The Economic Outlook and Unconventional Monetary Policy

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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

Index, Four-Week Average Ending October 28, 2011 = 100

Note: Refinance applications account for 78% of applications on average over this period.

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

Index, Trough=100

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

Percent Change from Year Earlier

Core PCE (Excluding Food and Energy)

Average over Period: 1.9%

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

<table>
<thead>
<tr>
<th>Economic Conditions as of Last Easing</th>
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<tbody>
<tr>
<td>Date of Recession Trough</td>
<td>Date of Last Easing</td>
<td>Unemployment Rate (%)</td>
<td>Monthly Average Job Growth over Past 3 Months</td>
<td>PCE Inflation Rate % Change from Year Earlier</td>
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<tr>
<td>November 1982</td>
<td>August 21, 1986</td>
<td>7.0</td>
<td>116,700</td>
<td>2.4</td>
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<td>March 1991</td>
<td>September 4, 1992</td>
<td>7.6</td>
<td>90,300</td>
<td>3.1</td>
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<td>November 2001</td>
<td>June 25, 2003</td>
<td>6.1</td>
<td>-90,300</td>
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<td>Date of Recession Trough</td>
<td>Date of First Tightening</td>
<td>Unemployment Rate (%)</td>
<td>Monthly Average Job Growth over Past 3 Months</td>
<td>PCE Inflation Rate % Change from Year Earlier</td>
</tr>
<tr>
<td>November 1982</td>
<td>January 5, 1987</td>
<td>6.6</td>
<td>192,300</td>
<td>2.3</td>
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<tr>
<td>March 1991</td>
<td>February 4, 1994</td>
<td>6.6</td>
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<td>November 2001</td>
<td>June 30, 2004</td>
<td>5.6</td>
<td>298,700</td>
<td>2.8</td>
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Source: Federal Reserve Board, BLS, BEA, NBER / Haver Analytics