



EMBARGOED UNTIL TUESDAY, APRIL 15, AT 4:10 P.M. OR UPON DELIVERY

Monetary Policy and Forward Guidance

Eric S. Rosengren
President & CEO
Federal Reserve Bank of Boston

April 15, 2014

Husson University
Bangor, Maine

bostonfed.org

Figure 1: Civilian Unemployment Rate (U-3): Total Unemployed as a Percent of the Civilian Labor Force

January 1994 - March 2014

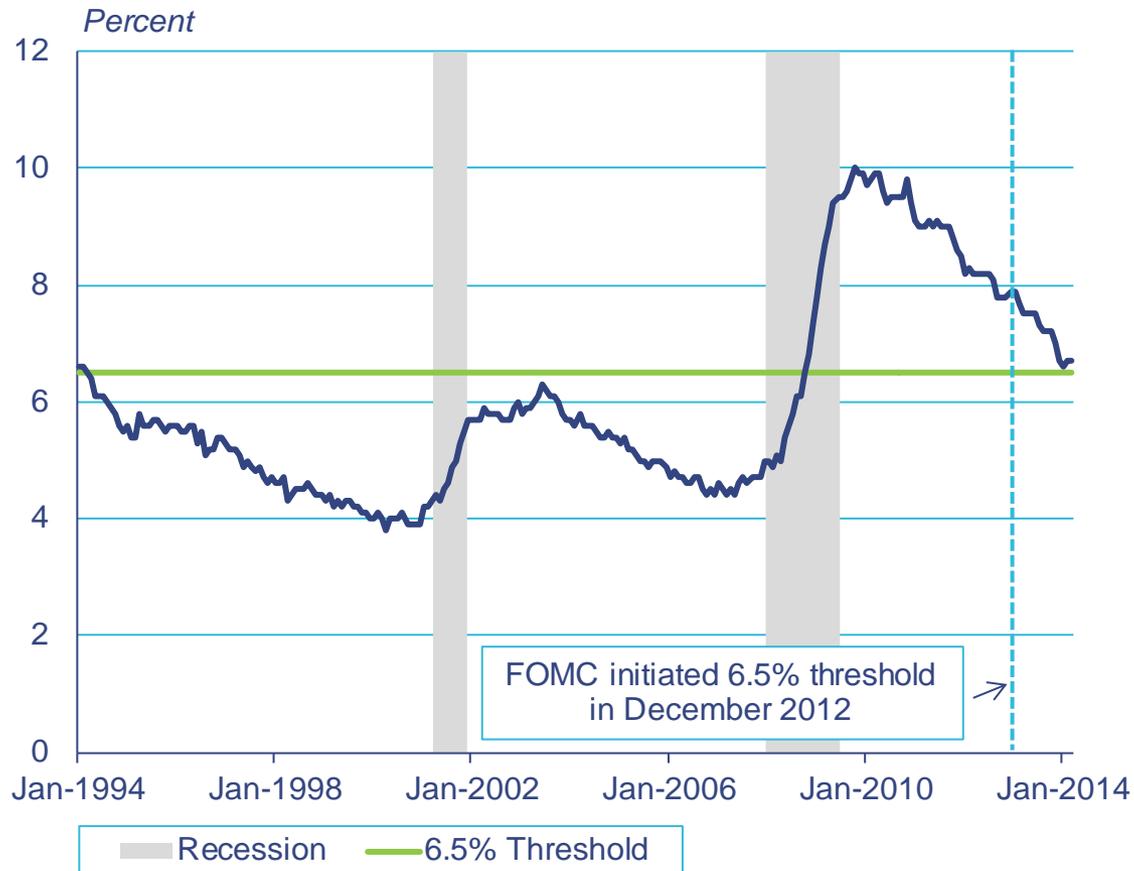
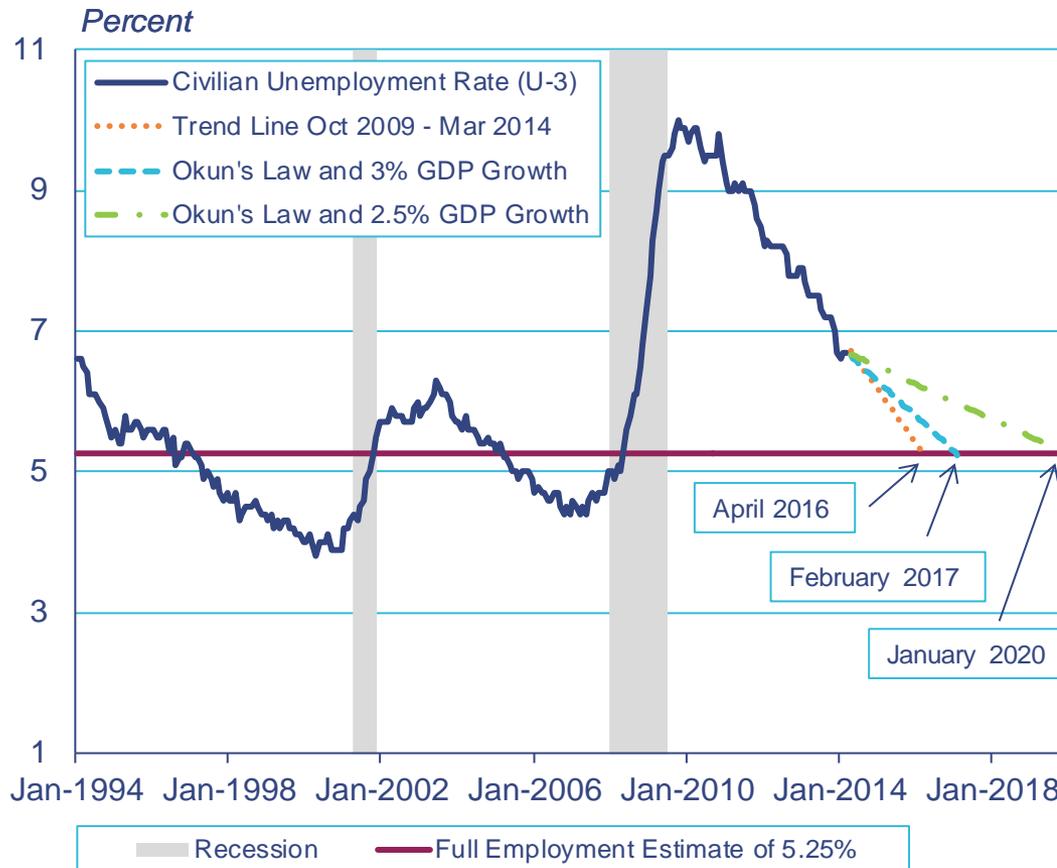


Figure 2: Civilian Unemployment Rate (U-3) Path based on Okun's Law and Recent Trends

Jan 1994 - Mar 2014 Actual, Apr 2014 - Jan 2020 Projections

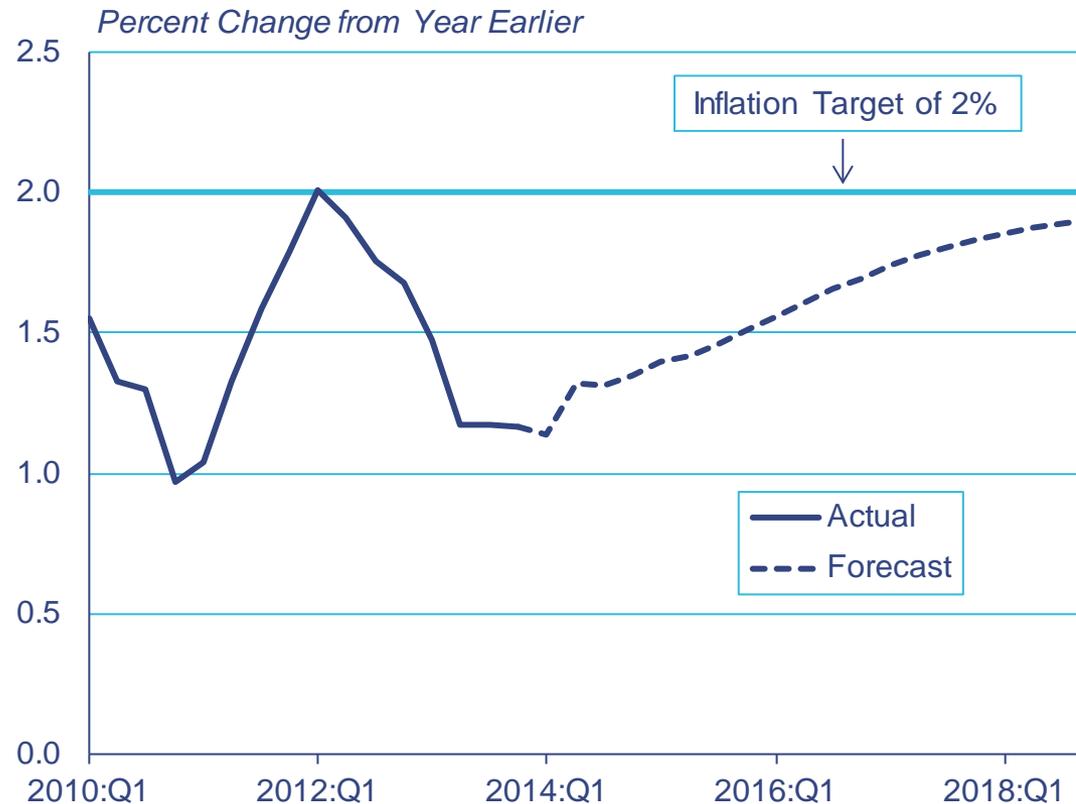


Note: Okun's Law projections assume growth of 1% and 0.5% above potential GDP growth of 2%.

Source: BLS, NBER, Haver Analytics, Author's Calculations

Figure 3: Inflation Rate: Change in Core Personal Consumption Expenditure (PCE) Price Index

2010:Q1 - 2013:Q4 Actual, 2014:Q1 - 2018:Q4 Forecast



Note: Forecast uses a Phillips Curve with anchored inflation expectations. Projected inflation is based on the expected evolution of the unemployment rate from the midpoint of the central tendency of the SEP. Source: BEA, NBER, Haver Analytics, Federal Reserve Bank of Boston Calculations



Figure 4: Housing Starts: Actual and Blue Chip Forecast

1994 - 2013 Actual, 2014 - 2015 Forecast

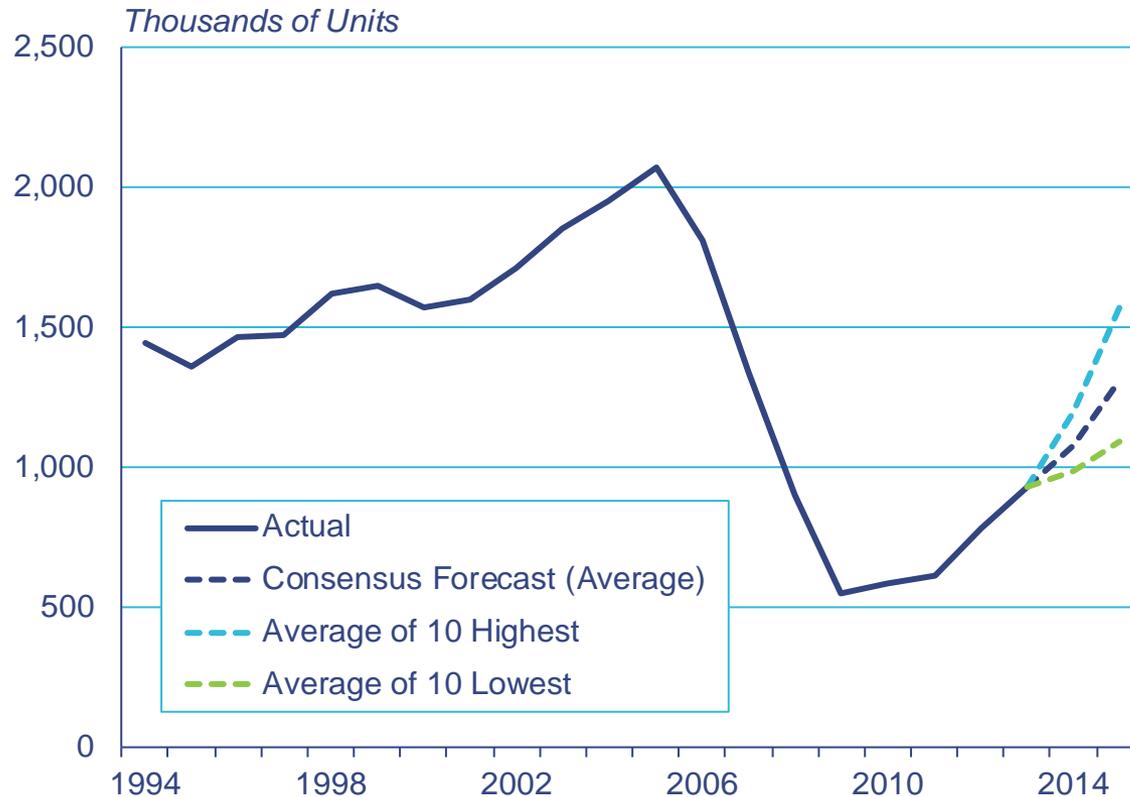




Figure 5: Population and Households

January 1994 - December 2013

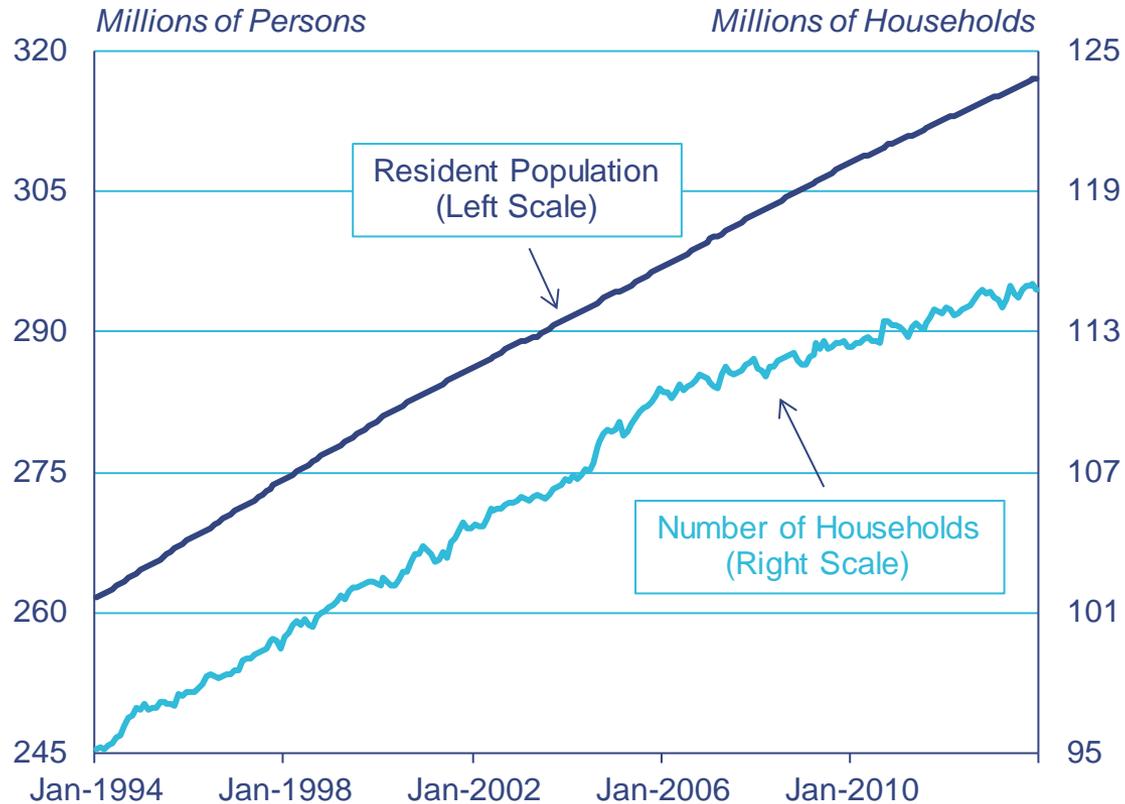




Figure 6: Growth in Households

1994:Q1 - 2013:Q4

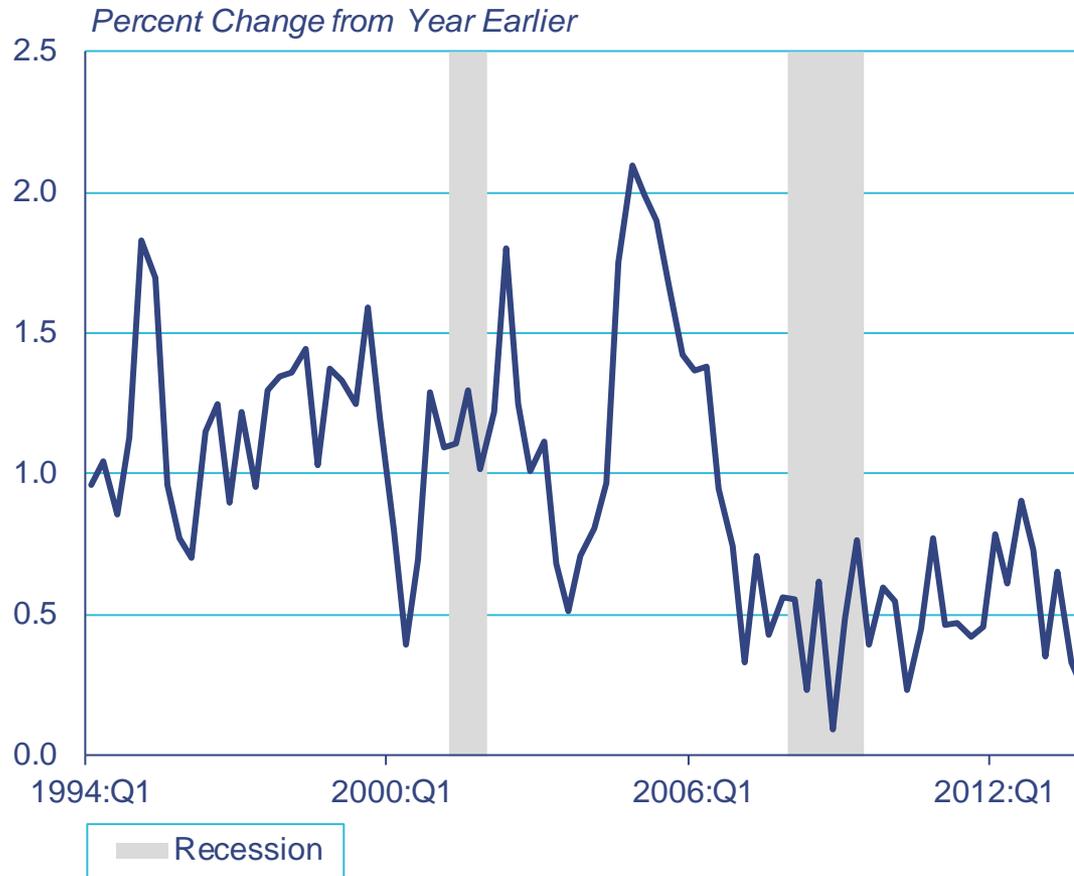




Figure 7: Checkable Deposits and Currency of Nonfinancial Corporate Businesses

1980:Q1 - 2013:Q4

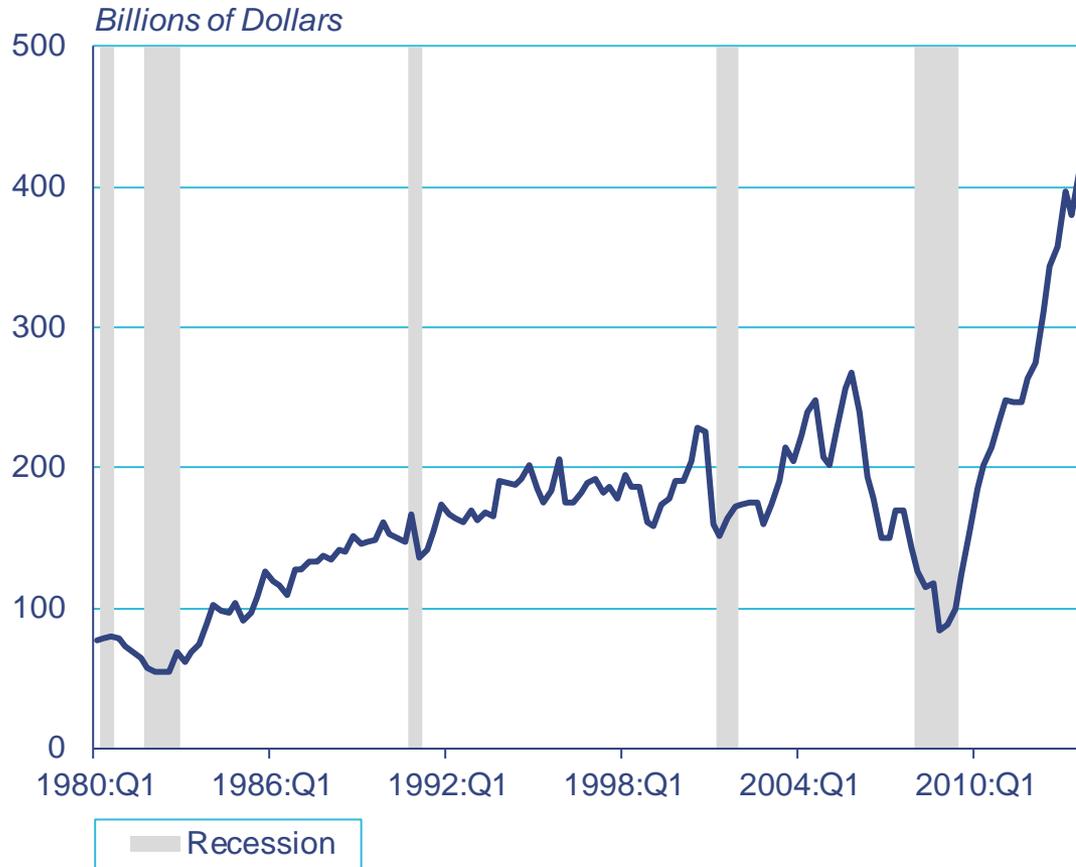




Figure 8: Checkable Deposits and Currency of Households and Nonprofit Organizations

1980:Q1 - 2013:Q4

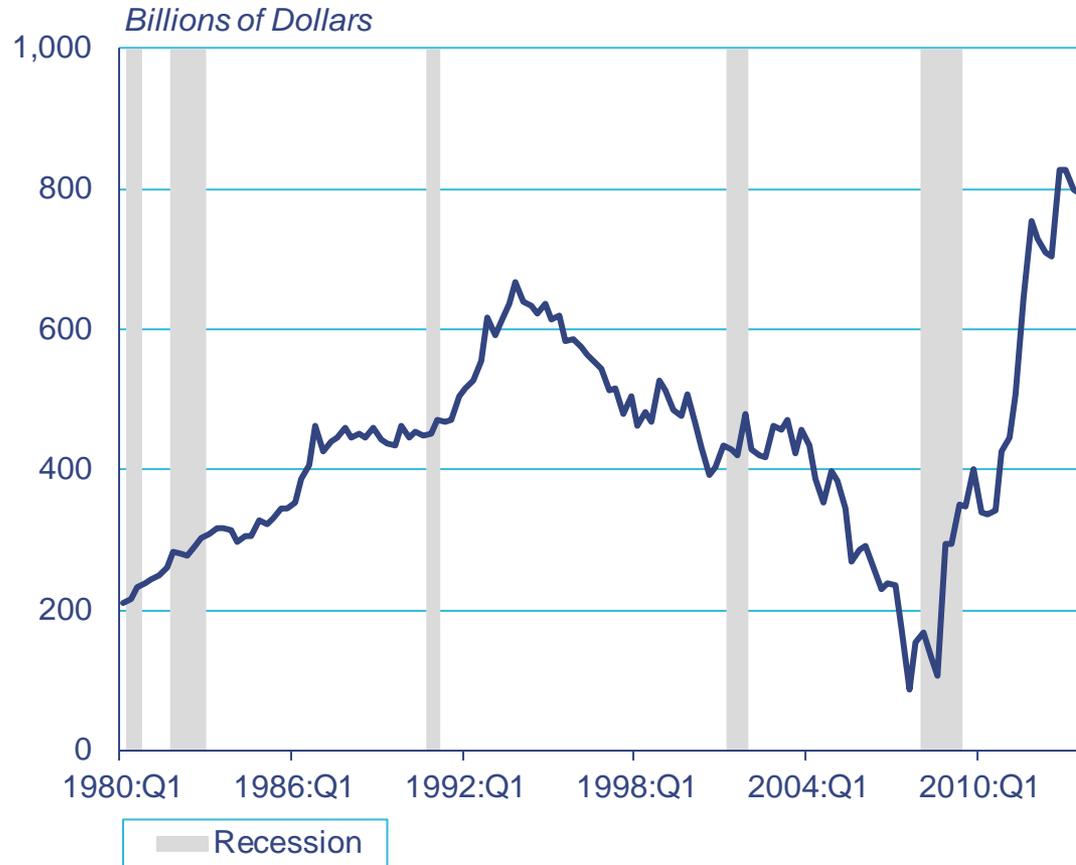


Figure 9: Persons Employed Part Time for Economic Reasons as a Percent of the Civilian Labor Force

1994:Q1 - 2014:Q1

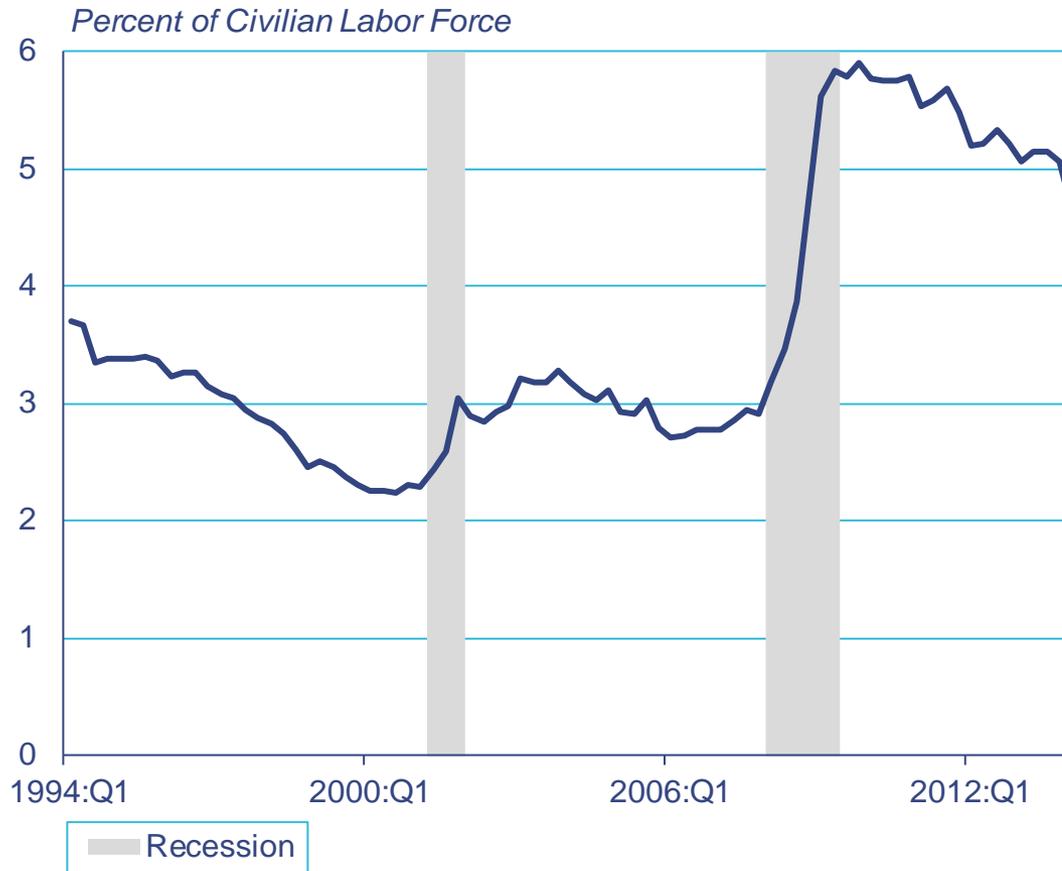


Figure 10: Long-Term Unemployment: Persons Unemployed 27 Weeks or More as a Percent of Total Unemployed Civilians

1980:Q1 - 2014:Q1

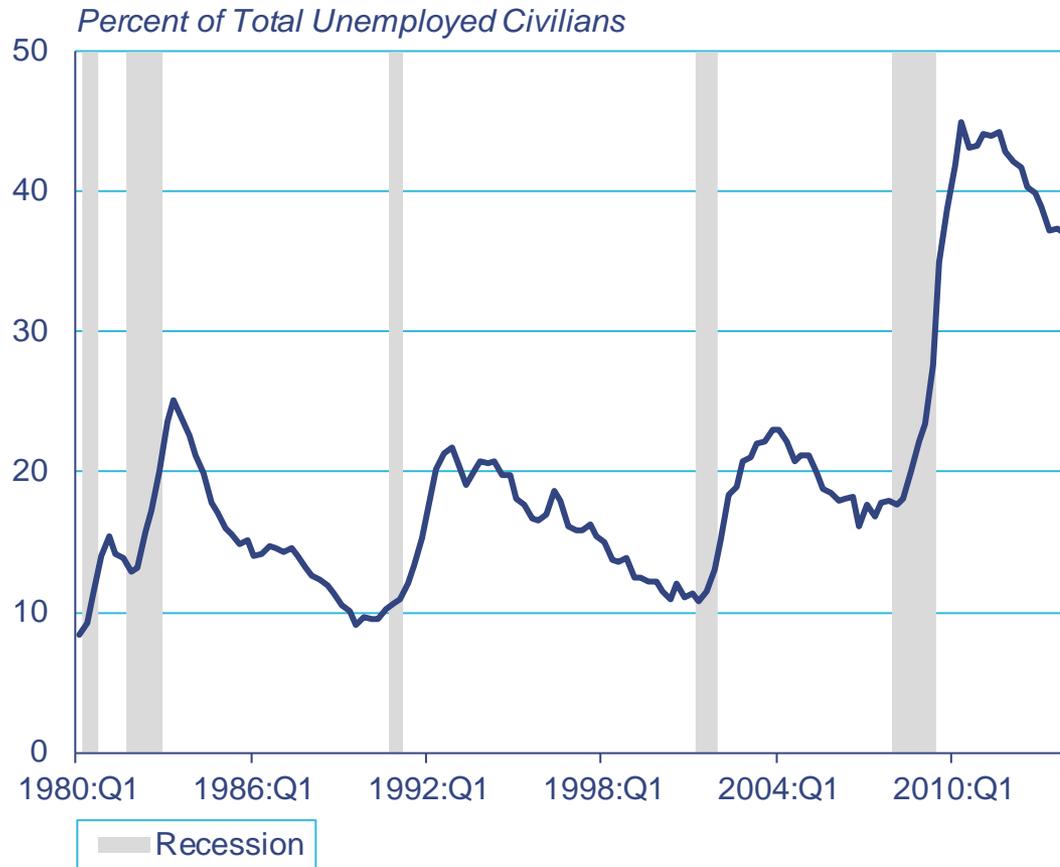
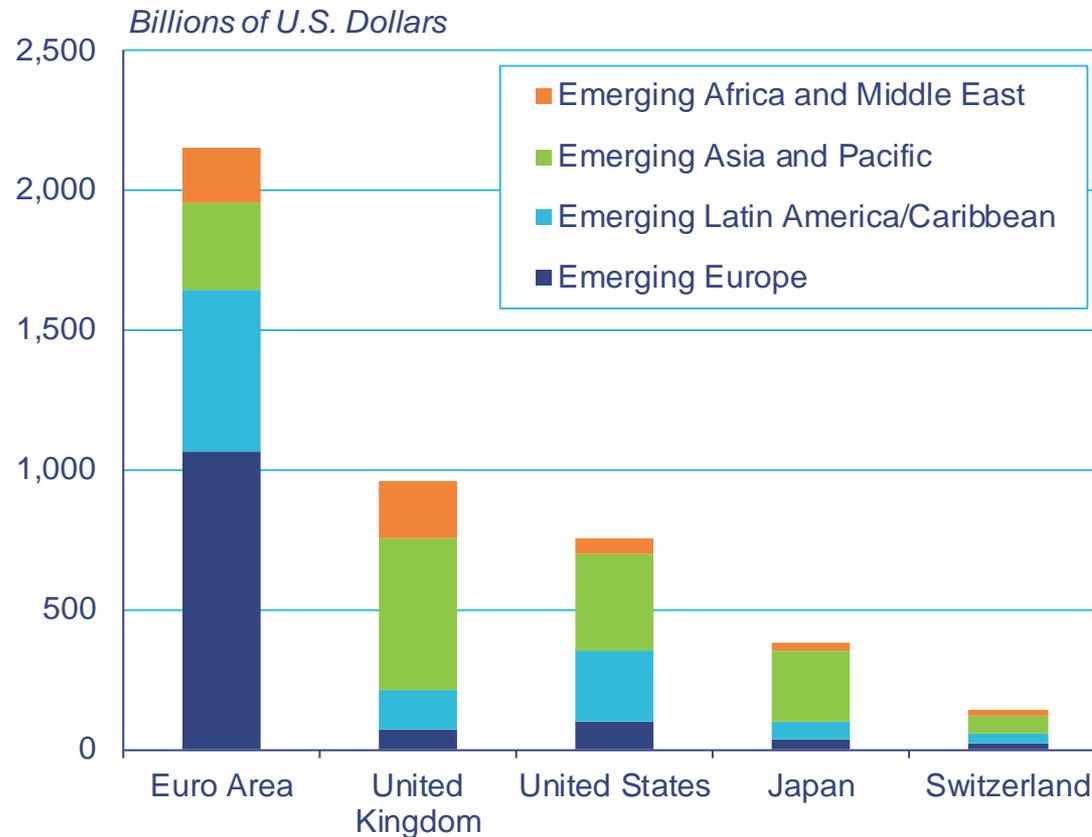


Figure 11: Foreign Claims of Domestically Owned Reporting Banks on Emerging Market Economies Consolidated, Ultimate Risk Basis

2013:Q3



Note: Worldwide consolidated positions of domestically owned banks of 24 reporting countries.

Source: BIS Quarterly Review, March 2014, Statistical Annex Table 2B