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Event Update - Jackson Hole Symposium

US Federal Reserve may start tapering monetary policy later this year

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In US Federal Reserve Chairman Jerome Powell's speech at the Jackson Hole Symposium:

- Mr Powell reaffirmed the bank's plan to begin tapering later this year but has not given the exact timing
- Further, he cautioned a move to begin tapering \$120 billion a month bond buying programme should not be interpreted as a sign that rate hikes would soon follow. Also, he affirmed the US economic recovery and explained why there is no rush to tighten monetary policy

Impact on dollar:

The Dollar Index declined by 0.4% on Friday after US Federal Reserve Chairman Powell in his speech at the Jackson Hole symposium signalled tapering of \$120 billion per month bond buying programme later this year but did not offer the exact timing of tapering. He further stressed that the timing of taper will not have any bearing on any decision to raise interest rates.

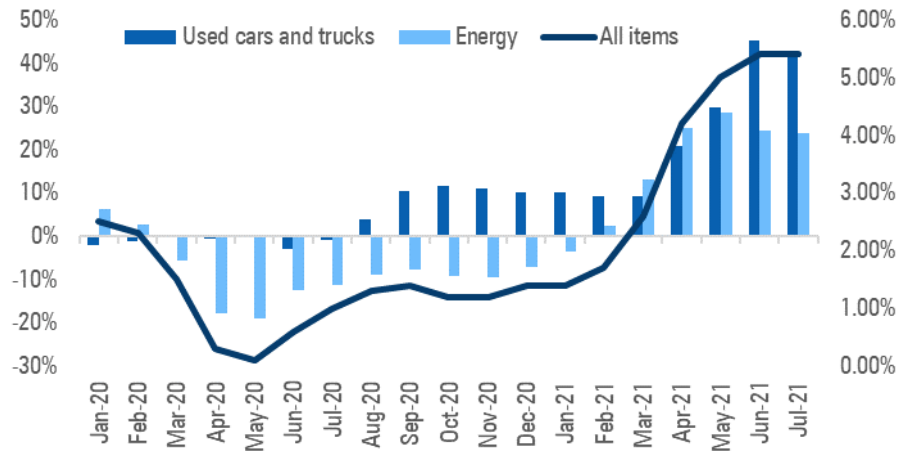
The Dollar Index is likely to continue with its negative bias as the US Federal Reserve Chair affirmed the US economic recovery and indicated that the central bank is in no rush to tighten monetary policy. Further, in his speech Mr Powell did not indicate that the ongoing concern of spreading of highly infectious delta variant could lead to a delay in its plan of tapering. Additionally, he cautioned that a move to begin tapering of the bond buying programme should not be interpreted as a sign that rate hikes would soon follow. Additionally, he signalled that inflation is transitory and the recent surge is expected to fade, going ahead. In its June policy meeting the bank had signalled that Fed officials expect two rate hike by the end of 2023. After this event, market participants will keep an eye on upcoming job data, inflation data and US Federal Reserve monetary policy meeting and FOMC economic projections scheduled on September 22, 2021.

Important statements from Fed Chair Powell:

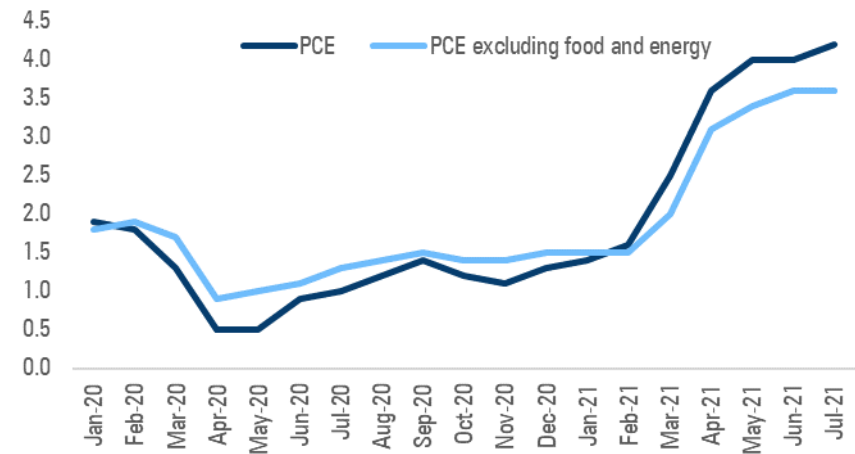
- "My view is that the "substantial further progress" test has been met for inflation. There has also been clear progress toward maximum employment. At the FOMC's recent July meeting, I was of the view, as were most participants, that if the economy evolved broadly as anticipated, it could be appropriate to start reducing the pace of asset purchases this year. The intervening month has brought more progress in the form of a strong employment report for July but also the further spread of the Delta variant. We will be carefully assessing incoming data and the evolving risks."
- "The timing and pace of the coming reduction in asset purchases will not be intended to carry a direct signal regarding the timing of interest rate liftoff, for which we have articulated a different and substantially more stringent test."

Major economic data

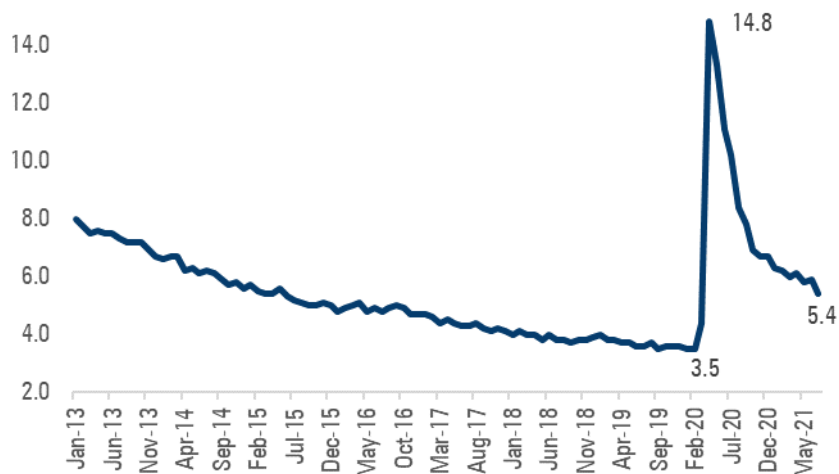
Inflation CPI



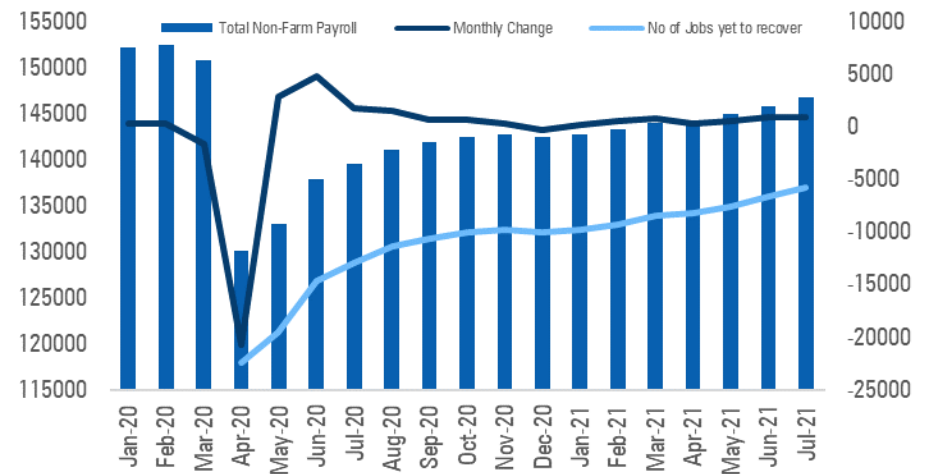
Personal Consumption Expenditures (PCE)



Unemployment rate



Non-farm payrolls





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ANALYST CERTIFICATION

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