



Basis Points – October 29, 2019

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Above the Fold

Rate Cut Hopes High, but Don't Expect Much From Related Markets

Tomorrow's decision on interest rates comes after two back-to-back cuts following a complete 180 in policy tone earlier in the year. It's hard to believe, but the Federal Open Market Committee was on a tightening spree this time last year.

Economists' sentiment remains mixed ahead of the event, but the CME Group Rate Forecasting Tool is predicting a 94% chance of a cut, and then a likely pause at the December 11 meeting. The Fed (Federal Reserve) noted previously that they "will act as appropriate to sustain the expansion," and have acknowledged the headwinds we are facing. While a "no cut Wednesday" would roil the markets, don't expect any major moves unless there's a material shift in the words used by Chairman Jerome Powell in his press conference following.

Since bottoming in September, mortgage rates in the U.S. have actually crept more than 25 basis points higher. We've also highlighted the lack of reduction in the prime rate and credit card interest rates. And though improbable that we see a major change in either of those markets, the Fed's latest quantitative easing actions should help put some downward pressure on both, further easing consumers' cost borrowing burdens.

Three Things

1. ***The Force is Strong With Microsoft*** – The maker of Windows bested high-profile rivals Amazon, International Business Machines and Oracle to win a \$10 billion Pentagon cloud technology contract dubbed JEDI (Joint Enterprise Defense Infrastructure). Microsoft’s cloud division, Azure, has been gaining momentum and some analysts believe this is a “game changer” for the Seattle-based tech giant.
2. ***Seasonal Workers Have an Unexpected “Friend”*** – As the holiday season ramps up and retailers, shippers and producers look to tap an already tight labor market, some are turning to collaborative robots or “cobots” to help with the task at hand. Purchased or leased, cobots use cameras, sensors and even lasers to navigate warehouses and help their human counterparts retrieve items and move them to where they need to go.
3. ***Xi Loves Crypto*** – Bitcoin, its rivals and several Chinese tech stocks surged after President Xi Jinping urged his country to “speed up research” into blockchain, the ledger system that bitcoin and other cryptocurrencies utilize to function. In a country where information is tightly controlled, the announcement triggered an avalanche of global web searches and sent bitcoin values up more than 30%.

Did You Know?

Mickey’s Many Mice

Disney got its start in late 1923, with its most popular character, Mickey Mouse, joining the company just five years later. But it wasn’t until the 60s that “Mickey” went from cartoon to something far more important.

In 1964, Douglas C. Engelbart invented the first computer mouse. As the mouse gained popularity and refinement, the term “mickey” was used to measure the speed and direction of the mouse both vertically and horizontally. “Pixels per mickey” enabled programmers to express exactly how far the mouse was to move on the screen in relation to the distance on the mouse pad.

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