



The Low Real Interest Rate Regime Post-Election: Is There a Switch?

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New policies that are being developed in Washington in the aftermath of the election could impact the current environment of low real (inflation-adjusted) interest rates on such safe assets as short-term government debt, President James Bullard said in a presentation at Arizona State University in Phoenix. He singled out three efforts being discussed by legislators in Washington, saying they have the potential to affect productivity growth and, therefore, real interest rates; those three are deregulation, tax reform and targeted infrastructure spending. Bullard also explained his reasoning for recommending an increase in the fed funds rate of 25 basis points, which would bring it up to 63 basis points, still exceptionally low.

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President and Chief Executive Officer

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Amerigo Vespucci

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