

Bullard Discusses U.S. Economic Outlook during OMFIF Event | James Bullard | St. Louis Fed

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St. Louis Fed President James Bullard shared his views on U.S. economic growth, inflation, the labor market and other topics during a virtual fireside chat with the Official Monetary and Financial Institutions Forum (OMFIF).

Bullard said there is a "big economic boom" going on in the U.S., and that he expects the U.S. economy to continue growing well above trend in 2022. He also said he expects inflation will be above 2% in 2021 and remain above 2% in 2022. After that, it will gradually come down to the Fed's 2% inflation target from the high side, he said.

Regarding the U.S. labor market, he said that it is tighter than is being represented. He cited anecdotal reports from companies, which say hiring is difficult in this environment, and the ratio of unemployed workers to job openings, which is approaching an all-time low.

He also discussed U.S. labor force participation, which has been trending down since 2000. Participation was running above the trend line during the last part of the pre-pandemic expansion, but it is now back on the trend line as some people dropped out of the labor force during the pandemic, especially those who were close to retirement, Bullard said.

"The story about jobs being way down from the pre-pandemic level, I think, is mixing up a little bit about what we think is going to happen with labor force participation," he said.

During the virtual discussion, he also talked about monetary policy, market-based inflation expectations, supply chain issues, and the U.S. dollar as the global reserve currency.

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