

## September 18, 2023 – Economic Commentary

The biggest conundrum of the week may not be what the Fed will do on Wednesday but why the UAW strike is getting more headline space than the imminent government shutdown on Sept. 30. (Since all three of these developments are overloading the financial press, this week's suggested reading is an explicit attempt to broaden the reading horizons). A slightly flippant answer is that the UAW strike is something not seen in a very long time and certainly not this way, whereas the endless Congressional brinkmanship on budgetary matters is old news, boring in its sameness. Yet, the threat of a government closure on the brink of the fourth quarter is very real and it will have very real-world consequences should it occur. The Federal Reserve is no doubt trying to digest all of this — labor strikes, Government shutdown threats, student loan payments, economic slowdown and stagnation beyond US borders, and much much more — as it starts to think about a new path for monetary policy and it's not hard to believe that Pepto Bismol is the current drink of choice. The uncertainty of so many issues at the moment may in fact be the deciding factor staying the Federal Reserve's hand on raising interest rates at this week's FOMC meeting. Given that the August inflation numbers were close to what was expected and the employment numbers were much better than expected (in terms of signaling a movement towards a better balance between labor supply and demand), it would seem that the Fed can afford to wait and see what happens to economic growth and inflation pressures in this environment of many threats. By November, there will be greater clarity. Maybe.

### Data to Watch:

1. Natl. Association of Home Builders Housing Market Index for September, released Monday, September 18
2. FOMC Interest Rate Decision and Economic Projections, Wednesday, September 20
3. S&P Global US Purchasing Managers Index Preliminary Report for September, released Friday, September 22

### Suggested Reading:

1. [How a burnt out, abandoned ship reveals the secrets of a shadow tanker network](#)
2. [Hollywood is paying a steep price for never really figuring out the streaming model](#)
3. [Student-Loan Restart Threatens to Pull \\$100 Billion Out of Consumers' Pockets](#)

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