Fed Cuts, while Suggesting December Decision is Undetermined

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This afternoon, Fed officials announced a quarter point reduction in the overnight target rate for the second straight meeting. The new funds target (3.75% to 4.00%) reflects 150 bps of easing since last September. The vote was 10-2 with Fed Governor Stephen Miran favoring a larger 50 bp cut while Kansas City Fed President Jeff Schmid opting for *unchanged* policy.

The official statement, released at the conclusion of the meeting, reiterated that "job gains have slowed" while "inflation remains somewhat elevated." The statement also included the news that the Fed would end its balance sheet reduction campaign on December 1. The end of QT was expected, although the timing was uncertain. At this point, the Fed balance sheet has been whittled down by over $2 trillion to $6.6 trillion, the lowest in five years.

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