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07:15 11 Jan 2019

The Fed's new-found caution is being lauded by markets for now, but what does it really portend?

Will gold go through the US$1,300 mark in the next couple of weeks?

The trend is certainly up, as chairman of the Federal Reserve Jerome Powell has signalled a new caution on behalf of the FOMC, as US monetary policy makers come to terms with a global economic environment that is decidedly less rosy than the domestic one.

Some respected pundits, albeit still in a minority, are now openly talking about the possibility of recession in the not-too-distant future, although at least as far as the US is concerned the consensus is still for growth to slow to levels that politicians in Britain would give their eye teeth for.

The US remains a powerhouse, but the new caution from the Fed reflects a return to a wider awareness of its part in the wider global economic order, after two years of policy dominated by an inward-looking agenda.

To be sure, Mr Trump is not going to stop his economic nationalist approach now, but then he has been arguing for a slowing of the pace of rate rises himself for several months now. And so it is that the Fed and the US President come broadly back into alignment after a fractious few months, with markets especially impressed that Mr Powell appears to be following his own line rather than that of Mr Trump.

This makes it more meaningful, given Mr Trump's sometimes erratic behaviour and frequent changes of tack. Forbes argued earlier in the month that Mr Powell's independence from other branches of government could now be supplemented by a new form of independence: independence from Wall Street.

The thinking is that the most recent governors, from Bernanke to Yelland all had in the backs of their minds an unofficial mandate to keep asset prices high. This is not in the Fed's official remit, which covers only inflation and employment, so if the former governors were following such a course, it was all strictly off-the-record. Powell, Wall Street insider though he is, appears to have no such qualms about asset prices.

Perhaps that's because he can see what's coming, and is positioning himself accordingly and well ahead of time. Either way, markets are relatively sanguine about what he's saying. They like his caution on rates, and they like his independent streak.

This after a fair amount of negative blowback on the initial announcement of his appointment. Not strictly an economist, his appointment was seen as another Trump mis-step by many, including, at times, by President Trump himself.

But it can be no sort of economic mis-step to attempt to normalise interest rates after more than a decade in which they were held artificially low, and other assets by consequence were boosted to artificially high levels. Looked at in this simple light, it's not surprising that Powell isn't afraid of falling asset prices.

Some fall in prices ought to be the natural consequence of his policies.

The question then becomes not whether asset prices will fall, but how far and how hard. This is something that, as a politician, President Trump has rightly been concerned about. Notwithstanding the predictions of Morning Joe, it seems likely the President will seek a second term, and as any right-thinking politician would, he's very keen for the economic backdrop of that election campaign to be working in his favour.

Recession was alright for Obama, he'll want to say, but not for Trump. As a businessman, though, Mr Trump will only be aware that business cycles come and go, and if the US economy is indeed on a somewhat downward cycle now, it's only natural that he would argue in favour of any mitigating effects.

So, Mr Powell has got his way, and US rates, though not exactly punchy, are at least within a normal range. Compare that with Britain, which has almost no economic growth and rates which are almost as close to zero as it's possible to get, and Mr Powell has cause for satisfaction.

But Mr Trump can be pleased too. He can make the case, even if it's not true, that the Fed has heeded the words of economic wisdom he's dropped its way via Twitter. If the US economy does slow sharply, which seems unlikely at this stage, then he can blame the Fed for being too aggressive in 2018.

But if growth slows only moderately, as seems more likely, Trump can continue to sound off about the relative merits of his economic policies to those of President Obama, and secure the full backing of his base for re-election in 2020.

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