

PRESENTATION | EXECUTIVE OFFICE | JULY 3, 2025

The Dual Mandate and the Primacy of Inflation Expectations

Institute for Monetary and Financial Stability's
Distinguished Lecture Series



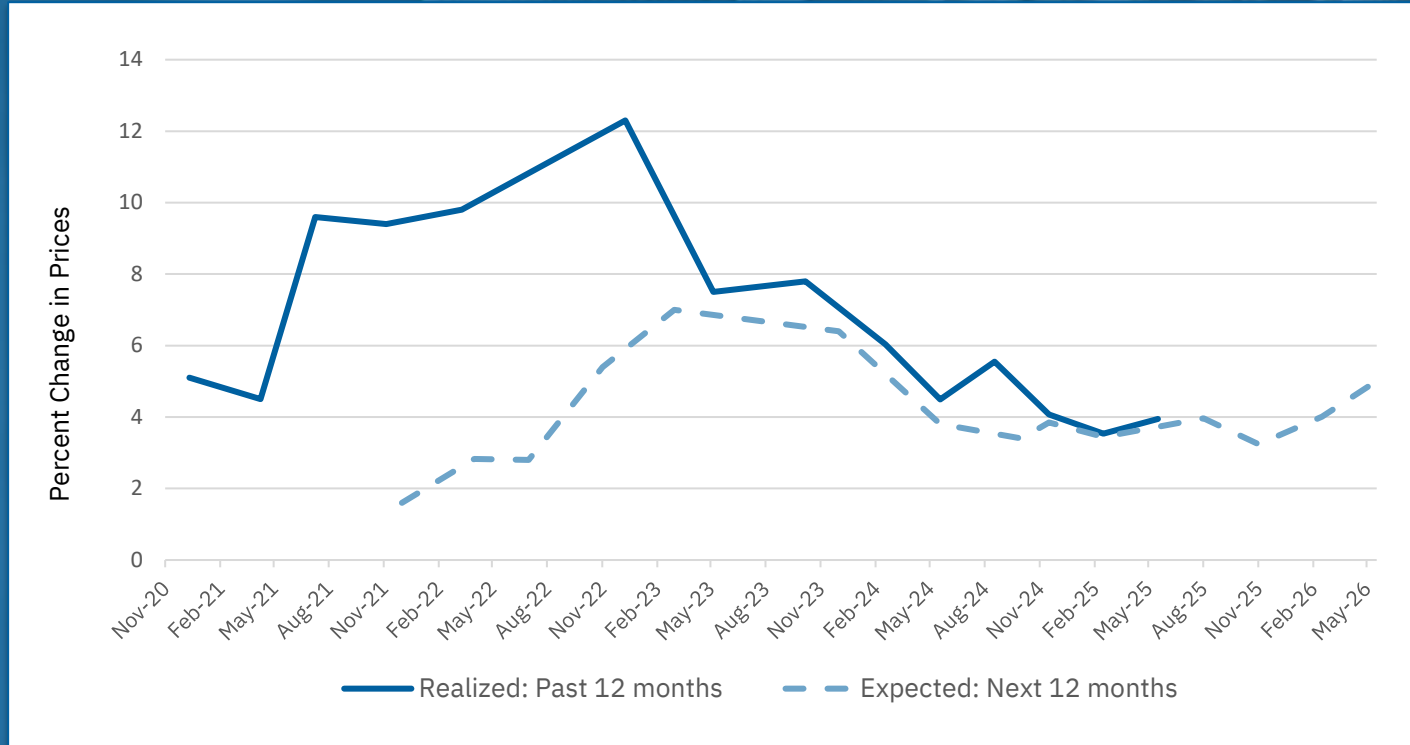
Raphael Bostic
President and
Chief Executive Officer



Federal Reserve
Bank of Atlanta

Note: The thoughts I share are my own and do not necessarily reflect the views of my colleagues at the Atlanta Fed, the Federal Reserve System, or the Federal Open Market Committee.

In May 2025 BIE, firms expect larger price hikes compared to six months ago. Price change expectations for May 2026 are higher than any time over the prior two years.



Fed History Timeline

Federal Reserve Act signed by President Woodrow Wilson.

The Open Market Investment Committee established to conduct open-market operations.

The Employment Act of 1946 established roots of the dual mandate.

1913

1914

1923

1930s

1946

1951

The 12 regional Reserve Banks open across the country.

Disagreements among Fed leaders produced ineffective lender-of-last-resort practices.

Treasury and Fed agree to separate government debt management from monetary policy.



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Fed History Timeline (continued)

The Federal Reserve Act is amended.

Policymaking Federal Open Market Committee (FOMC) releases first statement.

Federal Reserve Chair Ben Bernanke holds first news conference following FOMC meeting.

1977

1978

1994

2007

2011

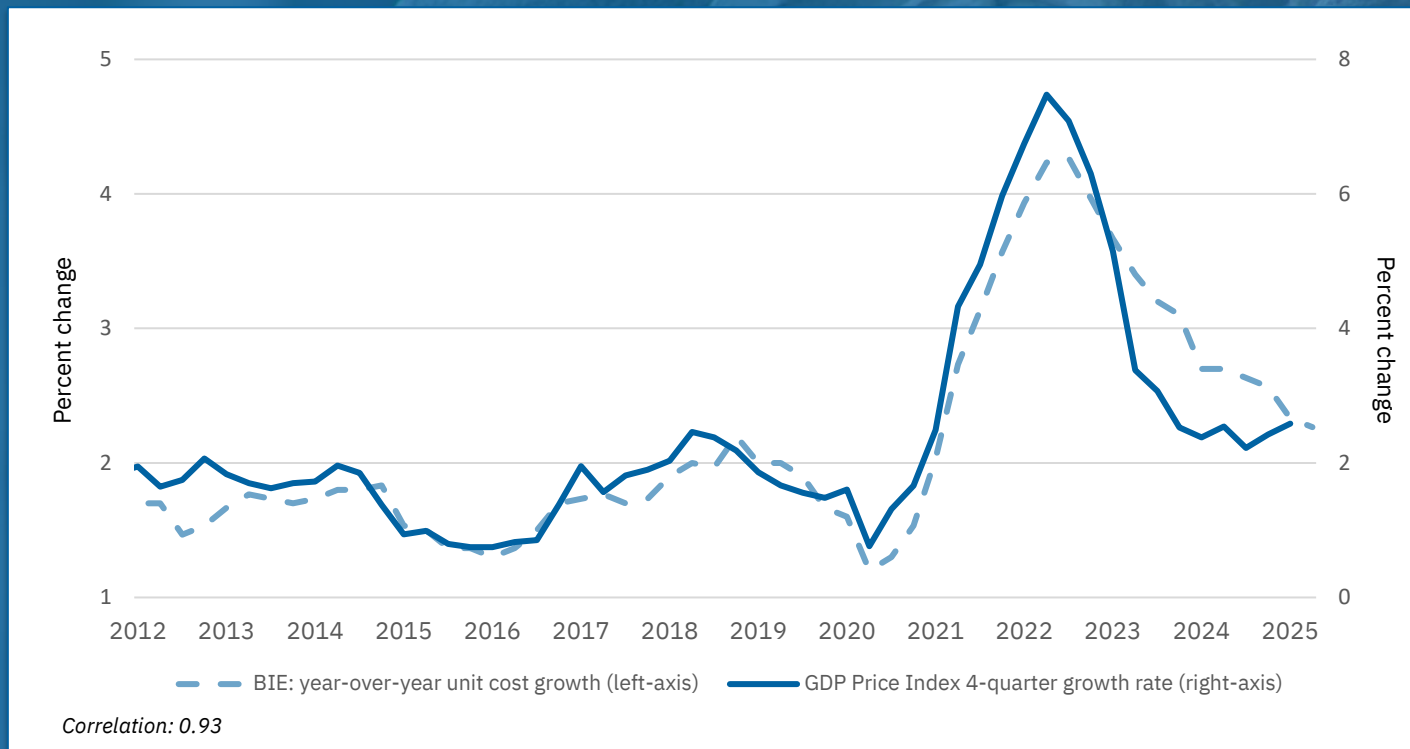
The Full Employment and Balanced Growth Act passes, establishing maximum employment mandate.

FOMC introduces Summary of Economic Projections.

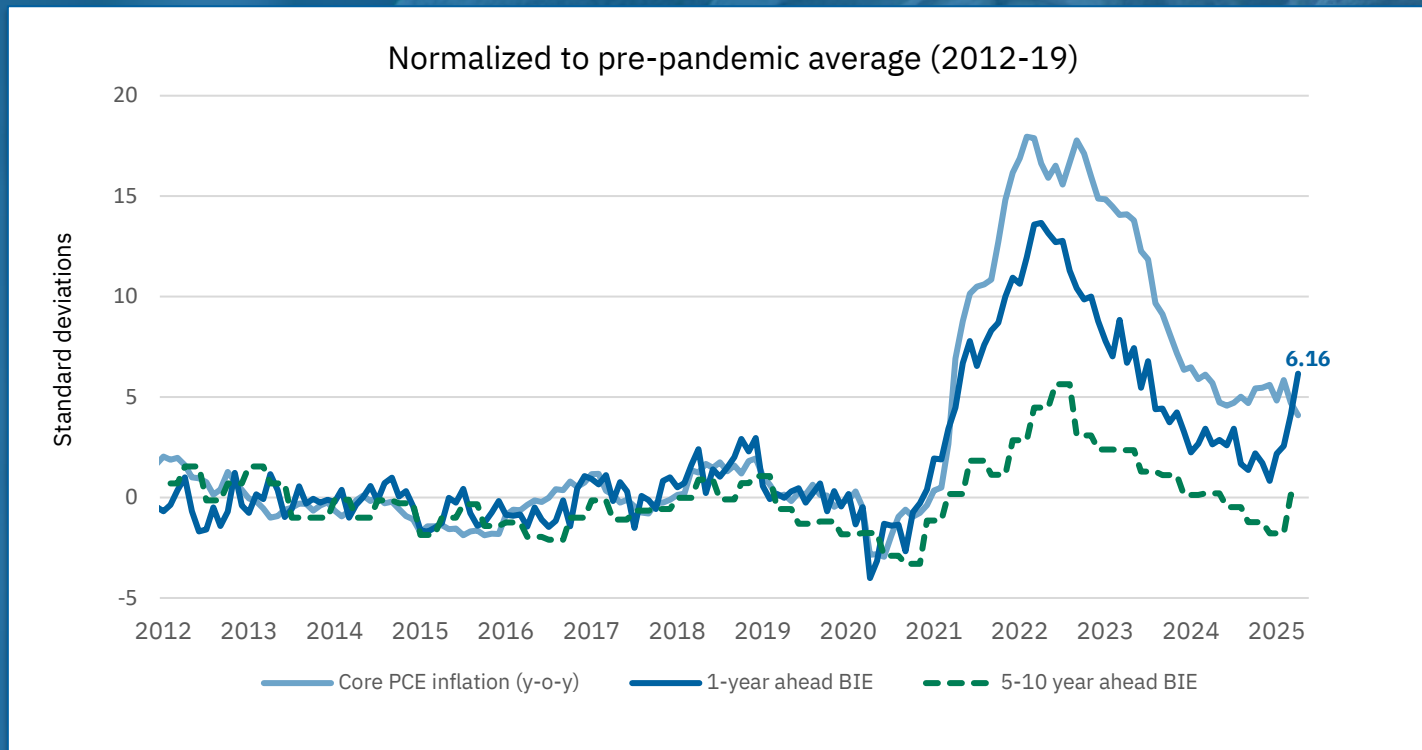


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Unit cost realizations closely track US inflation.



Short-run expectations rose sharply as inflation surged.



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