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When Quantitative Tightening Is Not Quantitative Tightening

February 22, 2019

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Speaking at the 2019 U.S. Monetary Policy Forum in New York, St. Louis Fed President James Bullard made the argument for why the Fed's balance sheet policy may be less important today than it was during the period when quantitative easing was most effective.

Bullard suggested that “it is indeed possible to view quantitative easing as having an important influence on the macroeconomy and simultaneously view the macroeconomic effects of unwinding the balance sheet as relatively minor.”

This may be one reason why the Federal Open Market Committee's balance sheet reduction policy beginning in the fall of 2017 “seemed to have only minor effects in financial markets,” he said.

Read the related article in the [St. Louis Fed On the Economy](#) blog, March 7, 2019.

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