

JANUARY 27, 2025

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## Bring the popcorn

In the days following Donald Trump's victory in the election, Federal Reserve officials immediately said they needed to see the details of any of his purported policies before factoring them into policy decisions. Trump made many a campaign promises, such as tariffs, that could have significant economic impact depending on their final form. After his first week in office, already inclined to caution, policymakers seem justified on this wait-and-see approach. Shortly after being sworn in, the president signed a raft of executive orders touching on many different subjects, clouding the picture. He was also vague about his plans for tariffs, giving weight to the thought of many pundits that he considers them a negotiating tool.

Caution is also warranted due to Trump's renewed calls for the Fed to cut interest rates. He reiterated this position at the World Economic Forum convention: "With oil prices going down, I'll demand that interest rates drop immediately, and likewise they should be dropping all over the world." This keeps the pressure on Fed Chair Jerome Powell, who is probably happy to be in the customary "quiet" period, in which policymakers do not make public appearances in the days prior to a Federal Open Market Committee meeting. The next one is this week, and we do not expect the rate cut Trump is pushing for. That means Powell's post-meeting press conference will get all the attention for clues on how policy might proceed. And those who would normally never watch it might tune in, popcorn in hand, as he fields question upon question about the independence of the central bank.

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G40461-19 (1/25)