



Implications of Fiscal Austerity for U.S. Monetary Policy

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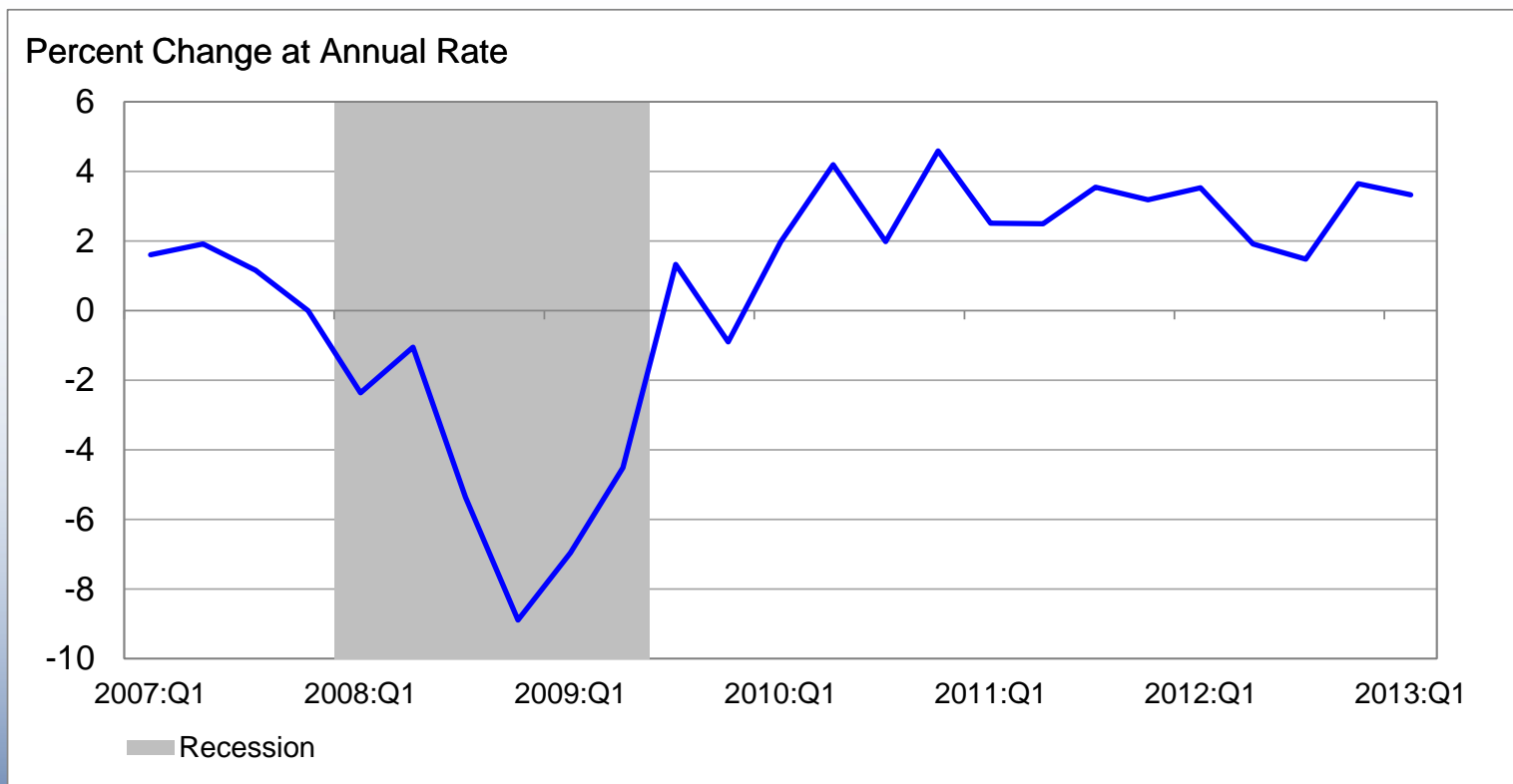
GIC Central Banking Conference
Milan, Italy

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Figure 1

Growth in Real Final Sales to Private Domestic Purchasers

2007:Q1 - 2013:Q1

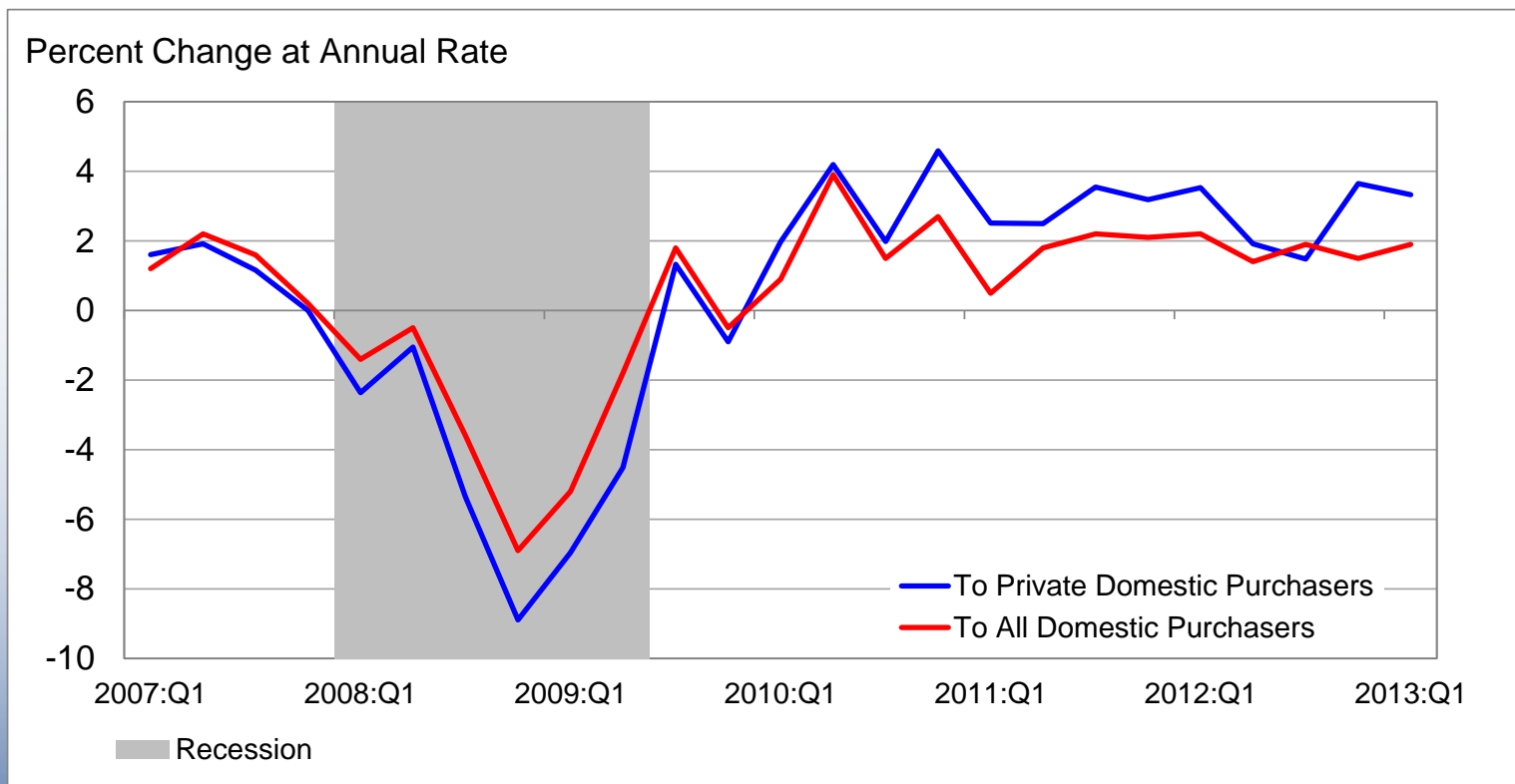


Source: BEA, NBER / Haver Analytics

Figure 2

Growth in Real Final Sales to All Domestic and Private Domestic Purchasers

2007:Q1 - 2013:Q1

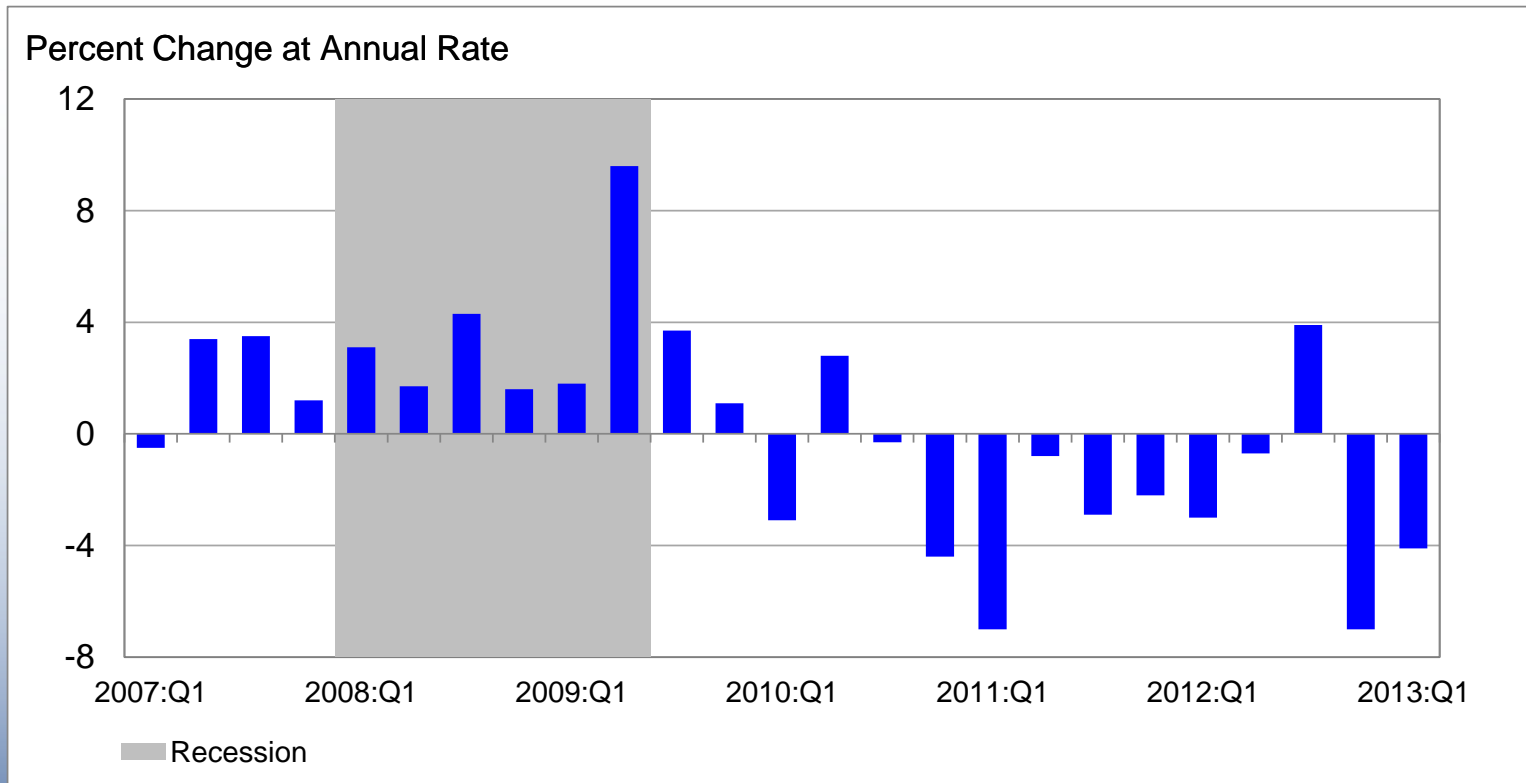


Source: BEA, NBER / Haver Analytics

Figure 3

Growth in Real Government Spending

2007:Q1 - 2013:Q1

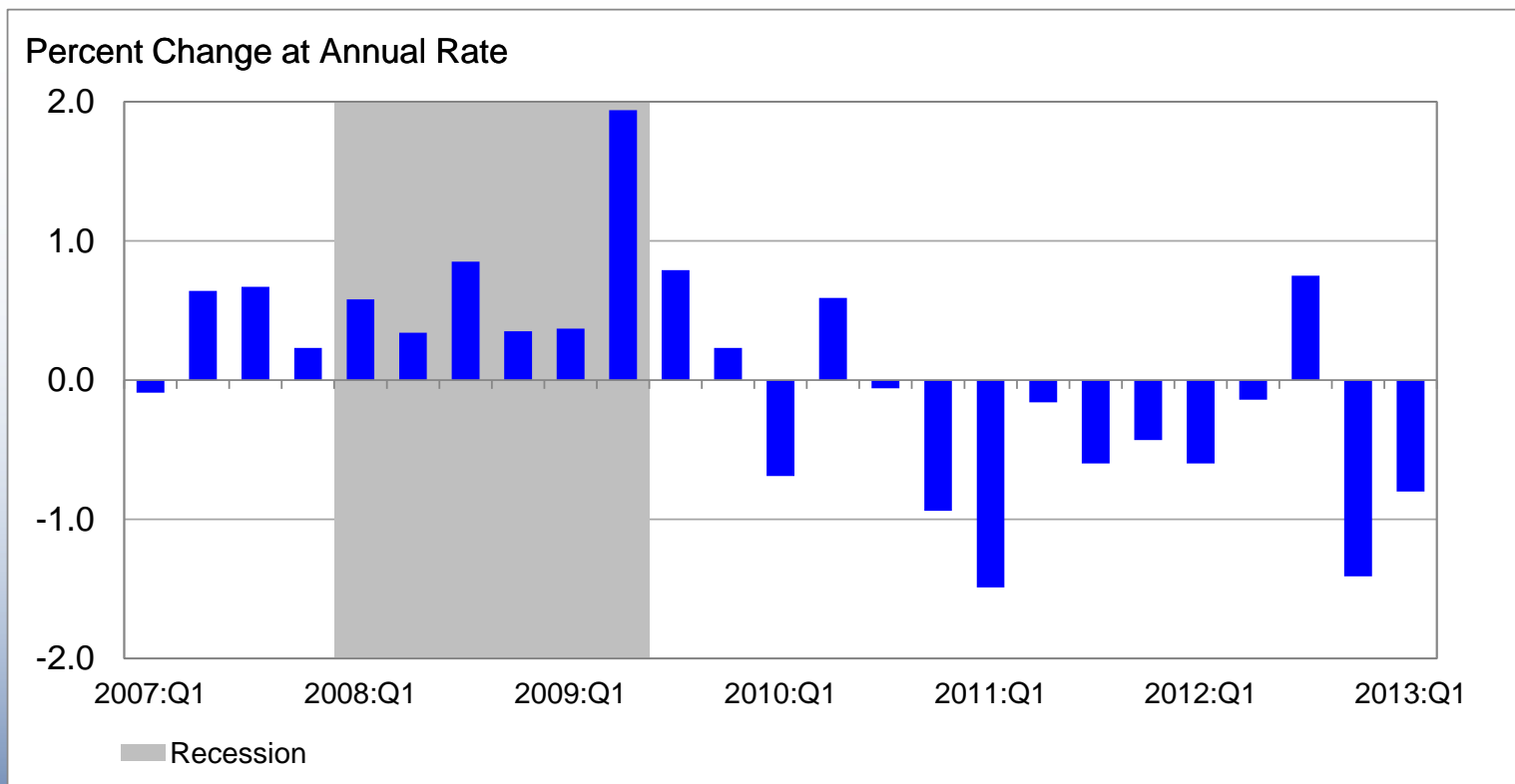


Source: BEA, NBER / Haver Analytics

Figure 4

Contribution of Real Government Spending to Real GDP Growth

2007:Q1 - 2013:Q1

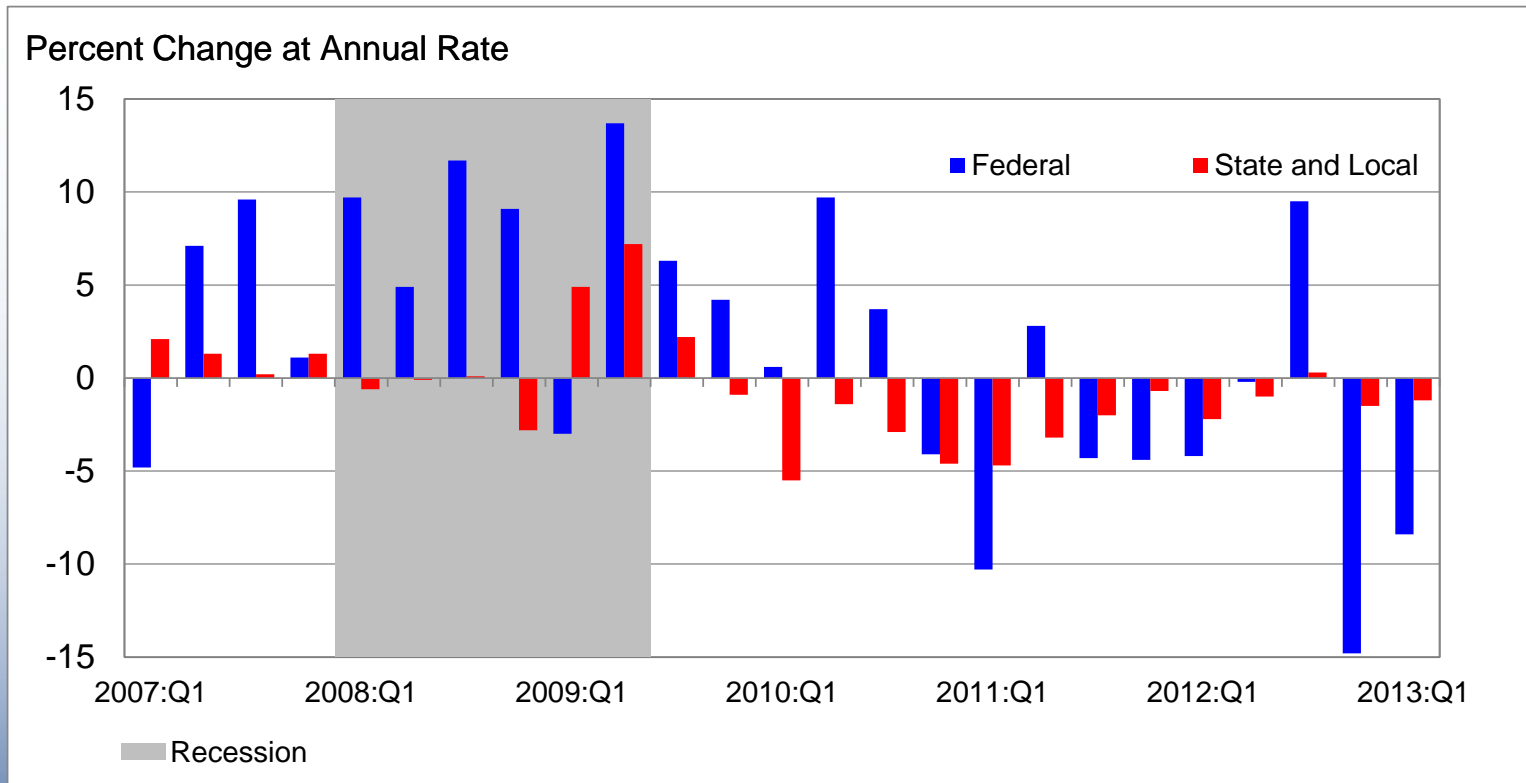


Source: BEA, NBER / Haver Analytics

Figure 5

Growth in Real Government Spending by Federal and State and Local Governments

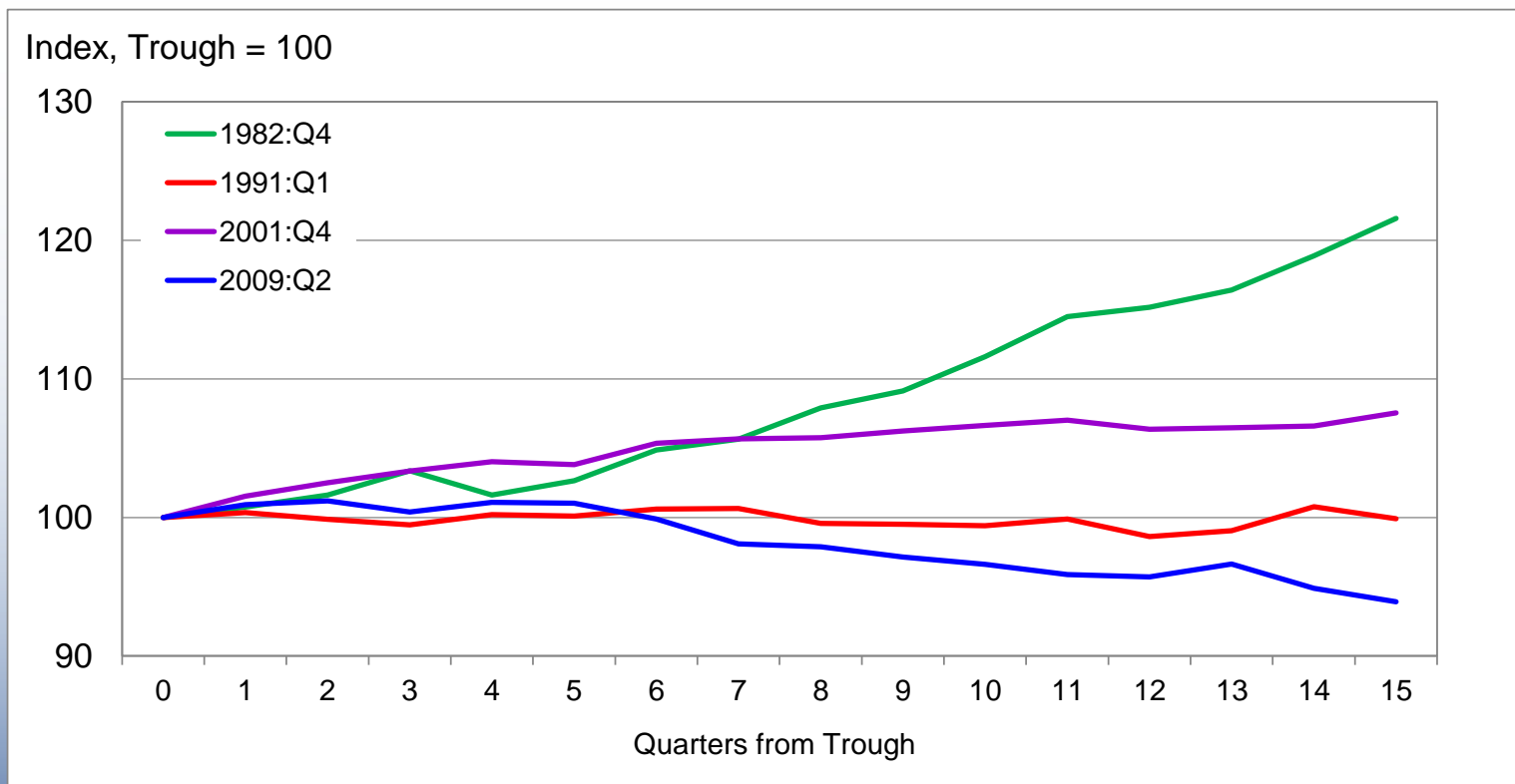
2007:Q1 - 2013:Q1



Source: BEA, NBER / Haver Analytics

Figure 6

Growth in Government Spending During Current and Previous Three Recoveries

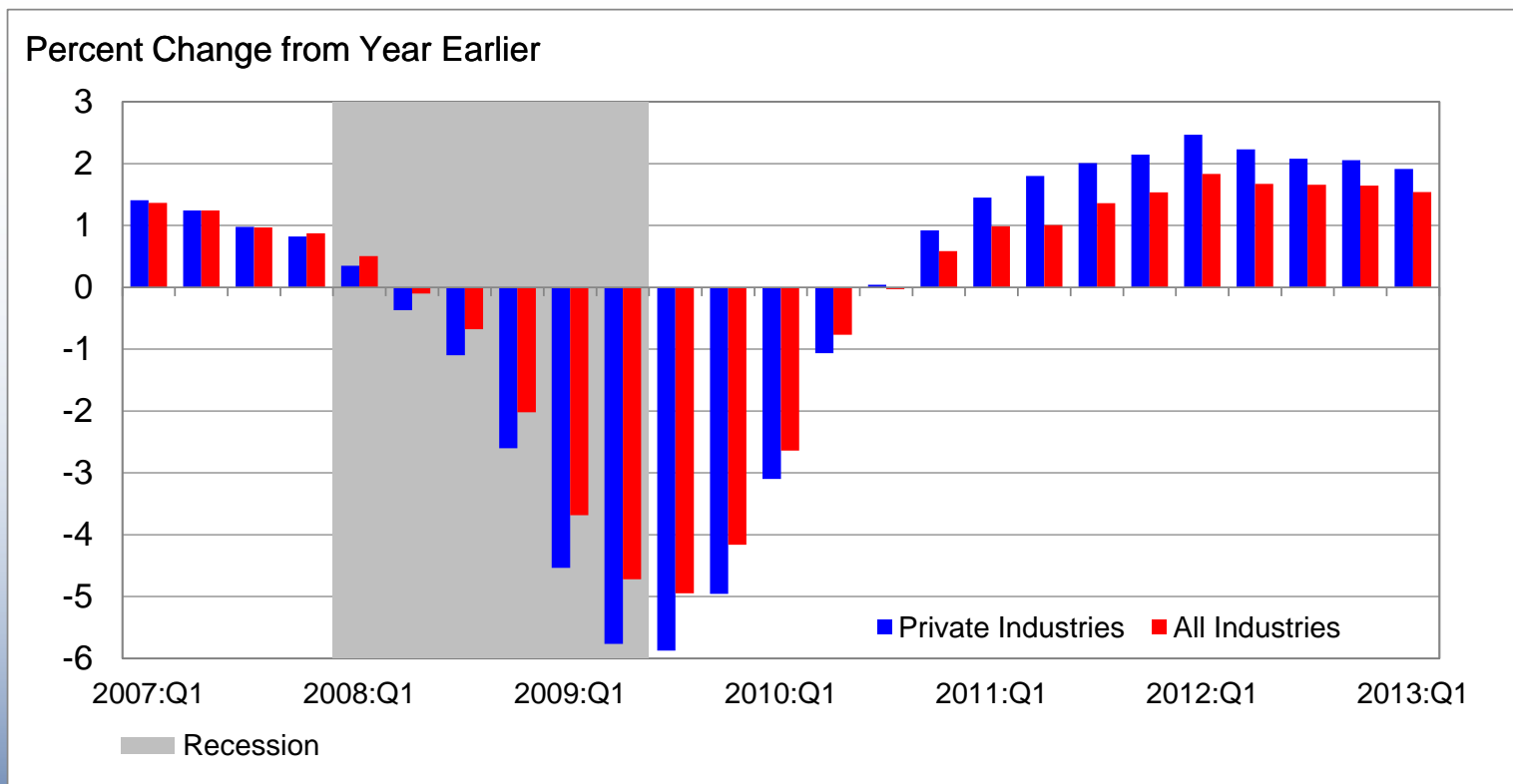


Source: BEA, NBER / Haver Analytics

Figure 7

Nonfarm Payroll Employment Growth: All Industries and Private Industries

2007:Q1 - 2013:Q1

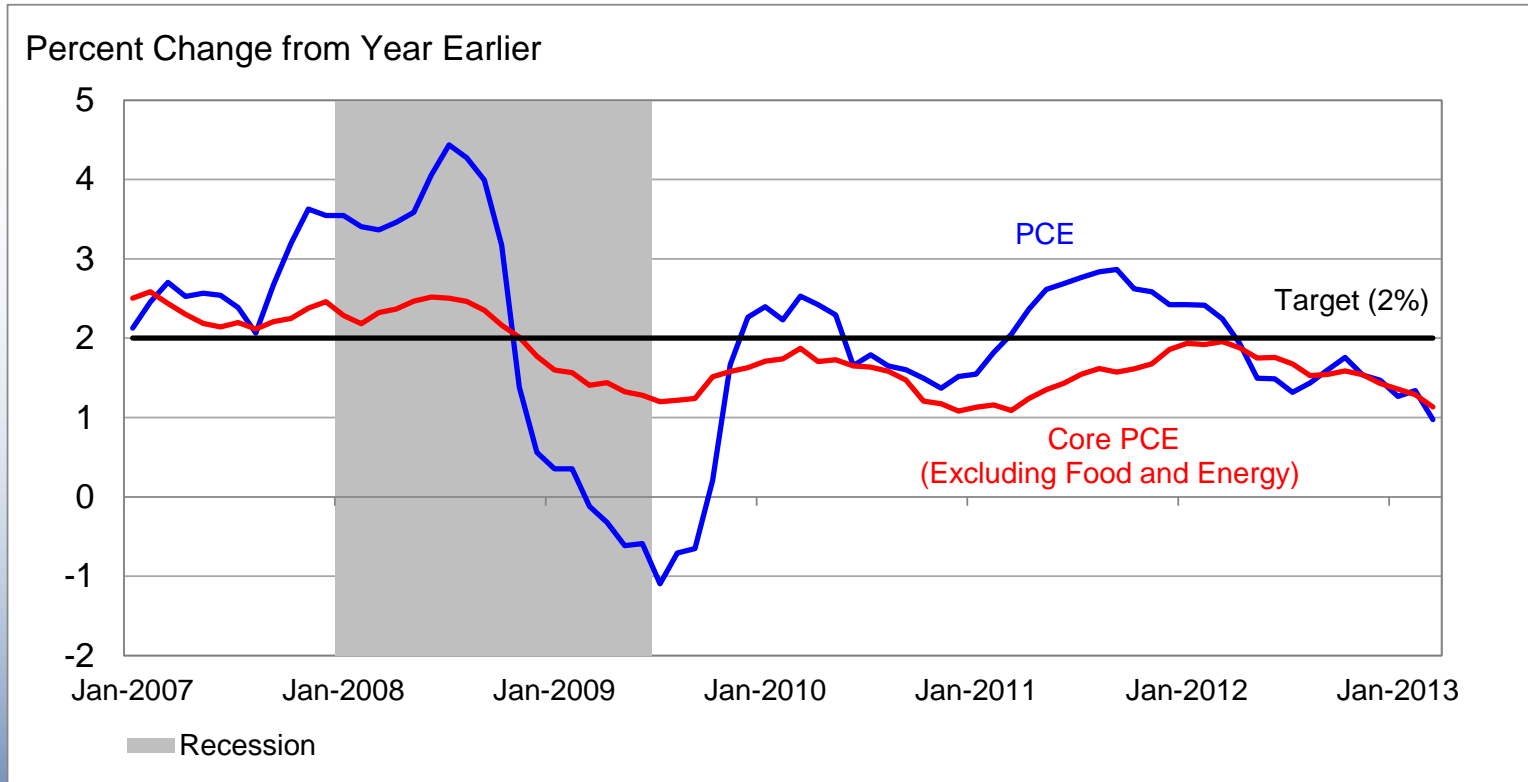


Source: BLS, NBER / Haver Analytics

Figure 8

Inflation Rate: Change in Total and Core Personal Consumption Expenditure (PCE) Price Indexes

January 2007 - March 2013

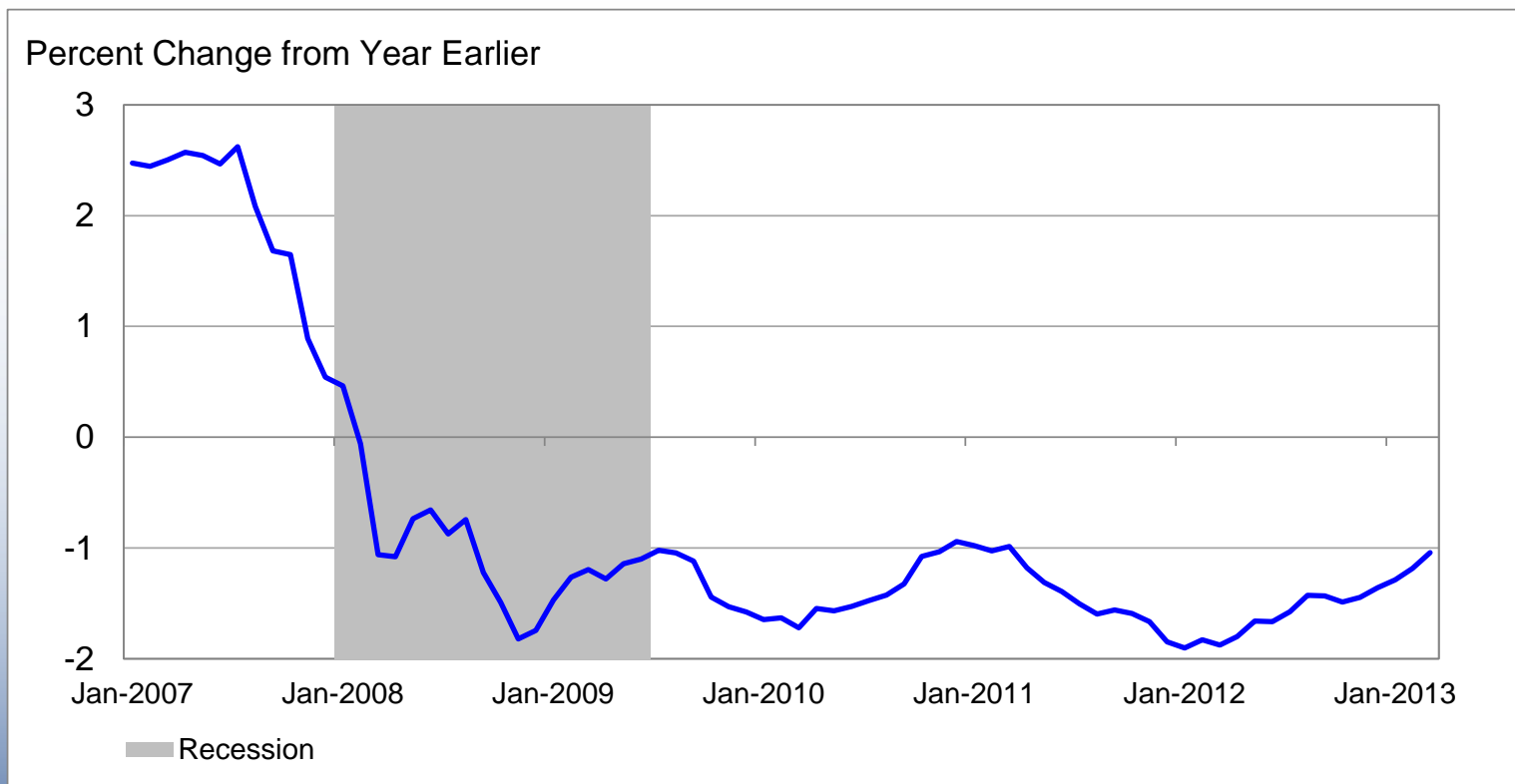


Source: BEA, NBER / Haver Analytics

Figure 9

Three-Month Treasury Bill Yield Minus Core PCE Inflation Rate

January 2007 - March 2013



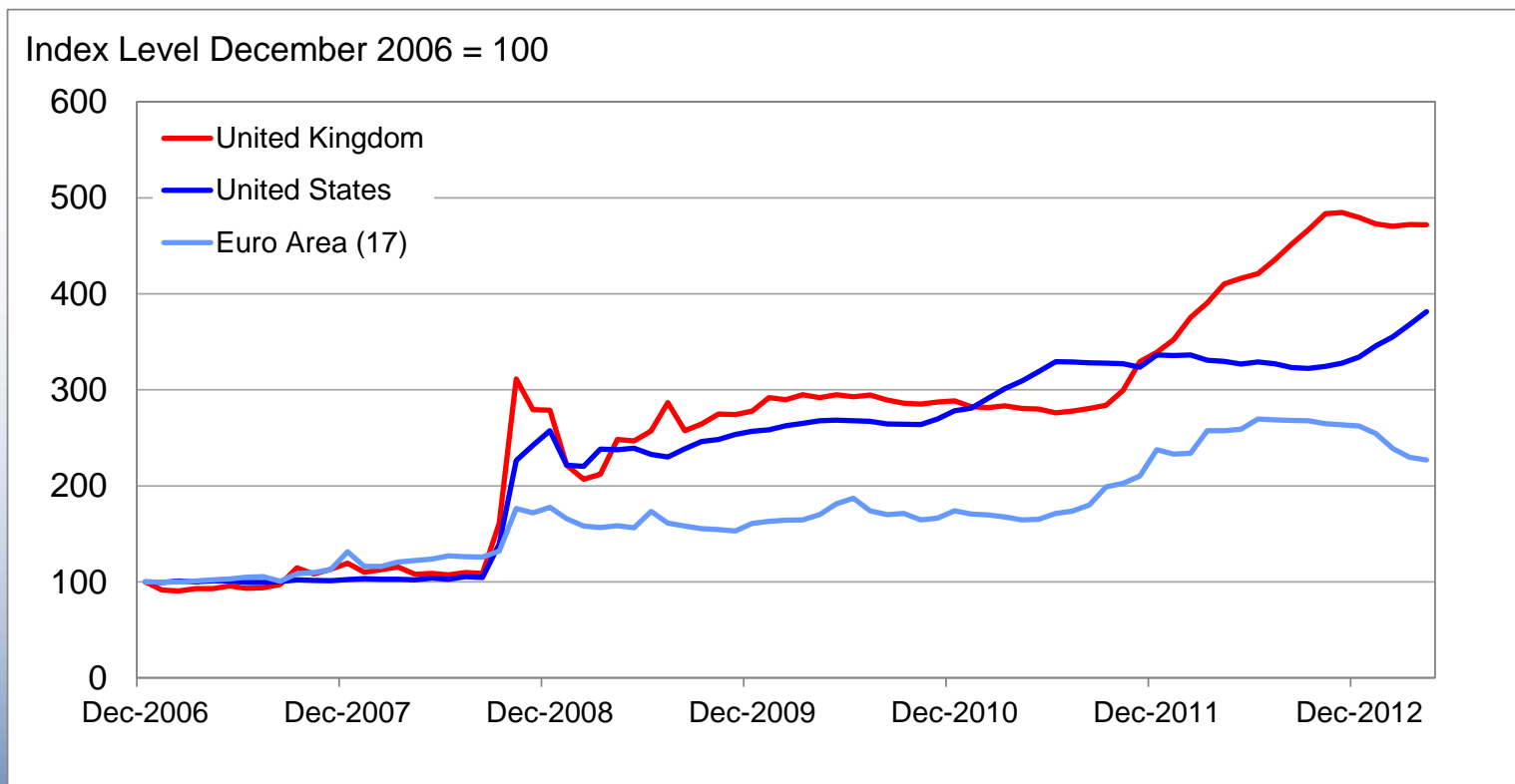
Note: Core PCE Inflation Rate is the percent change in the Core PCE from one year earlier

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

Figure 10

Central Bank Assets in the United States, the United Kingdom and the Euro Area

December 2006 - April 2013

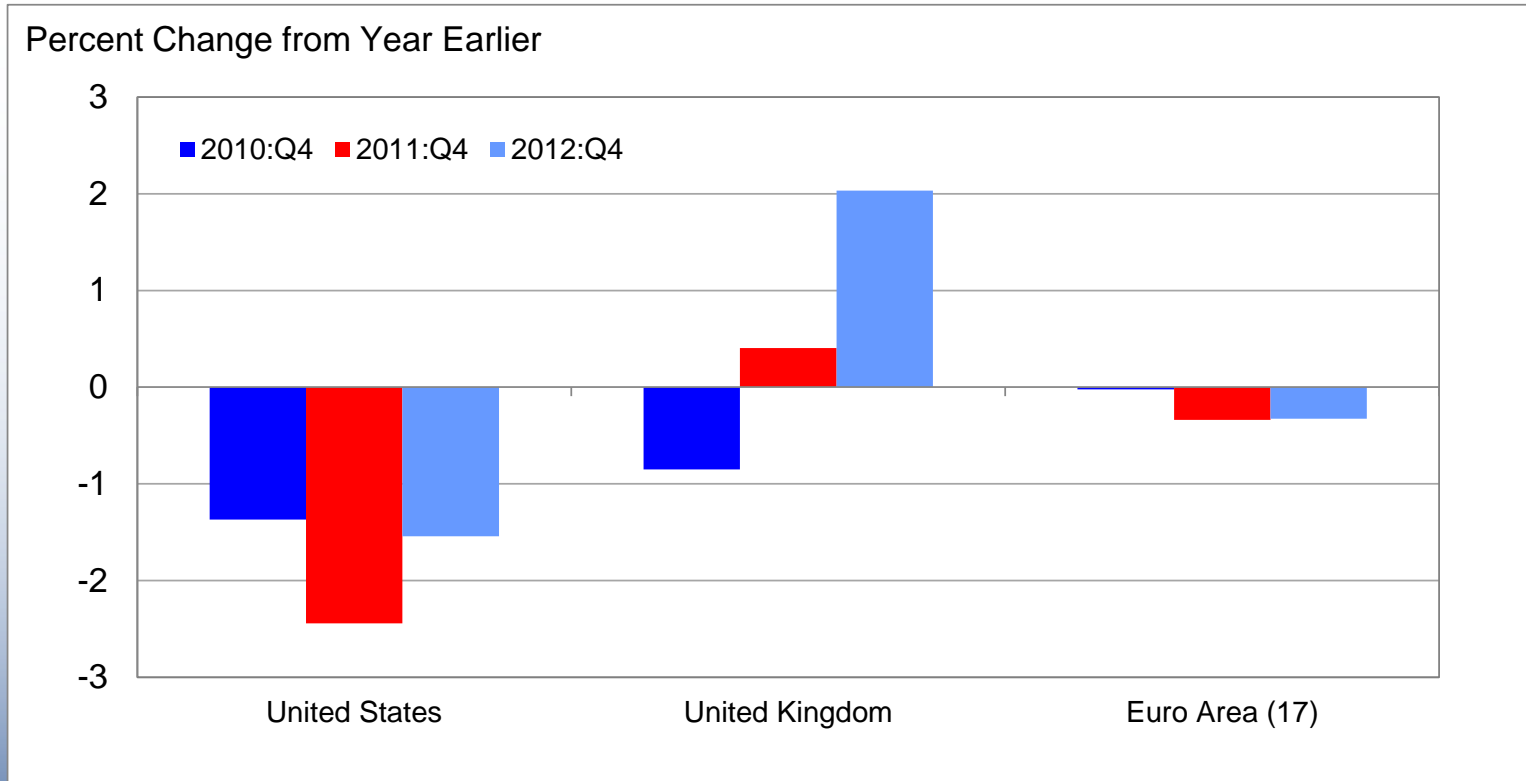


Source: Bank of England, European Central Bank, Federal Reserve Board / Haver Analytics

Figure 11

Growth in Real Government Spending in the United States, the United Kingdom and the Euro Area

2010 - 2012



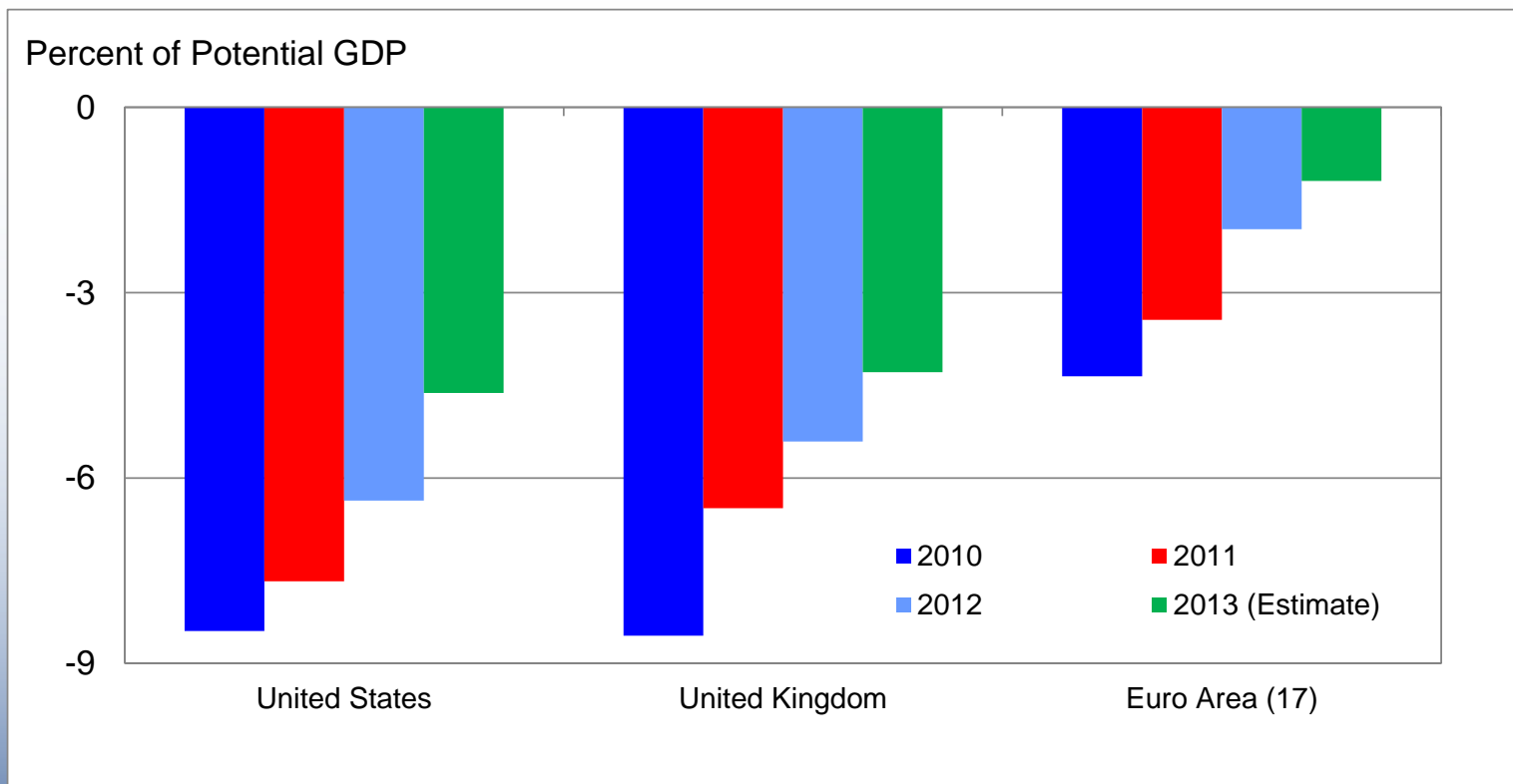
Note: Includes only government consumption expenditures.

Source: BEA, Eurostat, Office for National Statistics (U.K.) / Haver Analytics

Figure 12

Estimated General Government Structural Budget Balance

2010 - 2013



Note: For the Euro area, 2012 is also based on estimates of the budget balance for some countries

Source: IMF, World Economic Outlook Database