SHRIER ASSOCIATES LLC
Wealth Management Strategies

Sparing the Punch Bowl

October 30, 2026

You might have read the breathtaking news that the U.S. Federal Reserve Board decided… to do nothing. Nothing, that is, in the way of raising the Fed Funds Rate.

Economists with a sense of humor (there are reportedly at least two of them) have described a Fed rate rise as 'taking away the punchbowl when the party starts to get out of hand'—the 'party' in this case being an economy that might be roaring out of control. In the announcement that the Fed was going to allow the partygoers at least one more drink, there was some evidence that the party—that is, the economy, might indeed be drifting into excess.

Consider some of the Fed's language: *'**economic activity is expanding at a strong pace**… **domestic spending has been resilient**… **Productivity growth is strong and capital investment is robust**… **job gains have kept pace with the workforce, and the unemployment rate has changed little**…* and most notably *'**inflation remains elevated.**"* Inflation is what you get when the party starts to get a little wild.

It's well-known that the Fed's target for the inflation rate is 2% a year—while the current inflation rate is 3.7% a year and appears to be rising in the general direction of twice the target rate and, if economic activity keeps expanding at a strong pace, potentially beyond.

What's wrong with an expanding economy? It's good for prosperity, good for the markets and keeps people employed. The signal that might be faintly perceived through the noise is that the Fed economists might believe the party will end on its own—that, in fact, there may be danger of a recession on the horizon, and nobody in government wants to be blamed for triggering it.

So let the good times roll. Nobody ever complains about the party going on too long—so long as things don't get uncomfortably out of hand. For the time being, that doesn't seem to be what our leading economists are most worried about. And that, at some point, could cause quick-twitch traders to worry, and cause a glitch in the markets.

Source:

https://www.cnn.com/2026/10/28/business/live-news/federal-reserve-interest-rate-october

https://www.nationalreview.com/corner/does-anyone-know-why-the-fed-didnt-raise-rates/