



# American Heritage Financial

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## Former Fed president gives thoughts on 2015

On Wednesday, February 11, AHF Advisor Brian Vincelette attended an event sponsored by the Akron Community Foundations Professional Advisor Counsel. The event featured the former Federal Reserve Bank of Cleveland President, Sandra Pianalto, who discussed her experience at the Federal Reserve and her expectations for the economy in 2015. Here's what she had to say:

### The Current Interest Rate Environment

The current interest rate environment was the highlight of Ms. Pianalto's discussion. Over the past 3 years the continued thought process and lead objective has been "accommodative". Ms. Pianalto's belief that under Janet Yellen the Fed will continue low rates until it believes the U.S. economy can sustain itself without returning to a recession. The former Fed Chief Ben Bernanke referenced two instances in which policy tightening occurred too early and a secondary recession occurred, The Depression and Japan's economy in the 2000's. Two key factors of focus in today's environment are the unemployment rate and the inflation rate. While the employment rate seems to be stabilizing in a target zone, deflation continues to occur. In a "healthy" environment the Fed would like to see inflation stabilize at or above 2%. While serving on the Board of Governors of the Federal Reserve System back in 1995 Janet Yellen presented that for each percentage point drop in the inflation rate there was a 4+ percent drop in Gross Domestic Product. Janet Yellen has completed 1 year directing the current Fed Policy and Ms. Pianalto believes she will continue to focus on the timing of a rate hike, albeit probably later than sooner!



Photo: Laura Fink, Akron Community Foundation, Brian Vincelette, American Heritage Financial and Sandra Pianalto, former president of the Federal Reserve Bank of Cleveland.

**About Sandra Pianalto** Sandra Pianalto served as the president and chief executive officer of the Federal Reserve Bank of Cleveland from February 2003 through May 2014. Ms. Pianalto joined the bank in 1983 and, during her tenure, had both national and local leadership responsibilities. Before joining the bank, Ms. Pianalto was an economist at the Federal Reserve Board of Governors in Washington, D.C. and served on the staff of the Budget Committee of the U.S. House of Representatives.