Perspectives on US Monetary Policy

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Figure 1

Core Inflation
US UK EZ CA
Figure 2

Dallas Fed Trimmed Mean PCE through July 2021

1994 Rate Cycle

2004 Rate Cycle

2015 Rate Cycle
Figure 3

Atlanta Fed Wage Tracker Through July 2021

2004 Rate Cycle

2015 Rate Cycle
Figure 4

Dallas Fed Trimmed Mean PCE full sample

1994 Rate Cycle
2004 Rate Cycle
2015 Rate Cycle
2022 Rate Cycle

September 2021
Figure 5
Atlanta Fed Wage Tracker Full Sample

2004 Rate Cycle

2015 Rate Cycle

2022 Rate Cycle

September 2021
Figure 6

Real GDP vs CBO Potential GDP
Figure 7

Output Gap
Actual minus CBO Potential

1994 Rate Cycle
2004 Rate Cycle
2015 Rate Cycle
September 2021

2022 Rate Cycle
Figure 9

Inertial Taylor-Type Policy Rules Signaled Lift Off in by Q3 2021

Michigan Inflation Survey

Figure 10
Figure 11

5y Breakeven Inflation
Appendix
Employment Cost Index

2004 Rate Cycle

2015 Rate Cycle

September 2021
# CBO’s Economic Projections for Calendar Years 2021 to 2031

<table>
<thead>
<tr>
<th></th>
<th>Actual 2021</th>
<th>2022</th>
<th>2023</th>
<th>Annual Average</th>
<th>2024-2025</th>
<th>2026-2031</th>
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<td><strong>Gross Domestic Product</strong></td>
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<tr>
<td>Real*</td>
<td>-2.4</td>
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<td>Nominal</td>
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<td>5.3</td>
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<td>Core PCE price index</td>
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<td>Consumer price index</td>
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<td><strong>Unemployment Rate</strong></td>
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<td>3.8</td>
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<td><strong>Interest Rates (Percent)</strong></td>
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<td>Payroll Employment (Weekly change in thousands)</td>
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<td>561</td>
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<td>Tax Base (Percentage of GDP)</td>
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<td>Wages and salaries</td>
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<td>Domestic corporate profits</td>
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<td>9.1</td>
<td>8.6</td>
<td>7.8</td>
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</table>

**Data sources:**
- GDP = gross domestic product; PCE = personal consumption expenditures.
- * = Between zero and 0.05 percentage points.
- Real values are nominal values that have been adjusted to remove the effects of changes in prices.
- Excludes prices for food and energy.
- The consumer price index for all urban consumers.
- The employment cost index for wages and salaries of workers in private industries.
- Value for the fourth quarter of 2021.
- Value for the fourth quarter of 2031.
- The average monthly change, calculated by dividing by 12 the change in payroll employment from the fourth quarter of one calendar year to the fourth quarter of the next.
- Adjusted to remove distortions in depreciation allowances caused by tax rules and to exclude the effect of inventory on the value of inventories.