Fmr Fed member Poole releases his own FOMC statement

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January 23, 2015

Former St Louis Fed President Bill Poole has been on the warpath recently, criticizing the FOMC for being wishy-washy and helping to stoke volatility in markets.

He penned an article this week for the Cato Institute and delivered what he believes should be the Fed statement after the January 28 meeting.

> Information received since the FOMC met in December confirms that economic activity is expanding at a moderate pace. Inflation has continued to run below the Committee's longer-run objective, primarily reflecting a decline in energy prices. That decline appears to be principally a consequence of improving technology in oil and natural gas production and is, thus, a change in relative prices that has no long-term implications for the aggregate rate of inflation.
>
> Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. To support continued progress toward these goals, the Committee today reaffirmed its view that the current 0 to 1/4 percent target range for the federal funds rate remains appropriate.
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> To minimize uncertainty over the course of policy, the Committee judges that the process of normalizing interest rates should begin in June. However, the exact timing is data dependent and might be adjusted as necessary.
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> The Committee also judges that it is now appropriate to begin the process of normalizing its open market portfolio. Effective immediately, the Federal Reserve will cease to reinvest interest on the portfolio and maturing principal.

He explains his thinking in the article and says announcing a June date wouldn't be a shock to the market. The OIS market disagrees; it's putting only a 15% chance of a hike in June, down from upwards of 30% in December.

Overall, he makes a good point and notes that the final Greenspan era statement was 120 words and the most-recent statement was 564 words, something he calls "statement bloat."