



THE FEDERAL RESERVE BANK *of* MINNEAPOLIS

# Planning for Liftoff

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Ironwood, Michigan  
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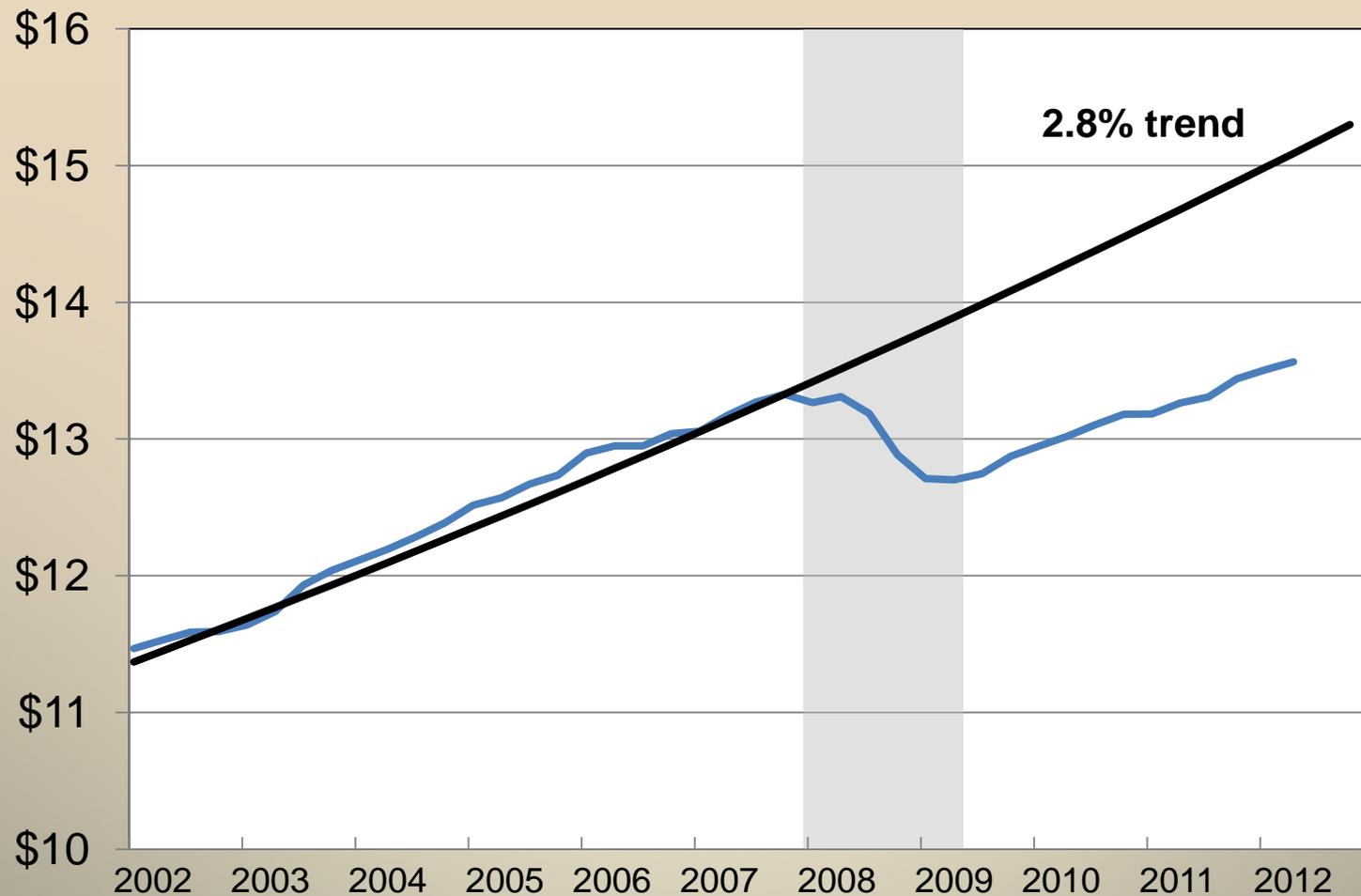
# Liftoff Plan

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# Real Gross Domestic Product

Trillions of chained 2005 dollars

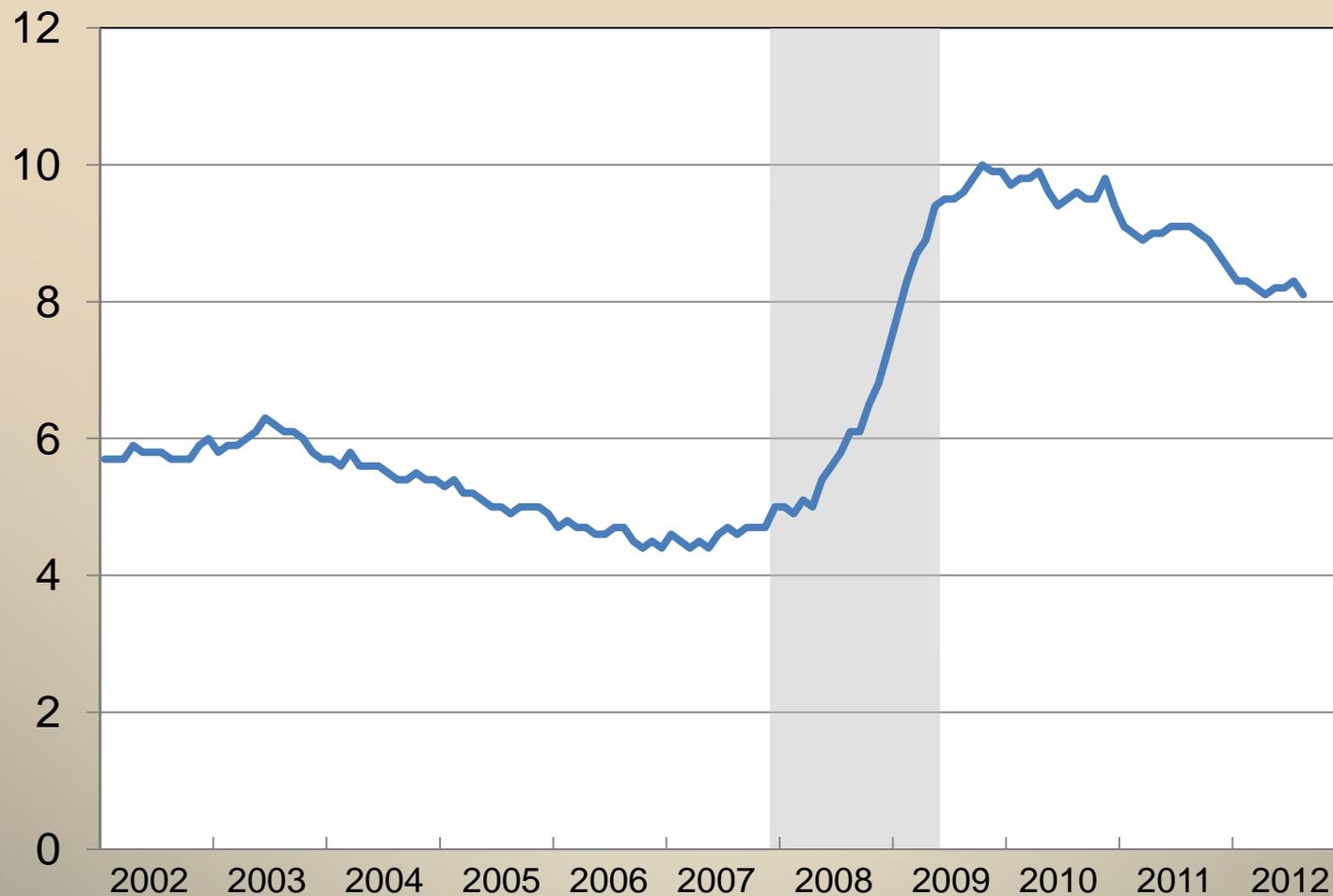


Source: Bureau of Economic Analysis



# Unemployment Rate

Percent

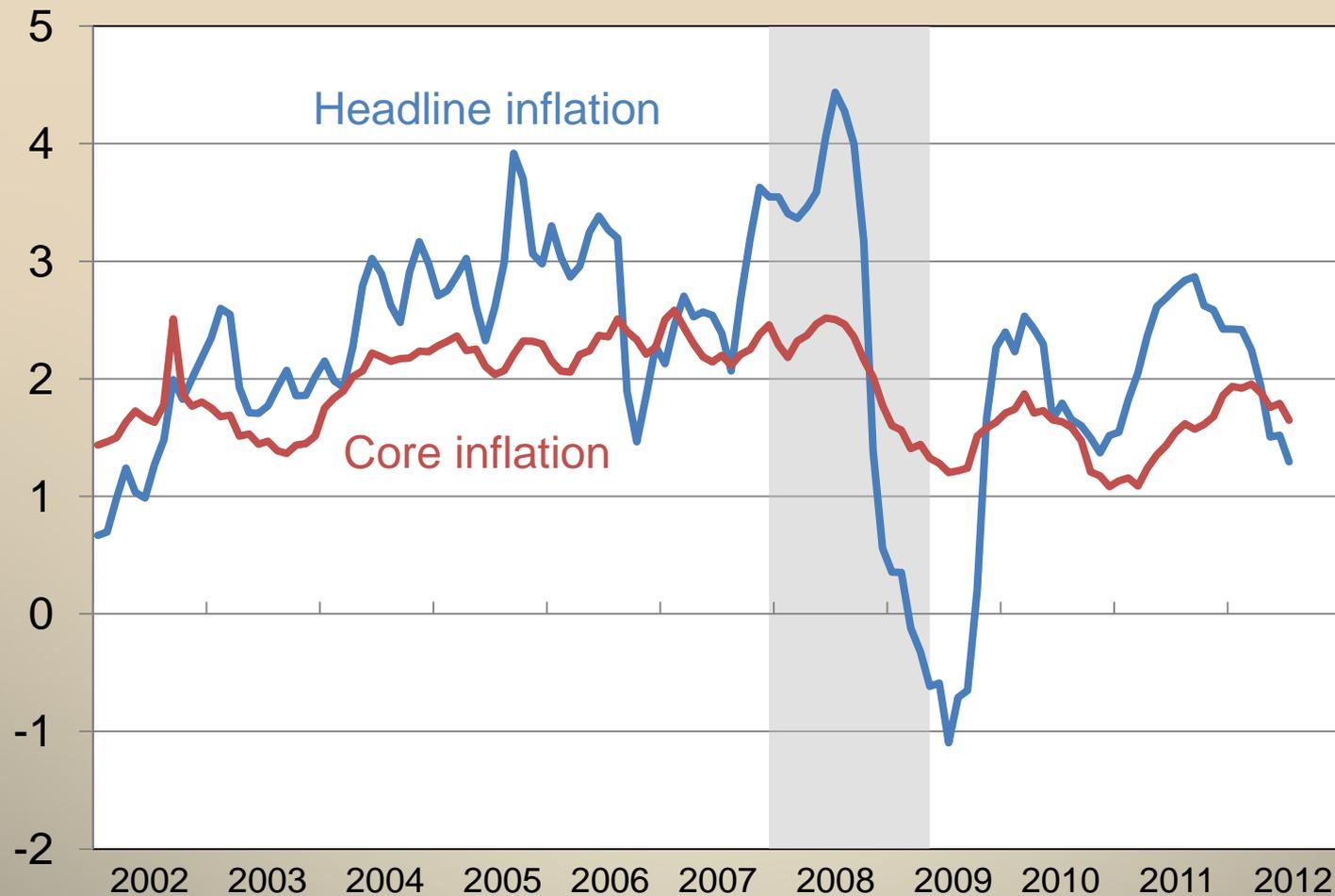


Source: Bureau of Labor Statistics



# PCE Inflation

Percent change from a year earlier



Source: Bureau of Economic Analysis



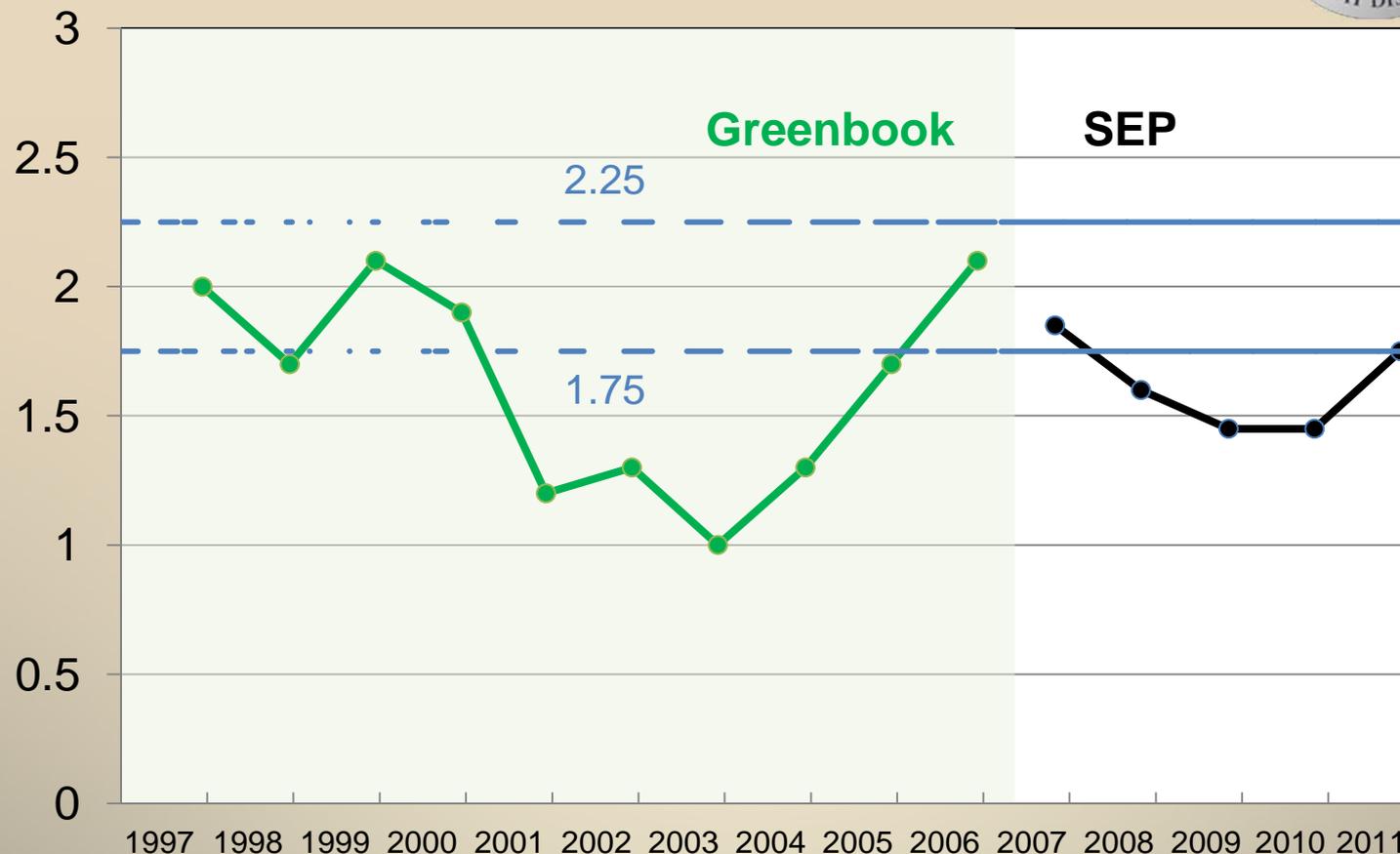
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# PCE Inflation Forecasts

Two years ahead



Forecasts are Q4 over Q4 two years ahead. For example, 2011 refers to the 2011Q4 forecast for the rate of increase in the PCE price index from 2012Q4 to 2013Q4. For the period 1997 to 2006, the chart depicts the forecasts two years ahead for PCE inflation prepared for December FOMC meetings by Federal Reserve staff (Greenbook). Beginning in 2007, FOMC participants released summary information about their projections for inflation conditioned on their individual assessments of appropriate policy (Summary of Economic Projections, or SEP). The chart depicts the midpoint of the central tendency for forecasts two years ahead for inflation from the fourth quarter of each calendar year. Source: Federal Reserve



The FOMC should clearly communicate its intention to pursue policies that are fully supportive of much higher levels of economic activity.

