



EVOLUTION OF THE FEDERAL RESERVE

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AGENDA

- History of the Federal Reserve
- Key Players
- Where We Are Now



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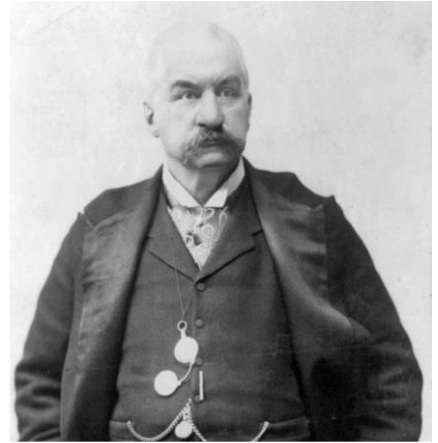
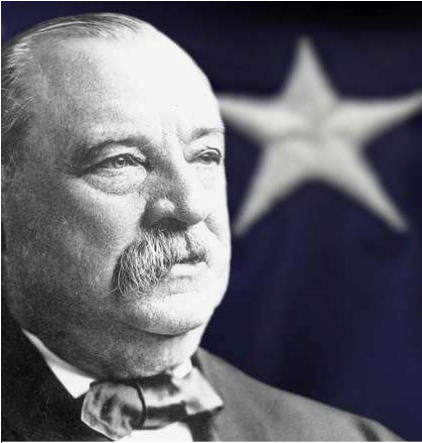
HISTORY OF THE FEDERAL RESERVE

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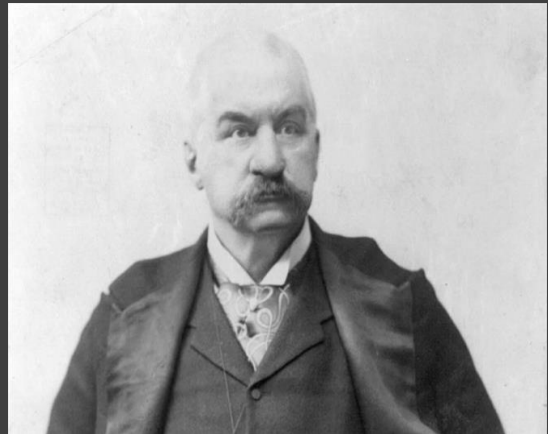


1895



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1907



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FEDERAL RESERVE ACT OF 1913

- | | |
|-----------------|------------------|
| 01-Boston | 07-Chicago |
| 02-New York | 08-St. Louis |
| 03-Philadelphia | 09-Minneapolis |
| 04-Cleveland | 10-Kansas City |
| 05-Richmond | 11-Dallas |
| 06-Atlanta | 12-San Francisco |



Source: Wikipedia.org



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FEDERAL RESERVE ACT OF 1913

MANDATES

FULL
EMPLOYMENT

STABLE
PRICES

MODERATE
LONG TERM
INTEREST
RATES



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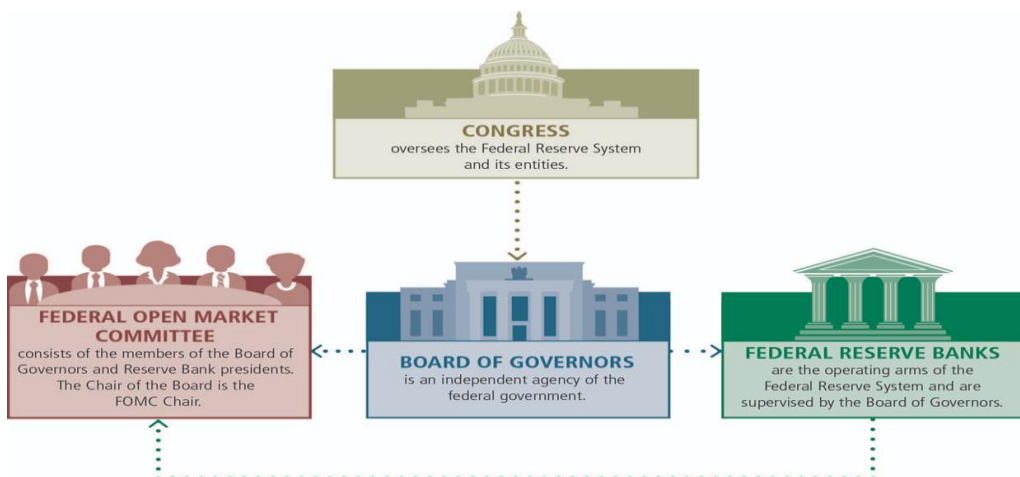
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BANKING ACTS OF 1933 AND 1935

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FEDERAL RESERVE STRUCTURE



BOARD OF GOVERNORS

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



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FEDERAL OPEN MARKET COMMITTEE (FOMC)

- 12 members
 - Board of Governors
 - President of Federal Reserve Bank of New York
 - 4 Regional Federal Reserve Bank presidents, rotating annually
- 8 scheduled two-day meetings
 - Additional meetings may be called if needed
 - Quarterly press conference
 - Quarterly update of projections



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MONETARY POLICY

TRADITIONAL TOOLS

FED FUNDS
RATE TARGET

RESERVE
REQUIREMENTS

DISCOUNT
WINDOW
LENDING

NON- TRADITIONAL TOOLS

FORWARD
GUIDANCE

LARGE SCALE
ASSET
PURCHASES



Source: www.federalreserve.gov

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KEY PLAYERS

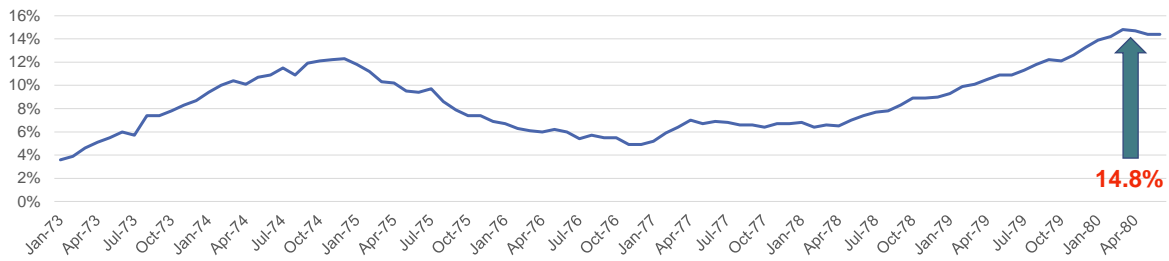
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H. Armstrong Roberts/ClassicStock / Getty Images

RATE OF INFLATION



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



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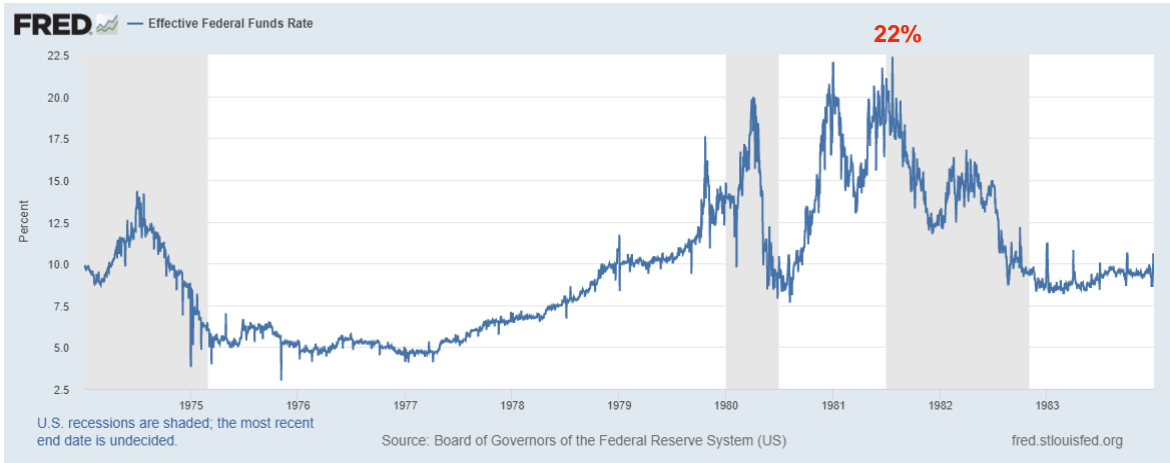
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EFFECTIVE FEDERAL FUNDS RATE 1974-1984



MORTGAGE RATES

FEBRUARY
1972

7.32%

FEBRUARY
1982

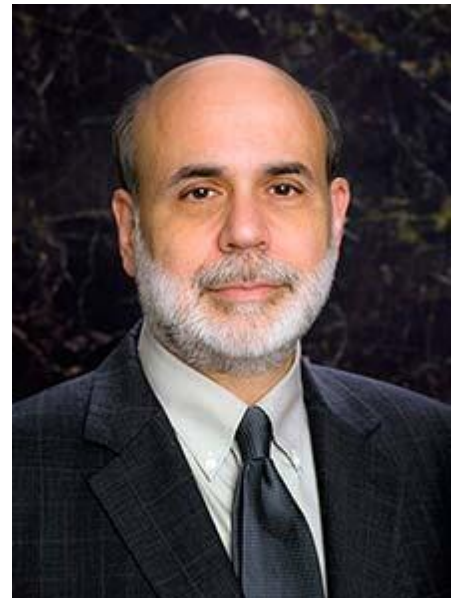
17.60%



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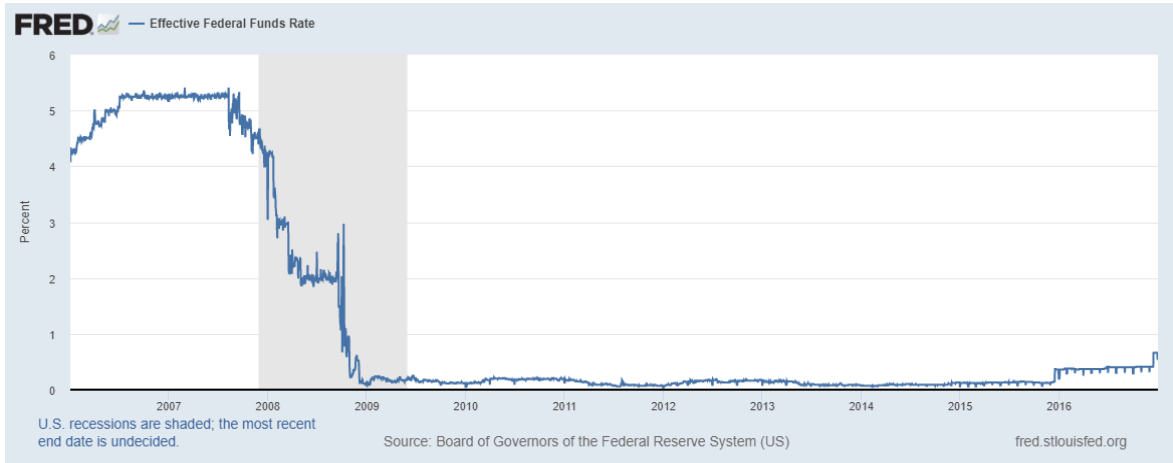
MEEDER
INVESTMENT MANAGEMENT



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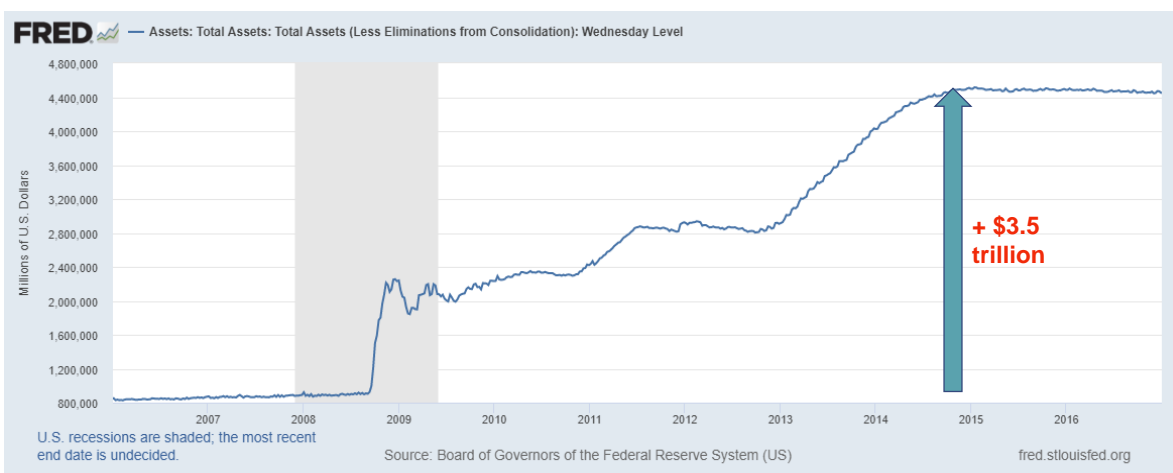
EFFECTIVE FEDERAL FUNDS RATE 2006-2016



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QUANTITATIVE EASING FED BALANCE SHEET 2006-2016



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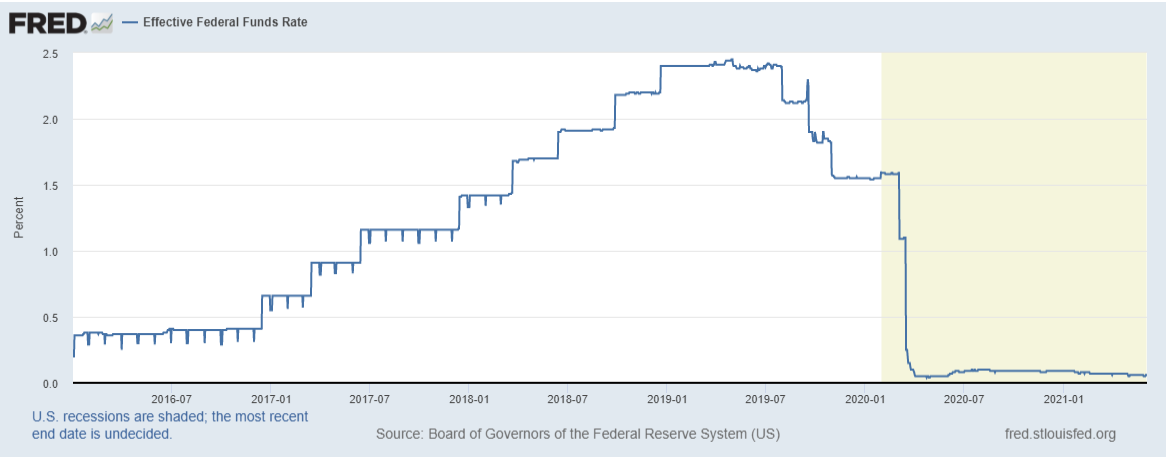
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EFFECTIVE FEDERAL FUNDS RATE JANUARY 2016 - JUNE 2021

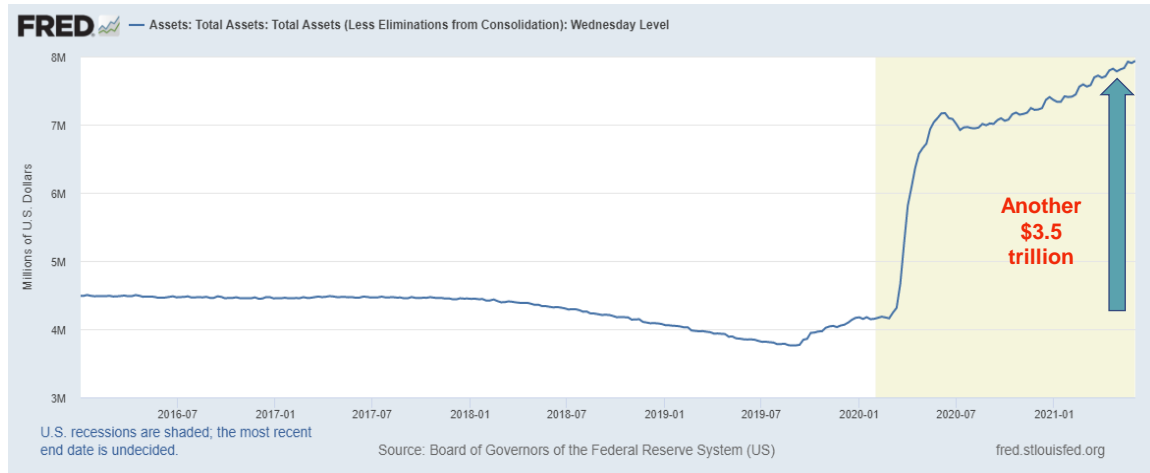


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QUANTITATIVE EASING

FED BALANCE SHEET JANUARY 2016-JUNE 2021



WHERE WE ARE NOW

CURRENT FOMC MEMBERS

BOARD OF GOVERNORS	REGIONAL FEDERAL RESERVE BANKS
<ul style="list-style-type: none"> • Jerome H. Powell, Chair • Michelle W. Bowman • Lael Brainard • Richard H. Clarida • Randal K. Quarles • Christopher J. Waller 	<ul style="list-style-type: none"> • John C. Williams, Vice Chair (New York) • Thomas J. Barkin (Richmond) • Raphael W. Bostic (Atlanta) • Mary C. Daly (San Francisco) • Charles L. Evans (Chicago)



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2021 MEETING DATES

JUNE 15-16	JULY 27-28	SEPTEMBER 21-22	NOVEMBER 2-3	DECEMBER 14-15
PRESS CONFERENCE	PRESS CONFERENCE	PRESS CONFERENCE	PRESS CONFERENCE	PRESS CONFERENCE
ECONOMIC PROJECTIONS		ECONOMIC PROJECTIONS		ECONOMIC PROJECTIONS

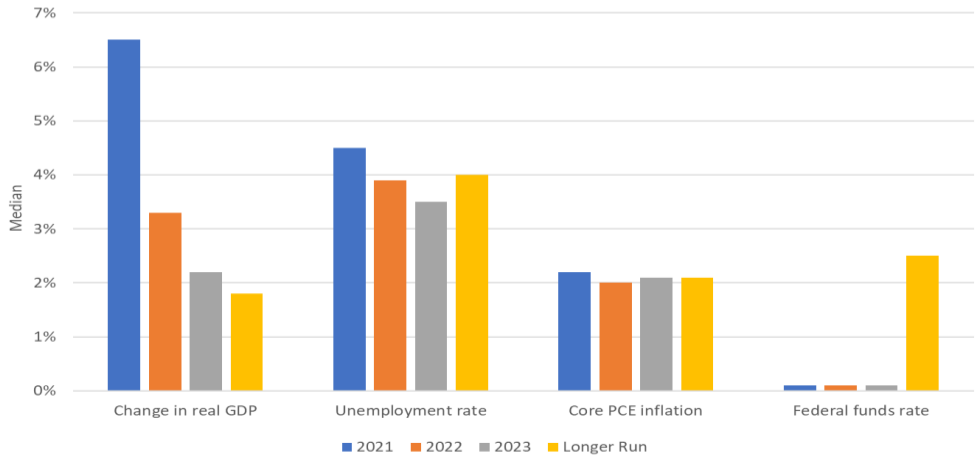


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FEDERAL RESERVE OUTLOOK

Forward guidance projects current policy in place through 2023



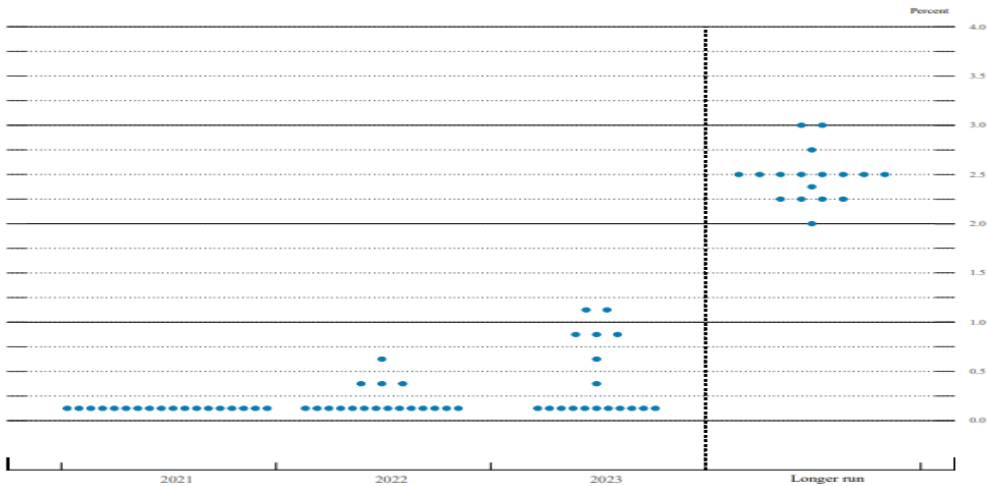
Source: Federal Reserve Summary of Economic Projections as of 3/17/2021

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DOT PLOT

Forward guidance projects current policy in place through 2023



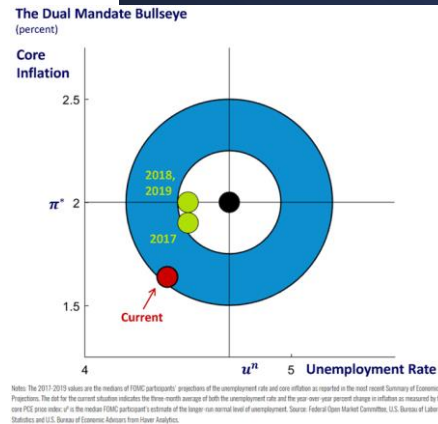
Source: Federal Reserve Summary of Economic Projections as of 3/17/2021

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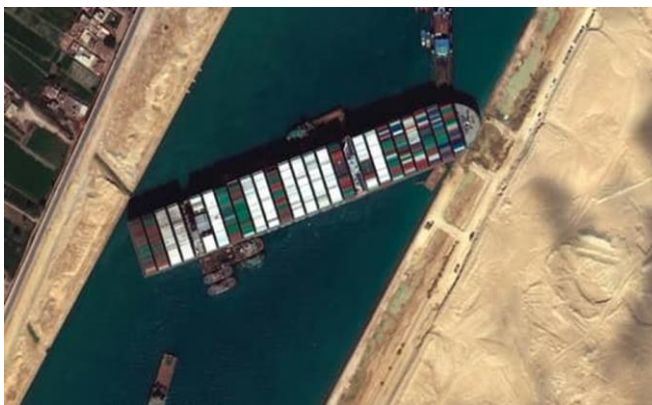
FACTORS THE FED IS CONSIDERING

- US Economic conditions
- International conditions
- Impact of stimulus programs



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SUPPLY CHAIN DISRUPTIONS



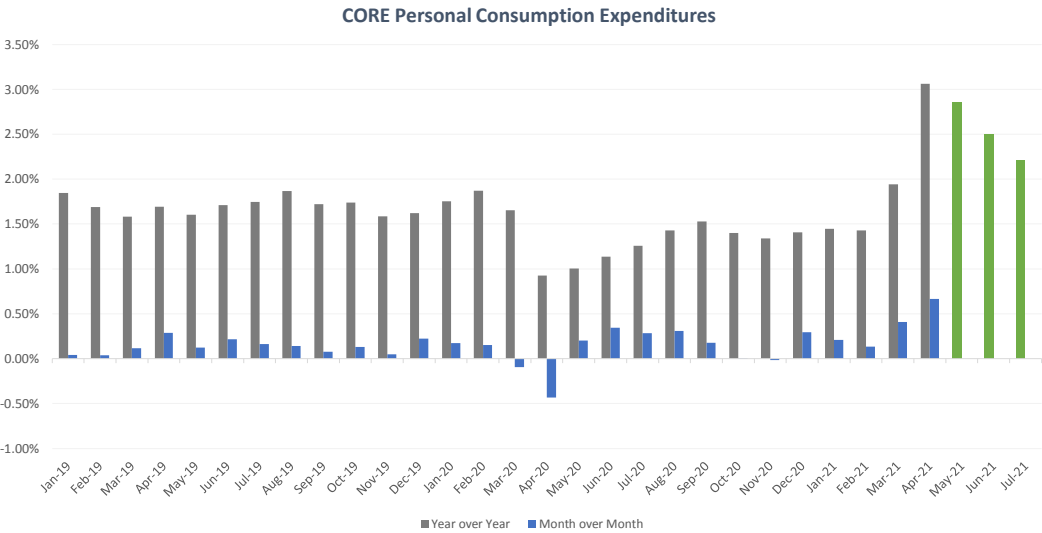
Sources: Lloyds list Maritime intelligence as of 03/25/2021,
Bloomberg: Copper Futures Prices as of 03/31/2021
Bureau of Labor Statistics: US Producer Price Index Lumber and Plywood as of 03/31/2021



- The Ever Green, one of the world's largest container ships, became stuck in the Suez Canal
- ISM Survey – "Companies reporting limited availability of parts and materials"
- Lumber and Plywood costs up 78% since April 2020
- Copper, the third most used industrial metal, up 80% since April 2020
- US Ford Motor Co is the latest automaker forced to scale back production because of the global shortage of semiconductors.

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INFLATION UNCERTAINTY



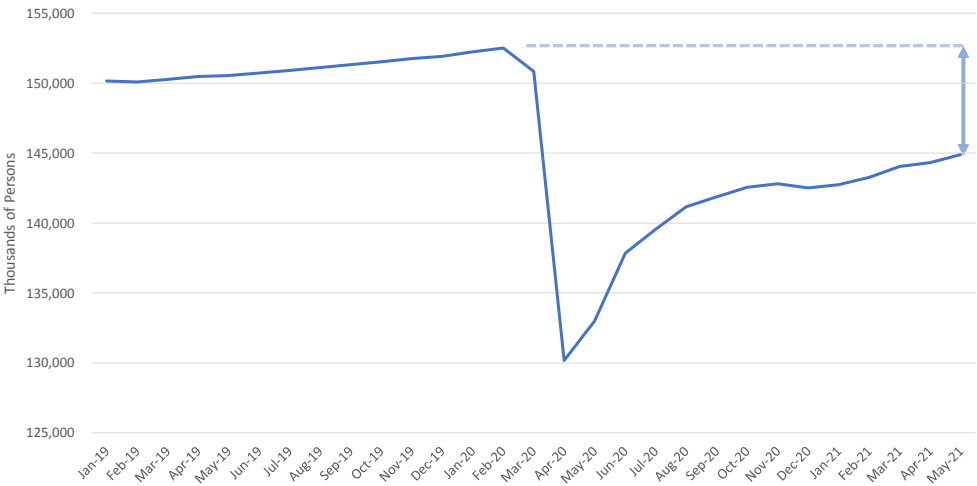
Source: Bureau of Economic Analysis as of 5/28/2021

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NONFARM PAYROLLS

Labor Market recovery still has a ways to go

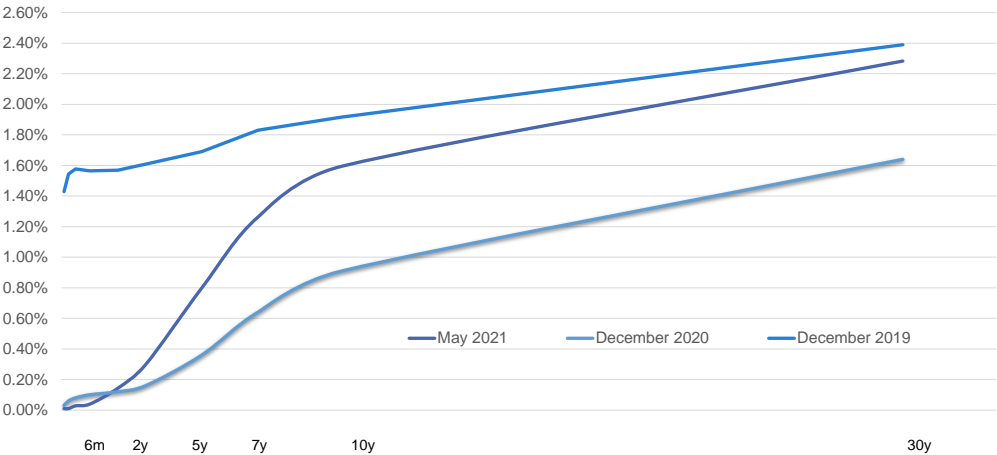


Source: Bureau of Labor Statistics 5/28/2021

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US TREASURY YIELD CURVES



Source: Bloomberg as of 5/28/21

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THANK YOU



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