



Weekly Commentary

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The Fed to investors: Wait for it

“Wait in the wings,” “Wait on them hand and foot,” “Good things come to those who wait,” “Waiting for the other shoe to drop,” etc. We have a lot of words for needing to be patient. Lately, the Federal Reserve has been either hinting or outright saying, that it is in “wait-and-see” mode. Monetary policymakers by nature must be patient, but with the uncertainties caused by President Trump’s unpredictable imposition of tariffs, they are particularly so.

Several Fed officials spoke last week, reiterating the point that tariffs usually are inflationary and that, on top of that, the US economy continues to show strength. Survey-based metrics are deeply pessimistic, but the preponderance of statistical data is neutral to positive. But until inflation declines closer to their 2% target and the labor market weakens, they will hold interest rates in the 4.25-4.5% range.

In the meantime, investors will just have to wait for the Fed to stop waiting.

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