"The Time Has Come": **Ropes Wealth Recaps Powell's Address at Jackson Hole**

Federal Reserve Chair Jay Powell's speech at the Jackson Hole Economic Policy Symposium was widely anticipated to announce the imminency of interest rate cuts, and he did not disappoint. "*The time has come for policy to adjust,"* Powell said during the Fed's annual retreat. *"The direction of travel is clear, and the timing and pace of rate cuts will depend on incoming data, the evolving outlook, and the balance of risks."*

While Powell did not tip his hand at the size of the interest rate cut expected in September, the market has decided it will likely be a downshift of 25 basis points from the current federal funds target range of 5.25% to 5.50%. While interest rates have certainly been much higher in economic history, the current level of rates is the highest in more than two decades, and investors, consumers, and businesses alike will all welcome the relief a shift lower will provide.

Notably, Powell has grown much more confident that inflation will return to the central bank's 2% target. Not as positive, he echoed economists' warnings that the labor market poses an increasing threat to the economy after months of slowly rising unemployment. *"We do not seek or welcome further cooling in labor market conditions,"* Powell said. However, Powell voiced optimism about the central bank's chances for engineering a soft landing during his speech, saying *"while the task is not complete, we have made a good deal of progress toward that outcome,"* he said.

It was a sunny end to a fairly benign week in the financial markets, which have retraced the volatility from a few weeks ago to return to all-time highs. Other economic data announcements were consistent with the story of a solidly average economy, as manufacturing barometers reflect some contraction, while service sector activity measures are in expansion territory. For their part, existing home sales for July hit a seasonally adjusted annual rate of 3.95 million, up slightly for the month and above consensus views. They are still down -2.5% year over year, and the median sales price jumped 4.5%, the 13th straight month of increases. New home sales for July jumped as a drop in mortgage rates boosted demand, offering more evidence of how impending rate cuts will be a catalyst towards maintaining momentum in economic growth.

Indeed, growth concerns that were triggered by softer employment data (and recessionary indicators) at the beginning of the month have abated, at least for now, as confidence is increasing around a soft landing for the economy. With that, market broadening is moving forward, as energy, financials, and real estate are enjoying gains lifted by hopes for falling interest rates. And if the white-hot information technology and communication services sectors are having some bumps and bruises on a given trading day, the pain does not last as buyers seem to emerge at signs of weakness in these coveted names.

With conventions for both the Republican and Democratic parties now behind us, we are entering the election season in full swing. All eyes will be on the candidates for more details on their economic policy and clues of how these policies will affect investors. Recall our advice to avoid playing politics with your portfolios, and to stay long-term in your investment thinking even as you feel passionate about the next best leader for our country. Remember that election promises are often reset with the realities of the intense legislative process required to pass bills in Congress. Even so, it is fair to consider the potential impacts of ideas under consideration, and we will factor these into our meetings as it relates to the Tax Cuts and Jobs Act expiration as well as some of the current discussions around potential changes to capital gains tax rates. It is a good time to consider your planning moves with markets at these high levels, and taxes at these low levels, as neither of these beneficial conditions may last forever.

Thank you for your interest in our investment commentary and for your relationship with us. If you would like to speak personally with a member of our team at any time, please click **here**.

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