

Goldman Sachs
The Breaks of the Game
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Tony Pasquariello: I also think part of what maybe stocks are struggling with is, I think it's going to feel like a long seven weeks from September FOMC to November FOMC, knowing there's a very big event along that path that will carry a lot of uncertainty into the event.

But I want to talk about, as we just kind of pull all that together, I want to talk about how you guys are viewing the current price action and kind of what's going on. I'd say one thing. I think, again, what the equity market's struggling with is, there are two things equities really care about, there's many things, but two things specifically: is it a 25 or 50, and who's the next president. And those both kind of feel like coin flips right now. That's a tough distribution to kind of work out. But Dominic, where are you?

Dominic Wilson: I think that's right. Look, I think, and we acknowledged some of this in some of the prior conversations. The calendar is pretty hard here. Right? I mean, we were always going to generally have a bit of a struggle into the election. That's when volatility tends to rise. That's when the VIX tends to rise. You know we've had this finely balanced outcome. If you add renewed debate about, how is recession risk evolving, and what's the Fed going to do in reaction to that. And whether the Fed is getting behind the curve, and you've got a seasonally unfriendly patch in any case, there's a good case for things staying choppy for a while. And so, if I look at the medium term trajectory, I think you've got an eye on an environment that involves recovery and risk. But when I look at the near-term setup, I think signs of growth weakness are going to be viewed as quite significantly troubling and the market's going to want reassurance that the Fed is there to meet that and is not getting too far behind things. Signs of better data, I think will need to cumulate to kind of really counteract that story.

And so, I feel like, the market's signaling pretty clearly as well that it wants and feels like it needs that 50 basis points from the Fed, and that that's the appropriate path. And so it's at risk of being denied that if that's where we end up.

Joshua Schiffrin: I think markets are right to worry. The balance of risk seems like it is skewed where you could see in a couple months like, okay, we kind of started down this trend and you know, suddenly you're sitting there at the end of the year and the unemployment rate is at 4.5%. I would say that the committee is firmly behind starting the rate cutting cycle in September and it will be a cycle. And [they are] firmly very open to doing what it takes should there be further deterioration. And that seems clear from the speak. I think what is hard to parse is what that means for the very start of the cycle.

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