



By Being Late To the Party You Might Kill the Buzz or
a Runaway Jury??
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It was only a few months ago that the Federal Reserve was toying with one or two rate hikes. They might start in July After their bond purchases were over. What a difference REALTY MAKES. Many, including us, believed the Federal Reserve was way behind the curve, that the supply chain problems would persist, and a number of important sectors of the economy would stubbornly resist attempts to slow it down.

By now admitting that they misjudged the breath and strength of inflation they were running (no, racing) to catch up. Now the talk has shifted from two hikes in July to four or more hikes starting in March.

In fairness, everything is transitory. As Keynes said: "In the long run we are all dead". No one knows why the participation rate has remained stuck where it is and when workers will return. Nor do we know when the supply chain issues will disappear or the impact of Covid on demand.

Yet, the Federal Reserve has been late to the game. This sudden shift in policy leads to mistrust and distrust in their ability to bring inflation back under control without SEVERELY DAMAGING THE ECONOMY.

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