A Sea Change in U.S. Monetary Policy

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Presentation (pdf) | Press Release

In Washington, St. Louis Fed President James Bullard discussed the significant adjustments made to the path of U.S. monetary policy by the Federal Open Market Committee starting in January 2019. “These changes were made in anticipation of slower growth in the U.S. economy during 2019 and also in anticipation of continued uncertainty regarding global trading arrangements,” he said in a presentation to the National Economists Club.

He noted that the FOMC actions have changed the outlook for shorter-term interest rates considerably over the last nine months, ultimately providing more accommodation to the economy.

The FOMC continues to face a slowing economy with some downside risk due to ongoing global trade regime uncertainty, Bullard said. He also pointed out that inflation and inflation expectations continue to fall short of the FOMC’s 2% target.

“While additional policy action may be desirable, the long and variable lags in the effects of monetary policy suggest that the effects of previous actions are only now beginning to impact macroeconomic outcomes,” he said.

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