

## **Fed Unfiltered, Transcript**

### **2/14/22 – James Bullard, Interview: CNBC (part 2)**

President Bullard:

Yeah, I guess I've taken on board the sequence of four inflation reports here and become a little bit more worried that we're not moving fast enough. I only shaded my position a little bit from three hikes before July 1st to four hikes before July 1st. So I still want the balance sheet runoff to get going in the second quarter. I see no reason why we can't finish the debate on that and get that program implemented. The balance sheet is up almost five trillion from where it was at the beginning of the pandemic. We don't need that anymore. We're still buying assets even today. It is going to end very shortly here, but we need to allow the runoff to start to occur very soon here. That will take back some of the accommodation that we've provided.

President Bullard:

We've got a long ways to go if we actually want to be restrictive and that's the concern is that you'll get to the second half of 2022, quite a bit of inflation in the first half, which already looks like it's baked in. Then if you don't get moderation on the second half, we'll really be in a pickle if we don't position ourselves well in the next couple of months here.

Speaker 2:

President Bullard, one of the arguments that's made for those who want to take a steady or even slower approach is geopolitical uncertainties. When you look at the situation and the possibility of war in Ukraine, does that give you pause for how fast the Federal Reserve should be increasing interest rates?

President Bullard:

Well, geopolitical events like that are always very important events for the US, but we actually have seen fighting in Ukraine previously. So you could look to that example to see how much you think it's going to impact the US economy. I'd say for Europe it's probably more of a concern, and more near term concern, but we have seen fighting in this area of the world in the past. I do think it's quite an important foreign policy issue, but I'm not seeing it necessarily as a leading macroeconomic issue. At least at this point, I understand there's risks and there could be escalation and so on.

Speaker 2:

Sure.