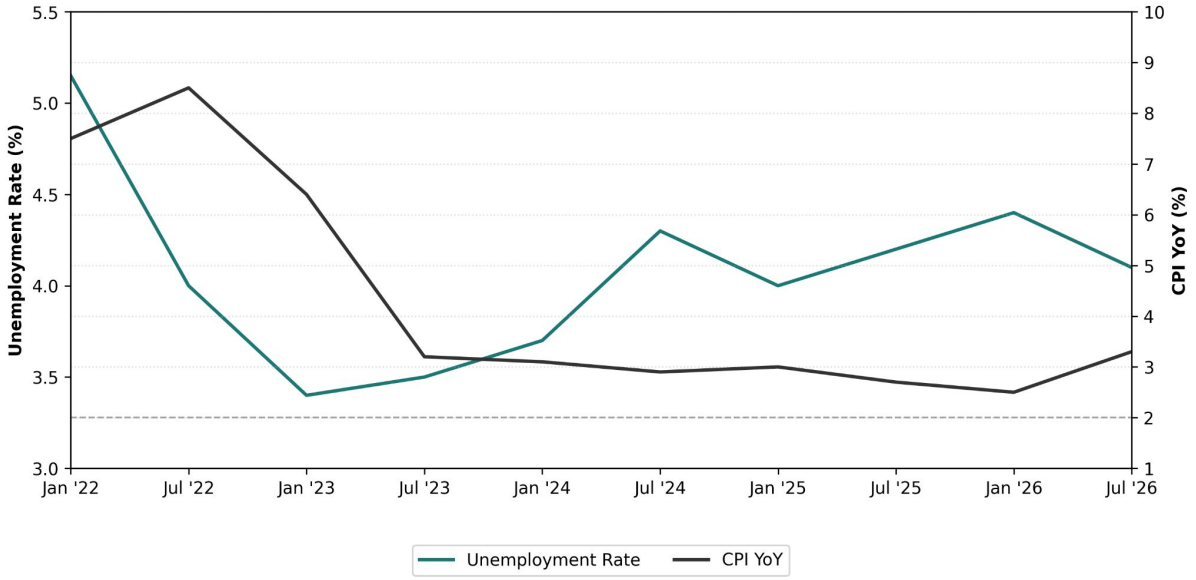
The Fed Raises Interest Rates. It Rarely Stops at One.

Sep 23, 2026

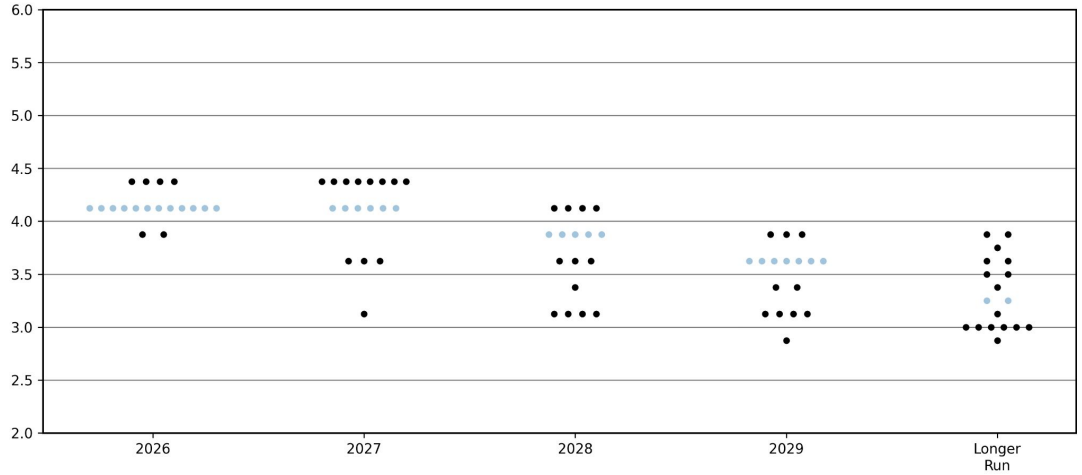
Key Takeaway

- **Inflation Remains Elevated**: August CPI rose 0.4% MoM and 3.4% YoY, while core CPI increased 0.3% MoM and 2.4% YoY, indicating that inflation remains above the Fed's 2% target.
- **Labor Market Remains Resilient**: U.S. nonfarm payrolls increased by 162,000 in August, while the unemployment rate remained at 4.1%, suggesting that labor-market conditions remain relatively solid.
- **Fed Delivers First Hike in Three Years**: The Fed has now raised rates for the first time in three years, confirming what investors had widely anticipated — and as expected, the harder question is no longer whether it would hike, but what comes after.
- **Political Pressure Conflicts With Fed's Inflation Focus**: The rate hike runs counter to the Trump administration's calls for lower rates, highlighting growing tension between the White House's economic agenda and the Fed's commitment to price stability.

Unemployment Rate & CPI YoY , Seasonally Adjusted



Fed's dot plot



Investment Implications

- **LONG — Gold**: Geopolitical risks and central-bank demand support gold's role as a portfolio hedge, despite near-term pressure from higher interest rates.
- **LONG — Quality / Defensive Equities**: Favor companies with resilient cash flows, low leverage, and strong pricing power, including selected healthcare stocks, to better withstand prolonged high interest rates.
- **LONG — U.S. Dollar / Cash Equivalents**: Confidence in the Fed's commitment to price stability supports our dollar outlook, while Treasury bills provide income with low duration risk.

Central Banking Updates

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