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Barclays, Traders Set Sights on Fed Rate Hike of 75 Basis Points

- Markets price 50-50 odds of bigger increase in July, September
- Barclays, Jefferies see a three-quarter point hike next week

By [Scott Lanman](#) and [Kristine Aquino](#)June 10, 2022, 10:17 AM CDT *Updated on June 10, 2022, 11:52 AM CDT*

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Traders see 50-50 odds of the [Federal Reserve](#) raising rates by three-quarters of a percentage point in July, while economists at Barclays Plc and Jefferies LLC say this move could come as early as next week.

A hotter-than-expected inflation reading sent Treasury yields to multi-year highs on Friday, and flattened or inverted key parts of the US curve. Five-year rates surged to the highest in more than a decade, exceeding their 30-year counterparts for the first time in a month -- a signal to some investors that the central bank's tightening may set off a recession.

The ramp-up in Fed rate expectations comes after a Labor Department report showed consumer prices accelerating to a fresh 40-year high, though Fed watchers doubt Chair Jerome Powell would take that step.