

Mary Daly's Interview Answers are below – the interviewer Questions have been Omitted

“What I’m looking for is for monetary policy to work and do its job. We’re raising interest rates and we’ve seen interest sensitive sectors, housing notably, come down and that’s a really good start. The consumer is hanging in there as you saw from the October numbers but when I talk to my contacts. You know I have nine western states. I spend a lot out there talking to businesses, large and small, consumers, workers, community groups and what I’m hearing is that consumers are stepping back. They are changing how they allocate their spending. They are dealing with high inflation of course and they have to make trade-offs and put thing back that they would otherwise get. But they are also preparing for a slower economy and that’s a very good start. We’re not there yet, obviously but that’s exactly what we’d want to see. We want to see the economy slow down, bring demand back in line with supply, get inflation down over a reasonable time period and get back to a sustainable pace of growth.”

“Sure, one of the things that I looked at in the CPI is the change in core goods inflation. You know for a long time we’ve been saying that’s material. We want goods and service spending to rebalance and we want to see goods inflation come down both as demand is pulling back but also as supply recovers and I saw that as positive news. You’re absolutely right, one month of data does not a victory make, but those were some positive signs and you see it in the PPI this morning. These things getting better are encouraging as is a slower labor market, but we need to get more of that, to be sure and be confident that inflation will come down to our price stability goal in any reasonable amount of time.”

“Pausing is off the table right now. It’s not even part of the discussion. I’d say right now the discussion is rightly in slowing the pace and putting the pace discussion in the background, focusing our attention on what is the level of interest rates that will end up being sufficiently restrictive. I really want to turn people back to the statement we released, to Chair Powell’s press conference, which I think just reiterated some of the aspects of the statement that really focused on pace. Pace is the conversation of the first phase of tightening. And that has been completed. We are in a slightly restrictive space by most people’s calculations. Now we’re really talking about the level that is sufficiently restrictive. That means data dependance, extreme data dependance, thinking about the cumulative tightening we’ve already put into the system and of course those lags in monetary policy become really important if you’re trying to gage exactly how you get somewhere without over or under doing it.”

“Well, let me just say where I think we’re headed. I’ve been a little more on the, we’ll probably have to go higher side. I usually don’t disclose my dots for the SEP, so don’t get used to it, but in September I really thought when I was looking at the economy that the likelihood of we’d have to go to 5.00% was strong enough that I wrote that down. I still think of that as a reasonable ending place for us before we hold. And the holding part is really important, it’s a raise to hold strategy. But if somewhere between 4.75% and 5.25% seems a reasonable place to think about as we go into the next meeting, so that does put it in the line of sight that we would get to the point where we’d raise and hold. And I want to make just one point that isn’t often talked about, when we raise and then hold, over time as we’re holding, monetary policy is becoming tighter as inflation comes down so that’s another factor we’ll have to consider. So, the discussion squarely today is in the idea of how high do we have to go and then it will turn to how long do we have to hold it.”