

## Now That The Debt Ceiling Is Over, What's Next?

Now that the debt ceiling negotiations are behind us and President Biden has signed the measure, what will Wall Street's wandering eye focus on next?

Inflation? Interest rates? Recession? Artificial intelligence?

More than likely, headlines will quickly turn to the Federal Reserve's next meeting, which ends on June 14.

As you can see from the accompanying chart, there are conflicting opinions about what's next for short-term rates this summer. Some see rates ticking higher, while others believe the Fed will pause rate hikes. The Fed's current target for short-term rates is 5% to 5.25%. Two-thirds of speculators expect the Fed to hold steady in June.

### Conflicting Opinions

Speculators have different ideas about what's next for short-term rates.

*Some see rates ticking higher over the summer.*

| FOMC Meeting Date | 3.5% - 3.75% | 3.75% - 4% | 4.0% - 4.25% | 4.25% - 4.5% | 4.5% - 4.75% | 4.75% - 5% | 5% - 5.25% | 5.25% - 5.5% |
|-------------------|--------------|------------|--------------|--------------|--------------|------------|------------|--------------|
| 6/14/2023         | 0.0%         | 0.0%       | 0.0%         | 0.0%         | 0.0%         | 0.0%       | 66.7%      | 33.3%        |
| 7/26/2023         | 0.0%         | 0.0%       | 0.0%         | 0.0%         | 0.0%         | 0.0%       | 28.6%      | 52.3%        |
| 9/20/2023         | 0.0%         | 0.0%       | 0.0%         | 0.0%         | 0.0%         | 4.0%       | 31.90%     | 47.7%        |
| 11/1/2023         | 0.0%         | 0.0%       | 0.0%         | 0.0%         | 2.0%         | 18.0%      | 39.8%      | 32.0%        |
| 12/13/2023        | 0.0%         | 0.0%       | 0.0%         | 1.1%         | 10.9%        | 30.1%      | 35.5%      | 18.8%        |
| 1/31/2024         | 0.0%         | 0.0%       | 0.9%         | 8.8%         | 26.0%        | 34.4%      | 22.4%      | 6.9%         |
| 3/20/2024         | 0.0%         | 0.8%       | 8.1%         | 24.4%        | 33.6%        | 23.5%      | 8.3%       | 1.3%         |
| 5/1/2024          | 2.2%         | 11.3%      | 26.2%        | 31.6%        | 20.4%        | 6.9%       | 1.1%       | 0.1%         |
| 6/19/2024         | 8.2%         | 21.0%      | 29.7%        | 24.3%        | 11.6%        | 3.1%       | 0.4%       | 0%           |

The CME Group publishes a table that shows probability of the Federal Funds Rate's level by the FOMC's scheduled meeting dates. The blue highlights show the highest probability, by meeting date.

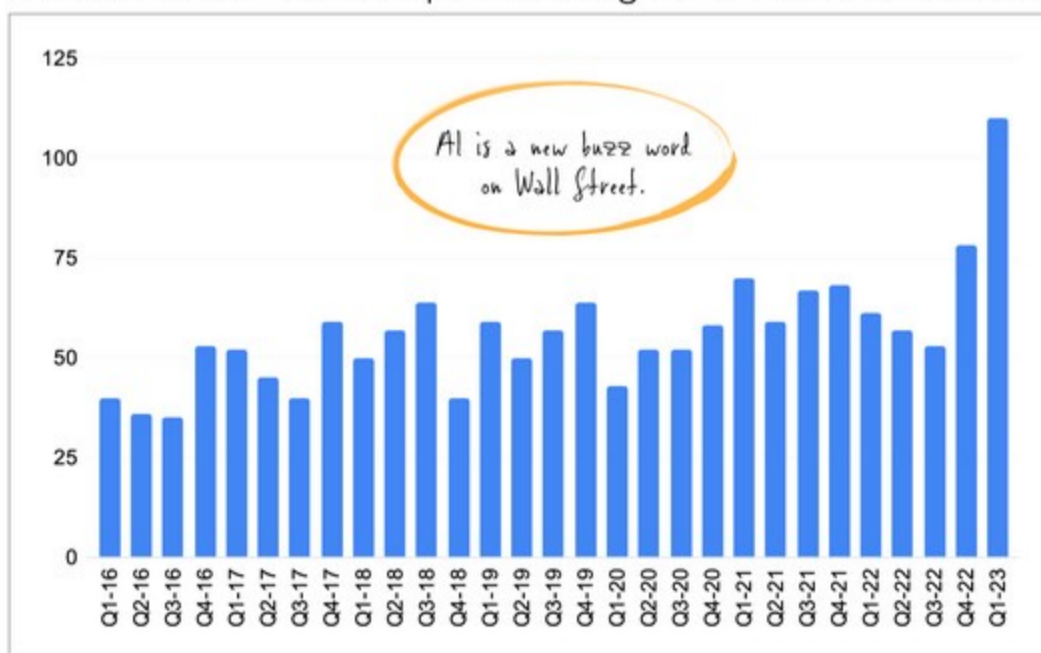
Disclosure: The CME Group's table changes on a daily basis. Probabilities are based on assumptions and subject to revisions. Financial, economic, political, and regulatory issues may cause the actual results to differ from the expectations expressed in the table. The data and output from this tool does not constitute investment advice and is not a personal recommendation from CME Group. Any investment activities based on this table are at the sole risk of the investor. Partial table shown for illustrative purposes.

Source: CME Group, June 2, 2023

It's also possible that the conversation will shift to artificial intelligence and how companies use this new technology frontier. The chart below shows that 110 of the S&P 500 companies mentioned AI in Q1 quarterly reports, a 40% increase from Q4 2022. This trend is expected to continue to trend higher in the coming quarters.

### Trending Higher

Number of S&P 500 companies citing "AI" on conference calls



The S&P 500 Composite Index is an unmanaged index that is considered representative of the overall U.S. stock market. Index performance is not indicative of the past performance of a particular investment. Past performance does not guarantee future results. Individuals cannot invest directly in an index.

Source: Insight.FactSet.com, May 26, 2023

While Wall Street's attention will shift from topic to topic, expect our conversations to stay pretty much the same. We will continue to focus on your goals based on your time horizon and risk tolerance. We'll let Wall Street figure out the other stuff.

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