

NOVEMBER 8, 2021



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Will the Fed play ball?

The Federal Reserve pulled the trigger on its long-awaited reduction of its monthly asset purchases last week. The Federal Open Market Committee voted to taper the program by \$15 billion per month, starting in November. It will split that amount between \$10 billion in Treasuries and \$5 billion in agency mortgage-backed securities. The statement also said it would watch the economy closely and could alter the pace of the reduction if growth slows.

Although Chair Jerome Powell has said that the onset of tapering does not mean the raising of interest rates will happen soon, and likely not until the Fed has stopped buying securities altogether. But it would seem that the timer has begun to tick down to liftoff, which can't come soon enough for the money markets.

Further good news came with the nonfarm payrolls report released Friday. The Labor Department said the U.S. gained 531,000 jobs in October and also revised the poor September figure to 312,000 from 194,000. The recovery stunted after a slow summer appears to have returned.