

## Macro Roundup Article

Headline: **Rate Cuts**

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**Summary:** Why might the FOMC not cut? The simplest reason is that inflation might not come down quite enough. Another possible reason is that even if it does, if GDP growth is above potential, the unemployment rate is pushing below its 50-year low, and financial conditions have eased further on enthusiasm about a soft landing, then stimulating an already-strong economy by cutting might seem like an unnecessary risk, especially with the memory of the recent inflation surge still fresh. In that scenario, the FOMC could say that the short-run neutral rate is higher than common estimates of the medium-run neutral rate, and as a result the monetary policy stance is actually not so restrictive and the need to cut is not so immediate.

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**Primary Topic:** Business Cycle

**Topics:** Business Cycle, GDP, Inflation, Monetary Policy, Other Source

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