Transcript of Chair Powell's Press Conference Opening Statement
April 28, 2021

CHAIR POWELL. Good afternoon. At the Federal Reserve, we are strongly committed to achieving the monetary policy goals that Congress has given us: maximum employment and price stability.

Today my colleagues on the FOMC and I kept interest rates near zero and maintained our sizable asset purchases. These measures, along with our strong guidance on interest rates and on our balance sheet, will ensure that monetary policy will continue to deliver powerful support to the economy until the recovery is complete.

Widespread vaccinations, along with unprecedented fiscal policy actions, are also providing strong support to the recovery. Since the beginning of the year, indicators of economic activity and employment have strengthened. Household spending on goods has risen robustly. The housing sector has more than fully recovered from the downturn, while business investment and manufacturing production have also increased. Spending on services has also picked up, including at restaurants and bars. More generally, the sectors of the economy most adversely affected by the pandemic remain weak but have shown improvement. While the recovery has progressed more quickly than generally expected, it remains uneven and far from complete.

The path of the economy continues to depend significantly on the course of the virus and the measures undertaken to control its spread. Since March, progress on vaccinations has limited the number of new cases, hospitalizations, and deaths. While the level of new cases remains concerning, especially as it reflects the spread of more infectious strains of the virus, continued vaccinations should allow for a return to more normal economic conditions later this year. In the meantime, continued observance of public health and safety guidance will help us reach that goal as soon as possible.

As with overall economic activity, conditions in the labor market have continued to improve. Employment rose 916,000 in March, as the leisure and hospitality sector posted a notable gain for the second consecutive month. Nonetheless, employment in this sector is still more than 3 million below its level at the onset of the pandemic. For the economy as a whole, payroll employment is 8.4 million below its pre-pandemic level. The unemployment rate remained elevated at 6 percent in March, and this figure understates the shortfall in employment, particularly as participation in the labor market remains notably below pre-pandemic levels.

The economic downturn has not fallen equally on all Americans, and those least able to shoulder the burden have been the hardest hit. In particular, the high level of joblessness has been especially severe for lower-wage workers in the service sector and for African Americans and Hispanics. The economic dislocation has upended many lives and created great uncertainty about the future.

Readings on inflation have increased and are likely to rise somewhat further before moderating. In the near term, 12-month measures of PCE inflation are expected to move above 2 percent as the very low readings from early in the pandemic fall out of the calculation and past increases in oil prices pass through to consumer energy prices. Beyond these effects, we are also likely to see upward pressure on prices from the rebound in spending as the economy continues to reopen, particularly if supply bottlenecks limit how quickly production can respond in the near term. However, these one-time increases in prices are likely to have only transitory effects on inflation.

The Fed's response to this crisis has been guided by our mandate to promote maximum employment and stable prices for the American people, along with our responsibilities to promote the stability of the financial system. As we say in our Statement on Longer-Run Goals and Monetary Policy Strategy, we view maximum employment as a broad-based and inclusive goal. Our ability to achieve maximum employment in the years ahead depends importantly on having longer-term inflation expectations well anchored at 2 percent.

As the Committee reiterated in today's policy statement, with inflation running 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. With regard to interest rates, we continue to expect it will be appropriate to maintain the current 0 to ¼ percent target range for the federal funds rate until labor market conditions have reached levels consistent with the Committee's assessment of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time. I would note that a transitory rise in inflation above 2 percent this year would not meet this standard.

In addition, we will continue to increase our holdings of Treasury securities by at least $80 billion per month and of agency mortgage-backed securities by at least $40 billion per month until substantial further progress has been made toward our maximum-employment and price-stability goals. The increase in our balance sheet since March 2020 has materially eased financial conditions and is providing substantial support to the economy. The economy is a long way from our goals, and it is likely to take some time for substantial further progress to be achieved.

Our guidance for interest rates and asset purchases ties the path of the federal funds rate and the size of the balance sheet to our employment and inflation goals. This outcome-based guidance will ensure that the stance of monetary policy remains highly accommodative as the recovery progresses.

To conclude, we understand that our actions affect communities, families, and businesses across the country. Everything we do is in service to our public mission. We at the Fed will do everything we can to support the economy for as long as it takes to complete the recovery. Thank you. I look forward to your questions.