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Between a rock and a hard place

The Federal Reserve released the minutes from the Federal Open Market Committee's June meeting last week and the gist is it has bleak options. It wants to steer the economy away from the hard place that is soaring inflation without dashing it against the rock of recession. It's not quite the peril of Odysseus' ship, but it holds great risk. To sail through the gap will take navigation and luck...and public trust.

Policymakers said the goal is to crush not only inflation itself, but consumer expectations of how high it might rise: "Many participants judged that a significant risk now facing the committee was that elevated inflation could become entrenched if the public began to question the resolve of the committee to adjust the stance of policy as warranted." This would seem to point to another 75 basis-point hike in the fed funds target range at the FOMC meeting this month.

Perhaps the still robust labor market can serve as the guide the mythological Greeks never had. In June, the economy added 372,000 new jobs and the unemployment rate remained at a low 3.6%. If its strength can serve as a counterbalance to a contraction, the U.S. might yet sail through intact.