

Economy Review

01/16/2025

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Economics and markets are not governed by physical laws of the universe.

Patterns in data only serve to weigh probability, they do NOT dictate the future.

FOMC Meeting December 17 to 18

Federal Reserve Board - Federal Reserve issues FOMC statement

12/18/2024

- Fed Funds rate target range **reduced** to 4.25% to 4.50%, 0.25% lower
- Balance sheet reduction (QT) continues at \$60B/month, reduced from \$95B/month
- Summary of Economic Projections (S.E.P.) survey
 - GDP growth rate remain low [contrary to market expectation of new administration]
 - Unemployment rate slightly higher [labor market cooling]
 - PCE inflation reach 2.0% target in 2027 [was anticipated a year earlier]
 - Two 0.25% rate cut (four was projected in September, market sold off on the news)
- Market now expects short-term interest rate to remain **higher for longer**

Next meeting 01/29/2025

12/31 12/18

2.7

4.2 4.2

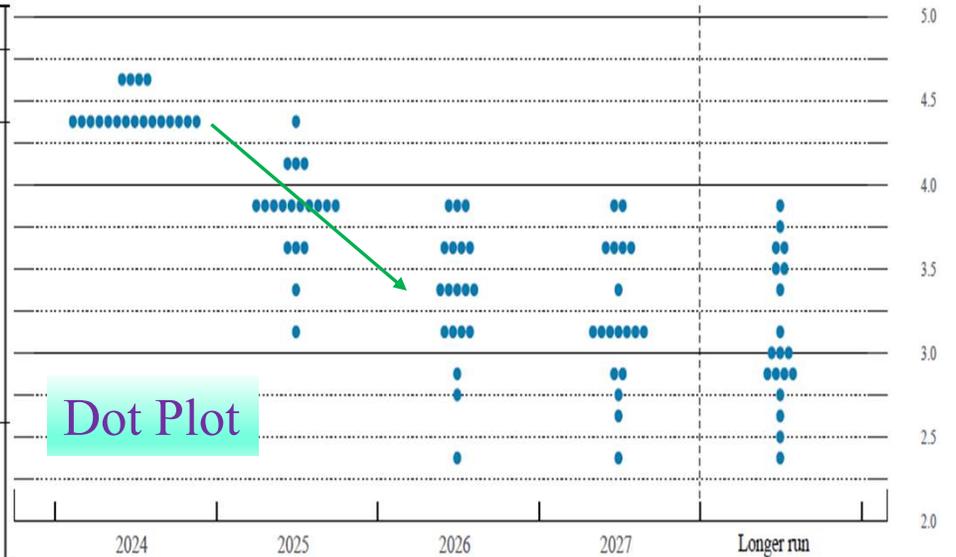
2.4 2.3

2.8 2.8

4.33 4.58

S.E.P.

		Median ¹				
		2024	2025	2026	2027	Longer run
	Change in real GDP	2.5	2.1	2.0	1.9	1.8
	September projection	2.0	2.0	2.0	2.0	1.8
	Unemployment rate	4.2	4.3	4.3	4.3	4.2
	September projection	4.4	4.4	4.3	4.2	4.2
	PCE inflation	2.4	2.5	2.1	2.0	2.0
	September projection	2.3	2.1	2.0	2.0	2.0
	Core PCE inflation ⁴	2.8	2.5	2.2	2.0	
	September projection	2.6	2.2	2.0	2.0	
Memo: Projected appropriate policy path						
	Federal funds rate	4.4	3.9	3.4	3.1	3.0
	September projection	4.4	3.4	2.9	2.9	2.9



01/16/2025

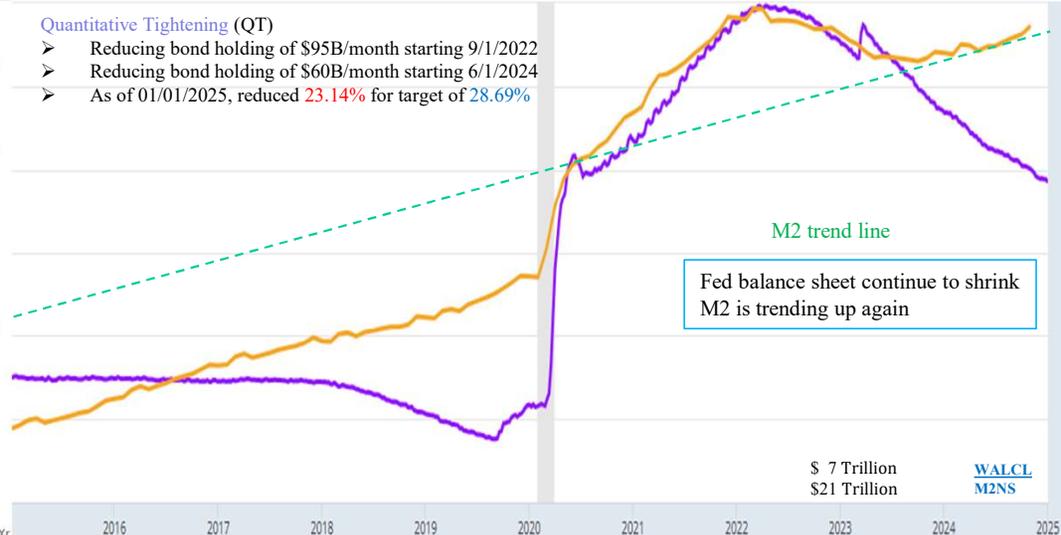
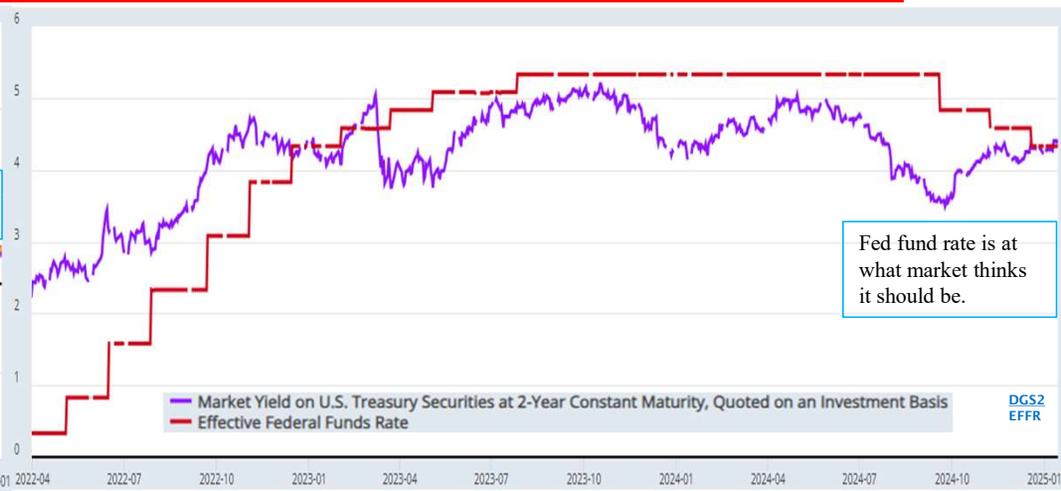
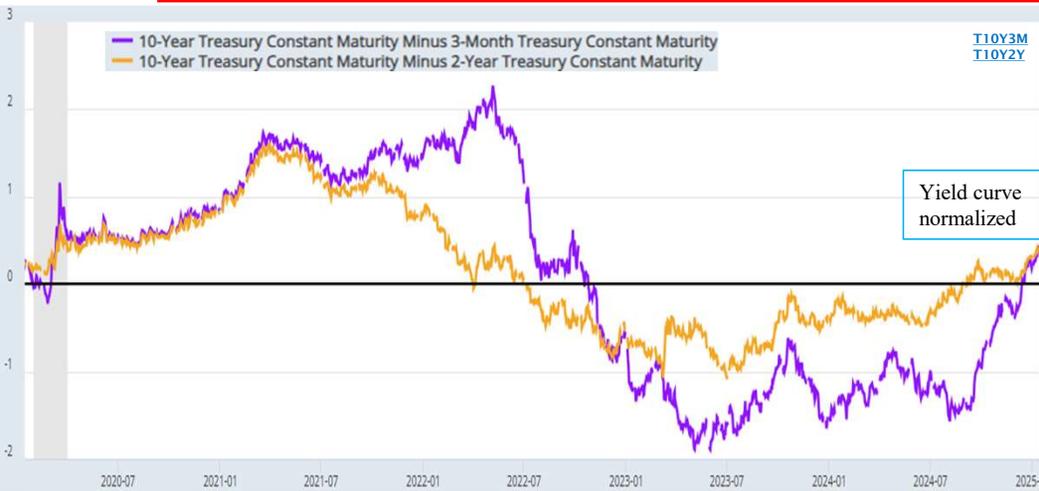
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3

Interest Rates, Yield Curve, and QT

Resource Center | U.S. Department of the Treasury

01/15/2025



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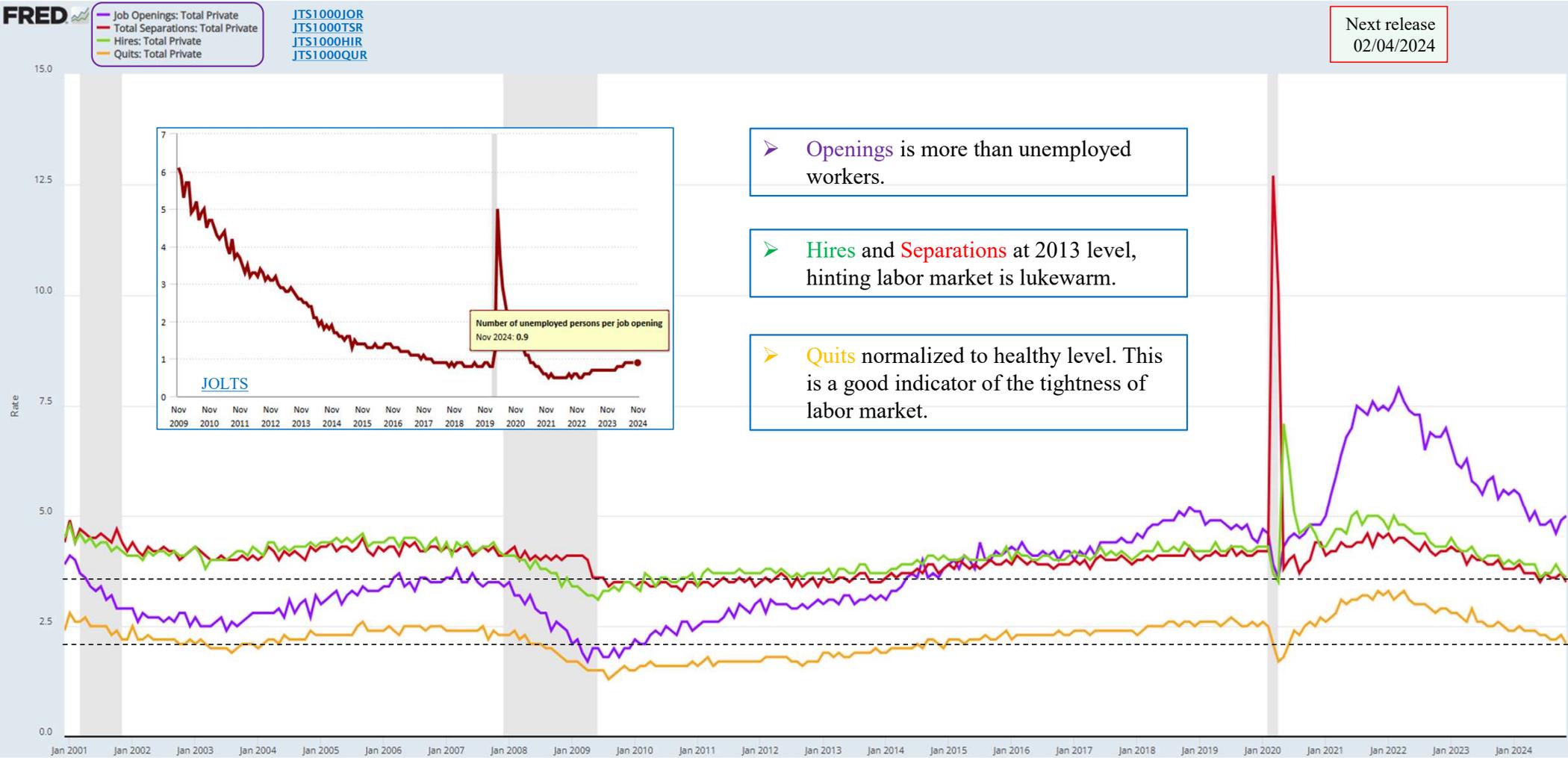
4

Jobs Openings and Labor Turnover Summary (JOLTS)

<https://www.bls.gov/news.release/jolts.nr0.htm>

01/07/2024

Next release
02/04/2024



01/16/2025

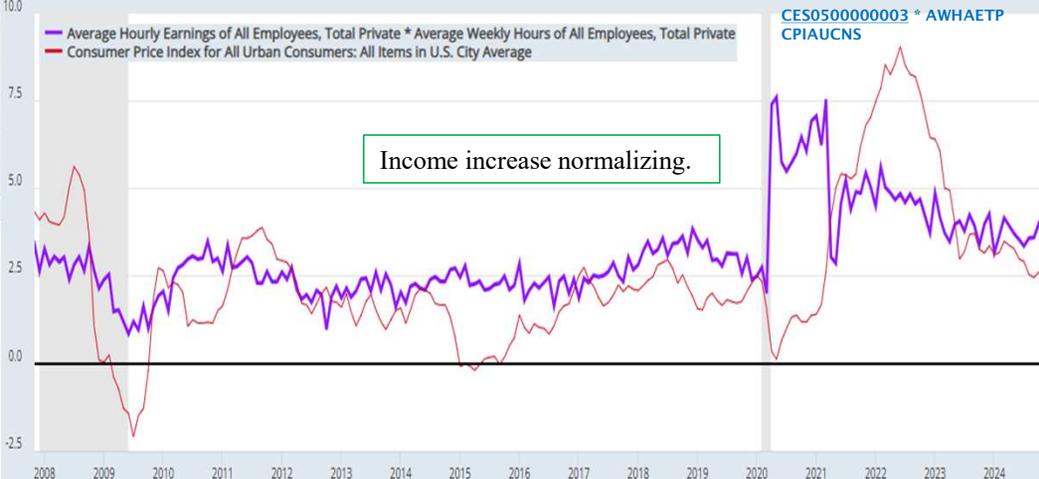
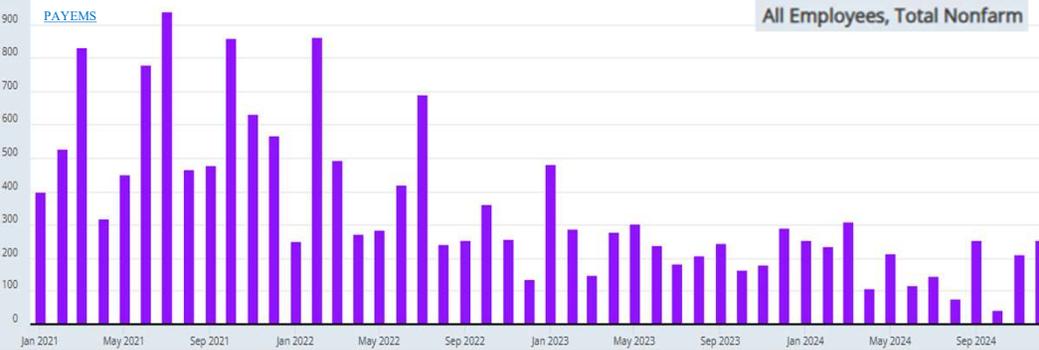
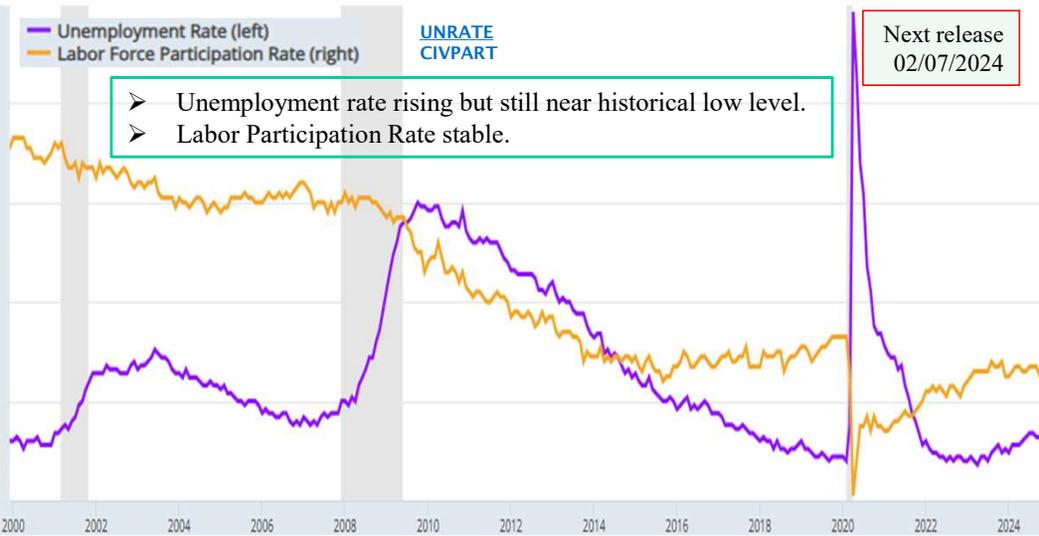
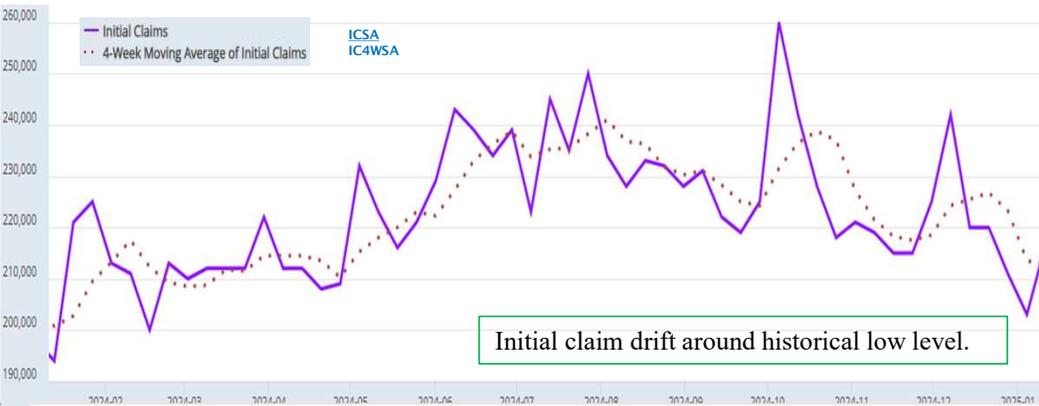
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5

Employment and Wage Growth

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<https://www.atlantafed.org/chcs/wage-growth-tracker>



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US Dollar

De-dollarization: What Happens if the Dollar Loses Reserve Status? | Investing | U.S. News (usnews.com)

12/31/2024

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- The first U.S. dollar was printed in 1914 after the Federal Reserve Bank was created.
- The Allies paid the U.S. for supplies using gold during World War I & II, propelling the U.S. to own most of the gold. 1944 Bretton Woods Agreement established fixed exchange rates and US would redeem dollar for gold on demand.
- **Deficit spending in the 60's** undermined value of dollar and caused countries to convert dollar reserves into gold. Nixon was forced to abandon the convertibility of dollars into gold in 1971.
- In 2022, 59% of all foreign bank reserves were denominated in U.S. dollars.
- **Trump tariff**: the [exchange rate moves](#) in a direction that tends to offset the impact of the tariff: a tariff on imports appreciates the home currency and a tariff on exports depreciates it.



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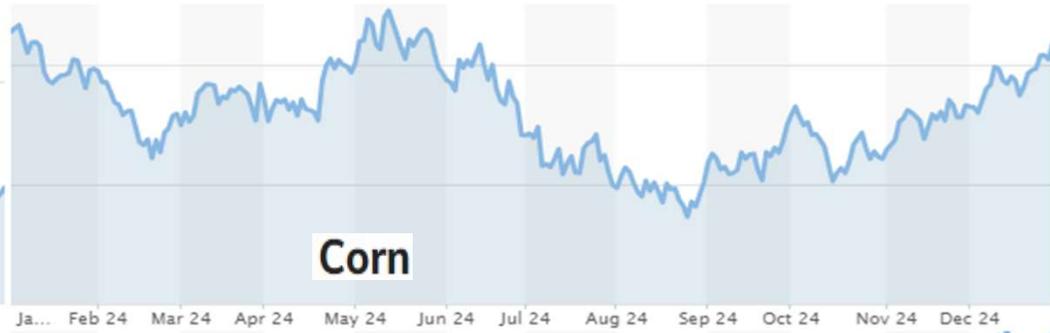
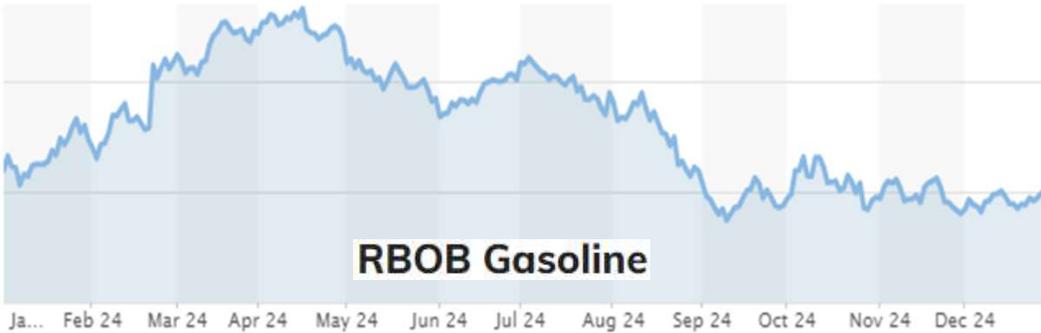
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7

Commodity Futures

<https://www.marketwatch.com/investing/futures>

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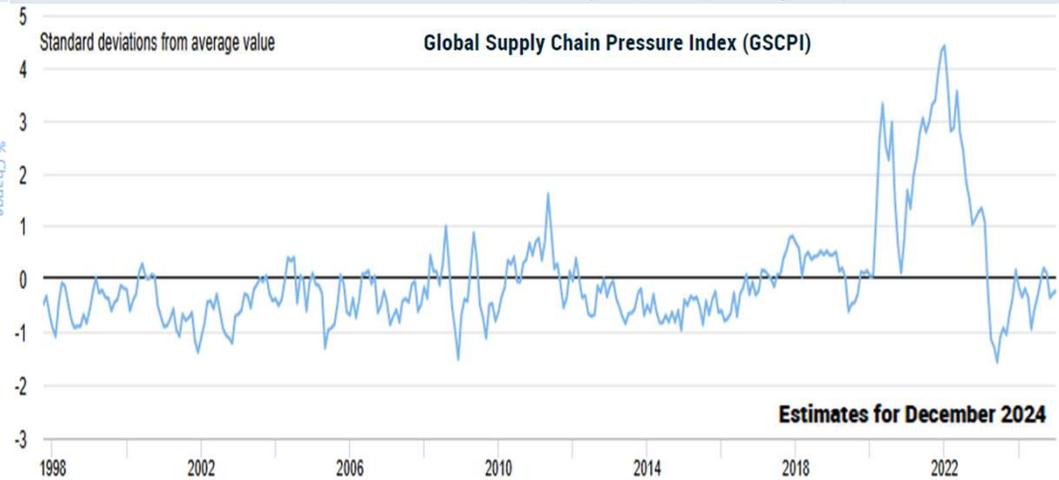
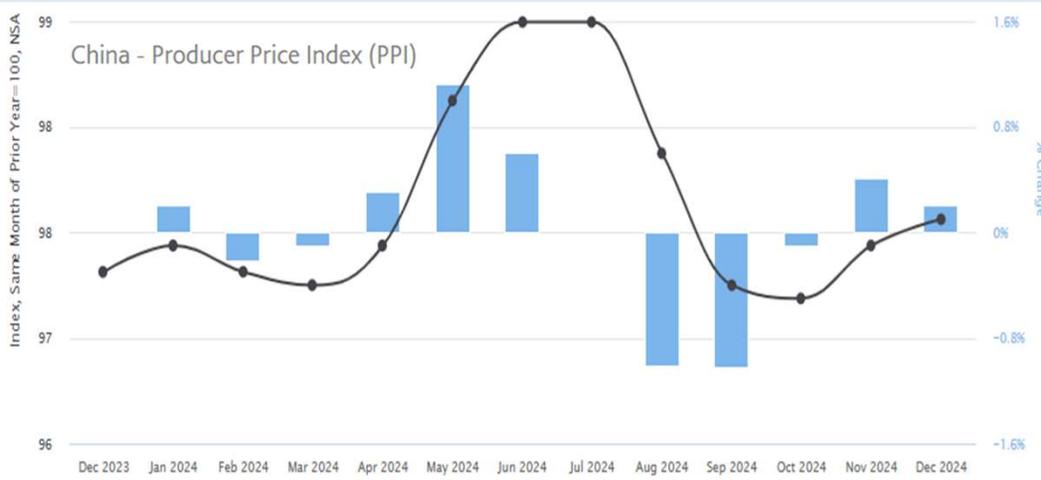
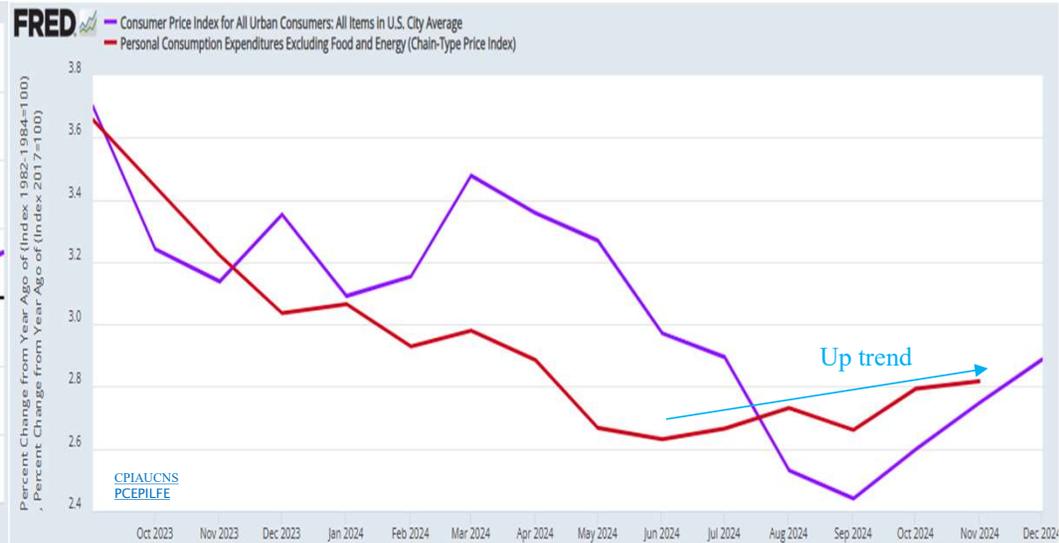
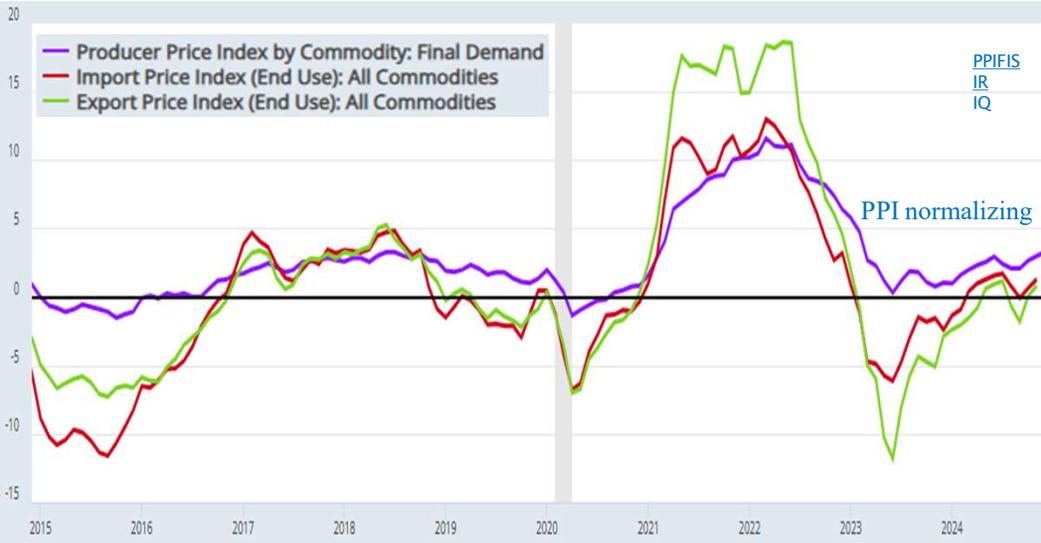


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Inflation – PPI, CPI, PCE

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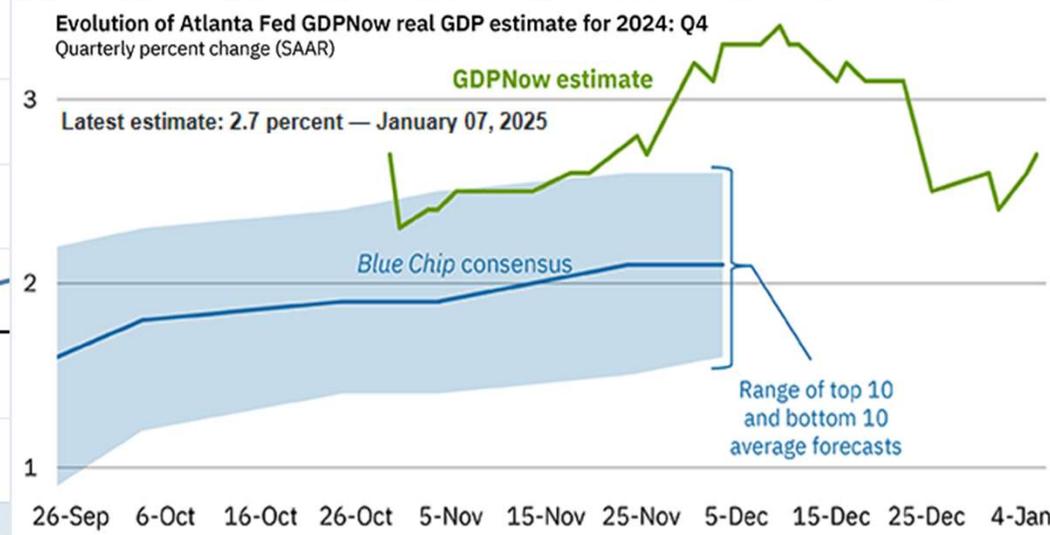
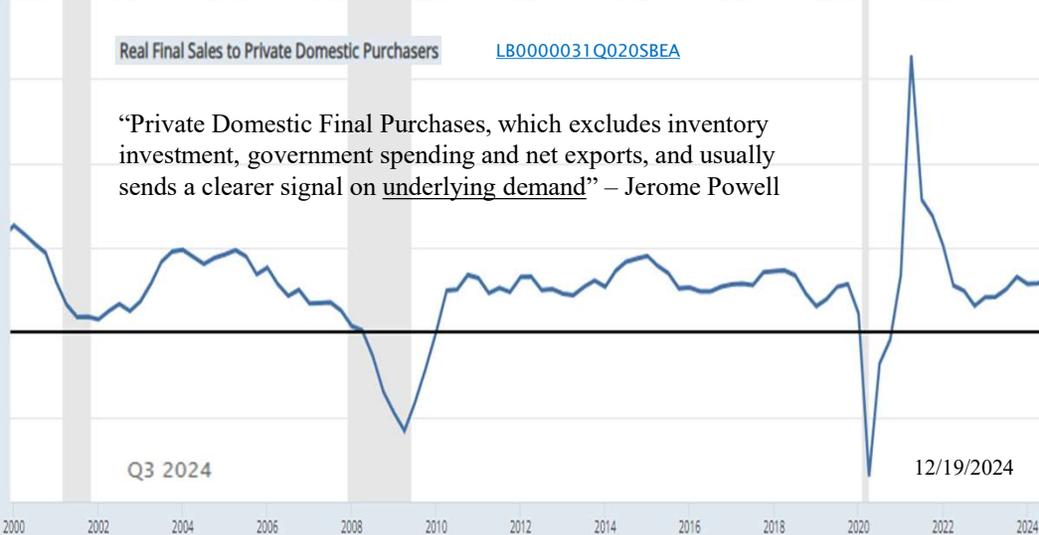
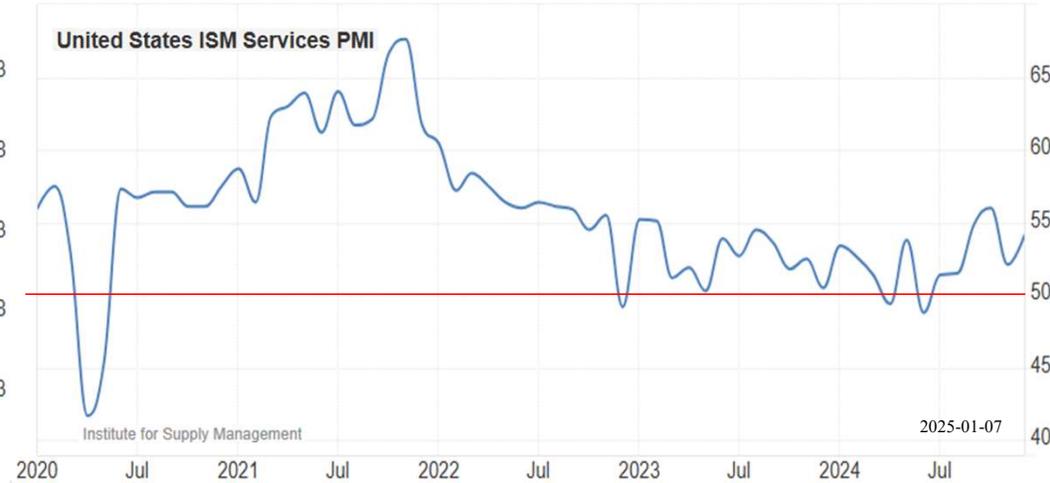
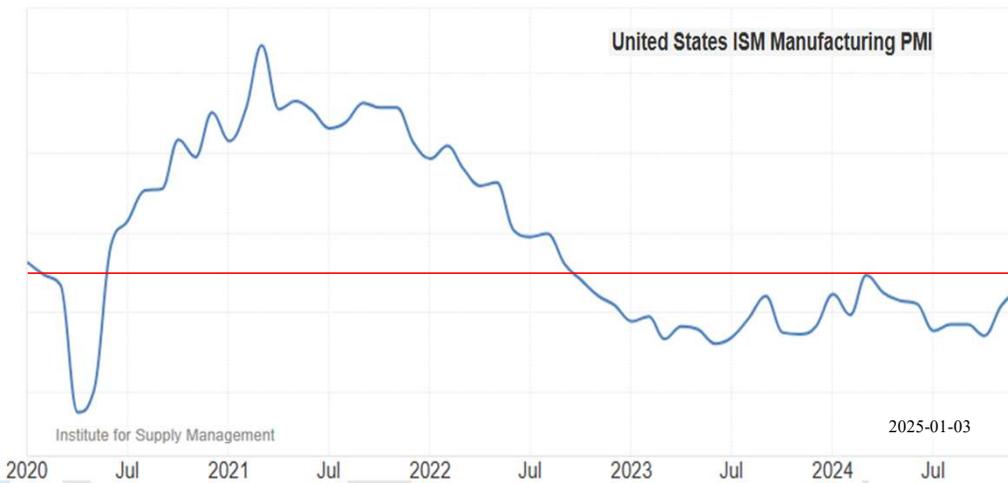
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ISM, PDP, and GDPNow

<https://www.atlantafed.org/cqer/research/gdpnow>

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10

Leading Economic Indicator – Recession Signal Whipsaw

[US Leading Indicators \(conference-board.org\)](https://www.conference-board.org/US-Leading-Indicators)

12/19/2024

Next release
01/22/2025

The LEI increased in November 2024 for the first time in over two years

With November's gain, the LEI no longer signals an impending recession



Q & A

“Markets price the future; economic reports tell the past” – [*Ken Fisher*](#)



“Things that have never happened before happen all the time” – [*Scott Sagan*](#)

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Relevant URLs are inserted below page title and may be embedded in the page. FRED series IDs are displayed on page. Date of last update is on right side of title bar.
Some charts may have their own last update date.