

St. Louis Fed's Bullard: Inflation 'broader, more persistent' than originally thought

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Reporter

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In this article:

- **^TYX**
-2.75%
- **^TNX**
-2.41%
- **^DJI**
-1.02%
- **^GSPC**
-1.65%
- **^IXIC**
-3.18%

Federal Reserve Bank of St. Louis President James Bullard said that high readings on inflation still concern central bank officials, reinforcing the need for higher interest rates.

“Inflation is broader and more persistent than many have thought, and the Fed will have to act in order to keep inflation under control and we’ve got a plan in place,” Bullard told Yahoo Finance in an exclusive interview on Wednesday.

The Bureau of Labor Statistics reported Wednesday morning that [prices in the United States rose by 8.3%](#) between April of this year and April of last year. That yearly pace of growth in the [Consumer Price Index](#) is a tick down from the 8.5% pace observed in March, but Bullard emphasized that more action from the Fed will be needed to further push inflation down.

The Fed is in the process of withdrawing its pandemic-era monetary support from the economy. The main focal point of that effort: raising interest rates from the near-zero level it slashed borrowing costs to in 2020.

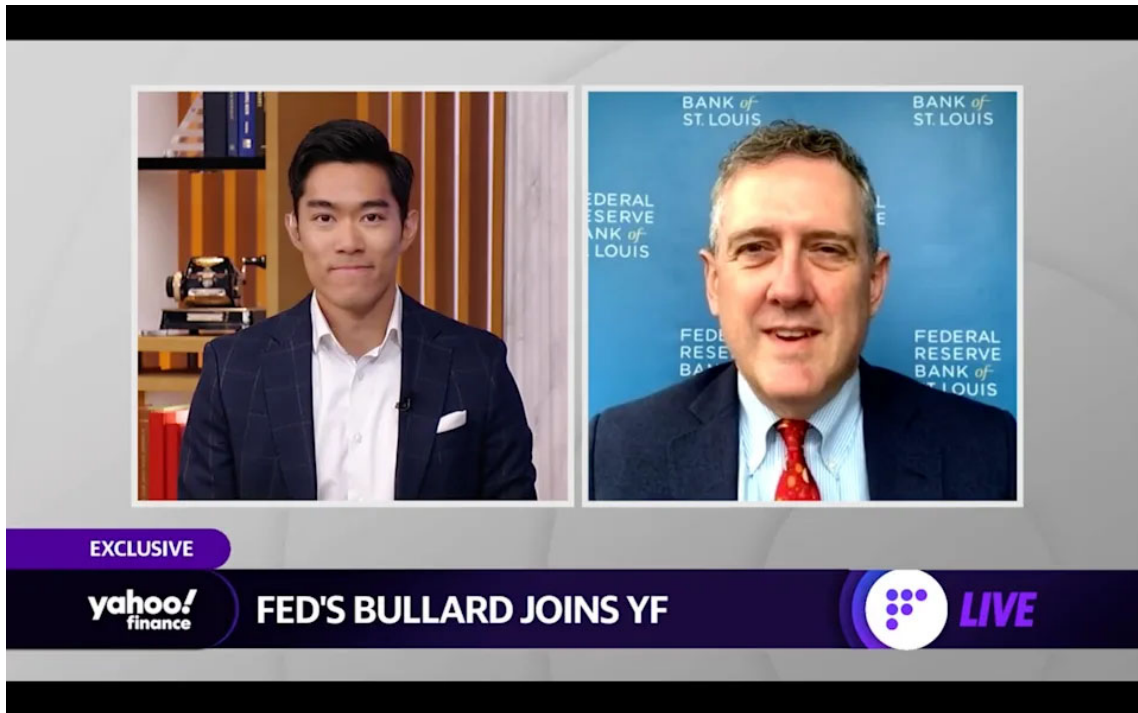


St. Louis Fed President James Bullard speaks about the U.S. economy during an interview in New York February 26, 2015. Low-yielding bond markets could abruptly "wake up" and reprice for tighter U.S. monetary policy, posing problems for the Federal Reserve as it approaches an interest rate hike, Bullard said on Thursday. REUTERS/Lucas Jackson (UNITED STATES - Tags: BUSINESS POLITICS)

The first rate hike in March raised the short-term interest rate by 0.25%. Last week, the Fed moved to raise rates by 0.50% — the largest single meeting move since May 2000. Those rate hikes have raised the Fed's target policy rate to a range of 0.75% to 1.00%.

Bullard said moves of 0.50% in at least the next two meetings would be a "good benchmark for now," adding that he would like to see the Fed raise the target rate to 3.5% by the end of the year. [Atlanta Fed President Raphael Bostic](#) and [Cleveland Fed President Loretta Mester](#) both told Yahoo Finance Tuesday that 0.50% moves were their baseline expectations through at least the June and July meetings.

"The committee has, based on public comments from my colleagues, coalesced around a plan of 50 basis points per meeting so I think we can proceed on that," Bullard said.



St. Louis Fed President James Bullard joins Yahoo Finance in an exclusive interview on May 11, 2022.

On the prospects of an even larger interest rate bump (0.75%), Bullard said it was “not my base case.”

The St. Louis Fed chief said he is not concerned about the Fed tilting the U.S. economy into a recession, despite market jitters over the risks of an abrupt end to the post-pandemic recovery. Bullard pointed to the strong jobs market as a sign of economic health, where government data released last week showed the [unemployment rate at a near 50-year low of 3.6% in April](#).

“Our probability of recession is not particularly elevated at this time,” Bullard said.

The next Fed decision is scheduled for June 15.

Brian Cheung is a reporter covering the Fed, economics, and banking for Yahoo Finance. You can follow him on Twitter [@bcheungz](#).

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