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Fed meeting sneaks up on the markets

You wouldn't be faulted for not remembering amid the run-up to the national election, but there is a Federal Open Market Committee (FOMC) meeting this week. But truth be told, even if the next four days were uneventful (the meeting starts a day later because of the election), it might not get much notice. Depending on the graph or chart, there is either a solid horizontal or vertical line for the federal funds rate range—as in the markets are convinced policymakers will leave it in the current range of 0.00-0.25%. We are, too, and are not expecting much news otherwise, either. But with the proactive nature of this Federal Reserve, anything is possible. While the election is hugely important, the Fed is concerned with the economy, not politics. At present, the bigger concern is that the resurgence in Covid-19 cases could hinder a recovery that has already slowed down.

What about the blowout gross domestic product growth figure of 33.1% for the third quarter? That's a big number and welcome news, but it comes on the heels of a 31.4% plunge in the second quarter. We simply need a larger data set to ascertain the real state of the economy. Same with the labor market, which is crawling back from the chasm caused by the shutdown but still leagues from last year. Post-election, the path of Covid-19 will determine much, but when a vaccine arrives, the recovery should in theory move faster.