

# The Fed Can't Keep a Secret

*Are the Fed presidents telling tales out of school?*

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If you have a secret, don't tell anyone at the Federal Reserve Bank. They may leak the story before you'd like.

In early August, multiple regional Federal Reserve Bank presidents hit the speaking tour. They made headlines by suggesting that the economy is strong enough to justify tapering the Fed's monthly bond purchases. As you may remember, the Fed began buying \$120 billion in Treasury and mortgage-backed securities in July 2020 to help support the economy.<sup>1</sup>

But now it appears the Fed presidents were just telling tales out of school.

At its July 27-28 meeting, most Fed members agreed that "Looking ahead ... provided that the economy were to evolve broadly as they anticipated ... it could be appropriate to start reducing the pace of asset purchases this year." These minutes are from the meeting on August 18.<sup>2</sup>

The financial markets appeared to take the news in stride, thanks in no small part to the Fed presidents hinting at the policy change.

In the coming weeks, we're likely to hear a lot more from the Federal Reserve. On Thursday, August 26, central bankers will meet virtually for their annual Jackson Hole Economic Policy Symposium, where Fed officials expect to guide when they could begin to pare back bond purchases.<sup>3</sup>

If all the Fed talk is interrupting your sleep, please give us a call. We'd welcome the chance to hear your perspective.

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## Citations

1. Brookings.edu, July 15, 2021

2. FederalReserve.gov, August 18, 2021

