Planning for Liftoff
Gogebic Community College
Ironwood, Michigan
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President
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As long as the FOMC satisfies its price stability mandate, it should keep the fed funds rate extraordinarily low until the unemployment rate has fallen below 5.5 percent.
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
Liftoff Plan

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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.