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# Understanding Inflation

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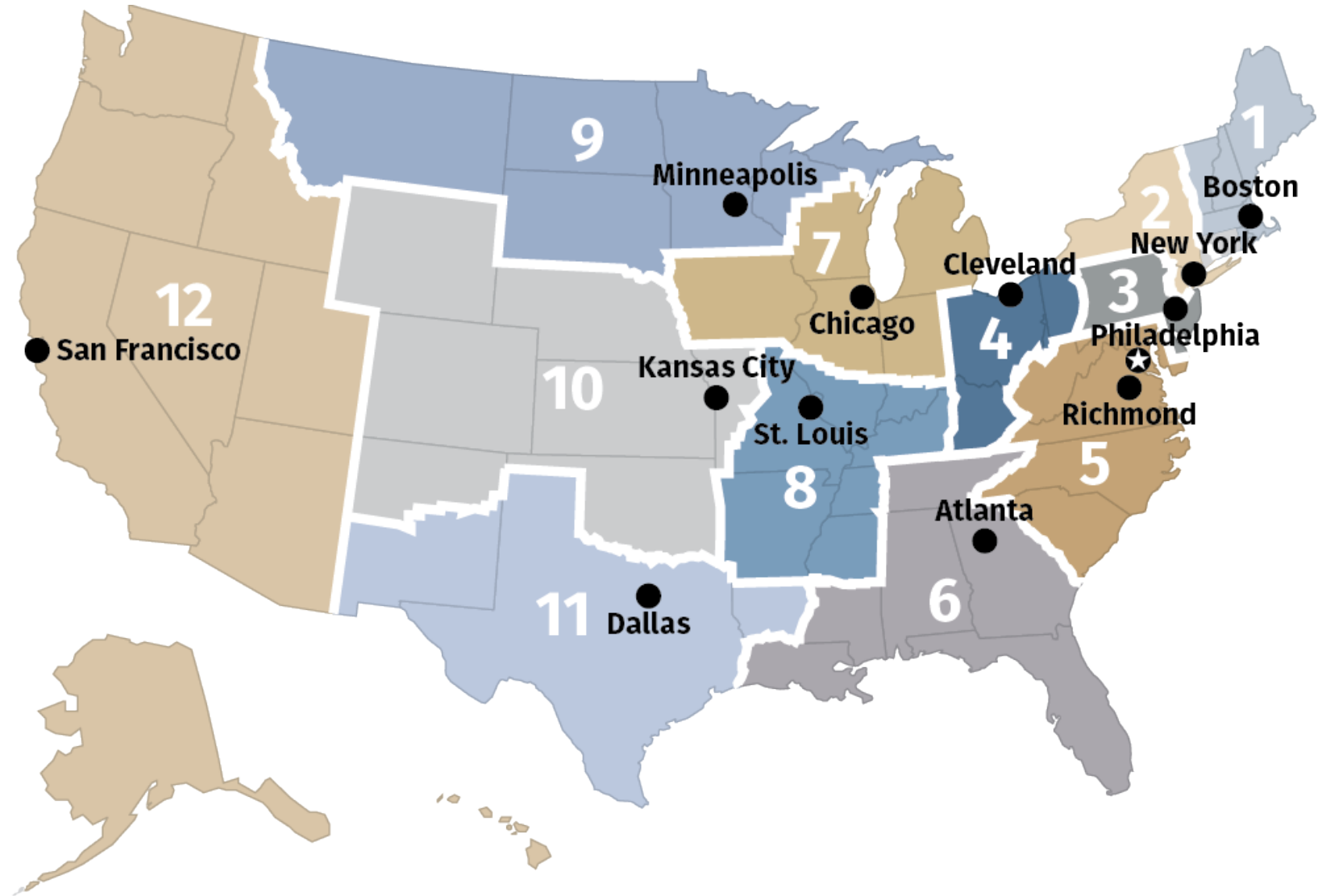
Senior Vice President and Director of Research  
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September 24, 2015

The views expressed herein are those of the author and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.



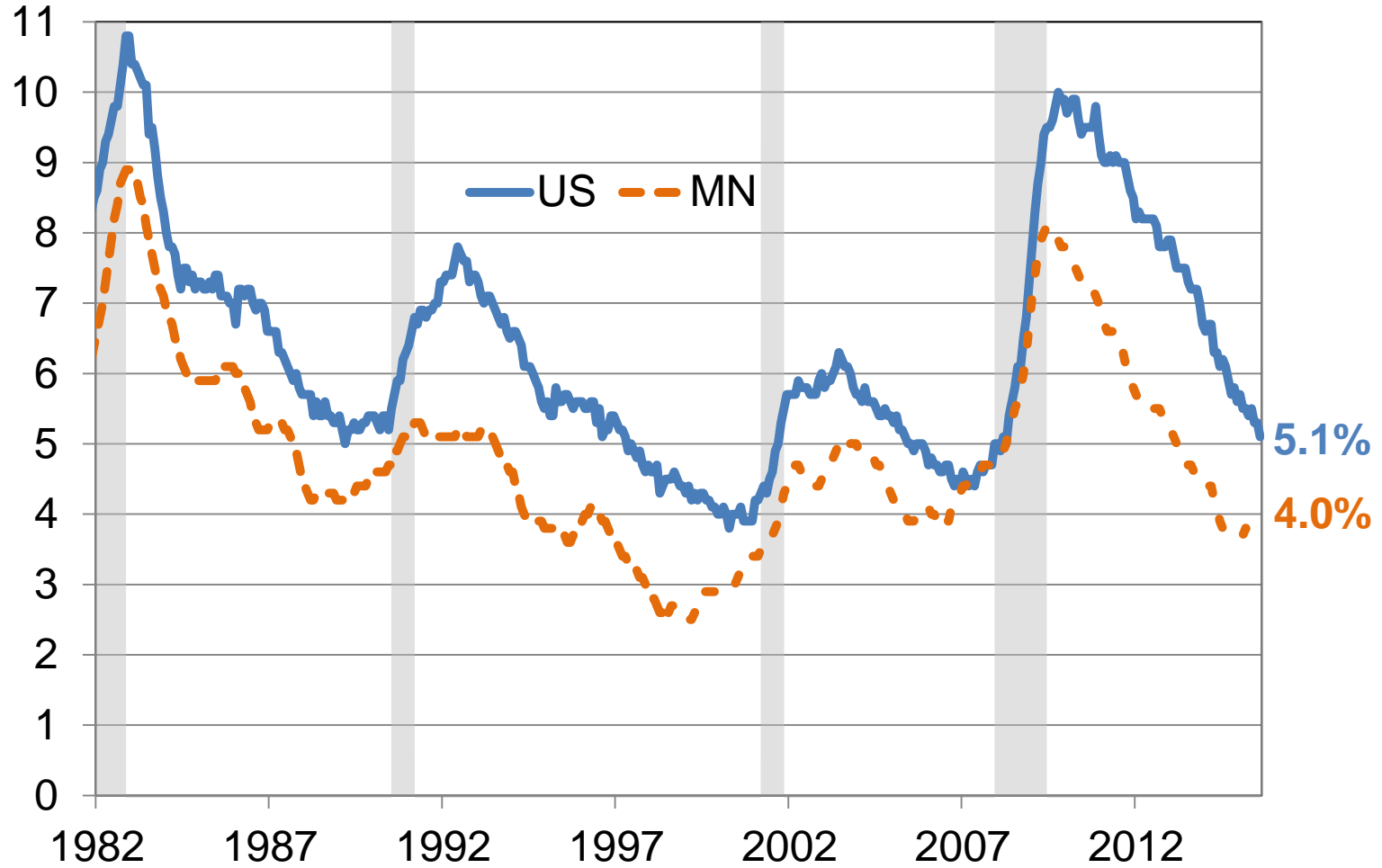
# Federal Reserve districts





# Unemployment rate

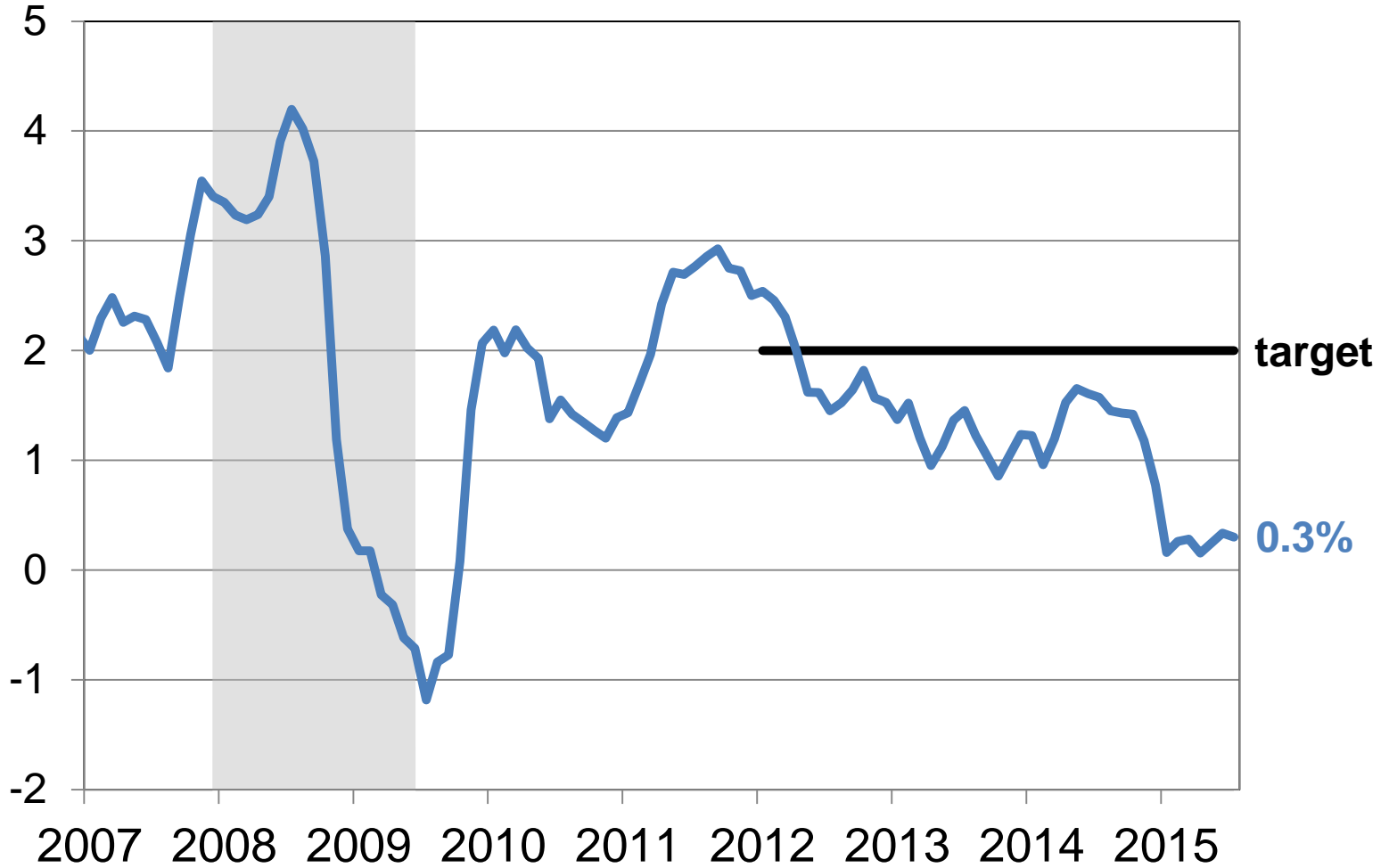
Percent





# PCE inflation

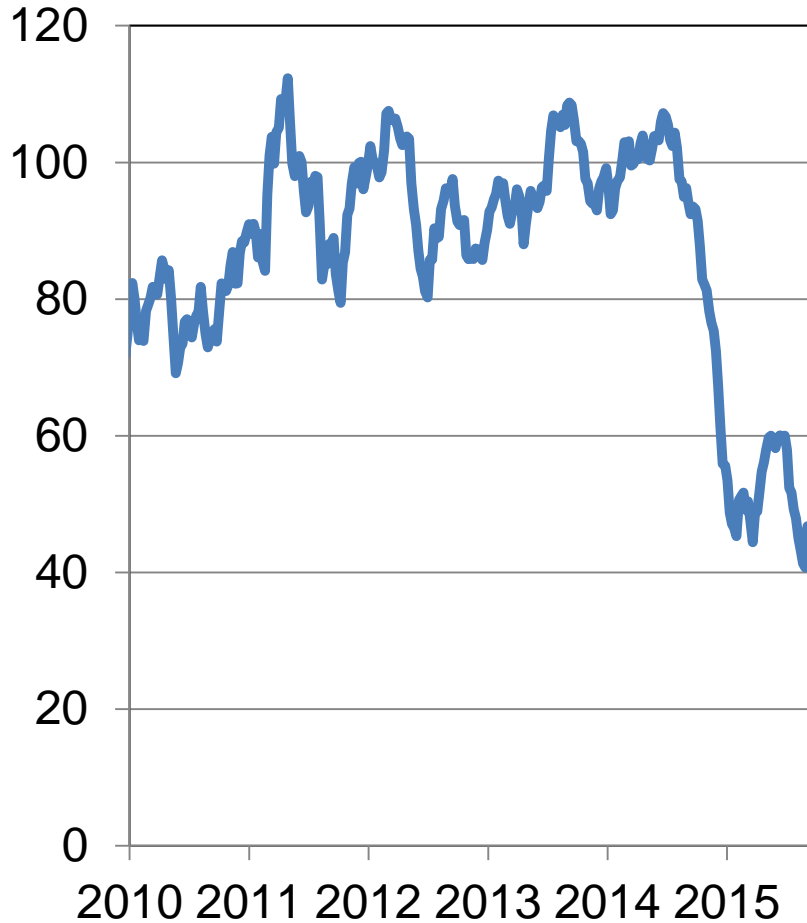
12-month percent change



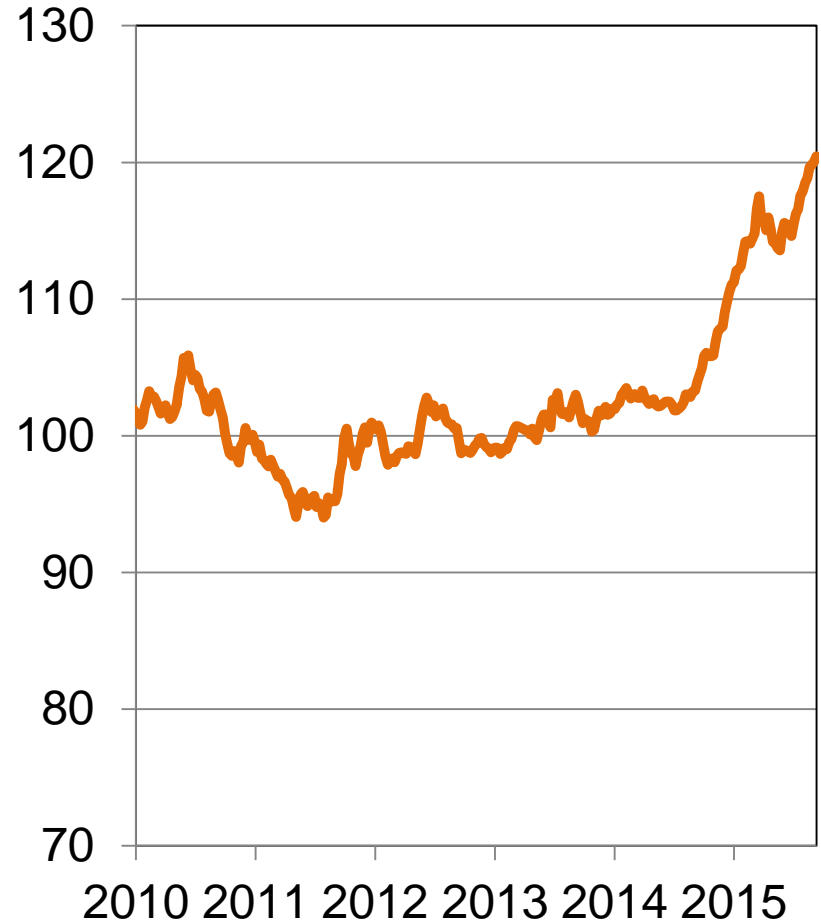


## The price of oil and the exchange rate

West TX intermediate crude, \$/barrel



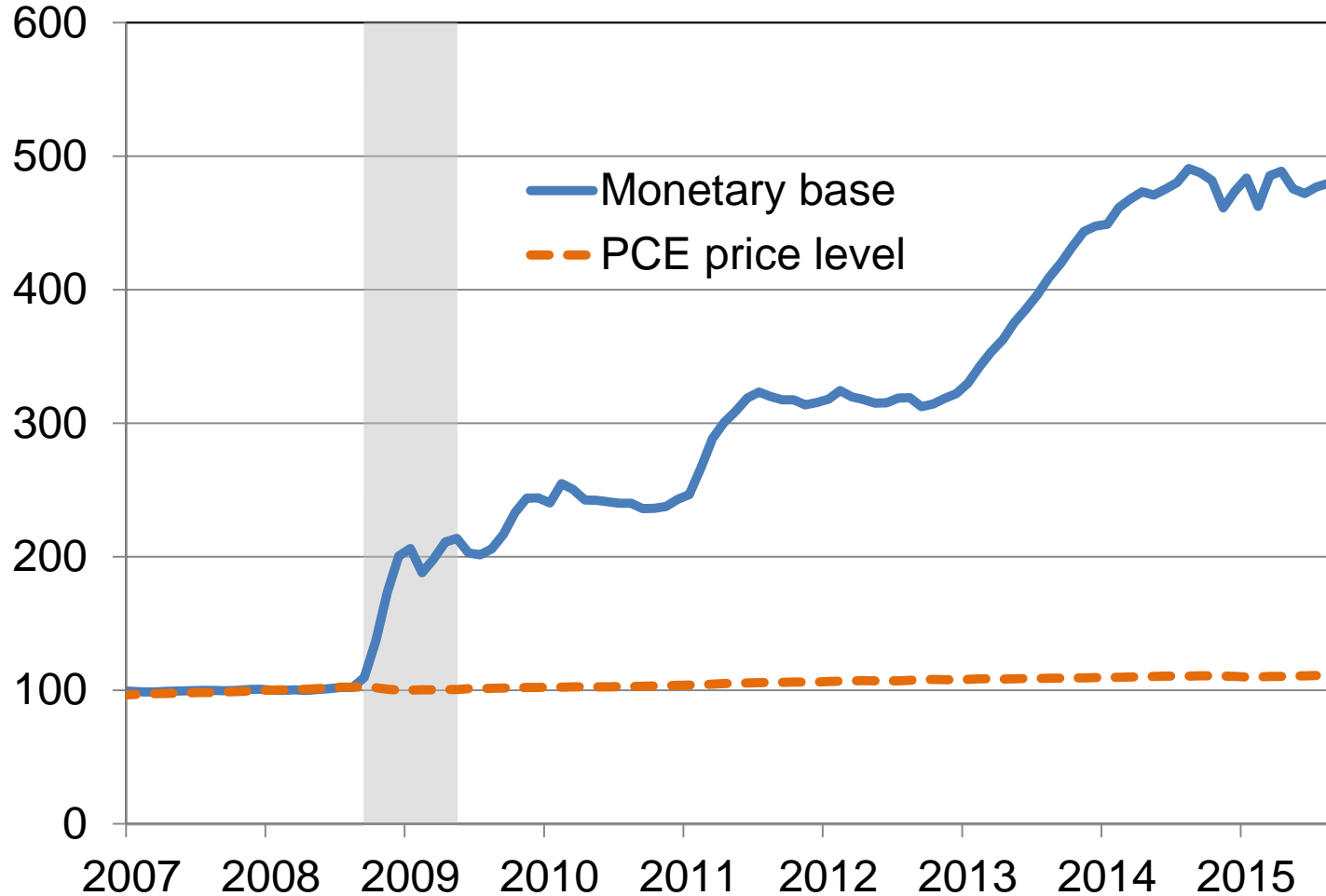
Trade-weighted dollar, Jan. '97 = 100





# The monetary base and the price level

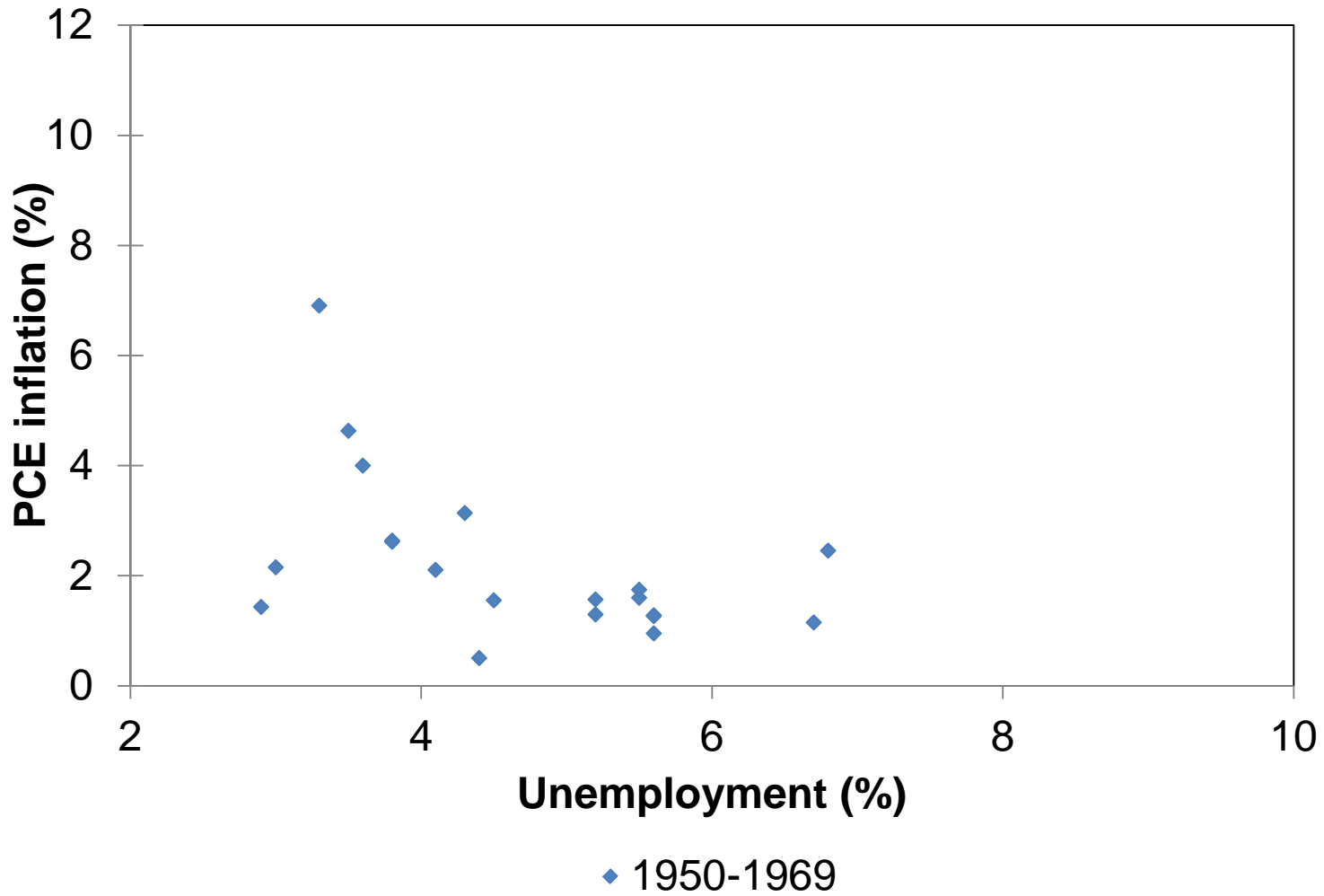
January 2008 = 100



Source: Federal Reserve Board, Bureau of Economic Analysis

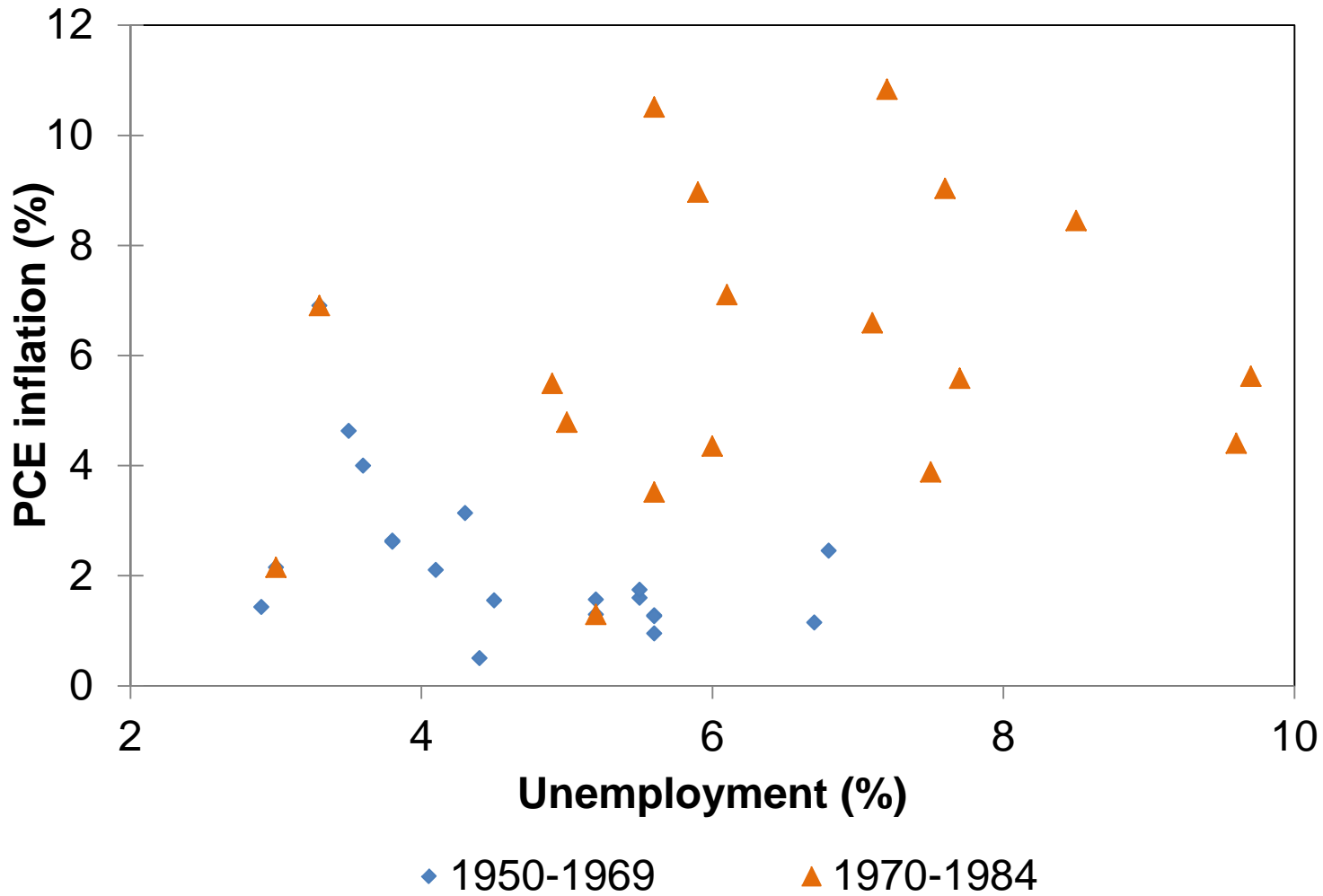


# The Phillips curve





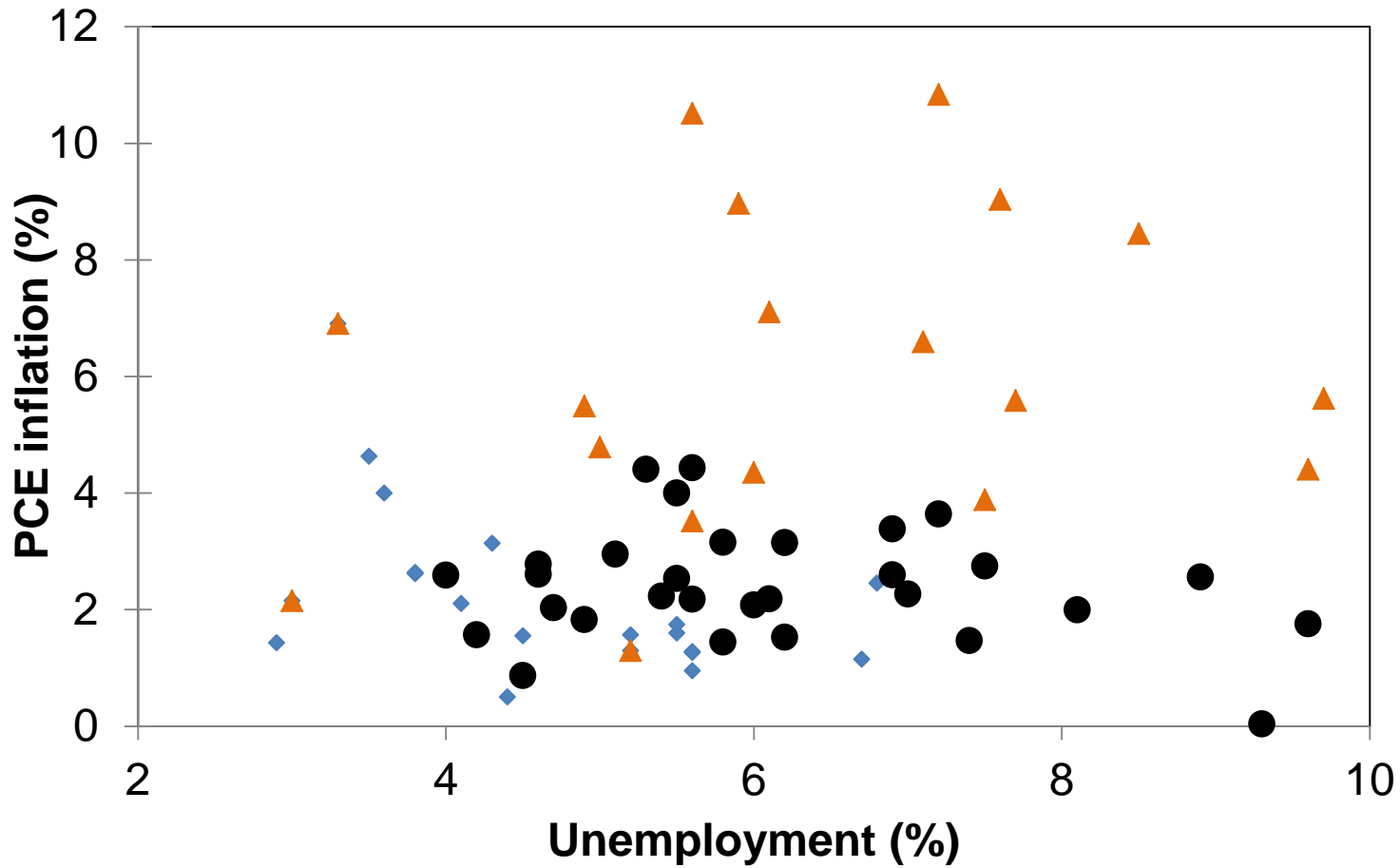
# The Phillips curve







# The Phillips curve

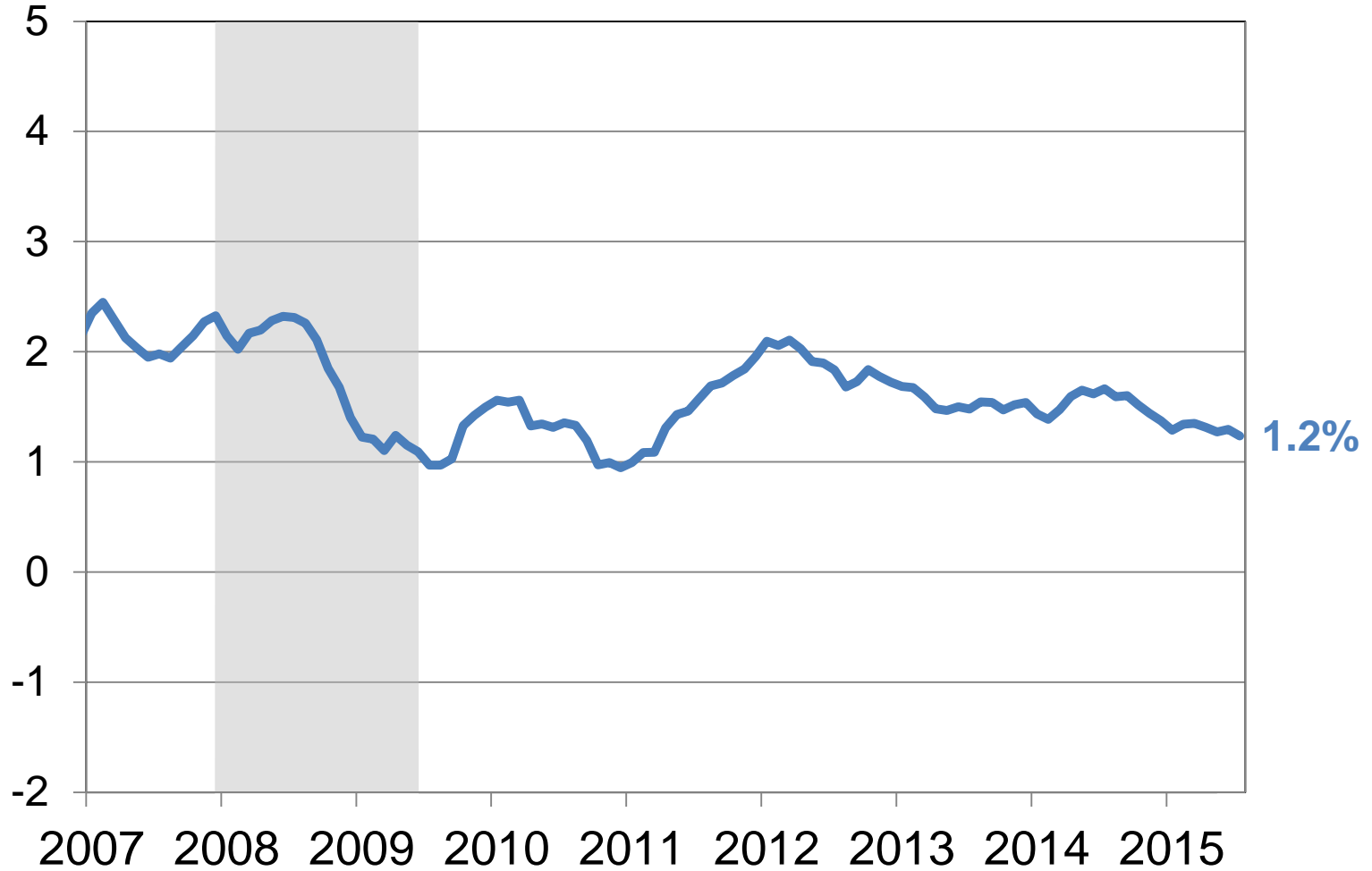


◆ 1950-1969    ▲ 1970-1984    ● 1985-2014



# PCE inflation excluding food and energy

12-month percent change

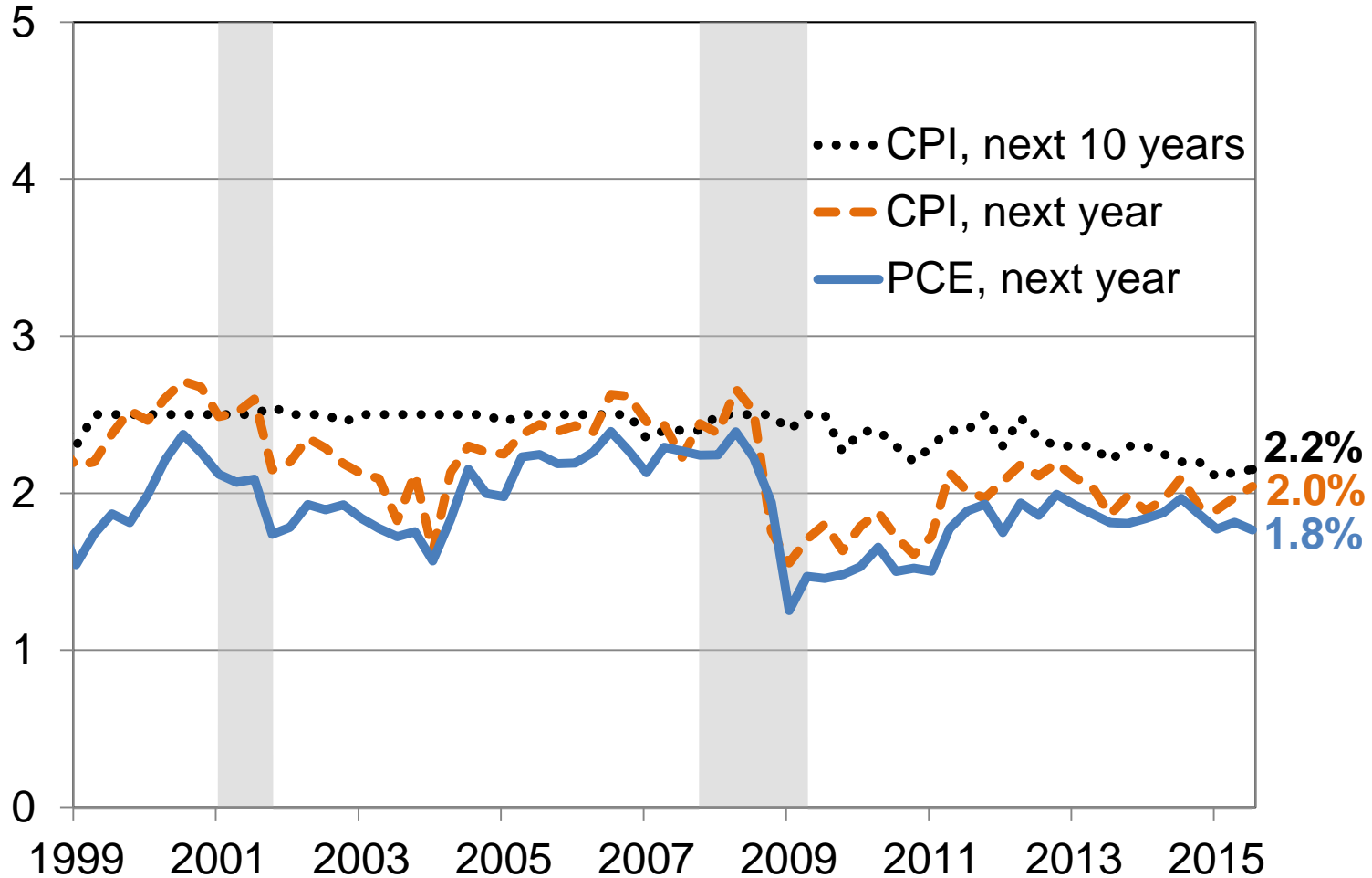


Source: Bureau of Economic Analysis



# Professional forecasters' inflation expectations

Annualized percent change

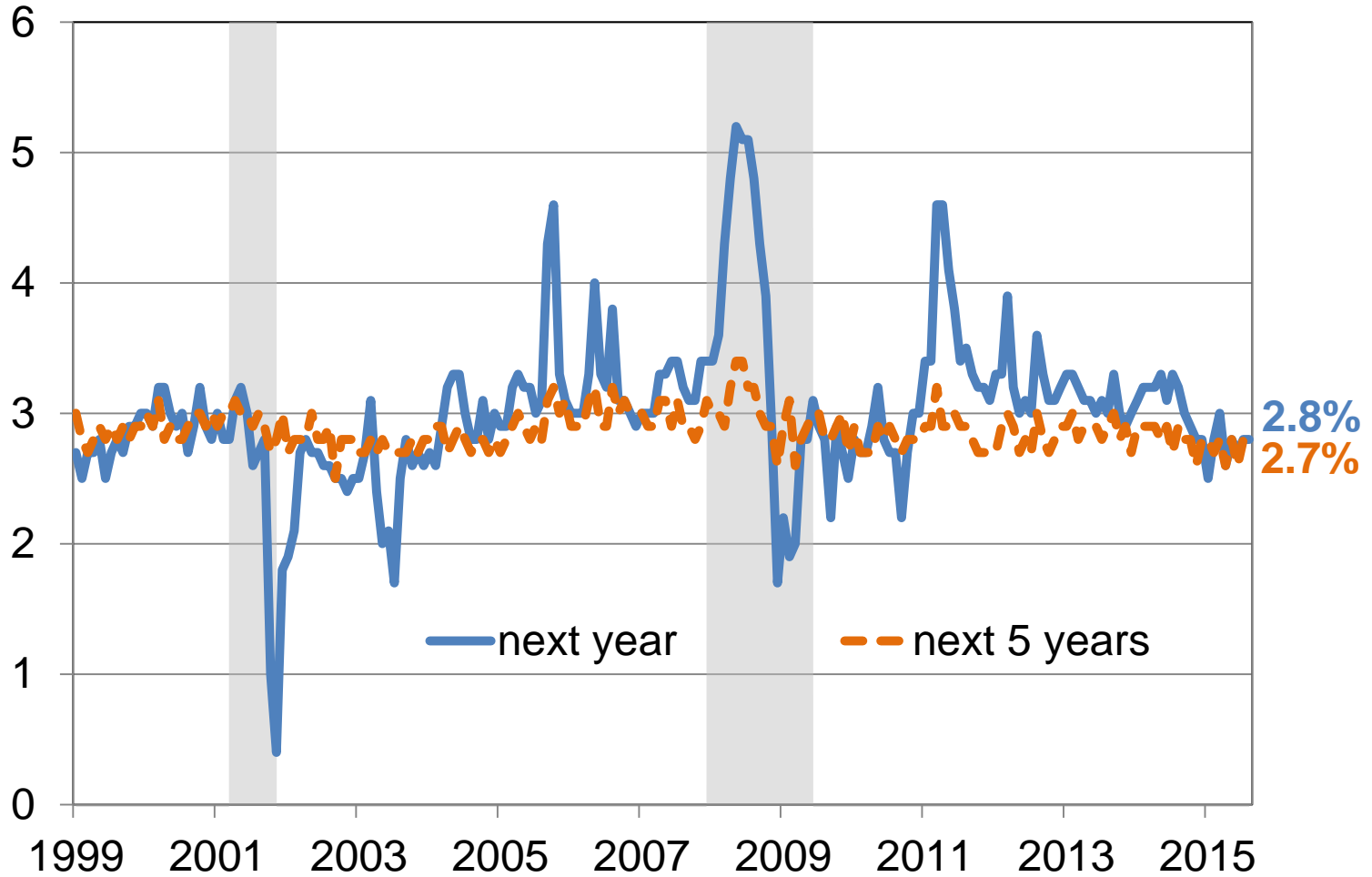


Source: Federal Reserve Bank of Philadelphia



# Households' inflation expectations

Annualized percent change

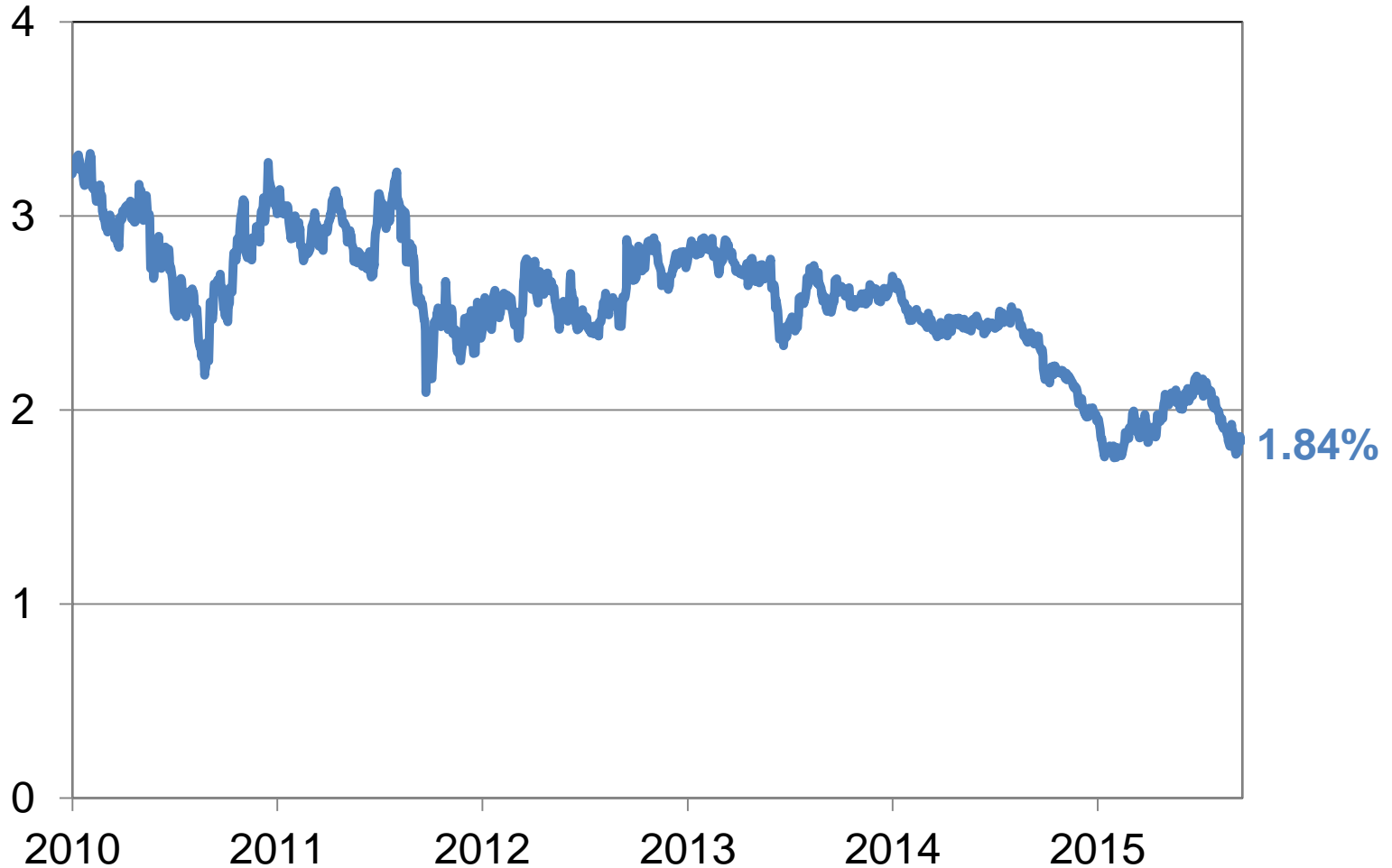


Source: University of Michigan



# Market inflation breakeven, 5 to 10 years ahead

Annualized percent change





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**Questions?**