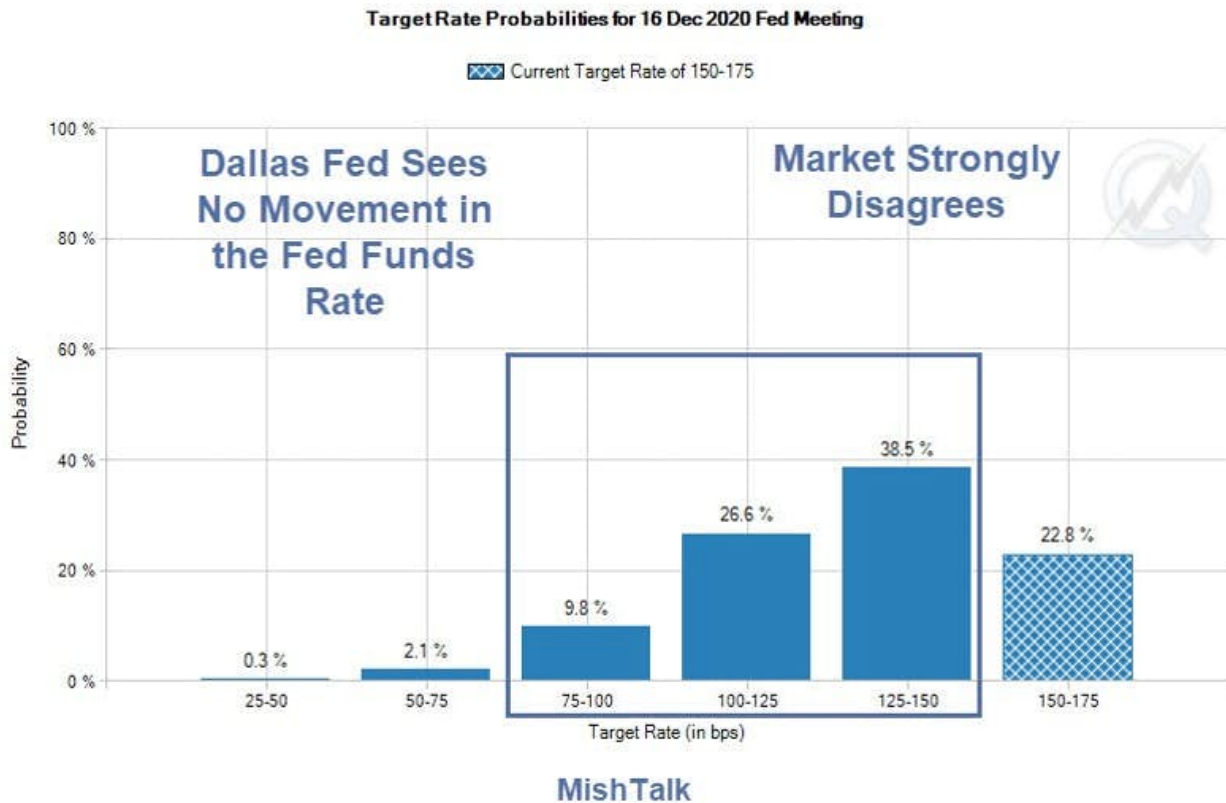



Dallas Fed President Robert Kaplan made some interesting comments today on interest rates, repos, and the coronavirus.





**REAL
INVESTMENT
ADVICE**

Are you ready to step
up your investment game
with the RIA Team?

**CLICK HERE TO
SCHEDULE YOUR FREE
PORTFOLIO CONSULTATION**

Dallas Fed President Robert Kaplan was on panel discussion today at the University of Texas McCombs School of Business on the "2020 Business Outlook: Real Estate and the Texas Economy" in Austin, Texas.

Bloomberg Econoday Synopsis

1. *Dallas Fed President Robert Kaplan is neutral right now on monetary policy, saying neither a rate cut nor a rate hike are necessary in the medium term. "My base case is no movement up or down in the Fed funds rate [in 2020], but I'll be monitoring [things] carefully ... this year," Kaplan said in a panel discussion.*
2. *Kaplan believes the outlook for the economy has stabilized and if anything has "firmed", and though he now has "a more confident outlook" he isn't ready to commit to a rate hike saying it's "too soon to judge if a hike is coming, and you've got a number of [risky] factors going on."*

3. *Regarding a so-called "coronavirus cut" to reassure markets, Kaplan doesn't see justification yet adding, however, that he is carefully watching how the virus unfolds and that he will have a better sense of its effects over the next few months. Kaplan also noted that he will be watching the first-half impact of the Boeing 737 production shutdown.*
4. *On repo operations, Kaplan described the rise in the Fed's balance sheet through year-end as "substantial" but he sees slowing growth through June. "I'd be hopeful and expect that as we continue bill purchases during the second quarter, the repo usage will begin to decline and the headline net balance-sheet growth for the Fed will moderate ? certainly far more moderate than what's we've seen to this period."*
5. *On inflation, Kaplan's base case is an upward trend toward 2 percent in the medium term. Kaplan said the Fed is debating whether to lengthen out its look at inflation from a one-year average to perhaps a two-year average. "We look at a variety of factors to make our judgment."*

Real Investment Report	Market updates, sector analysis, 401k plan manager & more. Subscribe today
-------------------------------	---

Regarding no interest rate movement, the market disagrees, and so do I.

On inflation, the entire fed is clueless about what it is.

In regards to a firming economic outlook, Kaplan may wish to ponder [Coronavirus Deaths Surge, No Containment In Sight](#).

The supply chains disruptions will be massive. A ["Made in China" Economic Hit](#) is coming right up.

On repo operations, yep, it's entirely believable the Fed will keep ballooning its balance sheet risking even bigger bubbles.

The yield curve is inverted once again. And that's flashing another recession signal. [On Average, How Long From Inversion to Recession?](#)

	Real Investment Show with Lance Roberts	Monday to Friday, from 6 to 7am. Get it now
---	---	--