

## Experts Agree: The Fed Should Cut Interest Rates Now

July 26, 2024

### Mark Zandi | Moody's Analytics

"The Fed should cut rates. Consider last week's jobs data. The labor market is creating lots of jobs, but it's showing wear and tear: slumping hiring, fewer openings, quits and hours. Layoffs are low, but that's next on businesses' to do list if anything doesn't stick to script." [X, [5/5/24](#)]

### Bill Dudley | Former President of the Federal Reserve Bank of New York

"I've long been in the 'higher for longer' camp, insisting that the US Federal Reserve must hold short-term interest rates at the current level or higher to get inflation under control. The facts have changed, so I've changed my mind. The Fed should cut, preferably at next week's policy-making meeting." [Bloomberg, [7/24/24](#)]

### Luke Tilley | Wilmington Trust

"The [June CPI report] confirms that there is very little chance of inflation re-accelerating and that it's time for some rate cuts from the Fed." [AP, [7/11/24](#)]

### Greg Ip | Wall Street Journal

"The Fed's reticence is understandable. It likes to telegraph its plans well in advance and, having blown its forecasts on inflation so badly before, is doubly cautious. But if the Fed were truly data-dependent and trusted its own forecast, it would be comfortable cutting interest rates now. At a minimum, the option should be actively debated at its meeting in two weeks. A cut does bring risks, but so does waiting." [Wall Street Journal, [7/18/24](#)]

### Neil Dutta | Renaissance Macro

"What the Fed does next will greatly affect the chances of avoiding a larger increase in unemployment. It spent the past few years raising interest rates in an attempt to slow rapidly increasing prices, but with inflation largely tamed, the risks have now shifted toward the labor market. Waiting too long to lower interest rates to support the economy will only increase the odds of the job market breaking down. In short: The Fed needs to hurry up and cut." [Business Insider, [7/11/24](#)]

"The only reason to not cut in July is some mindless institutional nonsense about 'well we need to set the markets up for it.' I don't really understand it, but it is what it is." [X, [7/15/24](#)]

### **Jan Hatzius | Goldman Sachs**

"The US June CPI confirms that the Q1 inflation pickup was an outlier. Together with the rebalancing in the labor market, it probably seals the case for adjustment cuts to start soon. While September remains our baseline, we see a solid rationale for already cutting in July...If the case for a cut is clear, why wait another seven weeks before delivering it? Monthly inflation is volatile and there is always a risk of a temporary reacceleration, which could make a September cut awkward to explain." [Goldman Sachs, [7/15/24](#)]

### **Alan Blinder | Former Vice Chairman of the Federal Reserve**

"I'd like to put this on the table, nobody is talking about this at all, a cut on July. In July. That's the last day of July, July 31st." [CNBC, [6/13/24](#)]

### **Derek Horstmeyer | George Mason University**

"Inflation is under control and unemployment has started ticking up. Those are the go-to signs to cut rates...If they let unemployment keep going up, they risk a recession." [ABC News, [7/17/24](#)]

### **Jack Manley | JP Morgan Chase**

"A lot of what's going on with inflation today can be linked very closely with the level of interest rates. You slice and dice inflation and whether you're looking at the headline number, whether you're looking at the core number, you're removing the goods equation – so much of it has to do with the rate environment." [Bloomberg, [4/8/24](#)]

### **Greg Daco | EY**

"Time for #Fed policy recalibration... with dis-#inflation progressing & labor market conditions softening. June or July cut would have been optimal, but unfortunately too much emphasis on 1st rate cut in the absence of a forward-looking framework, leading to policy hesitancy" [X, [6/13/24](#)]

## **Lori Heinel | State Street Global Advisors**

“Headlines have been dominated of late by uncertainty around the future path of the US Federal Reserve’s rate decisions. Our stance has not changed since the start of the year. We believe disinflation will continue in the US and economic activity will be weaker this year relative to last year. A soft landing is still our base case scenario and we anticipate the Fed will be in the position as early as this summer to lower interest rates.” [SSGA, [5/31/24](#)]

## **Steve Englander | Standard Chartered Bank**

“‘A July cut is our baseline,’ said Steve Englander, head of North America Macro Strategy at Standard Chartered Bank...In a note to clients, Englander makes the following case. The government will produce two months’ worth of the Fed’s favorite inflation gauge — the personal consumption expenditure index — before the July meeting so ‘there is considerable room for core PCE to slow.’” [Marketwatch, [6/3/24](#)]

## **Andrew Hollenhorst | Citi**

“Economists at Citi also forecast a July cut. While Fed speakers often talk about holding rates higher for longer, ‘ultimately it is the data that drives Fed decision-making,’ Andrew Hollenhorst, chief economist at Citi, said in a weekly podcast. Hollenhorst thinks a weaker labor market will trigger a July rate cut, to be followed by cuts at every one of the following three remaining Fed meetings in 2024.” [Marketwatch, [6/3/24](#)]

## **Mohamed El-Erian | Allianz**

“While markets dissect economic data points to determine whether interest-rate cuts will come this fall, Mohamed El-Erian says there's enough to support cuts in July. In an interview with Fox Business on Tuesday, the prominent economist cited a slew of cooling indicators that would support a Federal Reserve policy easing next month. ‘We've had nothing but negative surprises,’ he said. ‘All that is saying to us is that the economy is slowing much faster than most people expected, including the Fed.’” [Business Insider, [6/5/24](#)]

## **Drew Matus | Metlife**

“Waiting too long risks a higher peak in unemployment for little additional reward on the inflation front.” [Bloomberg, [7/16/24](#)]

## Preston Mui | Employ America

“After the June FOMC meeting, we argued that the Fed should seriously consider the prospect of a July rate cut if the preceding jobs data, which we received on Friday, and the inflation data, which we’ll see later this week, were soft. So far, that case remains intact: the June labor market data confirmed enough of a labor market slowdown that the labor market has softened appreciably, although not alarmingly. As the July meeting approaches and Powell testifies in front of Congress at this week’s Humphrey Hawkins hearings, Powell and the rest of the Committee should keep the door open to a cut at the July meeting.” [Employ American, [7/9/24](#)]