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Big show comes next week

The Federal Reserve Chair took a seat in front of Congress last week when Jerome Powell held his semiannual Humphrey-Hawkins testimony. This was one of the least significant appearances on Capitol Hill in recent memory as he had already telegraphed the Fed will not lower interest rates in its meeting March 19-20. Furthermore, that Federal Open Market Committee will release its latest Summary of Economic Projections. In other words, the real show will be next week.

Powell did hint that policymakers are “not far” from having the “confidence” to pivot to easing, and reminded lawmakers that, at a target range of 5.25-5.5%, rates are restrictive. A wrinkle came the next day, however, when the February monthly nonfarm payrolls report showed stronger-than-expected job growth. The U.S. added a robust 275,000 new jobs. But that was tempered by a downward revision of the last two months by a combined 167,000. The unemployment rate rose from 3.7% to 3.9%, but that can mean more people are entering the job market. Hourly earnings slipped, but weekly hours worked increased. In all, it was a wash, so probably won’t change policymakers’ opinions next week.

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