

# Prepare to Be Unsurprised: What to Expect From the Upcoming Meeting of the Fed's Rate Committee



The purpose of the Federal Reserve System, the central bank of the United States, is to provide maximum employment, stables prices, and moderate long-term interest rates.<sup>1</sup>

One of the main ways they seek to achieve these goals is by setting a target interest rate, called the federal funds rate, at which banks and credit unions lend their reserve balances to other financial institutions.<sup>2</sup>

This target rate, which is actually a narrow range of rates rather than a specific percentage, then becomes the basis for setting loan rates throughout the rest of the economy. Its effects ripple through the market as it affects bond rates. Changes in the federal funds rate can prompt short term investor behaviors such as refinancing mortgages or even moving into or out of stocks.

The group within the Federal Reserve which decides what the federal funds rate target should be is called the Federal Open Markets Committee (FOMC). They meet eight times a year to set interest rates with the next one scheduled for September 17 and 18.

Because the Fed is first and foremost concerned with maintaining stability in the economy, the intended actions of the FOMC are telegraphed well in advance. Whether the Fed will raise, lower, or leave rates untouched can be inferred from the Chicago Board of Trade's Fed Funds futures contracts, which are widely reported in the media.

What should you expect from this upcoming meeting?

While the twelve members of the FOMC certainly hold differing opinions about what's best for the economy, the current consensus is that they're likely to decide to lower rates at this upcoming meeting.

Reuters reports: "With economies slowing globally, U.S.-China trade frictions showing few signs of abating, and the looming possibility of an economically disruptive British exit from the European Union, the Fed is widely expected to lower rates at the close of its Sept. 17-18 meeting."<sup>3</sup>

CNBC is reporting that while some members of the FOMC see no need to lower rates, Fed Chair Jerome Powell has indicated he is open to this move.<sup>4</sup>

However, media consensus ahead of time is certainly not a guarantee of what will happen. And if this meeting is like prior meetings, there will almost surely be some short-term reaction in the market regardless of what actions are taken by the board.

But the prudent investor doesn't need to worry about short-term Fed funds rates. With a globally diverse portfolio as part of a long-term plan, he or she will be ready for whatever the Fed decides.

Whether the financial media tells you there's cause for surprise or not, you can continue to stay focused on what matters. Remember that being an investor is a completely different than being a short-term trader. Enduring spikes in market volatility is all part of pursuing a long-term investment strategy. Because markets are incredibly efficient, the likelihood of what will happen at next week's meetings is largely reflected in stock and bond prices before you could take advantage of some so-called mispricing. So, relax and enjoy the journey.

Have a great weekend!

Source: Efficient Advisors

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## **Golf Tip of the Week**



### **The Best Golf Tip? Always Keep Learning**

Even if you've been playing the sport for years, there's always something you can learn when looking to get better at golf. One of the best ways to improve your game is to attend a golf

school or academy. These training programs are led by highly trained instructors and players, and most feature intimate, teacher-to-student ratios and other great amenities. This face-to-face time is priceless if you want to improve your game.

There are top-tier schools throughout the country, even if you don't live near one of the most-famous courses. They also range in intensity, from lessons for beginners to intensive golf workshops for seasoned players who want to fine-tune their skills. [Golf Digest shares](#) a comprehensive list of some of the best golf schools and academies in the U.S. While you might not be hitting 350-yard drives like the pros, you can definitely learn a thing or two from these highly skilled coaches (and make some golf-minded friends along the way).

Tip adapted from Golf Advisor<sup>1</sup>

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## Recipe of the Week

### Egg Muffins



[12 muffins]

#### Ingredients:

- 12 eggs
- Topping of choice, including bacon, cheddar, tomatoes, spinach, mozzarella, mushrooms, etc.
- Salt and pepper, to taste

#### Directions:

Whether you're sending the children or grandchildren out the door for school or are in need of a healthy, quick breakfast for yourself, these easy breakfast muffins will quickly become your

secret weapon. Plus, you can cook them in the beginning of the week and store them for about four days in the fridge.

1. Preheat the oven to 350° F and spray a 12-cup muffin tin with nonstick spray.
2. Whisk the eggs and fill each muffin cup about halfway full.
3. Add in your desired toppings.
4. Bake for 20 minutes.

Recipe adapted from Cafe Delites<sup>ii</sup>

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## Health Tip of the Week



### The Benefits of Brain Training

We know how important it is to exercise our bodies, but exercising our brains is just as important. When we continue to learn, our brains are better for it. Here are just a few benefits of “brain training,” or exercising your brain:

- Improved executive functions
- Improved working memory
- Improved processing speed
- Preserved cognitive health
- Fewer problems in daily function
- Better control over our mental processing abilities

There are lots of fun ways to exercise your brain. One common way is to continue to learn new things. Attend a pottery, painting, or foreign language class in your neighborhood, or check for any discounts on community college courses. Another great way to exercise your brain is to socialize with others, spend time in nature, and practice mind puzzles, such as crosswords, Sudoku, or a game in a [brain training app](#).

Tip adapted from American Psychological Association<sup>iii</sup>

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<sup>i</sup><https://www.golfdigest.com/story/best-golf-schools-and-academies>

<sup>ii</sup><https://cafedelites.com/breakfast-egg-muffins-3-ways/>

<sup>iii</sup><https://www.apa.org/monitor/2014/10/mind-games>