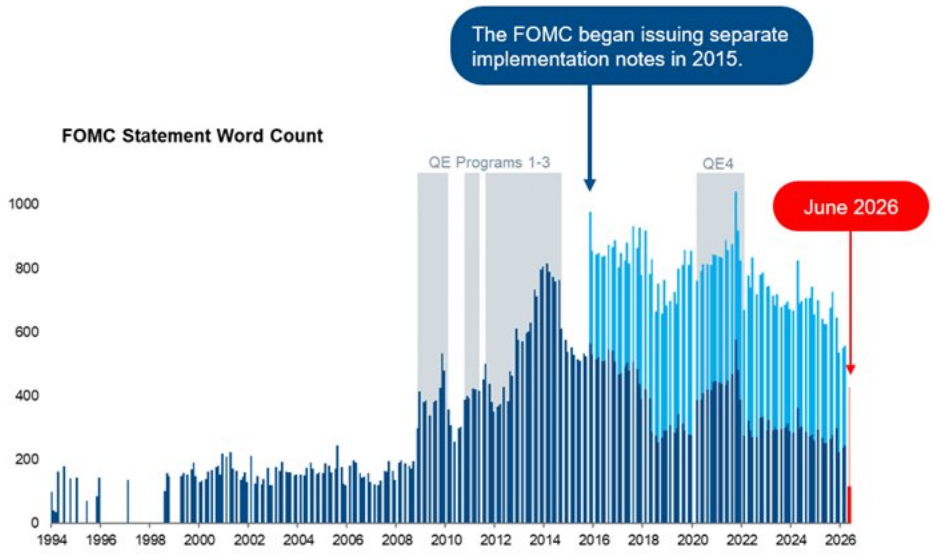
CHIEF ECONOMIST UPDATES

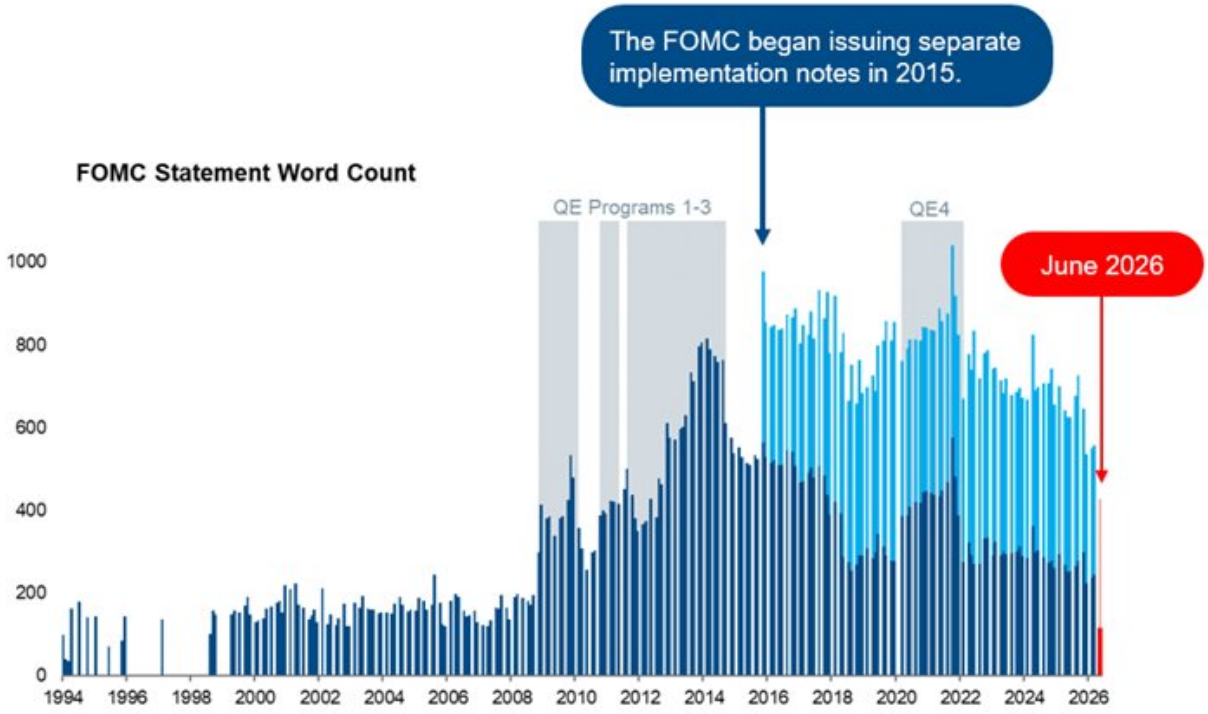
Talk Less, Smile More: A New Era of Fed Communications

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NISA's latest Quarterly Economic Webinar focused on the communications changes that new Federal Reserve Chairman Warsh has implemented in his first month on the job. The June FOMC Statement – which was the shortest since 1994 – provided one conspicuous example of the central bank's newly taciturn style.

During the webinar, David and I recapped the recent history of Fed communications, which have seen a substantial increase in transparency since the early 1990s. It remains to be seen how far Chairman Warsh intends to roll back this transparency, but he has convened a task force on the subject and signaled that more changes are coming. Some of these seem reasonable. Forward guidance feels inappropriate in the current environment of geopolitical uncertainty, and was arguably a vestige of the zero lower bound.



There is certainly room for reform in the Summary of Economic Projections and the infamous dot plot. We are hopeful that Chairman Warsh's reforms will preserve a smooth transmission of monetary policy through interest rate markets, but if the changes go too far, they could lead to greater uncertainty about the Fed's reaction function and higher volatility.

See the webinar replay for a discussion on these topics and much more.

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