

# Professor Jeremy Siegel calls for bold action at the US Federal Reserve

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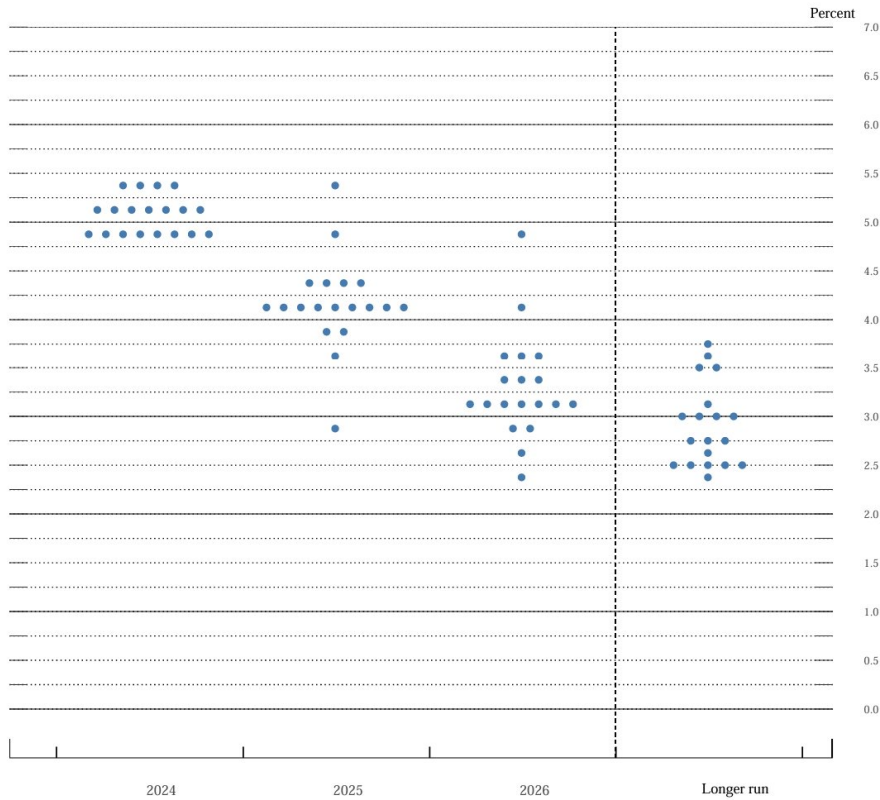
Global Head of Research

## Die wichtigsten Erkenntnisse

- On Monday 5 August 2024, Professor Jeremy Siegel called for the US Federal Reserve (Fed) to take bold action publicly on a CNBC segment
- Professor Siegel's call for immediate rate cuts is NOT an indication of a Fed 'panic'
- We may be seeing a transition from the "Magnificent Seven" dominating global markets into another, where different fundamentals begin to prevail again, and things like dividends, quality companies and even gold become more greatly appreciated
- Verbundene Produkte WisdomTree Global Quality Dividend Growth UCITS ETF - USD Acc, WisdomTree US Quality Dividend Growth UCITS ETF - USD Acc Mehr erfahren

On Monday 5 August 2024, Professor Jeremy Siegel called for the US Federal Reserve (Fed) to take bold action publicly on a CNBC segment:

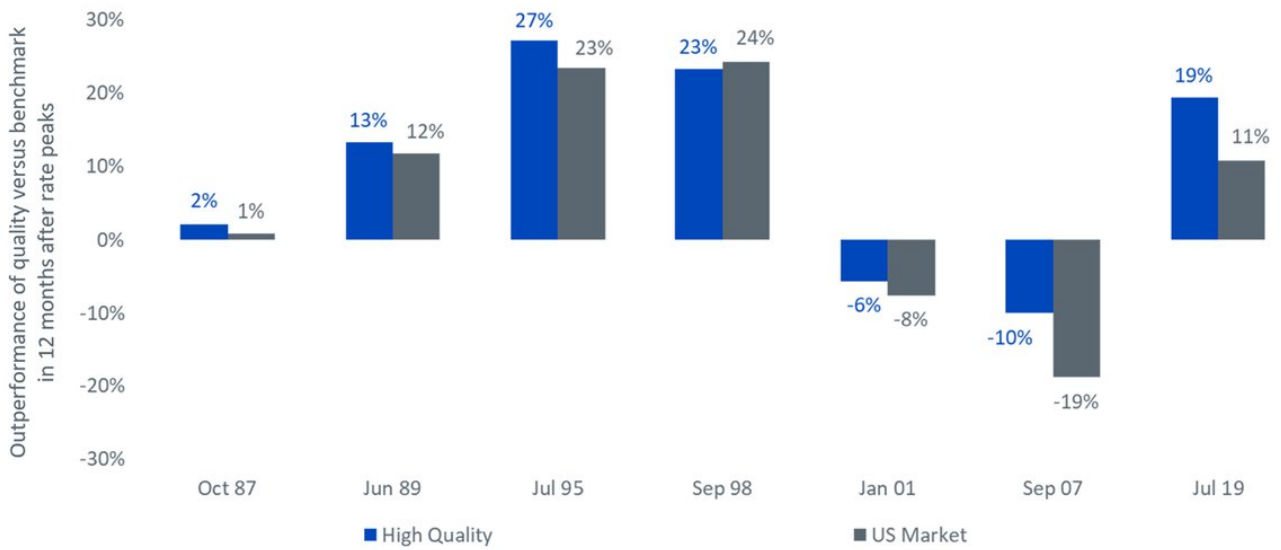
- An intra-meeting 75 basis point cut to the US Federal Funds Rate, the policy rate under the purview of the Federal Open Market Committee (FOMC).
- Another 75 basis point cut to this rate at their September 2024 meeting.



Variable	Median <sup>1</sup>				Central Tendency <sup>2</sup>				Range <sup>3</sup>			
	2024	2025	2026	Longer run	2024	2025	2026	Longer run	2024	2025	2026	Longer run
Change in real GDP	2.1	2.0	2.0	1.8	1.9-2.3	1.8-2.2	1.8-2.1	1.7-2.0	1.4-2.7	1.5-2.5	1.7-2.5	1.6-2.5
March projection	2.1	2.0	2.0	1.8	2.0-2.4	1.9-2.3	1.8-2.1	1.7-2.0	1.3-2.7	1.7-2.5	1.7-2.5	1.6-2.5
Unemployment rate	4.0	4.2	4.1	4.2	4.0-4.1	3.9-4.2	3.9-4.3	3.9-4.3	3.8-4.4	3.8-4.3	3.8-4.3	3.5-4.5
March projection	4.0	4.1	4.0	4.1	3.9-4.1	3.9-4.2	3.9-4.3	3.8-4.3	3.8-4.5	3.7-4.3	3.7-4.3	3.5-4.3
PCE inflation	2.6	2.3	2.0	2.0	2.5-2.9	2.2-2.4	2.0-2.1	2.0	2.5-3.0	2.2-2.5	2.0-2.3	2.0
March projection	2.4	2.2	2.0	2.0	2.3-2.7	2.1-2.2	2.0-2.1	2.0	2.2-2.9	2.0-2.5	2.0-2.3	2.0
Core PCE inflation <sup>4</sup>	2.8	2.3	2.0		2.8-3.0	2.3-2.4	2.0-2.1		2.7-3.2	2.2-2.6	2.0-2.3	
March projection	2.6	2.2	2.0		2.5-2.8	2.1-2.3	2.0-2.1		2.4-3.0	2.0-2.6	2.0-2.3	
Memo: Projected appropriate policy path												
Federal funds rate	5.1	4.1	3.1	2.8	4.9-5.4	3.9-4.4	2.9-3.6	2.5-3.5	4.9-5.4	2.9-5.4	2.4-4.9	2.4-3.8
March projection	4.6	3.9	3.1	2.6	4.6-5.1	3.4-4.1	2.6-3.4	2.5-3.1	4.4-5.4	2.6-5.4	2.4-4.9	2.4-3.8

In recent years, the FOMC has been too slow to hike, as Professor Siegel pointed out in real time in 2020 and 2021, and now the Fed faces the risk of being too slow in reverse. Again, this is not a market panic call – he wants some explanation as to why the Fed is being inconsistent with its own projections.

In 6 of the last 7 Federal Reserve’s rate hikes cycles, US high-quality companies outperformed the market in the immediately following 12 months



- DGRA: -8.45%
- Russell 1000 Index: -19.14%; DGRA outperformed by 10.69%
- S&P 500 Index: -18.13%; DGRA outperformed by 9.68%



- GGRA: -13.88%
- MSCI World Index: -17.71%
- Difference: 3.82%





## Important Risks Related to this Article

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