

Acting to Avoid a Great Stagnation

Eric S. Rosengren
President & CEO
Federal Reserve Bank of Boston

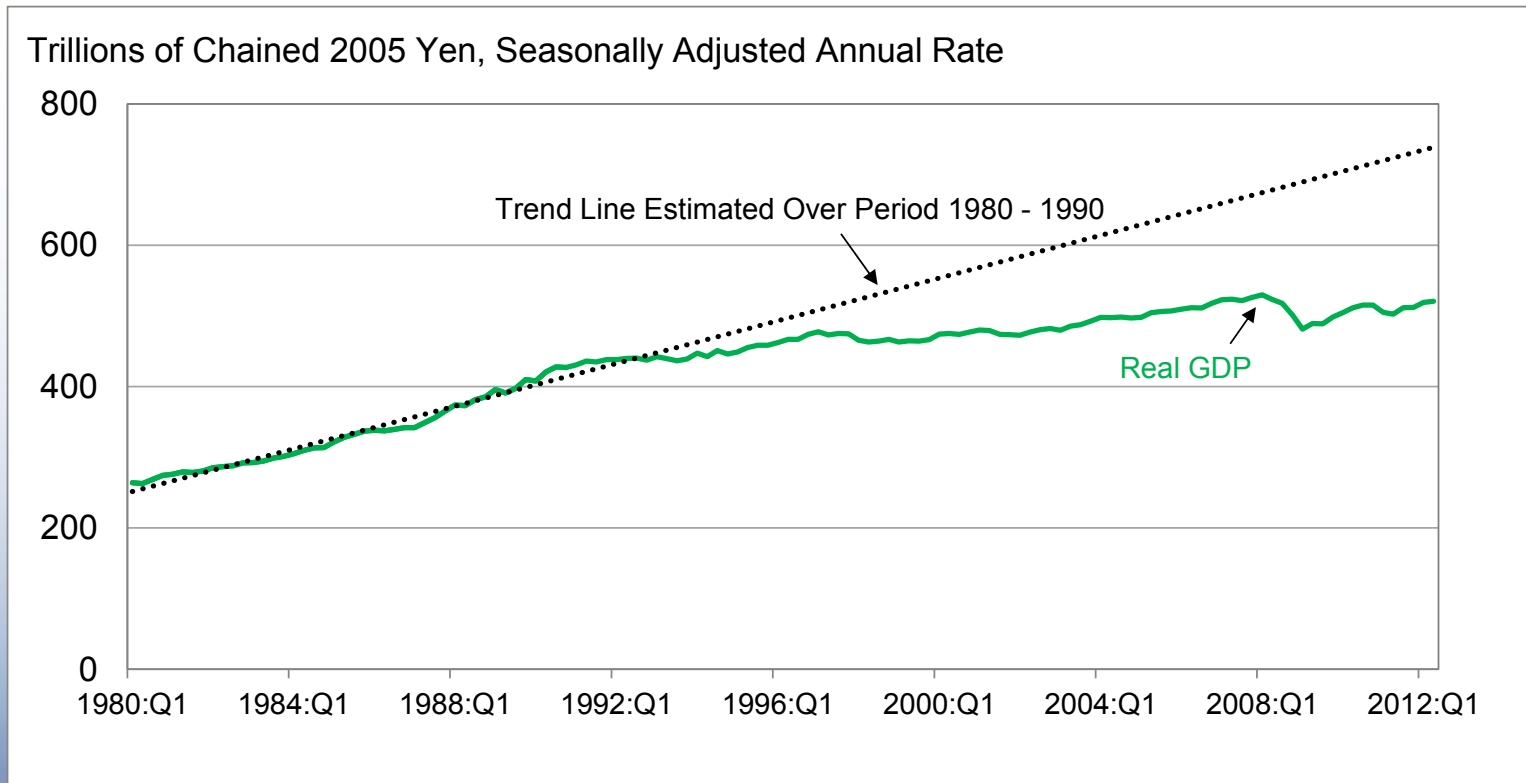
South Shore Chamber of Commerce
Quincy, Massachusetts

September 20, 2012

Figure 1

Japan's Real Gross Domestic Product

1980:Q1 - 2012:Q2

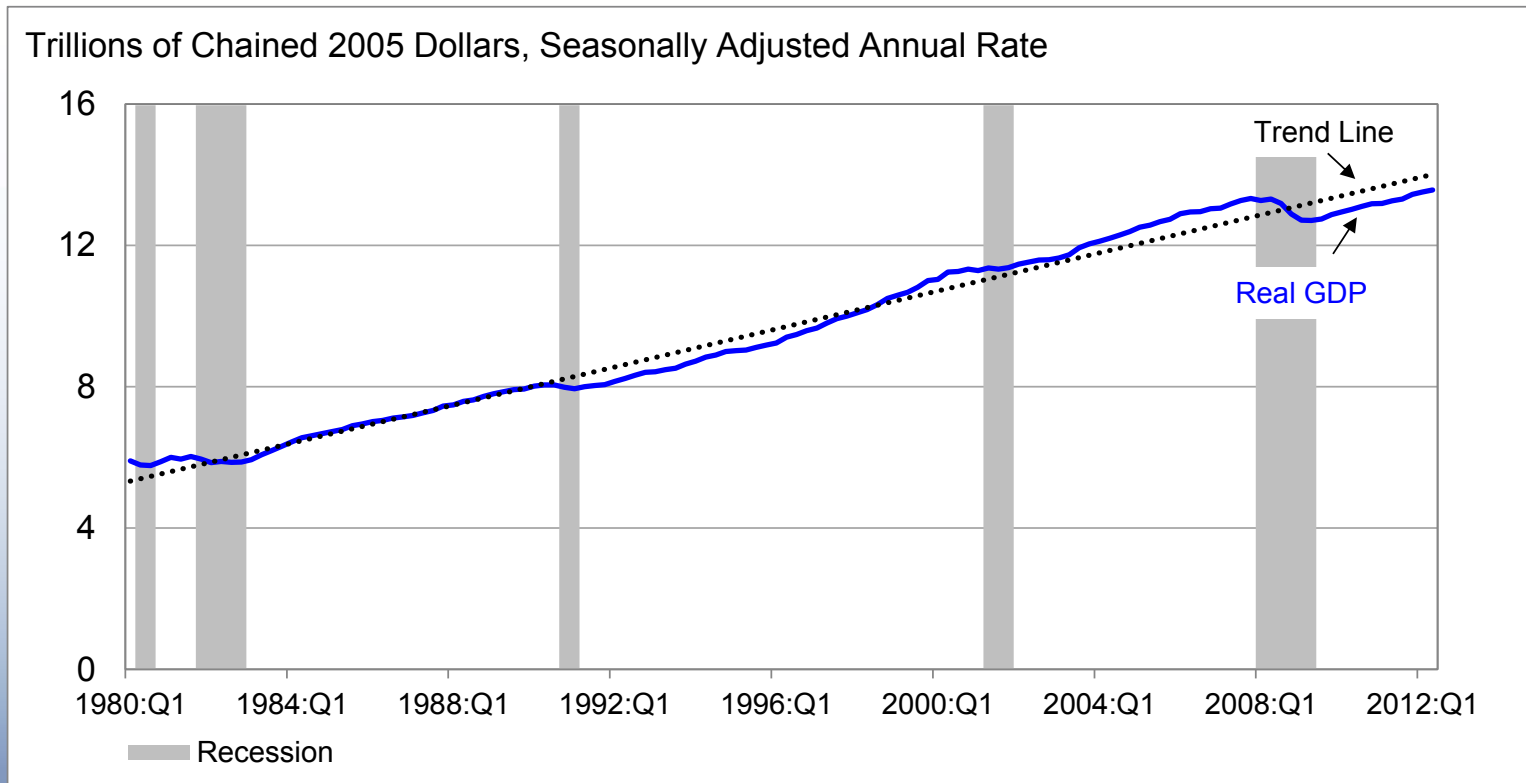


Source: Cabinet Office of Japan / Haver Analytics

Figure 2

U.S. Real Gross Domestic Product

1980:Q1 - 2012:Q2

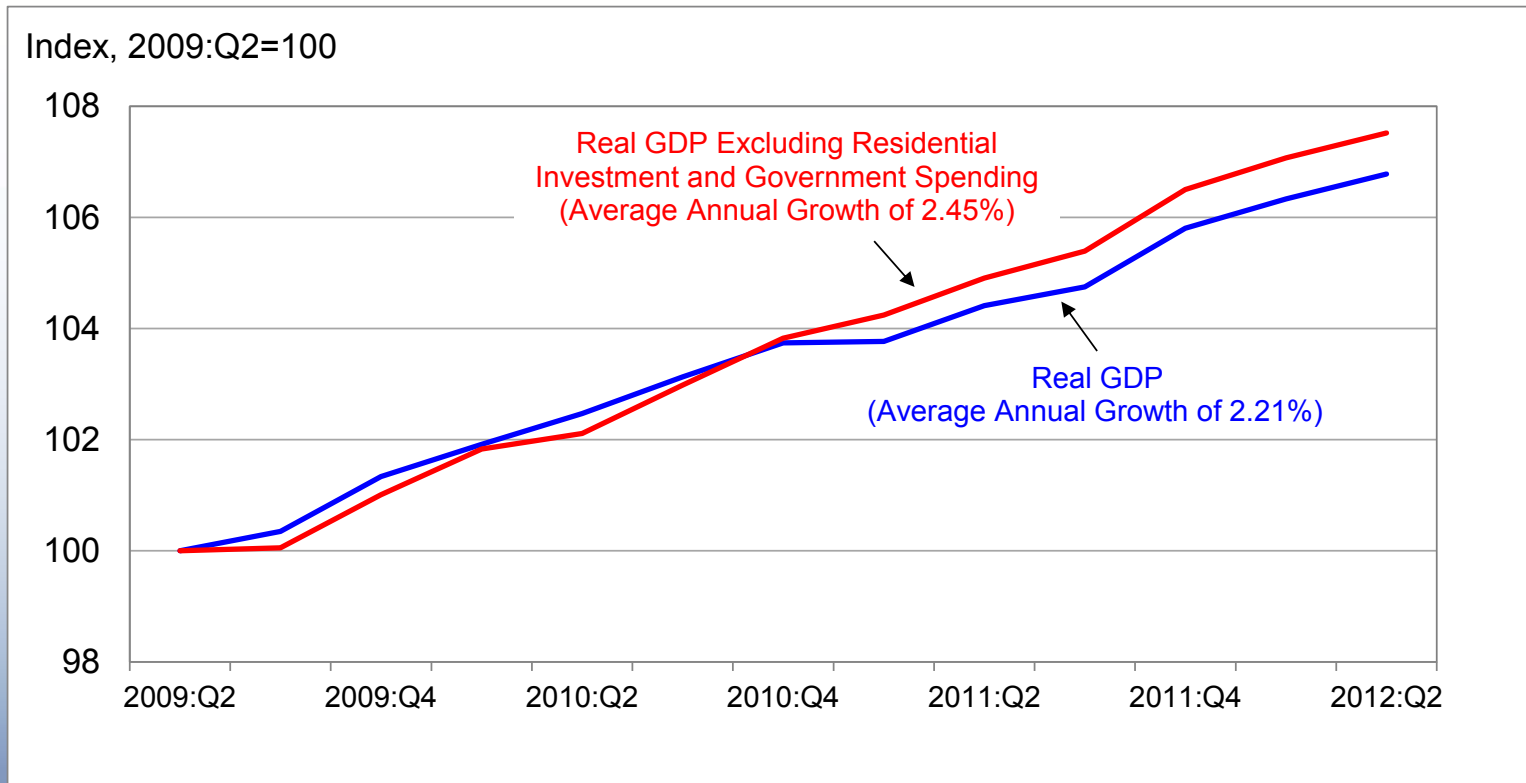


Source: BEA, NBER / Haver Analytics

Figure 3

Growth in Real GDP and Real GDP Excluding Housing and Government Spending

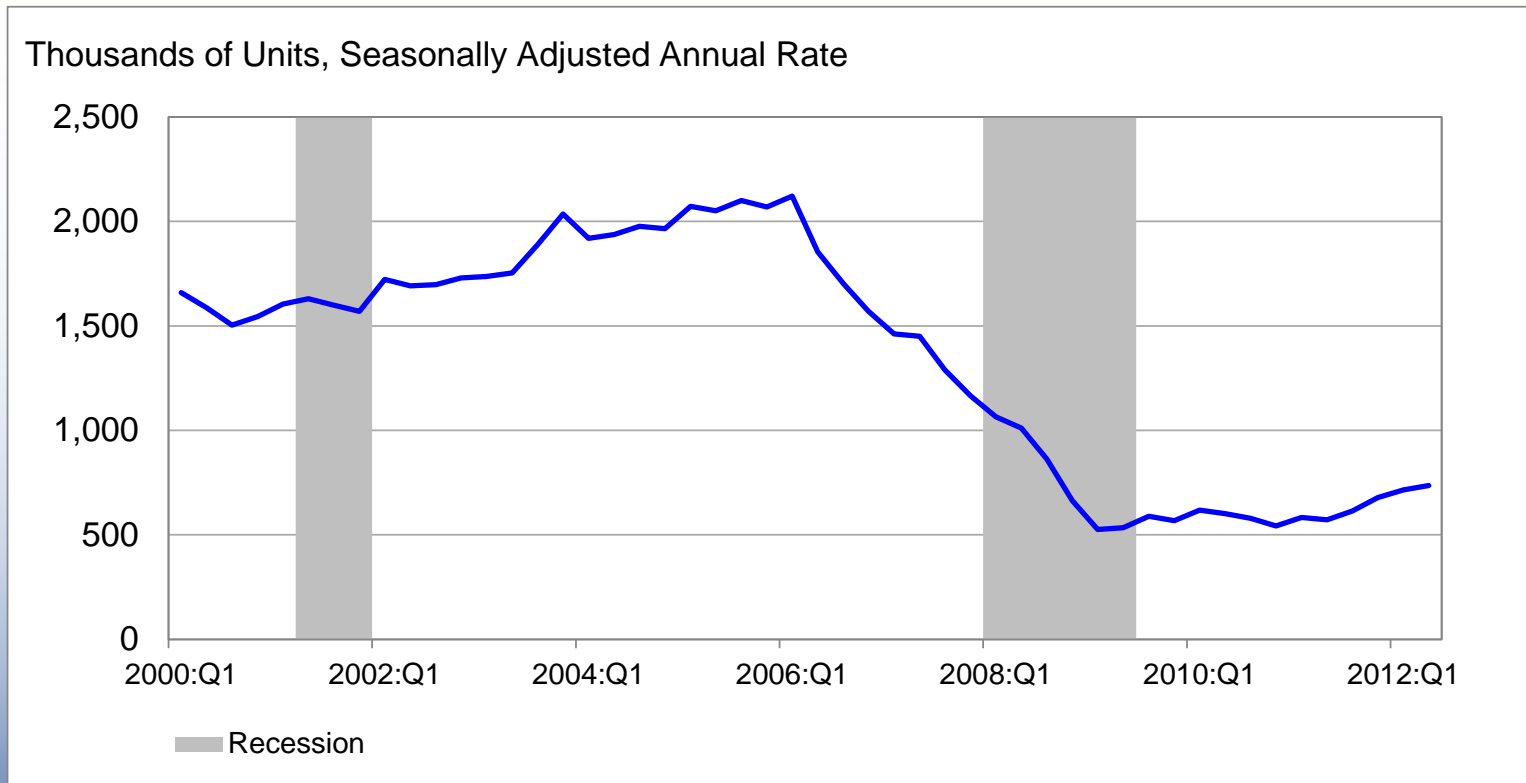
2009:Q2 - 2012:Q2



Source: BEA, NBER / Haver Analytics

Figure 4 Housing Starts

2000:Q1 - 2012:Q2

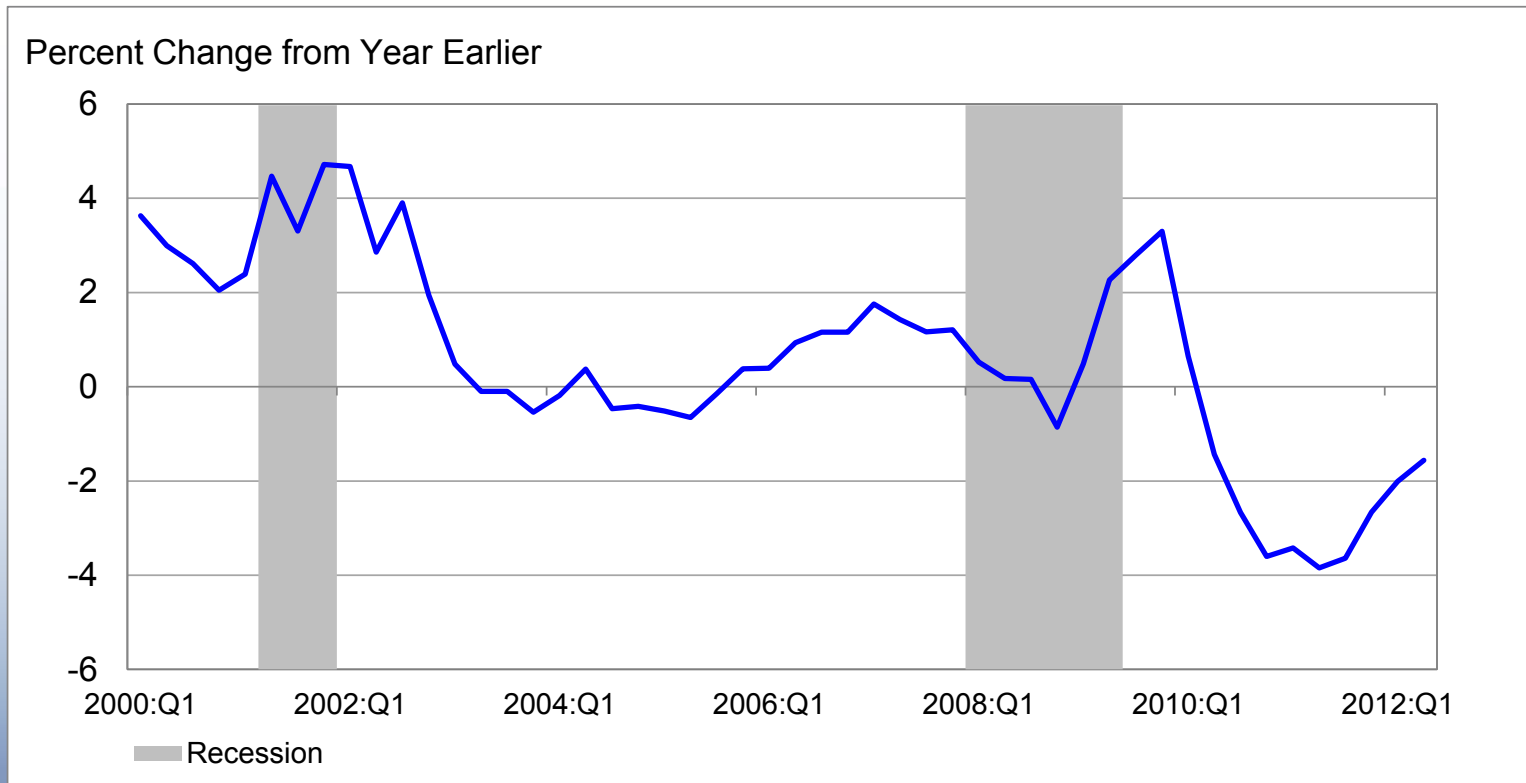


Source: Bureau of the Census, NBER / Haver Analytics

Figure 5

Growth in Real State and Local Government Spending

2000:Q1 - 2012:Q2

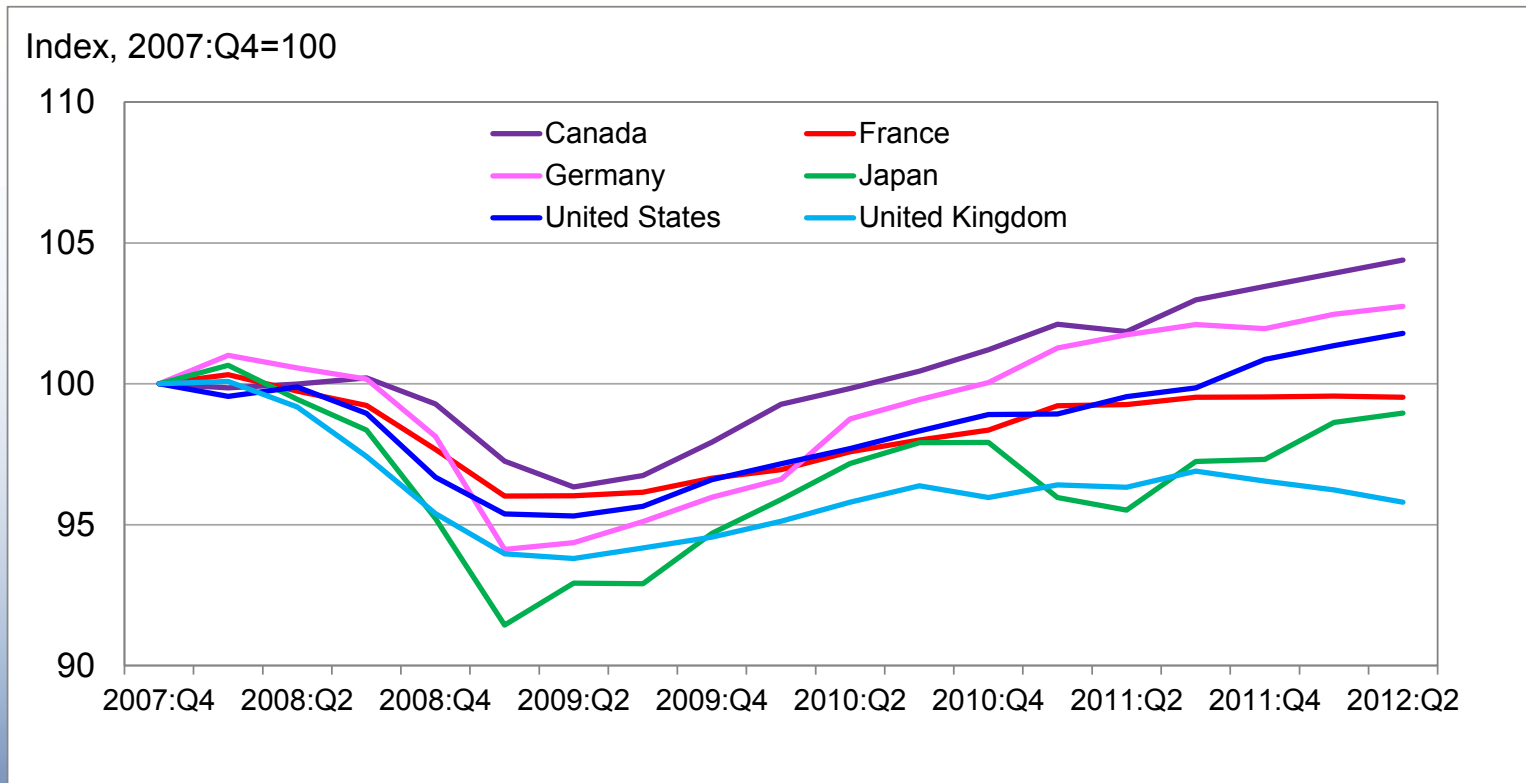


Source: BEA, NBER / Haver Analytics

Figure 6

Change in Real GDP from U.S. Business Cycle Peak by Country

2007:Q4 - 2012:Q2

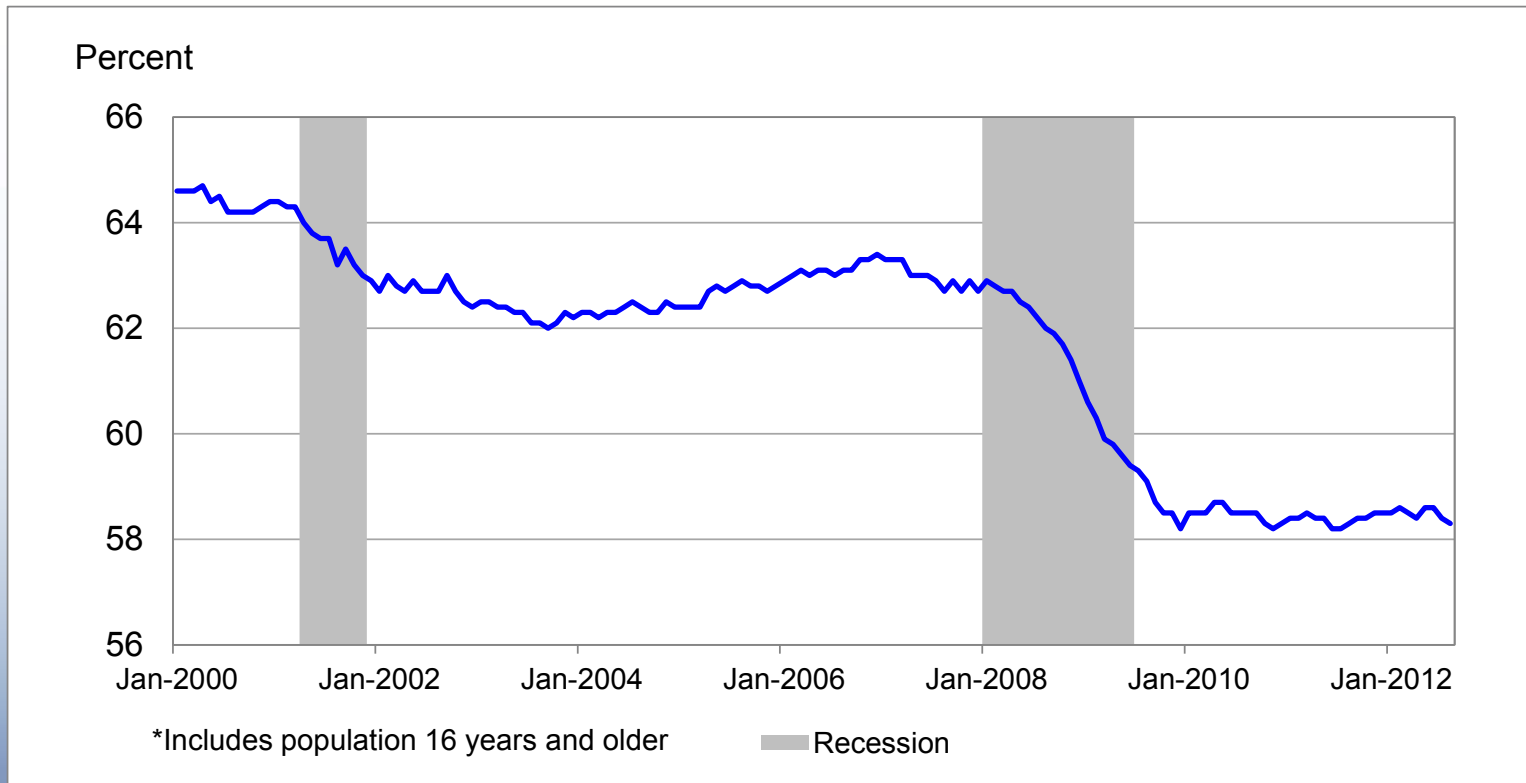


Source: BEA, CAO, Eurostat, ONS, INSEE, StatCan / Haver Analytics

Figure 7

Employment-to-Population* Ratio

January 2000 - August 2012

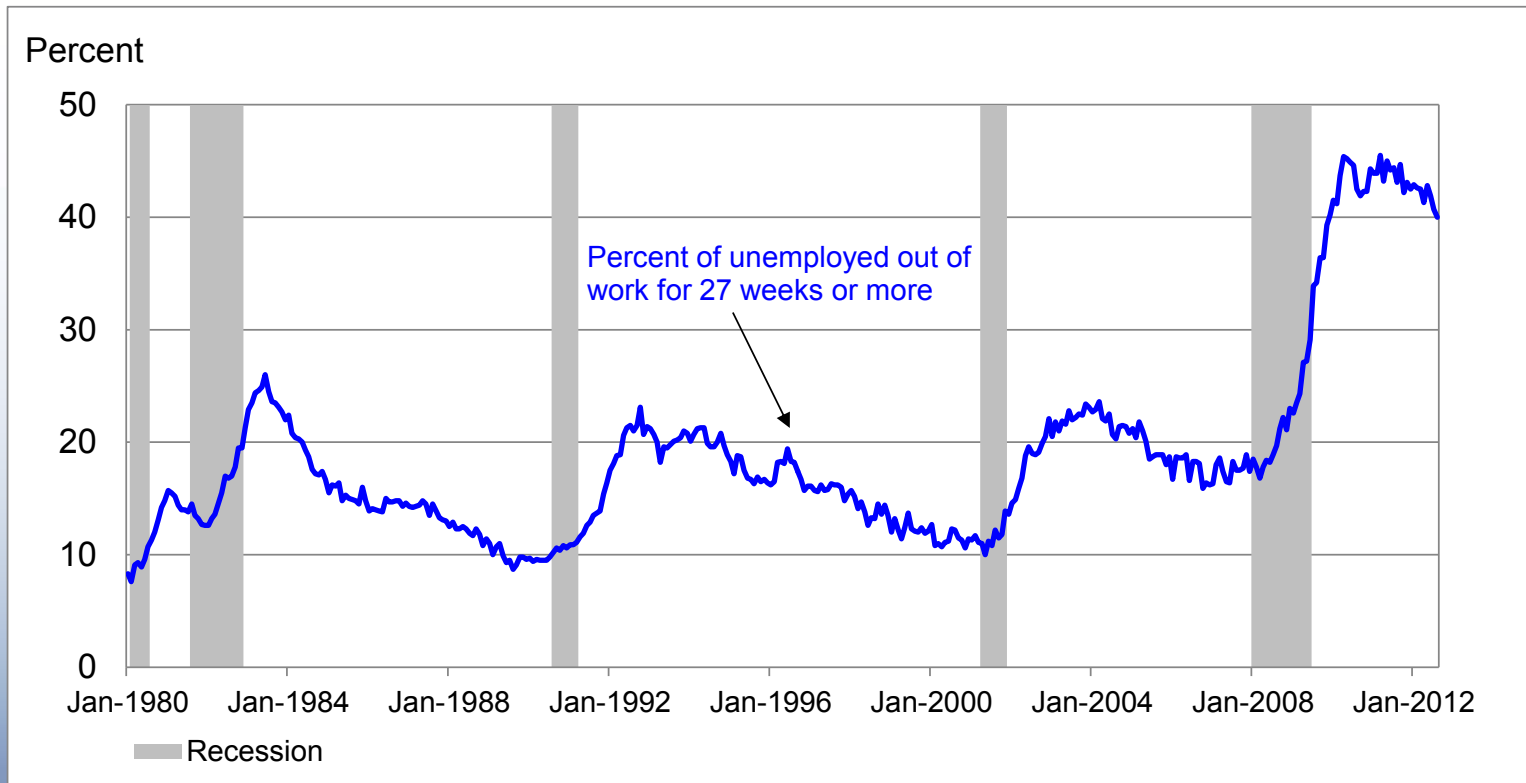


Source: BLS, NBER / Haver Analytics

Figure 8

Long-Term Unemployment

January 1980 - August 2012

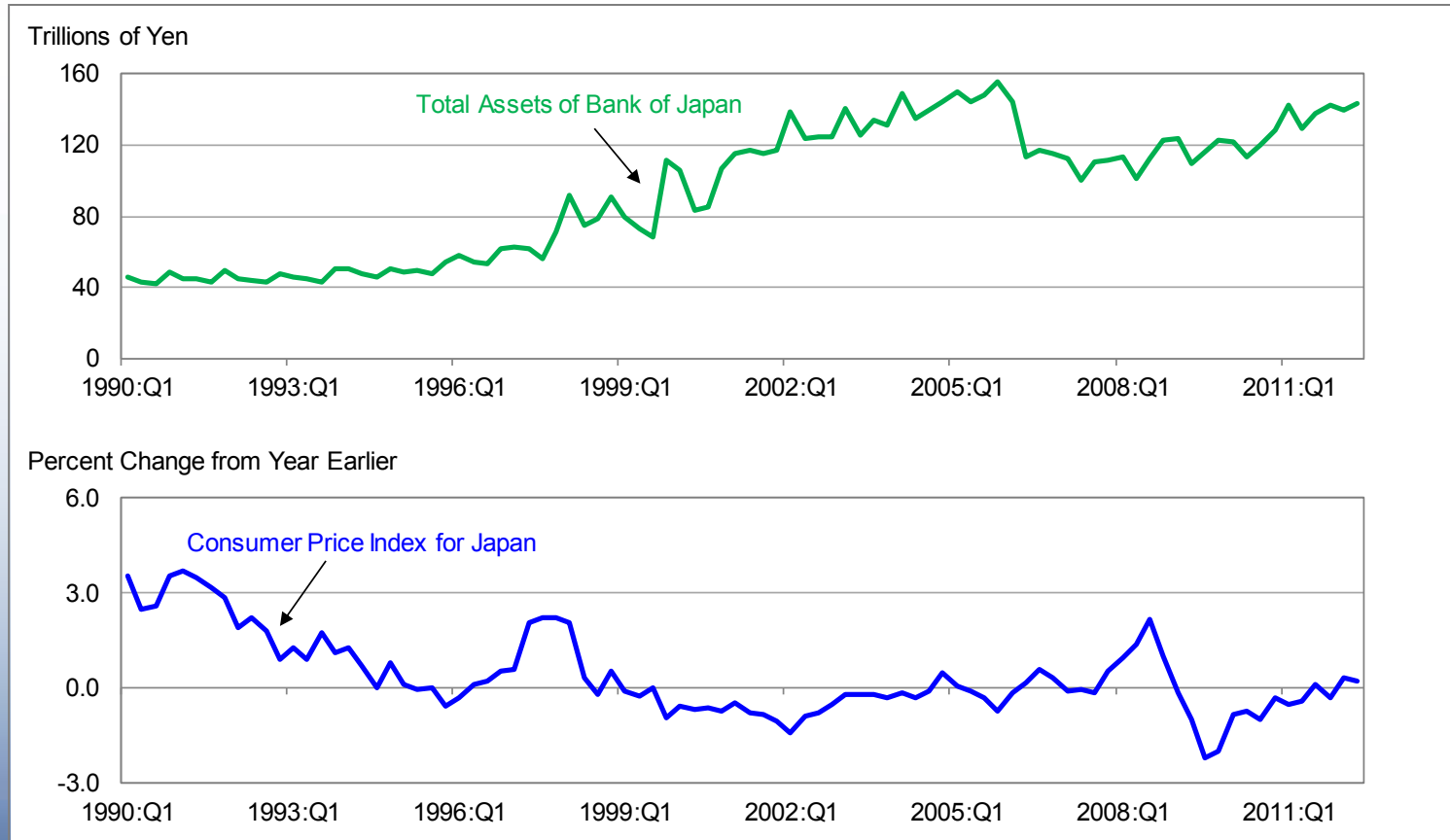


Source: BLS, NBER / Haver Analytics

Figure 9

Japan's Central Bank Assets and Inflation Rate

1990:Q1 - 2012:Q2

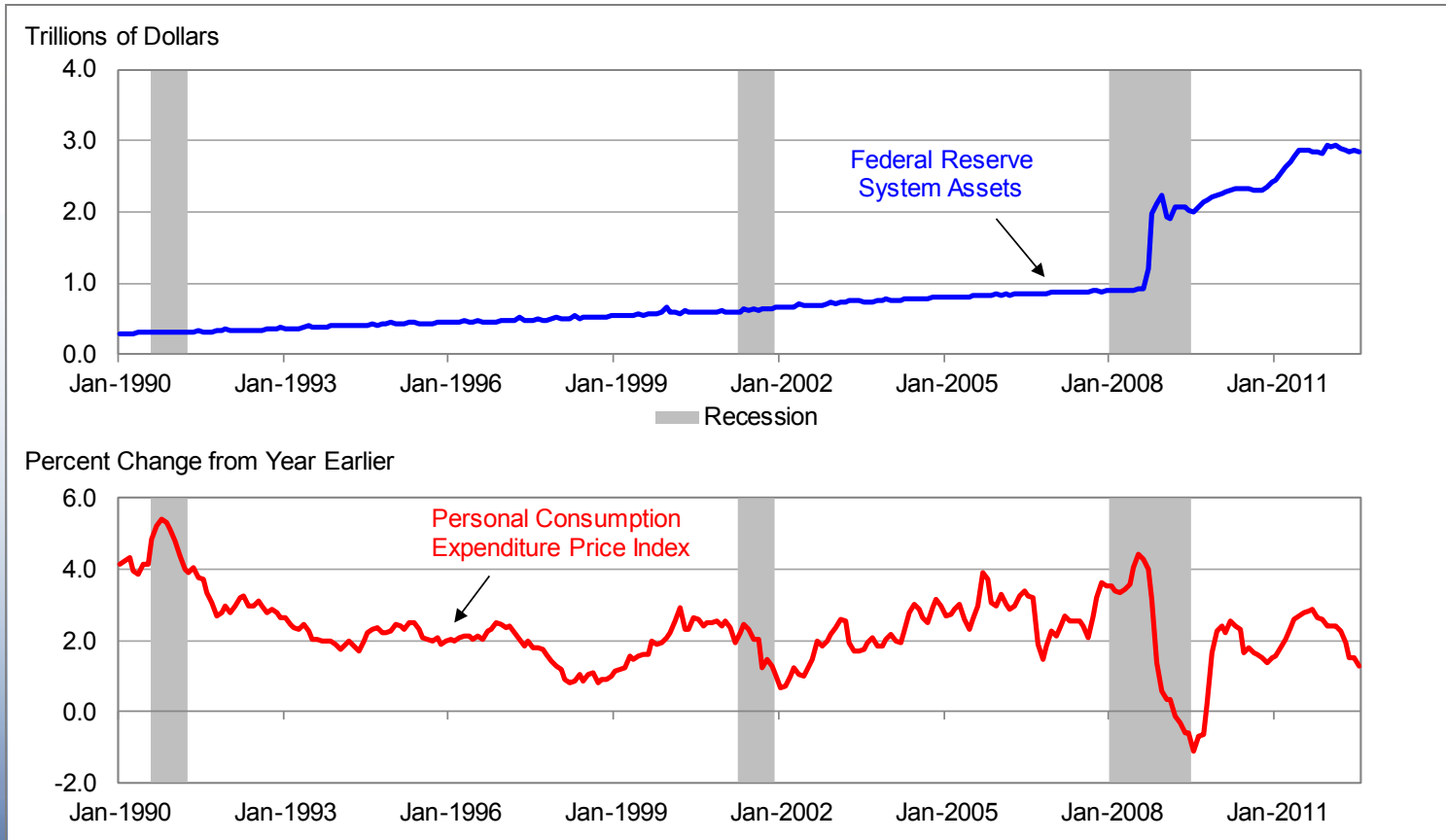


Source: Japanese Ministry of Internal Affairs and Communications, Bank of Japan / Haver Analytics

Figure 10

Federal Reserve System Assets and U.S. Inflation Rate

January 1990 - July 2012



Source: Federal Reserve Board / Haver Analytics

Figure 11

Financial Market Response to FOMC Announcement

August 1, 2012 - September 14, 2012

	September FOMC Statement	Day After FOMC Statement	Chairman Bernanke's Jackson Hole Speech	Previous FOMC Statement
	9/12 - 9/13	9/12 - 9/14	8/30 - 9/14	7/31 - 9/14
S&P 500 (Percent Change)	+1.6%	+2.0%	+4.7%	+6.3%
Exchange Rate: Euros Per Dollar (Percent Change)	-0.1%	-1.9%	-4.9%	-6.3%
5-7-Year Investment-Grade Corporate Bond Yield (Change in Basis Points)	-4.4 bp	-3.8 bp	-5.4 bp	-12.9 bp
Yield on 30-Year FNMA Current Coupon MBS (Change in Basis Points)	-24.4 bp	-12.5 bp	-12.1 bp	-1.7 bp

Source: Federal Reserve Board, Bank of America Merrill Lynch, WSJ, Bloomberg / Haver Analytics