

TRENDMACRO LIVE!

**On the April FOMC**

Wednesday, April 29, 2020

**Donald Luskin****Powell had nothing to say – but what he said anyway was as helpful as it could be.**

Today's was the first scheduled FOMC meeting in three months, and the least consequential. [Today's statement](#) dispensed with the rather risible *pro forma* language about the economy that lingered in the [prior one for March's emergency meeting](#). The sum and substance today is that Covid-2019 has been an economic disaster – blaming the “coronavirus outbreak” itself rather than the government's draconian over-reaction to it.

- *The key phrase that the Fed will hold policy where it is “until it is confident” remains, and that's all that matters* (for the full red-line, see [“Data Insights: Federal Reserve”](#) April 29, 2020). *Anyone who was expecting anything else by way of forward guidance, or new programs, will be disappointed. But after a shaky start, the Fed has now already thrown the kitchen sink at the Covid-2019 crisis* (see [“On the Fed's Massive Intervention”](#) March 23, 2020), *so at this point what is there for it to say that could be new?*
- After our years of harsh criticism, we have to admit – [as his far harsher critic President Donald J. Trump has](#) – that Powell is doing a good job in this crisis.
- We were happy to hear him say, in his post-meeting press conference, that he is operating in the same conceptual framework as we are – namely, *the mission is to use credit support to keep this recession brief, so that human, managerial, physical and financial capital are preserved against decay* (see, most recently, [“Make America Open Again”](#) April 17, 2020).
- It was also useful for Powell to clarify that the Fed's lending facilities, supported by an equity tranche from the Treasury's Exchange Stabilization Fund, have considerable room to expand from the present \$2.3 trillion (see [“Video: What you're not hearing about the Fed's new \\$2.3 trillion lending program”](#) April 9, 2020).

**Bottom line**

Nothing new from the FOMC – how could there have been, with the kitchen sink already thrown at the Covid-2019 crisis? The key phrase “until confident” remained in the statement. Powell was clear that the mission is to preserve the capital stock by keeping this recession brief. He usefully clarified that the \$2.3 lending facilities have sufficient Treasury equity to be expanded as need be. ▶

**Update to strategic view**

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