



(UBS)

# Fed officials diverge on inflation risk

21 November 2024, 1:41 pm CET, written by UBS Editorial Team US Editorial Team

**Fed governors Michelle Bowman and Lisa Cook laid out differing views on inflation in separate speeches on Wednesday.**

At an economic forum in Florida, Bowman warned that inflation progress has stalled, and said she would “prefer to proceed cautiously in bringing the policy rate down.” She added that the Fed should be wary of cutting rates too far too fast, and allowing inflation to resurge. Cook, on other hand, in remarks in Charlottesville voiced confidence that price pressures are now largely confined to the housing sector and will continue to ease. With the disinflationary trajectory still in place and the labor market gradually cooling, she said she sees “the direction of the appropriate policy rate path to be downward.” Separately, Boston Fed President Susan Collins expressed support for more rate cuts amid diminishing inflation pressures.

*Our view:* The latest consumer and producer inflation data should see the Fed’s preferred inflation gauge, the personal consumption expenditures (PCE) price index, come in higher for October than in recent months. However, with rates still in restrictive territory and the labor market continuing to soften, we still see a 25bp cut in December, followed by another 100bps of reductions in 2025. This would likely require somewhat softer inflation prints in the months ahead given the Fed’s data dependent approach. We recommend investors redeploy excess cash in a lower-rate environment, including in investment grade bonds, diversified fixed income, and equity income strategies to enhance portfolio income.

For more, see the [US Daily: Year Ahead 2025: Roaring 20s: The next stage](#), published 21 November, 2024.

**The document and the information contained herein is intended for UBS internal use only and solely for the UBS employee to whom it was provided.** It may in no circumstances be distributed outside of UBS. Information contained in this document has not been tailored to the specific needs, investment objectives, personal and financial circumstances of a client or any other recipient outside of UBS. This document shall not be construed to include any legal or tax advice, investment research, sales prospectus, an offer or a solicitation of an offer to enter in any investment activity. Neither UBS nor its directors, employees or agents accept any liability for any loss or damage arising out of the use of all or any part of this document. For further information, please contact the document owner.

**Important information**

As a firm providing wealth management services to clients, UBS Financial Services, Inc is registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser and a broker-dealer, offering both investment advisory and brokerage services. Advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate contracts. It is important that you carefully read the agreements and disclosures UBS provides to you about the products or services offered. For more information, please visit our website at [www.ubs.com/workingwithus](http://www.ubs.com/workingwithus).

© UBS 2024. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC.

There are two sources of UBS research. Reports from the first source, UBS CIO Global Wealth Management, are designed for individual investors and are produced by UBS Global Wealth Management (which includes UBS Financial Services Inc. and UBS International Inc.). The second research source is UBS Group Research, whose primary business focus is institutional investors. The two sources operate independently and may therefore have different recommendations. The various research content provided does not take into account the unique investment objectives, financial situation or particular needs of any specific individual investor. If you have any questions, please consult your Financial Advisor. UBS Financial Services Inc. is a subsidiary of UBS AG and an affiliate of UBS International Inc.