Fed Unfiltered, Transcript (answers only, questions were omitted)
11/4/22 – Tom Barkin, Interview: CNBC

Regarding the Unemployment Report: "Well, it's about what I expected. It's pretty consistent from what I hear from contacts, which is that demand remains solid, the labor market remains tight. And you can point to the unemployment rate, you can point to wages. We're not getting much help on the supply side, participation ticked down. I just think firms are holding onto workers. If you worked hard for the last year or two years to try to get your staffing back up to compliment, it's quite a change in approach to say you're going to have fewer. And so, I do think the market remains tight and that means there's still more work to do."

Regarding the Wage/Price Spiral: "Well, I try to think about demand more broadly. Jobs are obviously an important part of it. It may well be that jobs, as I was suggesting a second ago, are more a lagging indicator this cycle. So, all of the elements of demand I think are relevant. Consumer spending, which we had a couple of weeks ago, all of that is relevant to what's happening on the demand side. And, I do think firms have gotten a taste of increasing prices. They've started increased prices and they still have in many cases, cross pressure, margin pressures and, as you can see in some of the more recent announcements, there's still a sense that prices still have a room to go. And, I think it's going to be hard for people who have fought hard to increase prices to back off, until they get that kind of signal from either their customers or their competitors. I think firms are still waiting to hear that and that's why we're not seeing much movement down on inflation."

Regarding Future Rate Hikes: "Well, we'll have a lot of information before December, two more CPI's, a PCE, another jobs report, a bunch of demand indicators, so I'm not sure I know exactly what we're going to do in December. But, I think, the way I think about it is, we had our foot on the gas six or eight months ago. We were very, very accommodative and it made sense to move as rapidly as you could to take your foot off the gas and that's where we've been. I think now real rates are positive pretty much across the curve and I think you could credibly say that we have our foot on the brake. And, I think when you have your foot on the brake, you just think about steering in a very different way. You pump the brakes sometimes. You act a little bit more deliberately. I'm ready to do that and I think the implication of that is probably a slower pace of rate increases, a longer pace of rate increases and potentially a higher end point."

Regarding the Terminal Rate: "Well, I think about it in terms of what happens to inflation. The faster that inflation settles down to levels that I'm comfortable with, the less far I think we need to go. But, if it were to persist and continue, I think we'd have to continue to take action to make sure that expectations stay in line and inflation comes back toward our target. So, to me, it's very dependent on what happens to inflation."

Regarding the Disconnect between the Equity Markets and Fed Official Commentary about the Tightening Cycle: "I don't know. I think you guys are much better at describing and understanding the equity markets than I am. I look at my comments and those of the chair and those of my colleagues over the last month, two months, three months and to me, they seem very, very consistent. So I'm not sure. If you think there's a misunderstanding, I'm not sure what would be behind that."