



FEDERAL
RESERVE
BANK
of ATLANTA

A Conversation with the Fed

Sarah Arteaga
Regional Director

Florida Trust Seminar
August 13, 2021

The views expressed are mine, and not necessarily those of the Atlanta Fed or the Federal Reserve System.

The Line Up

- The Fed
- Regional Economic Information Network (REIN)
- The Economy and the Monetary Policy Response

Functions of the Federal Reserve



- **Supervision, Regulation and Credit**
- **Financial Services**
- **Monetary Policy**

Supervision, Regulation and Credit



The Fed Supervises:

- State-chartered banks
- Bank and financial holding companies
- International banking organizations

The Fed is one of the regulating bodies along with:

- The Federal Deposit Insurance Corp (FDIC)
- The Office of the Comptroller of the Currency (OCC)

Financial Services



- The Reserve Banks operate collectively to:
 - Distribute currency and cash
 - Process checks
 - Process electronic payments
- The Federal Reserve promotes efficiency in the payment system

Monetary Policy

The Fed's Dual Mandate from Congress:

- Maximum employment
- Price stability



Tools the Fed uses to meet this mandate:

- Reserve requirements
- Discount rate
- Open market operations

Decentralized Structure of the Fed



**Board of Governors
Washington, DC**



**12 Federal Reserve
Banks & their Branches
and Directors**



**Federal Open Market
Committee (FOMC)**

Board of Governors of the Federal Reserve System



Jerome H. Powell
Chair



Richard H. Clarida
Vice Chair



Lael Brainard



Randal Quarles
*Vice Chair for
Supervision*



Michelle W. Bowman



Christopher J. Waller



Vacant

The Federal Reserve Bank Presidents

Charles Evans
Chicago
7th District



James Bullard
St. Louis
8th District



Neel Kashkari
Minneapolis
9th District



Esther George
Kansas City
10th District



Robert Kaplan
Dallas
11th District



Mary Daly
San Francisco
12th District



Eric Rosengren
Boston
1st District



John Williams
New York
2nd District



Patrick Harker
Philadelphia
3rd District



Loretta Mester
Cleveland
4th District



Tom Barkin
Richmond
5th District



Raphael Bostic
Atlanta
6th District



The Sixth District



Raphael Bostic
President and CEO
Federal Reserve Bank of Atlanta



Atlanta Board of Directors



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CEO Emerita
CapStar Bank
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Executive Chair
Synovus Financial Corporation
Columbus, Georgia



Gregory A. Haile, J.D.
President
Broward College
Fort Lauderdale, Florida



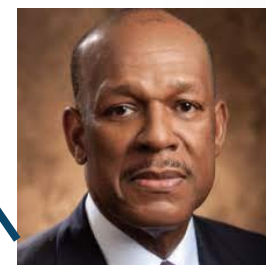
Elizabeth A. Smith
Former Executive Chair
Bloomin' Brands, Inc.
Tampa, Florida



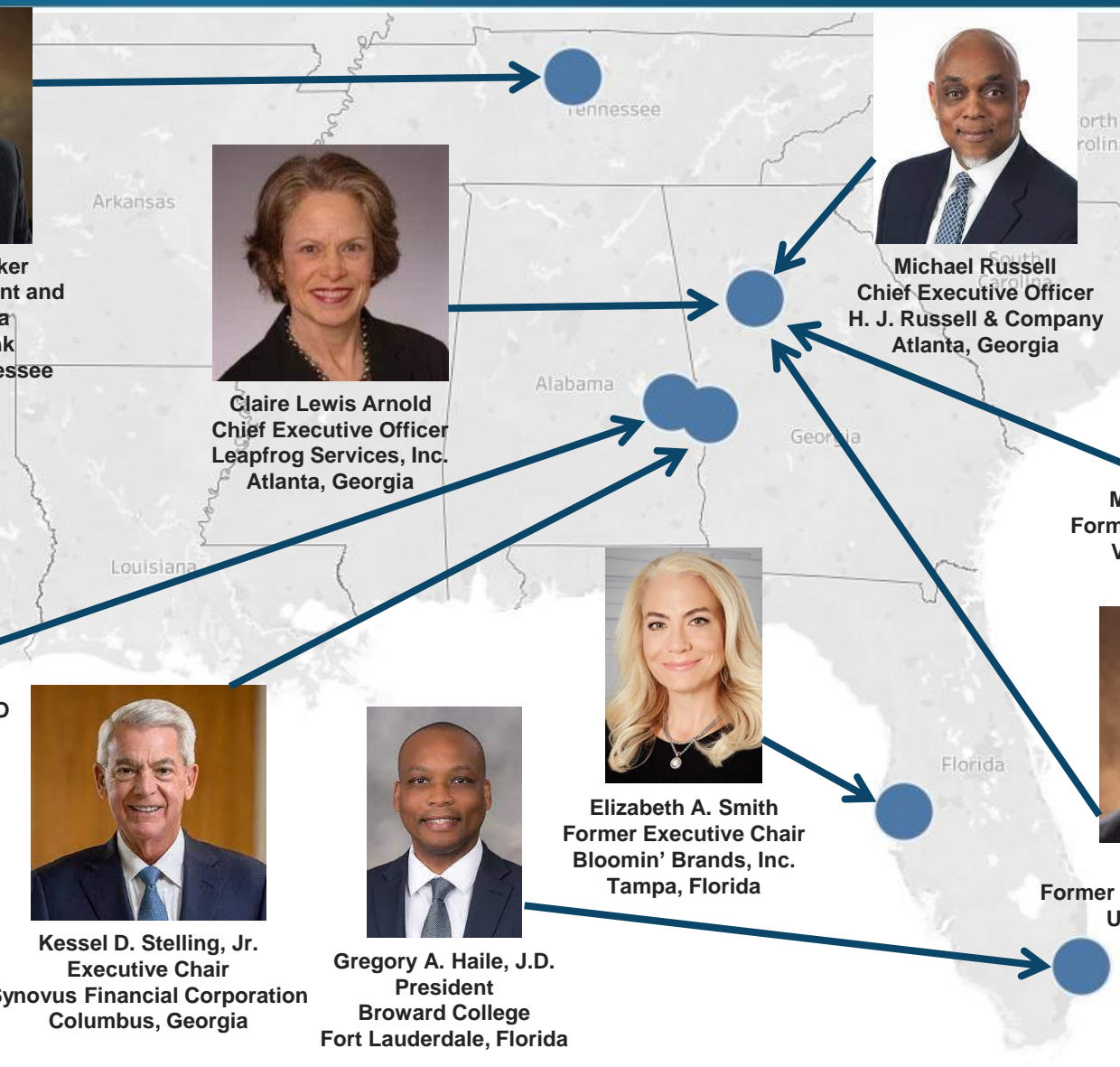
Michael Russell
Chief Executive Officer
H. J. Russell & Company
Atlanta, Georgia



Mary A. Laschinger
Former Chairman and CEO
Veritiv Corporation
Atlanta, Georgia



Myron A. Gray
Former President, U.S. Operations
United Parcel Service
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John Hirabayashi
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Community First Credit union
Jacksonville, Florida



Bill West
Chief Executive Officer
The Bank of Tampa
Tampa, Florida



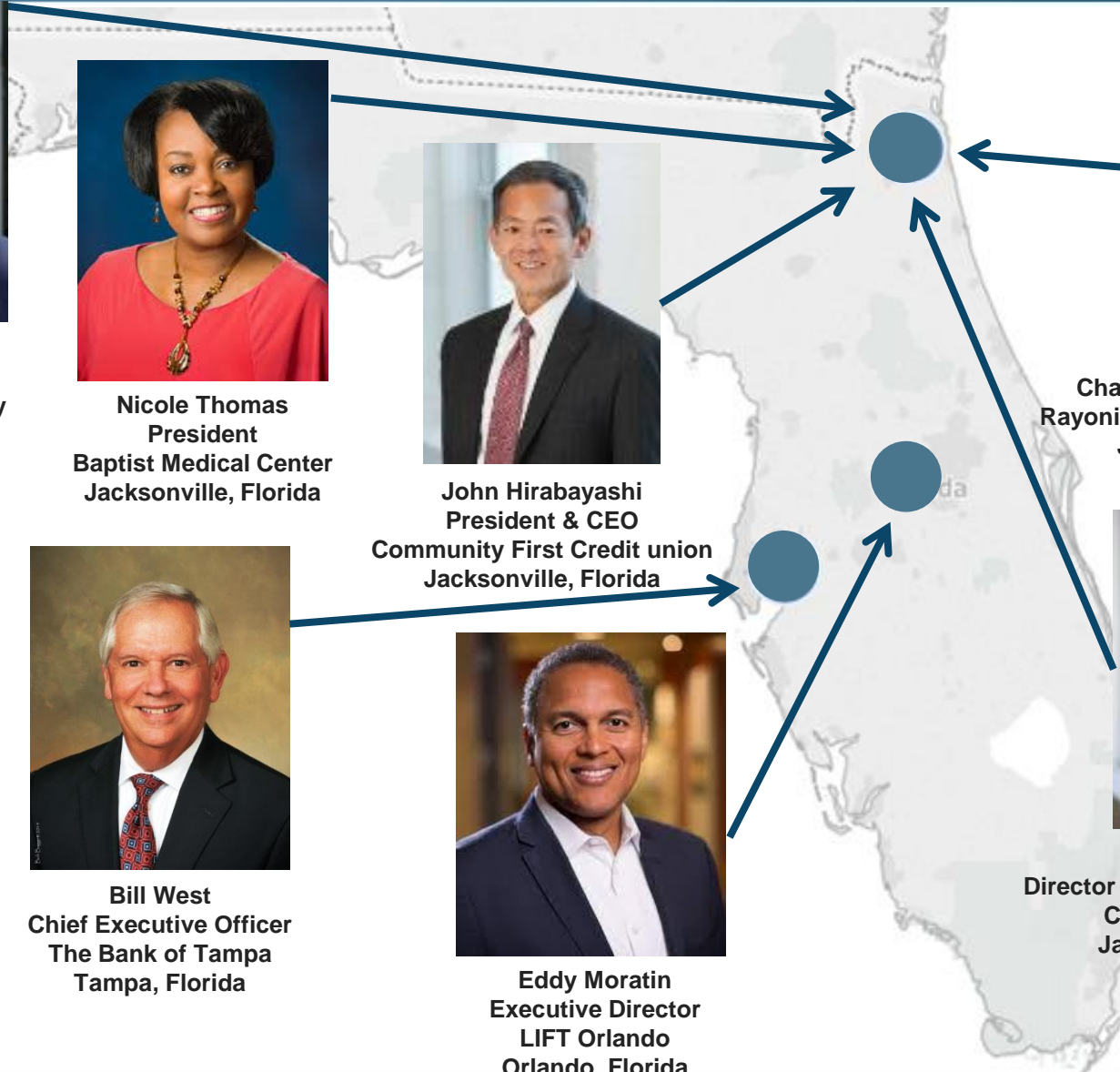
Eddy Moratin
Executive Director
LIFT Orlando
Orlando, Florida



Paul Boynton
Chairman, President & CEO
Rayonier Advanced Materials, Inc.
Jacksonville, Florida



Dawn Lockhart
Director of Strategic Partnerships
City of Jacksonville
Jacksonville, Florida



Regional Economic Information Network

“REIN”

ECONOMIC OUTLOOK

The Fed's Dual Mandate

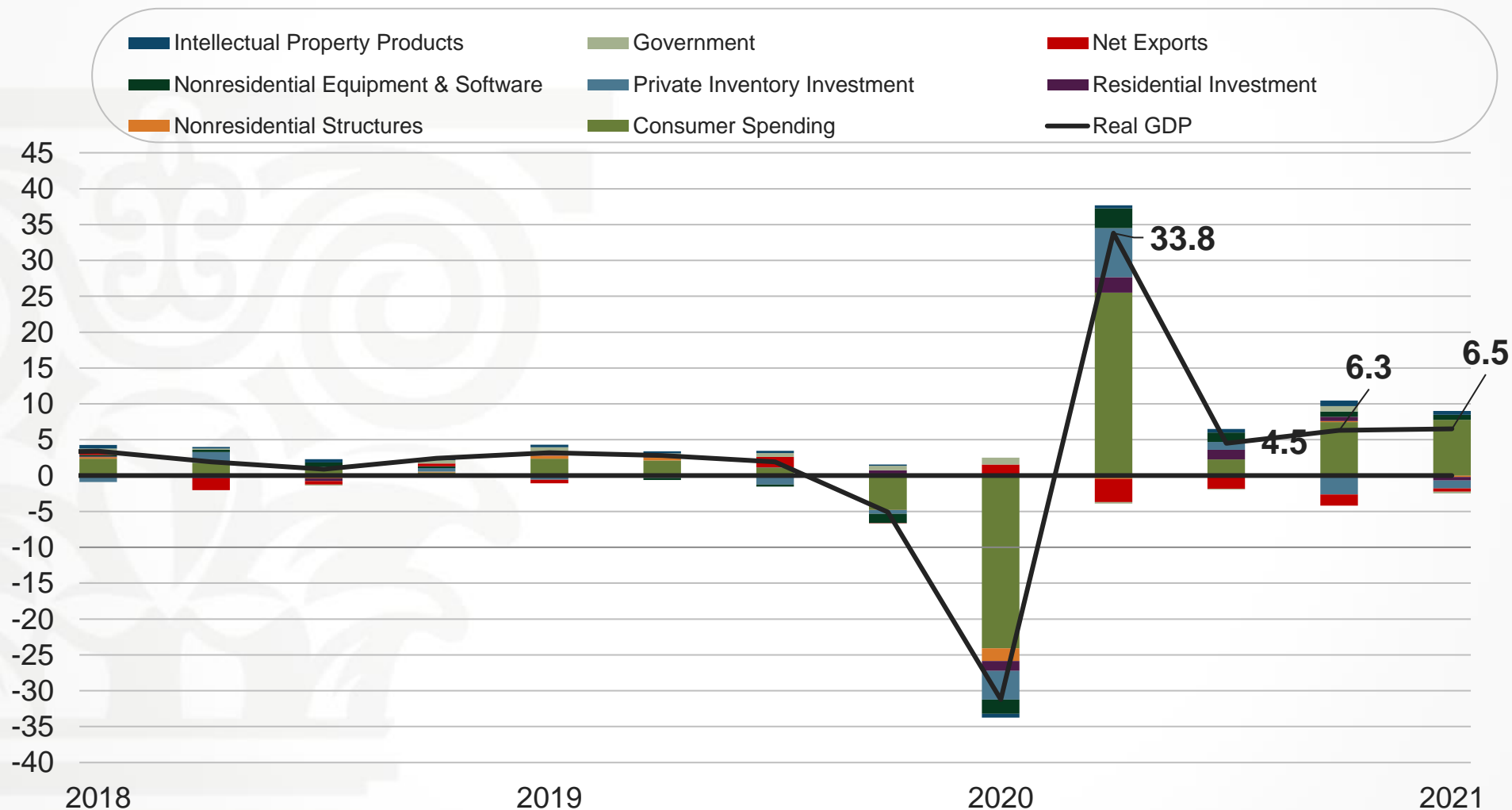
- The Fed is pursuing two objectives as given to us by Congress—maximum employment and price stability.
- The maximum level of employment is largely determined by nonmonetary factors that affect the structure and dynamics of the job market, although a stronger economy does help with job creation.
- The Federal Open Market Committee (FOMC) has chosen an inflation target of two percent year-over-year growth over the longer term.

Summary of the Economic Environment: The July 2021 FOMC Policy Statement

- Overall financial conditions remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses.
- The path of the economy continues to depend on the course of the virus.
- Progress on vaccinations will likely continue to reduce the effects of the public health crisis on the economy but risks to the economic outlook remain.

Contributions to Real GDP Growth

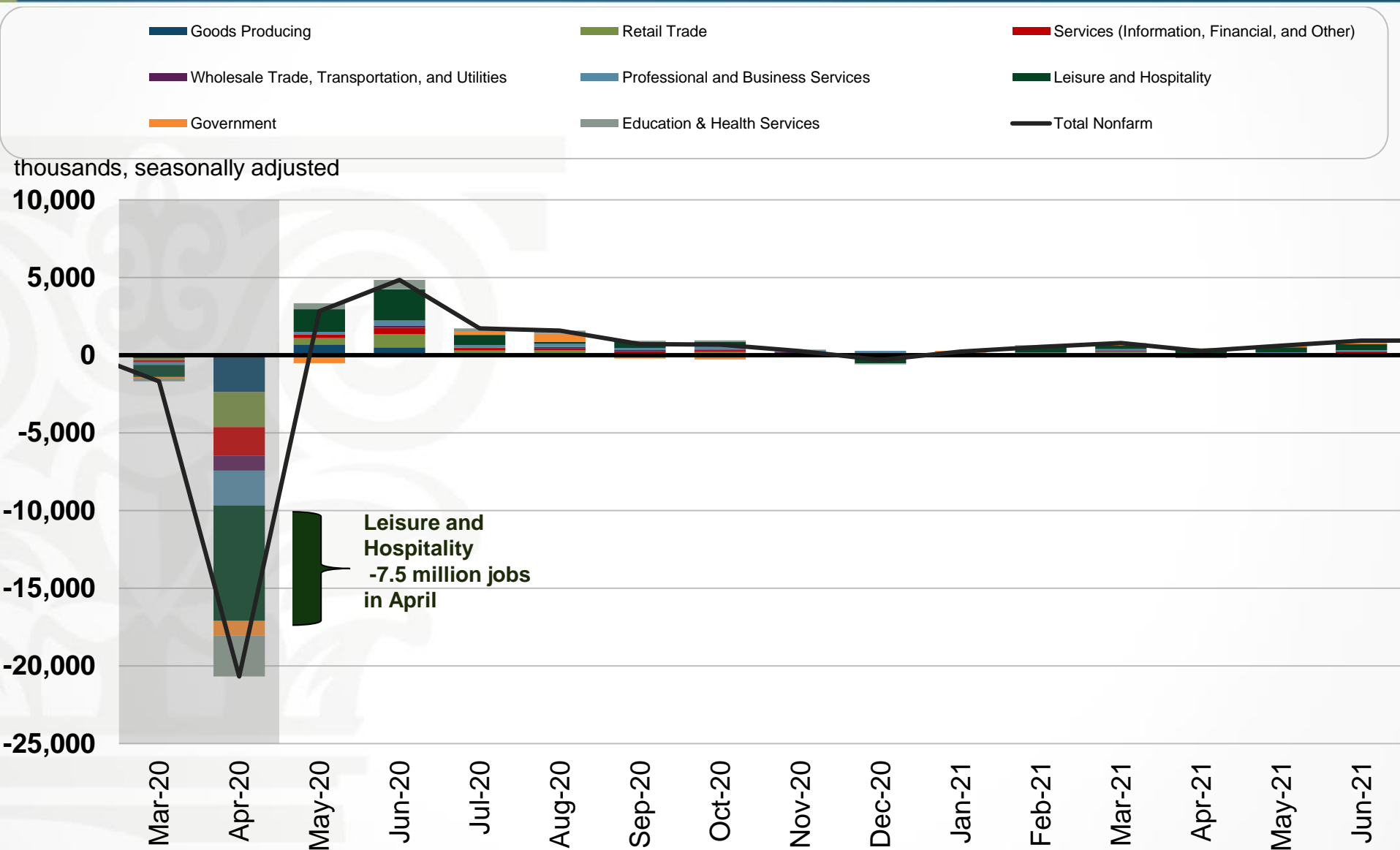
quarterly, percent, seasonally adjusted annualized rate



The Employment Picture

- In July, U.S. employers added 943,000 net jobs to payrolls.
- The unemployment rate declined to 5.4 percent from 5.9 percent in June.
- This measure is down considerably from its high at the end of April 2020.
- However, it remains well above its level prior to the coronavirus (COVID-19) pandemic of 3.5 percent.

Contributions to Change in Nonfarm Payroll Employment



The Inflation Picture

- The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run.
- With inflation having run persistently below this longer-run goal, the Committee will aim to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over time and longer-term inflation expectations remain well anchored at 2 percent.

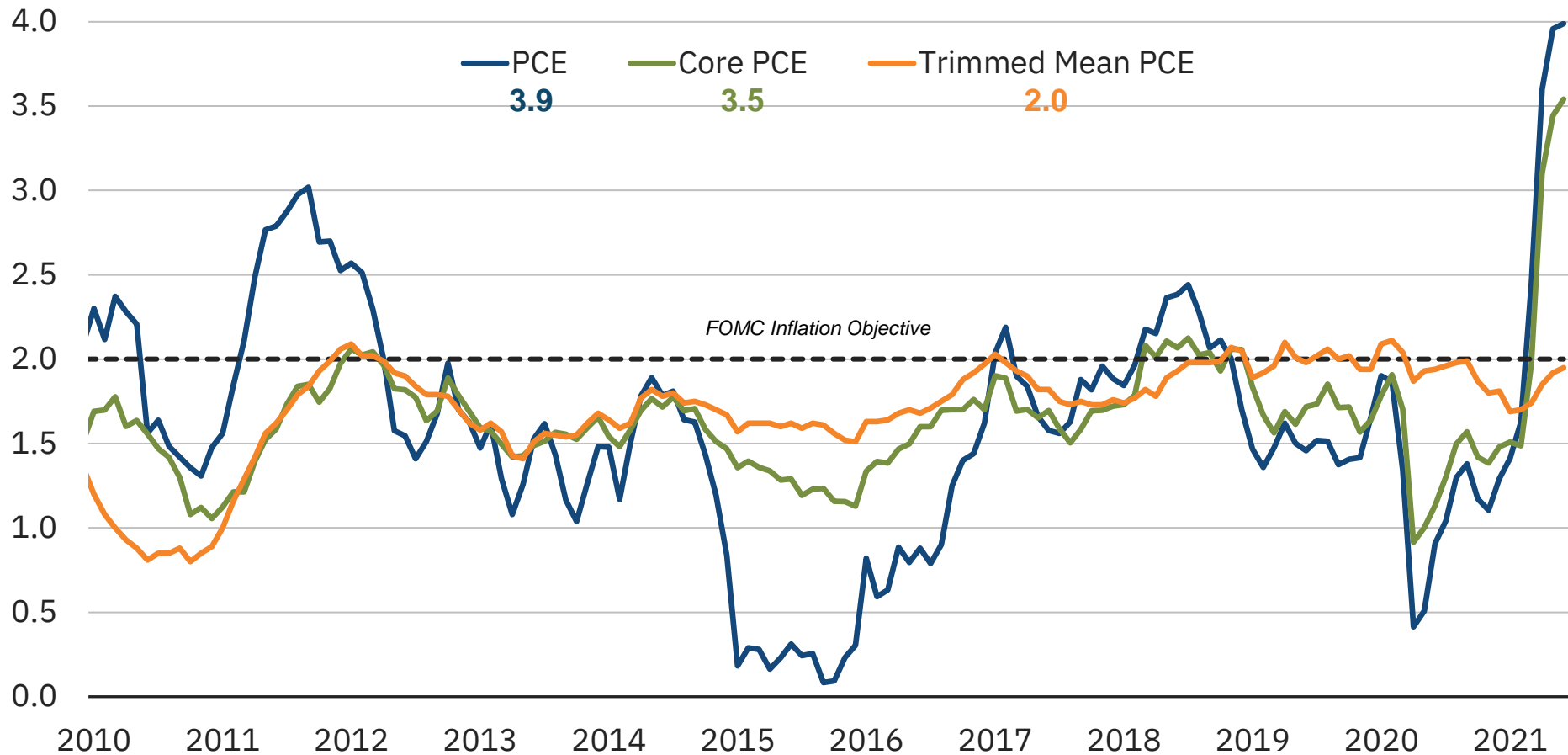
Summary of the Economic Environment: The July 2021 FOMC Policy Statement

- With progress on vaccinations and strong policy support, indicators of economic activity and employment have continued to strengthen.
- The sectors most adversely affected by the pandemic have shown improvement but have not fully recovered.
- Inflation has risen, largely reflecting transitory factors.

Personal Consumption Expenditure (PCE) Price Index

Personal Consumption Expenditure (PCE) Price Index

year-over-year percent change, monthly



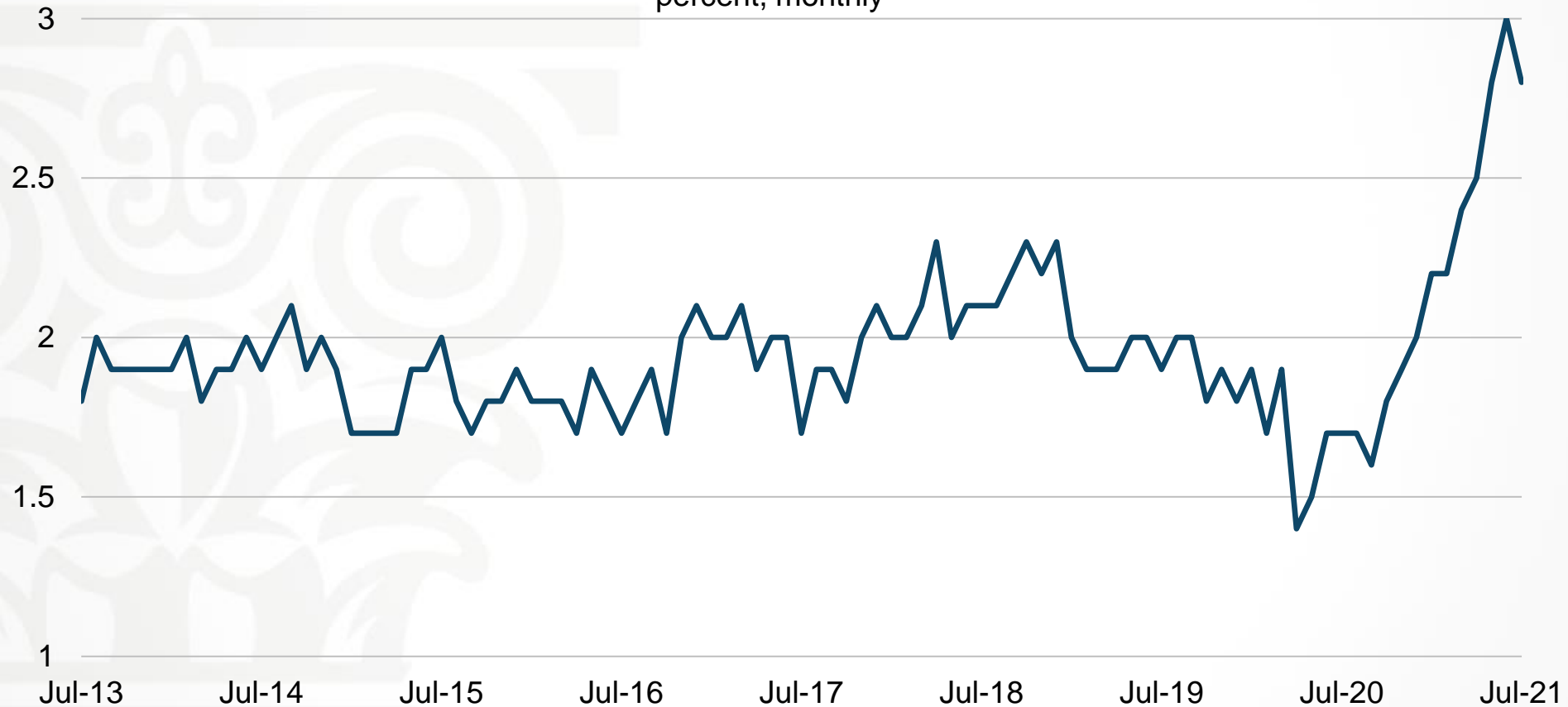
Sources: Bureau of Economic Analysis; Federal Reserve Bank of Dallas; Haver Analytics

through June 2021

Atlanta Fed's Business Inflation Expectations Survey

Atlanta Fed's Business Inflation Expectations Survey

year-ahead unit cost expectations
percent, monthly



Source: Atlanta Fed Business Inflation Expectations Survey
For more information, visit: <http://www.frbatlanta.org/research/inflationproject/bie/>

through July 2021

Jerome Powell, Chair, Federal Reserve Board of Governors

“With inflation having run persistently below 2 percent, we will aim to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over time and longer-term inflation expectations remain well anchored at 2 percent. We expect to maintain an accommodative stance of monetary policy until these employment and inflation outcomes are achieved.”



Chair Powell's Press Conference
July 28, 2021

The Monetary Policy Response:

- In July, the Committee decided to maintain the target range for the federal funds rate at 0 to 1/4 percent.
- The Committee expects it will be appropriate to maintain this target range until labor market conditions have reached levels consistent with the Committee's assessments of maximum employment, and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time.
- In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals.
- This assessment will take into account a wide range of information, including:
 - Readings on public health
 - Labor market measures
 - Inflation pressures and inflation expectations
 - Readings on financial and international developments

COVID-19 Resources and Information

- Follow these links for the latest COVID-19 updates from the Federal Reserve:
- Federal Reserve System Board of Governors:
<https://www.federalreserve.gov/covid-19.htm>
- Federal Reserve Bank of Atlanta:
<https://www.atlantafed.org/news/covid-19>



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Questions?

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