

U.S. Economic Commentary

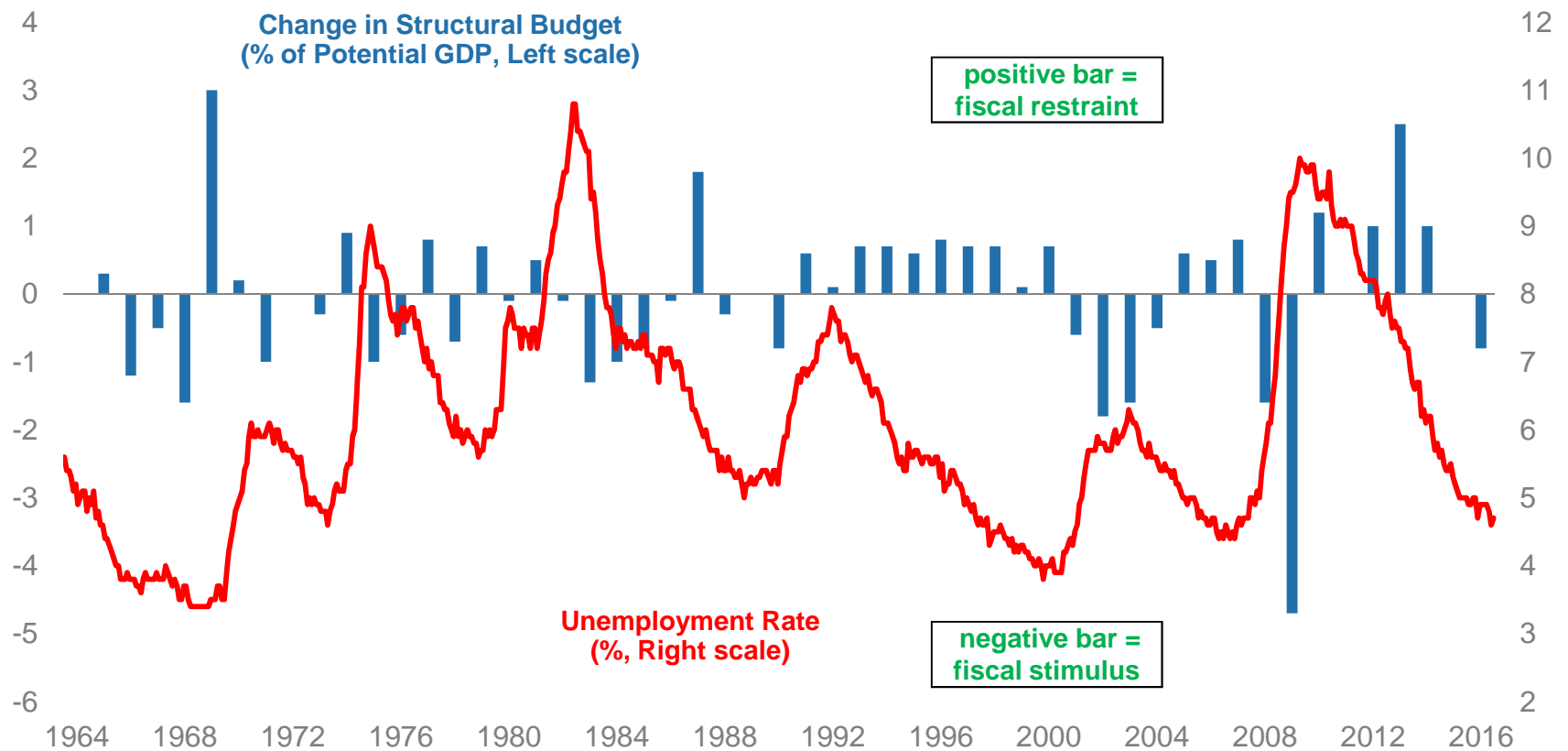
NYU Stern: Economic Outlook

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Sizeable Fiscal Stimulus Tends to Occur During Periods of Economic Slack



Source: Bureau of Labor Statistics, Congressional Budget Office

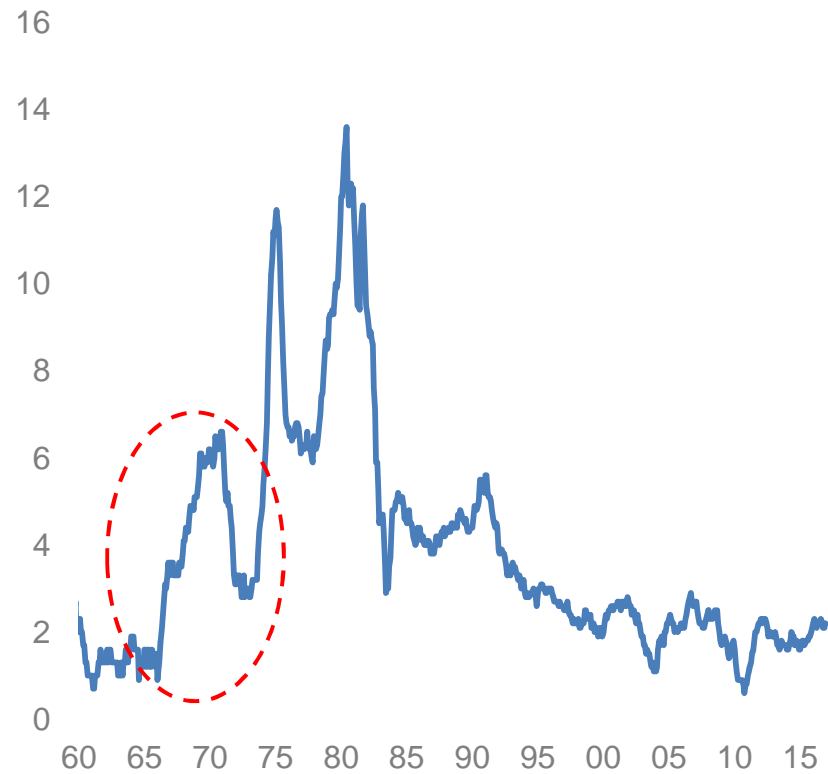
Inflation Spiked in the Aftermath of the 1966 & 1968 Fiscal Stimulus

Slack in Years with Significant Fiscal Stimulus

<u>Year</u>	<u>Unemployment Rate (Avg.)</u>
1966	3.8%
1968	3.6%
1971	6.0%
1975	8.5%
1983	9.6%
1984	7.5%
2002	5.8%
2003	6.0%
2008	5.8%
2009	9.3%

Core CPI

YoY Percent Change

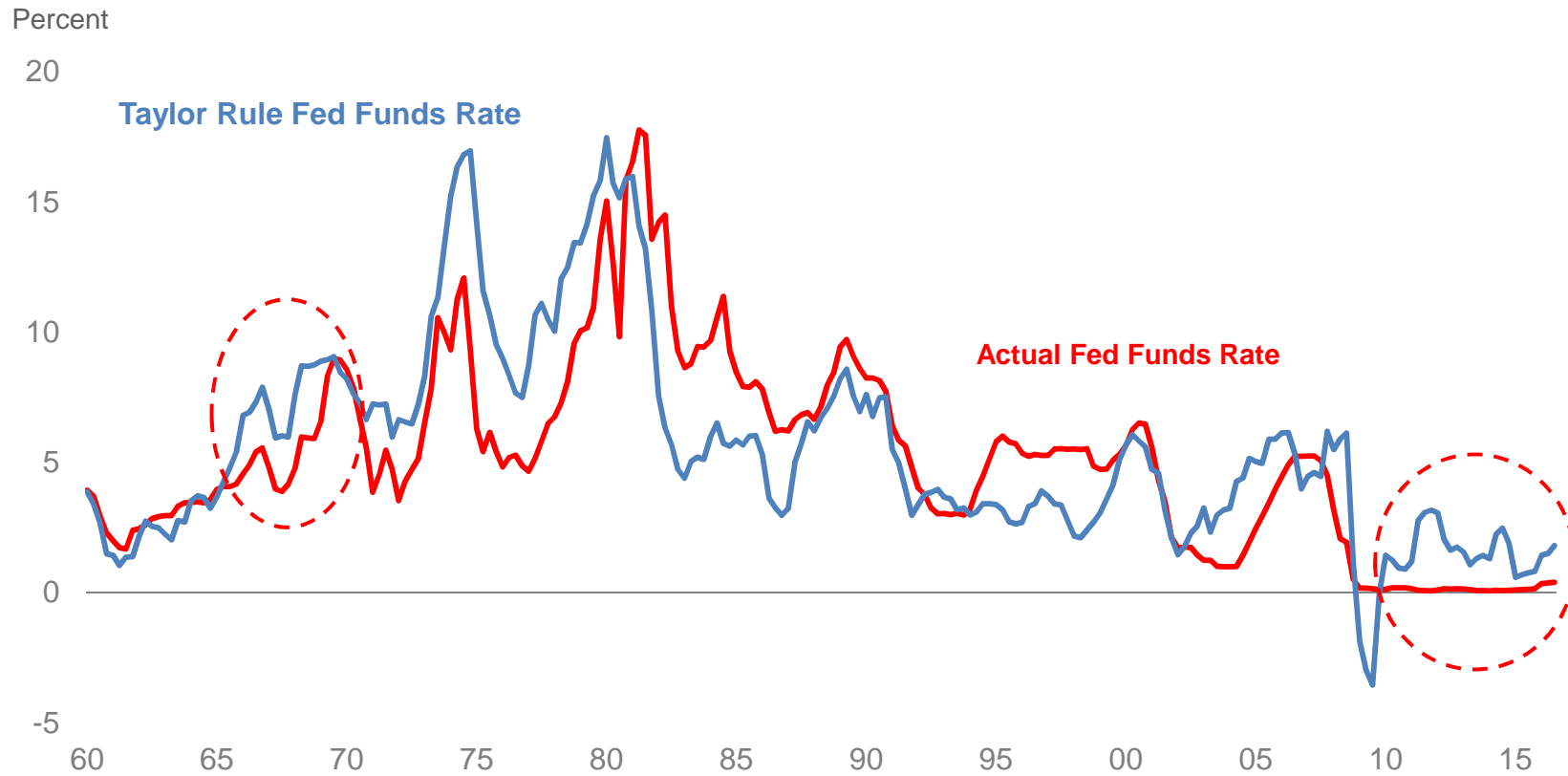


Note: Years in which fiscal stimulus amounted to more than 1 percentage point of GDP
 Source: Bureau of Labor Statistics

Source: Bureau of Labor Statistics

Accommodative Monetary Policy Helped Fuel a Run-up in Inflation During the Late-60's

Actual Fed Policy vs Taylor Rule



Source: Federal Reserve Board, Bureau of Economic Analysis

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