

## BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

DIVISION OF RESEARCH AND STATISTICS

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**Date:** April 6, 2012  
**To:** Federal Open Market Committee  
**From:** Dave Reifschneider  
**Subject:** Staff memo on attenuation of the effects of monetary policy

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The attached memo by Chung, Li, Meisenzahl, and Rudd, "Are the Real Effects of Monetary Policy Currently Smaller than Usual?", considers the possibility that the collapse of the housing market, the financial crisis, and the subsequent severe economic slump may have impaired various parts of the monetary transmission mechanism, thereby attenuating the overall effectiveness of monetary policy. The authors find evidence that some attenuation has occurred, although they stress that data limitations and the need for further research imply that no firm conclusions on this issue are as yet possible.