

Monetary Policy Challenges in the Pandemic Recovery

*Seminar with Economics Faculty and
Students, Harvard University*

Susan M. Collins
President & CEO
Federal Reserve Bank of Boston

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Figure 1 | Federal Funds Target Rate



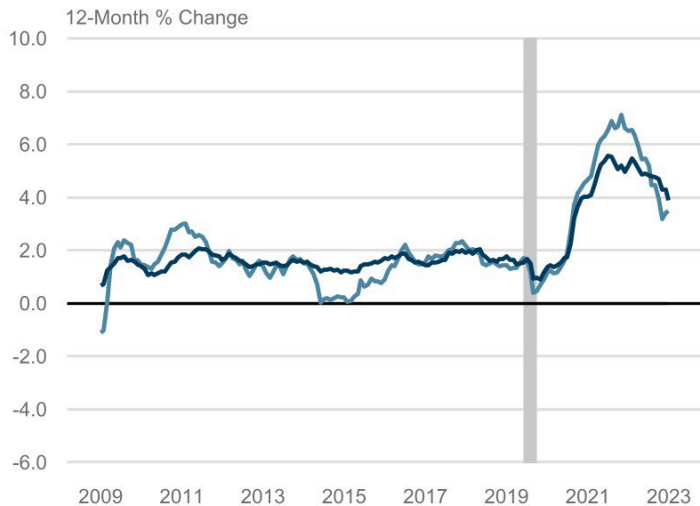
Source: Federal Reserve Board / Haver Analytics

Figure 2 | September 2023 FOMC Summary of Economic Projections

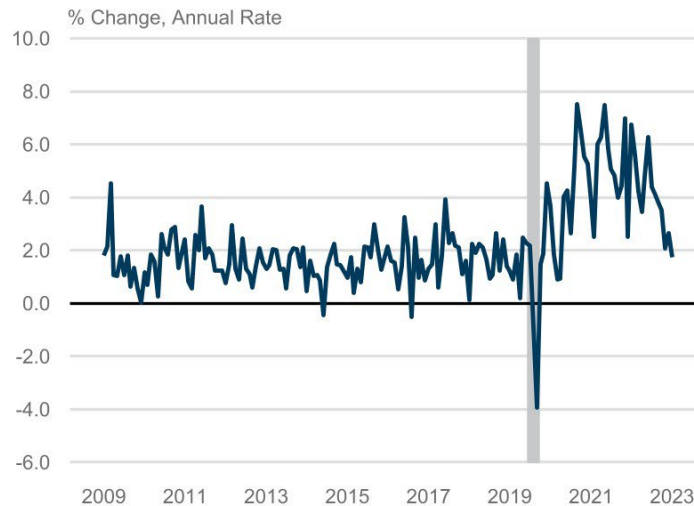
Median Projection, September 2023					
Variable	2023	2024	2025	2026	Longer Run
Change in Real GDP	2.1	1.5	1.8	1.8	1.8
Unemployment Rate	3.8	4.1	4.1	4	4
PCE Inflation	3.3	2.5	2.2	2	2
Core PCE Inflation	3.7	2.6	2.3	2	
Federal Funds Rate	5.6	5.1	3.9	2.9	2.5

Figure 3 | Personal Consumption Expenditures (PCE) Inflation

A: PCE Inflation



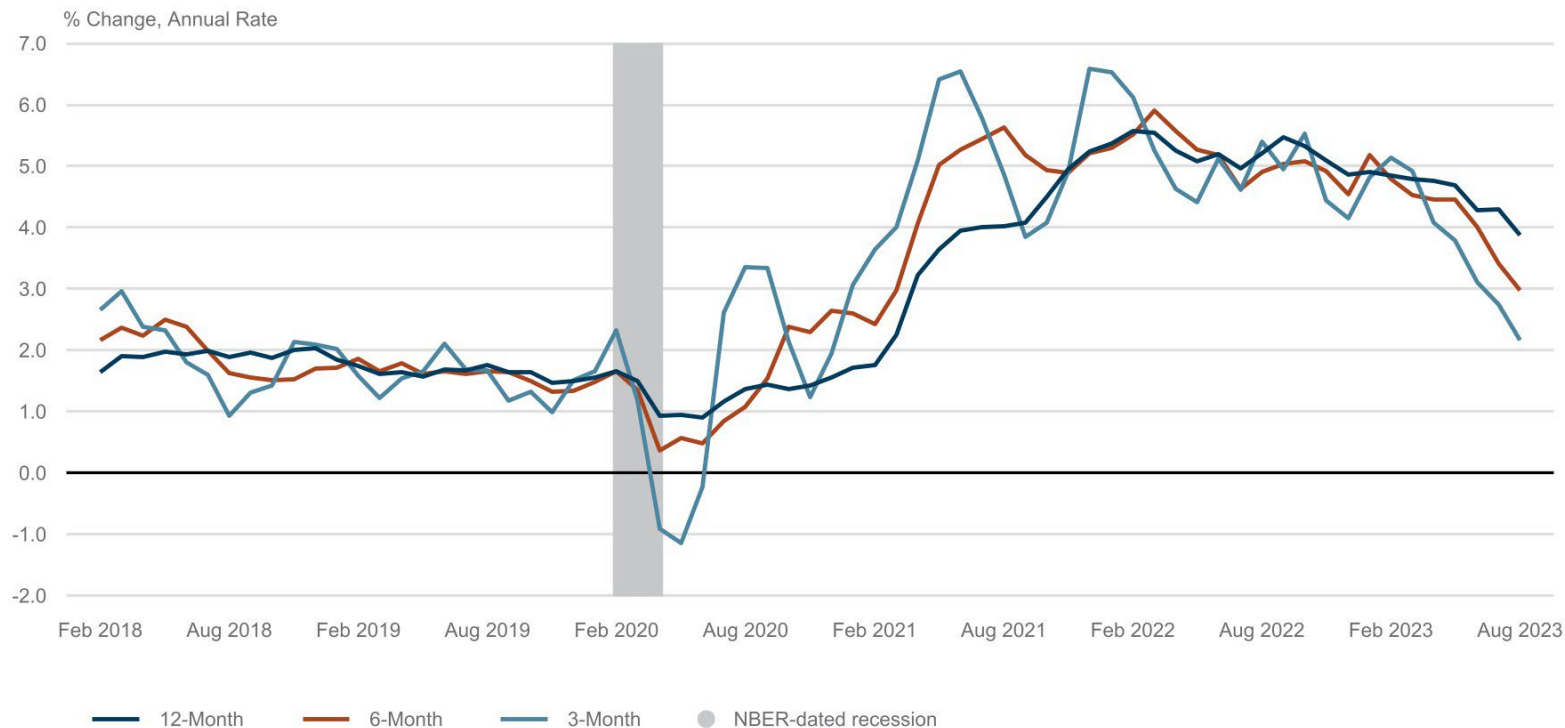
B: Monthly Core PCE Inflation



— Total PCE Price Index — PCE Ex. Food and Energy Price Index ● NBER-dated recession

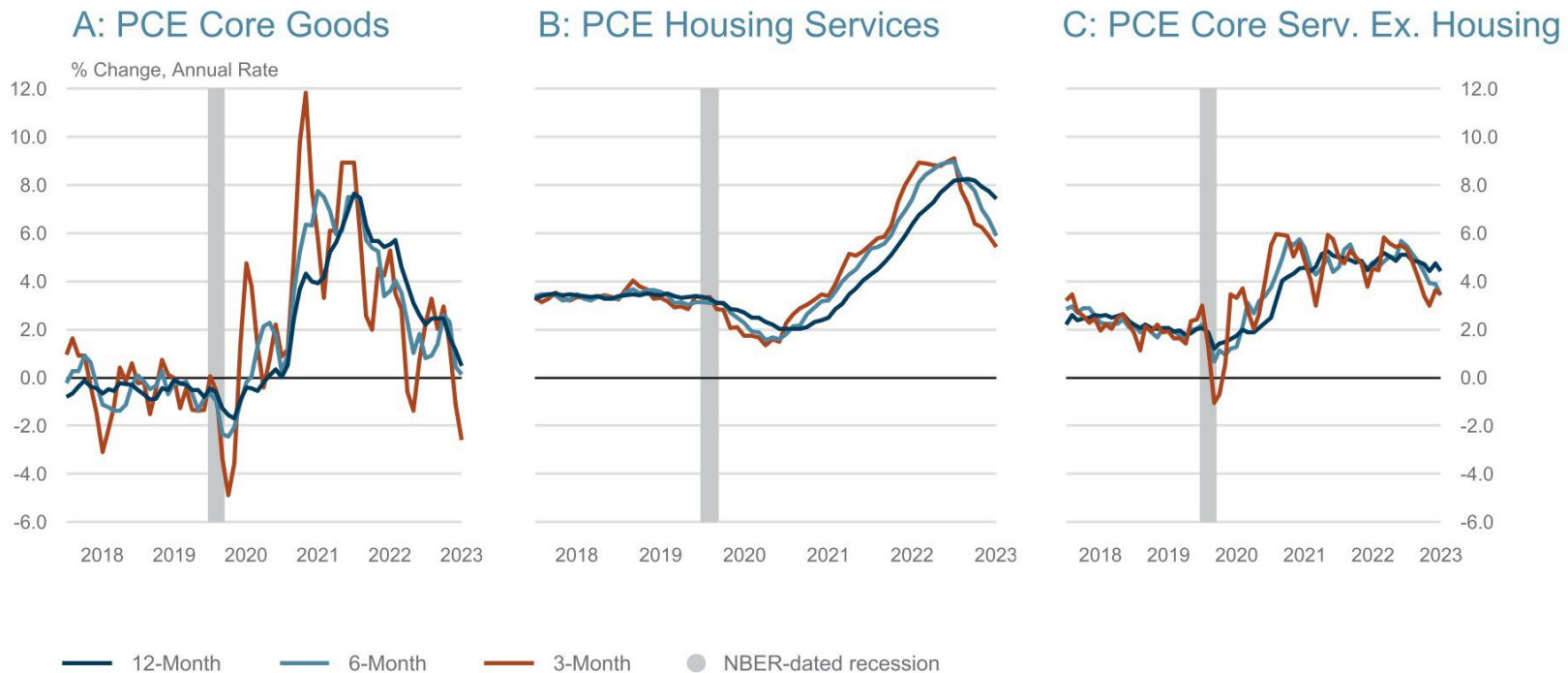
Source: Bureau of Economic Analysis / Haver Analytics

Figure 4 | Core PCE Inflation: 3-, 6-, and 12-month Horizons



Source: Bureau of Economic Analysis / Haver Analytics

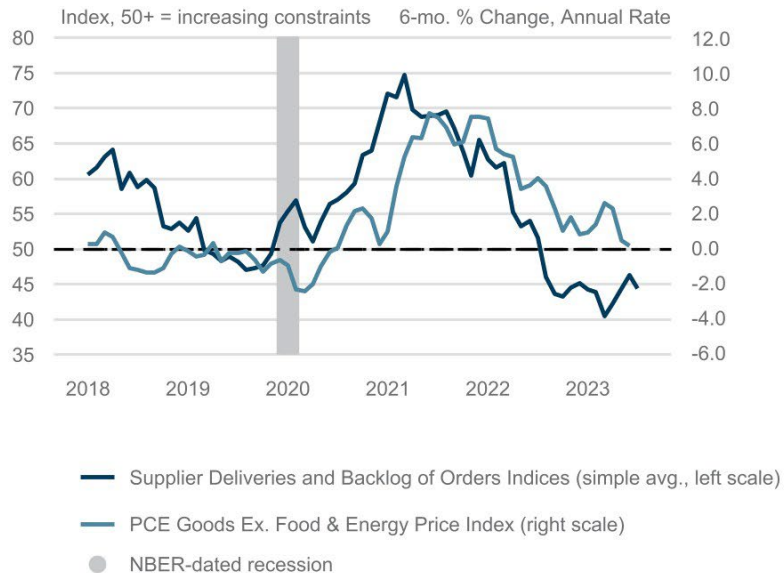
Figure 5 | Components of PCE Inflation



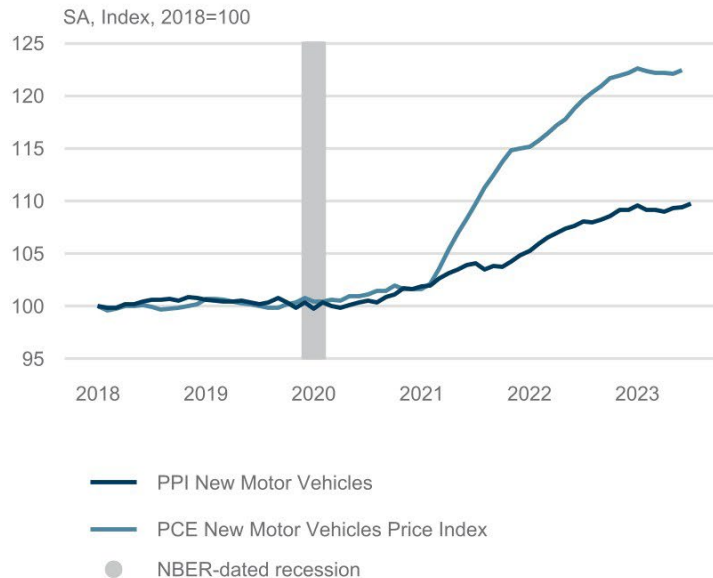
Source: Bureau of Economic Analysis / Haver Analytics

Figure 6 | Goods Price Inflation

A: Core Goods Inflation and Manufacturing Supply Constraints



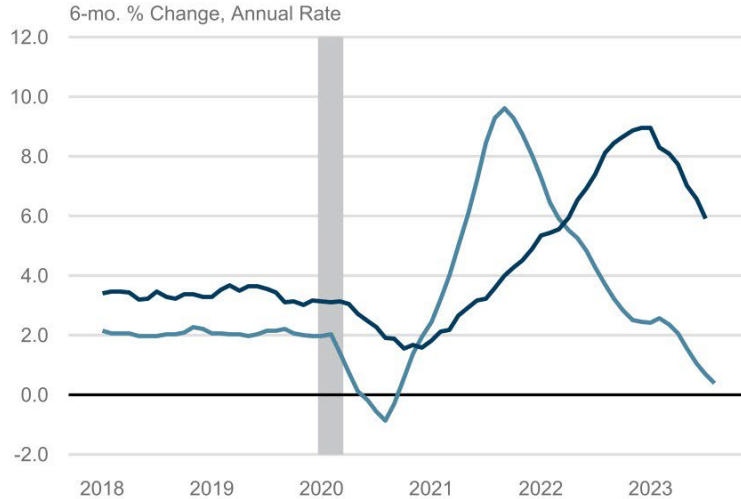
B: PPI and PCE Price Indices for New Motor Vehicles



Source: *Institute for Supply Management, Bureau of Economic Analysis, Bureau of Labor Statistics / Haver Analytics*

Figure 7 | Shelter Price Inflation

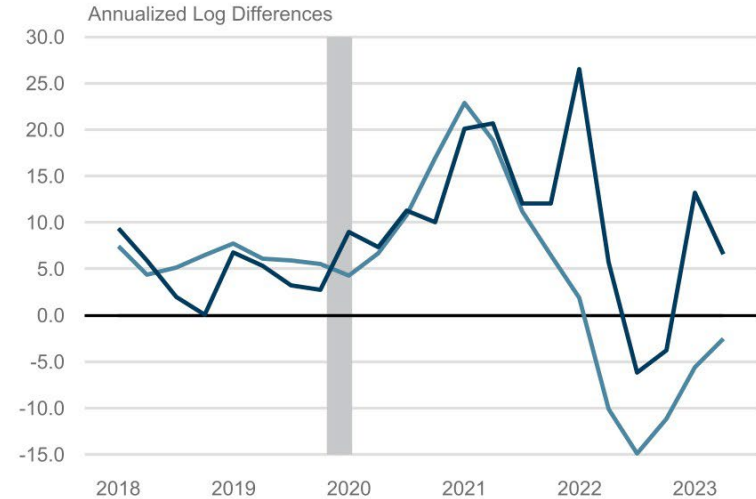
A: Shelter Inflation and New Rents



- PCE Housing Price Index
- Zillow Rent Index
- NBER-dated recession

Source: Bureau of Economic Analysis, Zillow, CoStar, CoreLogic / Haver Analytics

B: House Price Growth



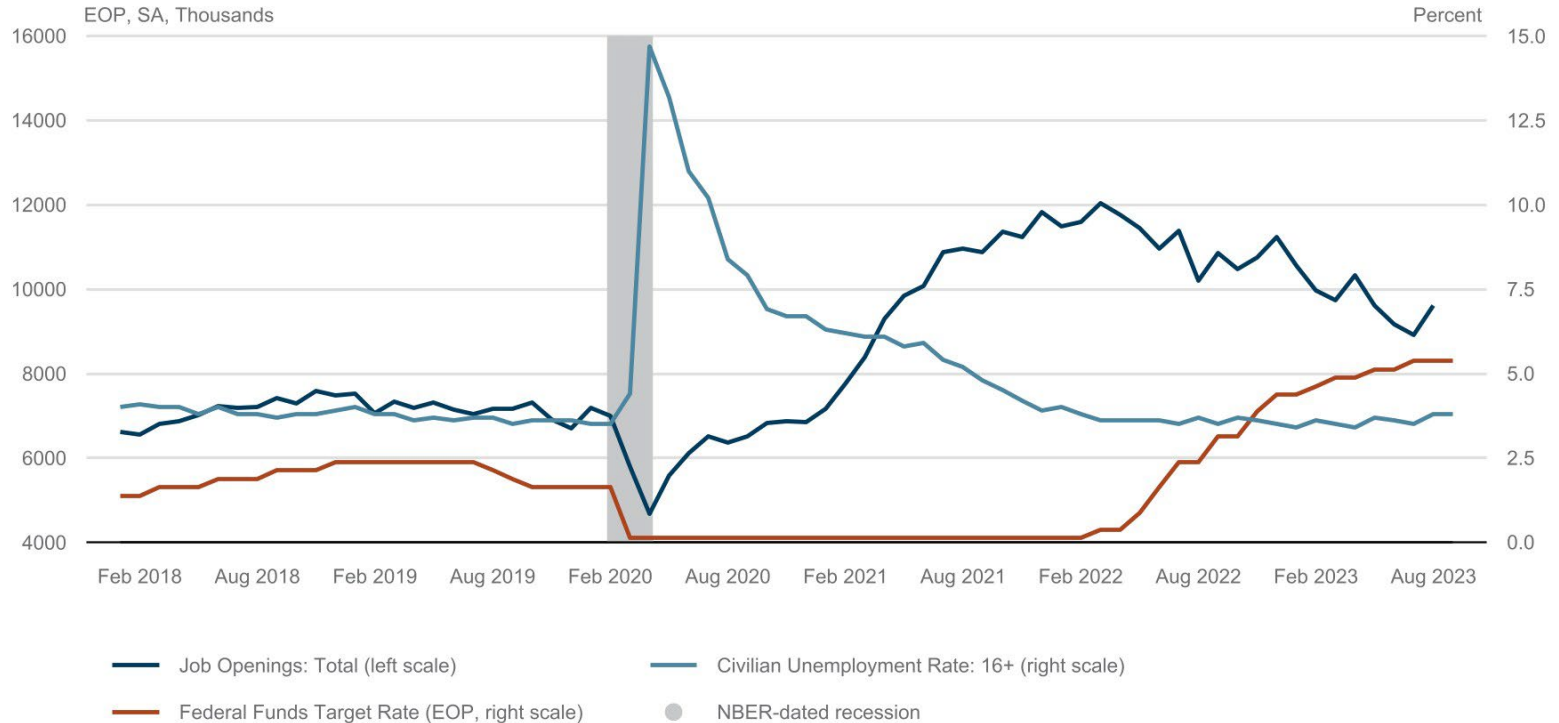
- Price Growth Rate: 1-4 Unit Buildings
- Price Growth Rate: 5+ Unit Buildings
- NBER-dated recession

Figure 8 | Core Services Ex. Housing Inflation and Labor Compensation



Source: Bureau of Economic Analysis, Bureau of Labor Statistics / Haver Analytics

Figure 9 | Vacancies and Unemployment



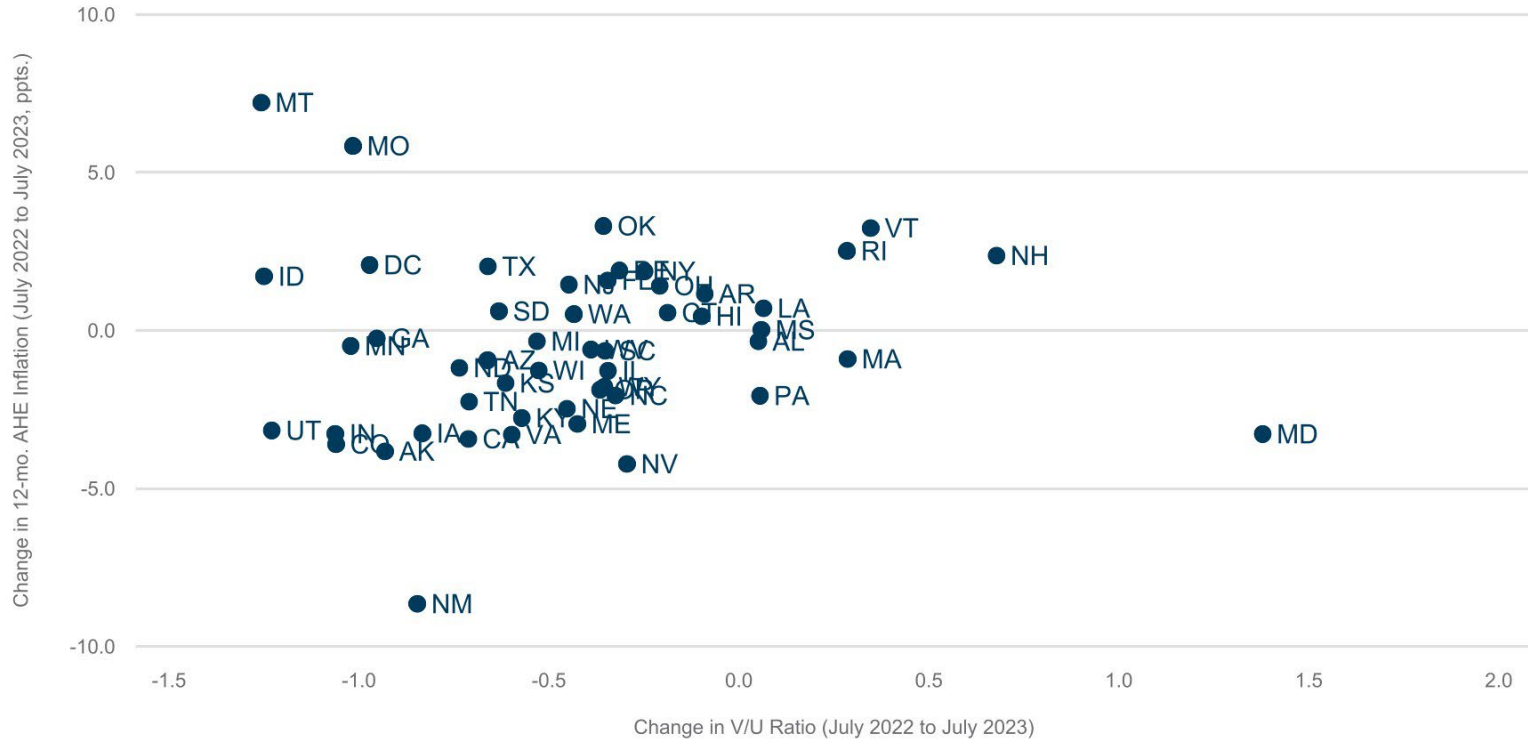
Source: Bureau of Labor Statistics, Federal Reserve Board of Governors / Haver Analytics

Figure 10 | Labor Compensation and Vacancy/Unemployment Ratio



Source: Bureau of Labor Statistics / Haver Analytics

Figure 11 | State-Level Wage Inflation and Vacancy/Unemployment Ratio



Source: Bureau of Labor Statistics / Haver Analytics

Figure 12 | Labor Supply: Prime Age Labor Force Participation

A: By Gender



Source: Bureau of Labor Statistics / Haver Analytics

B: By Race

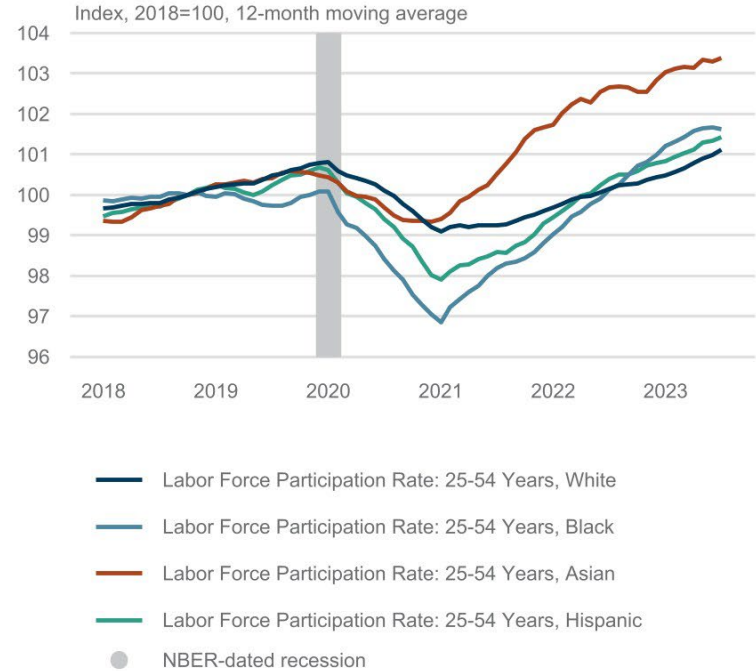
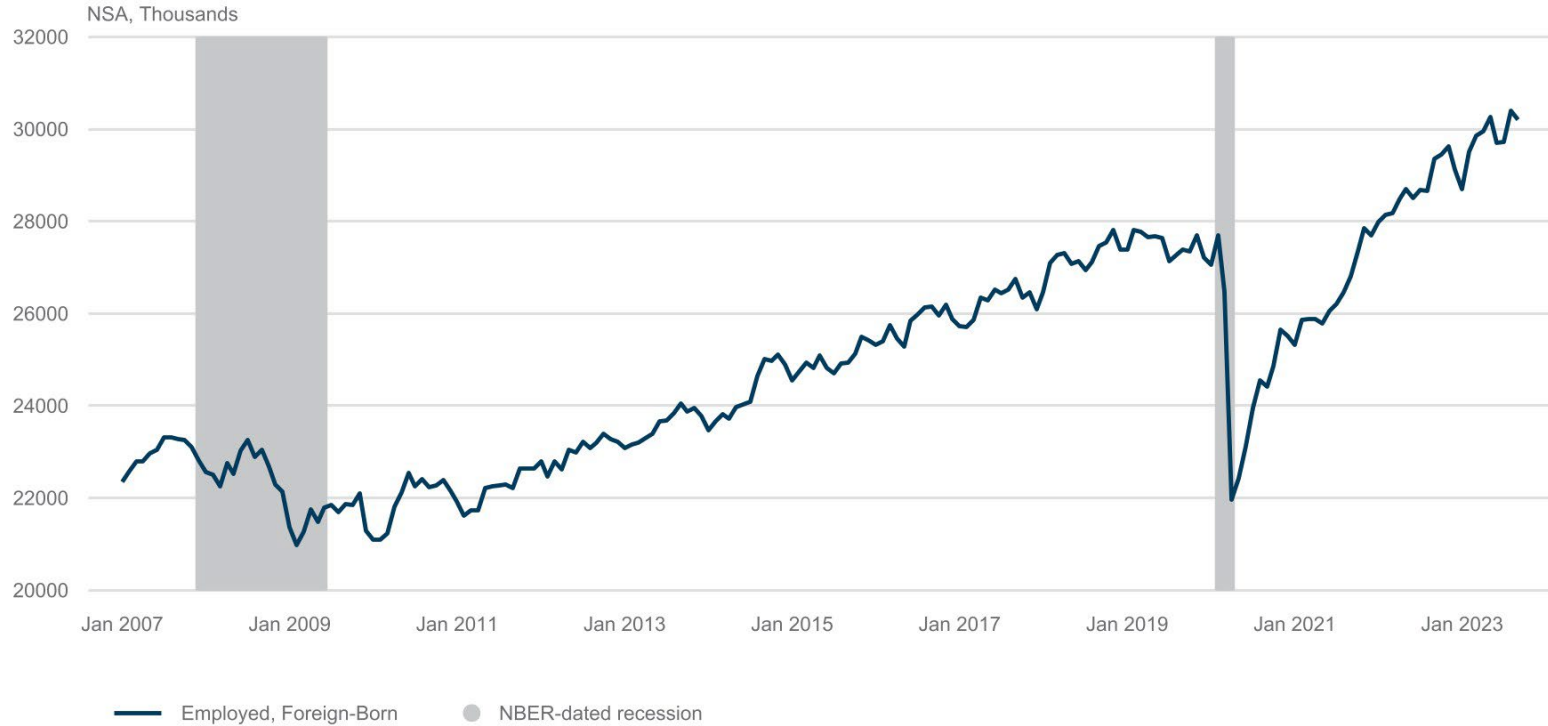
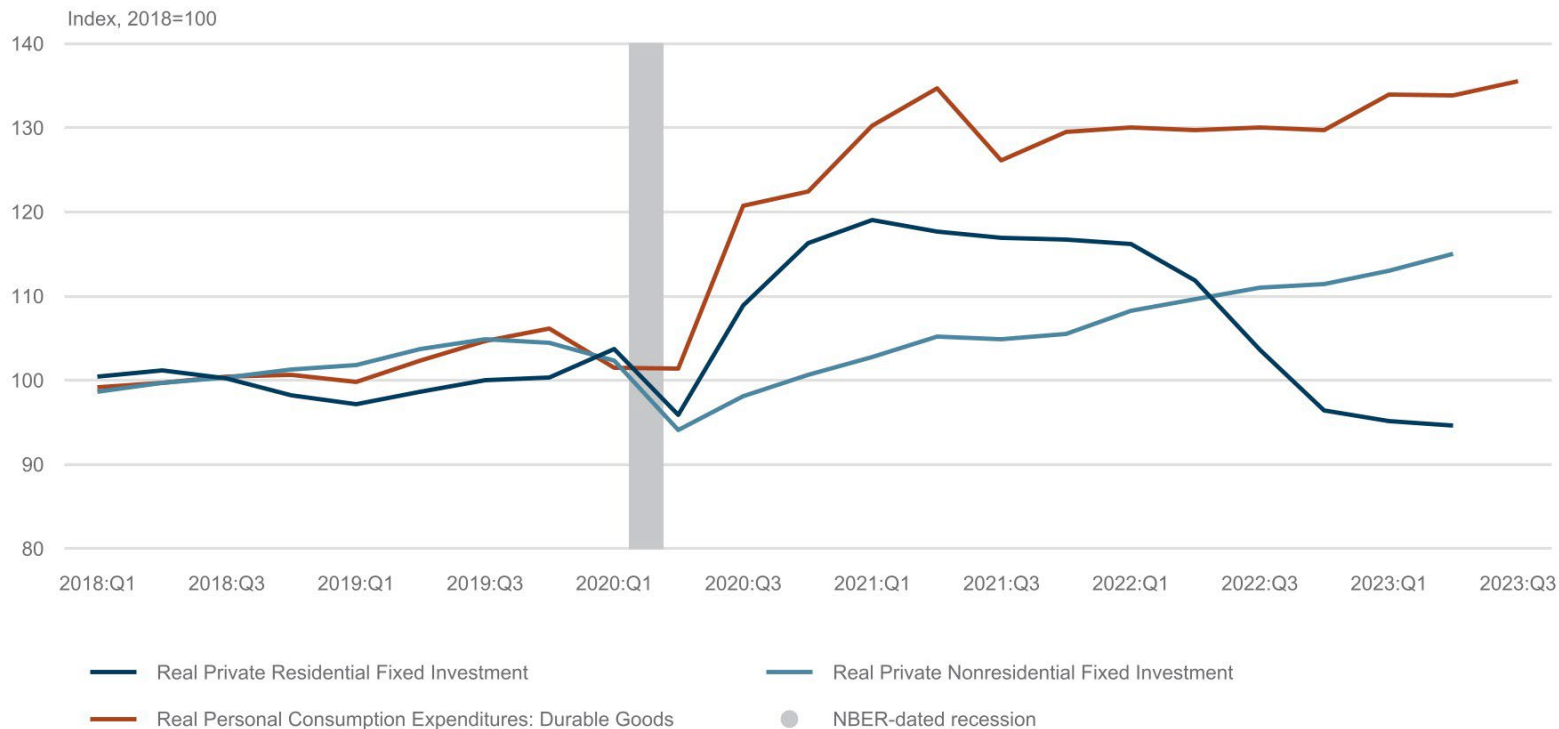


Figure 13 | Employed: Foreign Born



Source: Bureau of Labor Statistics / Haver Analytics

Figure 14 | Real Investment and Durable Goods Consumption



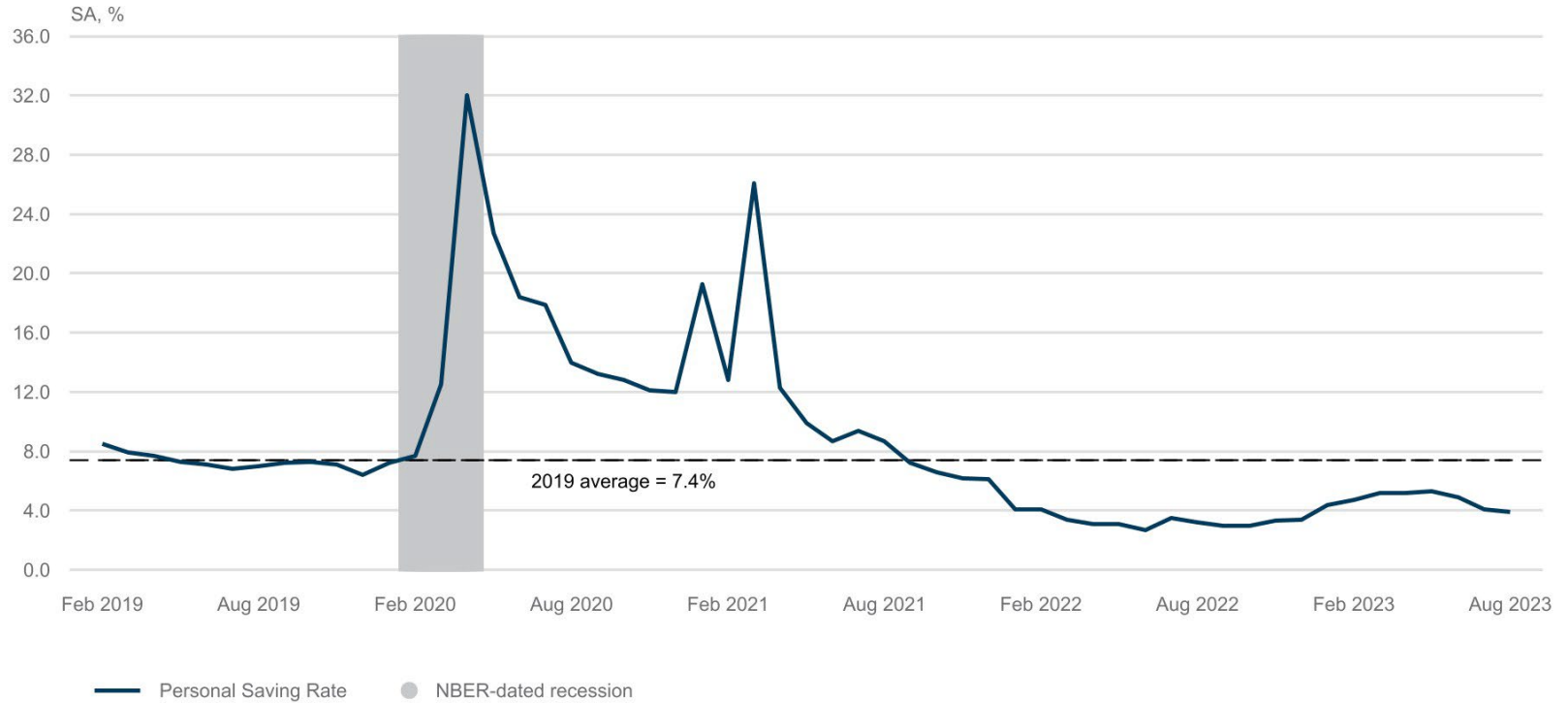
Source: Bureau of Economic Analysis / Haver Analytics

Figure 15 | (Nonfinancial) Corporate Bond Liabilities and Profits



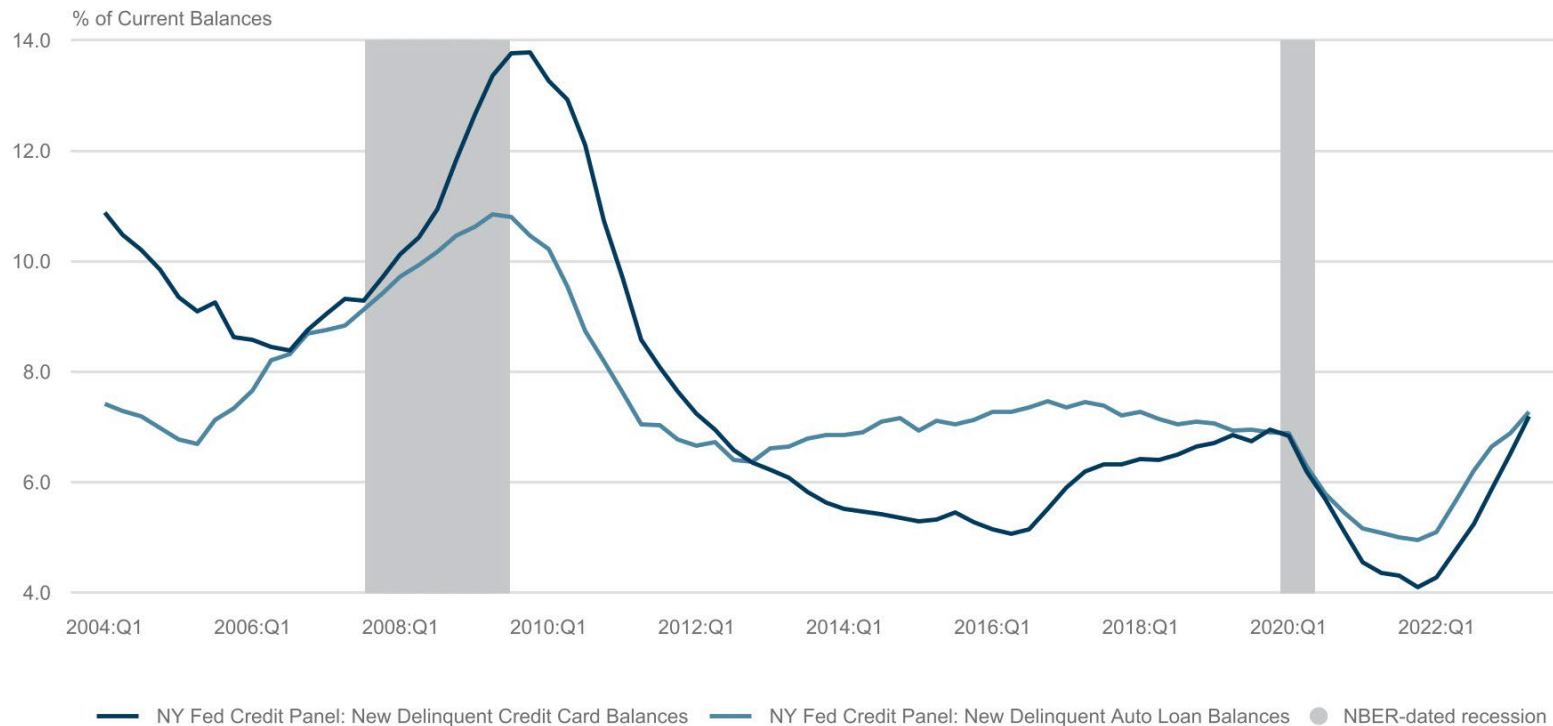
Source: Federal Reserve Board of Governors / Haver Analytics

Figure 16 | Household Saving



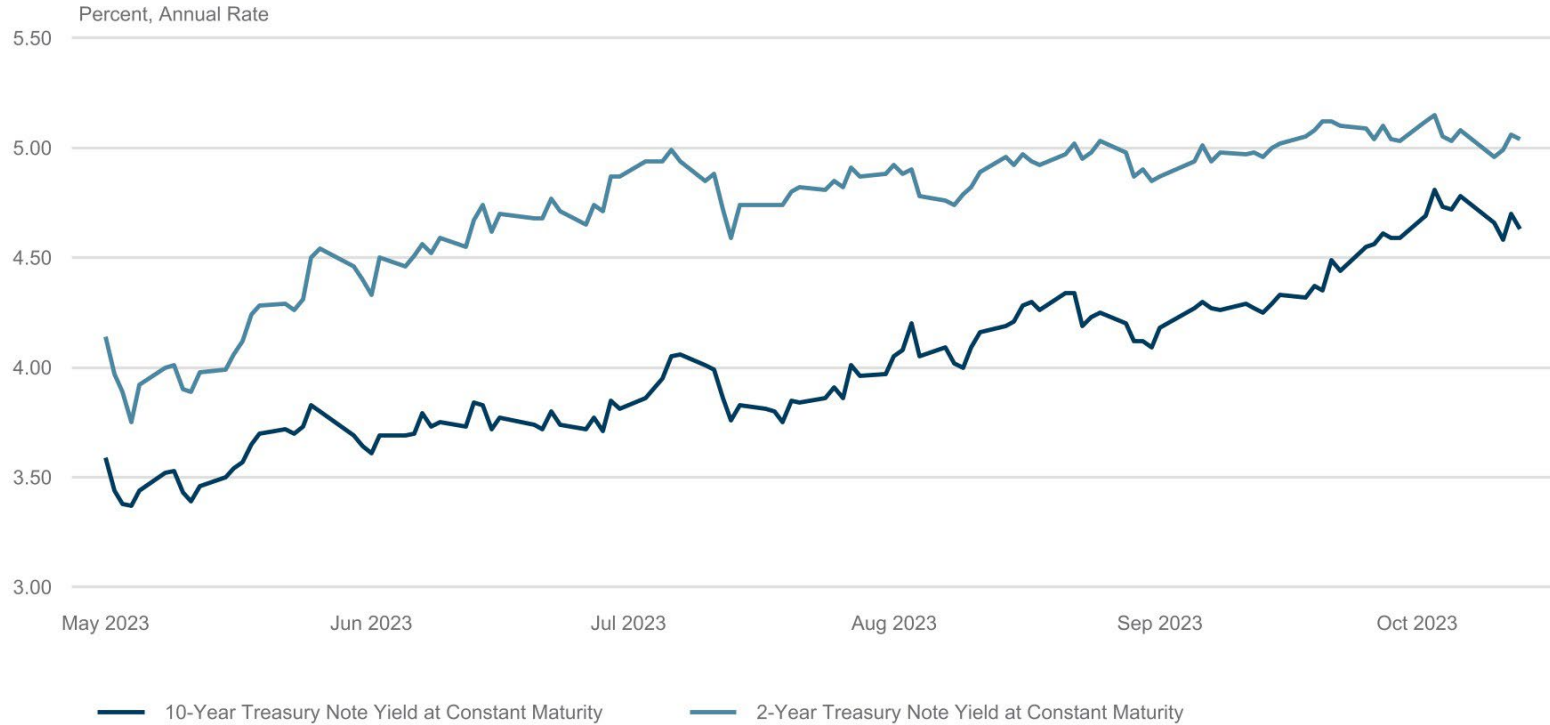
Source: Bureau of Economic Analysis / Haver Analytics, author's calculations

Figure 17 | Credit Card and Auto Loans: New Delinquent Balances



Source: Federal Reserve Bank of New York / Haver Analytics

Figure 18 | 10-Year and 2-Year Treasury Yields



Source: Federal Reserve Board of Governors / Haver Analytics

