

What is Jackson Hole?

Jackson Hole refers to an annual economic policy symposium, hosted by the Federal Reserve Bank of Kansas City in the mountain resort of Jackson Hole, Wyoming. Symposium participants include prominent central bankers, finance ministers, economists, academics, and financial market participants from around the world. This year's theme is "Designing Resilient Monetary Policy Frameworks for the Future," suggesting discussion will focus on how to tackle the next downturn and achieve monetary policy goals amid an environment of persistently slow growth and inflation as well as historically low interest rates.

What to Watch for at This Year's Conference?

The main highlight will of course be **Janet Yellen's remarks** today (Friday) at 10am ET. Market participants will be scrutinizing every word out of the Fed Chair's mouth for clues about future rate hikes and the longer term monetary policy outlook. Her speech is titled "The Federal Reserve's Monetary Policy Toolkit" and is expected to stay on theme, focusing mainly on the Fed's strategy to fight future economic downturns.

Earlier in the month San Francisco Fed President John Williams made the **case for raising the inflation target** in order to adapt to the new world of lower interest rates. His proposed rethinking of inflation targeting has garnered much attention from economists and academics and is likely to be a point of discussion at the three-day meeting.

A lot has taken place in the world of monetary policy since last year's Jackson Hole gathering. The Bank of Japan has sent rates into negative territory joining a number of European economies grappling with poor economic growth and strong currencies. The symposium will be an opportunity for central bankers from around the world to discuss and share their countries' experiences with **negative interest rates**.

After a decade of quantitative easing and ultra-dovish monetary policy has failed to prompt the targeted break out in inflation and growth expected, many economists are beginning to question their longstanding assumptions about interest rates. More attention is now being paid to an abstract interest rate known as the **natural rate**, a theoretical underlying rate which keeps the economy operating at full employment and stable inflation. The natural rate is a likely topic of discussion as it is currently lingering around historical lows which implies a shallower path of rate increases in the future.

Interesting Video on the History of Jackson Hole:

<http://www.bloomberg.com/news/videos/2016-08-25/carson-block-shorts-st-jude-on-hack-threat>

Sources:

<https://www.kansascityfed.org/publications/research/escp>

<http://www.wsj.com/articles/what-to-watch-for-at-the-kansas-city-feds-jackson-hole-conference-1472140943>

