

## March 4, 2024 – Economic Commentary

It has seemed like the “Fed Funds Rate Cut in March” mantra has dominated the financial news for months, despite the efforts of many to point out that the Fed has never indicated that they would move so soon. Now, that March FOMC meeting where so many thought this critical decision would be made is two weeks away, and it all feels a bit anti-climactic. No one expects the Fed to do anything besides collecting data in the next two weeks to bolster the stated “wait-and-see” stance. However, these upcoming weeks of data are in danger of being unappreciated for the influence on the most important part of the upcoming March meeting: the preparation and discussion of the longer-term outlook for US economic growth and interest rates, summarized in the “Summary of Economic Projections” (“SEP”). This will be the last SEP before the now-much-anticipated June FOMC meeting (which will also include a SEP release), and members of the FOMC are no doubt looking this week and next for any and all additional guidance from the economic data before they have to contribute their “dot-plot” forecasts. Some of that “looking” may be overseas, to Chinese inflation numbers (possible deflation?) and German economic activity reports (possible deepening recession?) An early preview of the process of preparing the longer-term economic projections will be on display when Chairman Powell testifies before Congress on Wednesday and Thursday on the Federal Reserve’s dual mandate of achieving price stability and full employment. If the Federal Reserve is to lower interest rates in June, the absolutely necessary spade work for that announcement is happening now.

### Data to Watch:

1. Institute of Supply Management (ISM) Purchasing Managers Index for US Service Sector in February, released Tuesday, March 5
2. JOLTS Job-Openings and Quits Data for January, released Wednesday, March 6
3. US Nonfarm Payrolls, Unemployment and Labor Force Participation Rates for February, released Friday, March 8
4. China Inflation Rate for February, released Friday, March 8

### Suggested Reading:

1. [The World Is in for Another China Shock](#)
2. [OPEC to Extend Oil Production Cuts Through June](#)
3. [China breaks with tradition at annual ‘Two Sessions’ meeting by scrapping premier’s press conference](#)
4. [Congress unveils first six budget bills as government shutdown clock ticks](#)

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