

# The Economic Outlook and Unconventional Monetary Policy

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

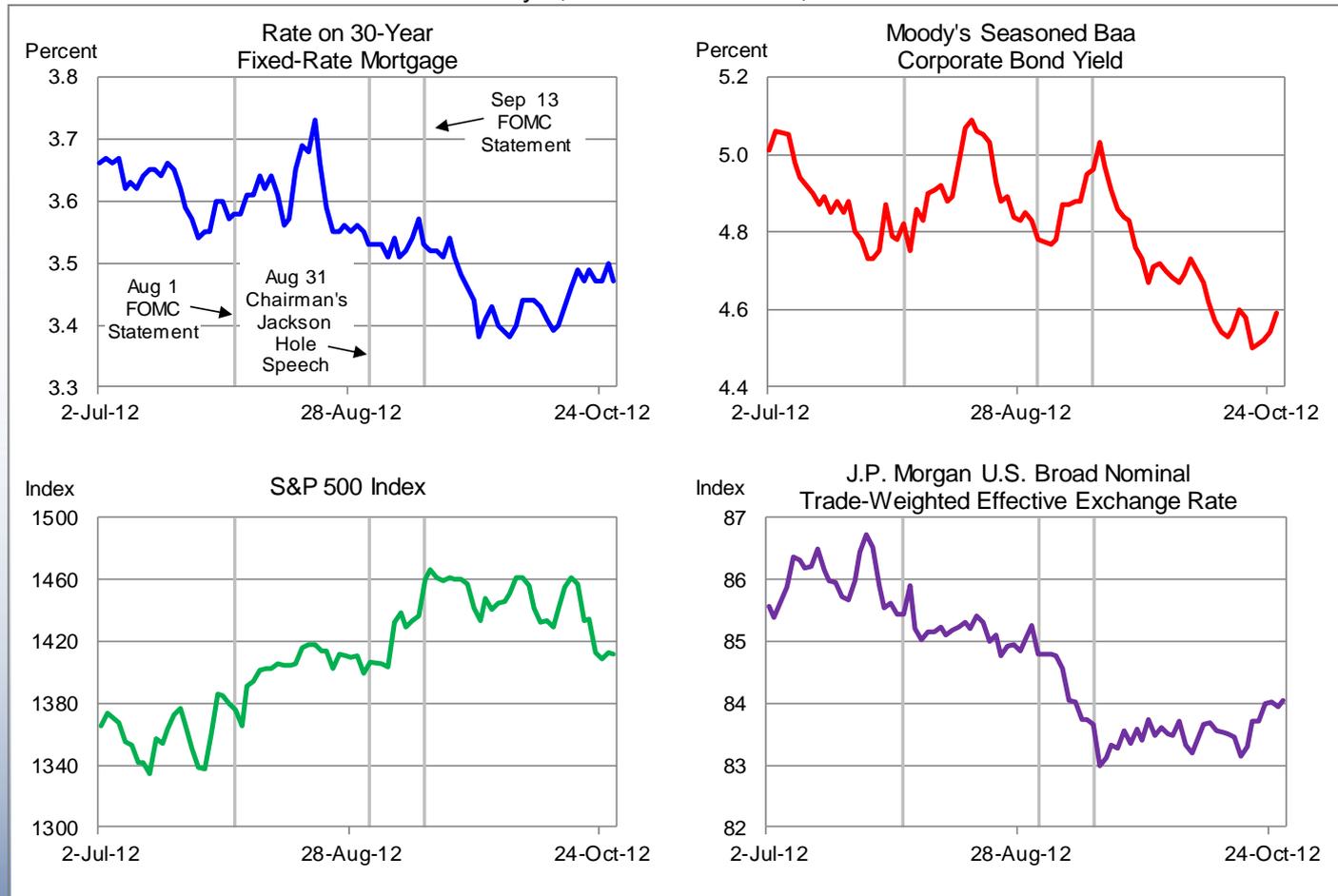
Babson College  
Wellesley, Massachusetts

November 1, 2012

# Figure 1

## Financial Market Response to FOMC Announcement

July 2, 2012 - October 26, 2012

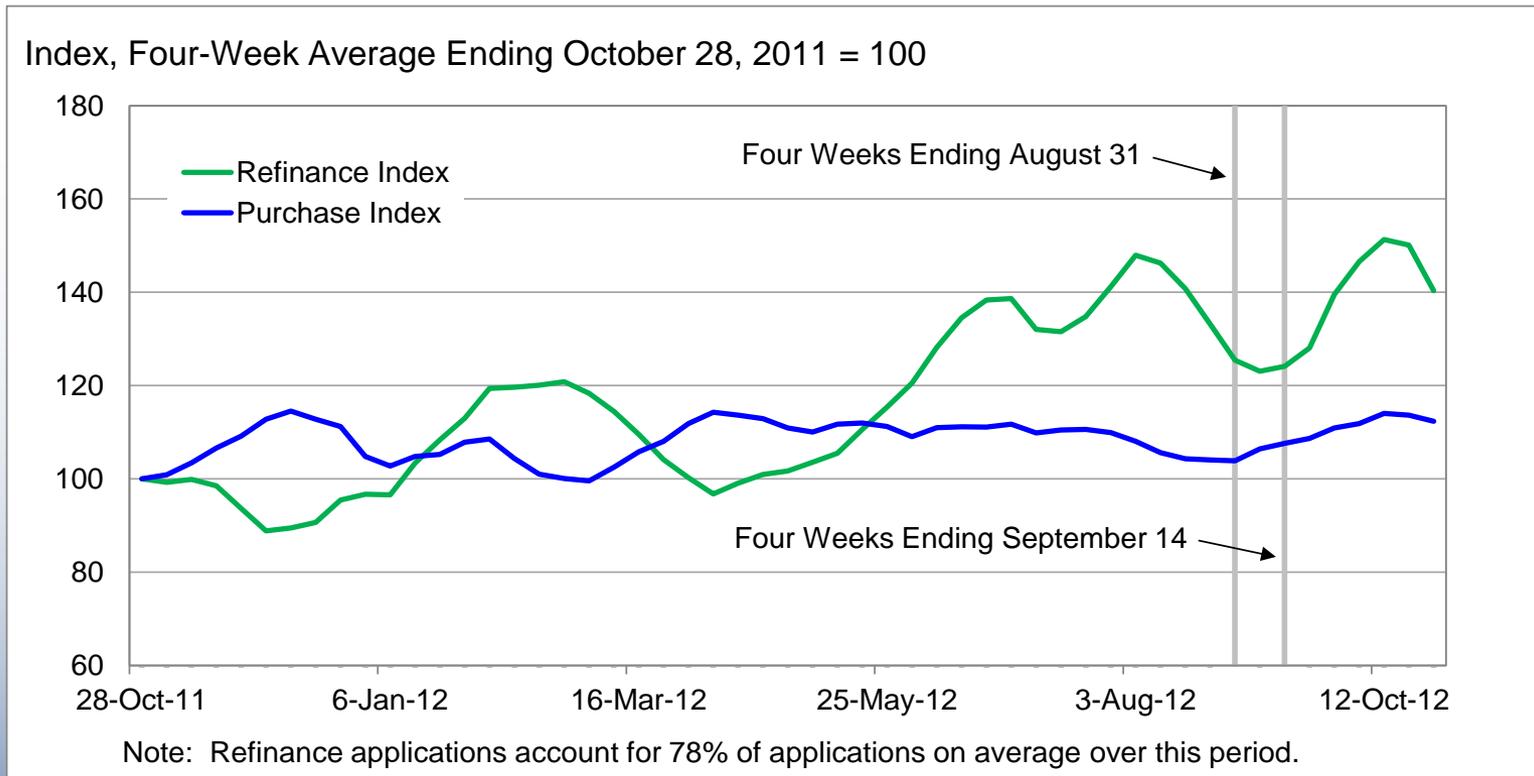


Source: Federal Reserve Board, J.P. Morgan, NYT, WSJ / Haver Analytics

# Figure 2

## Mortgage Loan Applications

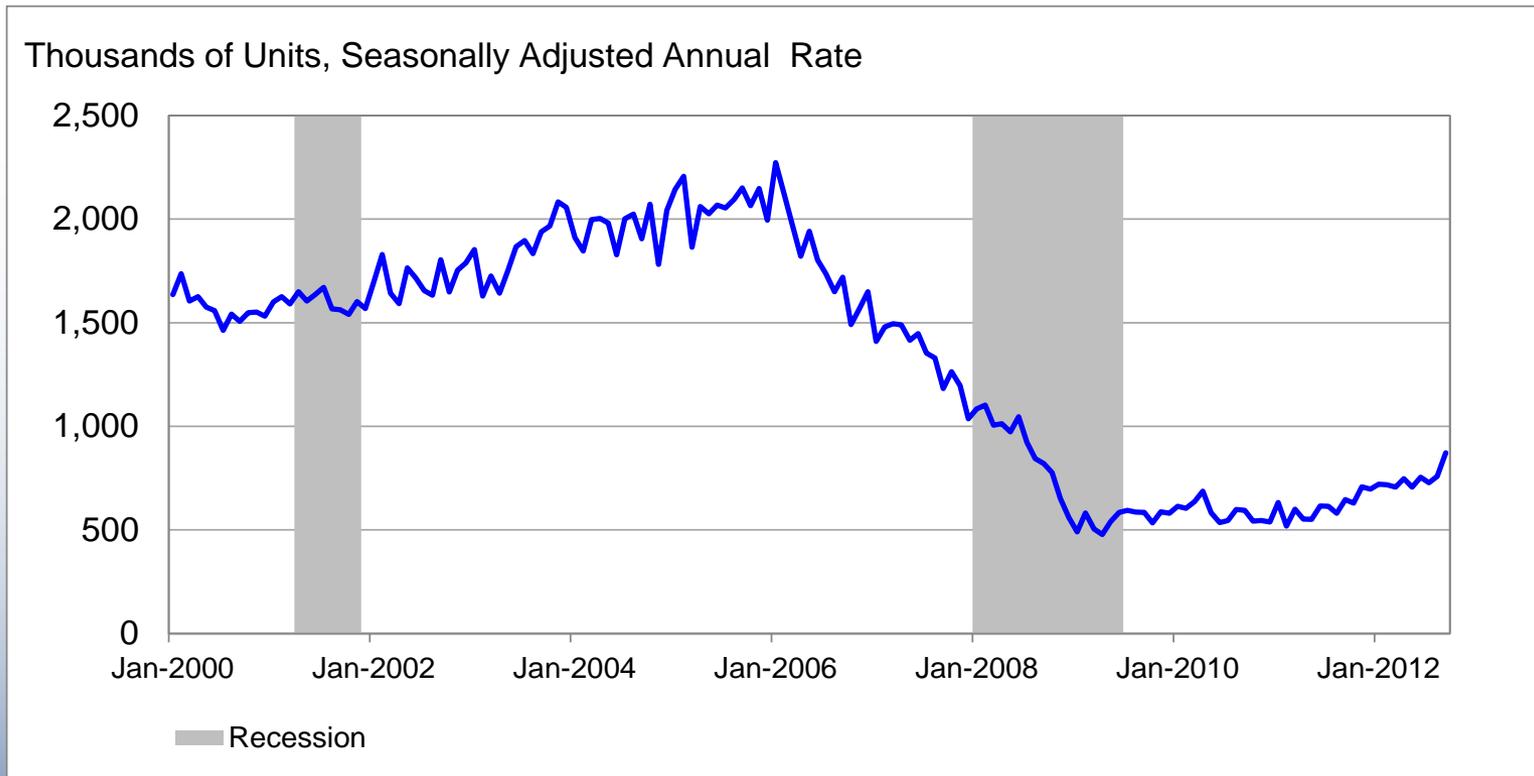
Four-Week Moving Average, October 28, 2011 - October 26, 2012



Source: Mortgage Bankers Association / Haver Analytics

# Figure 3 Housing Starts

January 2000 - September 2012

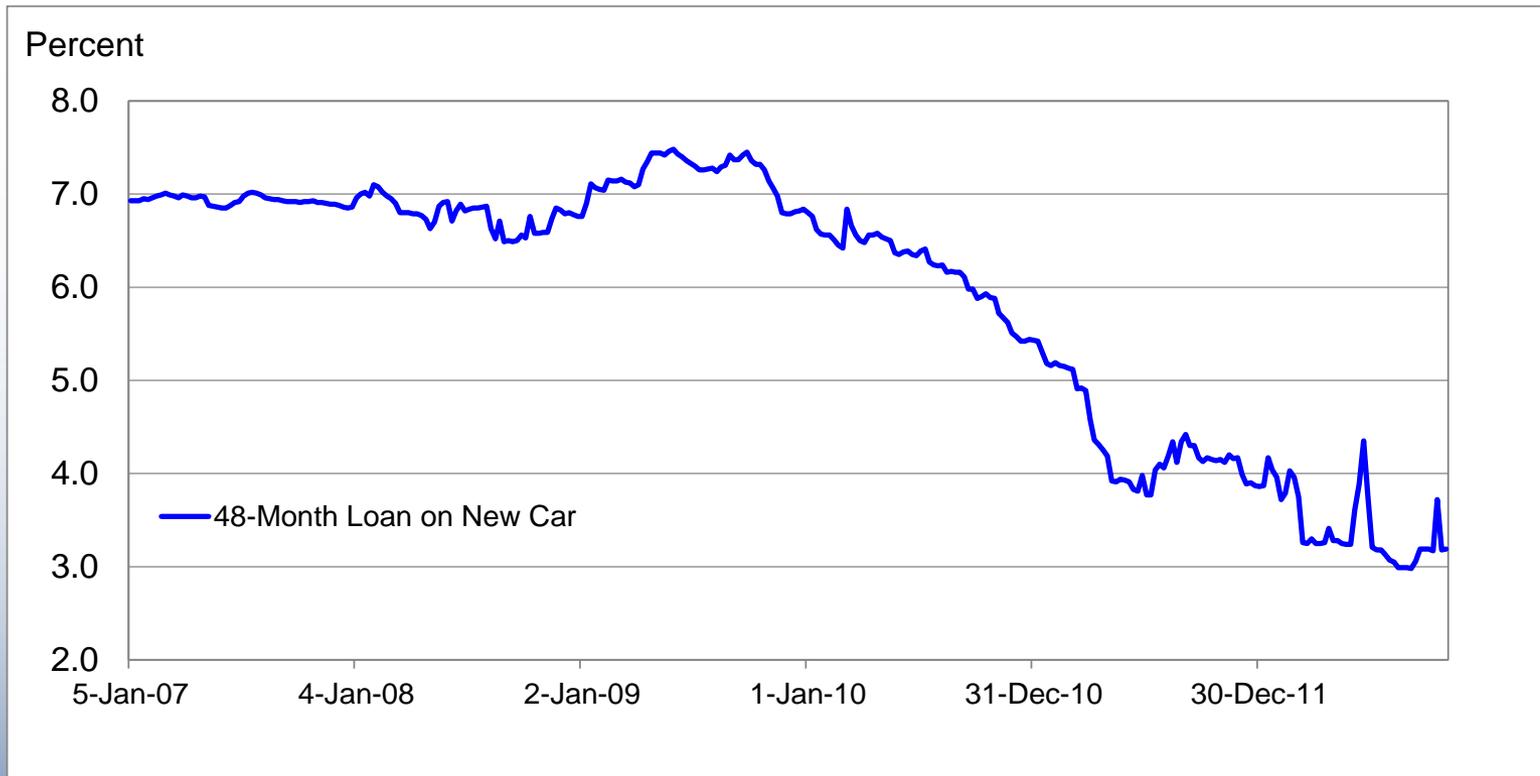


Source: Census Bureau, NBER / Haver Analytics

# Figure 4

## Auto Loan Rates at Commercial Banks

Weekly, January 5, 2007 - October 26, 2012

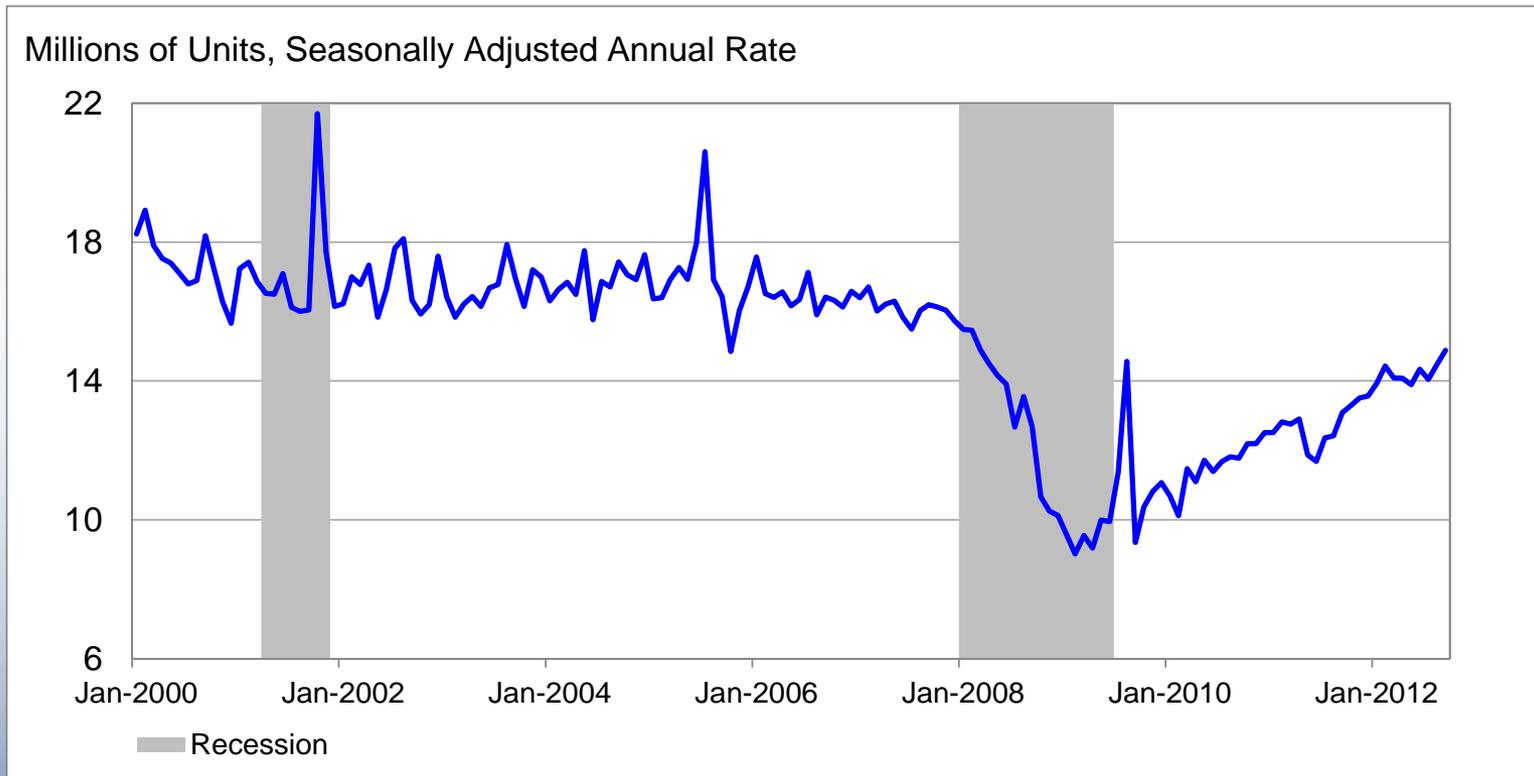


Source: Bankrate.com, Bloomberg

# Figure 5

## Auto and Light Truck Sales

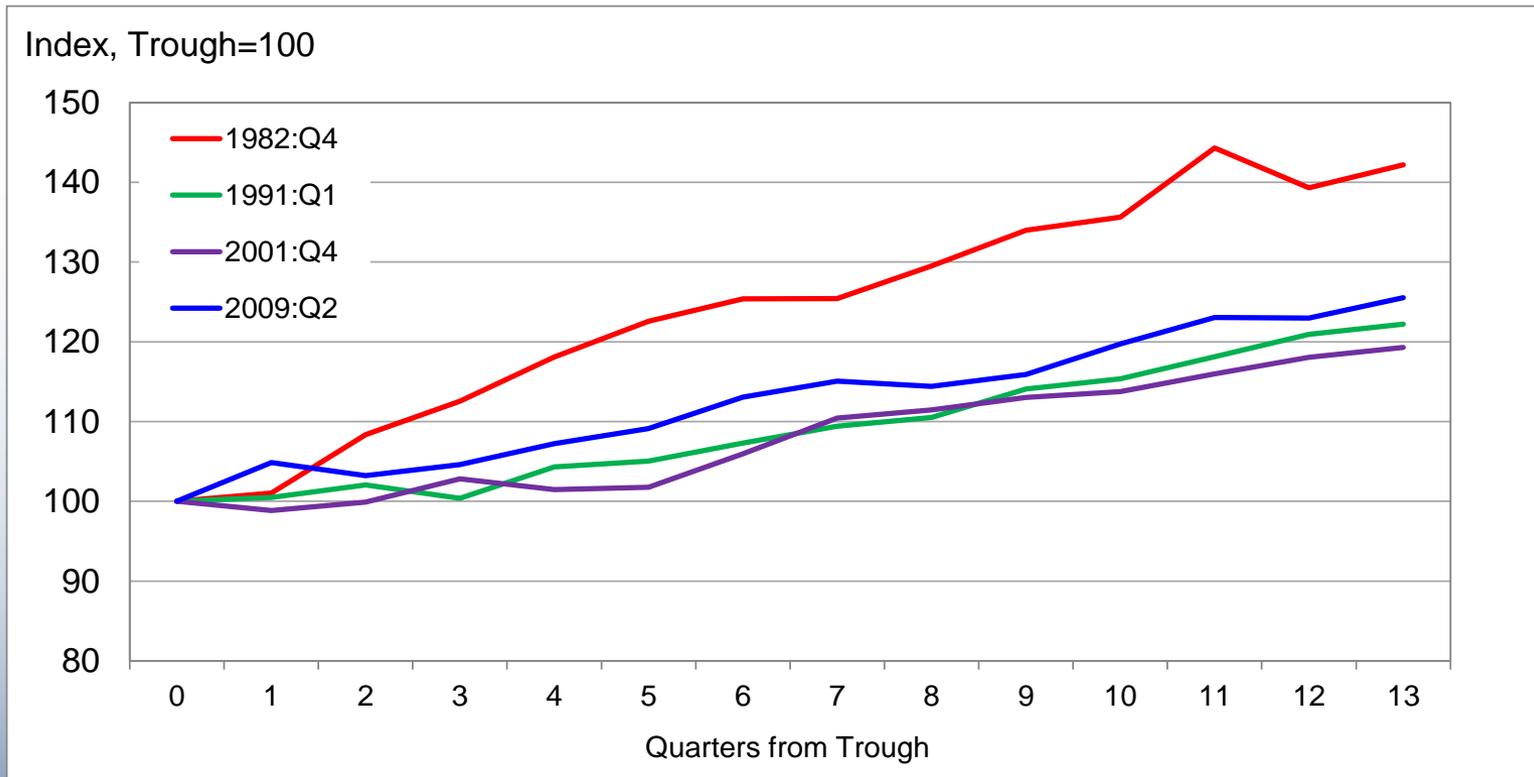
January 2000 - September 2012



Source: BEA, NBER / Haver Analytics

# Figure 6

## Growth in Real Consumer Durables from Trough of Last Four Recessions

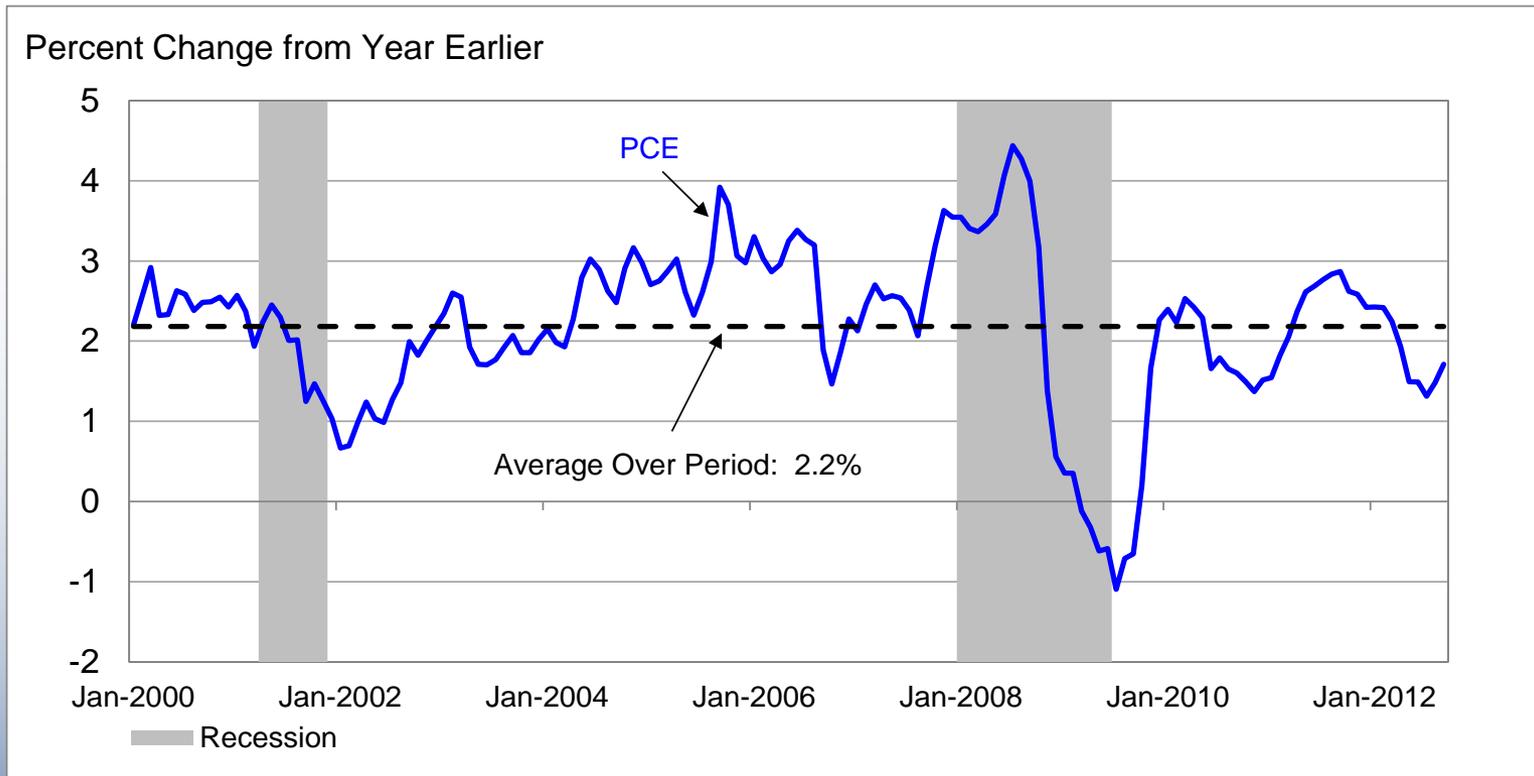


Source: BEA, NBER / Haver Analytics

# Figure 7

## Inflation Rate: Change in Personal Consumption Expenditure (PCE) Price Index

January 2000 - September 2012

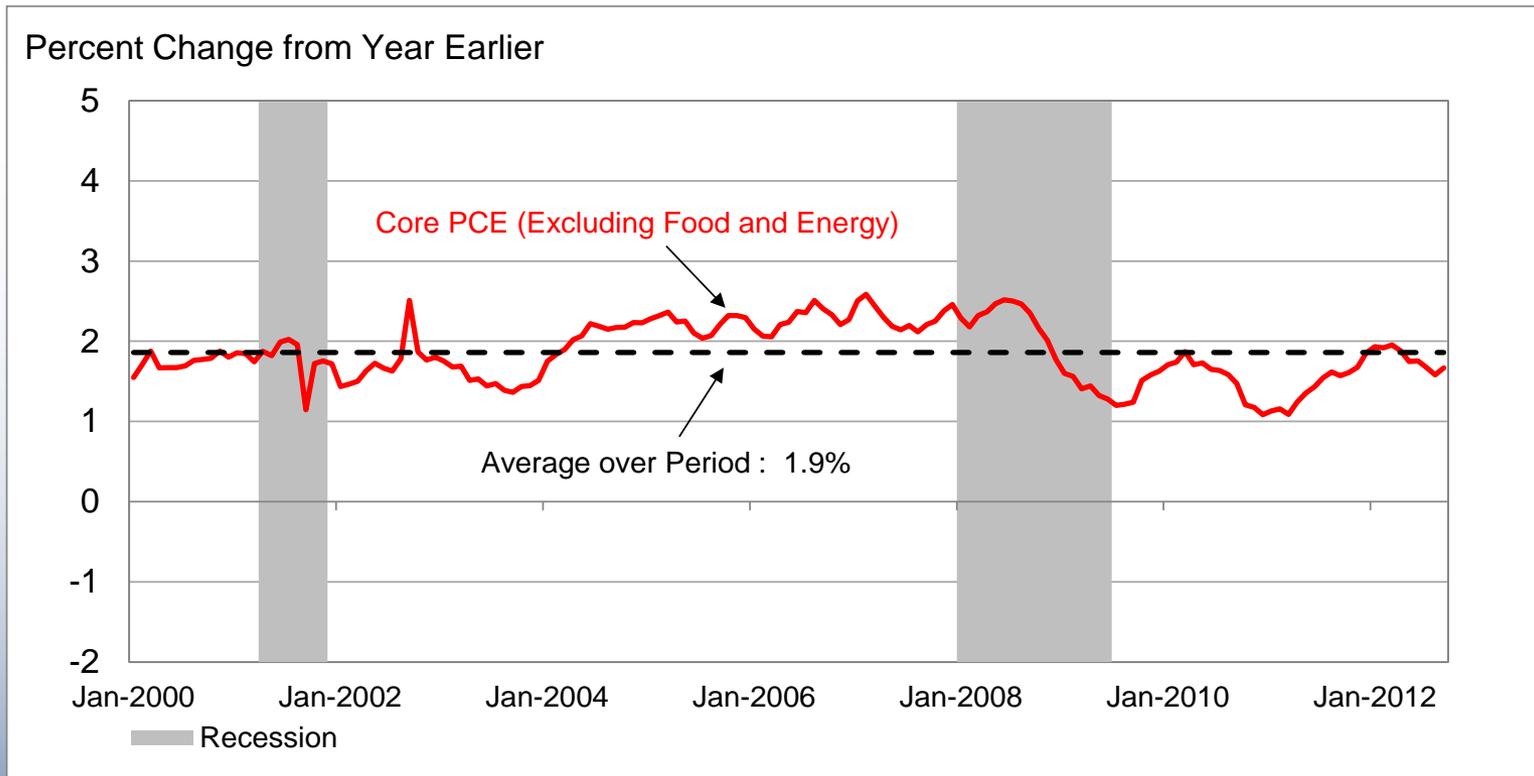


Source: BEA, NBER / Haver Analytics

# Figure 8

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

January 2000 - September 2012

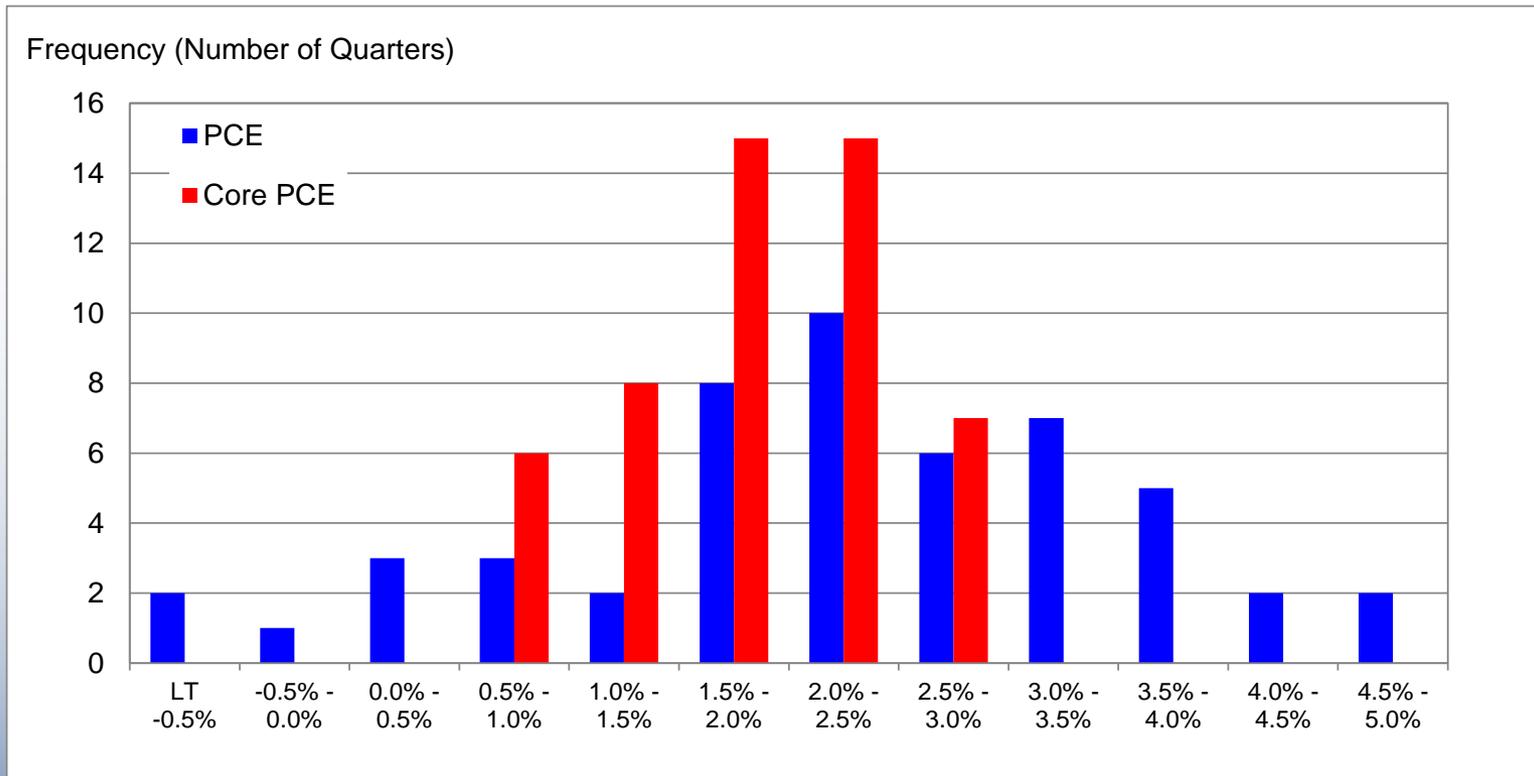


Source: BEA, NBER / Haver Analytics

# Figure 9

## Distribution of PCE and Core PCE Inflation Rates (Quarterly Changes at Annual Rates)

2000:Q1 - 2012:Q3



Source: BEA / Haver Analytics

# Figure 10

## Economic Conditions at Last Easing and First Tightening by Fed during Past Three Recoveries

Following Three Recession Troughs – November 1982, March 1991, and November 2001

Economic Conditions as of Last Easing				
Date of Recession Trough	Date of Last Easing	Unemployment Rate (%)	Monthly Average Job Growth over Past 3 Months	PCE Inflation Rate % Change from Year Earlier
November 1982	August 21, 1986	7.0	116,700	2.4
March 1991	September 4, 1992	7.6	90,300	3.1
November 2001	June 25, 2003	6.1	-90,300	1.9
Economic Conditions as of First Tightening				
Date of Recession Trough	Date of First Tightening	Unemployment Rate (%)	Monthly Average Job Growth over Past 3 Months	PCE Inflation Rate % Change from Year Earlier
November 1982	January 5, 1987	6.6	192,300	2.3
March 1991	February 4, 1994	6.6	279,300	1.9
November 2001	June 30, 2004	5.6	298,700	2.8

Source: Federal Reserve Board, BLS, BEA, NBER / Haver Analytics