

September 18, 2025

Good afternoon,

As expected, the Fed cut the federal funds rate at the conclusion of its September meeting on Wednesday, bringing it down to 4.00% to 4.25%. Observers noted a few key points in the release and press conference. First off, we saw a chair that remains completely focused on the mission, refusing to wade into the muddy Fed independence conversation. We also saw the Fed's 'dot plot' (formally: Summary of Economic Projections), which showed expectations of two more cuts to close out the year and a higher GDP forecast than expected - aligning with some of the bullish vibes from Wall Street of late. And stocks have been bullish!

The Fed's monetary policy remains caught between its two goals of lower inflation and maximum employment. While inflation remains stubbornly higher than the Fed's goal, the weakening employment market has forced the Fed to act and cut rates. "There are no risk-free paths now," said Chair Jerome Powell at the press conference Wednesday. "It is quite a difficult situation for policymakers." What are the risks? Cut rates too much and inflation can heat up. Don't cut rates and watch the job market tighten. And there's the outlier risk that tariffs are just now starting to impact consumer prices.

In the aftermath of the tragic death of Charlie Kirk, an advocate for free speech, it appears free speech is being threatened. Individuals expressing opinions that disagree with certain political leaders are being silenced by the government (TV shows cancelled, suing journalists, defunding public television, threats of deportation) in actions that would appear to be contrary the 1st Amendment. Using government agencies to pressure, coerce, or restrict opinion is a slippery slope for democracy – no matter what side you support.

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As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Have a great weekend and Go Bills!

Wade

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