

Reflections on Uncertainty and Patience in Monetary Policymaking

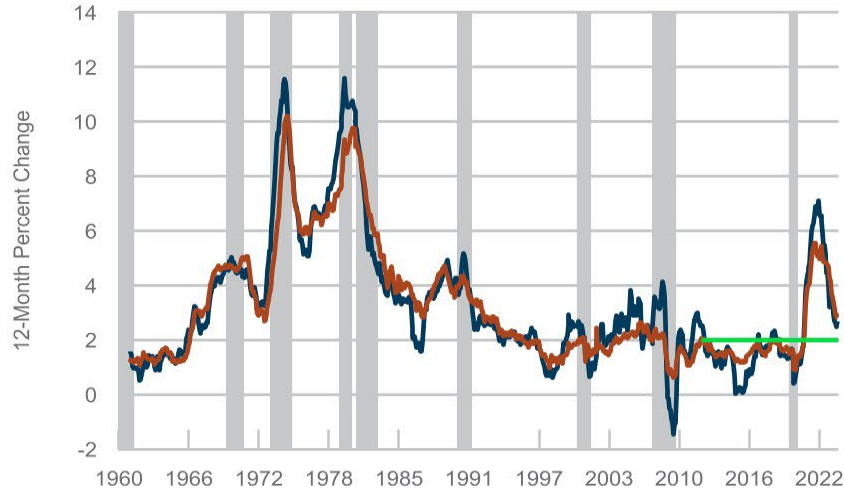
Remarks at the Sloan School of
Management, Massachusetts
Institute of Technology

Susan M. Collins, President & CEO
May 8, 2024



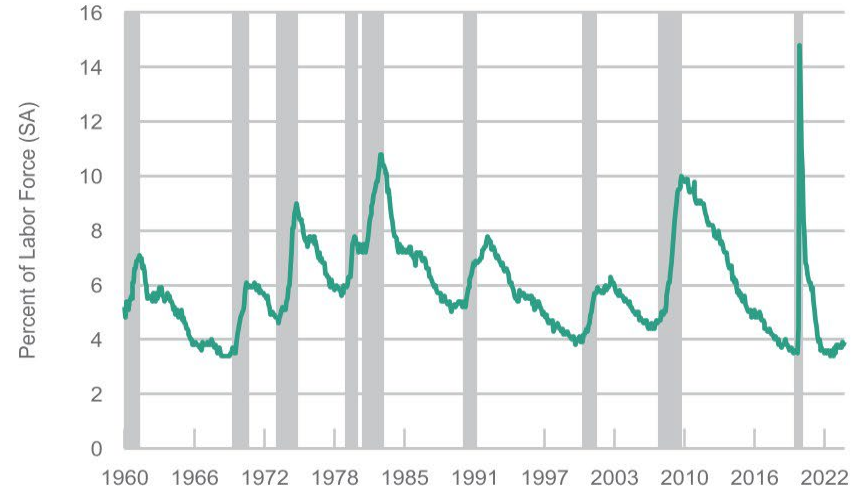
Figure 1 | Inflation and the Unemployment Rate

A. PCE Inflation



- Total PCE Price Index
- Core PCE Price Index
- FOMC Inflation Target
- NBER-dated recession

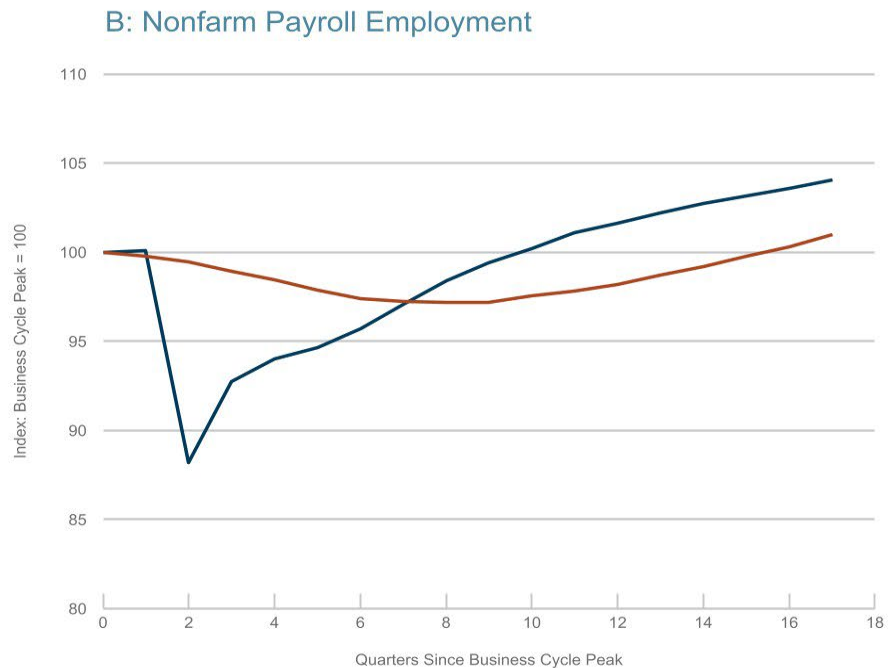
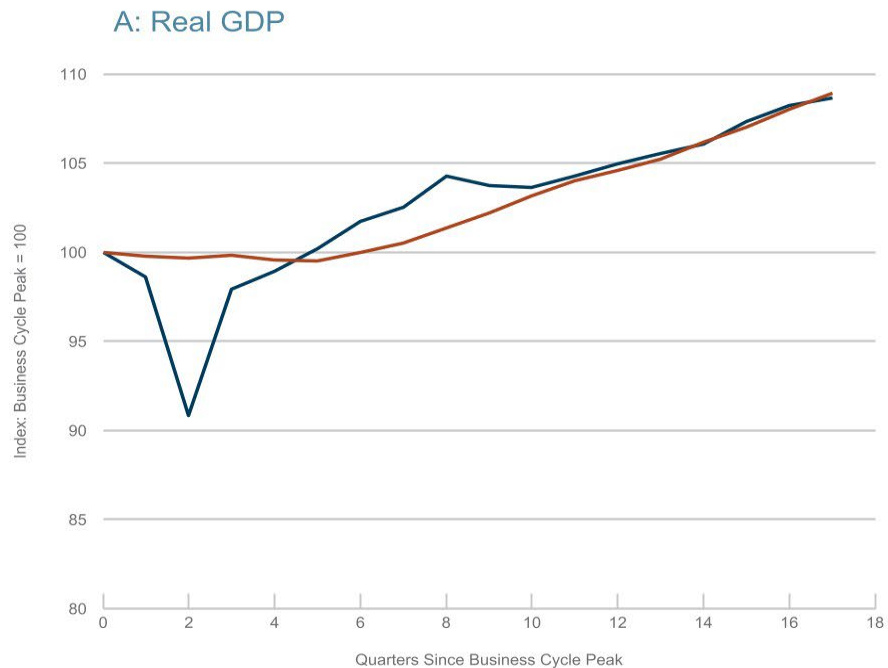
B. Unemployment Rate



- Unemployment Rate: 16+ Years
- NBER-dated recession

Note: In January 2012 the FOMC formally adopted a 2 percent target for total PCE inflation.
Source: Bureau of Economic Analysis, Bureau of Labor Statistics / Haver Analytics.

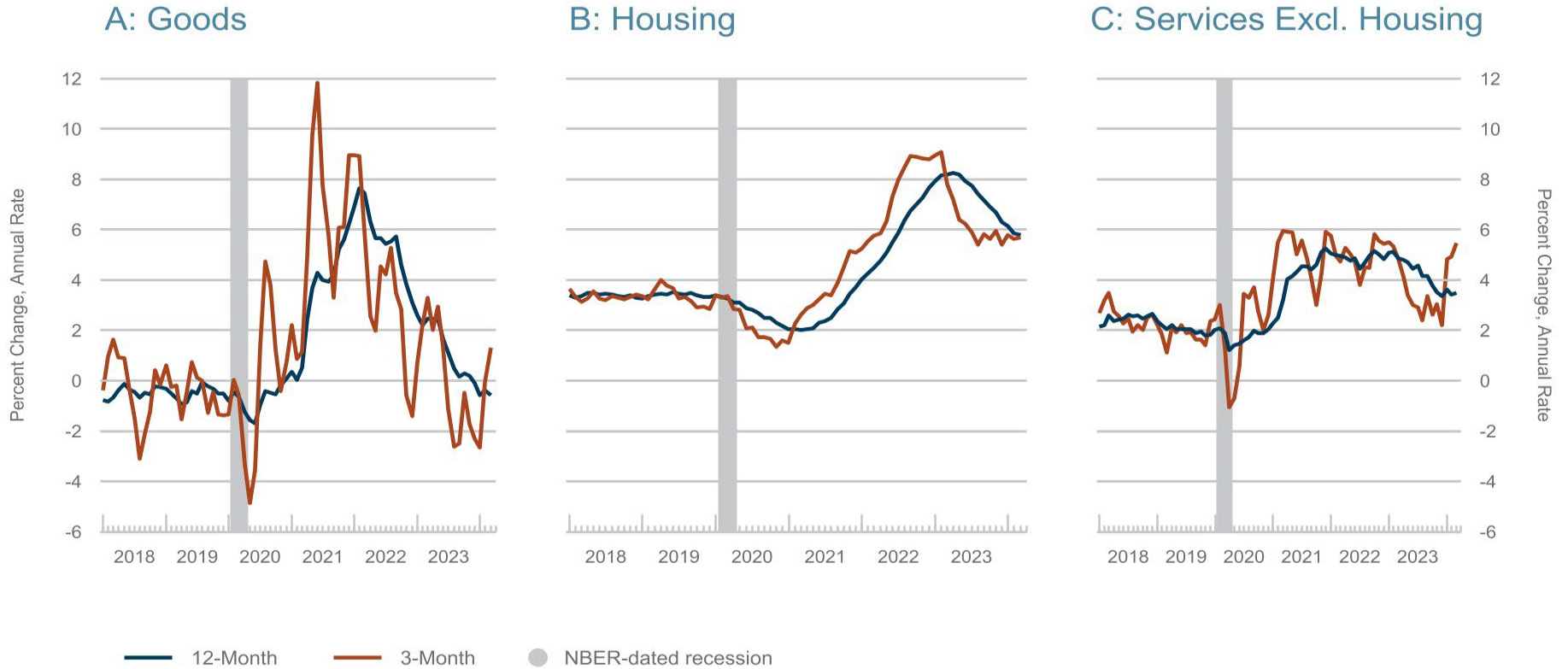
Figure 2 | Current Recovery Compared to Past Recoveries



— 2020 Recession — Average of Previous Three Recessions

Note: Previous three recessions: December 2007 to June 2009; March 2001 to November 2001; and July 1990 to March 1991.
Source: Bureau of Economic Analysis, Bureau of Labor Statistics / Haver Analytics.

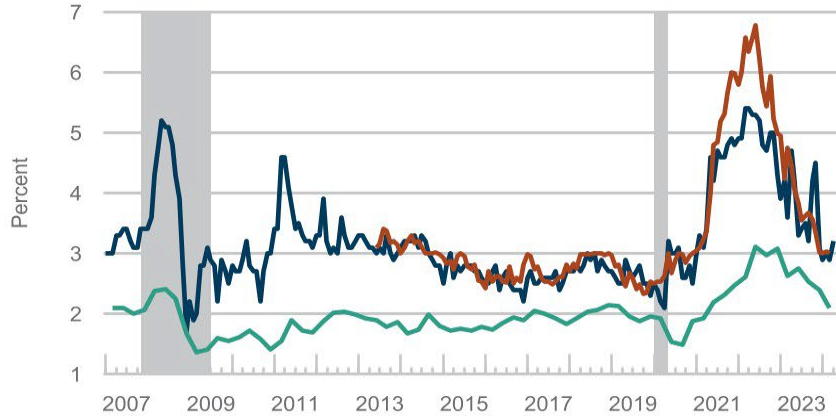
Figure 3 | Components of Core PCE Inflation



Source: Bureau of Economic Analysis / Haver Analytics.

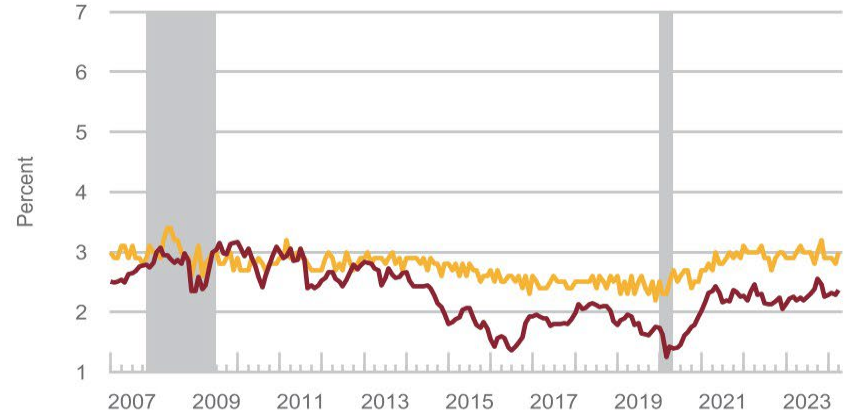
Figure 4 | Inflation Expectations

A. Short-Term Inflation Expectations



- 1-Year Michigan Survey (Household Median)
- 1-Year NY Fed Survey (Household Median)
- 1-Year Survey of Professional Forecasters (Median)
- NBER-dated recession

B. Longer-Term Inflation Expectations



- 5-10 Year, Michigan Survey (Household Median)
- 5-10 Year, TIPS Inflation Compensation (Market-Based)
- NBER-dated recession

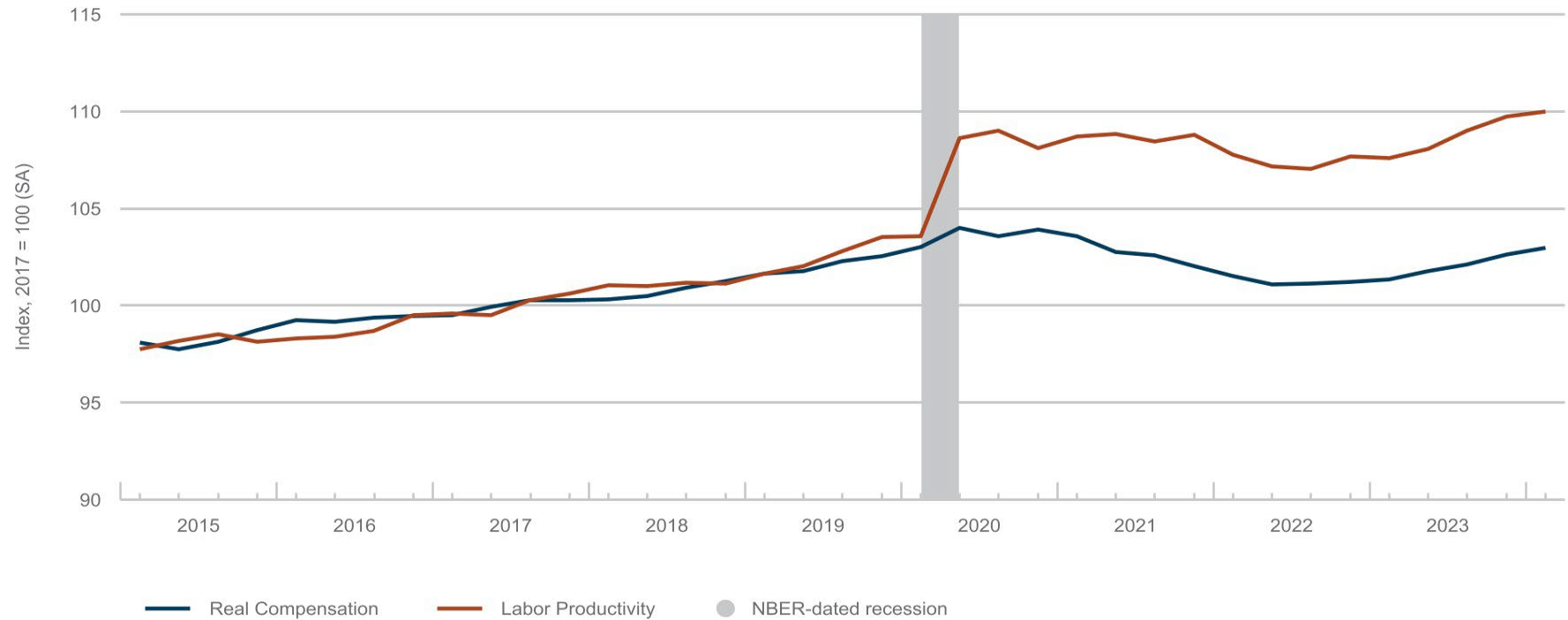
Source: Federal Reserve Bank of New York, Federal Reserve Bank of Philadelphia, Federal Reserve Board of Governors, University of Michigan / Haver Analytics.

Figure 5 | Wages and Prices



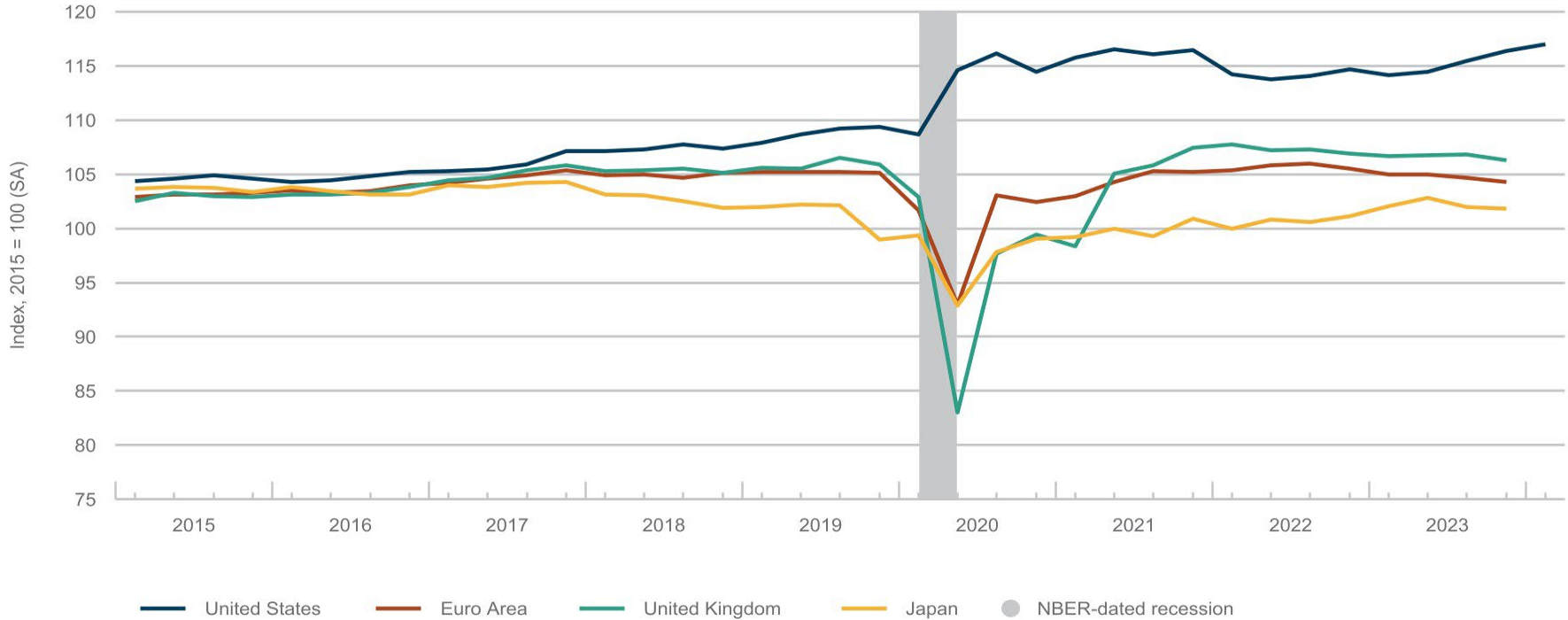
Source: Bureau of Labor Statistics, Bureau of Economic Analysis / Haver Analytics.

Figure 6 | Real Compensation and Labor Productivity



Note: Real compensation is defined as the Employment Cost Index (ECI) for Civilian Workers divided by the total PCE price index. Labor productivity is defined as output per hours worked for the whole economy. Source: Bureau of Labor Statistics, Author's Calculations / Haver Analytics.

Figure 7 | Labor Productivity Across Countries



Note: Labor Productivity is defined as output per employed person for the whole economy.
Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Cabinet Office/Ministry of Health, Labour, and Welfare (Japan), Office of National Statistics (U.K.), Statistcal Office of the European Communities / Haver Analytics.

Figure 8: In the Region

