



**Dr Charles Evans**

President and Chief Executive Officer  
Federal Reserve Bank of Chicago

*“The US economic outlook and monetary policy”*

Sydney, Tuesday 11 October 2016

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# Adjusting Monetary Policy in an Evolving Economy

*Australian Business Economists Lunchtime Briefing*

*October 11, 2016*

Charles L. Evans  
*President and CEO*  
Federal Reserve Bank of Chicago

*The views I express here are my own and do not necessarily reflect the views of the Federal Reserve Bank of Chicago, my colleagues on the Federal Open Market Committee (FOMC) or within the Federal Reserve System.*

# A Canonical Model of Inflation

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$$\pi_t = A(L)\pi_t + \alpha X_t + \gamma SLACK_t + \beta \pi_t^e$$

$\pi_t$  : Inflation

$A(L)$  : Lag operator

$X_t$  : Transitory factors

$SLACK_t$  :  $u_t - u_t^*$

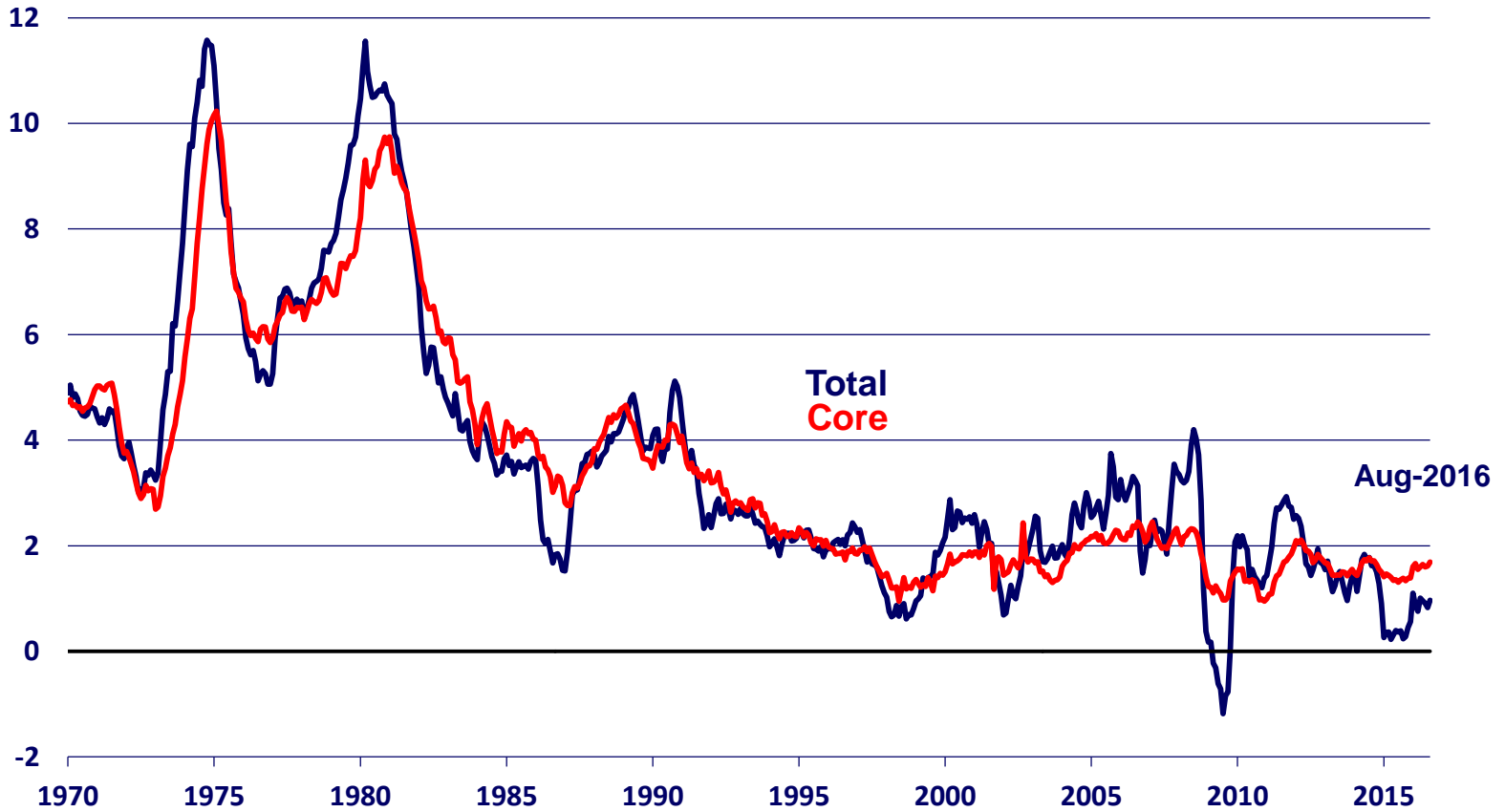
$\pi_t^e$  : Long-run inflation expectations

# History of U.S. Inflation

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## PCE Price Index

(12-month percent change)





Professor The Hon Bob Carr

*Election USA: The implications*

Wednesday 02 November, Parliament House

**Annual Dinner**

Dr Guy Debelle

Deputy Governor, Reserve Bank of Australia

*Issues in economic policy*

Tuesday 22 November, Four Seasons Sydney

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