

John C Williams: Ferrying through the crosscurrents

Remarks by Mr John C Williams, President and Chief Executive Officer of the Federal Reserve Bank of New York, at the Staten Island Economic Development Corporation, Staten Island, New York City, 30 March 2026.

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As prepared for delivery

Introduction

Thank you to the Staten Island Economic Development Corporation for hosting today's event. My last regional visit to Staten Island was a virtual one during the pandemic. Even then, I rode the ferry to simulate the true Staten Island experience before heading into a full day of online discussions about economic conditions in the borough. So, it was a thrill to ride the boat over this morning before visiting local businesses and meeting with leaders in person.

The ferry is so iconic that it is immortalized by a Bob Dylan lyric. But traffic patterns on the island can be a unique experience, too. Let's chalk that up to a strong New York economy that has recovered and then grown in the post-pandemic era. That rebound has been the center of many conversations I've had today, and we can continue that discussion here as well. But first, I'll share some prepared remarks about the U.S. economy and how the Federal Reserve is working to achieve its dual mandate goals of maximum employment and price stability.

Before I go further, I must give the standard Fed disclaimer that the views I express today are mine alone and do not necessarily reflect those of the Federal Open Market Committee (FOMC) or others in the Federal Reserve System.

A Resilient Economy

Let's zoom out from New York and take a look at the bigger picture-what's unfolding in the economy across the country and around the globe.

Recent developments in the Middle East have added a great deal of uncertainty around economic activity in that region and for the U.S. economy. I'll return to the implications of geopolitical events later, but first I'd like to focus on where the economy is today.

The year began with the U.S. economy on a good footing. Despite heightened uncertainty around the impact of trade and other policies, the economy has been resilient, with growth remaining solid through last year and into the beginning of this year. Consumer spending has been resilient and business investment has been strong. And the unemployment rate has stabilized over recent months. Inflation remains somewhat elevated due to the effects of tariffs, but those effects should begin to dissipate later this year.

Mixed Signals in the Labor Market

I'll now turn to one side of the Fed's dual mandate: maximum employment. Here, we are getting mixed signals, with some key indicators showing signs of steady while others are suggesting a weakening labor market.

That said, recent indicators of labor market conditions do not point to a sharp change in the balance between labor demand and supply. The unemployment rate has fluctuated in a narrow band of 4.3 to 4.5 percent since last July, and unemployment insurance claims remain low. So-called prime-age labor force participation is near record-high levels, and the rate at which workers quit their jobs to look for better opportunities has been broadly stable. In addition, the New York Fed's Labor Market Tightness Index, which measures how difficult it is for businesses to find workers, has been relatively steady in recent months.¹ And despite some ups and downs, payroll growth and the vacancy rate have not displayed sustained changes in direction.

One cautionary signal is around households' labor market expectations. Perceptions of jobs availability published by the Conference Board and job finding expectations reported in the New York Fed's Survey of Consumer Expectations (SCE) both have been trending downward.² The SCE measure, in particular, may foreshadow a further decline in job-finding rates in coming months.

The recent movements in these survey measures could be a manifestation of the low-hire, low-fire environment, where it's a good labor market if you have steady employment and not so good if you are looking for a job or worried that you may need one soon. The low hiring rate, along with an increase in long-term unemployment, may be contributing to a somewhat more pessimistic perception among households than other indicators of the labor market might suggest.

Inflation Crosscurrents

I'll turn now to the other side of the Fed's mandate: price stability. While the labor market has been sending an unusual set of mixed signals, inflation is experiencing its own unusual crosscurrents due to the effects of tariffs and developments in the Middle East.

As measured by the Personal Consumption Expenditures (PCE) price index, inflation is currently hovering around 3 percent, with tariffs contributing between one half and three quarters of a percentage point to this figure. In addition, the significant increase in energy prices resulting from developments in the Middle East will likely boost overall inflation in coming months, but these effects should partially reverse later this year, assuming oil prices come down after hostilities cease.

Uncertainty around the future path of inflation is high. The conflict in the Middle East could result in a large supply shock with pronounced effects that simultaneously raises inflation-through a surge in intermediate costs and commodity prices-and dampens economic activity. This has begun to play out already. Until recently, the data have not been pointing to significant supply chain bottlenecks, but we are now seeing supply chain disruptions related to the supply of energy and related goods.

The residual effects of tariffs and higher energy prices should increase headline inflation in the short term. But there are still some positive trends. There are no signs of significant second-round effects from tariffs spilling over to the rest of the economy, and the labor market is not adding to inflation pressures. Underlying inflation excluding imported goods has been moving in the right direction. And importantly, most survey- and market-based measures of longer-term inflation expectations-including the New York Fed's Survey of Consumer Expectations-are at levels consistent with the FOMC's 2 percent goal.

Monetary Policy and the Economic Outlook

This is an unusual set of circumstances. But the current stance of monetary policy is well positioned to balance the risks to our maximum employment and price stability goals.

At its most recent meeting, the FOMC decided to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent.³ And, it stated that, "In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks."

Given what we know today, I expect real GDP growth to be close to 2-1/2 percent this year, reflecting tailwinds from fiscal policy, favorable financial conditions, and investment in AI. With growth running above potential, I expect the unemployment rate to edge down over this year and next. And with various short-term factors affecting prices, I expect overall inflation to come in at around 2-3/4 percent this year, before reaching our longer-run 2 percent target in 2027.

Conclusion

It's an unusual time for the economy. There are substantial risks, and uncertainty is high-particularly around the economic effects of the Middle East conflict.

I am strongly committed to supporting maximum employment and returning inflation to our 2 percent longer-run goal on a sustained basis. In assessing the future path of monetary policy, my views, as always, will be based on the evolution of the totality of the data, the economic outlook, and the balance of risks to the achievement of our maximum employment and price stability goals.

¹ Federal Reserve Bank of New York, [Heise, Pearce, Weber \(HPW\) Labor Market Tightness Index](#), (January 2026).

² Federal Reserve Bank of New York, [Survey of Consumer Expectations](#), (February 2026).

³ Board of Governors of the Federal Reserve System, [Federal Reserve issues FOMC statement](#), March 18, 2026.

