



Weekly Commentary

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Much ado about the Fed Chair

Last week, Federal Reserve Chair Jerome Powell threw more cold water on the idea that the central bank is burning to lower interest rates quickly.

“The US economy is in very good shape and there’s no reason for that not to continue,” he said, pointing out that inflation and the labor market remain strong. “We can afford to be a little more cautious as we try to find neutral.”

We think his comments translate to a rate cut at every other meeting in 2025, after lowering them next week. That Federal Open Market Committee (FOMC) meeting, ending December 18, will likely result in a 25 basis-point decrease in the fed funds target range, taking it to 4.25-4.5%.

The plan in 2025 will be laid out in the Summary of Economic Projection, in which members of the FOMC provide their estimates of the level of rates and key economic indicators in the quarters and years ahead.

In other Powell news, President-elect Trump said over the weekend that he does not intend to ask him to resign before his term ends in 2026. Powell has said he would not step down, and it is unlikely Trump can force that.

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.

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