

Macro Roundup Article

Headline: [The Fed Should Not Cut Interest Rates Yet](#)

Article Link: <https://www.project-syndicate.org/commentary/us-federal-reserve-must-not-cut-interest-rates-next-two-months-by-michael-r-strain-2024-07>

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Summary: The labor market is weakening, but it is still strong. According to my calculations, labor demand continues to outpace labor supply. Job openings are normalizing, but they remain 17% higher than before the pandemic. This is reflected in wage inflation. Average wages grew by 3.9% in June year on year. Current economic conditions do not indicate that the Fed should begin cutting rates in the next two months. The risk that inflation gets stuck above 2.5% is too great for policymakers to lower rates now. The Fed has entered the last mile of its fight against inflation. With its credibility at stake, it must not flinch before it reaches the finish line.

Related Articles: [The Fed Cut Reflexivity Paradox](#) and [The Fed Can Take Its Time Taming Inflation and It's All About Shelter](#)

Primary Topic: Monetary Policy

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

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