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A seat at the table

When the Federal Open Market Committee meets in person, the members sit around a massive table in the headquarters on the Mall in Washington, D.C. Last week, Fed Chair Jerome Powell asked the members—and the markets—to visualize the number 50 atop it.

“Fifty basis points will be on the table for the May meeting,” he said in a panel hosted by the European Central Bank. This is the second time this year he has essentially revealed the size of the hike of the fed funds target range ahead of a FOMC meeting. If this comes to pass—and the markets are depending on it—it would be the first time since 2000 that policymakers raised rates by that magnitude.

With the hike telegraphed, the other major policy tool the Fed has been using to provide stimulus to the economy will take center stage when officials gather next week: reducing its huge balance sheet. The minutes from the last FOMC meeting laid that out—likely a roll-off of \$95 billion a month—but many weeks and higher readings of inflation have come since those minutes were taken, so some measure of surprise is possible.