AFTER THE SECOND FAT FEDFUNDS HIKE …

OK. The FED did exactly what was expected. This time the market, the analysts, financial experts, the economists and the Gods of Wall Street were not mistaken. Powell did exactly what was expected from him.

1) He’s shown clear intention to break inflationary trend
2) He said the economy was doing fine and that the risk of recession was only a theory in a world with plenty of jobs and business
3) He even mentioned that if things would develop as planned, he would raise interest rates more moderately ....Experts think already that the next hike will “only” be 0.50%.

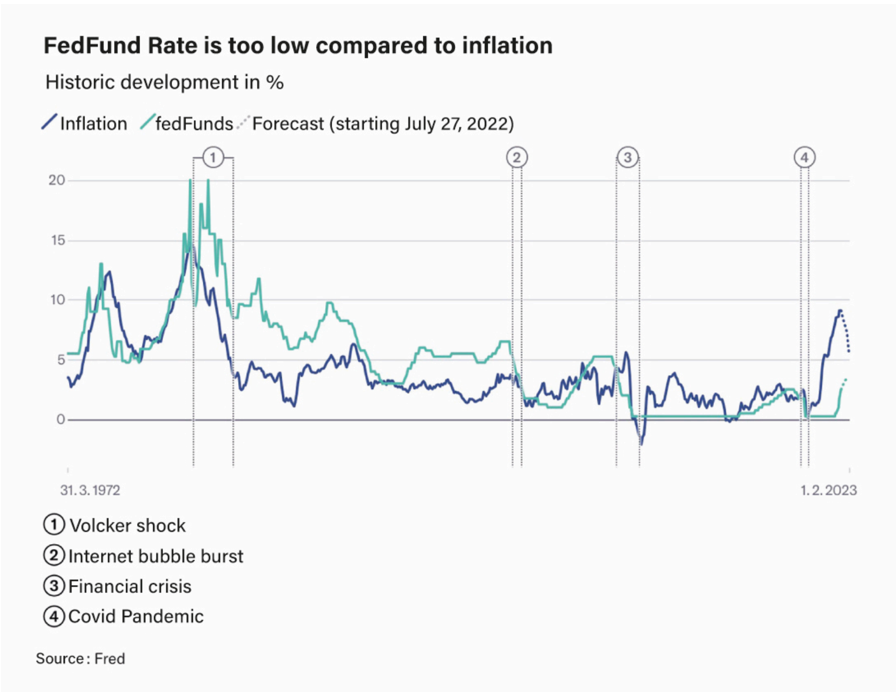
So yesterday all was golden. This despite an energy crisis that Europe faces and possibly precipitates it in a recession, the Italian debt hitting us in the face at the first hick-up and a brewing real estate crisis in the US .

Let’s not forget Putin’s war and its consequences for the world...

Adding to the aforementioned , company results that are “less” worse than anticipated...

All these real and present considerations have simply been ignored and erased by Powell and his friends at the FED using a big “IF” in almost every sentence and promise. As if the FED knew more than the rest of us, reminding here that 9 months ago they insisted that inflation was “transitory”. (I’m recalling our several reports May 2021 onwards on the subject).

As to the “R” word in everybodys mouth, Powell insisting that there is and will not be a recession and at time of writing this report, 2Q GDP is published and ....it fell 0.9% vs raising 0.5% expected. In my book this is a strong recession signal.



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