

## **ShadowStats Flash Update No. 8**

### **FOMC Rate Cut**

**September 18, 2019**

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**FOMC Cut Rates by the Expected Quarter Point, Amidst Ongoing,  
Nonsensical Hype of Near-Perfect Economic Conditions**

**Broad U.S. Economic Activity Has Continued in a Deepening Downtrend,  
Amidst Mounting Downside Risks**

**Major Downside Revisions to Headline Economic Activity  
Are Likely In Looming Benchmarkings**

**Major, Disruptive Economic Risks and Financial-Market Turmoil Are at Hand**

**More-Aggressive Fed Easing Is Likely at or Before the October 30th FOMC,  
Including Expanded Quantitative Easing**

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## **FOMC Is Trying to Do Its Job for the Banking System, Not Necessarily for the General Public and the U.S. Economy**

### **The Fed Eased as Expected, Despite Rapidly Deteriorating Economic and Financial Conditions.**

Today, September 18, 2019, the Federal Reserve's Federal Open Market Committee (FOMC) cut its targeted Federal Funds rate by the expected quarter point, to a range of 1-3/4 to 2 percent, in line with market expectations. Such was the second easing of the current cycle, following a quarter-point rate cut on July 31, 2019. At that earlier meeting, the FOMC also ended its balance sheet liquidation in August, two months ahead of what had been scheduled, opening its options for renewed Quantitative Easing.

Contrary to the FOMC's current tale of nearly perfect economic and inflation conditions, along with FOMC economic forecasts revising minimally higher into the future, the U.S. economy continues in deepening recession, with increasing financial-market turmoil likely in the near future. Headline recognition of the unfolding and intensifying downturn turmoil should gain markedly in the weeks and months ahead, as will be explored in pending *ShadowStats Commentaries*.

Consider the now fortuitously timed, long-delayed release of the 2017 U.S. Economic Census, rescheduled for tomorrow, September 19th, having dodged the FOMC meeting by a day. All major U.S. economic indicators are benchmarked against that Census, which was delayed for months by Federal Budget issues. Likely headline major downside revisions loom for series ranging from Manufacturing to Retail Sales.

ShadowStats predicts further, more aggressive Fed easing at or before the next scheduled FOMC meeting of October 30th, potentially including renewed Quantitative Easing. [*Sep 23 Update – Overnight Funding issues suggest renewed QE effectively is already in place, see pending Nos. 985-A and B.*]

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**Note to Subscribers:** Today's *Flash Update No. 8* provides a brief summary of September 18th FOMC action and outlook, and the *ShadowStats* view of same (also see [Flash Update No. 7](#)). The long-planned *Commentary No. 985* has been split into two missives (revised from three Sep 23): *No. 985-A* covering the underlying economic reality facing the United States and the FOMC, *No. 985-B* reviewing the FOMC actions policies and prospects, and updating the *ShadowStats Financial-Market ALERT*. Those two missives will be posted sequentially, with *No. 985-A* likely on September 24th. Daily Updates are available to all on [ShadowStats Home Page](#).

**The *ShadowStats* outlook has not changed, specifically including a rapidly deepening U.S. economic downturn, reflected in mounting downside pressures on the U.S. dollar, flight-to-safety and upside pressures on gold and silver prices, and increasingly high risk of heavy stock-market selling in the weeks ahead. Your comments and suggestions are invited. Always happy to discuss what is happening.**

**Best Wishes — John Williams (707) 763-5786, [johnwilliams@shadowstats.com](mailto:johnwilliams@shadowstats.com)**

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