

Market overview (2016.03.16) Source: [ACFX Forex Broker](#)
[\(Review and Forex Rebates Up to 85%\)](#)

This afternoon, the Federal Open Market Committee is due to give its latest interest rate decision. Back on December 15, the FOMC decided to commence a policy change which forecasts interest rates being increased a further four times during 2016. Such a policy shift would lead to the Fed Funds rate increasing to 1.4% by the end of the year. However, just a few hours before the March meeting and with the state of the domestic economy not convincing many market participants that we are ready for a rate increase, anytime soon it would appear that a rate rise later today is not on the agenda. In light of this, it would seem that time is running out for Chairwoman Yellen to push through and complete a four hike dot plot scenario. According to latest data, the market has priced in a small probability that interest rates will be increased today by the FOMC from the current 0.50% target. Interestingly, however according to market pricing, the likelihood of a rate hike happening today has grown. The change in market sentiment and how it views the possible course that the FOMC could take today and during the rest of 2016 is being influenced by a continuation of the strong jobs numbers and what is seen as a more positive economic outlook. Yellen and her fellow committee members although dependent on data are mindful that their policy decisions should not be viewed to be overly influenced by the most recent financial news release. Trying to keep the correct balance between market expectations and affecting the market through the application of

forward guidance is a difficult task. Notwithstanding this, and due to current developments and the overall positive momentum in the data, it would not be unexpected to see a more hawkish tone being set by the FOMC later today.