

US Monetary Policy: Fed Policy Cycle

Yardeni Research, Inc.

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Dr. Edward Yardeni

516-972-7683
eyardeni@yardeni.com

Debbie Johnson

480-664-1333
djohnson@yardeni.com

Mali Quintana

480-664-1333
aquintana@yardeni.com

Please visit our sites at
www.yardeni.com
blog.yardeni.com



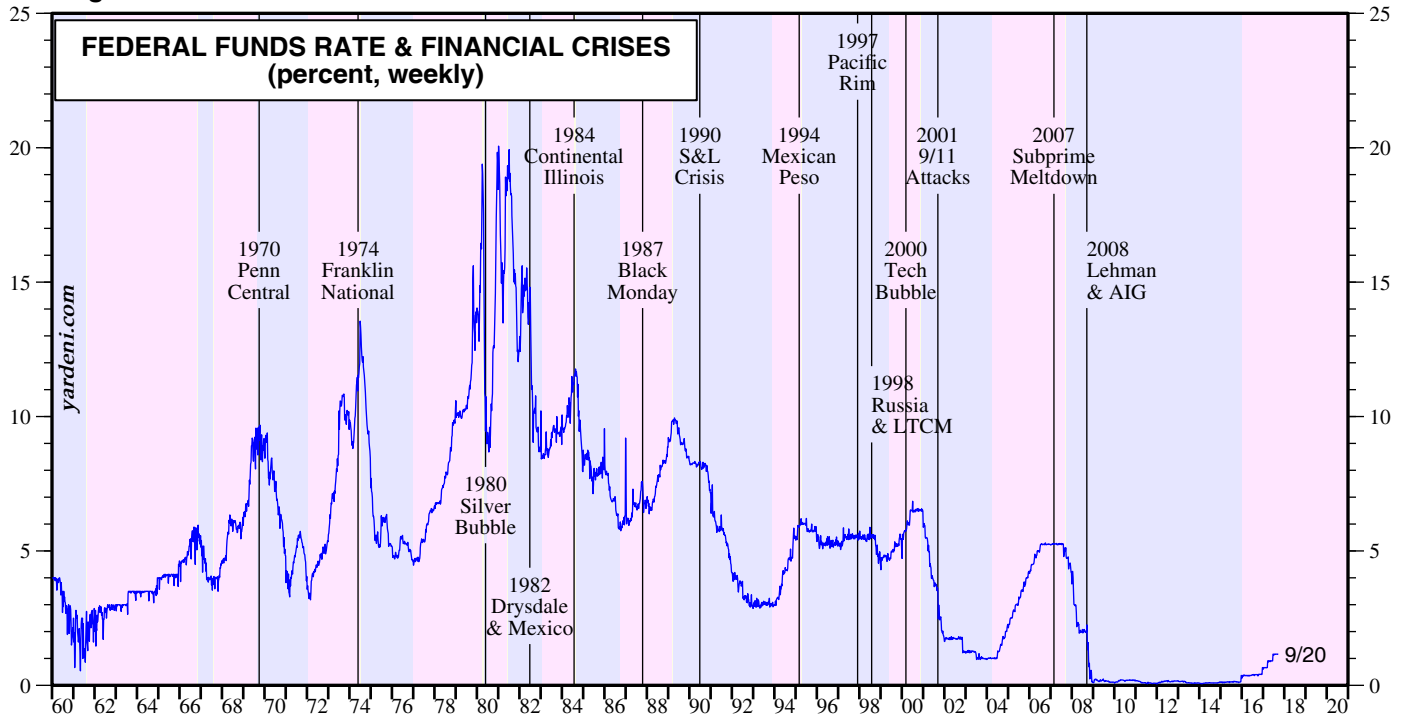
thinking outside the box

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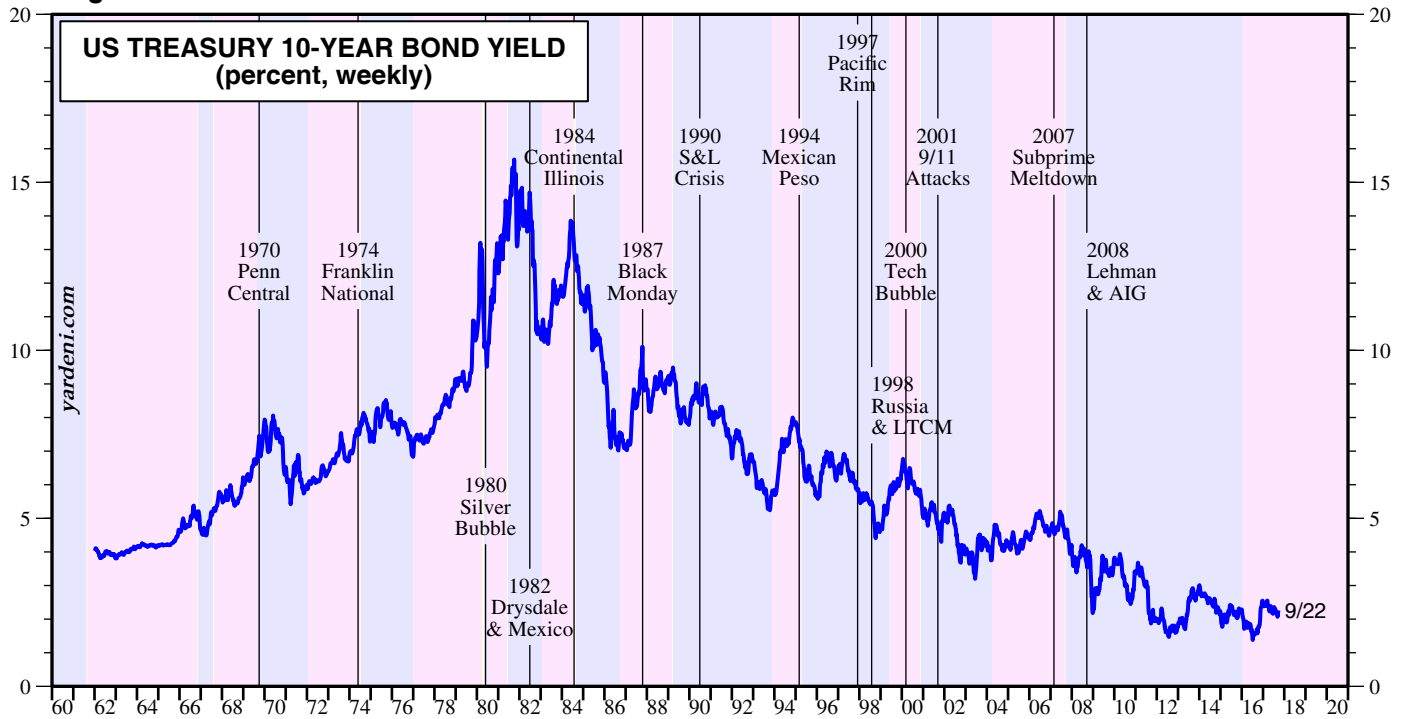
Crises Cycles

Figure 1.



Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods.
Source: Federal Reserve Board.

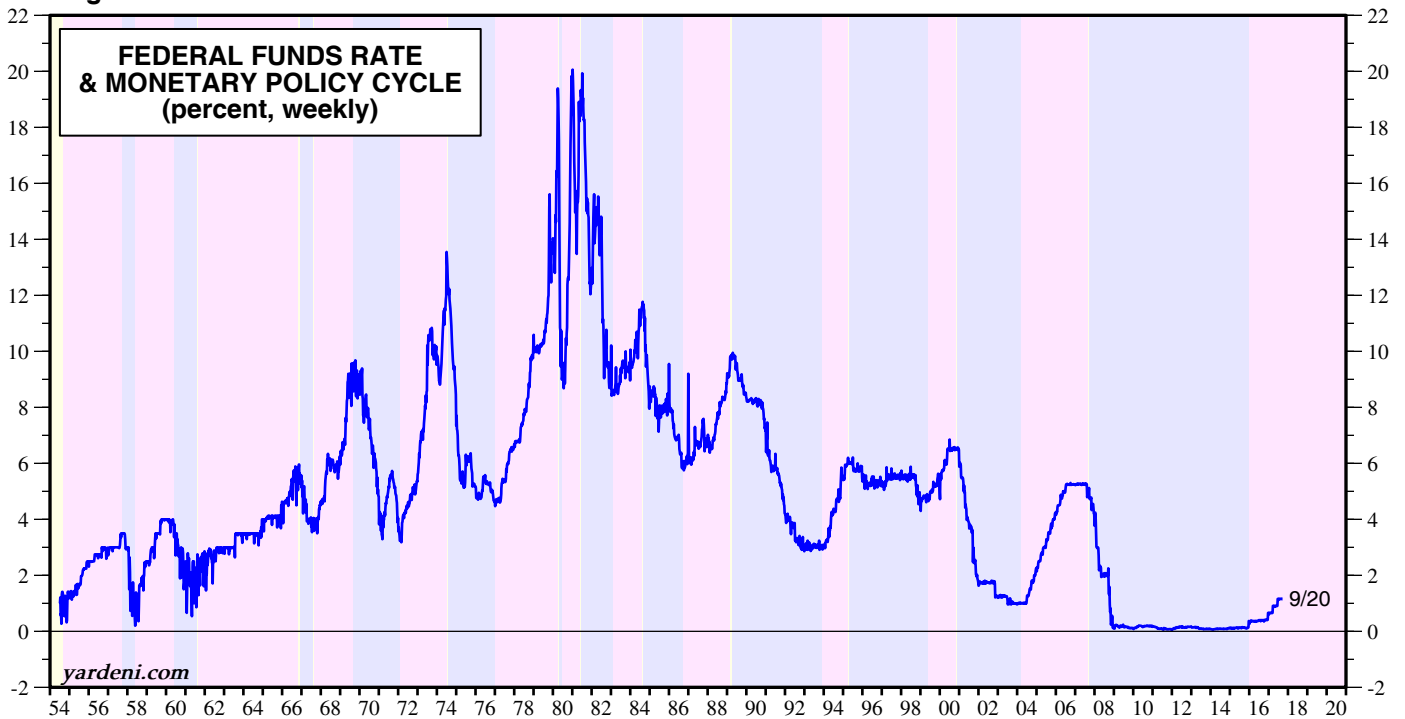
Figure 2.



Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods.
Source: Federal Reserve Board.

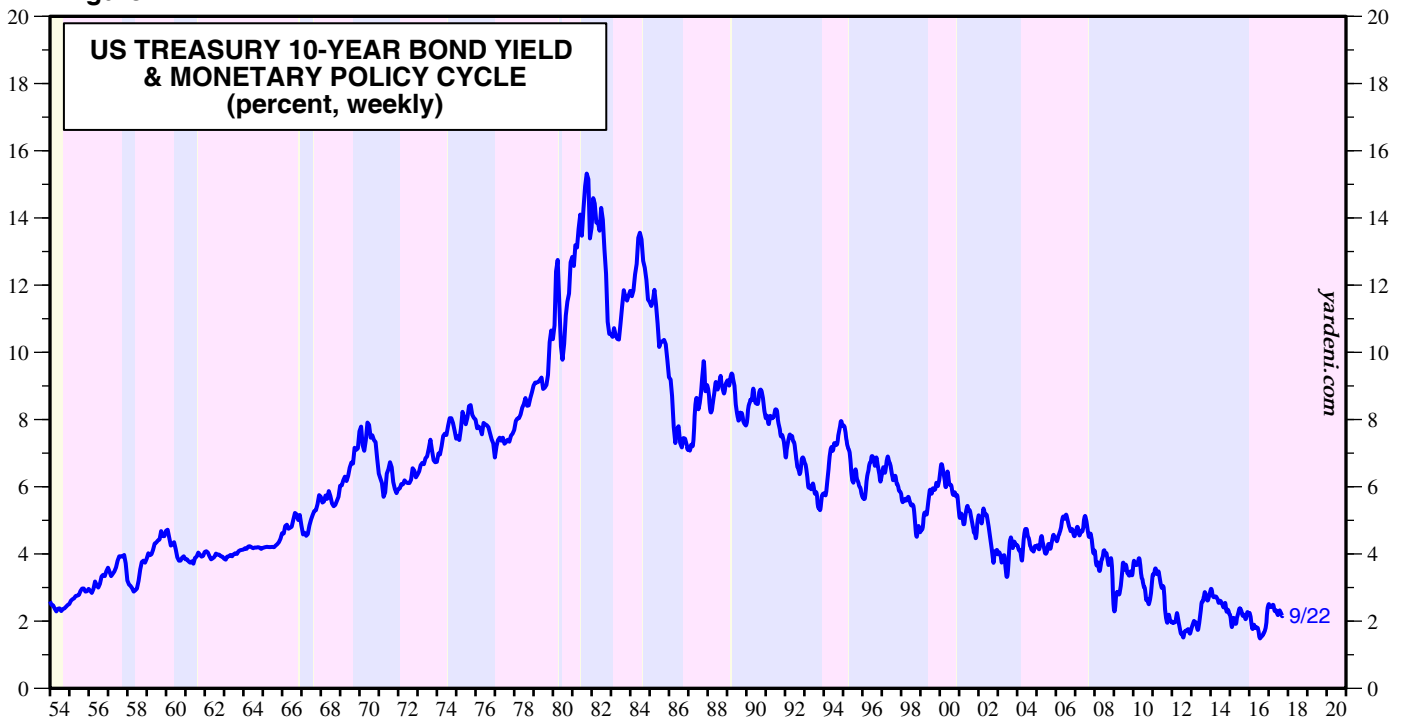
Fed Funds Rate & 10-Year Bond Yield

Figure 3.



Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods.
Source: Federal Reserve Board.

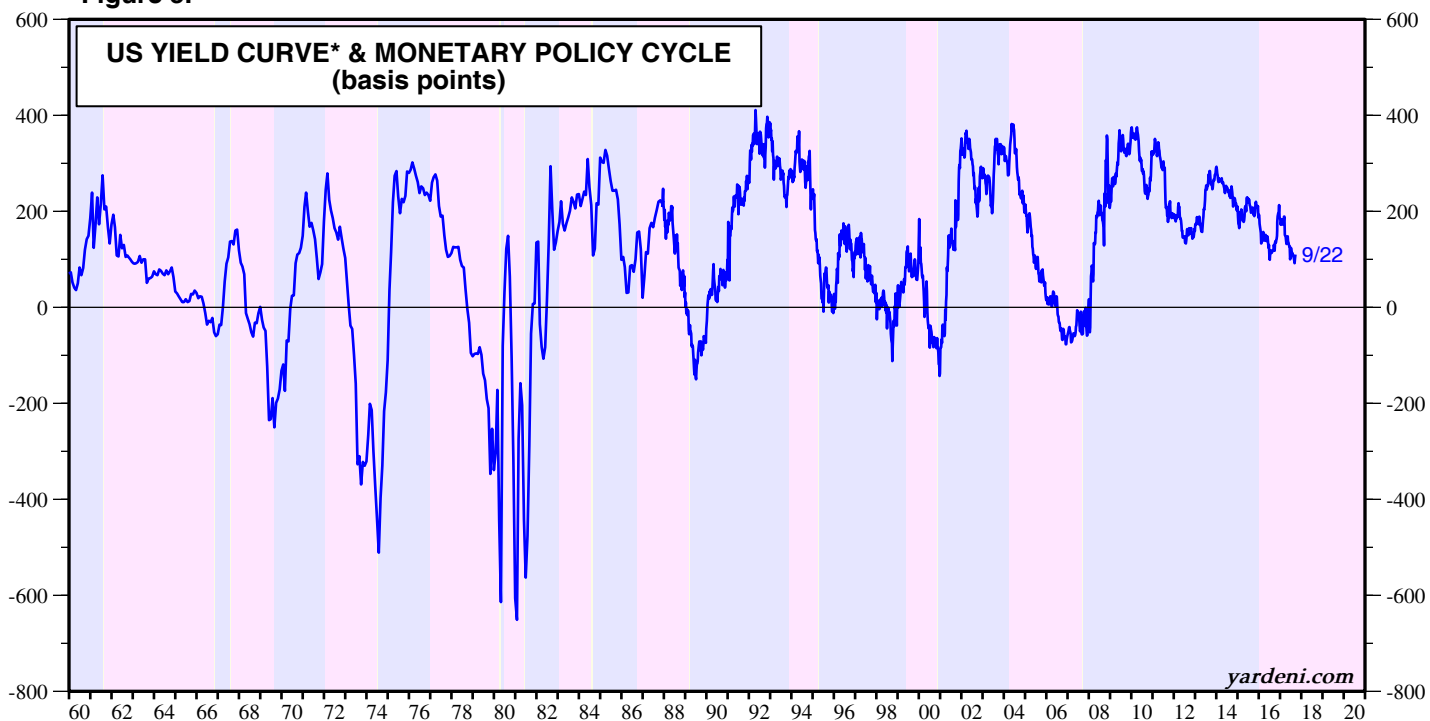
Figure 4.



Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods. Monthly through 1986, then weekly.
Source: Federal Reserve Board.

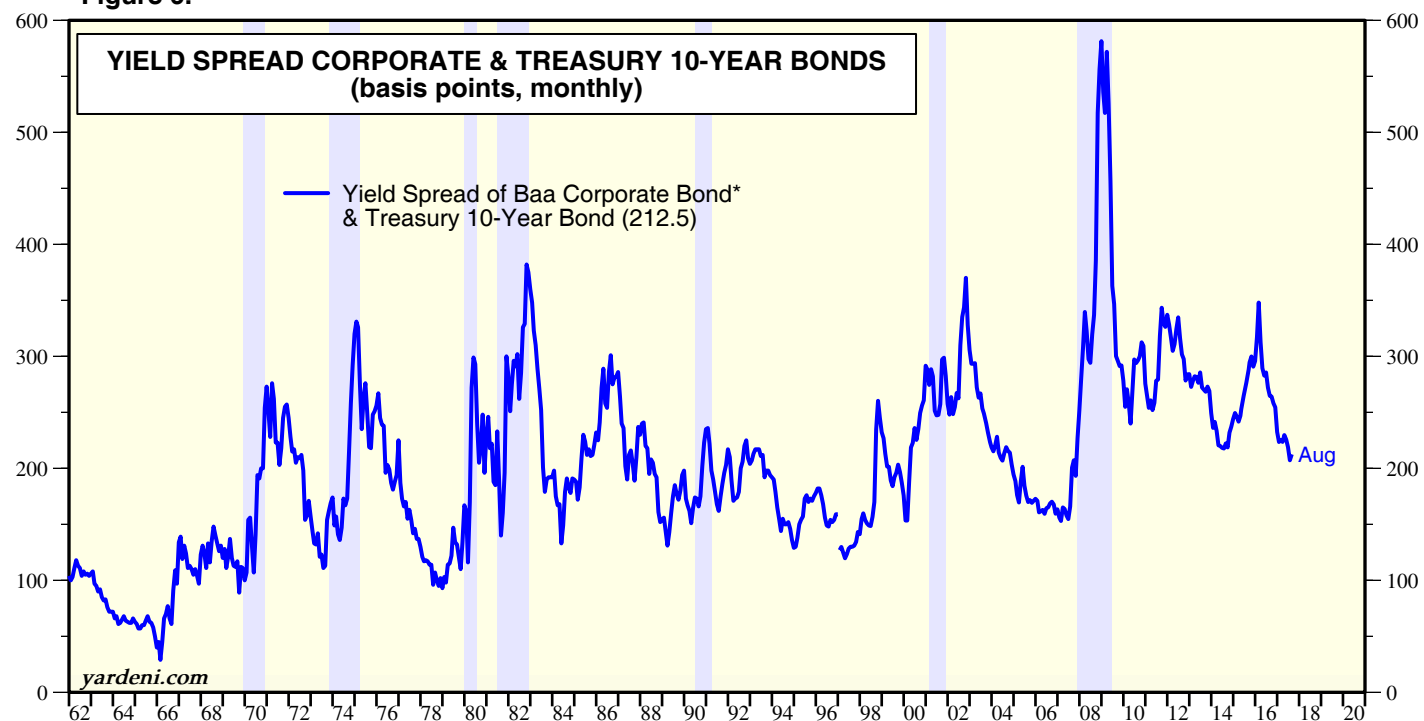
Yield Spread

Figure 5.



* 10-year Treasury yield less federal funds rate. Monthly through 1987, then weekly.
 Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods.
 Source: Federal Reserve Board.

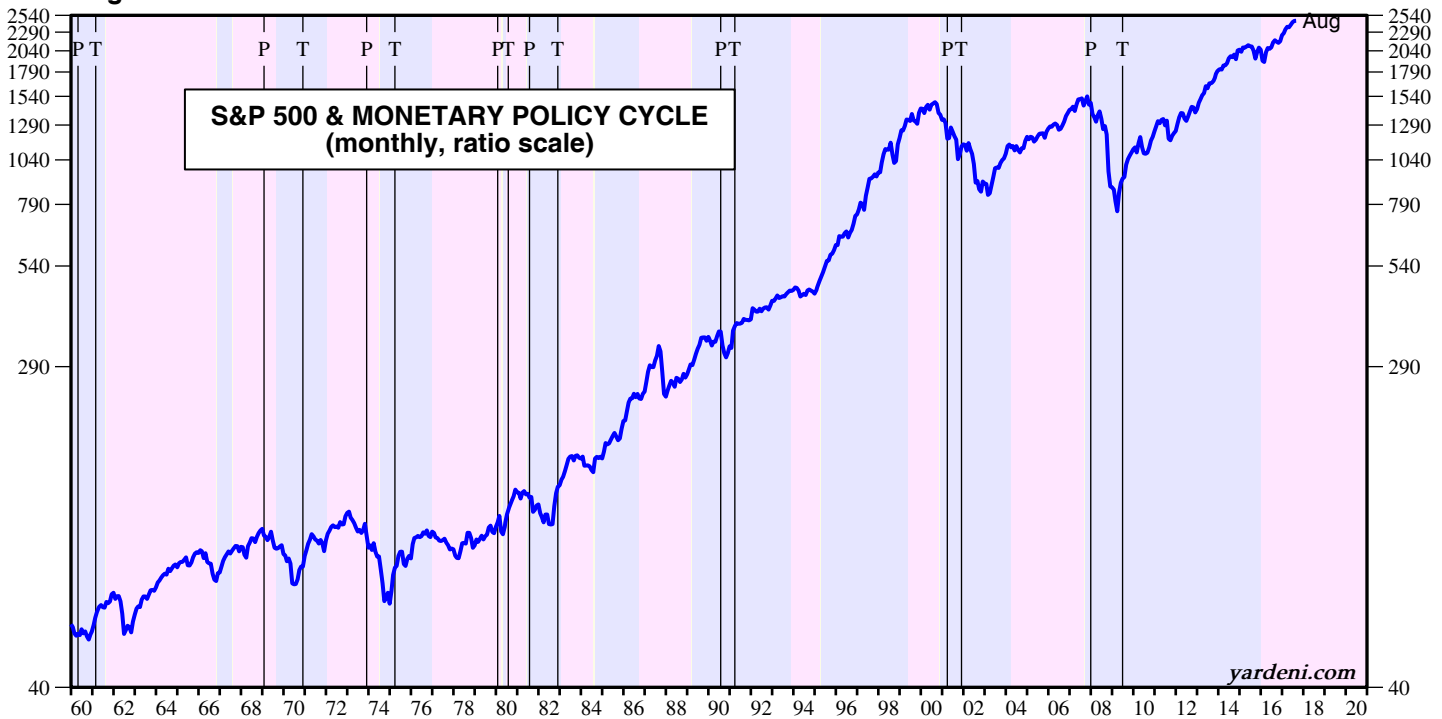
Figure 6.



* Moody's seasoned Baa corporate bond yield from 1962 to 1996, then Bank of America Merrill Lynch A-BBB corporate bond yield.
 Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
 Source: Federal Reserve Board.

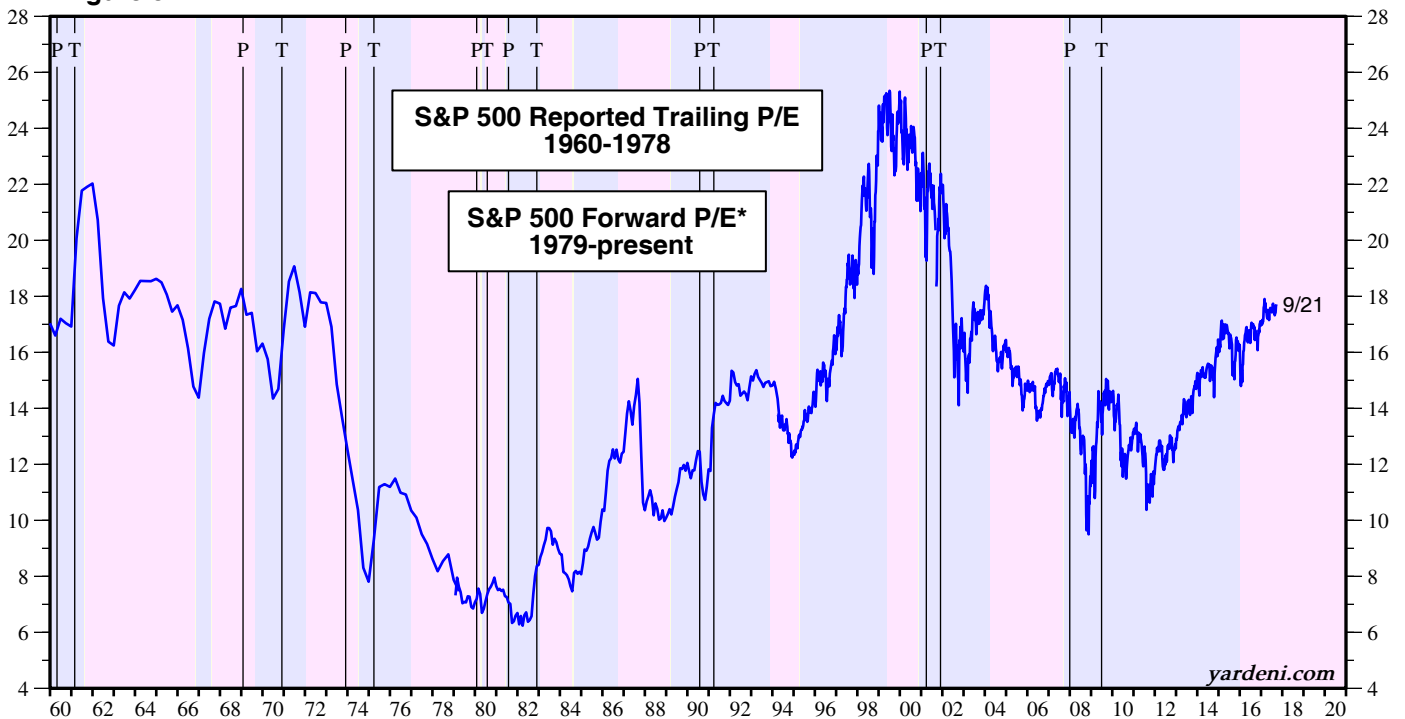
S&P 500 Index

Figure 7.



Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods. Business cycle peaks (P) and troughs (T) according to the National Bureau of Economic Research.
Source: Standard & Poor's.

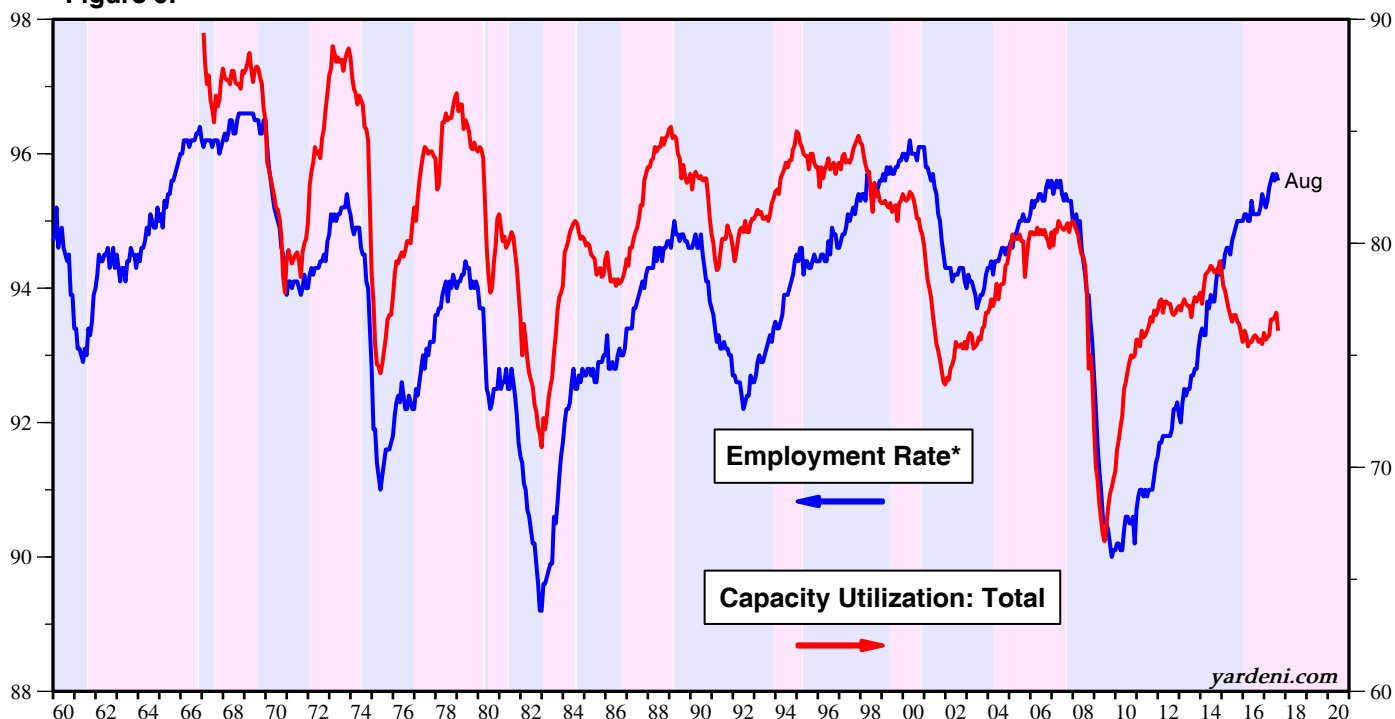
Figure 8.



* S&P 500 divided by year-ahead forward consensus expected operating earnings per share. Monthly through April 1994, then weekly.
Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods. Business cycle peaks (P) & troughs (T) according to the National Bureau of Economic Research.
Source: Thomson Reuters I/B/E/S and Standard & Poor's.

Resource Utilization

Figure 9.

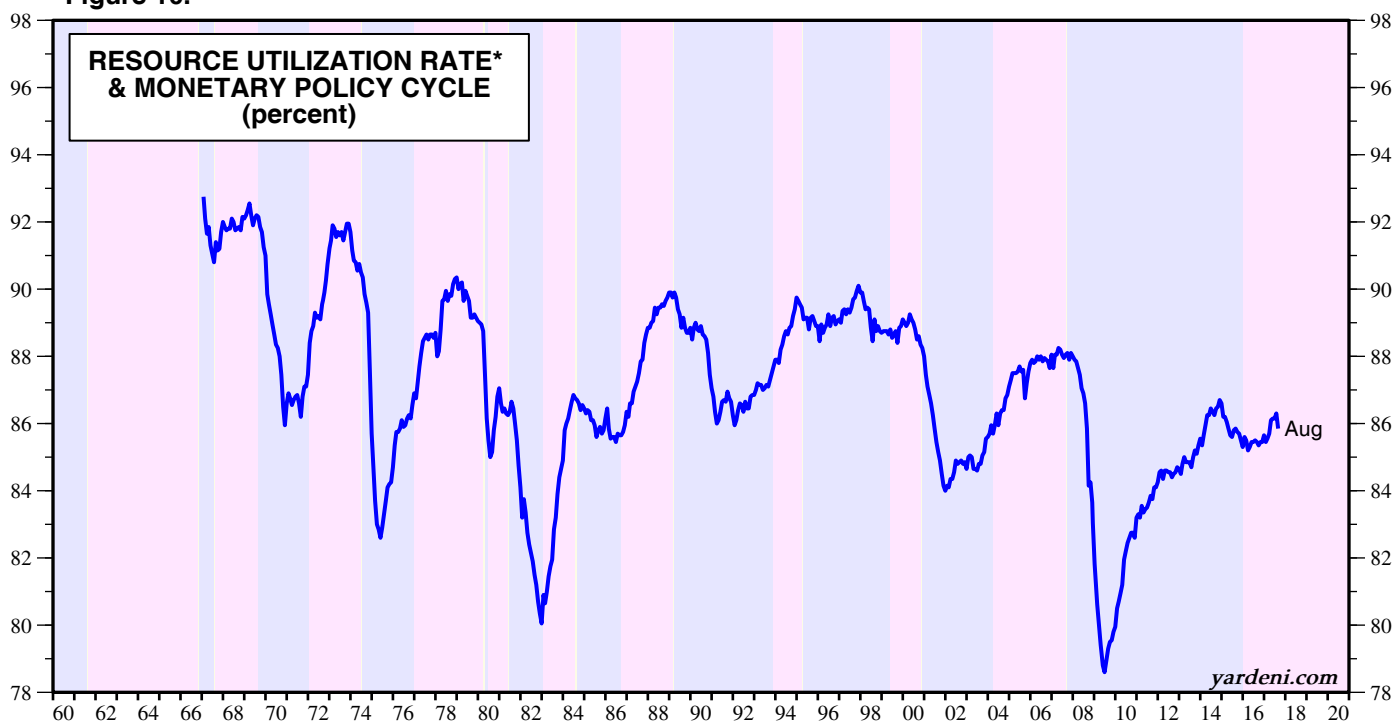


* 100 minus unemployment rate.

Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods.

Source: Bureau of Labor Statistics and Federal Reserve Board.

Figure 10.



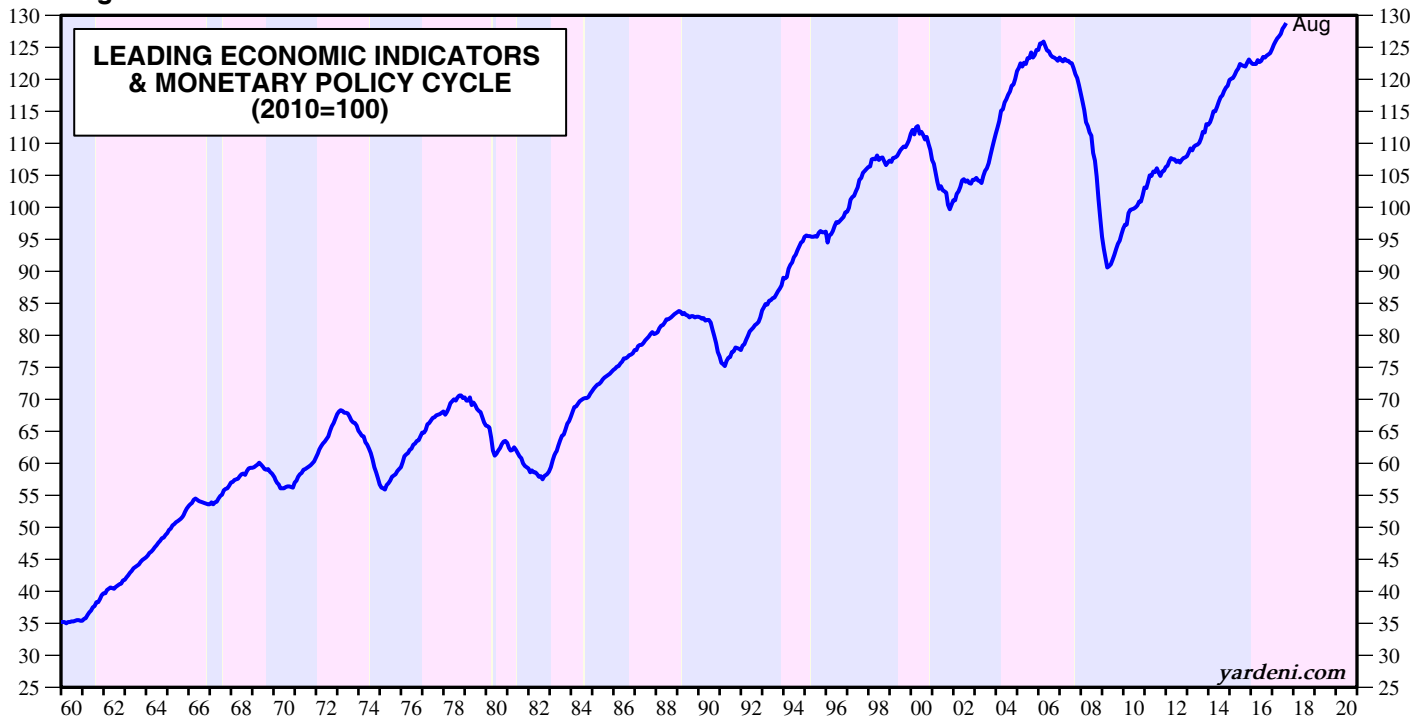
* Average of all industries' capacity utilization rate plus employment rate, i.e., percentage of labor force that is employed.

Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods.

Source: Bureau of Labor Statistics and Federal Reserve Board.

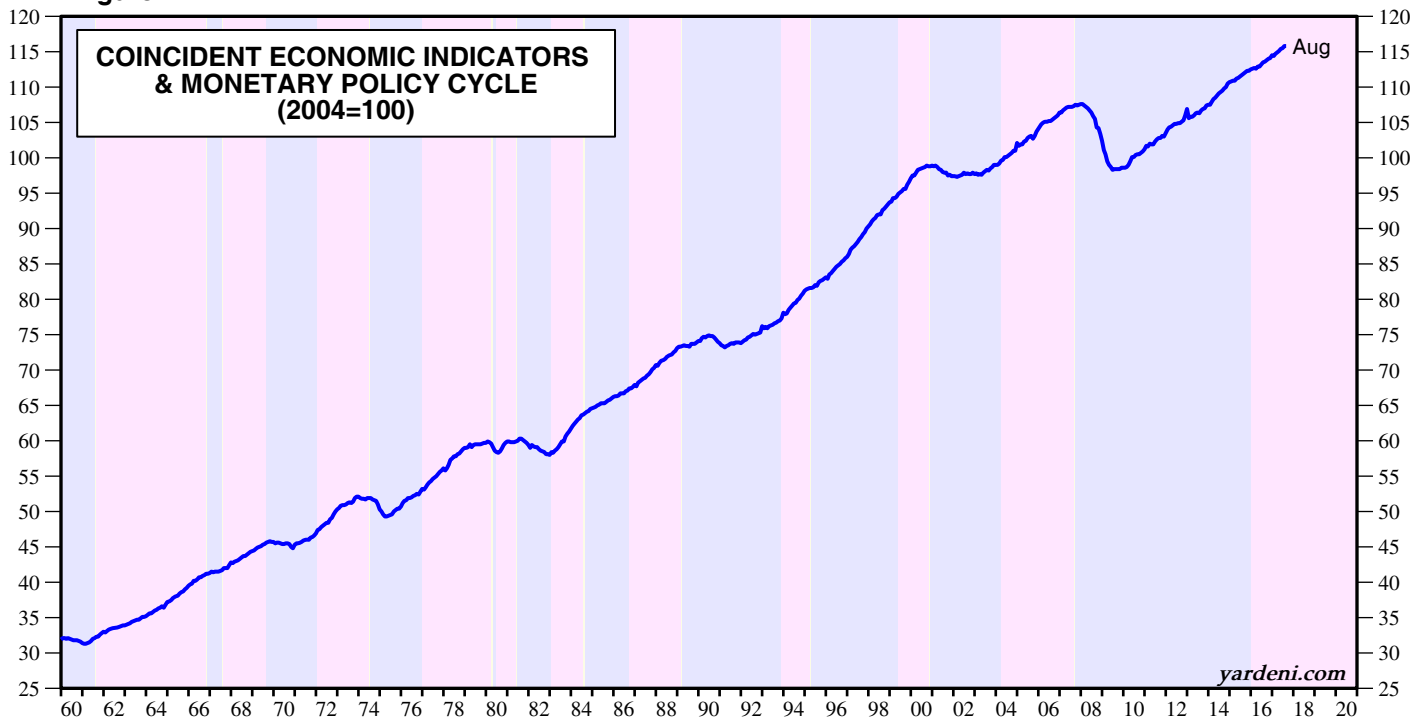
Leading & Coincident Indicators

Figure 11.



Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods.
Source: The Conference Board.

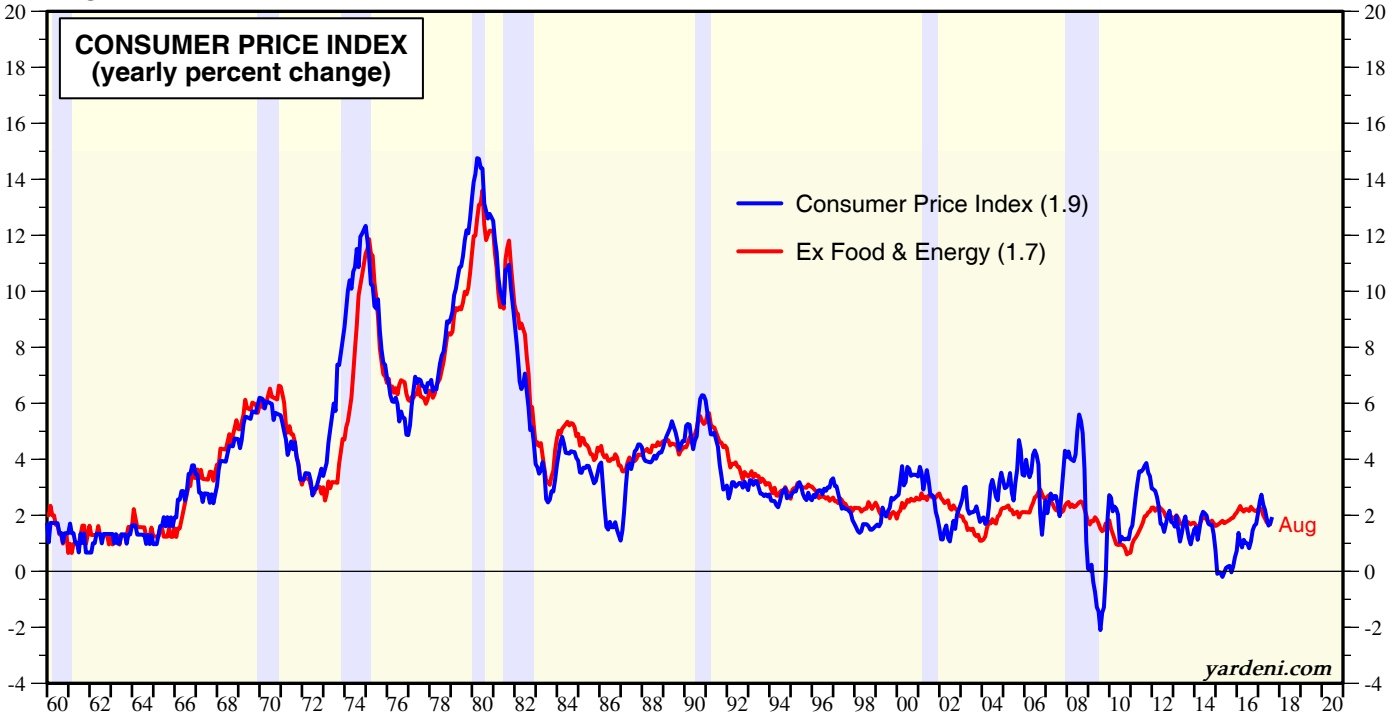
Figure 12.



Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods.
Source: The Conference Board.

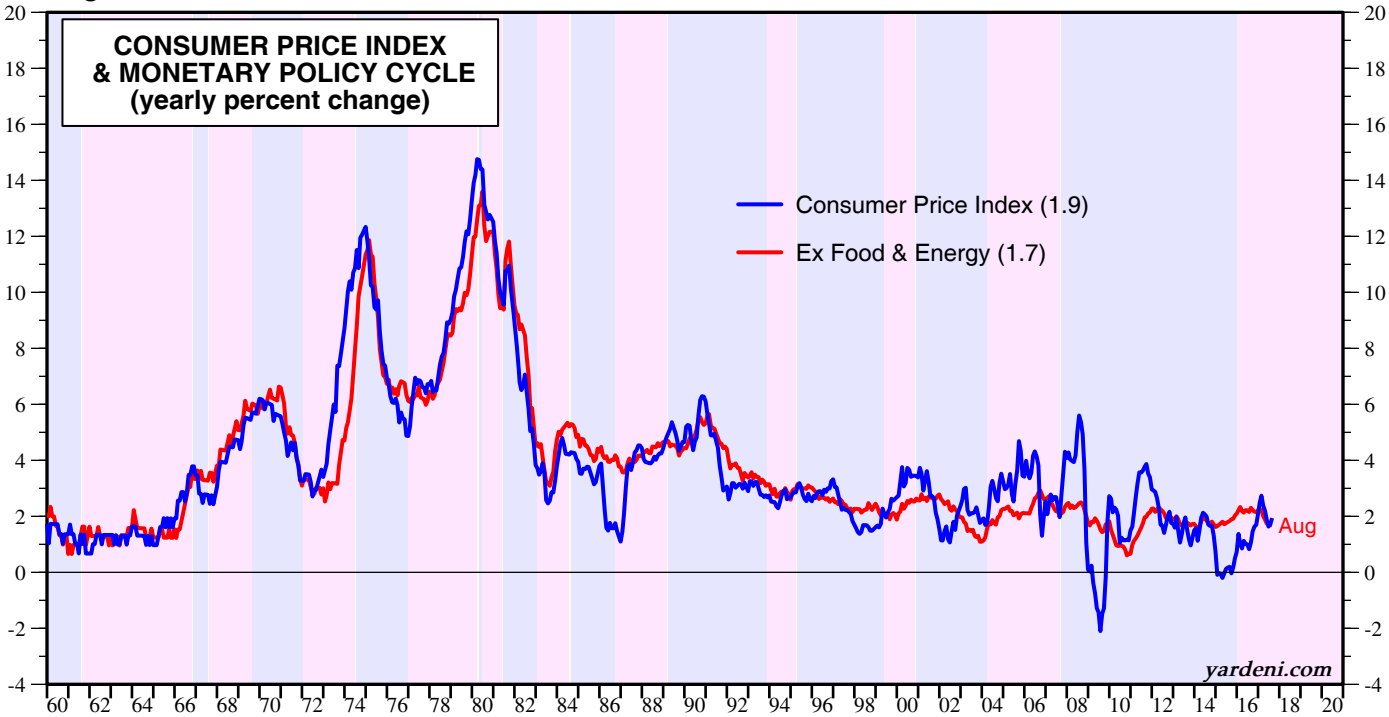
Consumer Price Index

Figure 13.



Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Bureau of Labor Statistics.

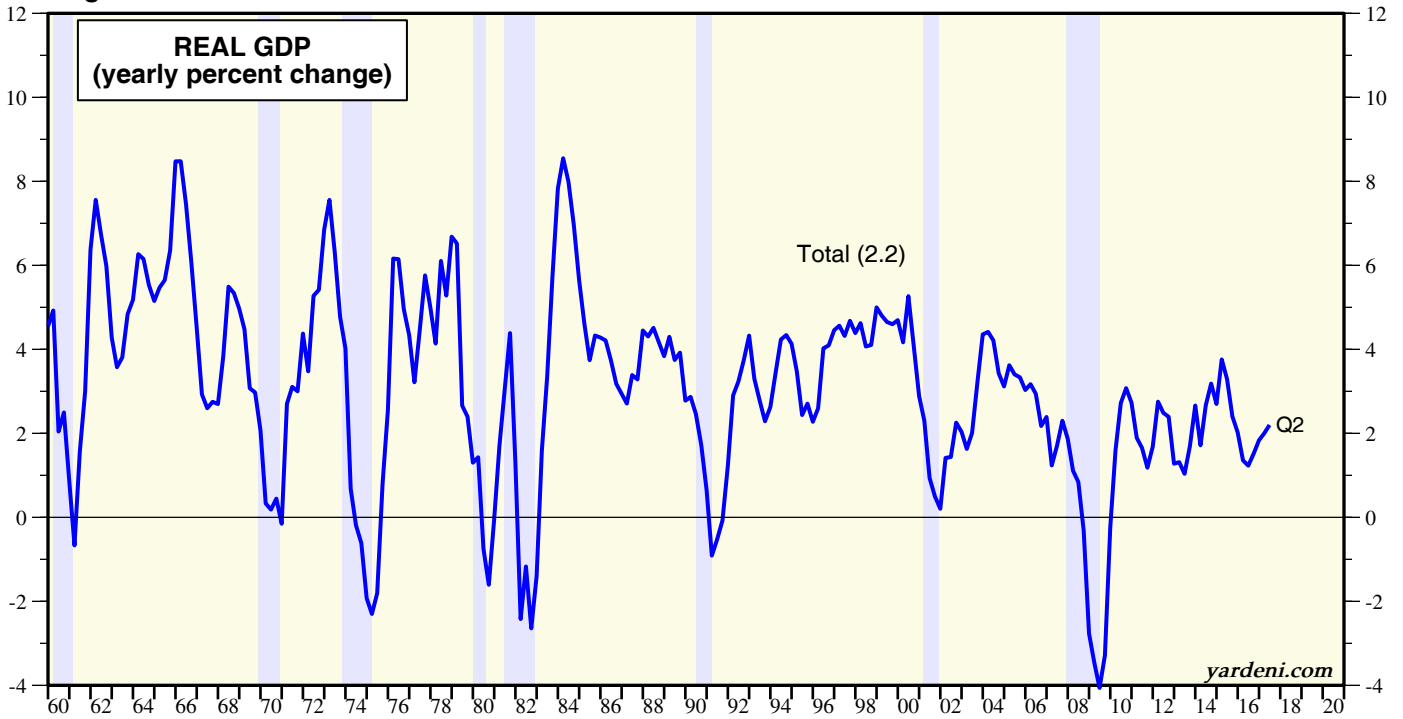
Figure 14.



Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods.
Source: Bureau of Labor Statistics.

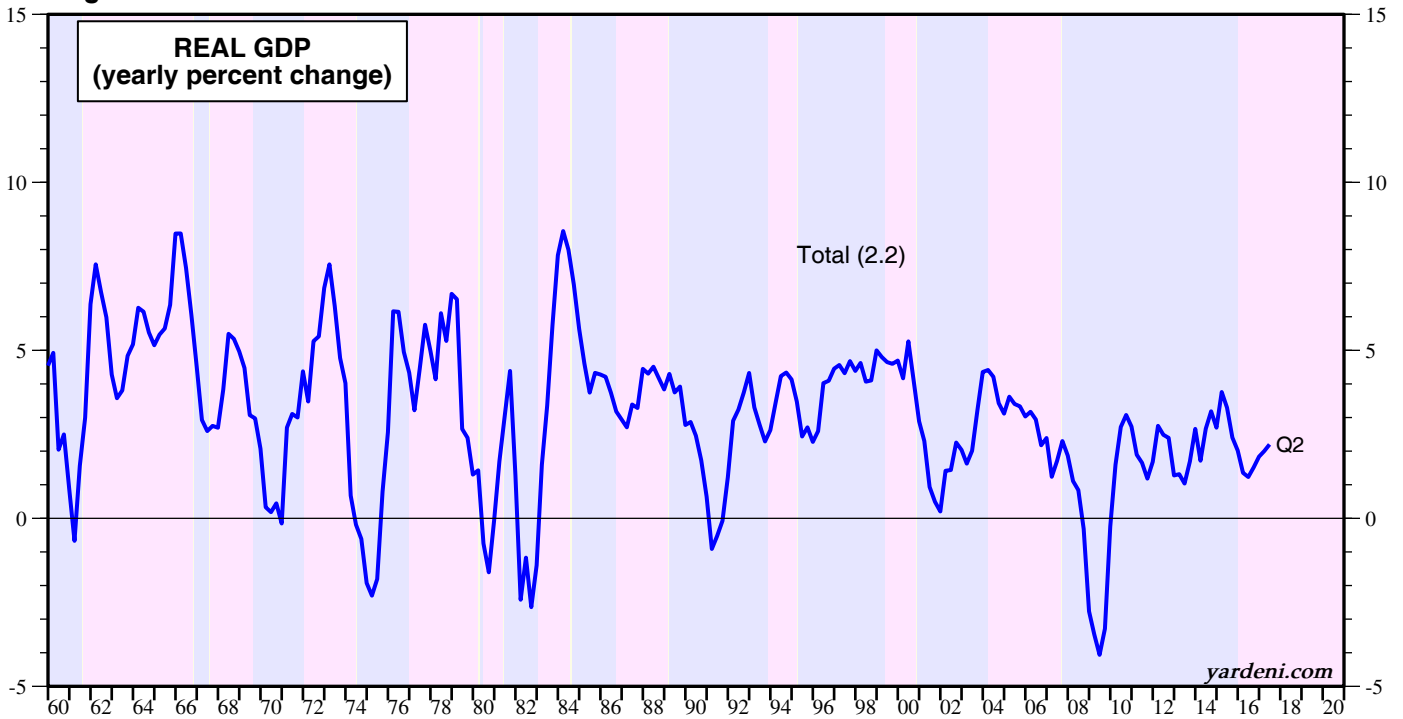
GDP

Figure 15.



Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Bureau of Labor Statistics.

Figure 16.



Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods.
Source: Bureau of Labor Statistics.

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