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Fed proceeding 'carefully'

Federal Reserve policymakers still view inflation suspiciously. Minutes from the Nov. 1 Federal Open Market Committee (FOMC) indicate they don't trust that the downward trend of the various measures will continue. Saying they need to proceed 'carefully,' "Participants noted that further tightening of monetary policy would be appropriate if incoming information indicated that progress toward the Committee's inflation objective was insufficient." In short, hope is not a policy.

That means that policymakers aren't satisfied with the steady weakening economic data. Last week, the Conference Board reported softer leading economic indicators for October and the Chicago Fed national activity index disappointed. Consumer sentiment continued to slip in November, according to the University of Michigan, with inflation expectations for 2024 actually increasing. While the December FOMC meeting very likely won't produce a rate hike, the Fed appears far from considering cuts.

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