



FEDERAL RESERVE
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EMBARGOED UNTIL FRIDAY, MARCH 23, 2018 AT 7:00 P.M.; OR UPON DELIVERY

Monetary, Fiscal, and Financial Stability Policy Tools: Are We Equipped for the Next Recession?

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March 23, 2018

10th Conference of the International Research Forum on
Monetary Policy
Washington, DC

bostonfed.org



Figure 1: Mentions of Financial Instability in FOMC Meetings and Periods of Instability

February 11, 1987 - December 15, 2008

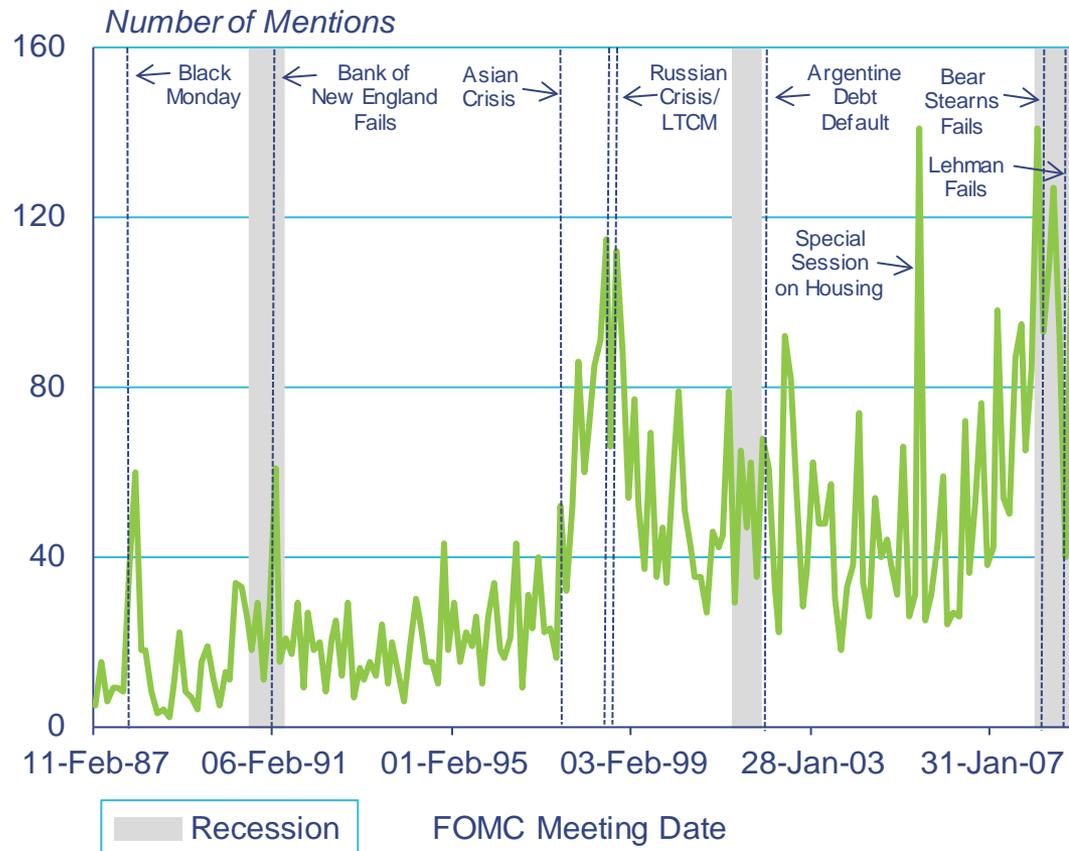




Figure 2: Federal Funds Rate
January 1987 - December 2008

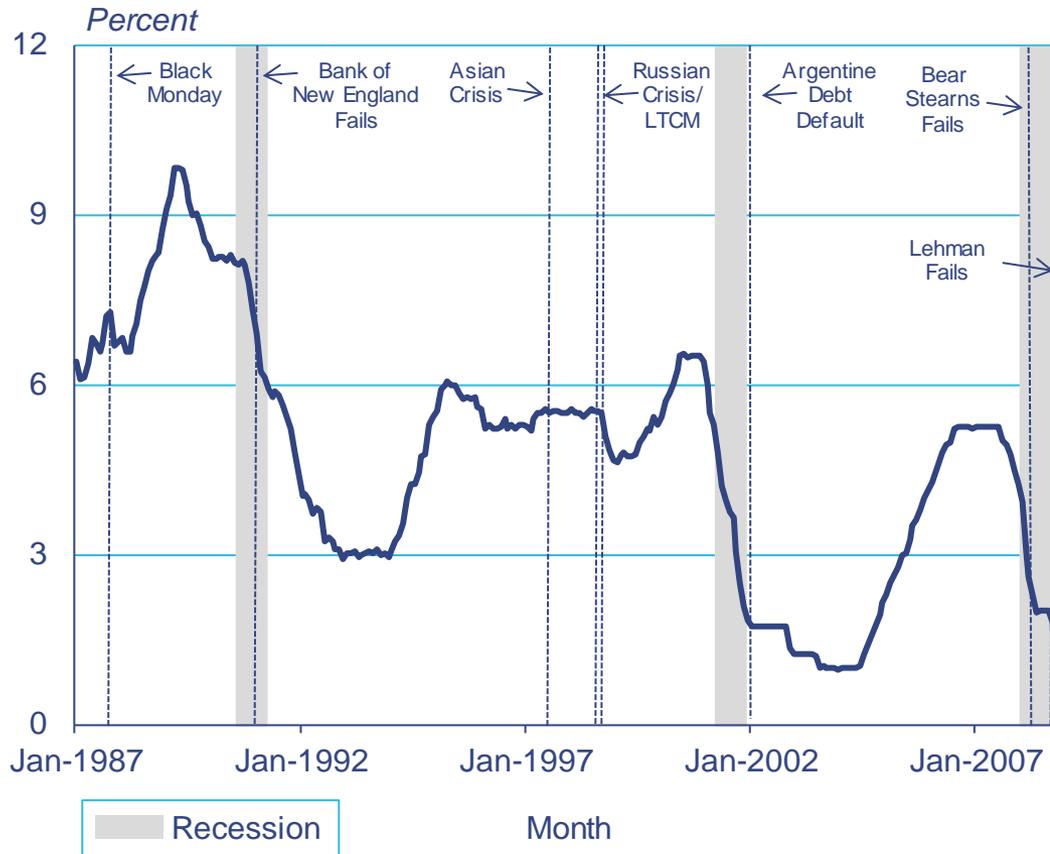
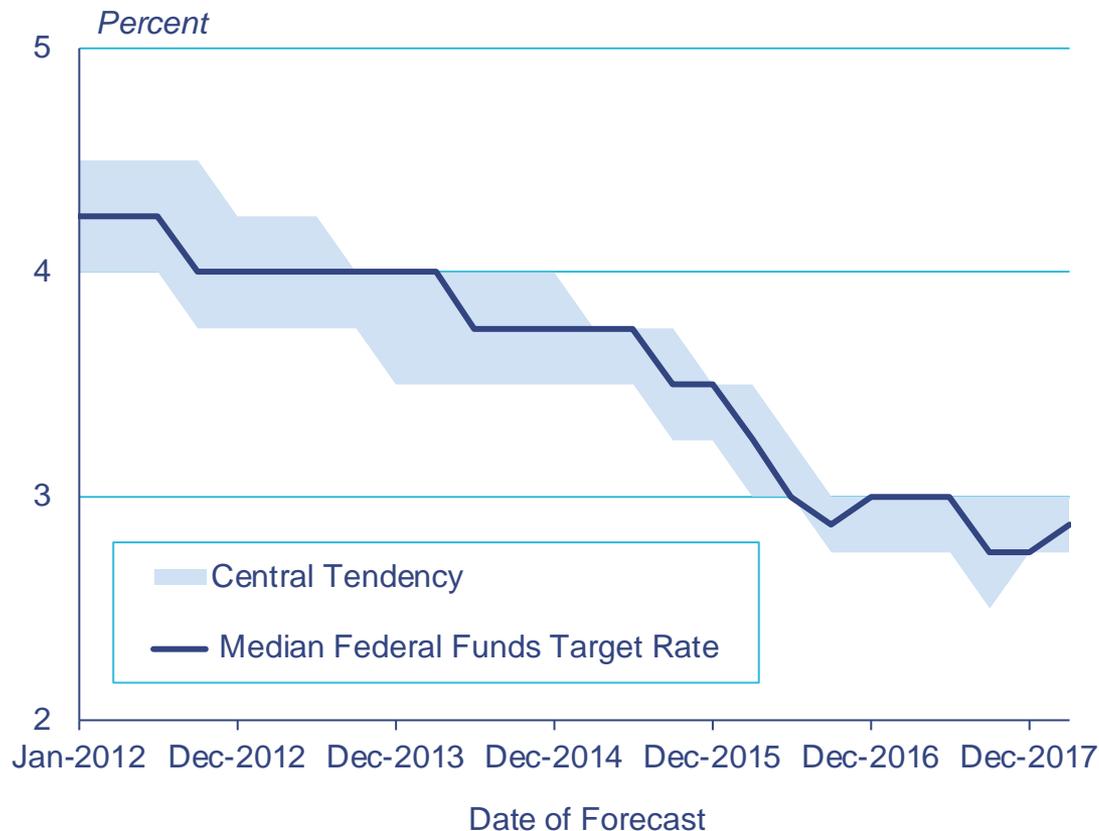




Figure 3: Forecasts for the Longer-Run Federal Funds Rate from the Summary of Economic Projections January 2012 - March 2018



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

Source: FOMC, Summary of Economic Projections (SEP)



Figure 4: Federal Funds Rate, Noting Peaks and Troughs

January 1960 - February 2018

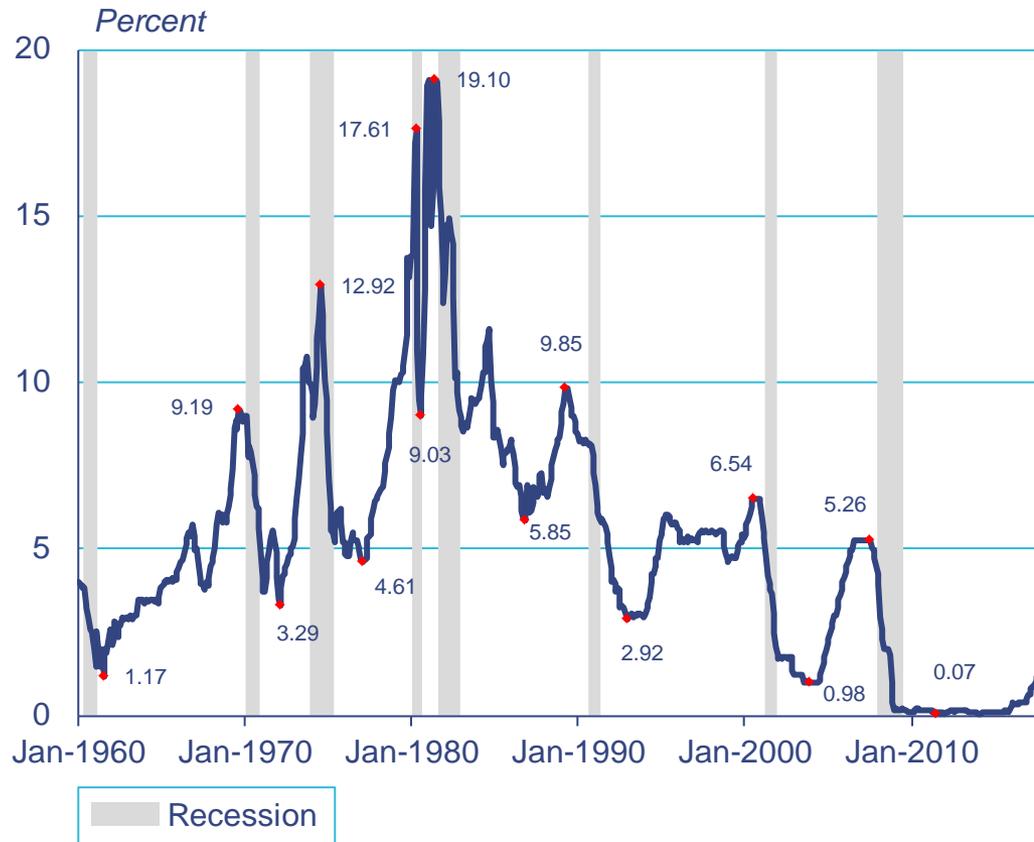
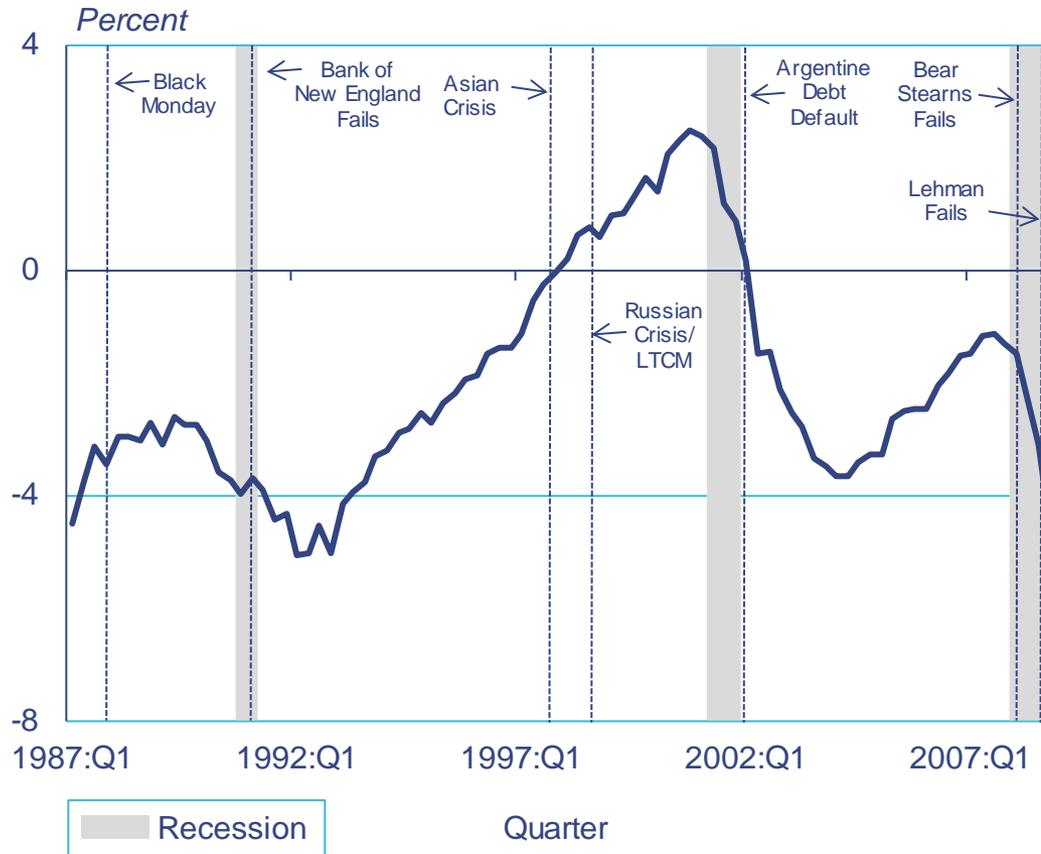


Figure 5: Federal Government Surplus or Deficit as a Percentage of GDP

1987:Q1 - 2008:Q4



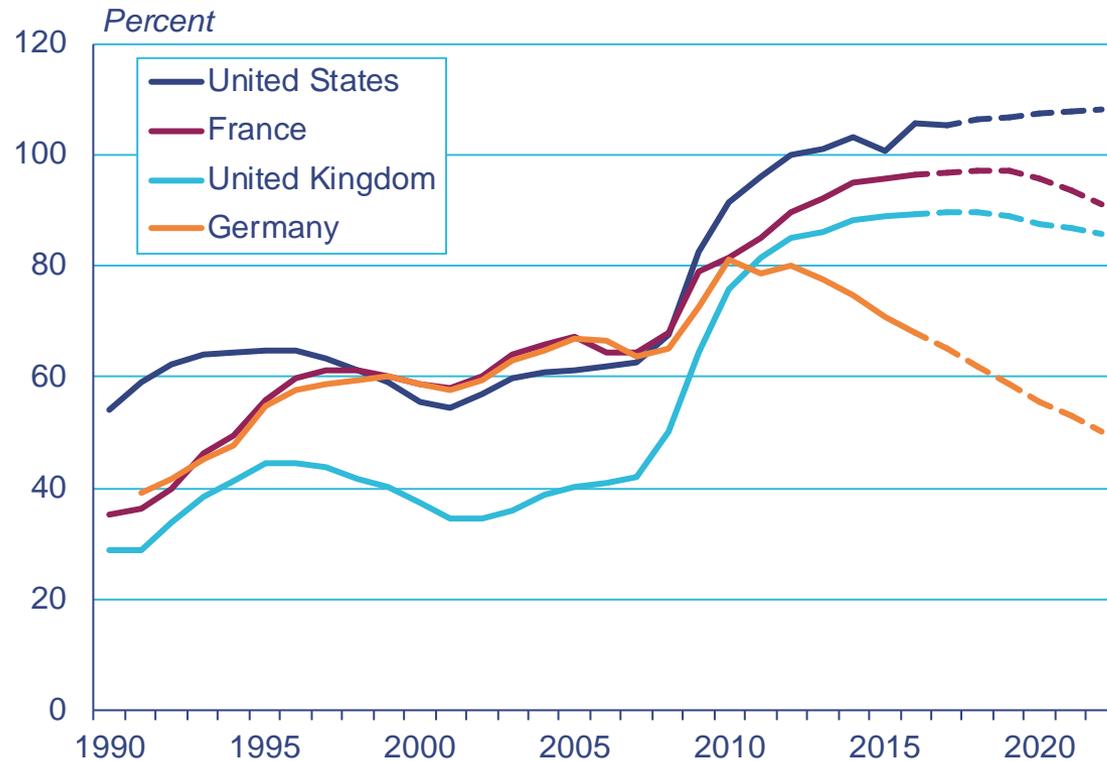
Note: Figures are four-quarter moving averages.

Source: BEA, U.S. Treasury, NBER, Haver Analytics



Figure 6: General Government Gross Debt as a Percentage of GDP

1990 - 2022

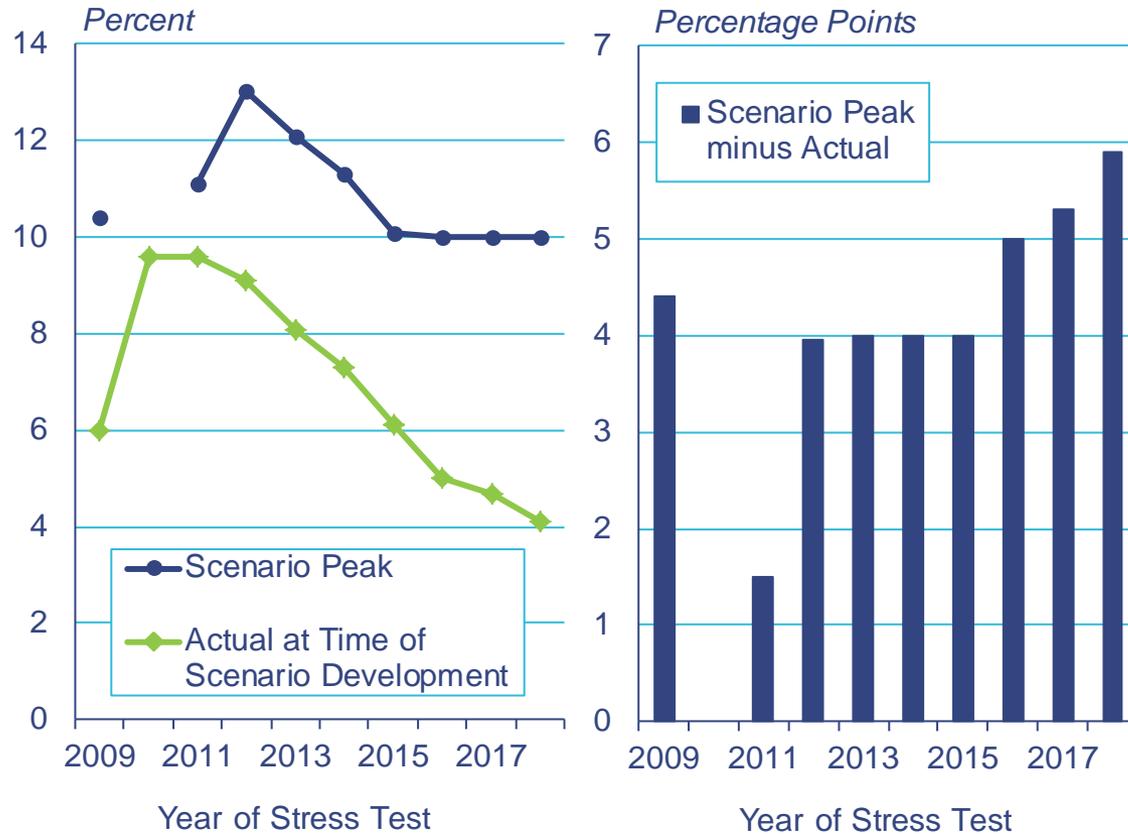


Note: Actual are through 2017 for the U.S. and 2016 for all other countries. CBO projections for the U.S. (2018 – 2022) do not include the recent tax changes and increases in the federal budget.

Source: OMB (U.S.), CBO (U.S.), IMF (France, Germany, U.K.), Haver Analytics



Figure 7: Unemployment Rates and Stress Tests:
Actual and Severely Adverse Scenario Peak
2009 - 2018



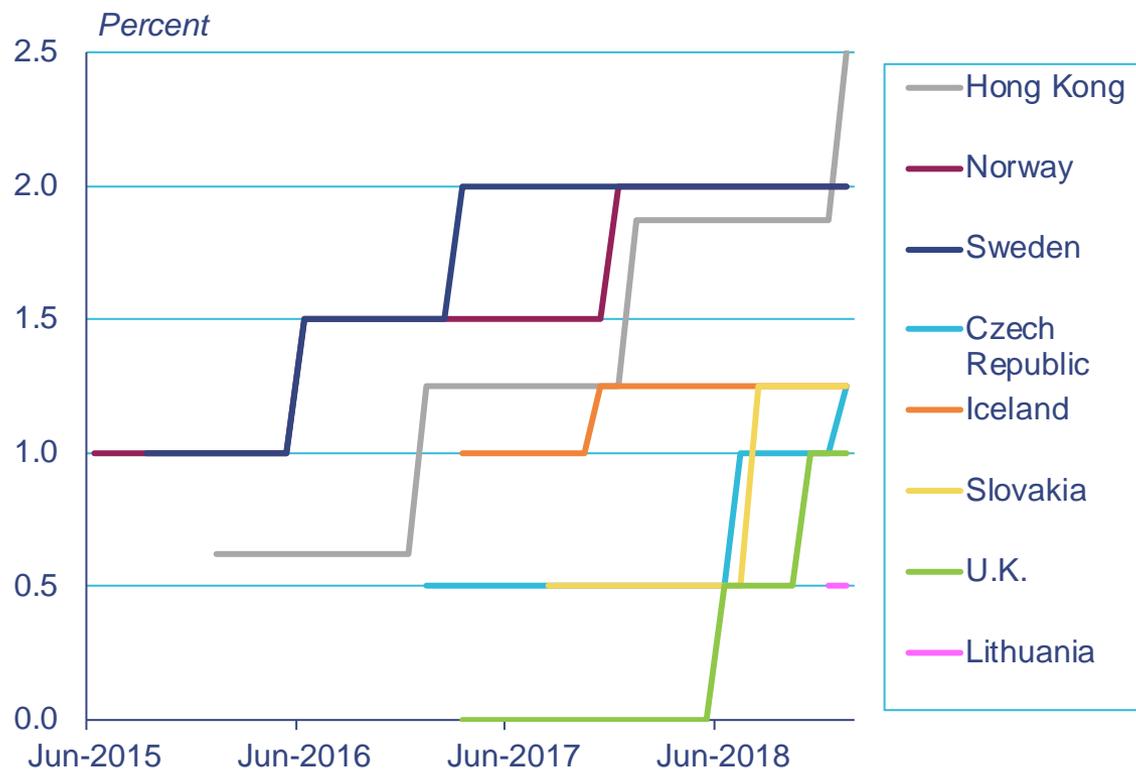
Note: There was no stress test in 2010.

Source: Federal Reserve Board



Figure 8: Countercyclical Capital Buffers by Jurisdiction

June 2015 - January 2019

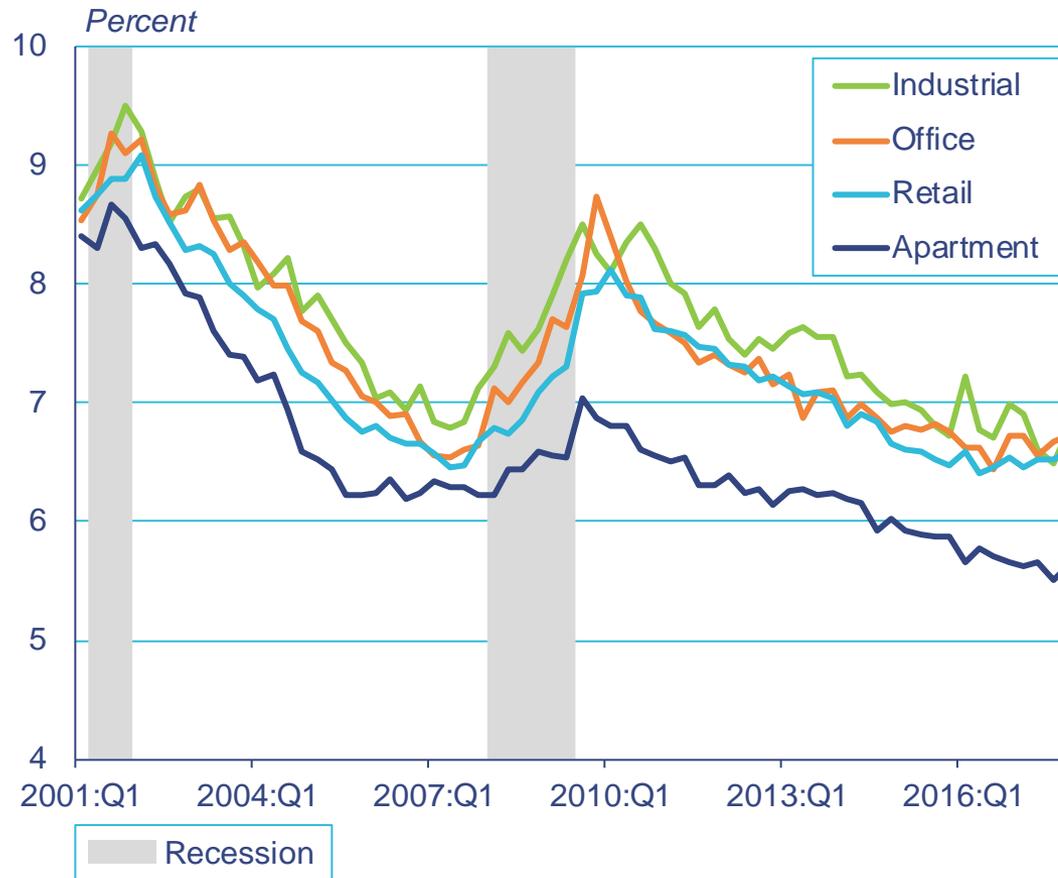


Note: Based on implementation date, which is generally twelve months after announcement. The U.K. initially announced a CCyB of 0.5% in March 2016, with an implementation date of March 2017, however in July 2016 the CCyB was lowered to 0%.

Source: European Systemic Risk Board, Bank of England, Hong Kong Monetary Authority



Figure 9: Capitalization Rates by Property Type 2001:Q1 - 2017:Q4



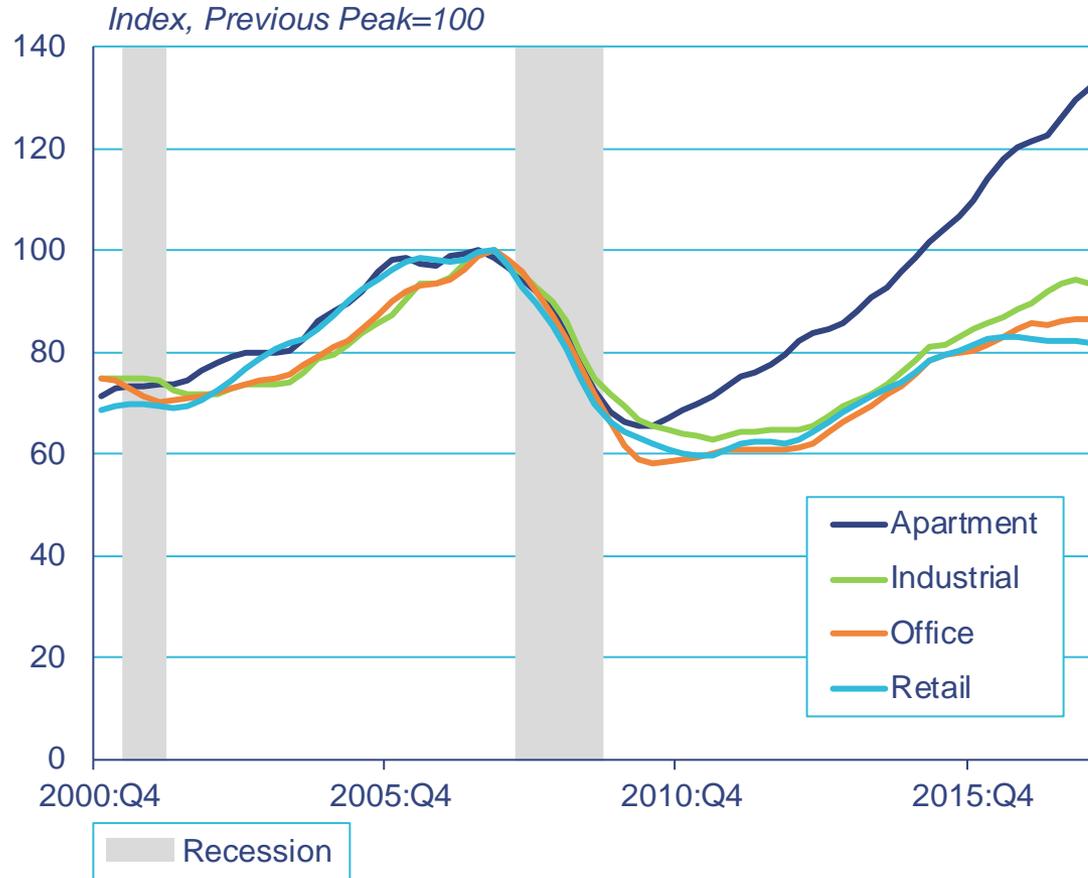
Note: The capitalization or “cap” rate is the ratio of net operating income produced by a property to the price paid, calculated at the time of a transaction. Based on properties of \$2.5 million or more.

Source: Real Capital Analytics, NBER, Haver Analytics



Figure 10: Real Commercial Property Price Indices by Property Type

2000:Q4 - 2017:Q4



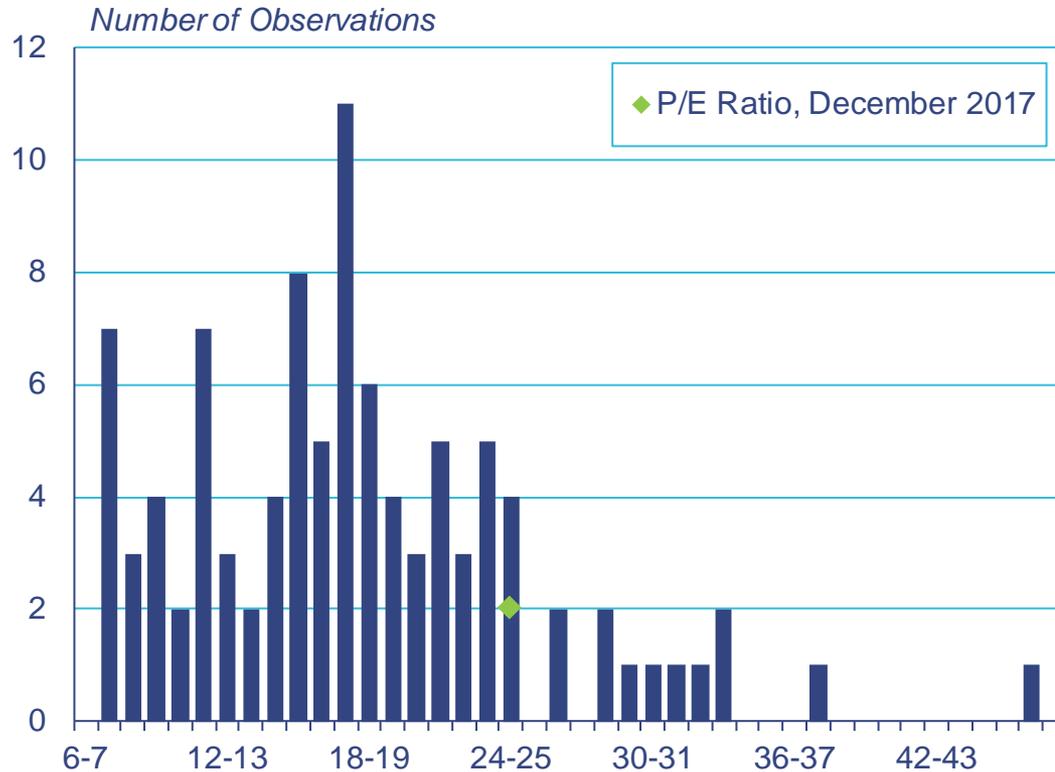
Note: Indices are adjusted for inflation using the GDP deflator. Indices are repeat-sales based and include properties of \$2.5 million or more.

Source: Real Capital Analytics, BEA, NBER, Haver Analytics



Figure 11: Distribution of S&P 500 Composite Price to Earnings Ratios

June and December, 1968 - 2017



Note: Excludes 2 outliers -- Dec 2008 (60.7) and Jun 2009 (122.4)



Figure 12: Distribution of Shiller Cyclically-Adjusted S&P 500 Composite Price to Earnings Ratios
June and December, 1968 - 2017

