

January 27, 2025 – Economic Commentary

This week, the Federal Open Market Committee meeting is expected to introduce a new monetary policy concept: The Pause. Of course, there is no such theory called “The Pause,” and there is not much theory behind this (in)action. Monetarists believe there is a theory that governs the correct level of money supply for the level of economic activity, and of course, the correct but unmeasurable neutral rate of interest. Neither of these concepts is in play as the Federal Reserve decides what to do next. This pause is akin to pulling the car over to the side of the road to better study the map (or Waze or whatever) to identify where one is and where one is going. For this “data-driven” Fed, the data that might have been useful during the FOMC meeting — another take on December inflation as well as economic growth details for the fourth quarter — will be released after the meeting concludes. The press conference following the announcement thus will have to explain a nuanced, if not tenuous, story in a manner that will not be immediately challenged by the subsequent numbers. Or by a tense, action-oriented White House.

Data to Watch:

1. Federal Open Market Committee (FOMC) Interest Rate Decision, released Wednesday, January 29
2. First Estimate of US Q4 2024 GDP growth, released Thursday, January 30
3. US Personal Consumption Expenditures (PCE) Price Index for December, released Friday, January 31

Suggested Reading:

1. [Five Ways to Disaster-Proof the Energy Grid](#)
2. [Global Economy to Record Steady But Weak Growth, Limiting Catch-Up, Warns World Bank](#)
3. [An Illustrator Dies, His Last Book Unfinished. In Steps His Son.](#)

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