

Bullard Discusses Policy Rate, Inflation and Unemployment

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St. Louis Fed President Jim Bullard discussed his expectations for inflation, policy rate targets and labor markets during a virtual meeting of the Council on Foreign Relations.

Bullard said he earlier this year argued for raising the target range for the federal funds rate by 100 basis points by July 1 and for starting Fed balance sheet runoff in the second quarter. The FOMC raised the rate 25 basis points in March. Bullard said he's hopeful that the FOMC will continue making those moves at a coming meeting, and that those projected actions have put in motion market pricing that is helping to keep inflation under control. Bullard suggested that inflation, which has been at 40-year highs, will "moderate partly on its own."

Bullard said that the Fed should get to a neutral rate expeditiously. "Once we get to neutral, we can assess the situation and see where we want to go from there," he said.

Bullard also noted that he expects the U.S. economy to grow above trend this year and in 2023, and the unemployment rate to drop below 3% this year. He also discussed rising housing prices and mortgage rates, and the economic impact of the war in Ukraine and its possible effect on global trade.

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