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BLOG POST
Federal Reserve Tapering
12/13/2021

The purchase of asset-backed securities to stimulate economic recovery is one of the many tools available to the Federal Reserve to manage the health of the economy. With Jerome Powell's re-nomination as head of the Federal Reserve, the Fed's plan to reduce its $120 billion monthly pandemic bond-buying program remains in place. In contrast to 2013, Chairman Powell and other members of the Fed have continuously said they would provide clear communication well in advance of the actual tapering. During his press conference on Nov. 3, 2021, Fed Chair Powell insisted that, despite tapering, the Fed's stance will remain "accommodative," and will still seek to keep interest rates near zero. Given Powell's transparency, many economists and other experts do not foresee a repeat of the 2013 "taper tantrum."

- Tapering refers to the process of a central bank scaling back its asset purchases when economic conditions improve, and such stimulus is not required.
- Tapering impacts debt markets but can also have ripple effects on U.S. and emerging stock markets.
- If the history of the taper, and the much longer 60-year history of market sentiment is the judge, there are more gains to come, potentially across all sectors, styles, and sizes of equities in the S&P 500 and S&P Composite 1500 Index, according to CFRA Research data.

Source: CNBC