

John C Williams: There is no try

Remarks by Mr John C Williams, President and Chief Executive Officer of the Federal Reserve Bank of New York, at the Cynosure Group Spring Symposium, New York City, 4 May 2026.

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As prepared for delivery

Introduction

Good afternoon. I'd like to thank the Cynosure Group for having me here today. Randy often needles me for using overly modern cultural references in my discourse-by which he means those that postdate Cicero. In that regard, I can't help but point out that Cynosure refers to the constellation commonly known as the Little Dipper, and this event is being held on May the 4th. A perfect alignment of the stars, if there ever was one.

Today, I will talk about how the Federal Reserve is working to achieve its dual mandate of maximum employment and price stability at a time of great uncertainty. I'll also discuss the U.S. economy and monetary policy. And I'll give my economic outlook.

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 Future in Motion

A wise Jedi master once said, "Always in motion is the future," and that is especially true today. The Middle East conflict has introduced significant and unpredictable risks to economies across the globe, and it came amid what was already an uncertain and unusual environment in the U.S.

In fact, this time last year, "uncertainty" was the overwhelming theme in remarks I gave about the economy. It was also mentioned a record number of times in the Federal Reserve's Beige Book, which summarizes reports on economic conditions across the country.

At that time, the uncertainty stemmed from trade and other government policies. Those forces are still in play. Nonetheless, the U.S. economy has so far remained remarkably resilient. Real GDP grew 2 percent in 2025 and is poised to maintain that pace for the rest of this year. Consumer spending has held up, and business investment has remained robust, fueled in large part by AI-related outlays. These factors have helped offset declines in spending on residential construction and by the federal government.

When evaluating the economy, it's imperative to look at the totality of the data and how it evolves. After all, a little more knowledge lights the way.

So, I'm going to spend some time discussing what the data are telling us about the economy, the labor market, and inflation. I'll start with employment.

The Living Force

Lately, the labor market has shown conflicting signs: Much of the hard data points to stabilization, while some of the soft data suggest continued gradual slowing.

I'll start with the hard data. At 4.3 percent, the unemployment rate has changed little over the past nine months, and payroll growth has remained low but at levels consistent with underlying labor force growth. In addition, unemployment insurance claims and other forward-looking measures of layoffs continue to be low and stable.

Meanwhile, some soft data suggest a less sanguine view. Perceptions of job availability from the Conference Board survey have continued to trend downward. Similarly, we have yet to see signs of sustained stabilization in the "job security gap," which is the difference between job-finding and job-loss expectations in the New York Fed's Survey of Consumer Expectations.¹ From the perspective of employers, the National Federation of Independent Business² survey measure of how difficult it is to fill positions has been moving downward. Together, these indicators suggest increasing labor market slack.

Although this dissonance in the hard and soft data may reflect the effects of a low-hire, low-fire labor market, it bears continued close monitoring for signs that conditions are shifting.

A Disturbance in the Force

On the price stability side of the Fed's dual mandate, overall inflation—as measured by the Personal Consumption Expenditures price index—rose to 3-1/2 percent in March. The combination of higher tariffs and energy prices has contributed about a percentage point to that figure. I expect inflation to remain elevated and above the FOMC's longer-run 2 percent goal for the next few quarters, largely due to those two factors.

The effects of tariffs continue to be borne overwhelmingly by domestic producers and consumers, and they have not yet fully played out. I anticipate the pass-through of current tariffs to prices to be mostly completed in the next few months and therefore their effects on the inflation rate to fade. However, I also expect there will be a new round of tariffs in the coming months, which would put additional upward pressure on import prices.

In addition, the Middle East conflict has brought about a surge in the price of oil and other energy and non-energy inputs. Along with the rising cost of fuel, there are also pass-through costs in the form of higher airfares, groceries, fertilizers, packaging, and other consumer products.

Notable supply-chain disruptions have also emerged. In particular, the flash PMI surveys for April showed abrupt, sharp increases in delivery times and input prices, especially outside of the U.S.³ This echoes the severe shortages and supply

disruptions that the world economy experienced in 2021 as it emerged from the pandemic.

Unlike then, the labor market is not adding to inflation pressures, as seen in the New York Fed's Labor Market Tightness Index⁴ and confirmed by the data on wage growth. This is reassuring, since one lesson from the post-pandemic period was that a perfect storm of higher input *and* labor costs led to larger-than-normal pass-through to prices, exacerbating the inflationary effects of the shocks. In addition, underlying inflation outside of imported goods and energy has so far remained stable, and there are still no signs of significant second-round effects from tariffs spilling over to the rest of the economy.

Another positive sign: Inflation expectations have remained well anchored despite the deluge of shocks. In the New York Fed's Survey of Consumer Expectations, while one-year-ahead inflation expectations have picked up, medium- and longer-term expectations have remained solidly anchored. We see the same pattern in market-based measures. This is critically important, because well-anchored expectations have proven to be invaluable to ensuring price stability during unexpected shocks and extreme uncertainty.

Bringing Balance to the Force

The elevated levels of inflation, mixed signals from the labor market, and heightened uncertainty from the Middle East conflict present 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. Accordingly, at its meeting last week, the FOMC decided to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent.⁵

Looking ahead, my base case is for inflation to be about 3 percent this year, before dropping to our 2 percent target in 2027 as the effects of tariffs and energy prices move into the rearview mirror.

I anticipate real GDP growth to be between 2 and 2-1/4 percent this year and next. Consequently, with growth around its trend pace, I expect the unemployment rate will remain in its recent range of 4-1/4 to 4-1/2 percent.

Right now, the future is difficult to see, and the risks to both sides of our mandate have increased. The extent and duration of the effects of supply disruptions and higher energy prices that are emanating from the Middle East conflict are key factors that will shape the global economic outlook. We simply can't know how this will play out. Market expectations of the future path of oil prices are fairly benign, but several plausible scenarios entail more severe dislocations in both prices and quantities.

Because the global economy is highly integrated, the emerging supply-chain issues will have wide-ranging consequences. For example, Asian countries that play a key role in the supply of high-tech equipment are particularly exposed to shortages of various commodities. Thus, the conflict could result in a larger and broader-based supply shock that has more severe adverse consequences for inflation and economic activity.

To paraphrase our Jedi master, "Much to learn we still have."

Adaptation Is Key

Before I close, I'd like to say a few words about the Fed's balance sheet. The FOMC operates in an ample reserves framework, where interest rate control is exercised primarily through administered rates, and the active management of reserves is not required.⁶

Adaptation is the key. Determining when reserves are ample is an inexact science. It depends on careful monitoring and analysis of a variety of market indicators related to the federal funds market, the repo market, and payments to help assess the state of reserve demand conditions.

We are well positioned to manage shifts in demand for reserves and other Federal Reserve liabilities that result from changes in the banking system-whether that's due to regulations, financial sector innovations, or seasonal fluctuations, such as Tax Day.

The Mission

I can't help but end with my favorite quote from the Star Wars universe: "Do or do not. There is no try."

Despite the uncertainty, we have a mission. I am steadfastly committed to supporting maximum employment and bringing inflation down 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.

May the 4th be with you.

¹ Federal Reserve Bank of New York, [Survey of Consumer Expectations](#) (March 2026).

² NFIB Small Business Employment Index, [March 2026 Jobs Report](#).

³ S&P Global, [PMI®](#) (April Flash Manufacturing) for China, Eurozone, Japan, Mexico, South Korea, Taiwan, United Kingdom, and United States.

⁴ Federal Reserve Bank of New York, [Heise, Pearce, Weber \(HPW\) Labor Market Tightness Index](#) (February 2026).

⁵ Board of Governors of the Federal Reserve System, [Federal Reserve issues FOMC statement](#), April 29, 2026.

⁶ Board of Governors of the Federal Reserve System, [Statement Regarding Monetary Policy Implementation and Balance Sheet Normalization](#), January 30, 2019.

