July 8, 2019

Presented at Modelling the Macroeconomy in Risky Times, National Institute of Economic and Social Research, St. Louis, Mo. (This presentation is titled "Classic Policy Benchmarks for Heterogeneous-Agent Economies.")

June 22, 2019

Presented at Expectations in Dynamic Macroeconomic Models 2019, Barcelona GSE and MOVE (Markets, Organizations and Votes in Economics), Barcelona, Spain. (This presentation is titled "Classic Policy Benchmarks for Heterogeneous-Agent Economies.")

May 22, 2019

Presented at Monetary Policy and Heterogeneity Conference, Hong Kong Monetary Authority and Federal Reserve Bank of New York, Hong Kong, China. (This presentation is titled "Classic Policy Benchmarks for Heterogeneous Agent Economies.")

- **February 3, 2021**. Presentation. "The Pandemic Endgame Continues," CFA Society St. Louis.
  Presentation (pdf) (bullard_cfa_st_louis_3_february_2021pdf) | Press Release.

The Pandemic Endgame Continues

February 3, 2021

[Presentation (pdf)](https://www.stlouisfed.org/-/media/project/frbstl/stlouisfed/files/pdfs/bullard/remarks/2021/bullard_cfa_st_louis_3_february_2021.pdf)| [Press Release](https://www.stlouisfed.org/news-releases/2021/02/03/bullard-the-pandemic-endgame-continues)

During a virtual presentation to the CFA Society St. Louis, Federal Reserve Bank of St. Louis President James Bullard said that the COVID-19 pandemic remains intense in the U.S. and Europe, but the arrival of vaccines suggests the health crisis will wane in the months ahead.

He also discussed U.S. monetary and fiscal policies during the crisis, noting that they continue to be exceptionally effective in mitigating macroeconomic damage. Macroeconomic forecasts suggest very strong U.S. real GDP growth for all of 2021, he noted.

But he cautioned that downside risk remains, and continued execution of a granular, risk-based health policy will be critical to maintain economic momentum.

St. Louis Fed's Bullard Presents "The Pandemic Endgame Continues"

ST. LOUIS — Federal Reserve Bank of St. Louis President James Bullard presented " [The Pandemic Endgame Continues](https://www.stlouisfed.org/-/media/project/frbstl/stlouisfed/files/pdfs/bullard/remarks/2021/bullard_cfa_st_louis_3_february_2021.pdf)" via webinar for the CFA Society St. Louis on Wednesday.

During his presentation, Bullard said the COVID-19 pandemic remains intense in the U.S. and Europe, but the arrival of vaccines suggests the health crisis will wane in the months ahead.

In addition, he said, "U.S. monetary and fiscal policies continue to be exceptionally effective in mitigating macroeconomic damage." Macroeconomic forecasts, he noted, suggest very strong U.S. real GDP growth for all of 2021.

"Downside risk remains, and continued execution of a granular, risk-based health policy will be critical to maintain economic momentum," he said.

Health Crisis Is Expected to Wane
Regarding management of the pandemic, Bullard said the global health crisis requires continued daily management. He noted that daily fatalities

per 100,000 population remain near the highest levels of the pandemic in both Europe and the U.S. He added that East Asia and Pacific countries continue to report daily fatalities per 100,000 population that are an order of magnitude lower than those in the U.S. and Europe.

“Key areas of global production must maintain safety protocols but are poised to bring the pandemic under control,” he said.

Turning to vaccines, Bullard noted that vaccine distribution is being directed toward those most vulnerable to COVID-19. “This suggests declining fatalities in the months ahead, even before the pandemic comes under more complete control,” he said. However, he added, “Virus mutation that renders current vaccines ineffective poses a tangible risk to this scenario.”

Effective Monetary and Fiscal Policies
Bullard said that U.S. monetary and fiscal policies have been exceptionally effective during the crisis. Monetary policy included lowering the policy rate to the effective lower bound and providing liquidity to financial markets through a variety of programs supported by the U.S. Treasury, he noted.

“The backstop programs stemmed an incipient financial crisis during the March-April time frame, to the point where current levels of financial stress are at pre-pandemic levels,” he said.

On U.S. fiscal policy in the first 11 months of 2020, Bullard noted that the total value of the Coronavirus Aid, Relief and Economic Security (CARES) Act along with additional legislation would be about $3.148 trillion. The fiscal response drove personal income up to an all-time high in the second quarter, which is the opposite of what normally happens in a recession, he noted.

In addition, the Consolidated Appropriations Act of 2021, which was signed into law Dec. 27, includes an additional $900 billion in pandemic relief, he pointed out.

U.S. Recovery Far Ahead of Schedule
Bullard said employment has rebounded more rapidly than expected,

supporting the idea that many layoffs were temporary as firms adjusted to the pandemic.

"As a result, the U.S. labor market recovery is about four years ahead of where it was following the 2007-09 recession," he said.

A back-of-the-envelope calculation suggests that there is room for further decline in the official unemployment rate in the months ahead, Bullard said.

If all those unemployed identifying as "on temporary layoff" are simply recalled and nothing else changes, the official unemployment rate would decline to 4.8%, he said. If the "on temporary layoff" category returns to a normal value (e.g., 1 million workers) and nothing else changes, he calculated that the official unemployment rate would still decline to 5.4%. He noted that the median U.S. unemployment rate in the post-World War II era is 5.6%.

Inflation Expectations Recovering Toward Inflation Target

Bullard then discussed inflation expectations. "Market-based inflation expectations have recovered from lows reached during March 2020," he said. The Federal Open Market Committee's (FOMC's) new policy framework, which was announced in Fed Chair Jerome Powell's 2020 Jackson Hole speech, has likely encouraged some of this movement, Bullard explained.

He noted that TIPS-based breakeven inflation, which is based on consumer price index (CPI) inflation measures, could move considerably higher and still be consistent with a personal consumption expenditures price index (PCE) inflation outcome modestly above the Fed's 2% inflation target.

"This would be a welcome development for the FOMC, as inflation has generally been below target for many years," Bullard said.

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- **January 13, 2021**. Moderated Q&A. Bullard Discusses Monetary Policy, Inflation Pressures during Reuters Forum.

Bullard Discusses Monetary Policy, Inflation Pressures during Reuters Forum

January 13, 2021

St. Louis Fed President James Bullard shared his views on a variety of topics in a moderated discussion during the Reuters Next virtual forum. He spoke about several aspects of Fed policy, the arrival of vaccines, the possibility of higher inflation, and more.

Bullard noted that the Fed acted very quickly in response to the COVID-19 crisis. The emergency lending programs stemmed an incipient financial crisis that could've occurred on top of the pandemic, he said.

On the health crisis, Bullard cited projections that show fatalities per day declining as the vaccine is rolled out. Declining fatalities will have big ramifications for the economy, and people will see the light at the end of the tunnel for the pandemic, he said.

Regarding the Fed's balance sheet policy, Bullard noted that the FOMC has agreed on state-contingent (or data-dependent) language that says how long asset purchases will continue at the current pace—i.e., the pace will continue until substantial further progress has been made toward the maximum employment and price stability goals.

Bullard also said that the conditions are good for generating inflation, and noted that three theories on what determines inflation over the medium term are all pointing in the same direction. He cited less pre-emptive policy from the Fed than in the past, the large size of fiscal deficits, and the outlook for a hot economy.