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COMMENTARY

TRANSITORY – THE RESURRECTION

Commentary by Chris – Post-F.O.M.C., March, 2024

As we typically do, my long-time friend and colleague Michael Fox of *The Prospector News* and I yesterday gave our post-mortem on the past week's Fed meeting.

And among other things in [THIS NEW INTERVIEW](#), I discuss what is unfolding as **the effective return of a past (and horribly failed) theme of Fed Chairman Jerome Powell and Company.**

Transitory -- The Resurrection



Dr. Powell is bringing his "transitory" creation back to life! The chills...the inflation! Will the resurrected monster have a better disposition in 2024 (and beyond?) Tune in for the details!

As I quipped in [OUR DISCUSSION](#), Powell -- via a few babbling (and somewhat uncharacteristic) Kamala Harris-like "word salads" along the way in his Wednesday afternoon presser--leaned strongly toward continuing the promise of three 25-basis point rate cuts to come in 2024; this *despite*

- * The recent record highs for major stock indices,
- * Still-loose financial conditions, which have led to the tightest credit spreads since 2007,
- * Recent record highs for gold (even if they have yet to life P.M.-related equities with them) and-- last but not least--

* **Mounting and broadening evidence that inflation is rising anew.**

Powell waffled...obfuscated...and talked past the overwhelming evidence that *markets* sure as heck don't "need" rate cuts.

And to be sure, the verdict of "the dot plot" this quarter did leave some room for the Fed to renege a bit and/or postpone the start of easing.

But in the end--as we suggest--Powell is more likely than not to craft some kind of theme similar to the Fed's long insistence back when that rising inflation would prove to be "transitory."

And that--after refusing to raise rates for so long as inflation raged--it will now start cutting rates as inflation remains high/rebounds.



The alternative, as you will hear, would be a major rebellion by the "market monster" against its ostensible creator.

So I suspect Powell will come up with whatever added word salads he needs in the coming months to avoid that...keep the traders and speculators at bay and content...and avoid a still-postponed *deflationary* (for the markets) comeuppance if all goes as "right" as can be expected.

So again, as I have been saying all along, we ARE approaching the point at which the Fed WILL have no choice but to start cutting rates *even with inflation still a problem.*

He will thus solidify "The Great Stagflation" that has been emerging for some time.

As *that* becomes more evident, we will begin to see the behavior of many asset classes diverge, rather than (mostly) all rise in unison in knee-jerk reaction *just* to looming Fed easing, without taking into account where *that* will be taking us longer term.

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