

Empirical Questions in Modeling Inflation and Understanding Implications for Policy

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Table 1

Forecasts of Inflation

	Federal Reserve Governors and Reserve Bank Presidents ¹		Global Insight ²	
	Central Tendency		Forecast	
	2009	2010	2009	2010
PCE	1.9-2.3	1.8-2.0	2.0	1.7
Core PCE	1.9-2.1	1.7-1.9	2.2	2.1

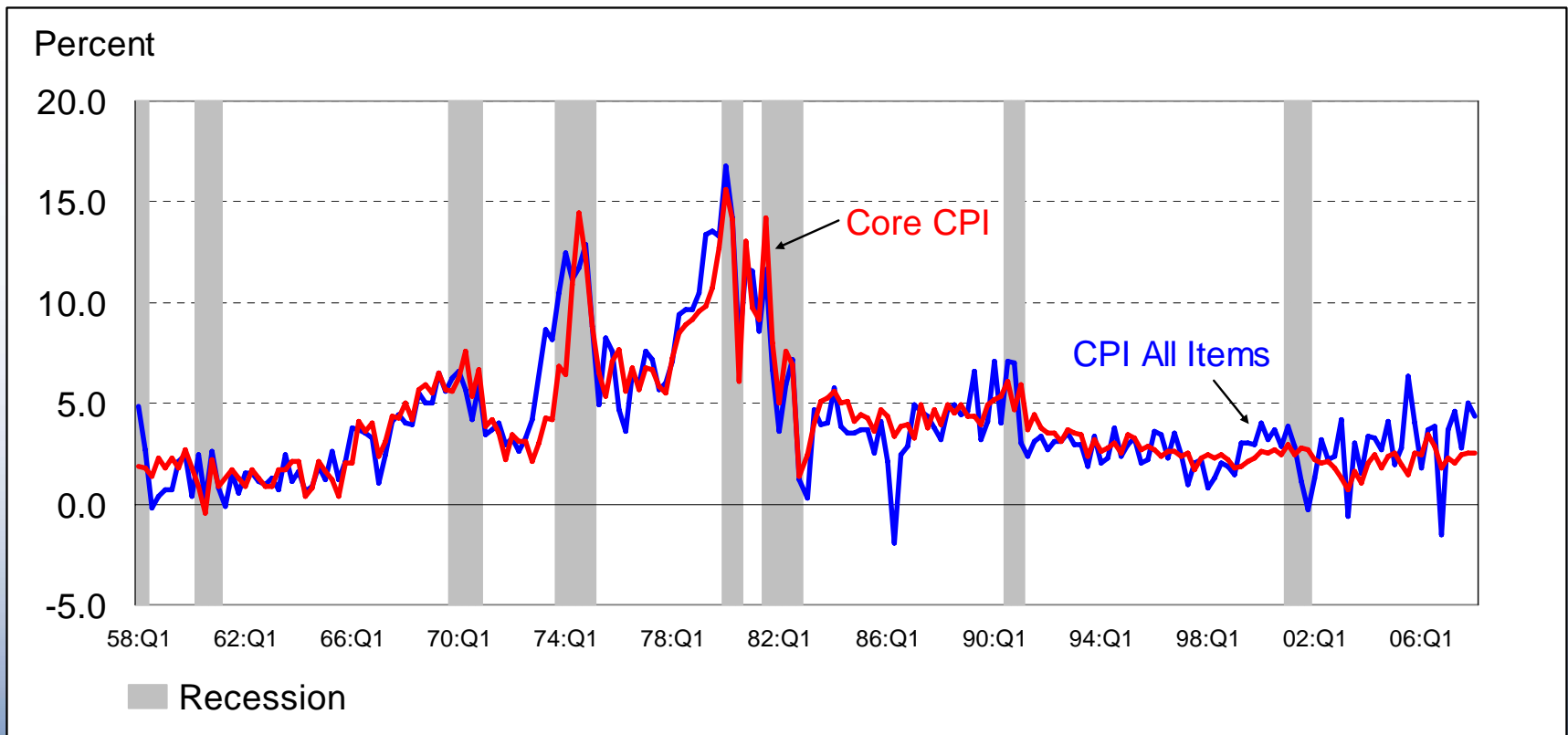
1 April FOMC Forecast; 2 May Forecast

Figure 1

Inflation Rate: Total and Core CPI

Quarterly Percent Change, Annual Rate

1958:Q1 – 2008:Q1



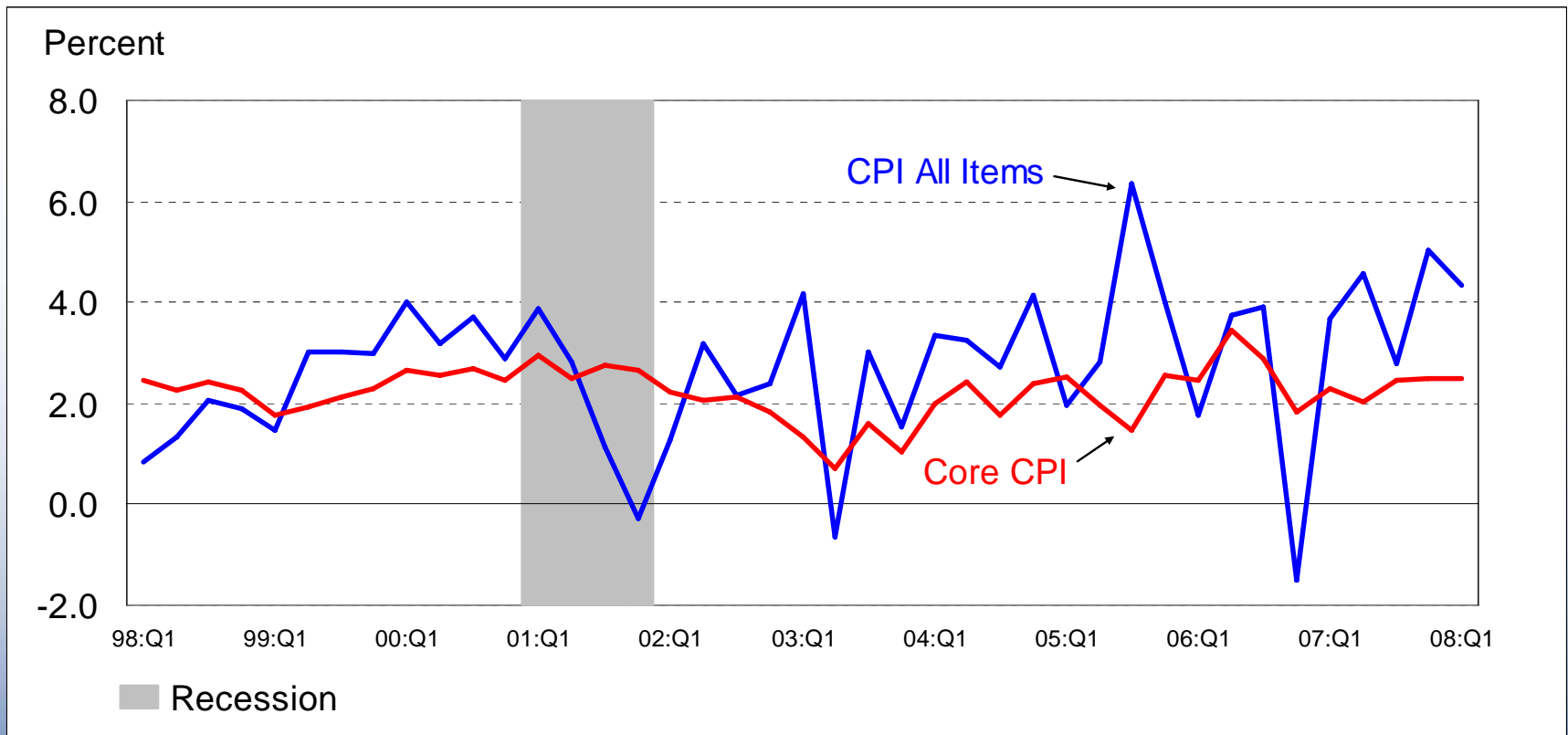
Source: BLS / Haver Analytics

Figure 2

Inflation Rate: Total and Core CPI

Quarterly Percent Change, Annual Rate

1998:Q1 – 2008:Q1

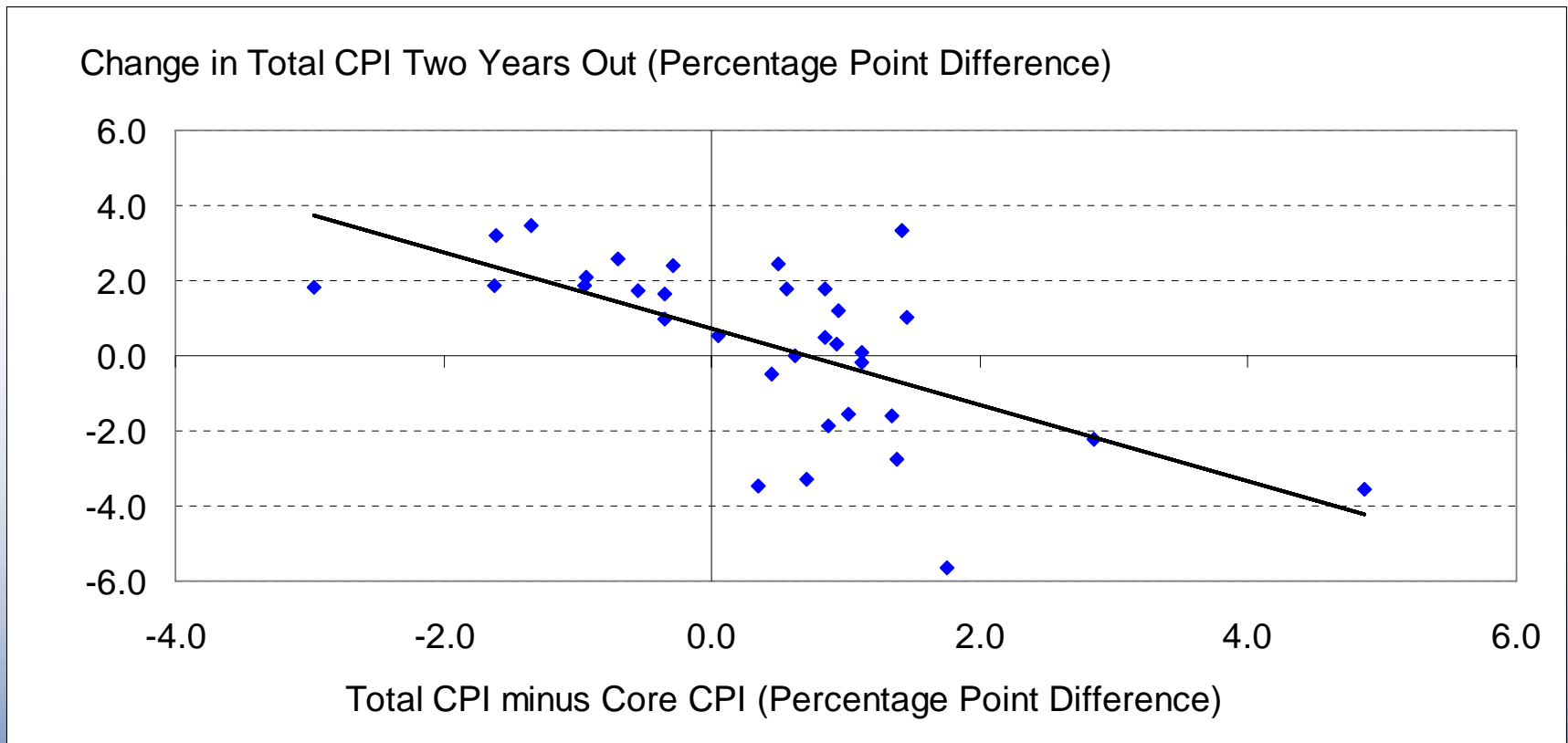


Source: BLS / Haver Analytics

Figure 3

Gap Between Total and Core Inflation vs Change in Total Inflation

1998:Q1 – 2008:Q1

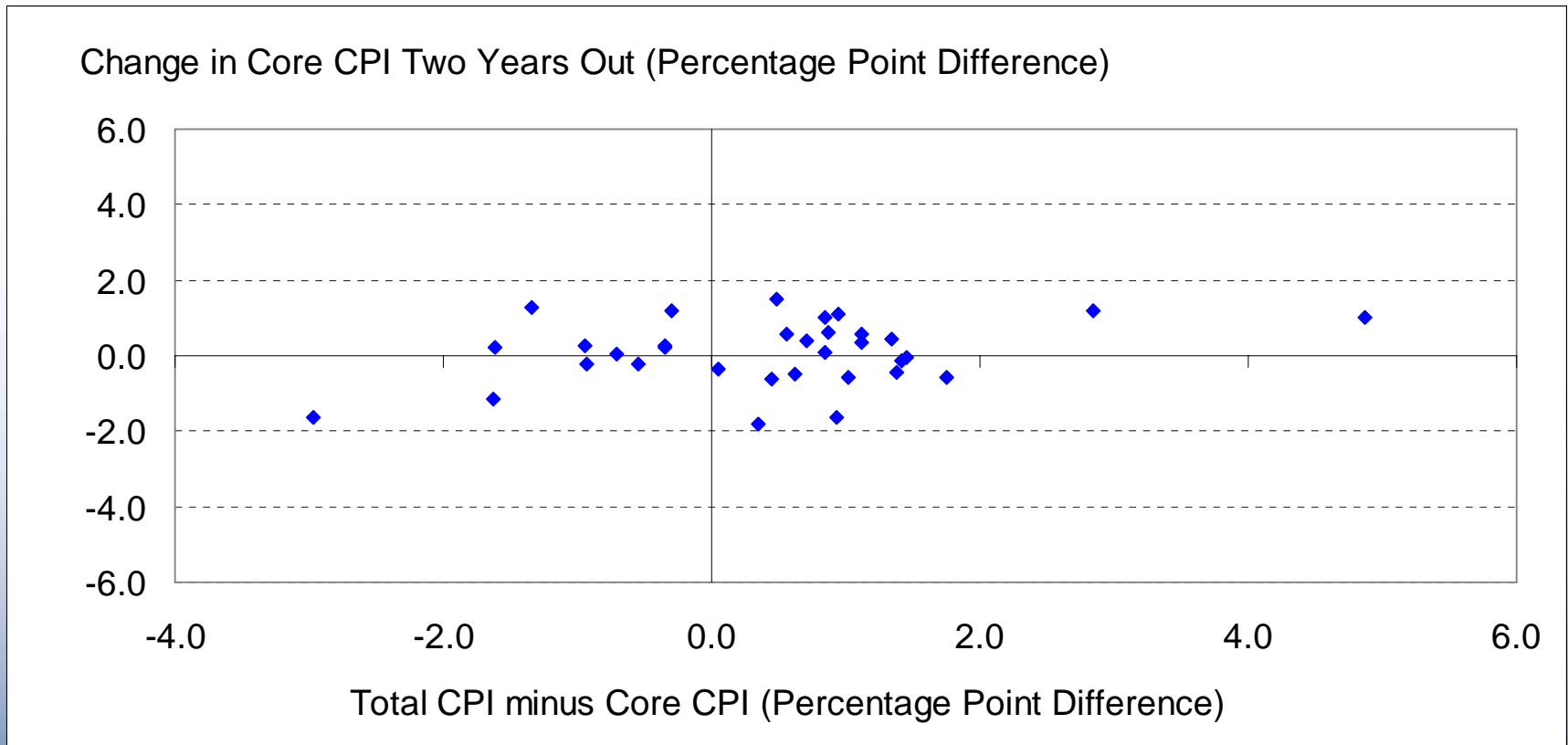


Source: BLS / Haver Analytics

Figure 4

Gap Between Total and Core Inflation vs Change in Core Inflation

1998:Q1 – 2008:Q1

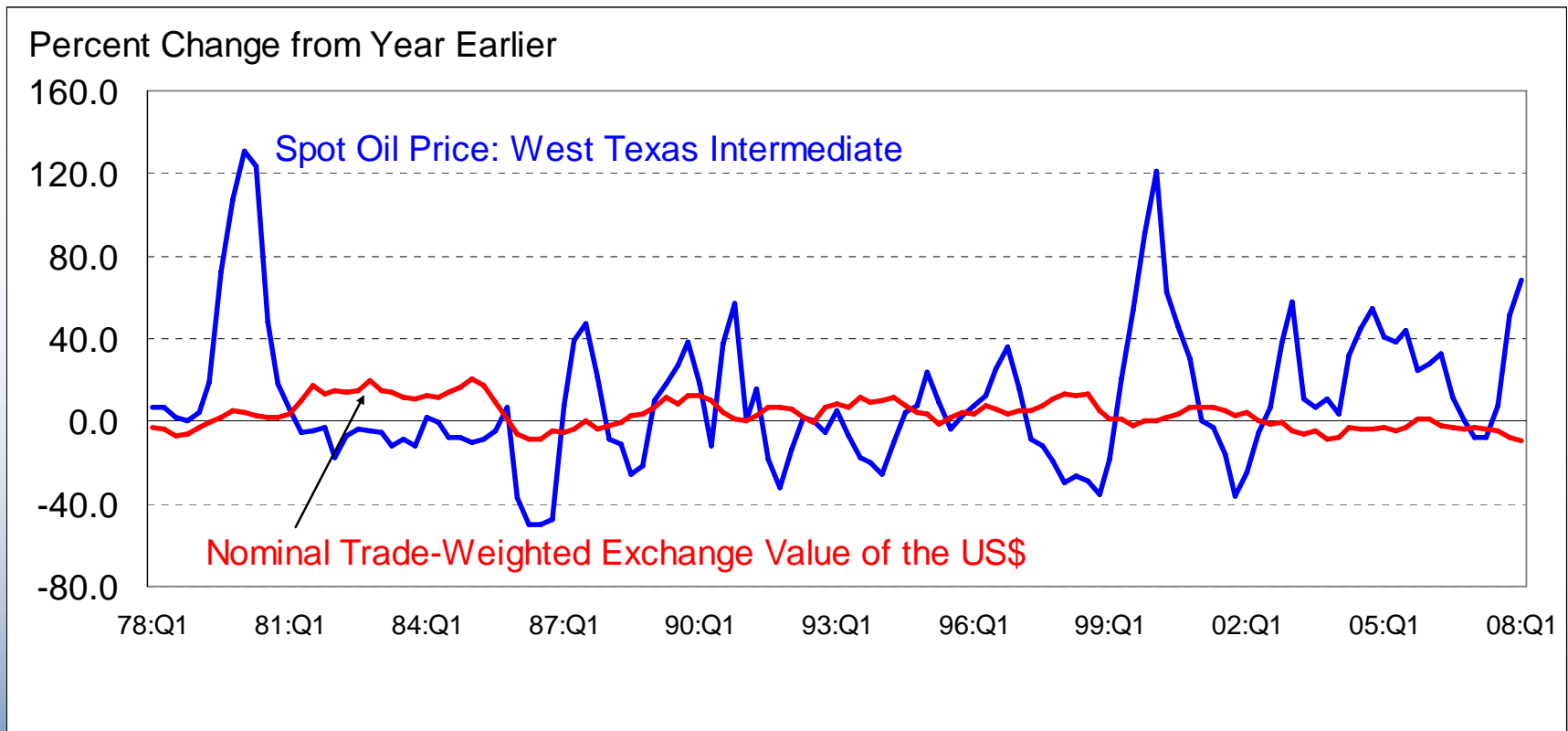


Source: BLS / Haver Analytics

Figure 5

Changes in Oil Prices and the Exchange Value of the U.S. Dollar

1978:Q1 – 2008:Q1

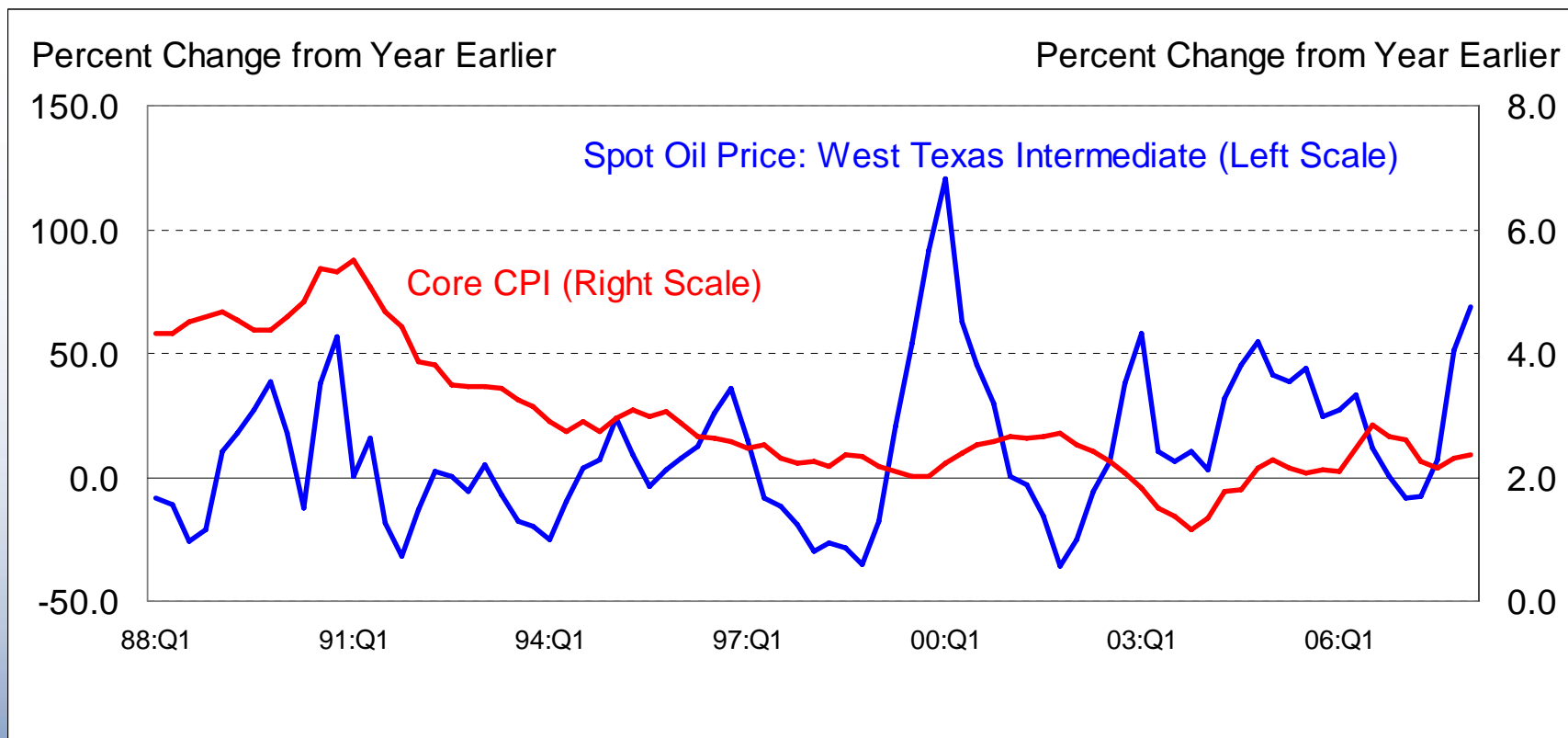


Source: Federal Reserve Board, Wall Street Journal / Haver Analytics

Figure 6

Changes in Core Inflation and Oil Prices

1988:Q1 – 2008:Q1



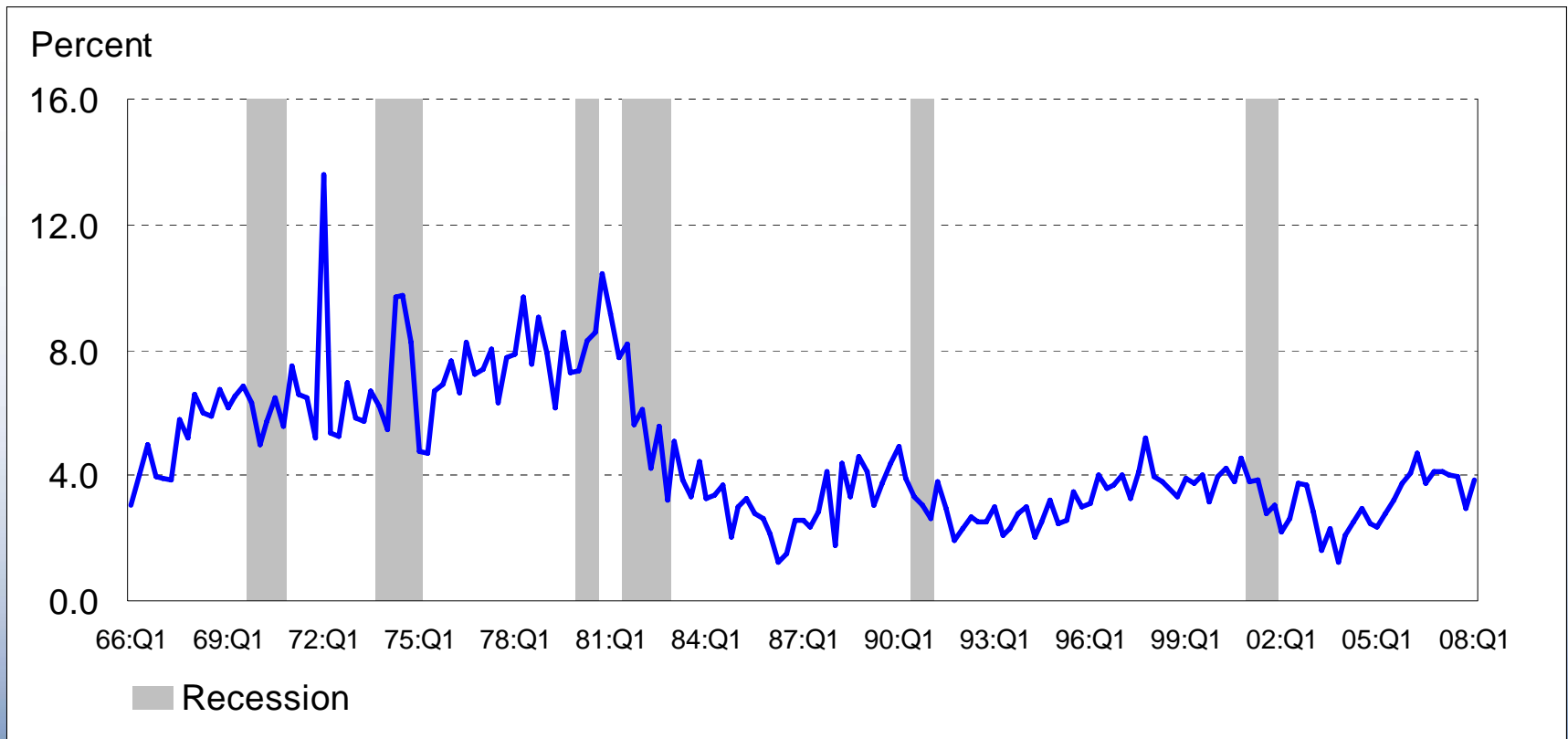
Source: Wall Street Journal, BLS / Haver Analytics

Figure 7

Average Hourly Earnings: Total Private Industries

Quarterly Percent Change, Annual Rate

1966:Q1 – 2008:Q1



Source: BLS / Haver Analytics