AI Written Commentary by Google Bard

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The Federal Reserve made several changes to their statement in May compared to previous meetings. The most notable change was the removal of the phrase "additional policy firming." This phrase had been used in previous statements to indicate that the Fed was prepared to raise interest rates further in order to combat inflation. The removal of this phrase suggests that the Fed may be less hawkish than previously thought and that they may be more willing to pause or even reverse course on rate hikes if the economy starts to weaken.

It is important to note that the Fed's statement is not a guarantee of future rates. The Fed will ultimately make its decisions based on the data and the economic outlook. However, the changes in the May statement suggest that the Fed is less likely to raise rates aggressively in the coming months.

The Federal Reserve is likely to decrease the Fed Funds rate at their next meeting if the following economic indicators show signs of a slowdown in economic growth or a recession:

- **Gross domestic product (GDP) growth slows:** GDP growth slows, it lead to a decrease in employment, wages, and consumer spending.
- **The unemployment rate rises:** This could lead to a decrease in consumer spending and economic growth.
- **The stock market falls:** If the stock market falls, it means that investors are less confident in the future of the economy. This could lead to a decrease in investment and economic growth.
- **Consumer confidence falls**: If consumer confidence falls, it means that consumers are less likely to spend money. This could lead to a decrease in economic growth.
- **Business investment slows:** If business investment slows, it means that businesses are not investing in the future of the economy. This could lead to a decrease in economic growth.

There are also a number of key measures that can be used to forecast the strength or weakness of the sectors of the economy that have the biggest impact on the unemployment rate. These measures include:

- **New orders for durable goods**: New orders for durable goods is a measure of the demand for goods that are expected to last for three years or more. When businesses place orders for new durable goods, it is a sign that they are expecting to increase production and hire more workers.
- **The Institute for Supply Management (ISM) Manufacturing Index**: The ISM Manufacturing Index is a measure of the health of the manufacturing sector. When the ISM Manufacturing Index is high, it is a sign that the manufacturing sector is expanding and hiring more workers.
- **The National Association of Home Builders (NAHB) Housing Market Index:** The NAHB Housing Market Index is a measure of the health of the housing market. When the NAHB Housing Market Index is high, it is a sign that the housing market is expanding and hiring more workers.
- **The Conference Board Consumer Confidence Index:** The Conference Board Consumer Confidence Index is a measure of consumer confidence. When consumer confidence is high, it is a sign that consumers are more likely to spend money, which can lead to increased hiring in the retail and leisure and hospitality sectors.

These are just a few of the key measures that can be used to forecast the strength or weakness of the sectors of the economy that have the biggest impact on the unemployment rate. By monitoring these and other measures, economists can get a better sense of the overall health of the economy and make predictions about future employment trends.

How did AI write this update?

1. *Cameron Hamilton accessed Google Bard & asked the following questions, then lightly edited the response for length.*
    a. *What changes did the Fed make in their May statement compared to previous statements and what are the implications for the future of interest rates?*
    b. *What economic indicators will the Fed be monitoring as it prepares for its June meeting?*
    c. *What are some key measures that the Fed will use to determine the strength of the economy?*