

US Fed policy: Insurance against failure

• ING
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Entities

Entity	Type	Relevance	# Occurrences	Sentiment	Sadness	Joy	Fear	Disgust	Anger
Federal Reserve	Organization	0.80789	11		-0.519748	0.31792	0.463116	0.141054	0.068057
US	Location	0.461538	4		-0.837511	0.690021	0.016618	0.219114	0.062527
President Trump	Person	0.313465	2		-0.643137	0.448509	0.1168	0.079208	0.175816
Jerome Powell	Person	0.309258	2		-0.304776	0.717408	0.060364	0.123762	0.040731
FOMC	Organization	0.254048	1		0	0.147822	0.244601	0.347979	0.047132
solicitation	Crime	0.246014	1		0	0.139981	0.072896	0.034793	0.120195
Esther George	Person	0.244565	1		-0.713964	0.267568	0.145706	0.11258	0.105665
ECB	Organization	0.238649	2		-0.643137	0.456875	0.062075	0.08804	0.13849
Eric Rosengren	Person	0.231218	1		-0.713964	0.267568	0.145706	0.11258	0.105665
President	JobTitle	0.22972	1		-0.527913	0	0	0	0
twelve months	Quantity	0.190564	1		0				
three months	Quantity	0.190564	1		0				
three month	Quantity	0.190564	1		0				
1.75%	Quantity	0.190564	1		0				
2.25%	Quantity	0.190564	1		0				
3.0%	Quantity	0.190564	1		0				
3.4%	Quantity	0.190564	1		0				
4.2%	Quantity	0.190564	1		0				

Keywords

Keyword	Relevance	Sentiment	Sadness	Joy	Fear	Disgust	Anger
25bp interest rate cut	0.737343	-0.67538	0.32876	0.279197	0.049918	0.049388	0.085527
Federal Reserve	0.625329	0.401132	0.580018	0.499463	0.098167	0.025076	0.098752
scale of rate cuts	0.581439	-0.532444	0.351273	0.039314	0.095481	0.52091	0.240351
Fed Chair Jerome Powell	0.576522	-0.591116	0.684221	0.138938	0.091559	0.01637	0.214315
policy easing	0.568699	0	0.392976	0.183672	0.23605	0.093979	0.178884
July meeting	0.568617	0.316553	0.195215	0.276385	0.069841	0.001884	0.059224
rate rising	0.561308	-0.310284	0.229325	0.054713	0.074844	0.200199	0.164928
next week	0.553289	0.767974	0.154342	0.518181	0.218255	0.006038	0.011785
President Trump	0.552254	-0.817809	0.489738	0.109684	0.064892	0.17923	0.399668
cycle easing	0.546205	-0.67538	0.32876	0.279197	0.049918	0.049388	0.085527
new forecasts	0.54426	0.767974	0.154342	0.518181	0.218255	0.006038	0.011785
global headwinds	0.542902	0.633853	0.164154	0.058299	0.350602	0.380089	0.310167
monetary policy	0.542725	-0.826026	0.326775	0.500822	0.062951	0.062442	0.130068
terms of our view	0.542678	-0.822479	0.125411	0.397972	0.021412	0.020501	0.028547
25bp rate	0.542403	-0.454985	0.440578	0.180974	0.097117	0.077697	0.325135
sectors of the US economy	0.540786	0.876308	0.318712	0.103606	0.290809	0.181697	0.346523
Last September futures markets	0.540943	0.675379	0.229325	0.054713	0.074844	0.200199	0.164928
Esther George	0.537382	-0.454985	0.267568	0.145706	0.11258	0.105665	0.330577
median forecast of Federal Reserve officials	0.535452	0.767974	0.259007	0.113587	0.157648	0.010776	0.070511
next round starts	0.5343	-0.822479	0.256517	0.250646	0.490125	0.012311	0.028247
biggest change	0.53395	-0.346783	0.213363	0.039941	0.524578	0.036796	0.026822
investment intentions	0.533533	-0.860696	0.462283	0.222461	0.140522	0.07344	0.154571
global financial crisis	0.533114	-0.454985	0.363387	0.046357	0.420157	0.052491	0.121553
strong consumer	0.531559	-0.91267	0.734695	0.028015	0.098824	0.093925	0.289844
rate cuts	0.530917	-0.447484	0.628995	0.063135	0.144875	0.157212	0.117112
latest developments	0.53047	-0.454985	0.267568	0.145706	0.11258	0.105665	0.330577
start of a series of aggressive moves	0.529857	-0.591116	0.684221	0.138938	0.091559	0.01637	0.214315
Chinese authorities	0.529555	-0.922558	0.471712	0.231801	0.095484	0.108051	0.267369
Fed rate cut	0.527663	-0.614014	0.416214	0.078132	0.189947	0.124743	0.088032
information purposes	0.52679	0	0.167333	0.185121	0.094237	0.035145	0.050491
powerful tool	0.525335	-0.688159	0.212784	0.606803	0.065638	0.078905	0.064317
dark cloud	0.523406	0	0.256517	0.250646	0.490125	0.012311	0.028247
rates 25bp	0.521761	0	0.429458	0.070089	0.48827	0.046416	0.129522
consumer spending	0.521147	-0.688159	0.212784	0.606803	0.065638	0.078905	0.064317
Federal Reserve policy stance	0.520792	0	0.202842	0.412384	0.05021	0.047382	0.181825
public confidence	0.520782	-0.688159	0.212784	0.606803	0.065638	0.078905	0.064317
weaker corporate profit outlook	0.518795	-0.845568	0.462283	0.222461	0.140522	0.07344	0.154571
domestic inflation pressures	0.518109	0.870308	0.055283	0.205653	0.514842	0.097536	0.062917
financial situation	0.516649	-0.480449	0.167333	0.185121	0.094237	0.035145	0.050491
higher costs	0.516499	-0.688159	0.340294	0.127751	0.359203	0.081488	0.291698
trade tensions	0.516111	-0.614996	0.673196	0.150112	0.145302	0.057438	0.133622
global economy	0.515583	0	0.256517	0.250646	0.490125	0.012311	0.028247
trade	0.514944	0.633853	0.577328	0.57565	0.152225	0.105561	0.177874
US-China trade rhetoric	0.51489	-0.346783	0.153862	0.663972	0.027932	0.012451	0.149397
global economic backdrop	0.514679	-0.829924	0.673196	0.150112	0.145302	0.057438	0.133622
publication	0.514328	0	0.167333	0.185121	0.094237	0.035145	0.050491
economic activity	0.51379	0.316553	0.478956	0.052391	0.138686	0.080433	0.179014
balance	0.513405	0.381339	0.450444	0.114466	0.315782	0.005681	0.089462
President's demands	0.513294	0	0.340294	0.127751	0.359203	0.081488	0.291698
international trade	0.513289	0.767974	0.212784	0.606803	0.065638	0.078905	0.064317

Concepts

Concept	Relevance	DlBpedia
Federal Reserve System	0.987032	http://dbpedia.org/resource/Federal_Reserve_System
Monetary policy	0.939218	http://dbpedia.org/resource/Monetary_policy
Federal Reserve	0.846778	http://dbpedia.org/resource/Federal_Reserve
Central bank	0.768756	http://dbpedia.org/resource/Central_bank
Interest rate	0.633034	http://dbpedia.org/resource/Interest_rate
Federal Open Market Committee	0.629926	http://dbpedia.org/resource/Federal_Open_Market_Committee
Money supply	0.608049	http://dbpedia.org/resource/Money_supply
Federal funds rate	0.58425	http://dbpedia.org/resource/Federal_funds_rate

Categories

Label	Score
/finance/bank	0.990342
/society/work/unemployment	0.983579
/finance/investing	0.957131

Relations

"Mid-cycle easing" will remain the theme as the Federal Reserve delivers another 25bp interest rate cut on Wednesday.

agentOf relation between "Federal Reserve" "delivers"

As Jerome Powell stated at the Jackson Hole conference, "while monetary policy is a powerful tool that works to support consumer spending, business investment, and public confidence, it cannot provide a settled rulebook for international trade.

agentOf relation between "Jerome Powell" "stated"

As Jerome Powell stated at the Jackson Hole conference, "while monetary policy is a powerful tool that works to support consumer spending, business investment, and public confidence, it cannot provide a settled rulebook for international trade.

participantIn relation between "Jerome Powell" "conference"

As Jerome Powell stated at the Jackson Hole conference, "while monetary policy is a powerful tool that works to support consumer spending, business investment, and public confidence, it cannot provide a settled rulebook for international trade.

partOf relation between "stated" "conference"

As Jerome Powell stated at the Jackson Hole conference, "while monetary policy is a powerful tool that works to support consumer spending, business investment, and public confidence, it cannot provide a settled rulebook for international trade.

locatedAt relation between "conference" "Jackson Hole"

On balance, the median forecast of Federal Reserve officials is likely to signal one additional rate cut in the current cycle, maybe in 2020, but this will matter little to markets.

employedBy relation between "officials" "Federal Reserve"

We believe the result will be somewhere in the middle with discussions continuing over coming months before a mini deal is struck early in 2020, allowing President Trump to focus on his re-election campaign.

timeOf relation between "months before" "discussions"

"Mid-cycle easing" will remain the theme as the Federal Reserve delivers another 25bp interest rate cut on Wednesday.

timeOf relation between "Wednesday" "delivers"

July saw the first Federal Reserve interest rate cut since December 2008, which Fed Chair Jerome Powell was at pains to emphasise should not be interpreted as the start of a series of aggressive moves.

employedBy relation between "Jerome Powell" "Fed Chair"

Since that July meeting, the newsflow has on balance improved marginally.

timeOf relation between "July" "meeting"

It is possible that they could be joined by one or two other FOMC members.

memberOf relation between "members" "FOMC"

However, a 25bp will not be enough to appease President Trump who has demanded the Fed follow the ECB by cutting interest rates into negative territory.

agentOf relation between "who" "demanded"

However, a 25bp will not be enough to appease President Trump who has demanded the Fed follow the ECB by cutting interest rates into negative territory.

affectedBy relation between "Fed" "demanded"

He believes that while Chinese authorities are pulling all their levers to support growth during the trade war - looser fiscal and monetary policy and a weaker yuan - the Fed is not giving him the support he needs.

partOf relation between "authorities" "Chinese"

After all, if the Fed does acquiesce to the President's demands there is concern he could be incentivised to take even more aggressive trade actions that create more downside risks for the economy through supply chain disruption, higher costs and more uncertainty for business.

agentOf relation between "President" "demands"

Semantic Roles

"Mid-cycle easing" will remain the theme as the Federal Reserve delivers another 25bp interest rate cut on Wednesday.

Subject: Mid-cycle easing"
Action: will remain
Object:

"Mid-cycle easing" will remain the theme as the Federal Reserve delivers another 25bp interest rate cut on Wednesday.

Subject: the Federal Reserve
Action: delivers
Object: another 25bp interest rate cut on Wednesday

"Mid-cycle easing" will remain the theme as the Federal Reserve delivers another 25bp interest rate cut on Wednesday.

Subject: rate
Action: cut
Object:

It will be justified as insurance to mitigate the trade and global headwinds facing the economy.

Subject: It
Action: will be justified
Object: as insurance

It will be justified as insurance to mitigate the trade and global headwinds facing the economy.

Subject: insurance
Action: to mitigate
Object: the trade and global headwinds facing the economy

Rising inflation and a strong consumer mean anyone expecting a more dovish message will be left disappointed

Subject: Rising inflation and a strong consumer
Action: mean
Object: anyone expecting a more dovish message will be left disappointed

Rising inflation and a strong consumer mean anyone expecting a more dovish message will be left disappointed

Subject: a more dovish message
Action: left
Object: disappointed

A lot has changed over the past twelve months.

Subject: A lot
Action: has
Object: changed

A lot has changed over the past twelve months.

Subject: A lot
Action: has changed
Object:

Last September futures markets were pricing in the Fed funds rate rising to 2.75-3.0% by the end of 2019.

Subject: Last September futures markets
Action: were
Object: pricing in the Fed funds rate rising to 2.75-3.0% by the end of 2019

Today the pricing suggests we should be expecting a range of 1.5-1.75%, down from the current 2.0-2.25%.

Subject: the pricing
Action: suggests
Object: we should be expecting a range of 1.5-1.75%, down from the current 2.0-2.25%

Today the pricing suggests we should be expecting a range of 1.5-1.75%, down from the current 2.0-2.25%.

Subject: we
Action: be
Object: expecting a range of 1.5-1.75%, down from the current 2.0-2.25%

This swing reflects the fact that trade tensions have escalated, the global economic backdrop has weakened substantially and the dollar has continued to rise, hurting US international competitiveness.

Subject: the fact that trade tensions have escalated, the global economic backdrop has weakened substantially and the dollar has continued to rise
Action: reflects
Object: This swing

This swing reflects the fact that trade tensions have escalated, the global economic backdrop has weakened substantially and the dollar has continued to rise, hurting US international competitiveness.

Subject: the global economic backdrop
Action: has
Object: weakened substantially

This swing reflects the fact that trade tensions have escalated, the global economic backdrop has weakened substantially and the dollar has continued to rise, hurting US international competitiveness.

Subject: the dollar
Action: has continued to rise
Object: continued to rise

This swing reflects the fact that trade tensions have escalated, the global economic backdrop has weakened substantially and the dollar has continued to rise, hurting US international competitiveness.

Subject: international competitiveness
Action: hurting
Object: US

These headwinds are translating into a weaker corporate profit outlook, declining investment intentions and early signals that payrolls growth is slowing.

Subject: These headwinds
Action: are
Object: translating into a weaker corporate profit outlook

It is not all bad news though.

Subject: It
Action: is
Object: not all bad news

While the manufacturing and internationally exposed sectors of the US economy are clearly struggling, the domestic and consumer-orientated parts are doing very well, buoyed by a strong jobs market and rising wages.

Subject: the domestic and consumer-orientated parts
Action: are doing
Object:

While the manufacturing and internationally exposed sectors of the US economy are clearly struggling, the domestic and consumer-orientated parts are doing very well, buoyed by a strong jobs market and rising wages.

Subject: by a strong jobs market and rising wages
Action: buoyed
Object: the domestic and consumer-orientated parts

So while policy easing is the name of the game, the scale of rate cuts needed is clearly up for debate.

Subject: the scale of rate cuts needed
Action: is
Object: clearly up for debate

We continue to think the market is expecting too much.

Subject: We
Action: continue to think
Object: the market

We continue to think the market is expecting too much.

Subject: the market
Action: is
Object: expecting too much

We continue to think the market is expecting too much.

Subject: the market
Action: is expecting
Object: too much

July saw the first Federal Reserve interest rate cut since December 2008, which Fed Chair Jerome Powell was at pains to emphasise should not be interpreted as the start of a series of aggressive moves. Instead, it was termed a "mid cycle adjustment" and should be seen as a parallel with the three rate cuts in 1995-96 or the three in 1998 that were enough to keep the US out of recession despite headwinds to economic activity.

Subject: the first Federal Reserve interest rate cut since December 2008, which Fed Chair Jerome Powell was at pains to emphasise should not be interpreted as the start of a series of aggressive moves. Instead, it was termed a "mid cycle adjustment"

July saw the first Federal Reserve interest rate cut since December 2008, which Fed Chair Jerome Powell was at pains to emphasise should not be interpreted as the start of a series of aggressive moves. Instead, it was termed a "mid cycle adjustment" and should be seen as a parallel with the three rate cuts in 1995-96 or the three in 1