



December 11, 2025 (**Door 9**)

Santa Powell, Baby

By Taylor Schleich & Ethan Currie



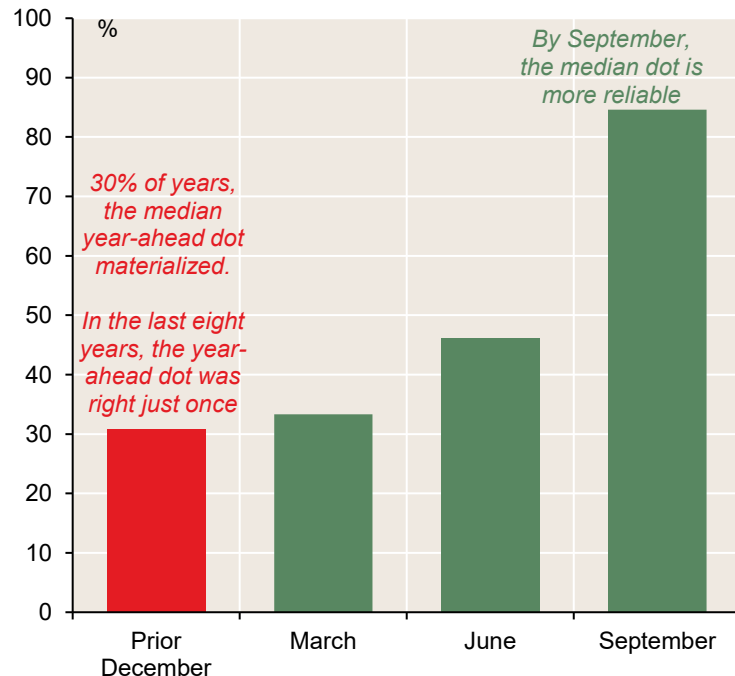
As the holiday season approaches, we carry on (with glee!) through **NBC's 2025 Economic Advent Calendar**. Let's see what's behind **Door #9**... (See [page 2](#) for full schedule of past and upcoming releases in this series).

By all accounts, the late October Fed decision was a hawkish one as the Fed Chair cast doubt on a December rate cut. Fast forward six weeks and not only did that cut materialize but investors *increased* bets on further easing due to Powell's palpable anxiety about labour market risks.

Based *only* on the dot plot, one could argue the repricing is overdone. Indeed, the median FOMC participant *still* sees just 25 basis points of easing next year. However, the concept of a median participant has far less utility in this current context given the disagreement apparent on the committee. Indeed, only four FOMC participants actually hold the median view. Seven think no cuts are appropriate, while eight favour 50 basis points of easing or more.

The median dot has been a poor guide for policy...

'Hit ratio' (see notes) of FOMC median dot projections: 2013-2025



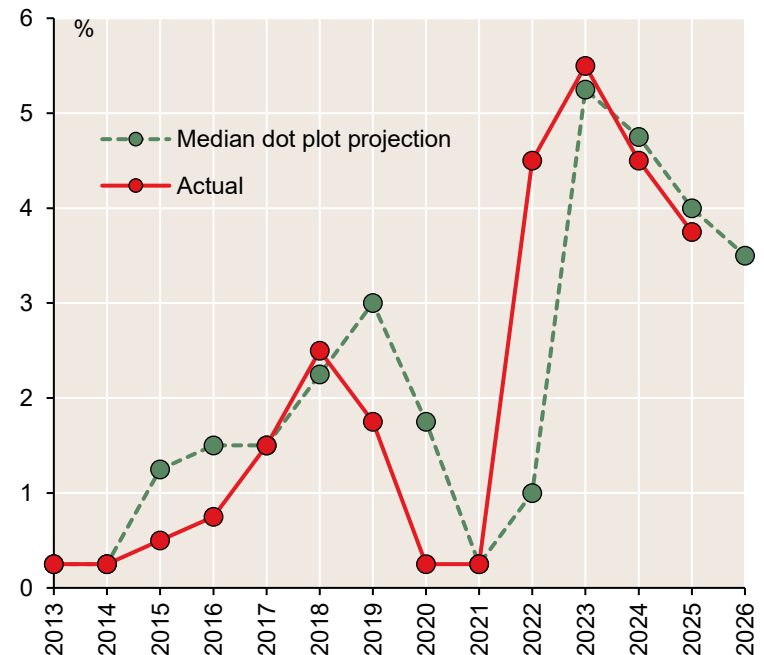
Source: NBC, FRB, BBG | Note: Hit ratio is % of years the median dot = year-end target. E.g. In Dec-23, median 2024 dot was 4.75%. The actual fed funds target at the end of 2024 was 4.50%, constituting a "miss".

Empirically, there's good reason to downplay the median dot, too. Since its introduction, it's been a poor predictor of where the policy rate ultimately settles. For example, the median year-ahead dot has materialized just 30% of the time (and only once in the last eight years). In fact, the only time the dot plot's 'hit ratio' rises above 50% is in September, just three months before the end of the year.

We don't want to *fully* dismiss the dots. There is a realistic world in which just one cut is delivered next year. However, it's always a good idea to take FOMC projections with a pinch of salt. And based on Powell's tone today, it seems that if the median dots is to miss, it'll be in favour of more easing rather than less.

...as year-end rates often differ from Fed thinking

Actual fed funds target & prior December's median projection



Source: NBC, BBG, FRB | E.g. In Dec-23, the median 2024 dot was 4.75%. The actual fed funds target at the end of 2024 was 4.50%.

Think of all the growth I've missed, think of all the voters on my midterms list. Next year, I could be just as great, if you'll just deliver on that lower rate.

Powell baby, slip a rate cut under the tree, for me, I've been an awful good dove. Powell baby, so hurry to the dot plot tonight.

– NBC parody to the tune of "Santa Baby" (See our annual holiday [poem](#) for even more festive musical musings)



NBC's 2025 Economic Advent Calendar

- Door 1: Let it ~~snow~~ cash flow ([link](#) - released December 1st)
- Door 2: Last Christmas Trump Term ([link](#) - released December 2nd)
- Door 3: The anatomy of a ho-ho-hold ([link](#) - released December 3rd)
- Door 4: The (Productivity) Nightmare Before Revisions ([link](#) - released December 4th)
- Door 5: All I want for Christmas is... consistent jobs data ([link](#) - released December 5th)
- Door 6: (Everybody's waitin' for) the man with the bag Bill ([link](#) - released December 8th)
- Door 7: It's beginning to look a lot like... rate hikes? ([link](#) - released December 9th)
- Door 8: JOLTING around the Christmas tree ([link](#) - released December 10th)
- Door 9: Powell, Baby (released December 11th)
- Door 10: ??? (coming December 12th)
- Door 11: ??? (coming December 15th)
- Door 12: ??? (coming December 16th)
- Door 13: ??? (coming December 17th)
- Door 14: ??? (coming December 18th)
- Door 15: ??? (coming December 19th)



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