

AUGUST 21, 2023

**Paige Wilhelm**

Senior Vice President  
Senior Portfolio Manager  
Federated Investment Counseling

## Looking to the past to gauge the future

The dog days of summer are upon us, and that means little news from the Federal Reserve. Its Federal Open Market Committee (FOMC) does not meet in August, and there are fewer speeches and other communications. We will hear from Chair Jerome Powell at the Fed's annual economic policy symposium in Jackson Hole, Wyo. Although his speech at this gathering typically does not provide many hints about near-term Fed action, it can provide insight into the challenges facing central bankers globally. In fact, the theme of this year's symposium is "Structural Shifts in the Global Economy."

Lacking an abundance of Fed speak, the minutes to the July FOMC meeting (released August 16) attracted the market's attention as they revealed a lively debate about the need for taking the fed funds target range higher to keep pushing inflation downward. Although the "yeas" won, resulting in a 25 basis-point hike to 5.25-5.50%, "some participants" expressed concern that further tightening risked damaging the U.S. economy.

This debate continues as we head into the fall. Will inflation decline enough to convince the Fed to take its foot off the gas pedal? At present, we think it likely officials will forgo a hike in September, but it might not be the end of the cycle.

*The opinions expressed within the Weekly Florida Prime Commentary are solely the author's opinions and do not necessarily reflect the opinions or beliefs of the State Board of Administration.*