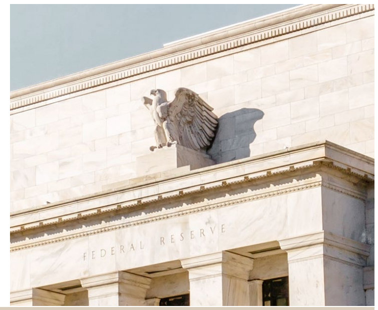
WELLS FARGO
Investment Institute



FOMC Meeting: Key Takeaways

November FOMC meeting | **November 7, 2024**

Policy announcement

The Federal Open Market Committee (FOMC or the Committee) reduced the federal funds rate by 25 basis points (100 basis points (bps) equal 1%) to 4.50% – 4.75%, continuing with the interest-rate-cutting cycle that started in September. The Committee still believes that inflation is moving sustainably toward 2%, and judges that the risks to achieving its employment and inflation goals are roughly in balance. The Federal Reserve (Fed) continues reducing its holdings of U.S. Treasury securities and agency mortgage-backed securities, under the updated monthly cap of $25 billion and $35 billion, respectively.

Stated reasons

- Recent indicators suggest that economic activity has continued to expand at a solid pace. Since earlier in the year, labor market conditions have generally eased, and the unemployment rate has moved up but remains low. Inflation has made progress toward the Committee’s 2 percent objective but remains somewhat elevated.
- In support of its goals, the Committee decided to lower the target range for the federal funds rate by 25 bps to 4.50%-4.75%. Still, the economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate (price stability and full employment).

Looking forward

- In considering additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks.
- The Committee will continue to take into account a wide range of information including readings on labor market conditions, inflation pressures, inflation expectations, and financial and international developments.

What else?

- The Fed meeting today provided little drama for market watchers as a 25 bps rate cut was fully expected. This meeting lacked a release of economic projections or “dot plots”, further reducing the potential for surprises. We will get an update to the summary of economic projection at the December meeting. We still expect an additional 25 bps rate cut in December. We believe the Fed will proceed cautiously in 2025, assessing if President Trump’s economic proposals eventually become actual policies and how those policies end up affecting inflation, labor markets and overall economic growth. As always, the Fed will be led by the economic data. We currently expect 75 bps in cuts in 2025. We continue to expect positive fixed income returns mostly supported by the yield (income) component. We believe fixed income investors may benefit by being favorable on the intermediate portion of the curve, 3–7 year maturities.

Upcoming meeting schedule

- December 18* | January 29 | March 19* | May 7

  *Indicates the meeting is associated with a summary of economic projections. In addition, every meeting will be accompanied by a press conference.

Risk considerations

Forecasts and targets are based on certain assumptions and on views of market and economic conditions which are subject to change.

All investing involves risks including the possible loss of principal. Investments in fixed-income securities are subject to interest rate, credit/default, liquidity, inflation, and other risks. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline in the bond's price. Credit risk is the risk that an issuer will default on payments of interest and principal. This risk is higher when investing in high yield bonds, also known as junk bonds, which have lower ratings and are subject to greater volatility. If sold prior to maturity, fixed income securities are subject to market risk. All fixed income investments may be worth less than their original cost upon redemption or maturity.

General disclosures

Global Investment Strategy (GIS) is a division of Wells Fargo Investment Institute, Inc. (WFII). WFII is a registered investment adviser and wholly owned subsidiary of Wells Fargo Bank, N.A., a bank affiliate of Wells Fargo & Company.

The information in this report was prepared by Global Investment Strategy. Opinions represent GIS' opinion as of the date of this report and are for general information purposes only and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally. GIS does not undertake to advise you of any change in its opinions or the information contained in this report. Wells Fargo & Company affiliates may issue reports or have opinions that are inconsistent with, and reach different conclusions from, this report.

The information contained herein constitutes general information and is not directed to, designed for, or individually tailored to, any particular investor or potential investor. This report is not intended to be a client-specific suitability or best interest analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities. Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

Wells Fargo Advisors is registered with the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority, but is not licensed or registered with any financial services regulatory authority outside of the U.S. Non-U.S. residents who maintain U.S.-based financial services account(s) with Wells Fargo Advisors may not be afforded certain protections conferred by legislation and regulations in their country of residence in respect of any investments, investment transactions or communications made with Wells Fargo Advisors.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company.

PM-05072026-7276316.1.1