FLORIDA PRIME
AN INVESTMENT TOOL FOR PUBLIC FUNDS

Weekly Commentary

FEBRUARY 24, 2025

Paige Wilhelm

Senior Vice President

Senior Portfolio Manager

Federated Investment Counseling

Minutes and months

The Federal Reserve minutes might stretch out to hours, weeks, months and more.

The minutes of the January Federal Open Market Committee (FOMC) meeting, distributed last Wednesday, emphasized upon monetary policymakers' new caution. After issuing a full percentage point of rate cuts in fall, they kept the federal funds target range at 4.25-4.50%. In his press conference, Chair Jerome Powell expounded upon the decision by saying that the stabilization of the labor market and said that the risks to the outlook are roughly balanced between unemployment and inflation, adding that the stance of policy remains restrictive relative by historical norms.

The report of the private conversation officials had at Fed headquarters in D.C. indicated they remain biased to lower the target range but would prefer to slow the pace. Among the reasons were sticky inflation, emerging President Trump's economic policy agenda—especially tariffs—and a still-robust labor market: They "want to see further progress on inflation before making additional adjustments to the target range [amid] the current high degree of uncertainty."

Apropos to price pressures, respondents to the February University of Michigan consumer sentiment survey said they now fear inflation will increase over the next year, with expectations rising to 4.3% from 3.3% in January. That's the largest monthly increase since May 2021.

Federated Investment Counseling

G40461-19 (2/25)