

FEDERAL RESERVE | UP AND DOWN WALL STREET

Good News on Jobs Could Set the Stage for Normal Fed Policy

By [Randall W. Forsyth](#) Updated Aug. 7, 2021 9:58 am ET / Original Aug. 6, 2021 8:33 pm ET

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What constitutes “substantial further progress” toward economic recovery? A million new jobs in July would seem to meet the criterion that the Federal Reserve has set to begin normalizing monetary policy.

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In addition, Fed Vice Chairman Richard Clarida also thought “policy normalization” could start in early 2023 if the labor market continues to recover and inflation runs above 2%. As for tapering asset purchases, Clarida said the discussion would continue at coming Federal Open Market Committee meetings. His use of the plural implies the panel may not have a final decision at the next scheduled confab on Sept. 21-22.

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Many market watchers are looking for Powell to discuss tapering at the central bank’s big policy meeting at Jackson Hole, Wyo., this month.