

Macro Roundup Article

Headline: **Fool Me Once**

Article Link: <https://fedguy.com/fool-me-once/>

Author(s)	Joseph Wang
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Tweet: .@FedGuy12 argues that the hiking cycle may be done, as recent market moves such as the move up in long rates and a strengthening dollar have tightened financial conditions, negating the need for further Fed hikes.

Summary: Market pricing over the past two years has persistently pushed back against the Fed's "higher for longer" path and stubbornly priced both relatively low terminal rates and aggressive rate cuts. This paradoxically made rate hikes even more likely by easing financial conditions and in effect stimulating the economy. Market pricing is now largely in line with the September dot-plot, which guides towards one additional hike even as recent data has been very encouraging. The rise in longer dated yields and strengthening dollar do not appear to have been anticipated by Fed officials and raise the prospect of financial conditions becoming too tight. Related: Rate Cuts and The Case for "Higher for Longer": Prices are Disinflation, But Not Wages (Yet) and What Have We Learned About the Neutral Rate?

Primary Topic: Business Cycle

Topics: Business Cycle, GDP, Monetary Policy, Op-Ed/Blog Post

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