



From the President

A Successful Normalization, With Challenges Ahead

April 11, 2019

[Presentation \(pdf\)](#) | [Press Release](#) | [Photos](#) | [Video](#)

On Thursday, St. Louis Fed President James Bullard discussed the end of U.S. monetary policy normalization in a presentation at the Community Development Foundation of Tupelo in Mississippi. Regarding normalization, he said, “The campaign has been largely successful: Nominal short-term interest rates have been raised from near-zero levels, and the size of the Fed’s balance sheet has been reduced as the economic expansion has continued.”

While normalization has come to an end, the conduct of monetary policy has not, Bullard pointed out. “The FOMC may elect to adjust monetary policy going forward, but any such adjustments would be in response to incoming macroeconomic data and not part of an ongoing normalization strategy,” he said.

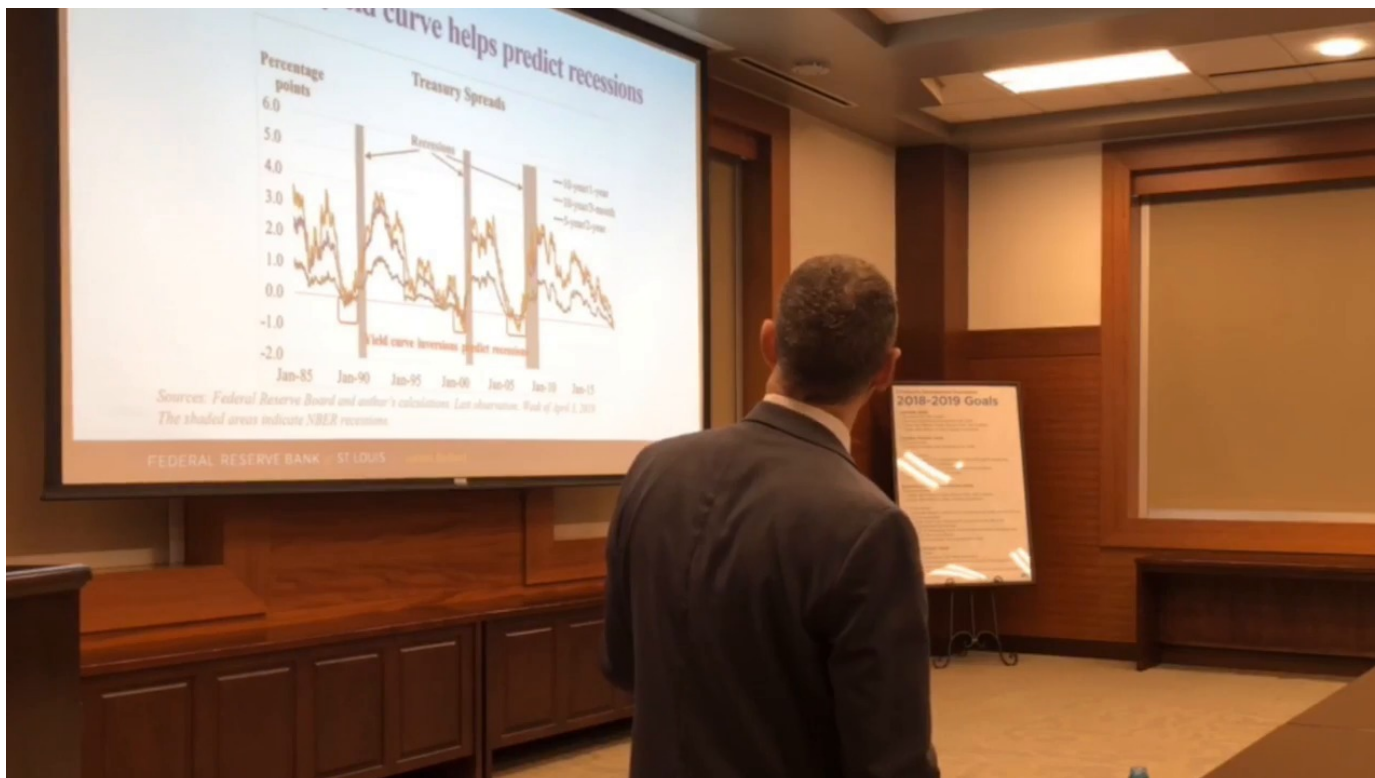
Bullard went on to discuss the macroeconomic challenges facing the FOMC during 2019, including weak feedback from labor markets to inflation. He also noted that inflation expectations remain somewhat low and parts of the Treasury yield curve are inverted. “These market-based signals indicate that the FOMC needs to tread carefully going forward in order to sustain the economic expansion,” he added.

Bullard was on a two-day tour of Tupelo and Greenwood, Miss., and the surrounding communities. Besides meeting with business and civic leaders, Bullard also toured the Toyota Motor Manufacturing Mississippi Inc. plant in Blue Springs and visited Staplcofn, the oldest and one of the largest cotton marketing cooperatives in the U.S. On Thursday night, Bullard also spoke before community and business leaders on the St. Louis Fed’s efforts to promote community development.

Bullard frequently visits communities in the four zones that make up the St. Louis Fed’s District. Tupelo and Greenwood are in the Memphis Zone. Speaking engagements and visits to local businesses allow him to deepen his understanding of the concerns and issues facing

Main Street.

Video of Presentation and Audience Q&A:



Photos:



On Thursday, April 11, 2019, St. Louis Fed President James Bullard discussed the successful normalization of U.S. monetary policy and the macroeconomic challenges facing the FOMC during 2019. He presented at the Community Development Foundation of Tupelo in Mississippi. Bullard speaks at events throughout the St. Louis Fed's District to share his insights on the U.S. economy as well as gather views from Main Street.

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On Thursday, St. Louis Fed President James Bullard (third from the right) watched a Staplcofn employee demonstrate how to check the staple length of cotton at the company's headquarters in Greenwood, Miss. Staplcofn is the oldest and one of the largest cotton marketing cooperatives in the U.S. Visiting businesses like Staplcofn helps Bullard to gauge the state of the regional economy.

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On Thursday, St. Louis Fed President James Bullard (in foreground) took a photo of a hitch of Budweiser Clydesdales parading in downtown Greenwood, Miss.

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Standing before a hitch of Budweiser Clydesdales in downtown Greenwood, Miss., (from left to right) are J. Brice Fletcher, a board member of the St. Louis Fed's Memphis Branch; Douglas Scarboro, senior vice president and regional executive of the Memphis Branch; Bullard; and David Cochran Jr., a board member of the Memphis Branch.

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On Thursday, St. Louis Fed President James Bullard toured the Greenwood, Miss., headquarters of Staplcotn, the oldest and one of the largest cotton marketing cooperatives in the U.S. Bullard visits businesses to help inform him of economic conditions and trends affecting industry. From left to right, Tom Dillard, COO of Stapldiscount, the lending arm of Staplcotn; J. Brice Fletcher, chairman of First National Bank of Eastern Arkansas and member of the St. Louis Fed's Memphis Branch board of directors; Daniel Davis, assistant vice president and community development officer at the St. Louis Fed; Douglas Scarboro, senior vice president and regional executive of the Memphis Branch; Bullard; Hank Reichle, president and CEO of Staplcotn and member of the St. Louis Fed's Agribusiness Industry Council; David Camp, vice president of sales operations at Staplcotn; and Kenny Downs, general counsel and secretary for both Staplcotn and Stapldiscount.

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