

SEPTEMBER 13, 2021



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Fed taking the long view

A week has passed since the shockingly large miss of the nonfarm jobs report, and it might just be that it won't matter as much as thought. At least to the Federal Reserve, and that's really the only opinion that matters.

The fact that U.S. payrolls grew by only 235,000 in August—down from July's addition of 1,053,000—originally seemed to have potentially derailed the Fed's plans to begin tapering its monthly purchases of Treasuries and mortgage-backed securities on the open market.

But in a recent speech, New York Fed President John Williams indicated the poor labor report likely won't stall the plan to start tapering. He echoed Fed Chair Jerome Powell by saying there has been "very good progress" in employment and that it is important to consider the gains made over the entire year. It is hardly a surprise that monetary policymakers are taking the long view. Plus, August is often a tricky month for assessing the labor market as summer jobs are ending, schools are opening and other seasonal factors. The Federal Open Market Committee meeting taking place next week still should bring either an announcement of when tapering will start or strong signs that the green light is coming shortly.