# CNBC EDITORIAL

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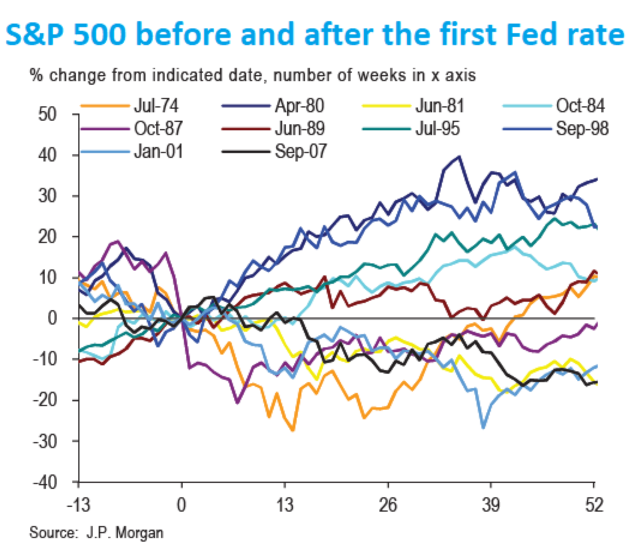
***e*Research Comment**: *The following article was published by* CNBC *in its* ***Evening Brief***: **EDITOR'S NOTE** *on Monday, June 10, 2019. It is authored by Kate Rooney, CNBC Markets Reporter. Her bio is provided at the end of the article.*

EDITOR'S NOTE

President Donald Trump spoke exclusively to CNBC's Joe Kernen and the "Squawk Box" team Monday. The president covered regulating tech giants, his trade war strategy and Monday's megamerger. He also lamented the Fed's policy of not cutting rates, which he says gives the Chinese an upper hand in trade negotiations.

But Trump (and the markets) may want to be careful what they wish for. Based on a J.P. Morgan analysis of recent cuts, there's a variety of ways this could play out. When the central bank slashes rates as a preventative measure — an "insurance" cut — with a strong economic backdrop, U.S. equity markets have done well. But if the reason is weakening growth, it's not so good for equities overall, according to J.P. Morgan global markets strategist Nikolaos Panigirtzoglou.



The average trajectory of equity markets following the initial Fed rate cut has been predominantly negative. And if the central bank ends up being "reactive" and cutting too late, markets historically don't see the same benefits. Distinguishing which type of easing cycle 2019 would be "is the challenge for equity markets going forward," Panigirtzoglou said.

The fed funds futures market is now pointing to a nearly 70% chance of a rate cut in July and about 60% probability of three rate cuts this year, according to the CME FedWatch tool. Goldman Sachs isn't buying it though, warning clients Monday that a growing consensus that the Federal Reserve will cut rates soon is misguided, CNBC's Yun Li reports. Jan Hatzius, the bank's chief economist, is calling for rates to stay unchanged this year.

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