

Getting to Know The FOMC: John Williams

October 18, 2016

John Williams is the President of the Federal Reserve Bank of San Francisco. Williams is not a 2016 member of the FOMC. He was a voting member last year but in line with the FOMC rotation system he will not be a voting member again until 2018.

Overall, Williams has become much of a policy centrist over the years. He was known for working closely with Chairwoman Yellen as he served as her Director of Research until 2010 when she was the San Francisco Fed President. And through about mid-2013 his views were strongly dovish and in line with Yellen's as he consistently advocated for quantitative easing. But in 2015, Williams turned slightly hawkish as he made a clear case for supporting a hike sooner rather than later. He repeatedly voiced a preference for hiking, arguing that this would give the Fed room to move gradually. A quote from his speech in May of 2015 most clearly articulates his view:

"The decision to raise rates is actually three decisions: Not just when, but how quickly and how high. I see a safer course in a gradual increase, and that calls for starting a bit earlier"

Williams followed up these comments last September when he came out in favor of a hike in either October or December. He even gave some earlier indications that he was ready to hike at September's meeting, though he did not join Jeffrey Lacker as a dissenting voter when the committee decided to hold rates steady. Despite his hawkish comments, Williams did not dissent in October either when he voted to keep rates near zero once again. He did vote for the increase in December at 2015's final meeting. Williams might be the best example of why as investors we should be careful not to ascribe too much weight to the comments of these various Fed Presidents and Governors. Maybe the best way to sum up John Williams from a policy standpoint is as a long-term dove yet short-term hawk.

Don't expect the market to pay any extra attention to today's Fed-Speak as neither Presidents are current FOMC voting members. John Williams will make his speech at 8:45 AM EST and Robert Kaplan will speak later in the day at 1:30 PM EST.