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## Weekly Market Commentary

### Less Focus on the Federal Reserve

By Michael Crook, Chief Investment Officer

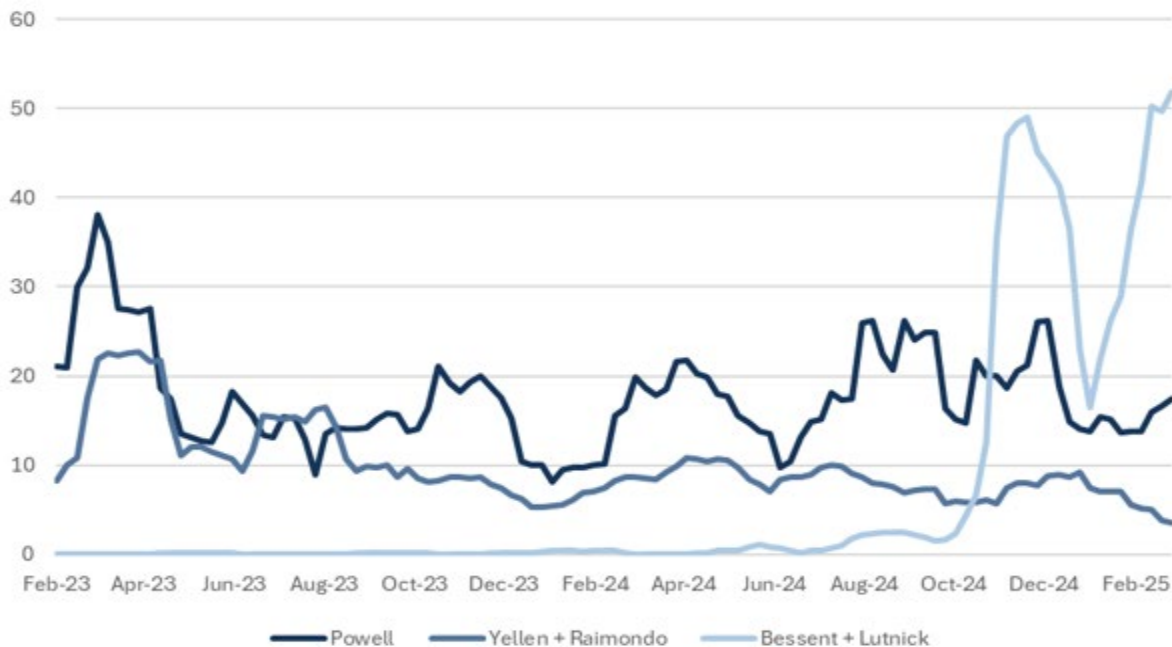


The Federal Reserve held the Fed funds target, which influences short-term interest rates, at 4.25-4.5% last week. Chair Jerome Powell [presented a constructive view](#) of the economy, saying "...economic activity has continued to expand at a solid pace. The unemployment rate has stabilized at a low level in recent months, and labor market conditions remain solid. Inflation remains somewhat elevated."

We expect the Fed to remain on hold until they have a reason (e.g. higher inflation or deteriorating growth) to embark on another hiking or cutting cycle.

The Federal Reserve has been the belle of the (economic) ball for at least 50 years, but the Trump Administration has flipped that focus for many market participants (Fig. 1) as the administration has been focused on longer-term interest rates, which are not controlled by the Federal Reserve, and driving policy through the Treasury (Scott Bessent) and Commerce (Howard Lutnick) Departments.

**Fig. 1: Google search volume, 4-week rolling average**



Source: Google Trends, Mill Creek. Janet Yellen and Gina Raimondo were Treasury Secretary and Commerce Secretary for President Biden.

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