

Macro Roundup Article

Headline: [Larry Summers: We Haven't Nailed The Landing Yet](#)

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Tweet: [. @LHSummers argues to @rbtrmstrng that a soft landing is "a long way from assured," "touching 2%" is not "achieving 2%" and the current market view of 100bps of cuts in 2024 is not his base case.](#)

Summary: I think I would be looking for very clear evidence that inflation was durably put down, because I would be very concerned that we would confuse touching 2% with achieving 2%, and even more concerned with touching 2.7% and regarding that as a basis for easing...I would be very much aware that if the transmission from monetary policy to inflation when there had been tightening was more direct, and involved output less than one might have expected, there was the risk of something parallel on the loosening side. So I would be in less of a hurry. The current market view that we will have a soft landing and the Fed will be able to cut rates by 100 basis points over the next year strikes me as possible, but it is not at the centre of my expectations. We may have no recession, in which case I rather doubt that the Fed will be able to cut rates by 100bp, or we may have a recession, in which case the Fed will cut rates by somewhat more than 100bp. Related: US Daily: December FOMC Recap: A Faster Return to the 2% Target Means Faster Cuts and The Grind Ahead and Macro Outlook 2024: The Hard Part Is Over

Primary Topic: Business Cycle

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

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