Commentary Week of Sept 20

As predicted, the Federal Reserve increased its benchmark interest rate by 25bp, to a range of 3.75% to 4.00%. This increase will likely make borrowing money for homes, autos, and other purchases more expensive.
With inflation remaining above the Fed's targeted 2% for more than five years, a recent consumer price reading of 3.4%, and diesel fuel costing $8.00 or more in parts of the country with no sign of abating, the unanimous vote by all 12 members of the Federal Open Market Committee for the increase was a fait accompli.
During his remarks, Fed Chair Kevin Warsh assured Congress that policymakers "have no tolerance for persistently elevated inflation." This assurance helped push futures markets to predict a 50/50 chance of another 25bp increase at the October meeting.

