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FOMC meeting decision is a coinflip

Many Federal Reserve officials spoke last week, but without enough consensus to move the dial. With no policymakers willing to say in black and white what they think the Federal Open Market Committee should do when it meets in December, the picture remains gray.

At present, the federal funds futures market regards whether or not the Fed will cut the target rate or keep it at 4.50-4.75% as a coinflip. The uncertainty of the election has given way to the uncertainty of what changes and policies the Trump administration will pursue. Fed officials are so keen to avoid being political that they aren't addressing the issue in any detail. Perhaps, the FOMC will put blinders on and vote on the data at hand. If so, the argument might be for holding rates steady.

The economy continues to look like it is heading to a goldilocks zone rather than a slowdown, despite the pushback that high interest rates put on it. The October jobs report is not indicative of the state of the labor market and manufacturing and services data showed growth. Inflation is still on consumer's minds, but Black Friday might change that. All in all, reports are contradictory enough—to others and to themselves—to warrant waiting until after Thanksgiving to evaluate.

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