



Economist Preview: Fed Didn't Want to Incite Panic

(13:05 01/02/08) Giancarlo Espejo from GCI told CEP news the following:

"Here's one school of thought on why the FOMC didn't move the discount window lower by 50bps at the 11 December 2007 FOMC meeting: the Fed didn't want to incite more panic in the troubled money and financial markets by reducing the discount window spread to 25bps from 50bps and wanted to keep some of its powder dry in case market conditions worsen, especially ahead of the crucial holiday shopping period with weak anecdotal retail sales chatter cited in Q4. The most likely current scenarios include a 25bps monetary easing in the federal funds rate on 31 January and 18 March." NC

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