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# EcoBrief

## November FOMC Meeting: business as usual

**The second-last FOMC Meeting of 2024 has resulted in a 25bps cut in the Fed Funds Target Range, to +4.5% - +4.75%. The steps ahead promise to prove trickier for the Fed, as the landing is still pending, and in view of Trump's win. Indeed, the President-elect's hostility towards Powell is common knowledge, while many of his policy plans are associated with an increased inflation-risk.**

**Cruise Speed:** a widely anticipated 25bps vanilla cut follows the September kickstart (-50bps) of the monetary easing cycle. The risks surrounding the dual mandate remain "roughly in balance" as there was no material change in the economic situation between the two meetings. The disinflation process has not gained in vigour, while the labour market is still exhibiting a softening (beyond monthly variability) that must be prevented from turning into a recessionary deterioration.

**Reunion:** for Chair Powell, the post-meeting press conference was an opportunity for a twofold statement of the Fed's independence. Firstly, through his own person, by asserting that he would not resign if requested by Trump. Secondly, on behalf of the institution, by recalling the existence of legal safeguards preventing the President of the US from dismissing a member of the Board of Governors. At the same time, he refused to "guess, speculate, or assume" regarding upcoming policy changes and their interplay with the monetary stance.

**Medium-term risks:** Powell left the door open for a December skip but, for the time being, we still view a 25bp cut as more likely. In the medium-term, the monetary stance would remain tighter-than-expected if the inflation-risk associated with Trump's championed policies (drastic limitation of immigration, higher tariffs) were to materialize. Financial conditions would be all the tighter that the expected wider federal deficit, due to Trump's election, could exert a sustained pressure on US bond prices.

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