



EVOLUTION OF THE FEDERAL RESERVE

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AGENDA

- History of the Federal Reserve
- Key Players
- Where We Are Now
- Play Some Trivia!

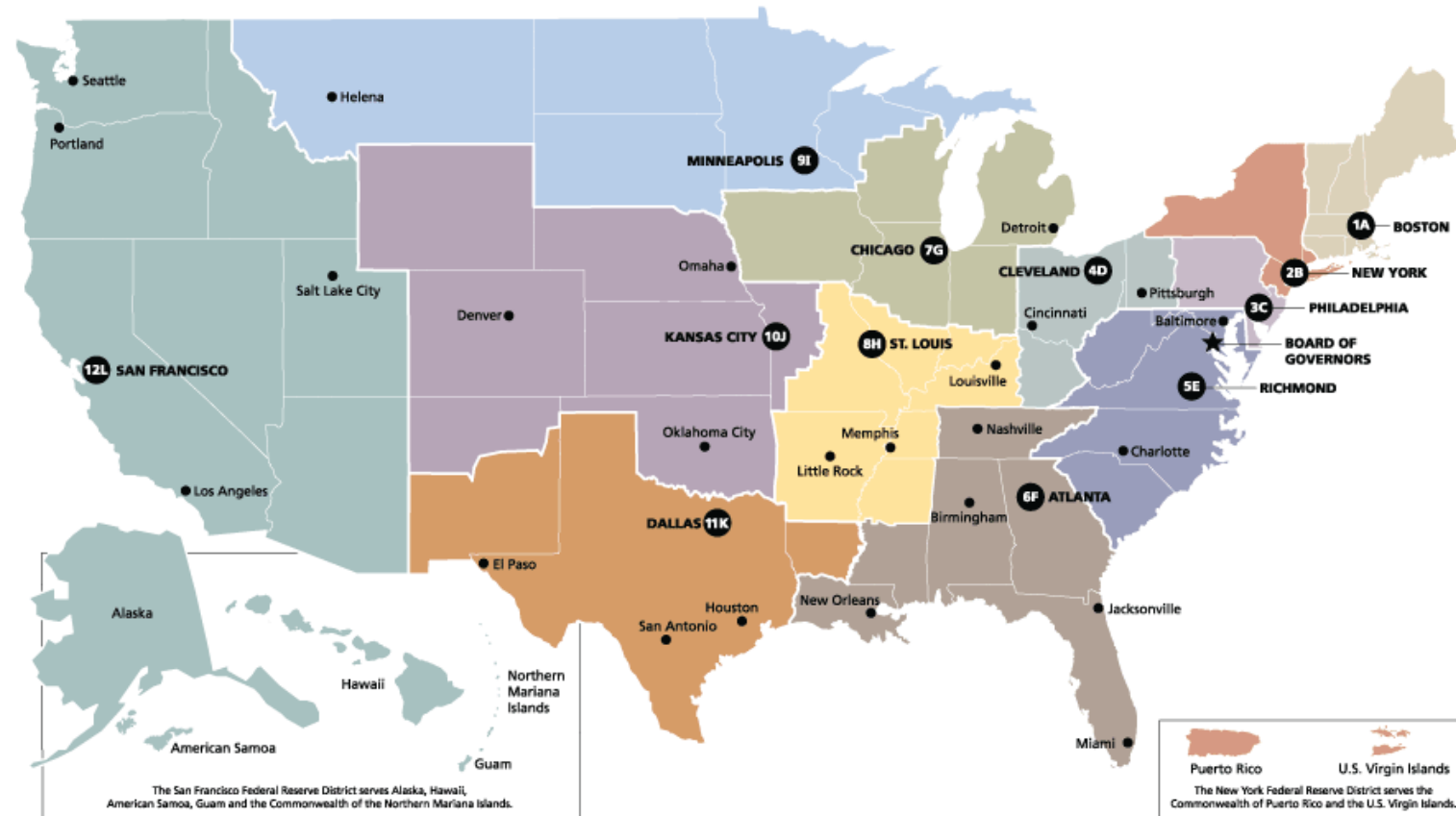


HISTORY OF THE FEDERAL RESERVE



FEDERAL RESERVE ACT OF 1913

- Created the Federal Reserve System, or “the Fed”
 - To provide the U.S. with a safe, flexible, and stable monetary and financial system.
- The Fed is composed of 12 regional Federal Reserve Banks that are each responsible for a specific geographic area of the U.S.



BOARD OF GOVERNORS

- Governing body of the Federal Reserve System
 - Each member is nominated by the President and confirmed by the Senate
- 7 members each serve 14-year terms
 - 2 members serve as Chair and Vice-Chair for 4-year terms

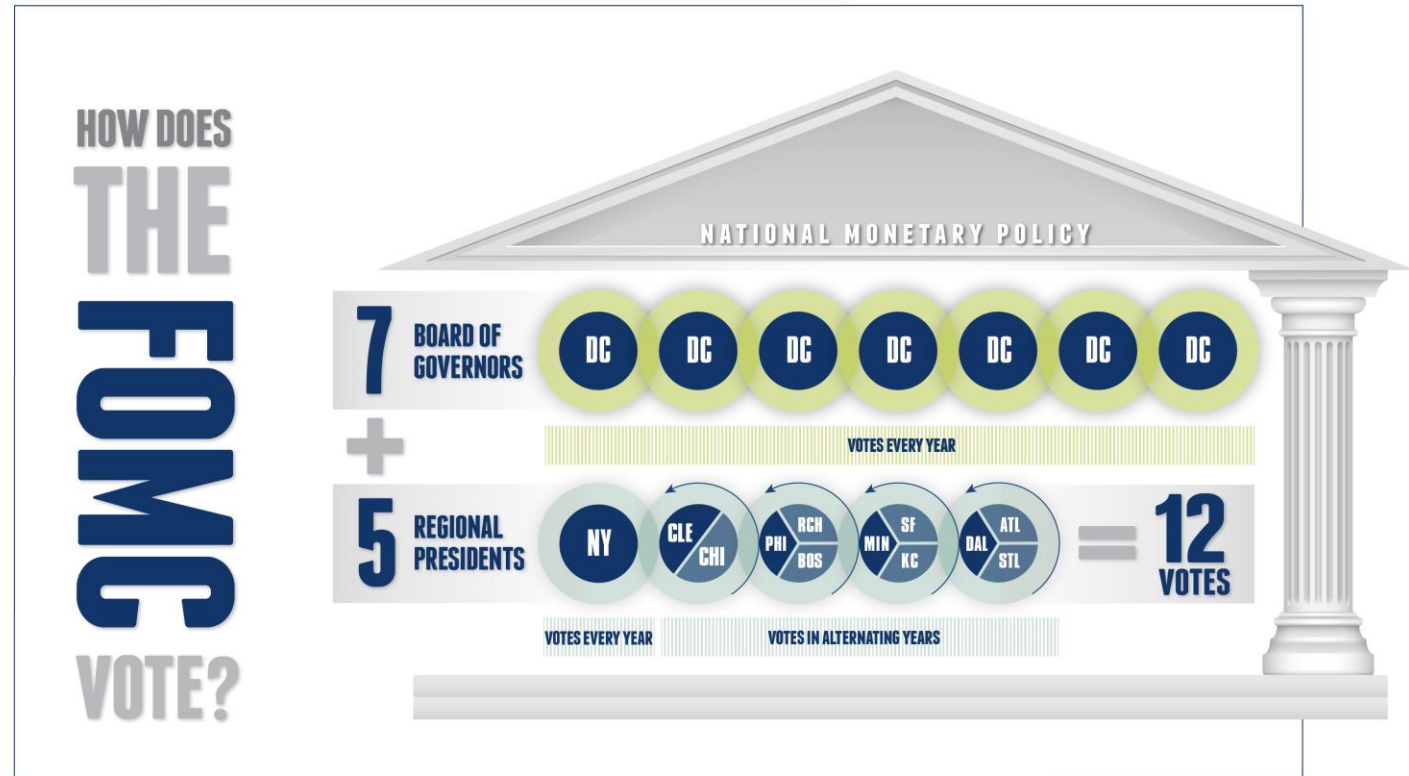




BANKING ACT OF 1935

FEDERAL OPEN MARKET COMMITTEE (FOMC)

- Established by the Banking Act of 1935 following the Great Depression
- Responsible for setting monetary policy by directing open market operations
- 8 scheduled two-day meetings
 - Additional meetings may be called if needed
 - Quarterly press conference
 - Quarterly update of projections



BOARD OF GOVERNORS ●
REGIONAL PRESIDENTS ●

PREPARED BY THE FEDERAL RESERVE BANK OF CHICAGO

FEDERALRESERVE.GOV/FOMC



MONETARY POLICY

TRADITIONAL TOOLS

NON-TRADITIONAL TOOLS

TARGET FED FUNDS RATE

RESERVE REQUIREMENTS

DISCOUNT WINDOW LENDING

FORWARD GUIDANCE

LARGE SCALE ASSET PURCHASES

THE FEDERAL RESERVE REFORM ACT OF 1977 AND THE FULL EMPLOYMENT AND BALANCED GROWTH ACT OF 1978

MANDATES

FULL
EMPLOYMENT

STABLE
PRICES

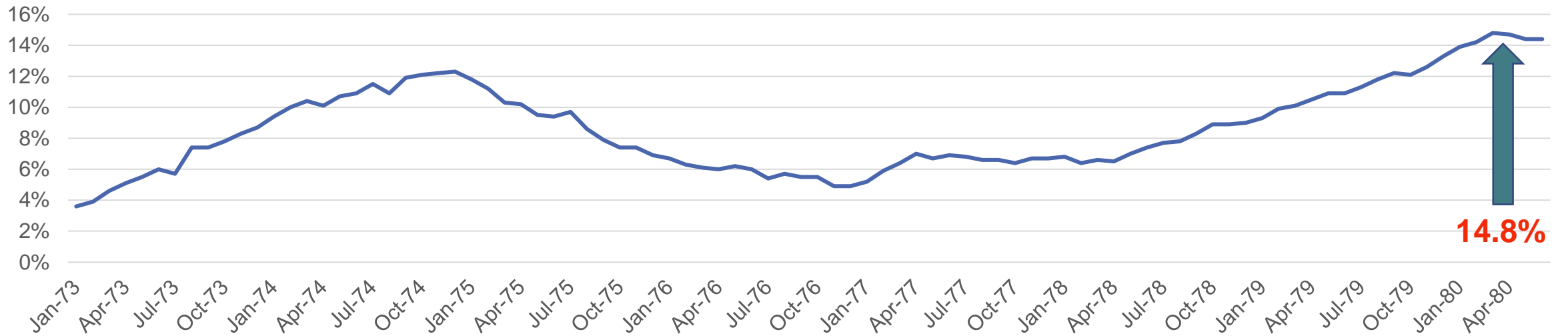
MODERATE
LONG TERM
INTEREST
RATES

KEY PLAYERS



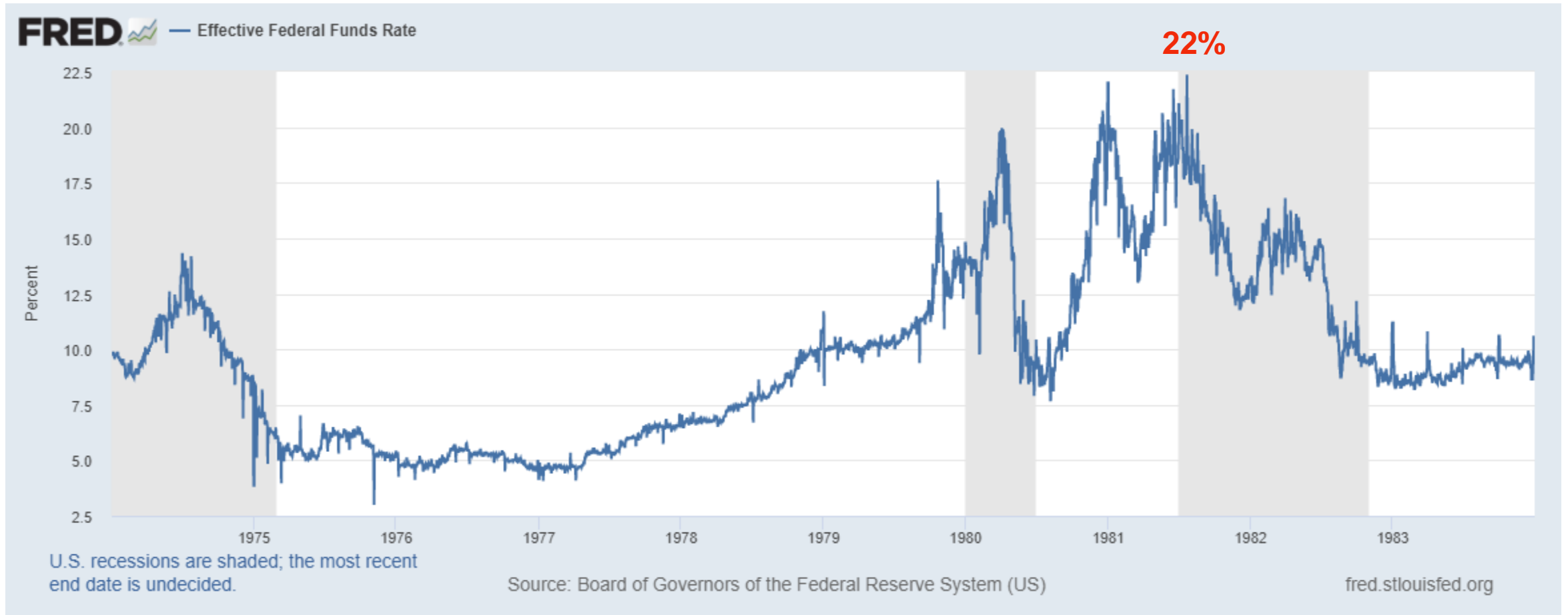
H. Armstrong Roberts/ClassicStock / Getty Images

RATE OF INFLATION



Source: usinflationcalculator.com/ Rates of inflation are calculated using the current Consumer Price Index published monthly by the Bureau of Labor Statistics (BLS)

EFFECTIVE FEDERAL FUNDS RATE 1974-1984





MORTGAGE RATES

FEBRUARY
1972

7.32%

FEBRUARY
1982

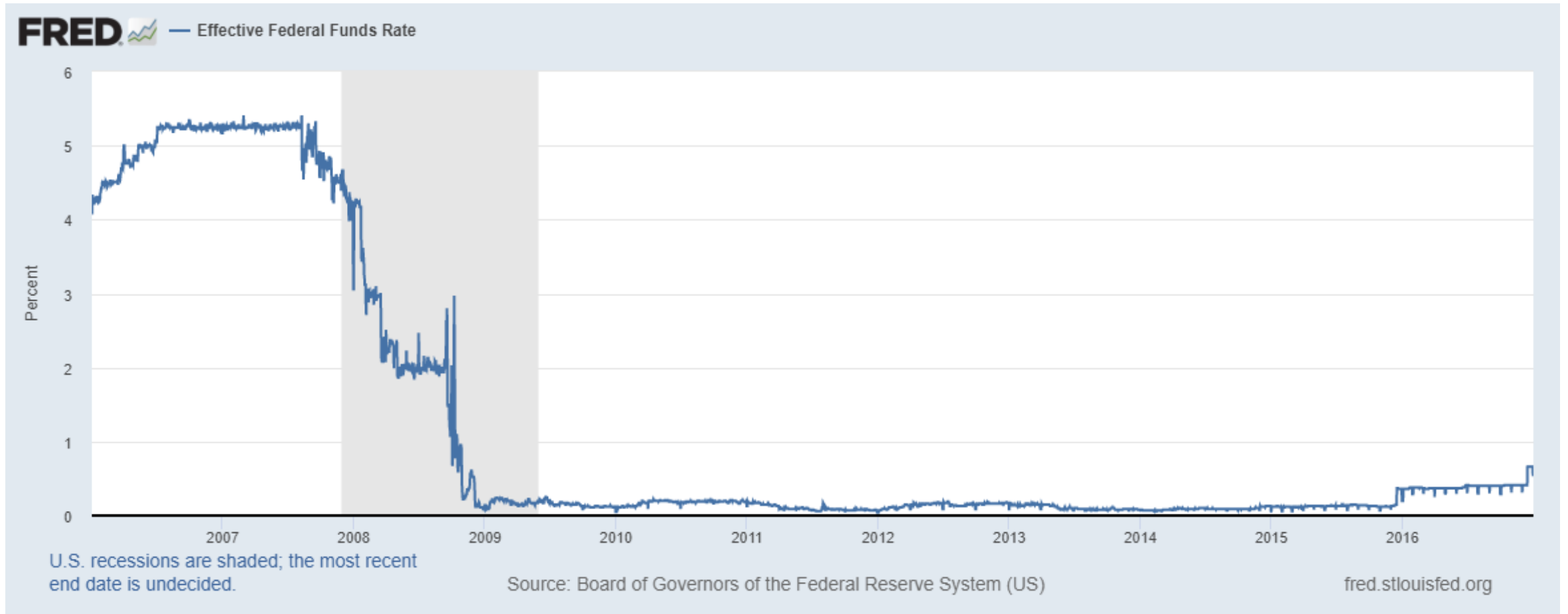
17.60%



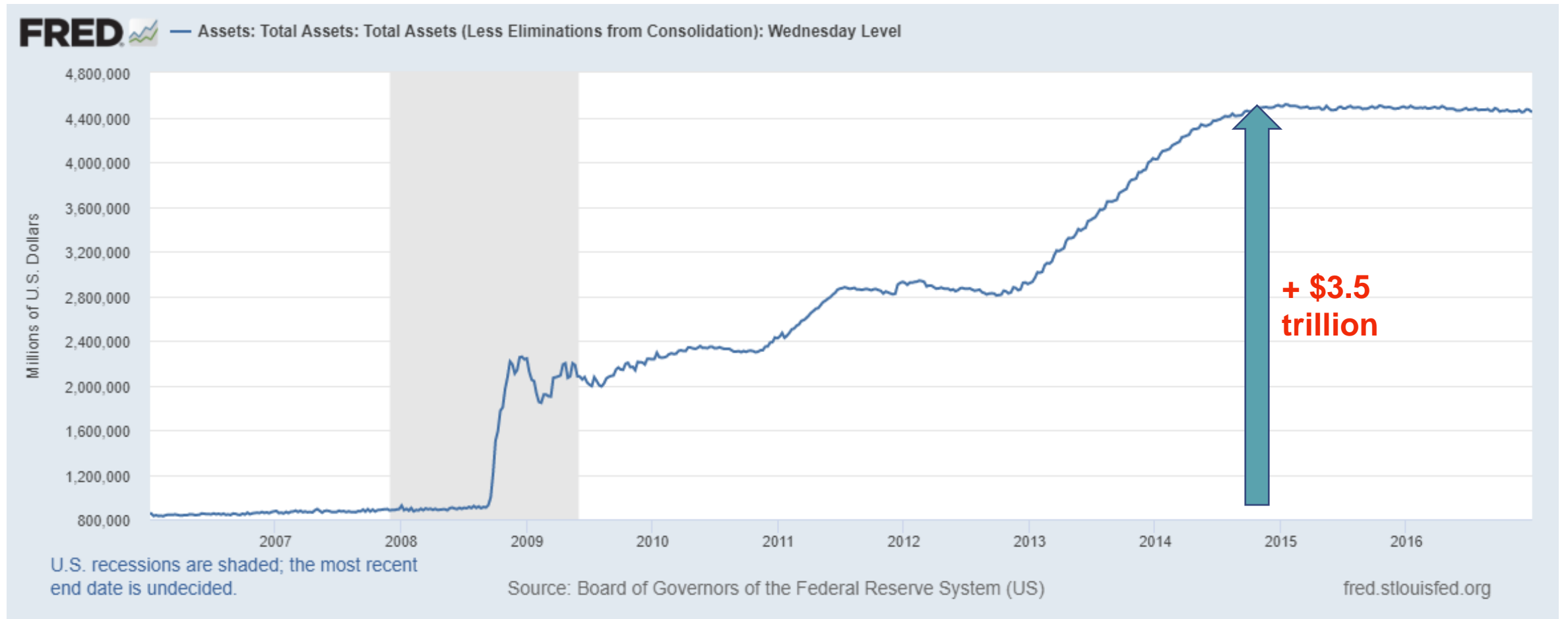
Two workers carry the Lehman Brothers corporate logo away Sept. 24, 2010, in London, England. (Oli Scarff/Getty Images)

EFFECTIVE FEDERAL FUNDS RATE

2006-2016



QUANTITATIVE EASING FED BALANCE SHEET 2006-2016



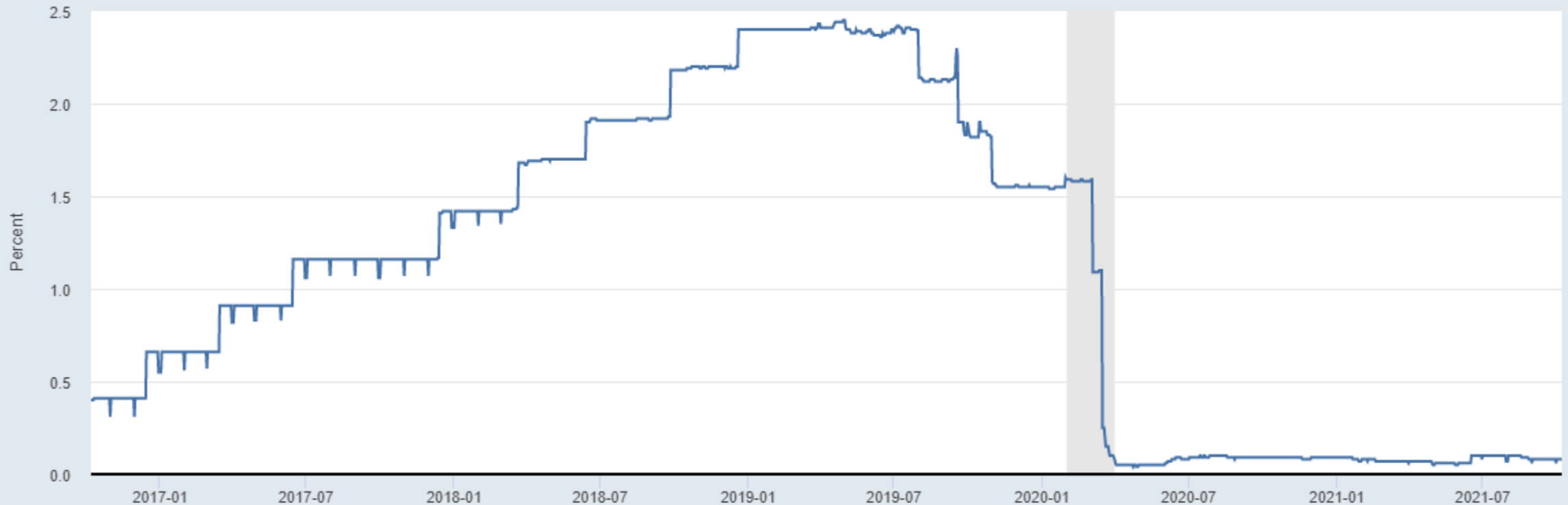


EFFECTIVE FEDERAL FUNDS RATE

JANUARY 2016 - OCTOBER 2021

FRED

Federal Funds Effective Rate



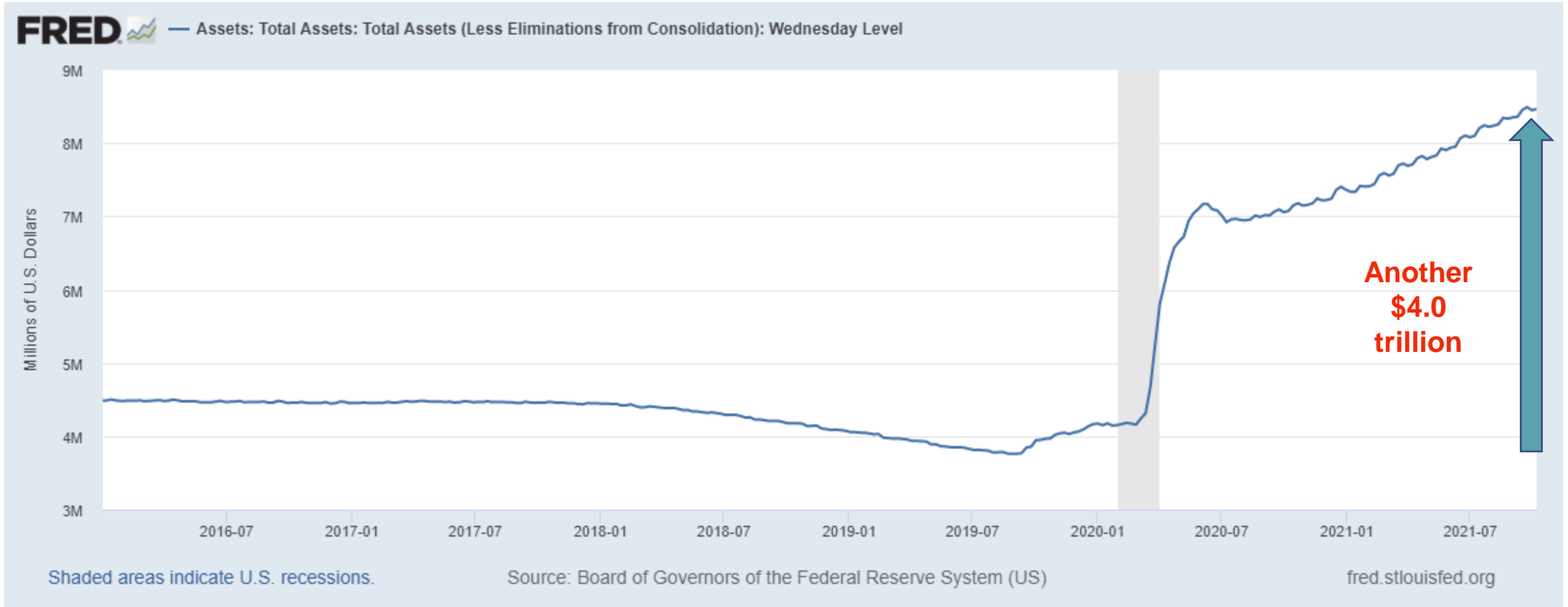
Shaded areas indicate U.S. recessions.

Source: Board of Governors of the Federal Reserve System (US)

fred.stlouisfed.org

QUANTITATIVE EASING

FED BALANCE SHEET JANUARY 2016-OCTOBER 2021



WHERE WE ARE NOW

CURRENT FOMC MEMBERS

BOARD OF GOVERNORS

- Jerome H. Powell, Chair
- Michelle W. Bowman
- Lael Brainard
- Richard H. Clarida
- Randal K. Quarles
- Christopher J. Waller

REGIONAL FEDERAL RESERVE BANKS

- John C. Williams, Vice Chair (New York)
- Thomas J. Barkin (Richmond)
- Raphael W. Bostic (Atlanta)
- Mary C. Daly (San Francisco)
- Charles L. Evans (Chicago)

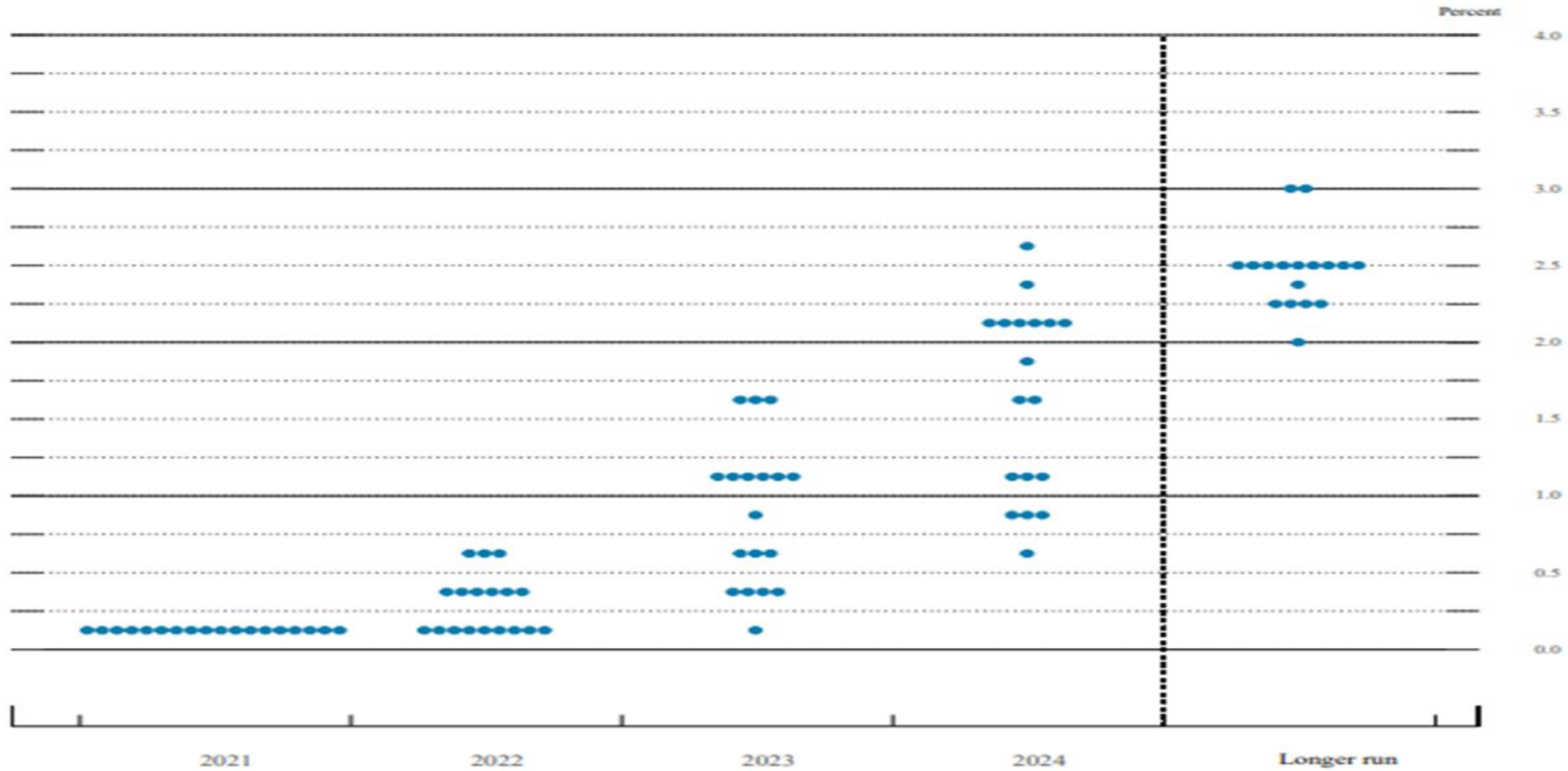
UPCOMING FOMC MEETING DATES

2021		
November 2-3	Press Conference	
December 14-15	Press Conference	Economic Projections

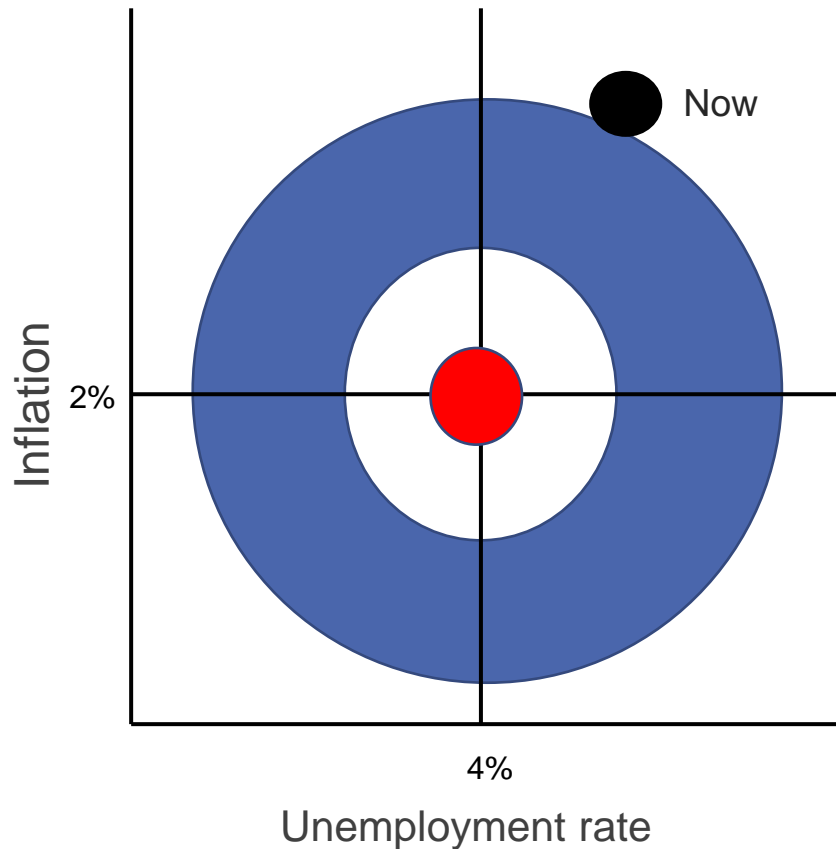
2022		
January 25-26	Press Conference	
March 15-16	Press Conference	Economic Projections
May 3-4	Press Conference	
June 14-15	Press Conference	Economic Projections
July 26-27	Press Conference	
September 20-21	Press Conference	Economic Projections
November 1-2	Press Conference	
December 13-14	Press Conference	Economic Projections

DOT PLOT

Forward guidance opens door to liftoff in 2022



DUAL MANDATE BULLSEYE



Factors the FED is Considering

- US Economic conditions
- International conditions
- Impact of Fiscal stimulus
- Path of the virus

THANK YOU



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