

2020 monetary policy outlook

January 16, 2020

Given risks to growth, there's a high likelihood that the Fed continues monetary easing in 2020

We've gone through a substantial change from where we were a year ago in terms of monetary policy. We were in a hiking cycle and in the process of shrinking the Fed's balance sheet, but we're now in the process of cutting rates and expanding the Fed's balance sheet. There's a high likelihood that easing will continue into 2020 as risks to growth remain on the table. Globally, central banks in developed economies have very limited policy space to respond to downside risks. And adding to our potential challenges, U.S. fiscal policy is not in sync with monetary policy.



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