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Is This Time Different? Recent Monetary Policy Cycles in Retrospect

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Disclaimer: The views I will express today are my own and not necessarily those of the Federal Open Market Committee (FOMC) or the Federal Reserve System.

Roadmap of Talk

- Outlook on the U.S. economy and risks
- Review of past monetary policy cycles
- Lessons for current monetary policy

Figure 1: Job Opening Counts Index

Weekly
2019=100

Date	Openings
1/5/2019	104.4447042
1/12/2019	104.542238
1/19/2019	104.6397717
1/26/2019	104.7373055
2/2/2019	103.1872156
2/9/2019	101.6371258
2/16/2019	100.087036
2/23/2019	98.53694615
3/2/2019	99.27541591
3/9/2019	100.0138857
3/16/2019	100.7523554
3/23/2019	101.4908252
3/30/2019	102.229295
4/6/2019	101.7207262
4/13/2019	101.2121574
4/20/2019	100.7035886
4/27/2019	100.1950198
5/4/2019	100.6130215
5/11/2019	101.0310233
5/18/2019	101.449025
5/25/2019	101.8670268
6/1/2019	101.3877181
6/8/2019	100.9084094

Date	Openings
6/15/2019	100.4291007
6/22/2019	99.94979207
6/29/2019	99.4704834
7/6/2019	99.16394878
7/13/2019	98.85741416
7/20/2019	98.55087955
7/27/2019	98.24434493
8/3/2019	98.58153301
8/10/2019	98.91872109
8/17/2019	99.25590917
8/24/2019	99.59309725
8/31/2019	99.93028532
9/7/2019	99.88848515
9/14/2019	99.84668497
9/21/2019	99.8048848
9/28/2019	99.76308462
10/5/2019	100.337837
10/12/2019	100.9125894
10/19/2019	101.4873418
10/26/2019	102.0620943
11/2/2019	100.9307028
11/9/2019	99.79931144
11/16/2019	98.66792004
11/23/2019	97.53652863
11/30/2019	96.40513722
12/7/2019	95.67363416
12/14/2019	94.94213109
12/21/2019	94.21062803
12/28/2019	93.47912496
1/4/2020	95.13371523
1/11/2020	96.78830549
1/18/2020	98.44289576
1/25/2020	100.097486
2/1/2020	99.57080382
2/8/2020	99.04412161
2/15/2020	98.51743941
2/22/2020	97.9907572
2/29/2020	97.46407499
3/7/2020	93.28057413
3/14/2020	89.09707327
3/21/2020	84.91357241
3/28/2020	80.73007155
4/4/2020	76.87052205
4/11/2020	73.01097255
4/18/2020	69.15142304
4/25/2020	65.29187354
5/2/2020	67.78595066
5/9/2020	70.28002777
5/16/2020	72.77410489
5/23/2020	75.268182
5/30/2020	77.76225912
6/6/2020	79.6363003
6/13/2020	81.51034149

Date	Openings
6/20/2020	83.38438267
6/27/2020	85.25842386
7/4/2020	86.63434629
7/11/2020	88.01026872
7/18/2020	89.38619115
7/25/2020	90.76211358
8/1/2020	90.33296512
8/8/2020	89.90381665
8/15/2020	89.47466819
8/22/2020	89.04551972
8/29/2020	88.61637126
9/5/2020	89.14584014
9/12/2020	89.67530903
9/19/2020	90.20477791
9/26/2020	90.7342468
10/3/2020	91.59254373
10/10/2020	92.45084066
10/17/2020	93.30913759
10/24/2020	94.16743451
10/31/2020	95.02573144
11/7/2020	95.21731558
11/14/2020	95.40889972
11/21/2020	95.60048385
11/28/2020	95.79206799
12/5/2020	95.71891768
12/12/2020	95.64576737
12/19/2020	95.57261707
12/26/2020	95.49946676
1/2/2021	96.39399051
1/9/2021	97.28851426
1/16/2021	98.183038
1/23/2021	99.07756175
1/30/2021	99.9720855
2/6/2021	102.009844
2/13/2021	104.0476026
2/20/2021	106.0853611
2/27/2021	108.1231196
3/6/2021	110.348979
3/13/2021	112.5748383
3/20/2021	114.8006976
3/27/2021	117.0265569
4/3/2021	120.1232533
4/10/2021	123.2199496
4/17/2021	126.3166459
4/24/2021	129.4133422
5/1/2021	130.9515886
5/8/2021	132.4898351
5/15/2021	134.0280815
5/22/2021	135.566328
5/29/2021	137.1045744
6/5/2021	137.9022611
6/12/2021	138.6999477
6/19/2021	139.4976344

Date	Openings
6/26/2021	140.2953211
7/3/2021	142.5608906
7/10/2021	144.8264601
7/17/2021	147.0920296
7/24/2021	149.3575991
7/31/2021	151.6231686
8/7/2021	151.8948697
8/14/2021	152.1665708
8/21/2021	152.438272
8/28/2021	152.7099731
9/4/2021	152.438272
9/11/2021	152.1665708
9/18/2021	151.8948697
9/25/2021	151.6231686
10/2/2021	152.9774942
10/9/2021	154.3318199
10/16/2021	155.6861456
10/23/2021	157.0404713
10/30/2021	158.3947969
11/6/2021	157.9210616
11/13/2021	157.4473263
11/20/2021	156.973591
11/27/2021	156.4998557
12/4/2021	158.5689643
12/11/2021	160.638073
12/18/2021	162.7071817
12/25/2021	164.7762903
1/1/2022	163.8316064
1/8/2022	162.8869224
1/15/2022	161.9422385
1/22/2022	160.9975545
1/29/2022	160.0528705
2/5/2022	160.4499722
2/12/2022	160.8470739
2/19/2022	161.2441755
2/26/2022	161.6412772
3/5/2022	163.1251834
3/12/2022	164.6090896
3/19/2022	166.0929958
3/26/2022	167.5769021
4/2/2022	166.8189256
4/9/2022	166.060949
4/16/2022	165.3029725
4/23/2022	164.544996
4/30/2022	163.7870195
5/7/2022	162.700215
5/14/2022	161.6134104
5/21/2022	160.5266059
5/28/2022	159.4398013
6/4/2022	157.7608276
6/11/2022	156.0818539
6/18/2022	154.4028802
6/25/2022	152.7239065

Date	Openings
7/2/2022	153.8915247
7/9/2022	155.059143
7/16/2022	156.2267612
7/23/2022	157.3943794
7/30/2022	158.5619976
8/6/2022	154.4446804
8/13/2022	150.3273631
8/20/2022	146.2100459
8/27/2022	142.0927286
9/3/2022	144.3778049
9/10/2022	146.6628811
9/17/2022	148.9479574
9/24/2022	151.2330336
10/1/2022	150.1657358
10/8/2022	149.098438
10/15/2022	148.0311402
10/22/2022	146.9638424
10/29/2022	145.8965446
11/5/2022	146.8544652
11/12/2022	147.8123859
11/19/2022	148.7703066
11/26/2022	149.7282273
12/3/2022	151.0881263
12/10/2022	152.4480253
12/17/2022	153.8079244
12/24/2022	155.1678234
12/31/2022	156.5277224
1/7/2023	154.190396
1/14/2023	151.8530695
1/21/2023	149.5157431
1/28/2023	147.1784166
2/4/2023	145.1267247
2/11/2023	143.0750327
2/18/2023	141.0233408
2/25/2023	138.9716489
3/4/2023	138.1739622
3/11/2023	137.3762755
3/18/2023	136.5785889
3/25/2023	135.7809022
4/1/2023	137.3832422
4/8/2023	138.9855823
4/15/2023	140.5879223
4/22/2023	142.1902624
4/29/2023	143.7926024
5/6/2023	141.3403255
5/13/2023	138.8880485
5/20/2023	136.4357716
5/27/2023	133.9834947
6/3/2023	132.4125047
6/10/2023	130.8415148
6/17/2023	129.2705249
6/24/2023	127.699535
7/1/2023	127.0167988

Date	Openings
7/8/2023	126.3340626
7/15/2023	125.6513264
7/22/2023	124.9685902
7/29/2023	124.285854
8/5/2023	126.2957458
8/12/2023	128.3056375
8/19/2023	130.3155293
8/26/2023	132.325421
9/2/2023	131.9157793
9/9/2023	131.5061376
9/16/2023	131.0964959
9/23/2023	130.6868542
9/30/2023	130.2772125
10/7/2023	128.5425052
10/14/2023	126.8077979
10/21/2023	125.0730907
10/28/2023	123.3383834
11/4/2023	123.5926678
11/11/2023	123.8469522
11/18/2023	124.1012366
11/25/2023	124.355521
12/2/2023	124.6369755
12/9/2023	124.91843
12/16/2023	125.1998845
12/23/2023	125.481339
12/30/2023	125.7627935

Note: JOLTS job opening counts at the end of each week divided by the average job opening counts in the year 2019. The gray shaded bar indicates a period of business recession as defined by the National Bureau of Economic Research. The shaded recession period extends from February 2020 through April 2020.

Source: Bureau of Labor Statistics, Job Opening and Labor Turnover Survey (JOLTS)

Figure 2: PCE and Core PCE Inflation

Monthly
Percent

Date	PCE	Core PCE
1/1/2014	1.405405405	1.452461501
2/1/2014	1.093982053	1.390117798
3/1/2014	1.389703418	1.447423076
4/1/2014	1.673113816	1.571265848
5/1/2014	1.766166288	1.623656257
6/1/2014	1.651458614	1.563544884
7/1/2014	1.66924169	1.610321322
8/1/2014	1.506243876	1.5397486
9/1/2014	1.497249312	1.554848059
10/1/2014	1.332944861	1.470914332
11/1/2014	1.085759408	1.392578537
12/1/2014	0.732258801	1.35634629
1/1/2015	0.041401867	1.209711352
2/1/2015	0.170701428	1.277481626
3/1/2015	0.199349274	1.280839895
4/1/2015	0.110324064	1.294372884

Date	PCE	Core PCE
5/1/2015	0.185286216	1.247201122
6/1/2015	0.270428676	1.254154386
7/1/2015	0.21973283	1.178950004
8/1/2015	0.239271301	1.221254628
9/1/2015	0.06569965	1.232124816
10/1/2015	0.095498234	1.177988678
11/1/2015	0.253877543	1.196702051
12/1/2015	0.345963756	1.191700693
1/1/2016	0.871148633	1.406240256
2/1/2016	0.640330493	1.465885968
3/1/2016	0.685510473	1.457447911
4/1/2016	0.925906853	1.51994868
5/1/2016	0.84868536	1.568732819
6/1/2016	0.829607449	1.552403955
7/1/2016	0.755084268	1.599331807
8/1/2016	0.888210466	1.696958457
9/1/2016	1.219774921	1.685254537
10/1/2016	1.427003293	1.78240836
11/1/2016	1.397404089	1.718859162
12/1/2016	1.657158102	1.770093228
1/1/2017	2.00521047	1.863334939
2/1/2017	2.197136846	1.867275108
3/1/2017	1.906361021	1.678654624
4/1/2017	1.767473187	1.636821346
5/1/2017	1.55777205	1.545521143
6/1/2017	1.465547928	1.576443803
7/1/2017	1.485631775	1.503110759
8/1/2017	1.571908732	1.43359371
9/1/2017	1.757444307	1.422587369
10/1/2017	1.682040701	1.541011105
11/1/2017	1.793712905	1.545376496
12/1/2017	1.766409948	1.576876513
1/1/2018	1.757649496	1.632037028
2/1/2018	1.837607696	1.644218118
3/1/2018	1.998292058	1.909183171
4/1/2018	2.046628228	1.884219287
5/1/2018	2.266206537	1.980902378
6/1/2018	2.26830784	1.936219818
7/1/2018	2.338607056	1.99580042
8/1/2018	2.180411289	1.895763
9/1/2018	2.009960159	1.960295291
10/1/2018	2.053098049	1.87090739
11/1/2018	1.941892227	2.010245188
12/1/2018	1.864690888	2.038079914
1/1/2019	1.497050366	1.852346867
2/1/2019	1.425810523	1.740152967
3/1/2019	1.509002797	1.607193918
4/1/2019	1.577147574	1.645636897
5/1/2019	1.456724968	1.57300059
6/1/2019	1.411363436	1.682503534
7/1/2019	1.440222446	1.666568633
8/1/2019	1.421610833	1.759527917
9/1/2019	1.304458201	1.647668901

Date	PCE	Core PCE
10/1/2019	1.331448901	1.643123693
11/1/2019	1.33196921	1.472366317
12/1/2019	1.539420259	1.5028958
1/1/2020	1.697918492	1.552324112
2/1/2020	1.642005794	1.65599899
3/1/2020	1.146949231	1.49152345
4/1/2020	0.411140455	0.932470903
5/1/2020	0.448629938	0.950851704
6/1/2020	0.705525326	0.908423918
7/1/2020	0.900509613	1.163867086
8/1/2020	1.165337012	1.365943879
9/1/2020	1.247180832	1.444811289
10/1/2020	1.118688739	1.366676918
11/1/2020	1.153879439	1.427939961
12/1/2020	1.366487026	1.553524679
1/1/2021	1.615003159	1.715242881
2/1/2021	1.88520435	1.753229382
3/1/2021	2.713022122	2.255560018
4/1/2021	3.724613665	3.220545488
5/1/2021	4.155356627	3.64397685
6/1/2021	4.372402806	3.949218862
7/1/2021	4.533149673	4.009989229
8/1/2021	4.644842613	4.018854118
9/1/2021	4.805422283	4.07439036
10/1/2021	5.406947985	4.500805916
11/1/2021	5.985912146	4.951114143
12/1/2021	6.180290804	5.238009802
1/1/2022	6.297046493	5.369493822
2/1/2022	6.547004375	5.574700232
3/1/2022	6.892944539	5.549581561
4/1/2022	6.61979157	5.254939867
5/1/2022	6.689955363	5.074560633
6/1/2022	7.116914165	5.192582026
7/1/2022	6.616947291	4.961510264
8/1/2022	6.515400036	5.20747684
9/1/2022	6.556096498	5.47208344
10/1/2022	6.347917118	5.325857173
11/1/2022	5.928570147	5.090360902
12/1/2022	5.441910192	4.865136479
1/1/2023	5.479087823	4.901181535
2/1/2023	5.189610207	4.844533779
3/1/2023	4.442269717	4.782955351
4/1/2023	4.446419082	4.762998022
5/1/2023	3.962025536	4.687829943
6/1/2023	3.198420533	4.280077342
7/1/2023	3.314708482	4.189149074
8/1/2023	3.347591753	3.726184894
9/1/2023	3.369589307	3.592483101
9/30/2023	3.369589307	3.592483101
10/31/2023	2.941640492	3.388554962
11/30/2023	2.645124576	3.162991101
12/31/2023	2.618028206	2.95593627
1/31/2024	2.356419858	2.814393166

Note: Percent change in the personal consumption expenditures (PCE) price index from 12 months ago. Core refers to the price index excluding food and energy. The figure plots data from the Bureau of Economic Analysis; data for January 2024 are Federal Reserve Board staff estimates based on available CPI and PPI data. The gray shaded bar indicates a period of business recession as defined by the National Bureau of Economic Research. The shaded period extends from February 2020 through April 2020."

Source: Bureau of Economic Analysis, Board of Governors of the Federal Reserve System, PCE Price Index

Figure 3: Select Components of Core PCE Inflation

Monthly
Percent

Date	Housing services	Goods ex. food and energy	Services ex. housing and energy
1/31/2014	2.577490754	-1.050073766	2.205416967
2/28/2014	2.583557104	-1.045649403	2.091389358
3/31/2014	2.669039146	-0.946317297	2.120928817
4/30/2014	2.712701774	-0.830984688	2.272727273
5/31/2014	2.732085246	-0.749517613	2.323765737
6/30/2014	2.746947521	-0.684499859	2.185272131
7/31/2014	2.852744068	-0.642952734	2.214663643
8/31/2014	2.796563287	-0.766923279	2.163881402
9/30/2014	2.84777317	-0.640060607	2.121476315
10/31/2014	2.867681789	-0.583971394	1.943352874
11/30/2014	2.889933473	-0.83592535	1.91213806
12/31/2014	2.799033427	-0.834615609	1.87551459
1/31/2015	2.848722986	-1.031008205	1.694444741
2/28/2015	2.925057922	-0.775693001	1.677247266
3/31/2015	2.936275163	-0.59490085	1.59784541
4/30/2015	2.971328509	-0.510777104	1.573188868
5/31/2015	2.983424192	-0.504103165	1.48467636
6/30/2015	3.098311817	-0.734124079	1.565791842
7/31/2015	3.137932553	-0.893075009	1.494807788
8/31/2015	3.165293795	-0.826656492	1.532340619
9/30/2015	3.220363126	-0.780058651	1.513522629
10/31/2015	3.228310303	-0.974441675	1.502927918
11/30/2015	3.18166454	-0.764555969	1.456861756
12/31/2015	3.232125367	-0.703167199	1.406454999
1/31/2016	3.247373448	-0.544505711	1.702958654
2/29/2016	3.221791736	-0.548704938	1.81642654
3/31/2016	3.190329718	-0.720315248	1.890192791
4/30/2016	3.208481326	-0.607637185	1.943087815
5/31/2016	3.309316984	-0.775696163	2.071738109
6/30/2016	3.284530919	-0.844782314	2.078468979
7/31/2016	3.281505117	-0.845972031	2.160789375
8/31/2016	3.318357961	-0.587921952	2.204575456
9/30/2016	3.386339993	-0.583239739	2.161679507
10/31/2016	3.468361133	-0.507313607	2.273411154
11/30/2016	3.584449071	-0.867246148	2.284453285
12/31/2016	3.640101202	-0.89902976	2.370232366
1/31/2017	3.611975444	-0.533626382	2.381591444
2/28/2017	3.619245327	-0.581395349	2.406521829
3/31/2017	3.598958279	-0.591915113	2.087532393
4/30/2017	3.521706938	-0.926410603	2.185086019
5/31/2017	3.425732489	-0.961861975	2.067540333

Date	Housing services	Goods ex. food and energy	Services ex. housing and energy
6/30/2017	3.409079134	-0.786519083	2.049423057
7/31/2017	3.385960199	-0.659508745	1.872605754
8/31/2017	3.453925337	-0.941673778	1.853961151
9/30/2017	3.36577953	-1.267466059	2.00414651
10/31/2017	3.361310133	-0.990040078	2.086926526
11/30/2017	3.299225692	-0.874833104	2.064278262
12/31/2017	3.350523329	-0.837325349	2.089884232
1/31/2018	3.377500913	-0.756459768	2.137635493
2/28/2018	3.293501027	-0.82149819	2.214103841
3/31/2018	3.37196624	-0.666135617	2.581743458
4/30/2018	3.474432848	-0.374826792	2.381310926
5/31/2018	3.487121768	-0.135888571	2.443620327
6/30/2018	3.429962825	-0.357889054	2.476560233
7/31/2018	3.465955086	-0.452923003	2.611261126
8/31/2018	3.420284659	-0.671147663	2.54610446
9/30/2018	3.367438164	-0.490811093	2.591463415
10/31/2018	3.336172067	-0.552071018	2.473589537
11/30/2018	3.392358059	-0.224156648	2.554458393
12/31/2018	3.281269991	-0.25764636	2.643307055
1/31/2019	3.262245689	-0.30489028	2.353521892
2/28/2019	3.369707893	-0.522452418	2.216358319
3/31/2019	3.407492773	-0.702679404	2.054263185
4/30/2019	3.446362335	-0.917578074	2.201390455
5/31/2019	3.427883355	-0.862465731	2.057568879
6/30/2019	3.505134664	-0.429404152	2.038823575
7/31/2019	3.464796623	-0.516250854	2.060408768
8/31/2019	3.415996533	-0.076644581	2.048625649
9/30/2019	3.4758793	-0.216860665	1.901543183
10/31/2019	3.38466551	-0.315349353	1.963883932
11/30/2019	3.316394758	-0.514804405	1.777644452
12/31/2019	3.332348653	-0.527723122	1.833251319
1/31/2020	3.393938242	-0.8017786	2.01680186
2/29/2020	3.337566097	-0.443543916	2.06523205
3/31/2020	3.264041707	-0.624873814	1.882054095
4/30/2020	3.106618858	-1.259341547	1.216587032
5/31/2020	3.09363528	-1.564329256	1.39966063
6/30/2020	2.86414946	-1.700841352	1.472727273
7/31/2020	2.815691693	-0.958101969	1.603399704
8/31/2020	2.695982567	-0.419850025	1.742250041
9/30/2020	2.50192706	-0.462967643	1.98423666
10/31/2020	2.505445613	-0.540720826	1.886110503
11/30/2020	2.296512703	-0.187341772	1.894918993
12/31/2020	2.189269444	0.080136333	2.053230498
1/31/2021	2.03147406	0.34378898	2.273801645
2/28/2021	2.039468858	0.017213272	2.502878499
3/31/2021	2.006640021	0.509950122	3.201586627
4/30/2021	2.033626025	2.415799863	4.023925531
5/31/2021	2.093730647	3.663337913	4.160875854
6/30/2021	2.299404903	4.299025185	4.325766935
7/31/2021	2.366294379	4.004036656	4.548188808
8/31/2021	2.506415662	3.927351597	4.553937336
9/30/2021	2.840420038	4.176949091	4.419254455
10/31/2021	3.076283141	5.225238042	4.60978342

Date	Housing services	Goods ex. food and energy	Services ex. housing and energy
11/30/2021	3.451485793	5.590219652	5.123683155
12/31/2021	3.708082157	6.225357537	5.245664203
1/31/2022	4.01989225	6.918925475	5.05015022
2/28/2022	4.265223956	7.642390006	4.992173833
3/31/2022	4.493817862	7.464904036	4.945321437
4/30/2022	4.768038932	6.317471414	4.891606448
5/31/2022	5.08996191	5.679132009	4.780706532
6/30/2022	5.510340227	5.664809191	4.868656555
7/31/2022	5.900510928	5.431789001	4.451017234
8/31/2022	6.356100884	5.547970588	4.694633551
9/30/2022	6.761757088	5.711528338	4.965186418
10/31/2022	6.993595929	4.61713778	5.157150761
11/30/2022	7.273712074	3.842421331	5.020415409
12/31/2022	7.692240757	3.108689637	4.84482789
1/31/2023	7.924822449	2.589987901	5.096006618
2/28/2023	8.169421986	2.203579524	5.112599972
3/31/2023	8.204696979	2.451824056	4.867499717
4/30/2023	8.267017316	2.454419928	4.807700661
5/31/2023	8.186980621	2.447379012	4.701184175
6/30/2023	7.931208902	1.657443147	4.431438127
7/31/2023	7.740308909	1.114612674	4.582386559
8/31/2023	7.419360205	0.470290397	4.164560541
9/30/2023	7.152111305	0.151234312	4.154801085
10/31/2023	6.921008183	0.267781567	3.798661196
11/30/2023	6.721067162	0.118484893	3.523887646
12/31/2023	6.372766865	-0.134801761	3.376915756
1/31/2024	6.193078965	-0.607819409	3.402102141

Note: Percent change in select categories of the personal consumption expenditure (PCE) price index from 12 months ago. This figure plots data from the Bureau of Economic Analysis; data for January 2024 are Federal Reserve Board staff estimates based on available CPI and PPI data. The gray shaded bar indicates a period of business recession as defined by the National Bureau of Economic Research. The shaded period extends from February 2020 through April 2020.

Source: Bureau of Economic Analysis, Board of Governors of the Federal Reserve System, PCE Price Index.

Table 1. Summary of past six policy rate peak episodes

Start and end date of policy rate peaks preceding easing cycle	Economic Growth Backdrop	Inflation Backdrop
Mar. 1989-May 1989 (3 months)	Moderating and later slowing growth	Elevated inflation and tight labor markets: PCE inflation 4.7% Core PCE inflation 4.6%
Mar. 1995-June 1995 (4 months)	Moderating growth	Inflation close to 2% and tight labor markets: PCE inflation 2.17% Core PCE inflation 2.20%
Apr. 1997-Aug. 1998 (17 months)	Strong domestic growth, but risks from strains in emerging market economies and associated financial turmoil	Inflation close to 2% and tight labor markets: PCE inflation 1.9% Core PCE inflation 2%
June 2000-Dec. 2000 (7 months)	Moderating growth	Inflation close to 2.5% and tight labor markets: PCE inflation 2.7% Core PCE inflation 1.7%

Start and end date of policy rate peaks preceding easing cycle	Economic Growth Backdrop	Inflation Backdrop
July 2006-Aug. 2007 (14 months)	Moderate growth despite housing sector weakness	Inflation moderating and tight labor markets: PCE inflation 3.4% Core PCE inflation 2.5%
Jan. 2019-July 2019 (7 months)	Solid growth, but rising downside risks from weaker global growth and trade uncertainty	Inflation muted: PCE inflation 1.5% Core PCE inflation 1.8%

Note: The second and third columns summarize economic conditions as described in official accounts of monetary policy released at the time, such as FOMC statements, minutes of Committee meetings, and the Federal Reserve Board's semiannual Monetary Policy Report. The PCE inflation numbers are revised data.

Figure 4. Inflation around the Start of Easing Cycles

Core PCE Inflation (12 month percent change)

Percent

History	1989-92	1995-96	1998	2001-03	2007-08	2019-20
-24	3.187899942	2.707307251	1.903308474	1.343304251	2.193265225	1.43359371
-23	3.160947318	2.805415861	1.897252503	1.221773301	2.265220027	1.422587369
-22	3.240124279	2.793140738	1.964921346	1.144452584	2.306030492	1.541011105
-21	3.377948965	2.566983179	1.860398452	1.218233492	2.280881283	1.545376496
-20	3.447481572	2.607453817	1.853999341	1.21705811	2.142479822	1.576876513
-19	3.537198936	2.463137243	1.930225908	1.397993403	2.137706044	1.632037028
-18	3.533521686	2.246607165	1.937177256	1.29498383	2.167928845	1.644218118
-17	3.616639976	2.272831277	1.998660911	1.146867746	2.36218548	1.909183171
-16	3.857126555	2.397260274	1.89564698	1.431416993	2.408565958	1.884219287
-15	3.858783335	2.253722056	1.968084351	1.406693448	2.595788242	1.980902378
-14	3.99500388	2.135704994	1.846677541	1.48594928	2.545755452	1.936219818
-13	4.059172713	2.265137434	1.717541025	1.439597132	2.671351969	1.99580042
-12	4.121095952	2.267997708	1.62051427	1.538671768	2.60600546	1.895763
-11	4.274737631	2.191516903	1.533517506	1.72237031	2.496915148	1.960295291
-10	4.430072152	2.192731973	1.431567686	1.900870492	2.28421802	1.87090739
-9	4.336891522	2.265668372	1.452130354	1.706535814	2.315601683	2.010245188
-8	4.481184591	2.189496999	1.498369504	1.718526588	2.500451019	2.038079914
-7	4.432578249	2.178043052	1.377472296	1.742112856	2.556466816	1.852346867
-6	4.500783627	2.351200263	1.244052617	1.79197348	2.376989307	1.740152967
-5	4.627500046	2.296896207	1.231843575	1.872572717	2.210973688	1.607193918
-4	4.662491301	2.199925678	1.25607101	1.850020992	2.075642461	1.645636897
-3	4.713257063	2.284196153	0.979681708	1.818476806	1.987266291	1.57300059
-2	4.578541272	2.230252051	1.194869581	1.900478159	2.041106945	1.682503534
-1	4.422390844	2.092322241	1.433586893	1.871087848	1.984841307	1.666568633
0	4.378508131	2.039281607	1.206779095	2.005221651	2.102325801	1.759527917
1	4.216315307	2.169558429	1.250763507	2.035879863	2.183509194	1.647668901
2	4.059568984	2.148624204	1.237891698	1.932464328	2.335842201	1.643123693
3	3.94593533	2.15678507	1.353675451	2.02768806	2.403393025	1.472366317
4	3.750865789	2.035675581	1.343304251	1.942514425	2.193044213	1.5028958
5	3.733125741	2.144791743	1.221773301	2.092195735	2.072405395	1.552324112
6	3.724680641	2.006571742	1.144452584	2.122122122	2.169742906	1.65599899
7	3.675436128	1.972677038	1.218233492	2.04209488	2.083722669	1.49152345
8	3.550181971	1.959130245	1.21705811	1.21670678	2.14893195	0.932470903
9	3.789029094	1.860262642	1.397993403	1.787326712	2.214095203	0.950851704
10	3.977865943	1.864352764	1.29498383	1.814663114	2.244499232	0.908423918
11	3.938537313	1.854049673	1.146867746	1.738727405	2.217938594	1.163867086

History	1989-92	1995-96	1998	2001-03	2007-08	2019-20
12	3.945844068	1.884365833	1.431416993	1.418280648	2.043983278	1.365943879
13	4.07332678	1.728487609	1.406693448	1.432898723	1.634402144	1.444811289
14	4.068047337	1.903308474	1.48594928	1.448512676	1.390265834	1.366676918
15	4.356115911	1.897252503	1.439597132	1.569683436	1.137827888	1.427939961
16	4.358171143	1.964921346	1.538671768	1.658612176	0.905928146	1.553524679
17	4.333884805	1.860398452	1.72237031	1.593333159	0.887838675	1.715242881
18	4.182897579	1.853999341	1.900870492	1.538260472	0.762458643	1.753229382
19	4.031957119	1.930225908	1.706535814	1.687719619	0.92791762	2.255560018
20	4.149980568	1.937177256	1.718526588	2.435691952	0.822302676	3.220545488
21	3.933207776	1.998660911	1.742112856	1.805515694	0.720145852	3.64397685
22	3.651638384	1.89564698	1.79197348	1.697695613	0.62558293	3.949218862
23	3.550690783	1.968084351	1.872572717	1.768886344	0.650944039	4.009989229
24	3.646344506	1.846677541	1.850020992	1.780905673	0.725180444	4.018854118

Note: 12-month percent change in the personal consumption expenditures price index (PCE) 24 months before and after easing cycles start. Core refers to the price index excluding food and energy. The vertical grey line marks the beginning of an easing cycle. The figure shows six easing cycles with starting dates: June 1989 (thin red line), July 1995 (thick black line), September 1998 (thin dotted purple line), January 2001 (thin dashed blue line), September 2007 (thick dotted green line), and August 2019 (thick dashed orange line).

Source: Bureau of Economic Analysis, PCE price index.

Headline PCE Inflation (12 month percent change)

Percent

History	1989-92	1995-96	1998	2001-03	2007-08	2019-20
-24	3.102372402	2.416409546	2.211927348	0.935874237	3.830020973	1.571908732
-23	3.108443628	2.454055244	2.2560913	0.932120681	3.551362371	1.757444307
-22	3.320694238	2.393546058	2.44099224	0.992787442	2.938408579	1.682040701
-21	3.599593972	2.353842785	2.363103953	1.354558038	2.883627678	1.793712905
-20	3.60923029	2.346091409	2.268743061	1.282177869	3.246937842	1.766409948
-19	3.75233064	2.190850162	2.320595099	1.399025905	3.02223537	1.757649496
-18	3.763086468	1.977243052	2.120203004	1.418110125	2.913671275	1.837607696
-17	3.812123676	2.059631532	1.915242196	1.462563987	3.102827102	1.998292058
-16	3.726827764	2.131317669	1.693394315	1.885544627	3.321534863	2.046628228
-15	3.517935325	1.980442742	1.825129177	1.833677323	3.511627907	2.266206537
-14	3.598651703	1.814177691	1.671071826	1.920646955	3.427345635	2.26830784
-13	3.715010781	2.02755754	1.655051008	2.054756094	3.335882589	2.338607056
-12	3.753187926	2.185708357	1.612972849	2.189136951	2.080026932	2.180411289
-11	3.801596481	2.246432408	1.4388386	2.568737913	1.67697017	2.009960159
-10	4.065225205	2.253287961	1.264445176	2.930879964	1.924673106	2.053098049
-9	3.962541453	2.105649191	1.125668679	2.350990147	2.286752234	1.941892227
-8	4.118232521	2.10624247	1.044211128	2.368948805	2.133263102	1.864690888
-7	4.12766754	2.148455369	0.781172043	2.684264751	2.389213247	1.497050366
-6	4.172194092	2.321504786	0.690637237	2.668814308	2.564898622	1.425810523
-5	4.304364043	2.265952917	0.716988648	2.475467095	2.330777916	1.509002797
-4	4.434495058	2.173286622	0.900913723	2.548096179	2.352983013	1.577147574
-3	4.626400534	2.320684693	0.686547646	2.514856127	2.317634121	1.456724968
-2	4.656794779	2.32941568	0.87507458	2.566327796	2.124726013	1.411363436
-1	4.843991464	2.180408015	0.933995742	2.484779352	1.873715125	1.440222446
0	4.921671497	1.987033889	0.632965166	2.701443237	2.534687051	1.421610833
1	4.705366602	1.971966263	0.722649621	2.537197196	3.088474888	1.304458201
2	4.44812041	1.929303832	0.721194638	2.108700088	3.599627055	1.331448901
3	4.152242864	2.020322952	0.844401069	2.373236752	3.471634208	1.33196921

History	1989-92	1995-96	1998	2001-03	2007-08	2019-20
4	3.877786595	1.823803549	0.935874237	2.55764914	3.387406817	1.539420259
5	3.944269663	1.95399382	0.932120681	2.391734686	3.272922728	1.697918492
6	3.929762887	1.973870425	0.992787442	2.101732509	3.191142571	1.642005794
7	3.906808754	1.95401957	1.354558038	2.096464414	3.139518677	1.146949231
8	4.159032287	2.073623274	1.282177869	1.313095944	3.282143933	0.411140455
9	4.271125137	2.111122626	1.399025905	1.531881699	3.81143894	0.448629938
10	4.276478485	2.130049814	1.418110125	1.321568153	4.135655024	0.705525326
11	3.804242924	2.029032592	1.462563987	1.062075069	3.980627306	0.900509613
12	3.65928283	2.116456742	1.885544627	0.665937116	3.667838353	1.165337012
13	3.890303897	1.994172014	1.833677323	0.679565078	2.671843148	1.247180832
14	3.898431925	2.211927348	1.920646955	0.943308241	0.925029334	1.118688739
15	4.576619218	2.2560913	2.054756094	1.187705321	0.129569013	1.153879439
16	4.98489426	2.44099224	2.189136951	0.988260264	-0.111103553	1.366487026
17	5.174769539	2.363103953	2.568737913	0.936200641	-0.131248444	1.615003159
18	5.078954181	2.268743061	2.930879964	1.192163512	-0.525751678	1.88520435
19	4.873264158	2.320595099	2.350990147	1.40294632	-0.567573959	2.713022122
20	4.481410005	2.120203004	2.368948805	1.932816675	-0.889212828	3.724613665
21	4.075768139	1.915242196	2.684264751	1.760451439	-1.01862469	4.155356627
22	3.706401504	1.693394315	2.668814308	1.929985021	-1.466009197	4.372402806
23	3.676657031	1.825129177	2.475467095	2.133673023	-1.100119771	4.533149673
24	3.872491145	1.671071826	2.548096179	2.346515358	-1.022748679	4.644842613

Note: 12-month percent change in the personal consumption expenditures price index (PCE) 24 months before and after easing cycles start. Core refers to the price index excluding food and energy. The vertical grey line marks the beginning of an easing cycle. The figure shows six easing cycles with starting dates: June 1989 (thin red line), July 1995 (thick black line), September 1998 (thin dotted purple line), January 2001 (thin dashed blue line), September 2007 (thick dotted green line), and August 2019 (thick dashed orange line).

Source: Bureau of Economic Analysis, PCE price index.

Table 2. Summary of past six easing cycles

Start and end date of easing cycle	Reason for starting easing cycle	Reason for subsequent easing
June 1989-Sep. 1992 (40 months)	Slowing growth and reduced concern of an upsurge in inflation	1991 Gulf War recession and sluggish recovery
July 1995-Feb. 1996 (8 months)	Reduced inflation concerns	No subsequent easing
Sept. 1998-Nov. 1998 (3 months)	To cushion the U.S. economy from increased market volatility stemming from Russia's debt default	No subsequent easing
Jan. 2001-June 2003 (30 months)	Weakening growth	9/11 terrorist attack, sluggish recovery, low inflation
Sep. 2007-Dec. 2008 (16 months)	Financial stress and weakening growth	Deepening financial crisis and Global Financial Crisis
Aug. 2019-Mar. 2020 (7 months)	Downside risks from weaker global growth and trade uncertainty	COVID-19 pandemic

Figure 5. Unemployment Rate around the Start of Easing Cycles

Unemployment Rate (percent)

History	1989-92	1995-96	1998	2001-3	2007-08	2019-20
-24	6.3	6.9	5.2	4.3	5	4.4
-23	6.2	6.8	5.2	4.4	5	4.3
-22	6.1	6.7	5.4	4.2	5	4.2
-21	6	6.8	5.4	4.3	4.9	4.2

History	1989-92	1995-96	1998	2001-3	2007-08	2019-20
-20	5.9	6.6	5.3	4.2	4.7	4.1
-19	6	6.5	5.2	4.3	4.8	4
-18	5.8	6.6	5.2	4.3	4.7	4.1
-17	5.7	6.6	5.1	4.2	4.7	4
-16	5.7	6.5	4.9	4.2	4.6	4
-15	5.7	6.4	5	4.1	4.6	3.8
-14	5.7	6.1	4.9	4.1	4.7	4
-13	5.4	6.1	4.8	4	4.7	3.8
-12	5.6	6.1	4.9	4	4.5	3.8
-11	5.4	6	4.7	4.1	4.4	3.7
-10	5.4	5.9	4.6	4	4.5	3.8
-9	5.6	5.8	4.7	3.8	4.4	3.8
-8	5.4	5.6	4.6	4	4.6	3.9
-7	5.4	5.5	4.6	4	4.5	4
-6	5.3	5.6	4.7	4	4.4	3.8
-5	5.3	5.4	4.3	4.1	4.5	3.8
-4	5.4	5.4	4.4	3.9	4.4	3.7
-3	5.2	5.8	4.5	3.9	4.6	3.6
-2	5	5.6	4.5	3.9	4.7	3.6
-1	5.2	5.6	4.5	3.9	4.6	3.7
0	5.2	5.7	4.6	4.2	4.7	3.6
1	5.3	5.7	4.5	4.2	4.7	3.5
2	5.2	5.6	4.4	4.3	4.7	3.6
3	5.2	5.5	4.4	4.4	5	3.6
4	5.3	5.6	4.3	4.3	5	3.6
5	5.3	5.6	4.4	4.5	4.9	3.6
6	5.4	5.6	4.2	4.6	5.1	3.5
7	5.4	5.5	4.3	4.9	5	4.4
8	5.4	5.5	4.2	5	5.4	14.8
9	5.3	5.6	4.3	5.3	5.6	13.2
10	5.2	5.6	4.3	5.5	5.8	11
11	5.4	5.3	4.2	5.7	6.1	10.2
12	5.4	5.5	4.2	5.7	6.1	8.4
13	5.2	5.1	4.1	5.7	6.5	7.8
14	5.5	5.2	4.1	5.7	6.8	6.8
15	5.7	5.2	4	5.9	7.3	6.7
16	5.9	5.4	4	5.8	7.8	6.7
17	5.9	5.4	4.1	5.8	8.3	6.4
18	6.2	5.3	4	5.8	8.7	6.2
19	6.3	5.2	3.8	5.7	9	6.1
20	6.4	5.2	4	5.7	9.4	6.1
21	6.6	5.1	4	5.7	9.5	5.8
22	6.8	4.9	4	5.9	9.5	5.9
23	6.7	5	4.1	6	9.6	5.4
24	6.9	4.9	3.9	5.8	9.8	5.1

Note: Unemployment rate 24 months before and after easing cycles start. The vertical grey line marks the beginning of an easing cycle. The figure shows six easing cycles with starting dates: June 1989 (thin red line), July 1995 (thick black line), September 1998 (thin dotted purple line), January 2001 (thin dashed blue line), September 2007 (thick dotted green line), and August 2019 (thick dashed orange line).

Source: Bureau of Labor Statistics.

Lessons for Current Monetary Policy

- Is this time different? Yes, but every time is different
- Policymakers must be vigilant and nimble because unanticipated shocks may occur
- If the economy evolves as expected, it will likely be appropriate to begin dialing back policy restraint later this year

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