



EMBARGOED UNTIL TUESDAY, SEPTEMBER 1, 2015 AT 1:10 P.M. EASTERN TIME OR UPON DELIVERY

This Time is Different: Lessons from Past Tightening Cycles

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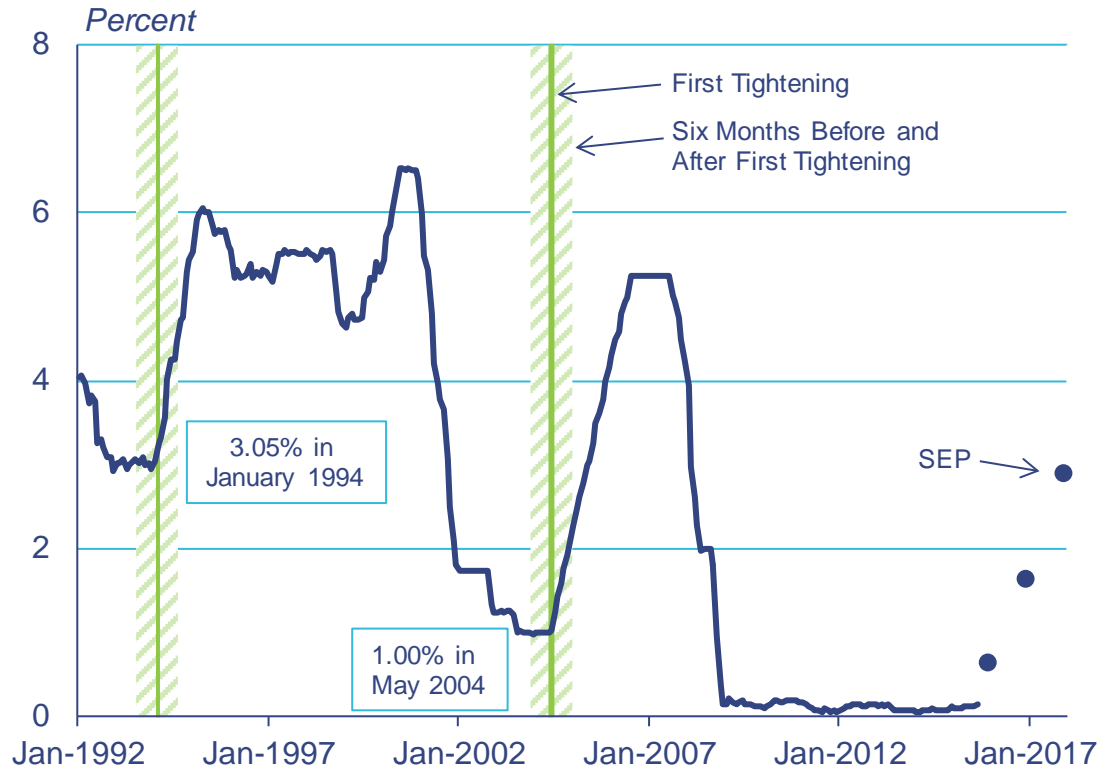
September 1, 2015

The Forecasters Club of New York
New York, New York

bostonfed.org



Figure 1: Federal Funds Effective Rate January 1992 - December 2017



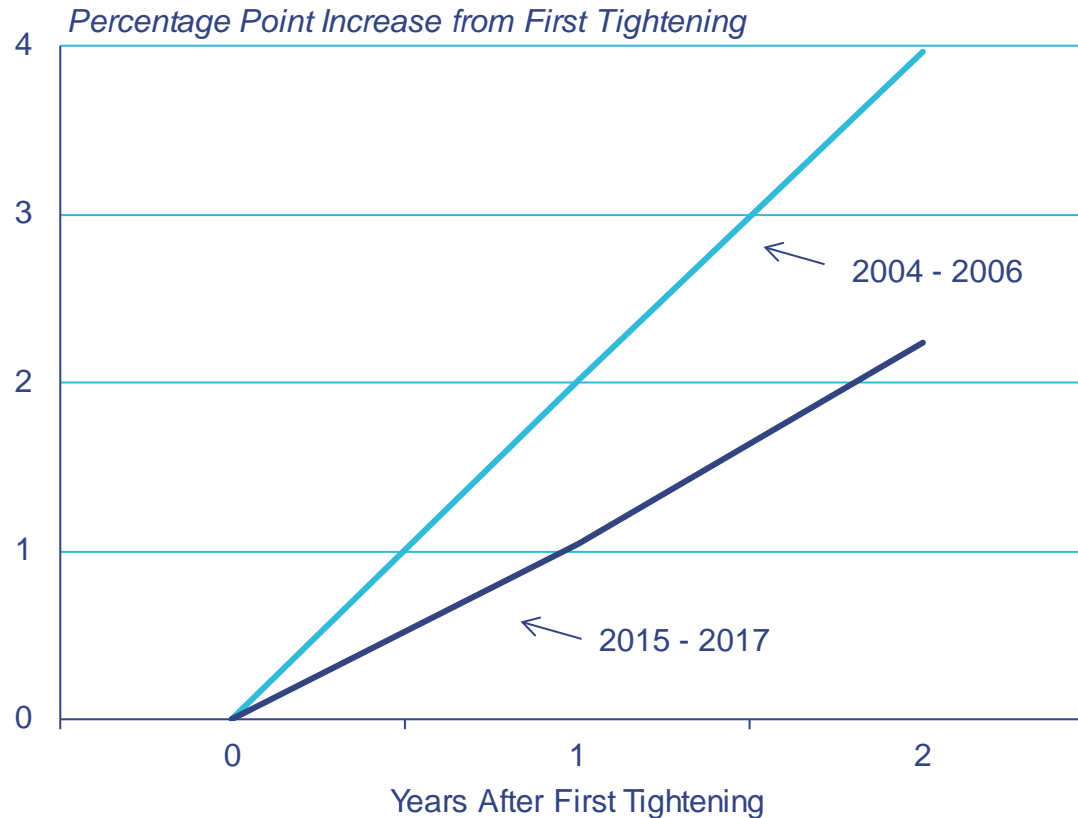
Note: The two previous first tightenings were February 4, 1994 and June 30, 2004. The figures from the Summary of Economic Projections are the medians of the projections for the midpoint of the federal funds target range at yearend for 2015 - 2017.

Source: Federal Reserve Board, FOMC, Summary of Economic Projections (SEP), June 2015, Haver Analytics



Figure 2: Interest Rate Path: Federal Funds Effective Rate

2004 - 2006 and 2015 - 2017

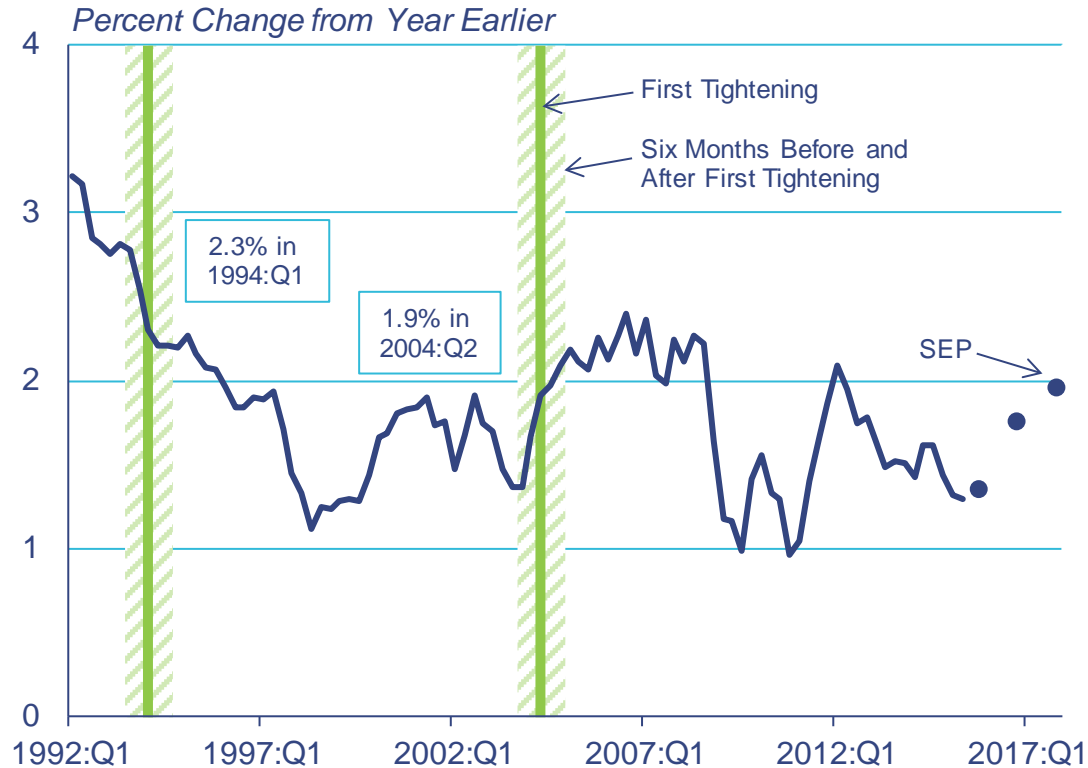


Note: The increases in the federal funds rate are from June 2004 for 2004 - 2006, and from September 2015 for 2015 - 2017. (The 2015 - 2017 figures were determined by interpolating, using the most recent monthly average federal funds rate (July 2015) and the SEP median values for yearend 2015 - 2017).

Source: Federal Reserve Board, FOMC, Summary of Economic Projections (SEP), June 2015, Haver Analytics

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

1992:Q1 - 2017:Q4



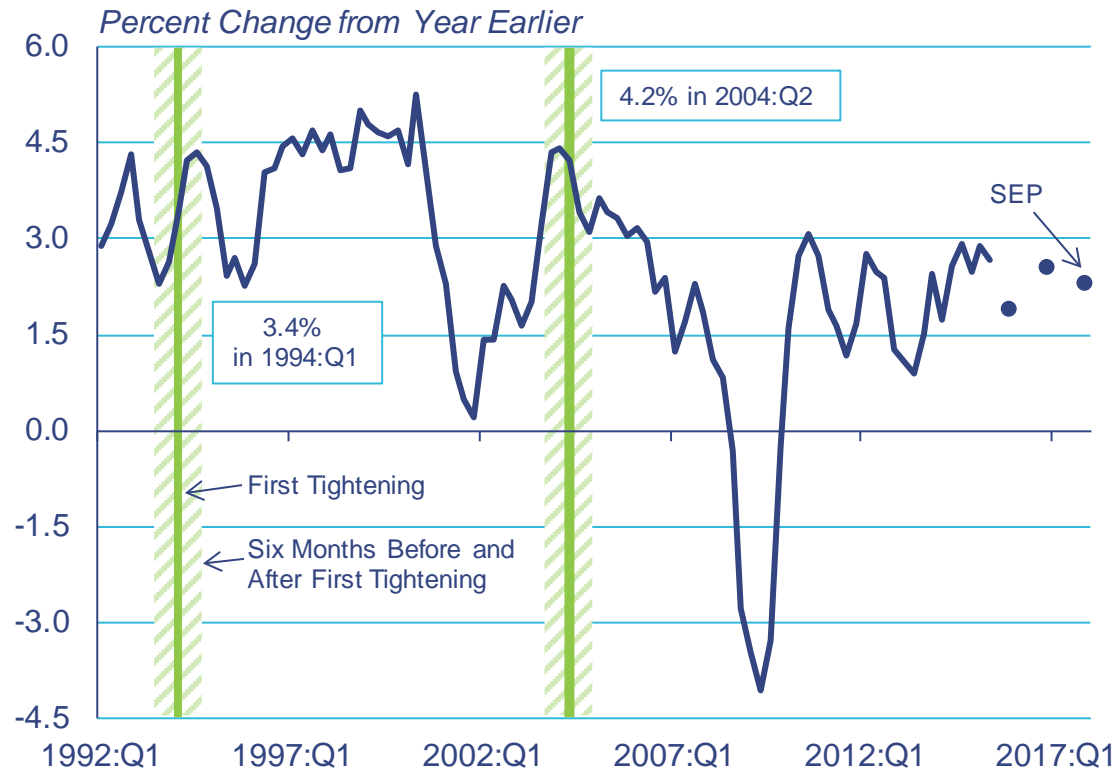
Note: The two previous first tightenings were February 4, 1994 and June 30, 2004. The figures from the Summary of Economic Projections are the midpoints of the central tendency for projections of the percent change in core PCE from one year earlier for the fourth quarter of each year, 2015 - 2017.

Source: Federal Reserve Board, FOMC, Summary of Economic Projections (SEP), June 2015, Haver Analytics



Figure 4: Growth in Real GDP

1992:Q1 - 2017:Q4

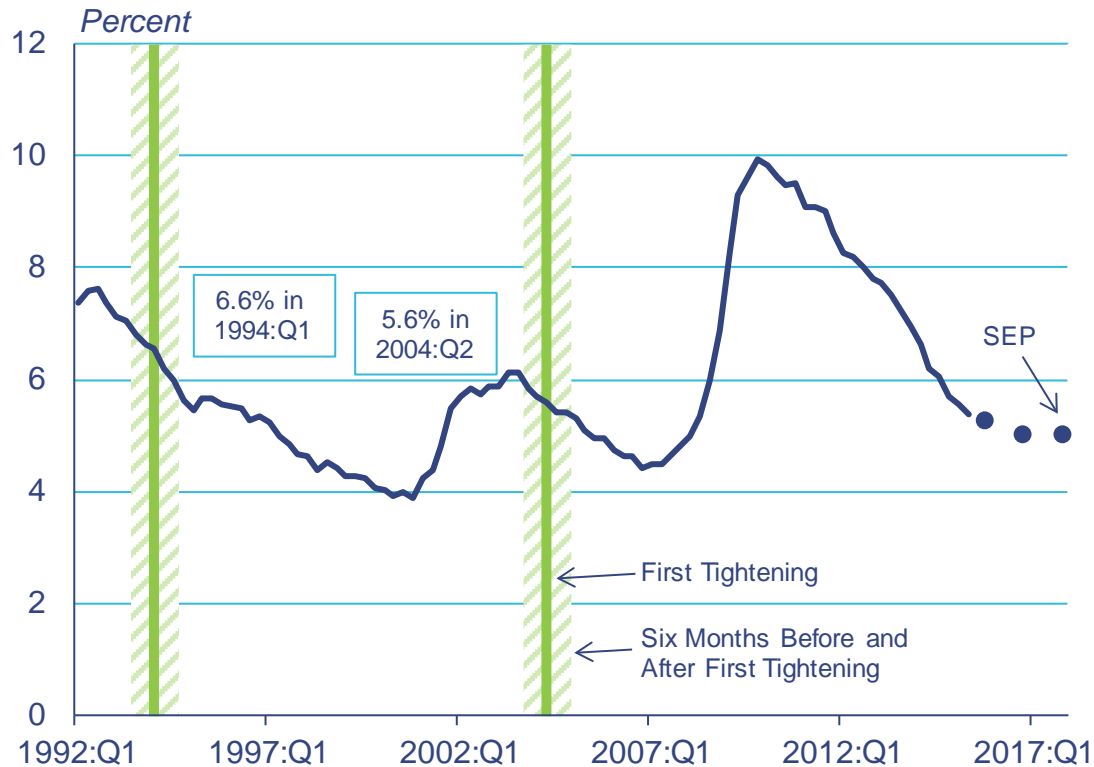


Note: The two previous first tightenings were February 4, 1994 and June 30, 2004. The figures from the Summary of Economic Projections are the midpoints of the central tendency for projections of the percent change in real GDP from one year earlier for the fourth quarter of each year, 2015 - 2017.

Source: Federal Reserve Board, FOMC, Summary of Economic Projections (SEP), June 2015, Haver Analytics



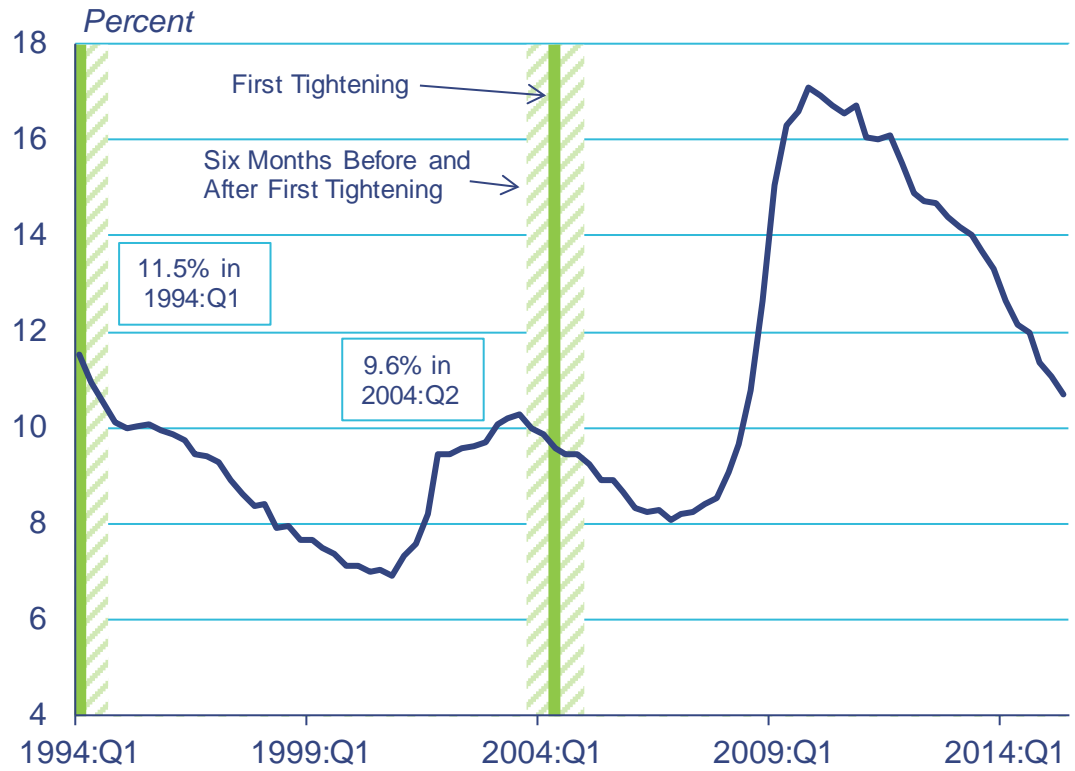
Figure 5: Civilian Unemployment Rate (U-3) 1992:Q1 - 2017:Q4



Note: The two previous first tightenings were February 4, 1994 and June 30, 2004. The figures from the Summary of Economic Projections are the midpoints of the central tendency for projections of the unemployment rate for the fourth quarter of each year, 2015 - 2017.

Source: Federal Reserve Board, FOMC, Summary of Economic Projections (SEP), June 2015, Haver Analytics

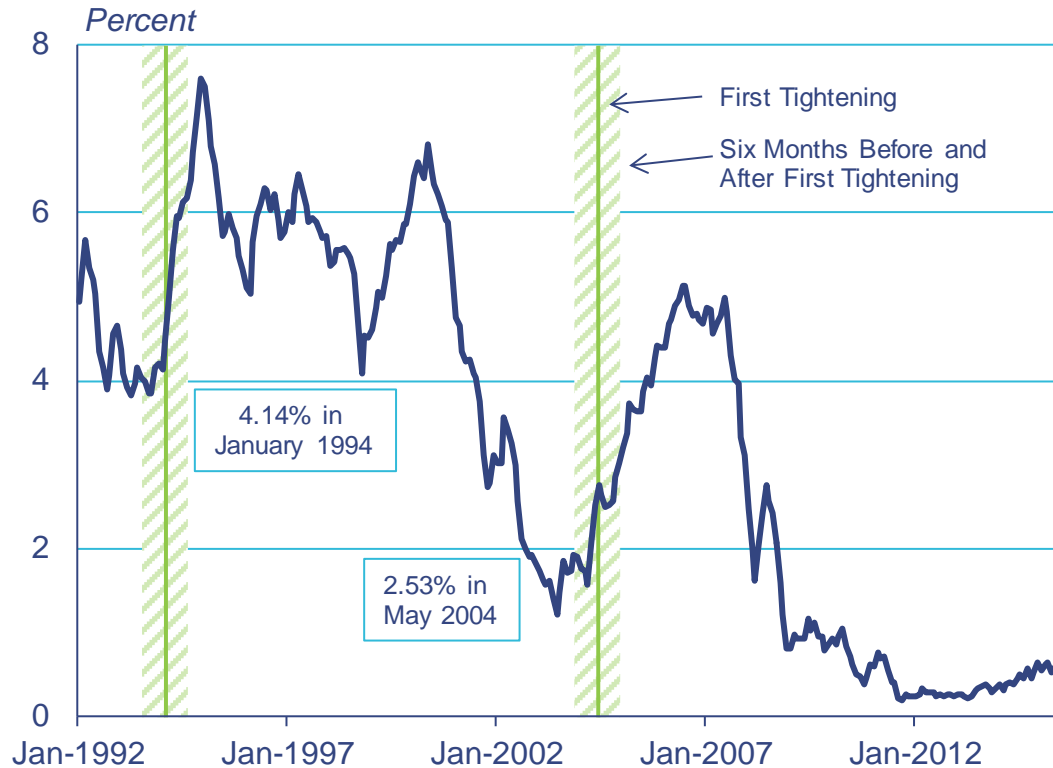
Figure 6: Alternative Measure of Labor Underutilization: U-6 Unemployment Rate
1994:Q1 - 2015:Q2



Note: The U-6 measure is total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force. U-6, as currently defined, is available beginning in 1994.

Source: Federal Reserve Board, Haver Analytics

Figure 7: Two-Year Treasury Yield
January 1992 - August 2015

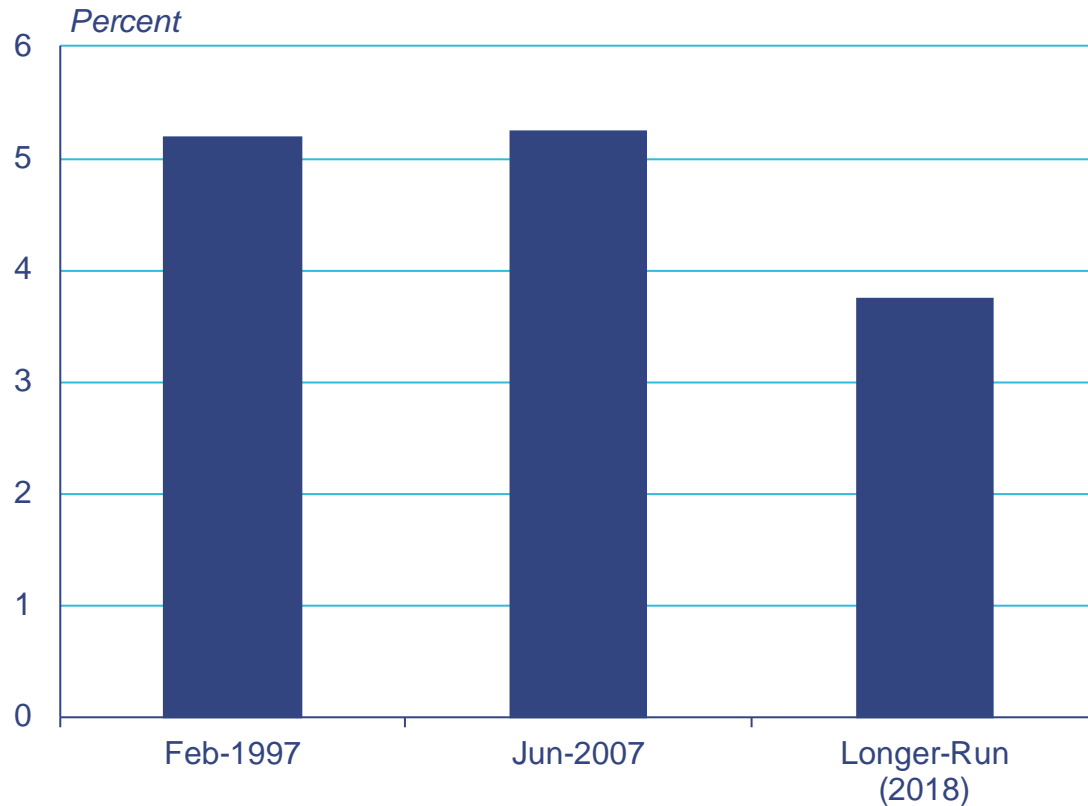


Note: The two previous first tightenings were February 4, 1994 and June 30, 2004.

Source: Federal Reserve Board, Haver Analytics



Figure 8: Longer-Run Federal Funds Rate February 1997, June 2007, and 2018

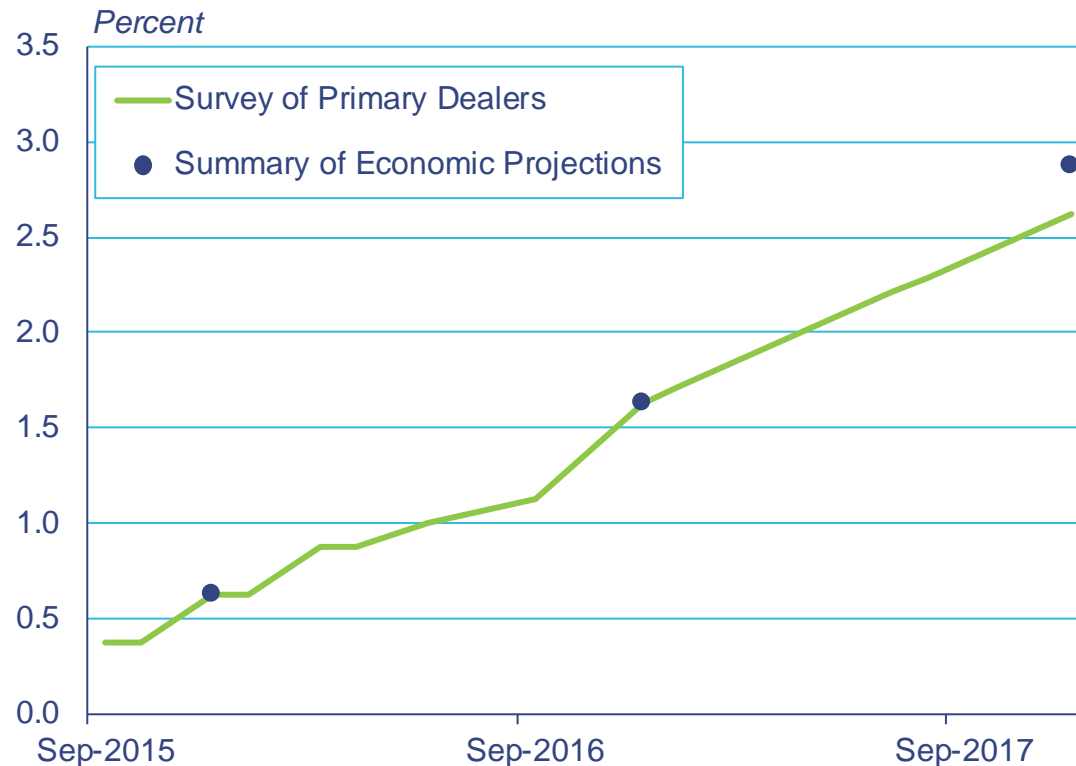


Note: The federal funds effective rate from three years after the first tightening is used for the longer-run federal funds rate and compared with the median of the projections for the midpoint of the longer-run federal funds target range from the Summary of Economic Projections.

Source: Federal Reserve Board, FOMC, Summary of Economic Projections (SEP), June 2015, Haver Analytics

Figure 9: Estimates for the Target Federal Funds Range from the Survey of Primary Dealers and the Summary of Economic Projections

September 2015 - December 2017



Note: Estimates from the Survey of Primary Dealers are the midpoints of the median estimates for the top and bottom of the target range, for respondents expecting a range. Estimates from the Summary of Economic Projections are the medians of the projections for the midpoint of the target range at yearend for 2015 -2017 and in the longer run.

Source: FOMC, Summary of Economic Projections, June 2015, Survey of Primary Dealers, July 2015