One Policymaker’s Wait for Better Economic Data

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

June 1, 2015

Capital Workforce Partners
Hartford, Connecticut

bostonfed.org
Figure 1: Private Sector Forecasts for Real GDP Growth

Forecasts as of November 2014

Source: Blue Chip Economic Indicators, Federal Reserve Bank of Philadelphia, BEA, Haver Analytics
Figure 2: Survey of Professional Forecasters
Mean Probabilities for Real GDP Growth in 2015
Forecasts as of February and May 2015

Source: Federal Reserve Bank of Philadelphia, Haver Analytics
Figure 3: Statewide Average Temperature Ranks
February 2015

Note: Rank over the period 1895 – 2015.
Source: National Oceanic and Atmospheric Administration (NOAA)
Figure 4: Real GDP Growth
2010:Q1 - 2015:Q1

Quarterly Percent Change at Seasonally Adjusted Annual Rate

Note: A dashed line marks the first quarter of each year.

Source: BEA, Haver Analytics
Figure 5: Real GDP Growth Preceding First Tightening Following Last Three Recessions

<table>
<thead>
<tr>
<th>Date of Recession Trough</th>
<th>Date of First Tightening</th>
<th>Real GDP Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 1982</td>
<td>January 5, 1987</td>
<td>3.6%</td>
</tr>
<tr>
<td>March 1991</td>
<td>February 4, 1994</td>
<td>3.5%</td>
</tr>
<tr>
<td>November 2001</td>
<td>June 30, 2004</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

Source: BEA, NBER, Haver Analytics
Figure 6: Blue Chip Forecast for Growth in Real Personal Consumption Expenditures

Forecast as of November 2014

Source: Blue Chip Economic Indicators, BEA, Haver Analytics
Figure 7: Regional Retail Sales
January 2013 - April 2015

Index Level January 2013 = 100

Source: Bank of Tokyo-Mitsubishi UFJ, Haver Analytics
Figure 8: Personal Saving Rate
January 1995 - March 2015

Source: BEA, NBER, Haver Analytics
Figure 9: Recent Trends in Oil Prices, Stock Prices, Housing Prices and Employment
January 2013 - April 2015

Source: BLS, EIA, FHFA, S&P, Haver Analytics
Figure 10: Inflation Rate: Change in Total and Core Personal Consumption Expenditures (PCE) Price Indices

January 2005 - March 2015

Source: BEA, NBER, Haver Analytics
Figure 11: Longer-Run Unemployment Rate Projections of Federal Reserve Governors and Federal Reserve Bank Presidents

June 2014 - March 2015

Source: FOMC, Summary of Economic Projections (SEP), Minutes of FOMC Meetings
Figure 12: Inflation Rate Projections of Federal Reserve Governors and Federal Reserve Bank Presidents

March 2015

Source: FOMC, Summary of Economic Projections (SEP), Minutes of FOMC Meetings
Figure 13: Federal Funds Rate Projections of Federal Reserve Governors and Federal Reserve Bank Presidents

March 2015

Source: FOMC, Summary of Economic Projections (SEP), Minutes of FOMC Meetings
Figure 14: Spread: Ten-Year Treasury Yield to Federal Funds Effective Rate
January 1995 - April 2015

Source: U.S. Treasury, Federal Reserve Board, NBER, Haver Analytics