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Hedging their bets

Ever wonder what the Federal Reserve policymakers talk about during their Federal Open Market Committee meetings? Well, you can find out—if you’re willing to slog through the extensive minutes of each gathering. If not, we understand, so here’s the gist of the recap of the Jan. 30-31 meeting.

You may recall that the Fed did not take any rate action then, but they certainly discussed the possibility of doing so soon, the minutes reveal. “Most participants noted the risks of moving too quickly to ease the stance of policy and emphasized the importance of carefully assessing incoming data in judging whether inflation is moving down sustainably to 2%.” The latter point remains policymakers’ biggest concern. The minutes acknowledged that price pressures have declined significantly over the last several quarters, but they suggested that putting off the first cut would be prudent.

The problem remains that the stubbornly robust labor market that has resulted in enhanced take-home pay could keep the economy hotter than desired. “Participants noted that momentum in aggregate demand may be stronger than currently assessed, especially in light of surprisingly resilient consumer spending last year,” the minutes laid out.

While the markets are now essentially on board with a delay in cutting rates to later in the year, everyone’s opinions might change after the monthly Personal Consumption Expenditure Index arrives Thursday.

Views are as of the date above and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security or sector.

Personal Consumption Expenditures Price Index (PCE): A measure of inflation at the consumer level.

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