

## December 18, 2023 – Economic Commentary

As is often the case following Federal Reserve/FOMC meetings, the past few days have seen considerable re-evaluation of the first quick-take outlook for interest rates in 2024. Little doubt has emerged that the FOMC announcement on December 13 represented a monetary policy pivot away from increased tightening. However, the additional narrative adopted in some quarters was that “the market” had been validated in its expectation that there would be a number of Fed Funds rate cuts, totaling as much as 125 bps, perhaps more. Chairman Powell, of course, said nothing in his remarks to explicitly endorse this view. And sane minds are now engaging in a much broader, more complicated assessment of possible monetary policy in 2024, acknowledging that inflationary pressures remain and that US consumer demand is not weakening as much as was once thought probable. At some point, the Fed would be wise to actually talk about longer-term policy objectives (beyond 2% inflation) and strategic interest rate goals in the context of the stage of life of the current economic expansion. In the very near term, however, it is more likely that the Federal Reserve will head home for the holidays and leave the deep analysis to those who enjoy a well-spiked eggnog.

### Data to Watch:

1. Existing Home Sales for November, released Wednesday, December 20
2. Initial Jobless Claims for the week ended December 16, released Thursday, December 21
3. US Personal Consumption Expenditures (PCE) Price index for November, released Friday, December 22
4. US Person Income and Spending for November, released Friday, December 22

### Suggested Reading:

1. [What Cardboard Prices Tell Us About the State of the Economy](#)
2. [China's Economy Shows Signs of Losing Further Momentum](#)
3. [Germany Reaches a Budget With Promises on Ukraine](#)

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