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Some interpreted Powell's statement to mean more QE. There's a strong clue Powell meant something else. OK, but

What did Powell Mean?

https://twitter.com/Frances_Coppola/status/1174419794185072641?s=20

I confess, I thought Powell was talking about QE, but I did not see the exact quote. Powell said *"organic growth"*.

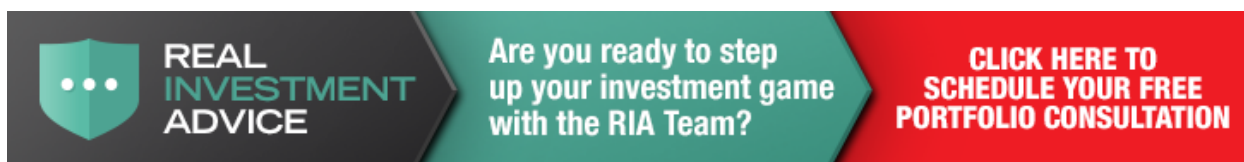
I believe Coppola has the correct intent.

Intention vs Reality

However, Coppola's point is mostly moot.

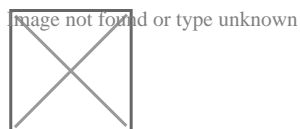
What the Fed thinks it will do and intends to do, typically miss the mark badly on what it actually does.

The Fed "*intended*" to dramatically shrink its balance sheet. Look what happened.



Look at a Dot Plot of interest rate expectations from 2017.

Dot Plot December 13, 2017



Fade This Consensus

That was my precise comment at the time.

Some FOMC participants actually believed the Fed would hike to over 4.0% by 2020 (next year!). The majority believed rates would be over 3.0%.



Fed's Intended Meaning

So what?!

The Fed may do a brief period of "organic" expansion (which by the way can mean anything the Fed wants), but I propose more QE is coming whether the Fed "intends" to do so or not.

By the way, we really do not know what the Fed "intended". Perhaps the the Fed wanted to open the door for more QE later but without alarming the market of that.