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Weekly Commentary

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Heigh-Ho!

It's back to work federal employees go, now that lawmakers finally ended the longest government shutdown in US history. While economists, investors and the financial markets were not driving blind, the visibility has not been great. Other than a hastily assembled Consumer Price Index report for September, economic data has primarily come in the form of reports from non-government sources, such as the payroll service company ADP. It said the private sector has given up an average 11,250 jobs a week in the four weeks through October 25, a sign the labor market continues to soften.

But the Federal Reserve was not as hampered. As an essentially independent agency, and self-funded, the central bank did not furlough employees. That meant it continued its surveying of the US populous through its vast network of regional Fed branches. Fed Chair Jerome Powell mentioned this several times in the press conference following the most recent Federal Open Market Committee meeting, which took place in the midst of the shutdown. While he said the lack of government data was causing policymakers to be extra cautious, he was confident the data the Fed was compiling would alert them to any drastic problem in the economy.

Now, the government begins the long task of catch-up, and the Fed should get enough official reports to make a reasonably informed decision on rates next month at its last meeting of the year.

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