebound in April after sliding in March.
<b>Apr PPI (ex-food &amp; energy)</b> (5/15, Thursday)	0.2-0.3%	0.3%	-0.1% (Mar)	0.3%. Core producer price inflation growth to accelerate in April.
<b>Initial Claims, Wk of 5/10/25</b> (5/15, Thursday)	220-235K	226K	228K (5/3/25)	230K. Initial jobless claims to edge up but remain low.
<b>Apr Industrial Production</b> (5/15, Thursday)	-0.1 to 0.4%	0.2%	-0.3% (Mar)	0.4%. Industrial production growth to rebound in April after slipping in March.
<b>Apr Capacity Utilization</b> (5/15, Thursday)	77.6-78.0%	77.9%	77.8% (Mar)	78.0%. Capacity utilization to increase in April on rebounding industrial production.
<b>Mar Business Inventories</b> (5/15, Thursday)	0.1-0.4%	0.2%	0.2% (Feb)	0.4%. Business inventories to grow at twice February's pace on tariff front running.

Action Economics Survey	Range	Median	Last Actual	PNC's Comment
<b>Apr Housing Starts (5/16, Friday)</b>	1.236-1.400M	1.362M	1.324M (Mar)	1.370M. Housing starts to rebound in April as homebuilders attempt to offset the shortage of existing homes for sale.
<b>Apr Export Price Index (5/16, Friday)</b>	-1.2 to 0.2%	-0.4%	0.0% (Mar)	0.2%. Export price growth to accelerate in April after a flat reading in March.
<b>Apr Import Price Index (5/16, Friday)</b>	-0.8 to 0.3%	-0.4%	-0.1% (Mar)	0.3%. Import prices to rebound in April after slipping in March.
<b>May U. Mich. Consumer Sentiment (prelim) (5/16, Friday)</b>	52.0-56.0	53.5	52.2 (Apr final)	54.8. Consumer sentiment to improve slightly in the final April reading on higher stock prices.

## Monthly Calendar of Economic Data: May 2025

**May 13**

### Consumer Price Index

	Total	Core
Feb	0.2	0.2
Mar	-0.1	0.1
Apr		

**May 15**

### Retail Sales

	Total	Ex-Autos
Feb	0.0	0.4
Mar	1.5	0.6
Apr		

### Producer Price Index

	Total	Core
Feb	0.1	0.4
Mar	-0.4	0.1
Apr		

### Unemployment Claims (000)

Jan	Feb	Mar	Apr	May
205	222	224	224	228
217	215	223	216	
222	224	225	223	
210	243	225	241	
		219		

### Industrial Prod Cap Util

	Industrial Prod	Cap Util
Feb	0.8	78.2
Mar	-0.3	77.8
Apr		

### Mfg and Trade

	Inv	Sales
Jan	0.3	-0.6
Feb	0.2	1.2
Mar		

**May 16**

### Housing (000)

	Starts	Permits
Feb	1.494	1.459
Mar	1.324	1.467
Apr		

Apr Import Price Index

May U Mich Consumer Sentiment (prelim)

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