

## Commentary Week of Oct. 21:

As the Federal government shutdown collides with the next Fed meeting of October 28-29, the decision process used by policy makers will be unlike any other, as government data may not be available to aid in decision making.

Many economists believe that without clear evidence that the economy and labor market are deteriorating, the fed won't be able to implement larger rate cuts. This would essentially lock in a 25bp October reduction, in line with the 1/4-point September decrease.

CPI data may be released in time for the meeting, but otherwise Fed officials have been relying on private market data sources for missing indicators of consumer spending and the job market. This less-than-ideal data could result in a more conservative Fed response as they await more solid information to determine if inflation is in check.

The chart below shows a 99% chance of a 25bp reduction at the next Fed meeting.

