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**Paige Wilhelm**

*Senior Vice President  
Senior Portfolio Manager  
Federated Investment Counseling*

## Hot mic

By a quirk of the calendar, Federal Reserve Chair Jerome Powell found himself behind a microphone in an official capacity last week. The week prior was, of course, the press conference following the Federal Open Market Committee's June meeting. Last Tuesday and Wednesday, he appeared before the chambers of Congress for his semiannual monetary policy report.

As a poor economy can be bad for reelection, it was no surprise that lawmakers homed in on the potential for a recession and if Fed tightening is pushing the country toward it. "We're not trying to provoke, and don't think that we will need to provoke, a recession," he said. But he admitted it was "certainly a possibility."

The rate hikes and quantitative tightening have benefited liquidity products across the industry with rising yields, but the hope is that the central bank can engineer a so-called soft landing in which the economy slows down enough to curb inflation but not enough to contract. The Fed's gross domestic product forecasts laid out in the June FOMC meeting suggest policymakers are optimistic. While they project the fed funds rate to hit 3.8%, they think the economy will continue to grow, if at a slow pace of 1.7% over the next two years.