

JANUARY 1, 2018



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Onward and upward the likely story in 2018

Cash managers could find the landscape this year to be similar to that of 2017, and that would be a good thing if it means a continuation of the steady march to 2% for both interest and inflation rates. The Federal Reserve's December policy-setting meeting resulted in a 25-basis-point rate increase in the fed funds rate (to a range of 1.25-1.50%) and projections for three more in 2018.

But the Fed has a history of disrupting its own plans, or at the very least creating bumps in the road. There will be opportunities for either this year, including the continuing roll-off of the Fed's mammoth balance sheet. Also, while many see little difference between outgoing Chair Janet Yellen and her successor Jerome Powell, there is potential for risk in 2018 if there are multiple open posts on the Fed board. Neither of these is likely to become a major issue, in our opinion. We don't expect much volatility in short rates in 2018 as the year progresses, especially if the economy retains its momentum.