



EMBARGOED UNTIL FRIDAY, JANUARY 12, 2018, AT 4:15 P.M. ET, AND 1:15 P.M. PT; OR UPON DELIVERY

# Considering Alternative Monetary Policy Frameworks: An Inflation Range with an Adjustable Inflation Target

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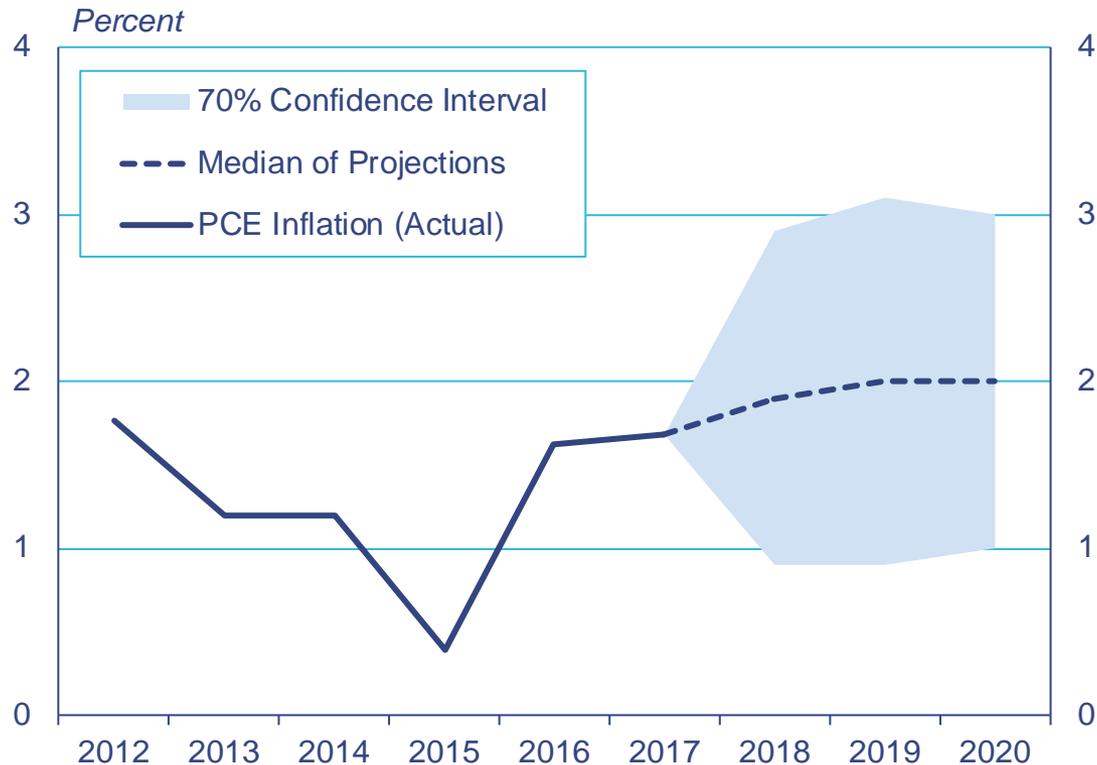
January 12, 2018

Global Interdependence Center Conference on  
Money, Models, and Digital Innovation  
Hosted by Rady School of Management  
University of California San Diego  
San Diego, California

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Figure 1: PCE Inflation: SEP Median Projection and Confidence Interval Based on Historical Forecast Errors  
Actual, 2012 - 2017 and Projection, 2018 - 2020

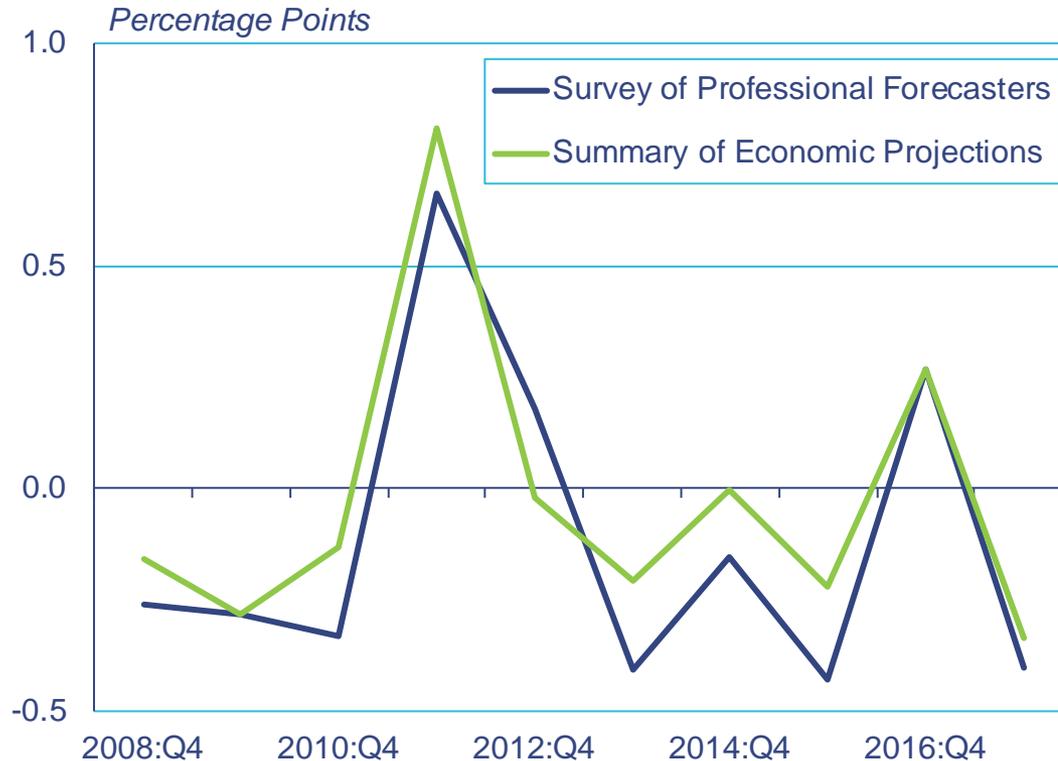


Note: PCE inflation (actual values) and SEP median projected values are for the percent change in the PCE Index from the previous fourth quarter to the fourth quarter of the year specified. The figure for the fourth quarter of 2017 is estimated using the average of Oct and Nov (1.68%).

Source: FOMC, Summary of Economic Projections (SEP) and Meeting Minutes, December 13, 2017; BEA



Figure 2: Forecast Errors (Actual – Forecast) for One-Year-Ahead Core PCE Inflation Forecasts  
2008:Q4 - 2017:Q4

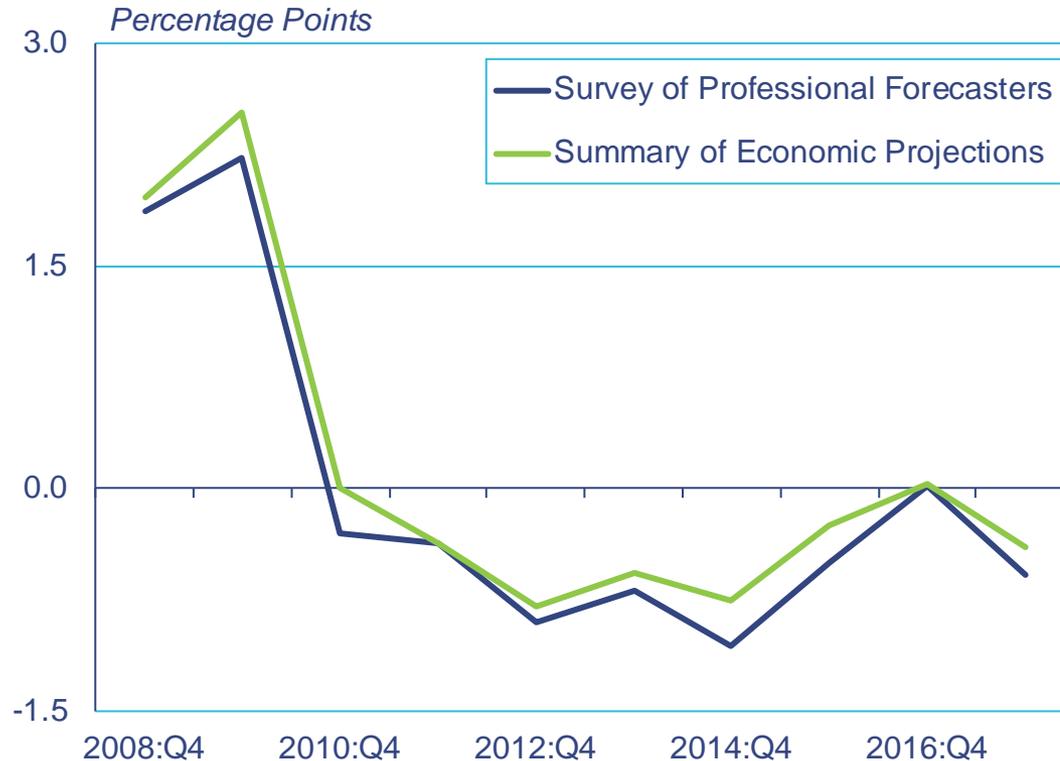


Note: Core PCE inflation is measured as the percent change in the Core PCE Index from the previous fourth quarter to the fourth quarter of the year specified. The figure for the fourth quarter of 2017 is estimated using the average of Oct and Nov (1.46%).

Source: FOMC, Summary of Economic Projections (SEP); Federal Reserve Bank of Philadelphia, Survey of Professional Forecasters; BEA; Haver Analytics



Figure 3: Forecast Errors (Actual – Forecast) for One-Year-Ahead Unemployment Rate Forecasts 2008:Q4 - 2017:Q4

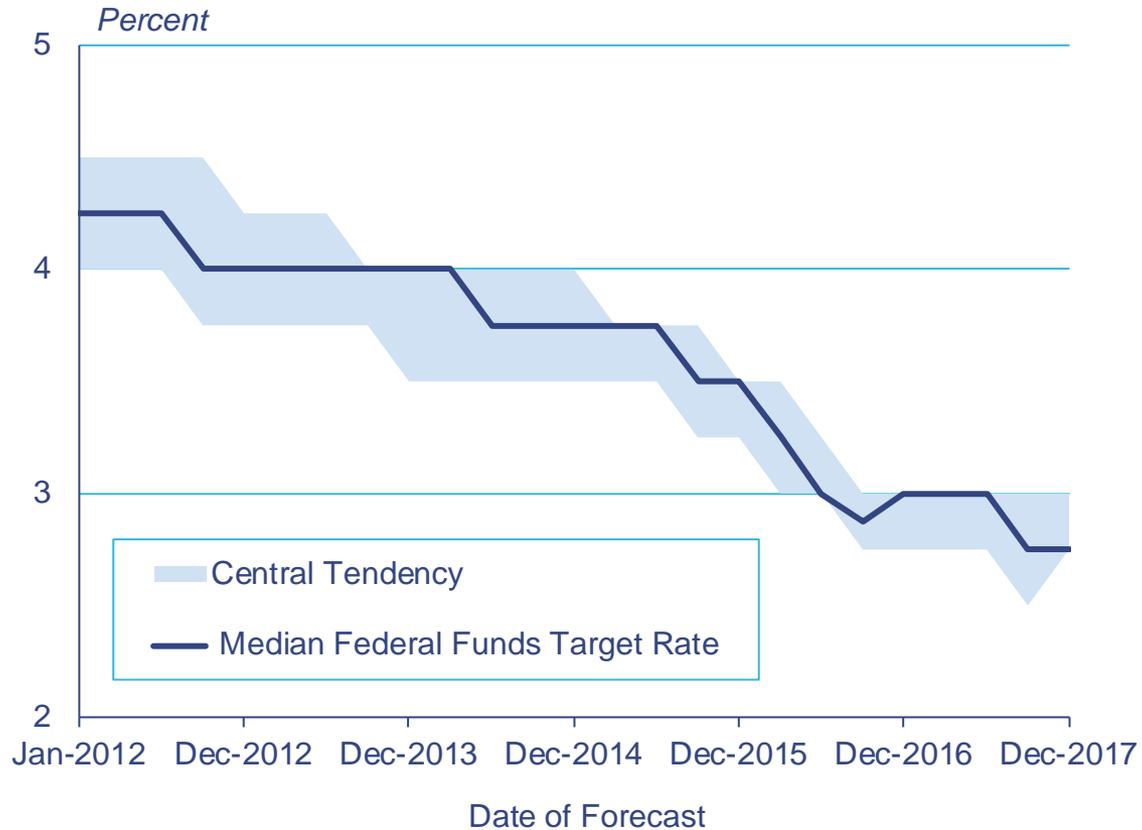


Note: The unemployment rates are the fourth-quarter averages for each year.

Source: FOMC, Summary of Economic Projections (SEP); Federal Reserve Bank of Philadelphia, Survey of Professional Forecasters; BLS; Haver Analytics



Figure 4: Forecasts for the Longer-Run Federal Funds Rate from the Summary of Economic Projections  
January 2012 - December 2017



Note: The central tendency excludes the three highest and three lowest observations.

Source: FOMC, Summary of Economic Projections (SEP)

# Figure 5: Productivity Growth: Change in Real Output Per Hour, Nonfarm Business Sector, All Persons, 20-Quarter Moving Average

1960:Q1 - 2017:Q3

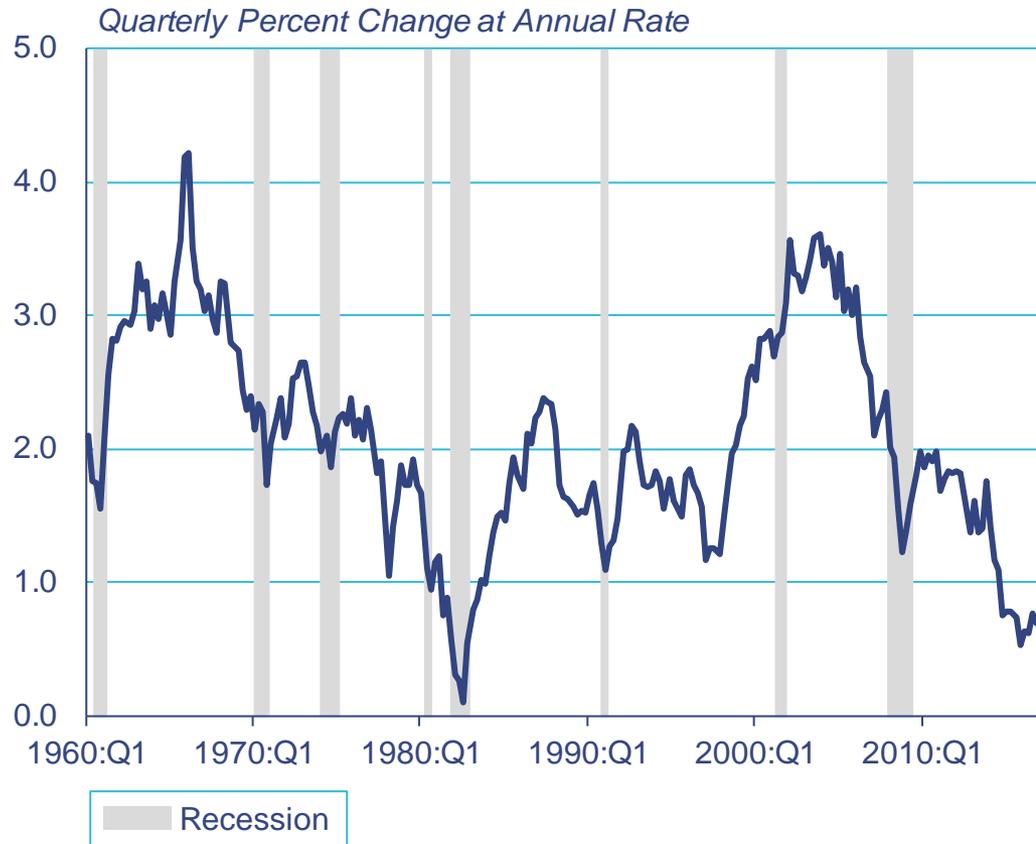




Figure 6: Civilian Labor Force Growth by Decade  
1960:Q1 - 2017:Q4

