

AUGUST 2, 2021



**Paige Wilhelm**  
*Senior Vice President  
Senior Portfolio Manager  
Federated Investment Counseling*

## A lot of talk

The Federal Reserve's policy meeting last week offered little in the way of news. That is largely because there were no updates on economic projections and no new dot plot of expectations for raising the federal funds rate. That the Federal Open Market Committee has begun active discussions about tapering asset purchase is good to hear, but for now it is just talk. Chair Jerome Powell did address inflation but didn't offer any more insight into the Fed's stance that it is transitory.

Now attention turns to Congress, which has two issues on its plate that should impact the liquidity markets. One is infrastructure deal. Last week the Senate finally voted to take up the bill and may send its version to the House this week. But state and local governments will have to wait for a while to hear the particulars—and to get any of the much-needed funding.

The other issue is the debt ceiling, which will have to be addressed before the Treasury runs out of means to run the government and pay its bills. Of course, it is very unlikely that we will get that far. Politicians will debate whether to raise the amount of debt or suspend the limit again and eventually get something done. But it will be bandied about with much bickering for several weeks, at least.