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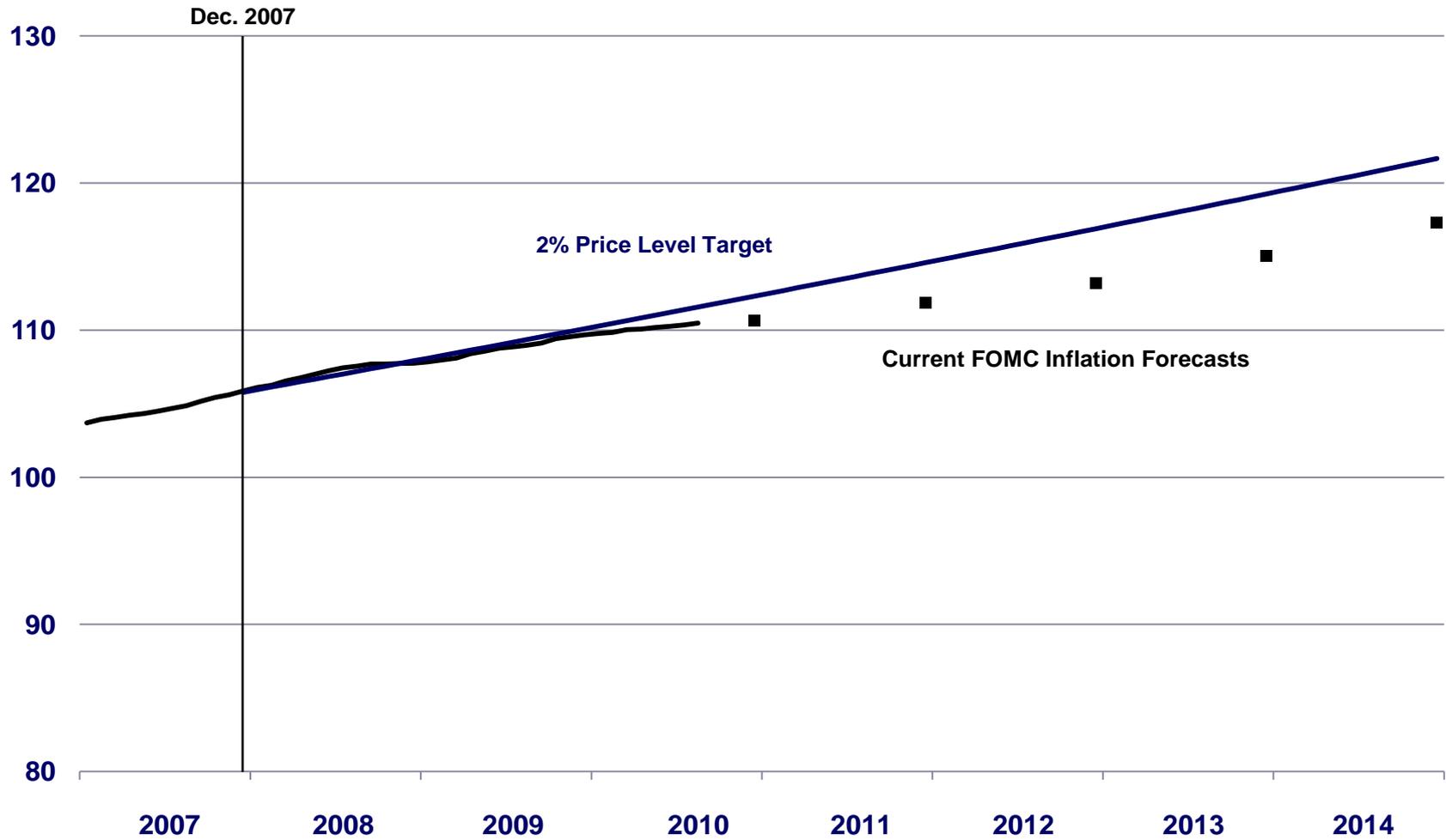
# A State-contingent Price Level Target

Panel on Monetary Policy in a Low-Inflation Environment  
Federal Reserve Bank of Boston  
October 16, 2010

Charles Evans  
President and CEO  
Federal Reserve Bank of Chicago

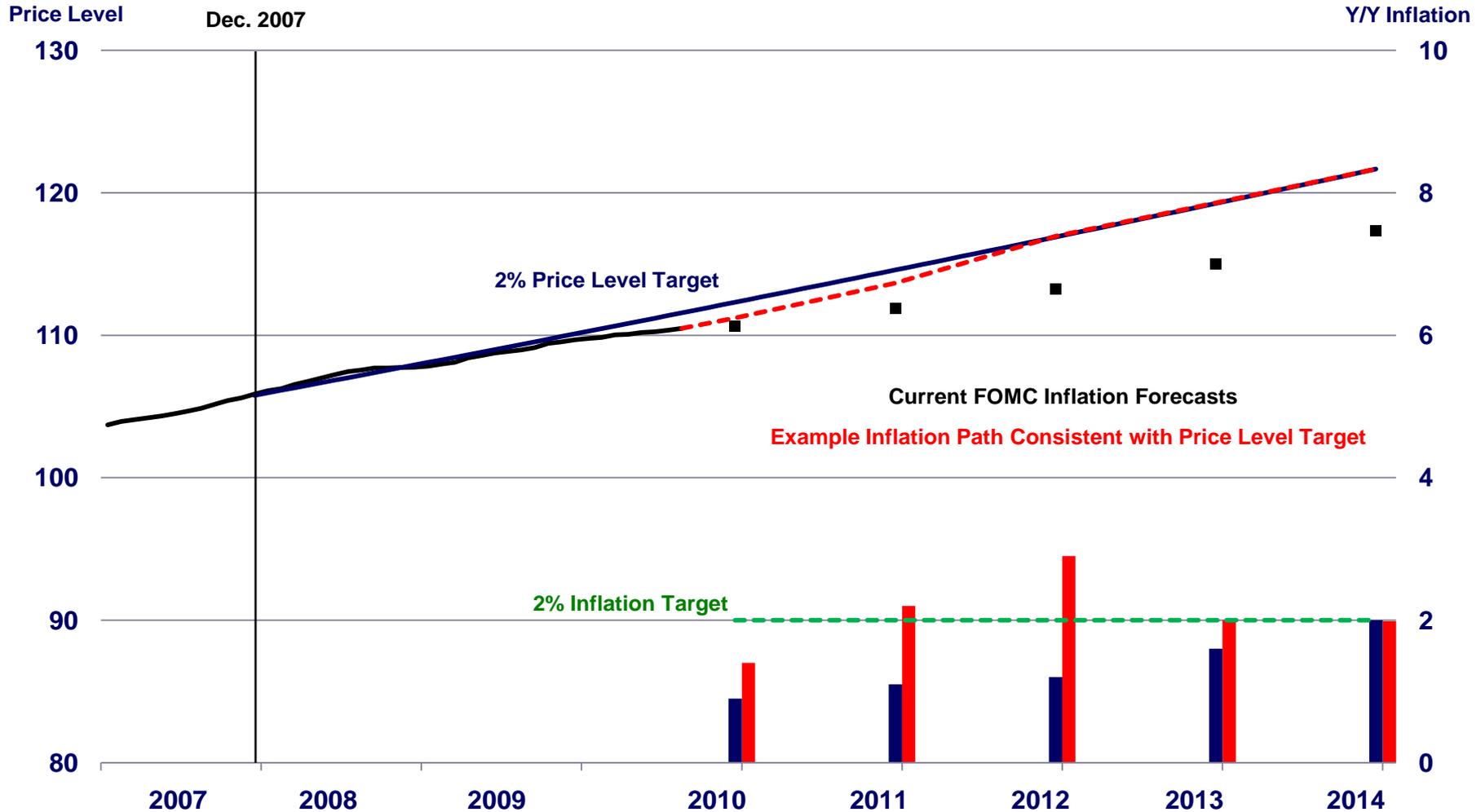
# Price Stability

**Core PCE Price Index**  
(Index, 2005=100)



# State-contingent Price Level Targeting

## Core PCE Price Index and Inflation (Index, 2005=100, Q4/Q4 inflation)



# A “Catch-up” Policy

## Core PCE Price Index and Inflation (Index, 2005=100, Q4/Q4 inflation)

