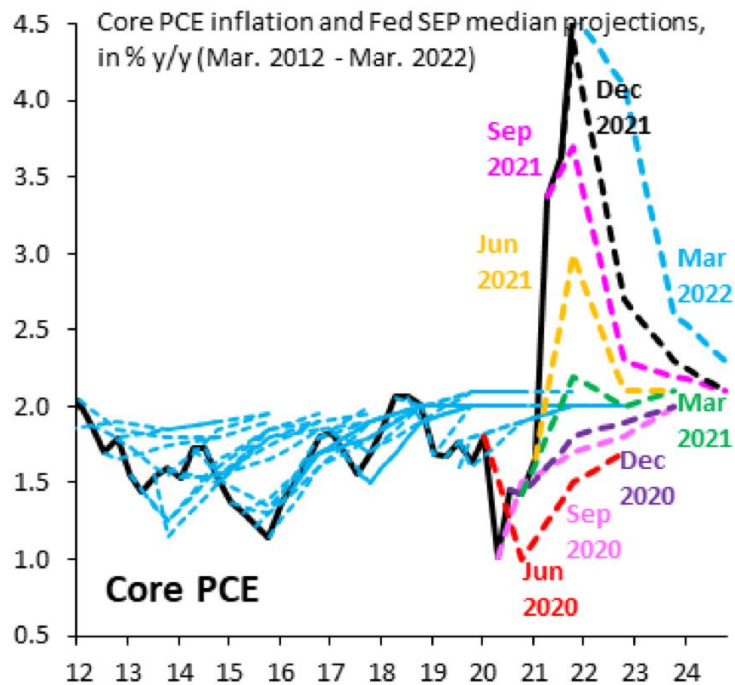


## The Transitory Use of the Word Transitory and the Non-Transitory Use of the Concept of Transitory.



Maybe my favorite chart recently. From Scott Burg. The one common element is that the Fed expects inflation to pretty much end up at the same time and place: Around 2% in 2024. Really!! Over 21-months, none of their intermediate predictions have come to pass, yet they expect us to believe that their prediction for 2 years will come to pass, and, not only that, with all of their intermediate misses, they expect the terminal point to have been unchanged and at their long-term target.

It's pretty clear that their 'model' consists of fixing the end point and connecting the dots to the end point. Recent projections also have the current rate as the maximum. And they have barely tightened. This seems like transitory in fact, even if the Fed doesn't use the word. It seems like Powell has just dropped the word transitory (called it an unfortunate term) because he was becoming a laughingstock (deservedly). Waiting for Powell to take a cue from Putin and call future Fed policy a special operation, not a tightening cycle.

