[PDF Database Document] - BTCC Cryptocurrency Exchange

Original:
https://www.btcc.com/en-US/academy/research-analysis/powells-swipe-at-trump-is-the-path-to-rate-cuts-clearing-up

Powell's Swipe at Trump—Is the Path to Rate Cuts Clearing Up?

Fed Holds Its Ground; Powell Takes Aim at White-House Tariffs

Tariff uncertainty remains unresolved, and surging oil prices—driven by rising Middle-East tensions—have re-ignited Fed concerns. At its June meeting, the FOMC predictably stuck to a "wait-and-see" stance and hinted it may stay on hold even longer. Chair Powell went further, calling tariffs the chief culprit behind higher inflation. BTCC summarizes the key points from the decision and Powell's presser:

1.Rates Unchanged: Despite export-import volatility, economic activity "continues to expand at a solid pace." With uncertainty still "elevated," the Committee kept the fed-funds target at **4.25 %–4.50 %**.

2.Labor & Prices: The statement flagged a "solid" labor market and "slightly elevated" inflation. Policymakers will track incoming data and stand ready to adjust policy if risks threaten their mandate.

3.Patience Rationale: Powell said most officials expect tariff-related price pressure to surface later this summer. Given steady growth and jobs, the Fed can "wait and watch."

4.New Projections: Versus March, 2024-25 GDP forecasts are cut to **1.4 %** and **1.6 %**. Unemployment for 2025-26 is raised to **4.5 %**. Headline and core PCE inflation are revised higher across the forecast horizon.

Percent

Variable	Median[1]				Central Tendency[2]				Range[3]			
	2025	2026	2027	Longer run	2025	2026	2027	Longer run	2025	2026	2027	Longer run
Change in real GDP	1.4	1.6	1.8	1.8	1.2–1.5	1.5–1.8	1.7–2.0	1.7–2.0	1.1–2.1	0.6–2.5	0.6–2.5	1.5–2.5
March projection	1.7	1.8	1.8	1.8	1.5–1.9	1.6–1.9	1.6–2.0	1.7–2.0	1.0–2.4	0.6–2.5	0.6–2.5	1.5–2.5
Unemployment rate	4.5	4.5	4.4	4.2	4.4–4.5	4.3–4.6	4.2–4.6	4.0–4.3	4.3–4.6	4.3–4.7	4.0–4.7	3.5–4.5
March projection	4.4	4.3	4.3	4.2	4.3–4.4	4.2–4.5	4.1–4.4	3.9–4.3	4.1–4.6	4.1–4.7	3.9–4.7	3.5–4.5
PCE inflation	3.0	2.4	2.1	2.0	2.8–3.2	2.3–2.6	2.0–2.2	2.0	2.5–3.3	2.1–3.1	2.0–2.8	2.0
March projection	2.7	2.2	2.0	2.0	2.6–2.9	2.1–2.3	2.0–2.1	2.0	2.5–3.4	2.0–3.1	1.9–2.8	2.0
Core PCE inflation[4]	3.1	2.4	2.1		2.9–3.4	2.3–2.7	2.0–2.2		2.5–3.5	2.1–3.2	2.0–2.9	
March projection	2.8	2.2	2.0		2.7–3.0	2.1–2.4	2.0–2.1		2.5–3.5	2.1–3.2	2.0–2.9	
Memo: Projected appropriate policy path												
Federal funds rate	3.9	3.6	3.4	3.0	3.9–4.4	3.1–3.9	2.9–3.6	2.6–3.6	3.6–4.4	2.6–4.1	2.6–3.9	2.5–3.9
March projection	3.9	3.4	3.1	3.0	3.9–4.4	3.1–3.9	2.9–3.6	2.6–3.6	3.6–4.4	2.9–4.1	2.6–3.9	2.5–3.9

BTCC analysts see weakening macro data as the key H2 theme. Over the next quarter, inflation risk may dominate, shaping the **September FOMC** outcome.

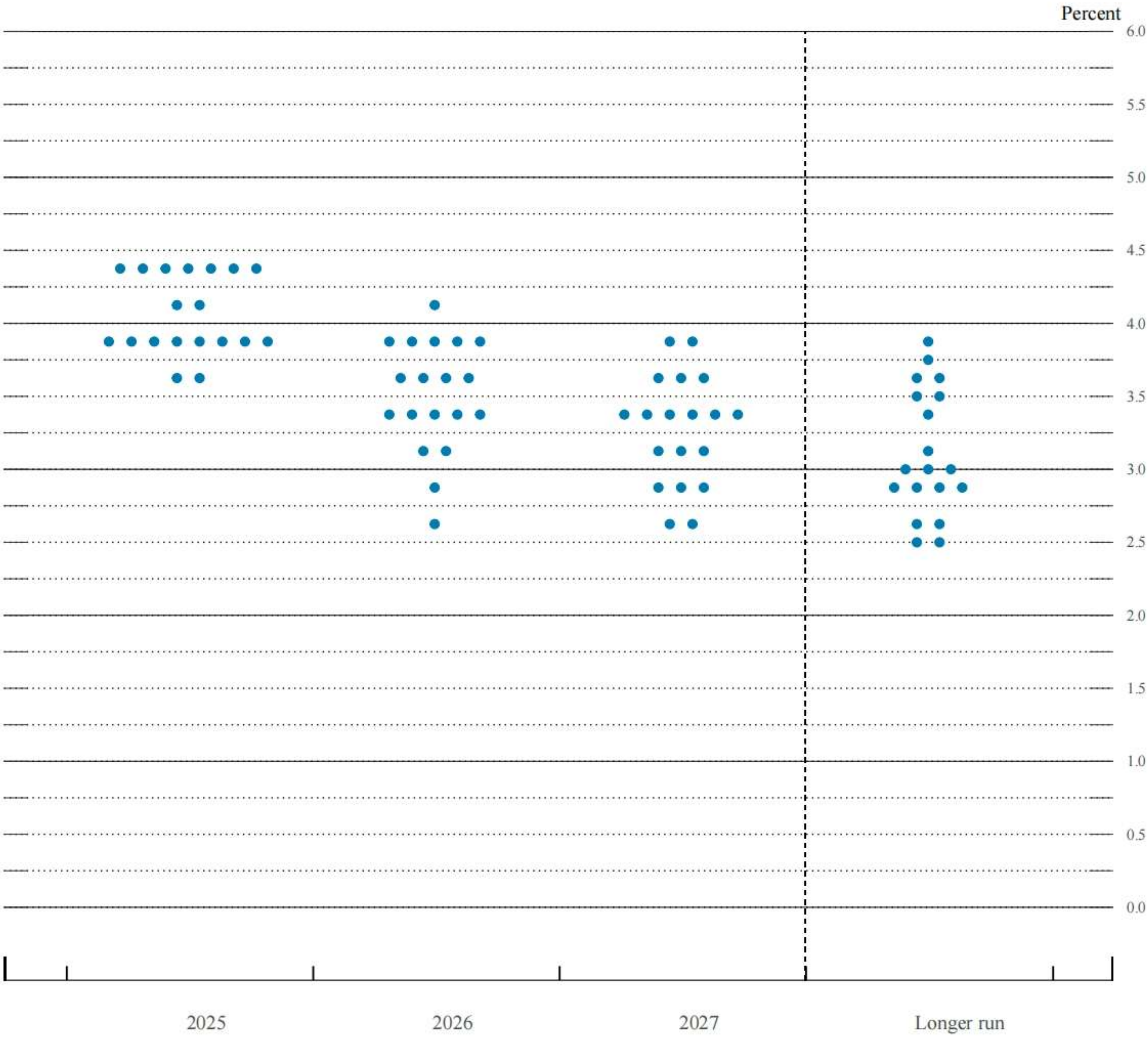
- Heightened Fed-White House tension argues for a longer monitoring window—at least **2-3 months**—until tariffs show a sustained inflation lift **or** labor markets crack.
- Clearer signals are unlikely before August CPI and payroll prints, making meaningful rate moves before September improbable.
- Tariff effects are already emerging; price and activity volatility should accelerate. We expect a cluster of softer growth and jobs data in Q3—potentially catalyzing a September policy pivot.

Dot-Plot Nuance: Hawks Edge Out Doves

The median still shows **two cuts** in 2025, yet the distribution has shifted:

- **10** officials still see at least two cuts next year (unchanged).
- **7** now project **no** cut in 2024 (up from 4).
- **2** see only **one** cut.

Division is widening—doves cling to easing hopes; hawks grow more hawkish.



Investment Implications

While timing is fluid, data—and Trump's repeated jawboning—suggest cuts are inching closer. **CME FedWatch** still prices **two** 2024 cuts, with a **66.6 %** chance in September. BTCC strategist **Kevin** argues that a global pivot toward looser policy should lift demand for risk assets, strengthening the medium-term crypto outlook.

- **Bitcoin as "Digital Gold."** Coinbase Q1-2025 shows BTC +48 % YTD vs. S&P 500 +12 %, underscoring its inflation-hedge appeal.
- **Platform-Token Tailwinds.** Ethereum, Solana and others benefit from expanding DeFi/NFT activity; ETH 2.0 has boosted network usage (Chainalysis: on-chain volume +32 % YoY).
- **Stablecoin IPO Signal.** Circle's robust debut highlights what may be a golden window for crypto allocation.

Bottom Line

The Fed’s “data-dependent pause” is set to dominate the next quarter, with markets hunting for clarity. Investors may want to overweight inflation-hedge assets ahead of a possible policy pivot.

Risk Disclaimer: *This material is for information only and is **not** investment advice. Crypto-assets are highly volatile; please manage your risk accordingly.*