Oops ! They did it again:
How IOLTA Programs Can Thrive When the Fed Cuts Interest Rates. Advice from Those Who’ve Been There.”

Steve Casey, Massachusetts IOLTA Committee
Who is “The Fed”

- **Federal Open Market Committee:**
  - 12 Voting Members
  - 8 Permanent Members: Fed Board of Governors + NY Fed
  - 4 Rotating Members: Fed Reserve Bank Presidents (of 11)
  - Meets 8 times per year. See: https://www.federalreserve.gov/monetarypolicy/fomcccalendars.htm
He is not your friend
Fed Funds Circa 2019

Federal Funds Target Rate

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And now

Federal Funds Target Rate
What the...
Figure 2. FOMC participants’ assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate

Note. Each shaded circle indicates the value (rounded to the nearest 1/8 percentage point) of an individual participant’s judgment of the midpoint of the appropriate target range for the federal funds rate or the appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run. One participant did not submit longer-run projections for the federal funds rate.
Gold is haven in high inflation
US Dollar weakening
This is NOT a banking crisis

- Most banks are strong (so far anyway)
- Have much more flexibility to make exceptions to their pricing models
- Seeing once again difference rates paid by the same bank in different jurisdictions.
  - Indicates ACTION MATTERS
So what to do ?
Things to do NOW

O First....DO SOMETHING !
  O Comparability: if you have it use it !

O Don’t let uncommunicated rate cuts stand
O Be prepared for tough discussions
O Consider tweaks to Benchmark/Safe Harbor
O Publicize good banks and have communications strategies to reward them

O This will not last forever !
“I wish it need not have happened in my time,” said Frodo.
"So do I," said Gandalf, "and so do all who live to see such times. But that is not for them to decide. All we have to decide is what to do with the time that is given us.”

— J.R.R. Tolkien, The Fellowship of the Ring