



...weekly since 1976

Your guide to understanding
today's economy and
financial markets

April 30, 2008

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A Final Move?

Written by Jeff Thredgold, CSP, President, Thredgold Economic Associates

As expected, the Federal Reserve today trimmed its key interest rate, the federal funds rate, by 0.25% from 2.25% to 2.00%. The Fed has cut the rate by 3.25% in seven moves since September 18, 2007.

The following are three key paragraphs from the Fed's accompanying statement:

Recent information indicates that economic activity remains weak. Household and business spending has been subdued and labor markets have softened further. Financial markets remain under considerable stress, and tight credit conditions and the deepening housing contraction are likely to weigh on economic growth over the next few quarters.

Although readings on core inflation have improved somewhat, energy and other commodity prices have increased, and some indicators of inflation expectations have risen in recent months. The Committee expects inflation to moderate in coming quarters, reflecting a projected leveling-out of energy and other commodity prices and an easing of pressures on resource utilization. Still, uncertainty about the inflation outlook remains high. It will be necessary to continue to monitor inflation developments carefully.

The substantial easing of monetary policy to date, combined with ongoing measures to

foster market liquidity, should help to promote moderate growth over time and to mitigate risks to economic activity. The Committee will continue to monitor economic and financial developments and will act as needed to promote sustainable economic growth and price stability.

Most market players expect the Fed to now move to the sidelines through the end of the year, with the federal funds rate holding steady at 2.00%.

Public Presentation in SLC

Following private presentations Thursday in Chicago and Friday in Palm Springs, I will be speaking Saturday, May 3, 2008 at 7:30 pm at the Salt Lake City Main Library as part of their **Dewey Lecture Series**. The event is open to the public.

Free tickets are available from the library. There will also be a special reception (tickets \$40 each) that evening at 6:00 pm. For more information, contact the SLC Library (801-524-8200) or [click here to visit their website](#).

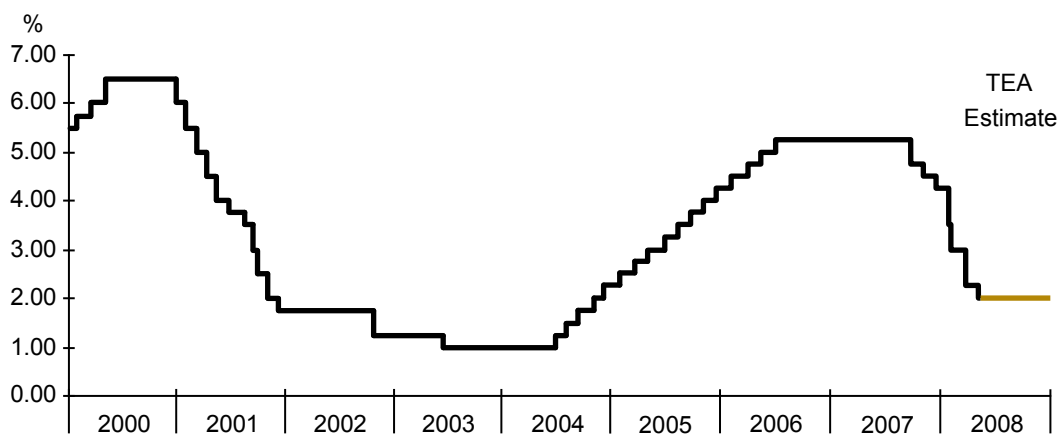
...consider yourself invited!

Speaking Calendar Now Online

My speaking schedule is [now on thredgold.com](http://now.on.thredgold.com) ([click to visit](#)). There you can also sign up to be notified by email when I will be in your area.

You'll likely be able to save some money by inviting me to speak to your group while I'm already in the neighborhood.

Federal Funds Rate





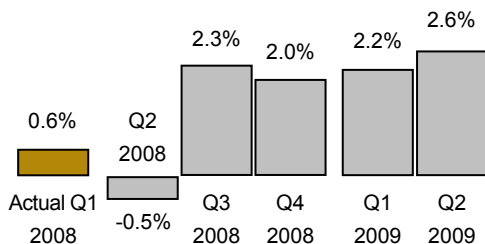
USA TODAY • TUESDAY, APRIL 29, 2008

Quarterly economic survey

The USA TODAY economic survey of 52 top economists was conducted April 21-24. Median estimates through Q2 2009:

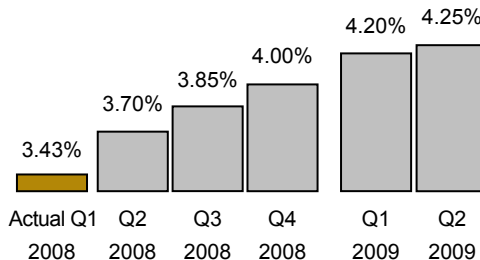
Gross domestic product

(real annual growth rate)



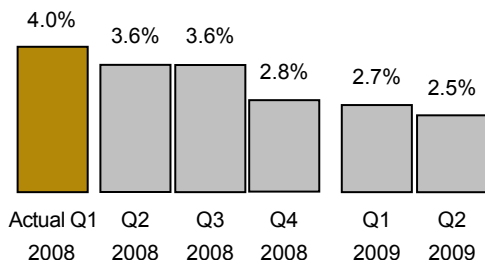
10-year T-note yield

(quarter end)



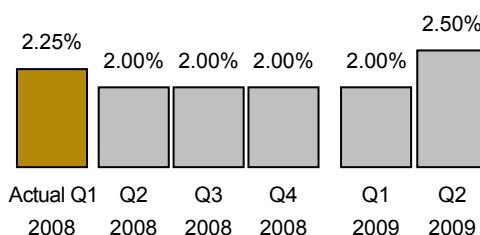
Consumer price index

(12 months ended)



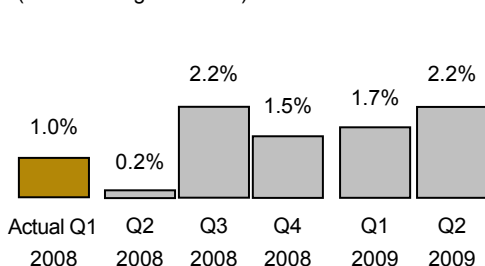
Federal funds rate target

(quarter end)



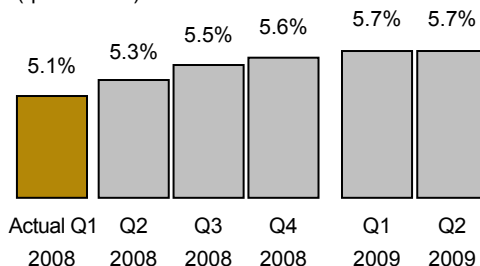
Consumer spending

(real annual growth rate)



Unemployment rate

(quarter end)



Survey participants: Scott Anderson, Wells Fargo; Nariman Behraves, Global Insight; Bill Cheney, John Hancock Financial Services; J. Dewey Daane, Vanderbilt University; Richard DeKaser, National City; Rajeev Dhawan, Georgia State University; William Dunkelberg, National Federation of Independent Business; Michael Englund, Action Economics; Gail Fosler, The Conference Board; Ethan Harris, Lehman Brothers; Maury Harris, UBS; Tucker Hart Adams, The Adams Group; Stuart Hoffman, The PNC Financial Services Group; David Huether, National Association of Manufacturers; William Hummer, Wayne Hummer Investments; Dana Johnson, Comerica Bank; Hugh Johnson, Johnson Illington Advisors; Paul Kasriel, Northern Trust; Timothy Martin, Bank of America; Ken Mayland, ClearView Economics; Dan Meckstroth, Manufacturers Alliance/MAPI; Jim Meil, Eaton; Robert Mellman, JPMorgan Chase; Gregory Miller, SunTrust; Richard Moody, Mission Residential; Joel Naroff, Naroff Economic Advisors; Frank Nothaft, Freddie Mac; Donald Ratajczak, Morgan Keegan consulting economist; Martin Regalia, US Chamber of Commerce; David Resler, Nomura Securities International; Timothy Rogers, Briefing.com; David Rosenberg, Merrill Lynch; Chris Rupkey, Bank of Tokyo-Mitsubishi UFJ; John Ryding, Bear Stearns; Markus Schomer, AIG Investments; David Seiders, National Association of Home Builders; Joshua Shapiro, Maria Fiorini Ramirez; Robert Shrouds, DuPont; Allen Sinai, Decision Economics; James Smith, Parsec Financial Management; Sean Snaith, University of Central Florida; Sung Won Sohn, Hanmi Bank; Diane Swonk, Mesirow Financial; Carl Tannenbaum; **Jeff Thredgold, Thredgold Economic Associates**; Chris Varvares, Macroeconomic Advisers; Mark Vitner, Wachovia; Brian Wesbury, First Trust Advisors; David Wyss, Standard & Poor's; Richard Yamarone, Argus Research; Mark Zandi, Moody's Economy.com

“TEA”ser

There is a story about the last May Day parade in the Soviet Union. After the tanks and the troops and the planes and the missiles rolled by, there came ten people dressed in black.

“Are they spies?” asked the Russian Premier.

“They are economists,” replied the KGB director. “Imagine the havoc they will wreak when we set them loose on the Americans.”

—from our book,
On the One Hand...The Economists' Joke Book



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