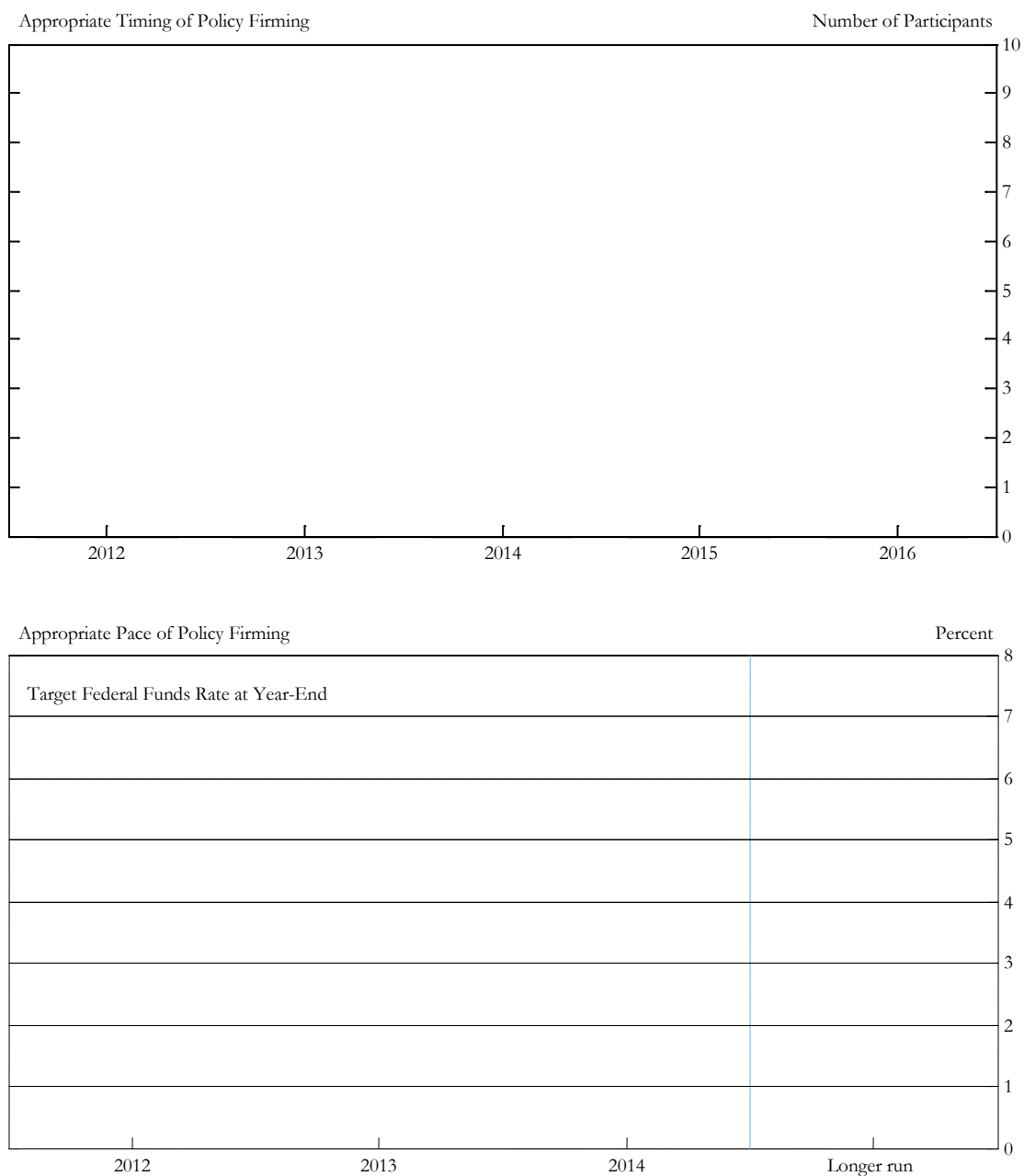


Figure 2: Overview of FOMC participants' assessments of appropriate monetary policy



NOTE: In the upper panel, the height of each bar denotes the number of FOMC participants who judge that, under appropriate monetary policy and in the absence of further shocks to the economy, the first increase in the target federal funds rate from its current range of 0 to ¼ percent will occur in the specified calendar year. In the lower panel, each shaded circle indicates the value (rounded to the nearest 0.25 percent) of an individual participant's judgment of the appropriate level of the target federal funds rate at the end of the specified calendar year or over the longer run.

Explanation of Policy Path Charts

These charts are based on policymakers' projections of the appropriate path for the FOMC's target federal funds rate. The target funds rate is measured as the level of the target rate at the end of the calendar year or in the longer run. Appropriate monetary policy, by definition, is the future path of policy that each participant deems most likely to foster outcomes for economic activity and inflation that best satisfy his or her interpretation of the Federal Reserve's dual objectives of maximum employment and stable prices.

- In the upper panel, the shaded bars represent the number of FOMC participants who project that the initial increase in the target federal funds rate (from its current range of 0 to $\frac{1}{4}$ percent) would appropriately occur in the specified calendar year.
- In the lower panel, the dots represent individual policymakers' projections of the appropriate federal funds rate target at the end of each of the next several years and in the longer run. Each dot in that chart represents one policymaker's projection. Please note that for purposes of this chart the responses are rounded to the nearest $\frac{1}{4}$ percent, with the exception that all values below 37.5 basis points are rounded to $\frac{1}{4}$ percent.

These projections of the timing of the initial increase of the target federal funds rate and the path of the target federal funds rate are the ones that policymakers view as compatible with their individual economic projections.