Federal Funds Rate and Inflation Targets

Calculated federal funds rate is based on Taylor’s rule.

Components of Taylor’s Rule

Actual and Potential Real GDP

Billions of chain-weighted 2009 dollars

PCE Inflation

Percent change from year ago

Monetary Base Growth and Inflation Targets

Calculated base growth is based on McCallum’s rule. Actual base growth is percent change from the previous quarter. Stars represent actual values for 2008:Q4, 2009:Q1, 2009:Q4, 2011:Q1, 2011:Q2, 2013:Q1, 2013:Q2 and 2013:Q3 are 188.33%, 60.16%, 56.53%, 45.93%, 58.75%, 30.24%, 36.03% and 33.88%, respectively.

Components of McCallum’s Rule

Monetary Base Velocity Growth

Real Output Growth

Percent change from year ago

Recursive Average

Change from a Year Ago

10-Year Moving Average

Quarter to Quarter Growth Rate