

htm) . He asserted that the current pace of balance sheet runoff is roughly equivalent to a couple of 25-basis-point increases in the policy rate.

The Regional Economist offers insights on regional, national and international issues. Views expressed are not necessarily those of the St. Louis Fed or Federal Reserve System.

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- **June 24, 2022.** Panel Discussion. "[Bullard Discusses the U.S. Economy and Policy Rate Increases](#)," UBS Expert Talk: Central Banks and Inflation, Zurich.

### **Bullard Discusses the U.S. Economy and Policy Rate Increases during UBS Panel**

June 24, 2022

St. Louis Fed President Jim Bullard talked about the direction of the U.S. economy and controlling inflation during a panel discussion in Zurich hosted by UBS.

Asked whether he was concerned about recession risks, Bullard said personal consumption expenditures growth in the U.S. has been strong, and households seem to be “in great position to spend going forward,” with more reopening of the economy, unspent COVID-19 pandemic aid, wealth at high levels and a strong labor market.

Bullard also said he is “still bullish” on overall investment, and while the businesses he talks with are reporting issues such as with input and production costs, the fundamental business for a lot of them “sounds very, very good.”

“So, I actually think we’ll be fine,” he said. He went on to say that the Fed’s interest rate increases will slow down the economy, but probably to more of a trend pace of growth as opposed to going below trend.

He later reiterated that front-loading policy rate increases is a good idea in

this situation. “What you would like to do, if we can, is nip inflation in the bud before it gets entrenched in the economy, get inflation back down toward 2% and converge to our long-run balanced growth path from the high side,” he said. He noted that headline PCE inflation is 6.3%, similar to the 1970s median rate of 6.4%.

Business inflation expectations have gone up substantially, Bullard said. He said he thinks pricing decisions on the business side, rather than from the labor market, is where the disinflation dynamic will get started and will continue, as businesses start to worry about losing market share if they increase prices.

- **June 20, 2022.** Presentation. "[The First Steps toward Disinflation](#)," 1st AXA-BSE Talks on the Economy, Barcelona, Spain. [Presentation \(pdf\) \(bullard-axa-bse-20-jun-2022pdf\)](#).

### **“The First Steps toward Disinflation” (Presented in Barcelona)**

June 20, 2022

Inflation in the U.S. is comparable to 1970s levels, and U.S. inflation expectations could become unmoored without credible Fed action, St. Louis Fed President Jim Bullard said during a presentation in Barcelona, Spain. He noted that the Fed has reacted by taking important first steps to return inflation to the 2% target and that U.S. market interest rates have increased substantially, partially in response to promised Fed action.

Bullard delivered a similar presentation to the Economic Club of Memphis on June 1.

- **June 17, 2022.** Presentation. "Reflections on the Disinflationary Methods of Poincaré and Thatcher," Barcelona School of Economics Summer Forum, Expectations in Dynamic Macroeconomic Models, Barcelona, Spain. [Presentation \(pdf\) \(bullard-edmm-slides-17-jun-2022pdf\)](#).
- **June 16, 2022.** Presentation. "[A Two-Tranche View of National Debt](#)," Barcelona School of Economics Summer Forum, A Dynamic Economic and Monetary Union, Barcelona, Spain.