

FRE

FEDERAL
RESERVE
EDUCATION



Using Primary Documents to Teach Monetary Policy

Princeton Williams, Federal Reserve Education

Pacific Northwest Regional Economic Conference

May 19, 2026



Please complete this short registration form.

Early 20th Century

**Major
“Health”
Events**

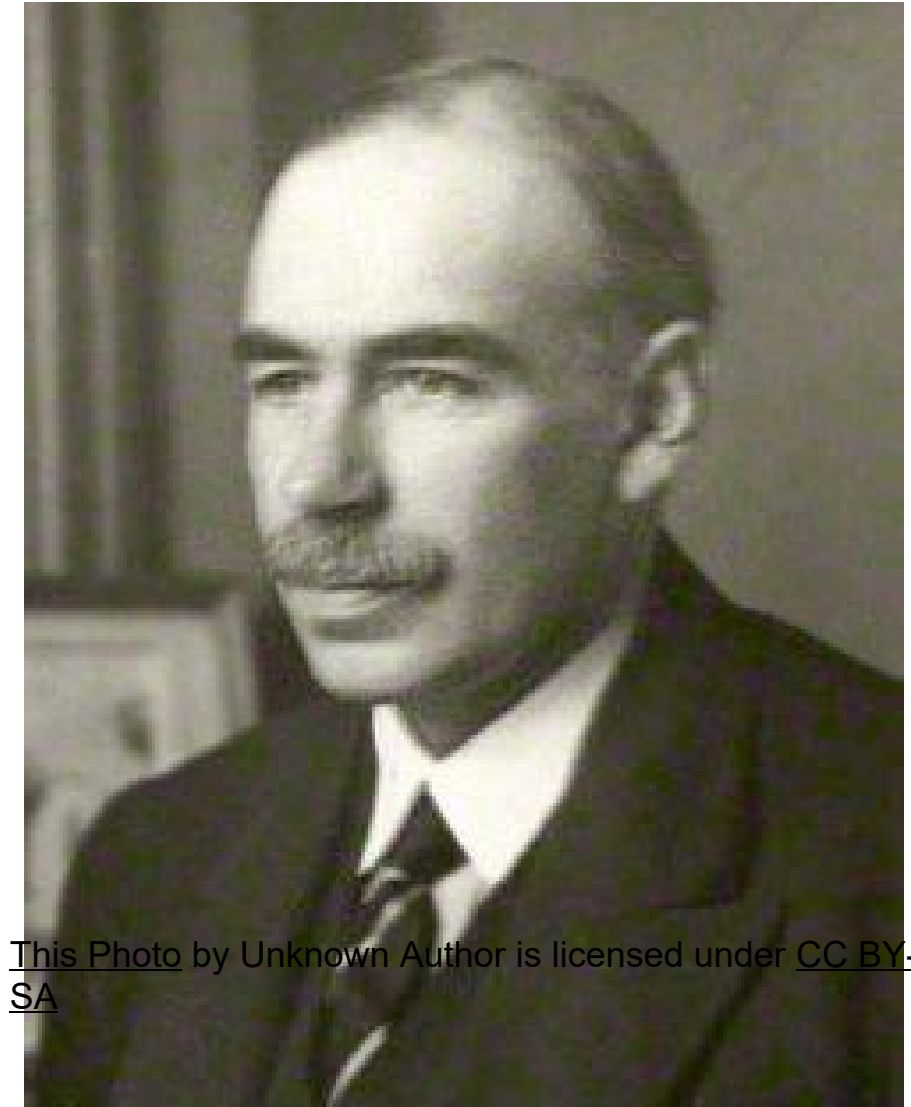
World War I

Great Depression

World War II

John Maynard Keynes

- Economic advisor to the British delegation at the Versailles conference in 1919
- *The Economic Consequences of Peace* (1919)
- 1920s and 30s - bursar and teacher at King's College; investor and speculator in currencies, commodities, and stocks
- *The General Theory of Employment, Interest, and Money* (1936)
- Challenge of financing World War II
- Bretton Woods (World Bank, IMF, and the post-war global economic system)



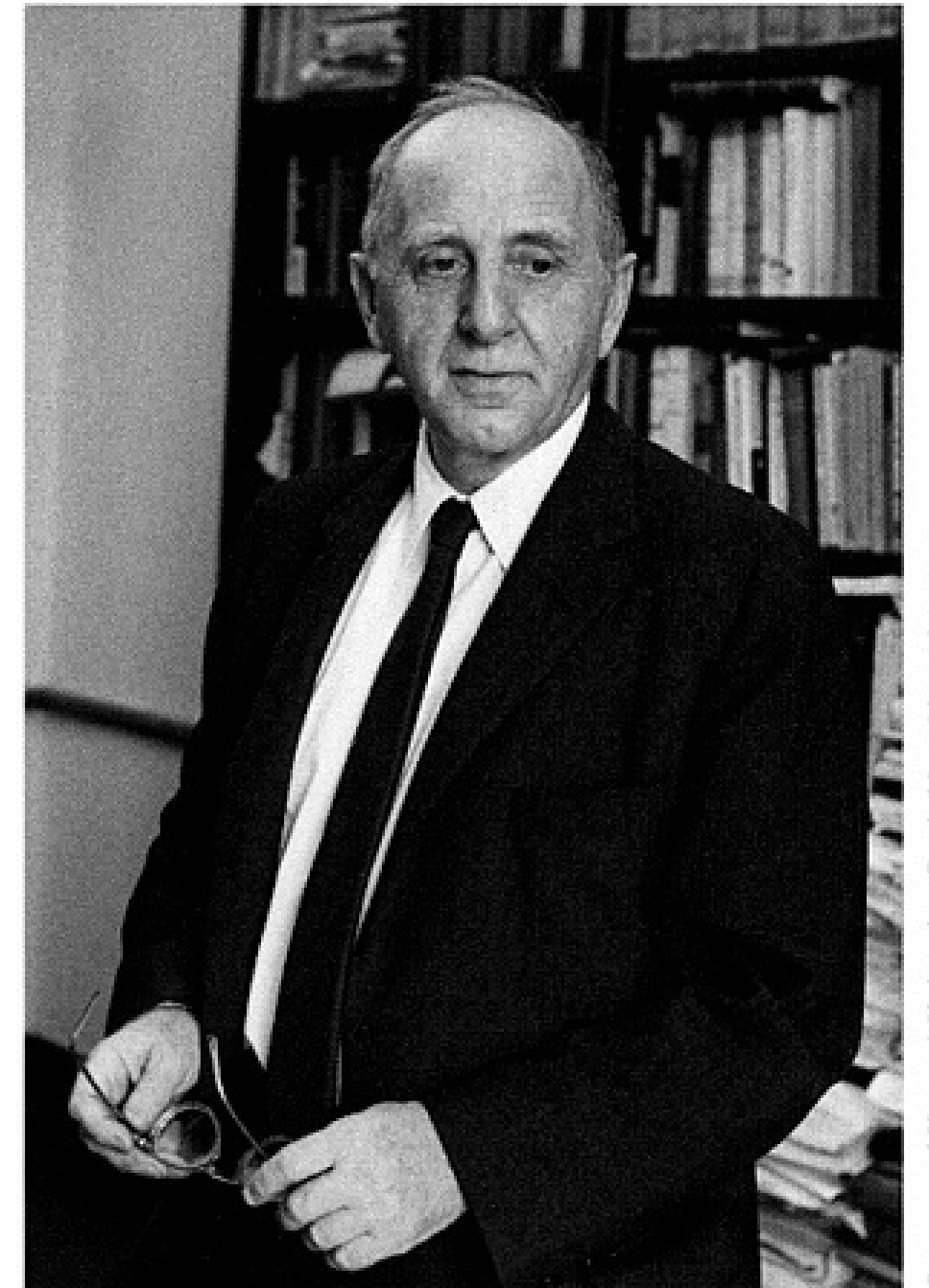
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The General Theory of Employment, Interest, and Money

- Classical economics assertion of a self-regulating economy where supply and demand assured full employment was mistaken
- Instead, the economy is chronically unstable and subject to fluctuations
- Reason – inadequate investment and over-saving rooted in uncertainty
- Solution – replace private investment with public investment, financed by deficit spending
- Outcomes – national income accounting, aggregate demand, multiplier, fiscal policy, and more

Simon Kuznets

- Born in Russia in 1901; emigrated to the US and educated at Columbia
 - Commissioned by the Department of Commerce to develop a set of national income and product accounts
 - Presented to Congress in 1934 and published in *National Income, 1929-35* in 1937
 - Expanded in the 1940s to support wartime planning
 - Identified a new period in economic history called “modern economic growth” when society moves from primarily agriculture to primarily manufacturing and services. (1966)
- Won the Nobel Prize (1971) for this research.



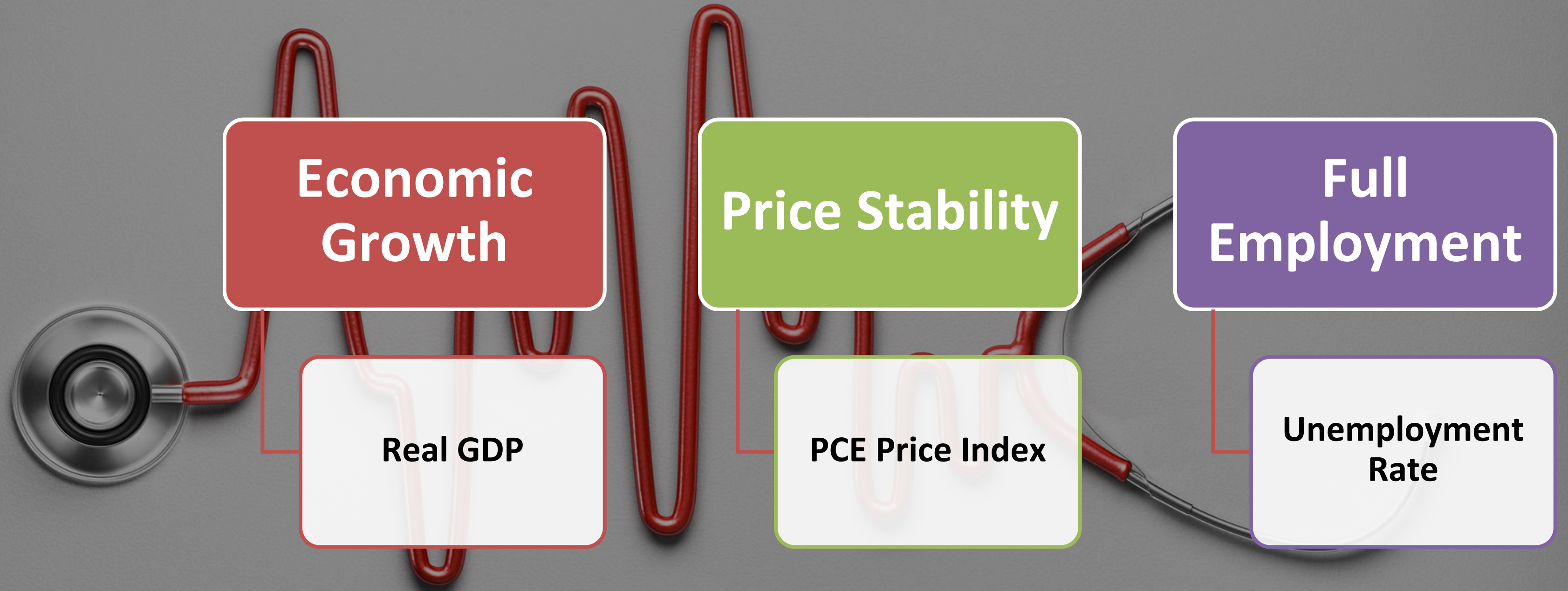
Courtesy of Harvard University, Cambridge, Massachusetts

Simon Kuznets



**What does it
mean to be a
“healthy”
individual?
How do you
measure it?**

Measuring the health of the economy



What Is Gross Domestic Product (GDP)?

The total value  of all final goods and services  produced 

within a country's borders  in a given time period 

But we will look at the growth rate.
How fast is real GDP increasing?

PCE

Personal Consumption Expenditures Index from the U.S. Bureau of Economic Analysis

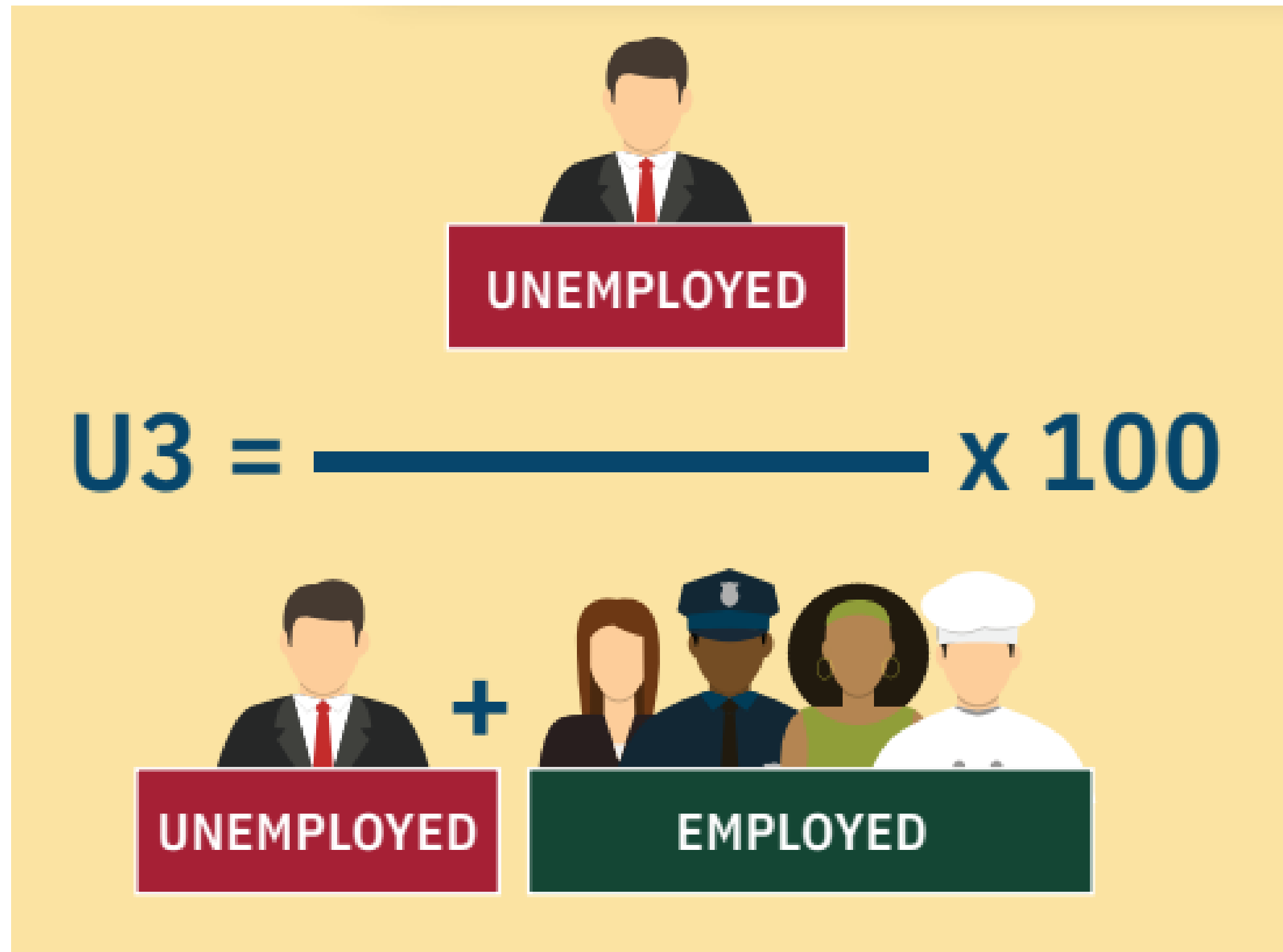
Captures the changes in the prices for the personal consumption component of gross domestic product. The Federal Open Market Committee ties its explicit target rate of 2% inflation to the PCE index.



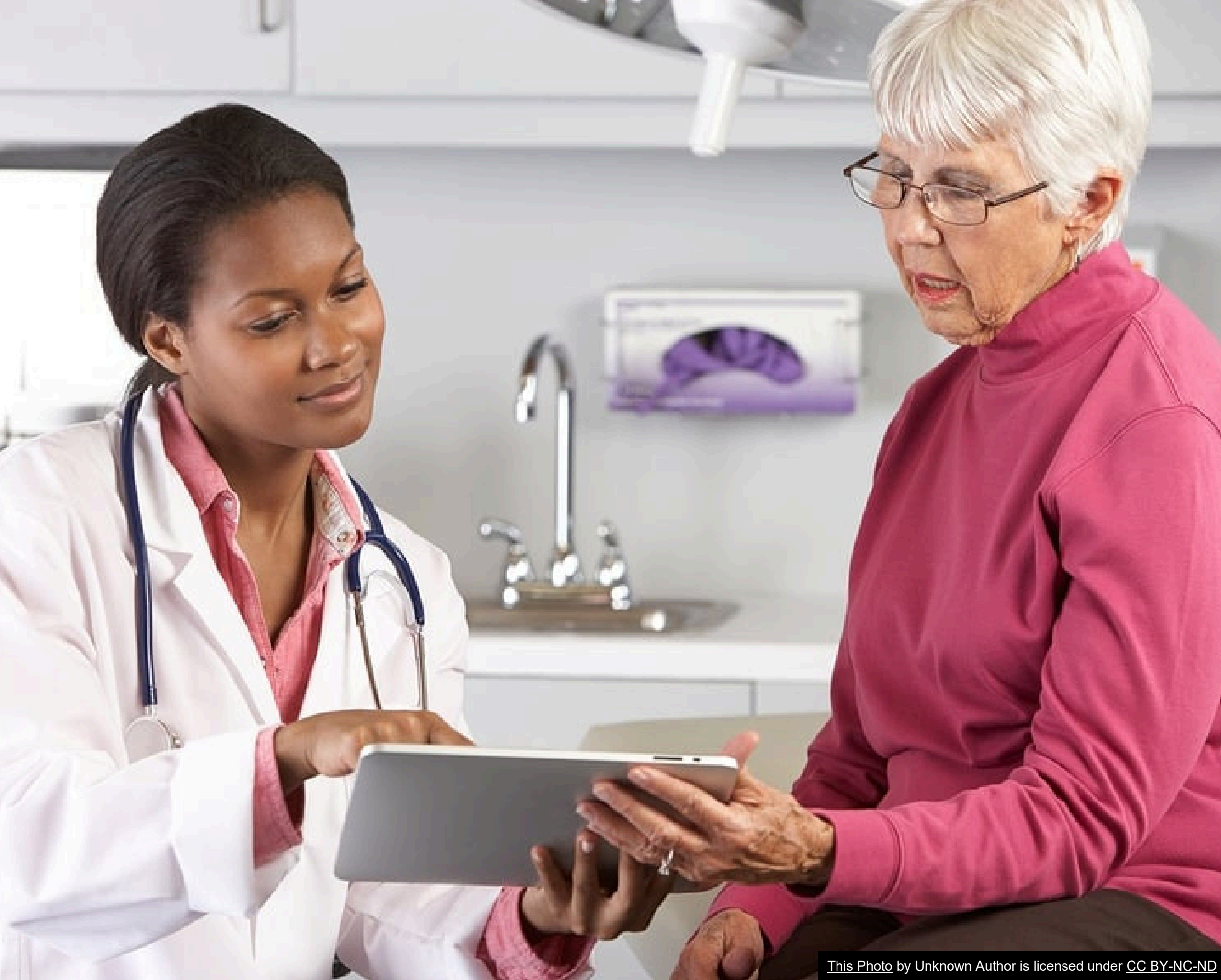
CPI

Consumer Price Index from the U.S. Bureau of Labor Statistics

Average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.



Unemployment rate = (# of unemployed / # in the labor force) x 100



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Your doctor has your information in a medical chart, where can you find the information about the US economy?

What is the *Summary of Economic Projections*?

- Summary of FOMC participants' projections for GDP growth, the unemployment rate, inflation, and the appropriate policy interest rate
- Released four times a year
- Information on the values that participants view as the most likely to prevail in the current year and the subsequent two years as well as over the longer run

Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, March 2026

Percent

Variable	Median ¹				Central Tendency ²				Range ³			
	2026	2027	2028	Longer run	2026	2027	2028	Longer run	2026	2027	2028	Longer run
Change in real GDP	2.4	2.3	2.1	2.0	2.2–2.5	2.0–2.4	2.0–2.3	1.8–2.0	2.1–2.7	2.0–2.7	1.8–2.7	1.7–2.5
December projection	2.3	2.0	1.9	1.8	2.1–2.5	1.9–2.3	1.8–2.1	1.8–2.0	2.0–2.6	1.8–2.6	1.7–2.6	1.7–2.5
Unemployment rate	4.4	4.3	4.2	4.2	4.3–4.5	4.2–4.4	4.0–4.4	4.0–4.3	4.3–4.6	4.0–4.5	4.0–4.5	3.8–4.5
December projection	4.4	4.2	4.2	4.2	4.3–4.4	4.2–4.3	4.0–4.3	4.0–4.3	4.2–4.6	4.0–4.5	4.0–4.5	3.8–4.5
PCE inflation	2.7	2.2	2.0	2.0	2.6–3.1	2.0–2.3	2.0	2.0	2.3–3.3	1.8–2.4	1.9–2.2	2.0
December projection	2.4	2.1	2.0	2.0	2.3–2.5	2.0–2.2	2.0	2.0	2.2–2.7	2.0–2.3	2.0	2.0
Core PCE inflation ⁴	2.7	2.2	2.0		2.5–2.8	2.0–2.4	2.0		2.2–3.0	2.0–2.5	2.0–2.2	
December projection	2.5	2.1	2.0		2.4–2.6	2.0–2.2	2.0		2.2–2.7	2.0–2.5	2.0	
Memo: Projected appropriate policy path												
Federal funds rate	3.4	3.1	3.1	3.1	3.1–3.6	2.9–3.6	2.9–3.6	2.9–3.5	2.6–3.6	2.4–3.9	2.6–3.9	2.6–3.9
December projection	3.4	3.1	3.1	3.0	2.9–3.6	2.9–3.6	2.8–3.6	2.8–3.5	2.1–3.9	2.4–3.9	2.6–3.9	2.6–3.9

Percent

Variable	Median ¹	
	2026	
Change in real GDP	2.4	
December projection	2.3	
Unemployment rate	4.4	
December projection	4.4	
PCE inflation	2.7	
December projection	2.4	
Core PCE inflation ⁴	2.7	
December projection	2.5	
Memo: Projected appropriate policy path		
Federal funds rate	3.4	
December projection	3.4	

First, compare the change from the previous projection (three months ago). Does the committee see the economic indicators unchanged, improving, or getting worse?

Since this table is from March 2026, the prior projection would have been December 2025.

Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, March 2026

Percent

Variable	Median ¹	
	2026	Longer run
Change in real GDP December projection	2.4 2.3	2.0 1.8
Unemployment rate December projection	4.4 4.4	4.2 4.2
PCE inflation December projection	2.7 2.4	2.0 2.0
Core PCE inflation ⁴ December projection	2.7 2.5	
Memo: Projected appropriate policy path		
Federal funds rate December projection	3.4 3.4	3.1 3.0

Second, compare the projection to the long-run estimate. Does the committee see the economic indicators meeting the goals? Or are the current projection above or below the goals?

Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, March 2026

Classroom Activities

	Current Year	Next Year	Two Years	Three Years
Central Tendencies				
Real GDP Growth	2.4 to 2.5	1.8 to 2.5	2.3 to 2.7	2.5 to 2.6
<i>June projections</i>	<i>2-1/4 to 2-1/2</i>	<i>2-1/2 to 2-3/4</i>		
Unemployment Rate	4.7 to 4.8	4.8 to 4.9	4.8 to 4.9	4.7 to 4.9
<i>June projections</i>	<i>4-1/2 to 4-3/4</i>	<i>about 4-3/4</i>		
PCE Inflation	2.9 to 3.0	1.8 to 2.1	1.7 to 2.0	1.6 to 1.9
Core PCE Inflation	1.8 to 1.9	1.7 to 1.9	1.7 to 1.9	1.6 to 1.9
<i>June projections</i>	<i>2 to 2-1/4</i>	<i>1-3/4 to 2</i>		

	Current Year	Next Year	Two Years	Three Years
Central Tendencies				
Real GDP Growth	0.0 to 0.3	-0.2 to 1.1	2.3 to 3.2	2.8 to 3.6
<i>June projections</i>	<i>1.0 to 1.6</i>	<i>2.0 to 2.8</i>	<i>2.5 to 3.0</i>	<i>n/a</i>
Unemployment Rate	6.3 to 6.5	7.1 to 7.6	6.5 to 7.3	5.5 to 6.6
<i>June projections</i>	<i>5.5 to 5.7</i>	<i>5.3 to 5.8</i>	<i>5.0 to 5.6</i>	<i>n/a</i>
PCE Inflation	2.8 to 3.1	1.3 to 2.0	1.4 to 1.8	1.4 to 1.7
<i>June projections</i>	<i>3.8 to 4.2</i>	<i>2.0 to 2.3</i>	<i>1.8 to 2.0</i>	<i>n/a</i>
Core PCE Inflation	2.3 to 2.5	1.5 to 2.0	1.3 to 1.8	1.3 to 1.7
<i>June projections</i>	<i>2.2 to 2.4</i>	<i>2.0 to 2.2</i>	<i>1.8 to 2.0</i>	<i>n/a</i>

Percent

Variable	Central tendency ¹				
	Current Year	Next Year	Two Years	Three Years	Longer run
Change in real GDP	2.0 to 2.2	2.6 to 3.0	2.6 to 2.9	2.3 to 2.5	2.0 to 2.3
June projection	2.1 to 2.3	3.0 to 3.2	2.5 to 3.0	n.a.	2.1 to 2.3
Unemployment rate	5.9 to 6.0	5.4 to 5.6	5.1 to 5.4	4.9 to 5.3	5.2 to 5.5
June projection	6.0 to 6.1	5.4 to 5.7	5.1 to 5.5	n.a.	5.2 to 5.5
PCE inflation	1.5 to 1.7	1.6 to 1.9	1.7 to 2.0	1.9 to 2.0	2.0
June projection	1.5 to 1.7	1.5 to 2.0	1.6 to 2.0	n.a.	2.0
Core PCE inflation ³	1.5 to 1.6	1.6 to 1.9	1.8 to 2.0	1.9 to 2.0	
June projection	1.5 to 1.6	1.6 to 2.0	1.7 to 2.0	n.a.	

Percent

Variable	Median ¹				
	Current Year	Next Year	Two Years	Three Years	Longer run
Change in real GDP	3.1	2.5	2.0	1.8	1.8
June projection	2.8	2.4	2.0	n.a.	1.8
Unemployment rate	3.7	3.5	3.5	3.7	4.5
June projection	3.6	3.5	3.5	n.a.	4.5
PCE inflation	2.1	2.0	2.1	2.1	2.0
June projection	2.1	2.1	2.1	n.a.	2.0
Core PCE inflation ⁴	2.0	2.1	2.1	2.1	
June projection	2.0	2.1	2.1	n.a.	
Memo: Projected appropriate policy path					
Federal funds rate	2.4	3.1	3.4	3.4	3.0
June projection	2.4	3.1	3.4	n.a.	2.9

4

Percent				
Variable	Median ¹			
	Current Year	Next Year	Two Years	Longer run
Change in real GDP	-6.5	5.0	3.5	1.8
December projection	2.0	1.9	1.8	1.9
Unemployment rate	9.3	6.5	5.5	4.1
December projection	3.5	3.6	3.7	4.1
PCE inflation	0.8	1.6	1.7	2.0
December projection	1.9	2.0	2.0	2.0
Core PCE inflation ⁴	1.0	1.5	1.7	
December projection	1.9	2.0	2.0	
Memo: Projected appropriate policy path				
Federal funds rate	0.1	0.1	0.1	2.5
December projection	1.6	1.9	2.1	2.5

Percent

6

Variable	Median ¹			
	Current Year	Next Year	Two Years	Longer run
Change in real GDP	2.8	2.2	2.0	1.8
December projection	4.0	2.2	2.0	1.8
Unemployment rate	3.5	3.5	3.6	4.0
December projection	3.5	3.5	3.5	4.0
PCE inflation	4.3	2.7	2.3	2.0
December projection	2.6	2.3	2.1	2.0
Core PCE inflation ⁴	4.1	2.6	2.3	
December projection	2.7	2.3	2.1	
Memo: Projected appropriate policy path				
Federal funds rate	1.9	2.8	2.8	2.4
December projection	0.9	1.6	2.1	2.5

	2007	2008	2009	2010
Central Tendencies				
Real GDP Growth	2.4 to 2.5	1.8 to 2.5	2.3 to 2.7	2.5 to 2.6
<i>June projections</i>	<i>2-1/4 to 2-1/2</i>	<i>2-1/2 to 2-3/4</i>		
Unemployment Rate	4.7 to 4.8	4.8 to 4.9	4.8 to 4.9	4.7 to 4.9
<i>June projections</i>	<i>4-1/2 to 4-3/4</i>	<i>about 4-3/4</i>		
PCE Inflation	2.9 to 3.0	1.8 to 2.1	1.7 to 2.0	1.6 to 1.9
Core PCE Inflation	1.8 to 1.9	1.7 to 1.9	1.7 to 1.9	1.6 to 1.9
<i>June projections</i>	<i>2 to 2-1/4</i>	<i>1-3/4 to 2</i>		

	2008	2009	2010	2011
Central Tendencies				
Real GDP Growth	0.0 to 0.3	-0.2 to 1.1	2.3 to 3.2	2.8 to 3.6
<i>June projections</i>	<i>1.0 to 1.6</i>	<i>2.0 to 2.8</i>	<i>2.5 to 3.0</i>	<i>n/a</i>
Unemployment Rate	6.3 to 6.5	7.1 to 7.6	6.5 to 7.3	5.5 to 6.6
<i>June projections</i>	<i>5.5 to 5.7</i>	<i>5.3 to 5.8</i>	<i>5.0 to 5.6</i>	<i>n/a</i>
PCE Inflation	2.8 to 3.1	1.3 to 2.0	1.4 to 1.8	1.4 to 1.7
<i>June projections</i>	<i>3.8 to 4.2</i>	<i>2.0 to 2.3</i>	<i>1.8 to 2.0</i>	<i>n/a</i>
Core PCE Inflation	2.3 to 2.5	1.5 to 2.0	1.3 to 1.8	1.3 to 1.7
<i>June projections</i>	<i>2.2 to 2.4</i>	<i>2.0 to 2.2</i>	<i>1.8 to 2.0</i>	<i>n/a</i>

Percent

Variable	Central tendency ¹				
	2014	2015	2016	2017	Longer run
Change in real GDP	2.0 to 2.2	2.6 to 3.0	2.6 to 2.9	2.3 to 2.5	2.0 to 2.3
June projection	2.1 to 2.3	3.0 to 3.2	2.5 to 3.0	n.a.	2.1 to 2.3
Unemployment rate	5.9 to 6.0	5.4 to 5.6	5.1 to 5.4	4.9 to 5.3	5.2 to 5.5
June projection	6.0 to 6.1	5.4 to 5.7	5.1 to 5.5	n.a.	5.2 to 5.5
PCE inflation	1.5 to 1.7	1.6 to 1.9	1.7 to 2.0	1.9 to 2.0	2.0
June projection	1.5 to 1.7	1.5 to 2.0	1.6 to 2.0	n.a.	2.0
Core PCE inflation ³	1.5 to 1.6	1.6 to 1.9	1.8 to 2.0	1.9 to 2.0	
June projection	1.5 to 1.6	1.6 to 2.0	1.7 to 2.0	n.a.	

Percent

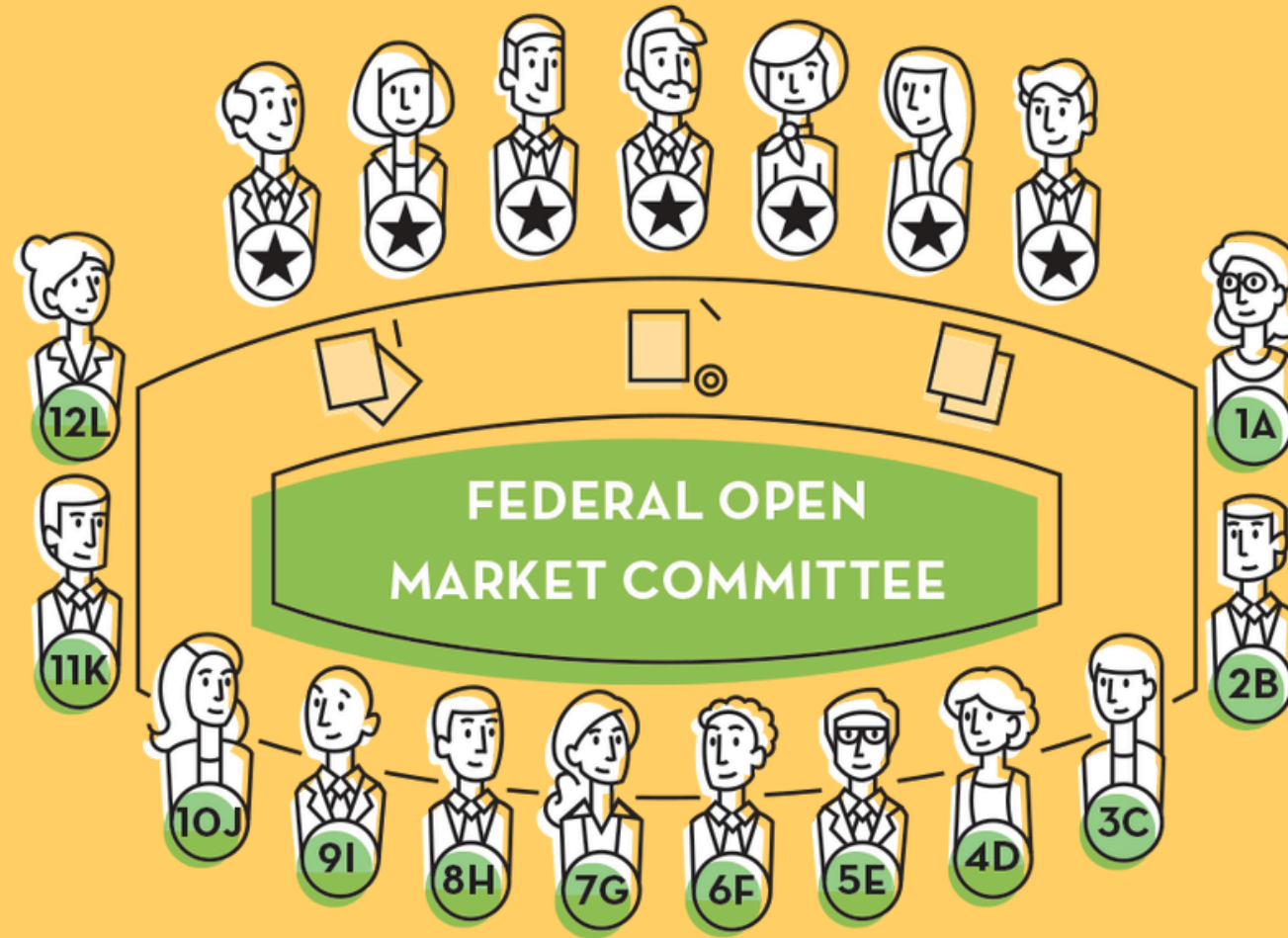
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Variable	Median ¹				
	2018	2019	2020	2021	Longer run
Change in real GDP	3.1	2.5	2.0	1.8	1.8
June projection	2.8	2.4	2.0	n.a.	1.8
Unemployment rate	3.7	3.5	3.5	3.7	4.5
June projection	3.6	3.5	3.5	n.a.	4.5
PCE inflation	2.1	2.0	2.1	2.1	2.0
June projection	2.1	2.1	2.1	n.a.	2.0
Core PCE inflation ⁴	2.0	2.1	2.1	2.1	
June projection	2.0	2.1	2.1	n.a.	
Memo: Projected appropriate policy path					
Federal funds rate	2.4	3.1	3.4	3.4	3.0
June projection	2.4	3.1	3.4	n.a.	2.9

Percent				
Variable	Median ¹			
	2020	2021	2022	Longer run
Change in real GDP	-6.5	5.0	3.5	1.8
December projection	2.0	1.9	1.8	1.9
Unemployment rate	9.3	6.5	5.5	4.1
December projection	3.5	3.6	3.7	4.1
PCE inflation	0.8	1.6	1.7	2.0
December projection	1.9	2.0	2.0	2.0
Core PCE inflation ⁴	1.0	1.5	1.7	
December projection	1.9	2.0	2.0	
Memo: Projected appropriate policy path				
Federal funds rate	0.1	0.1	0.1	2.5
December projection	1.6	1.9	2.1	2.5

Percent

Variable	Median ¹			
	2022	2023	2024	Longer run
Change in real GDP	2.8	2.2	2.0	1.8
December projection	4.0	2.2	2.0	1.8
Unemployment rate	3.5	3.5	3.6	4.0
December projection	3.5	3.5	3.5	4.0
PCE inflation	4.3	2.7	2.3	2.0
December projection	2.6	2.3	2.1	2.0
Core PCE inflation ⁴	4.1	2.6	2.3	
December projection	2.7	2.3	2.1	
Memo: Projected appropriate policy path				
Federal funds rate	1.9	2.8	2.8	2.4
December projection	0.9	1.6	2.1	2.5



Take a Seat at the Table

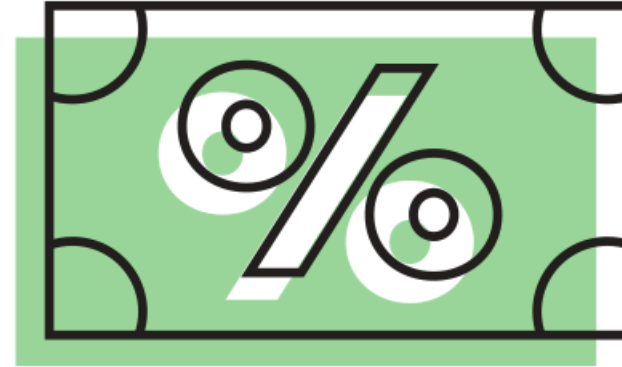
 An FOMC Simulation 

Instructional Objectives

Students will:

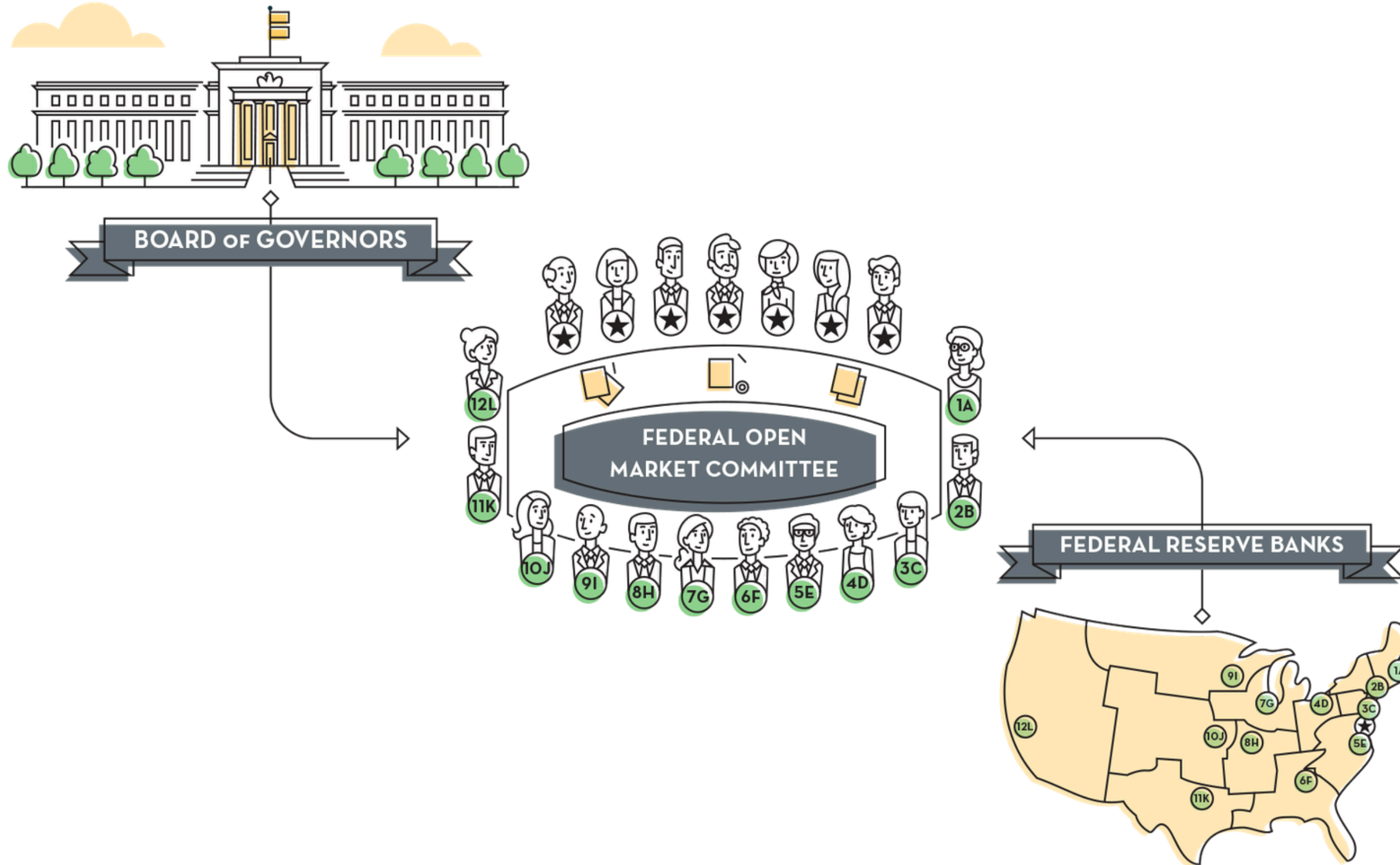
- Identify the role of the FOMC in formulating monetary policy.
- Identify the legislative origins of the structure and goals of the FOMC.
- Analyze anecdotal information from the Beige Book to assess the risk that the economy will not meet the national economic goals.
- Create an FOMC statement that contains a policy recommendation.

Monetary Policy

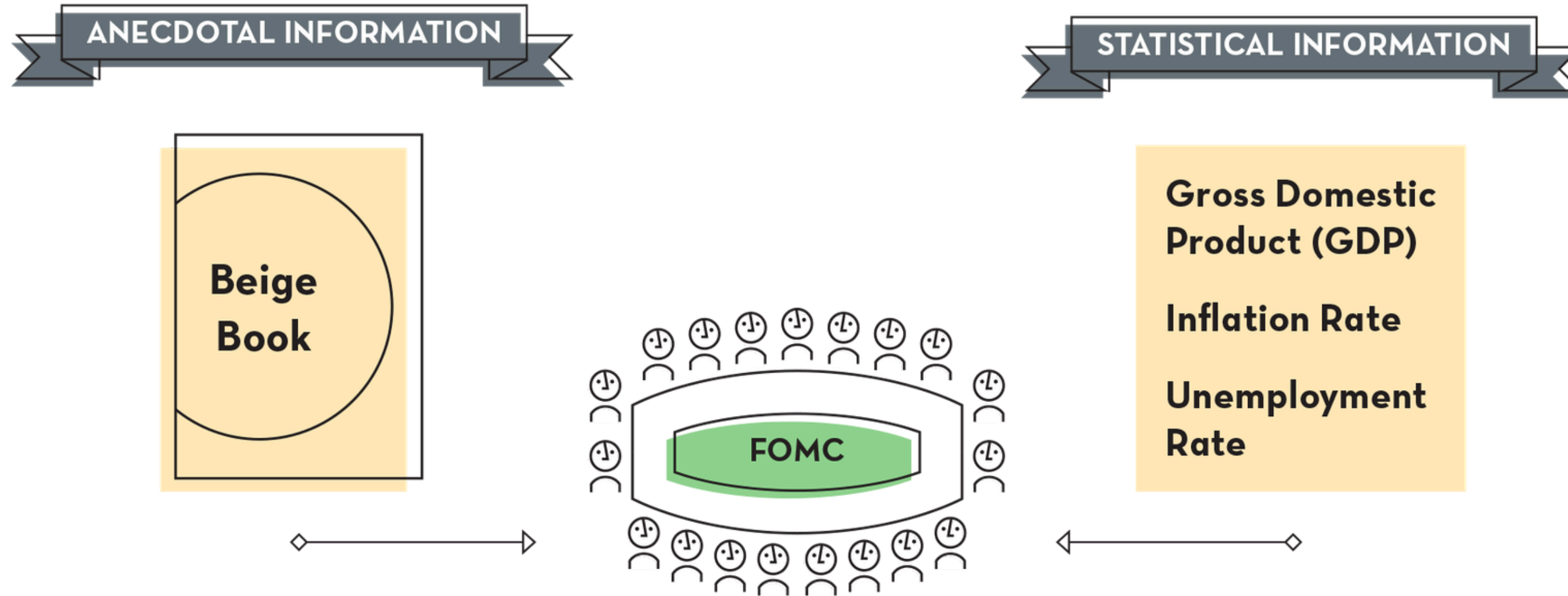


The actions of a **central bank** to influence the **availability and cost of money and credit** to achieve the **national economic goals**.

Structure of the Federal Reserve



Measuring the Economy



Economy at a Glance

Policy Rate

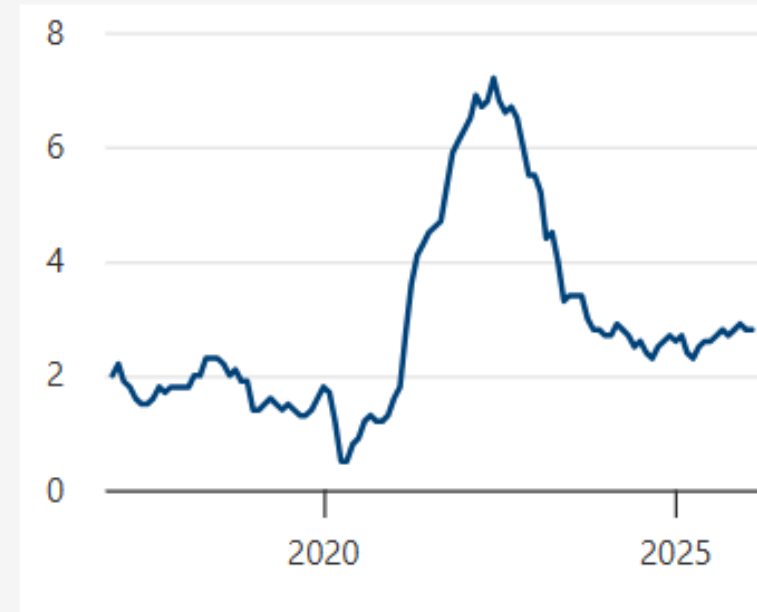
Fed Funds Target Range

3.50% to 3.75%

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Inflation (PCE)

2.8% February 2026

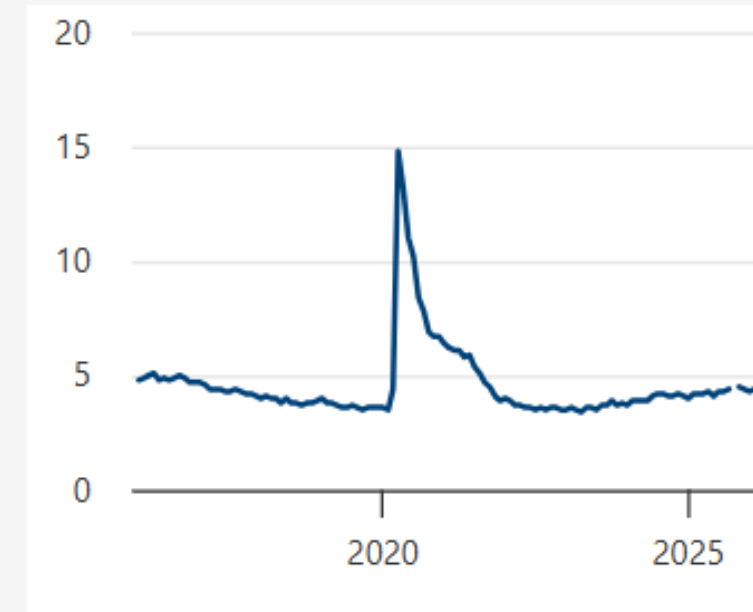


Source: Bureau of Economic Analysis

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Unemployment Rate

4.3% March 2026

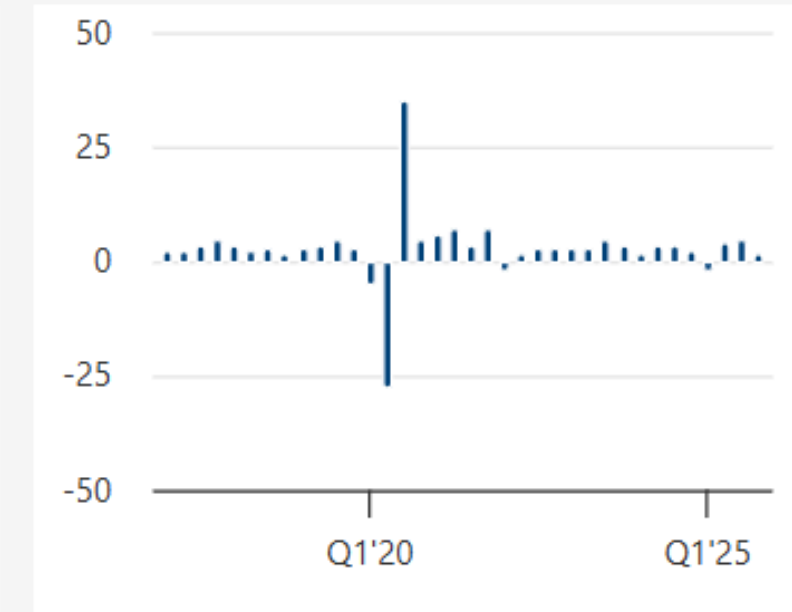


Source: U.S. Bureau of Labor Statistics

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Gross Domestic Product (GDP)

+0.5% Q4 2025



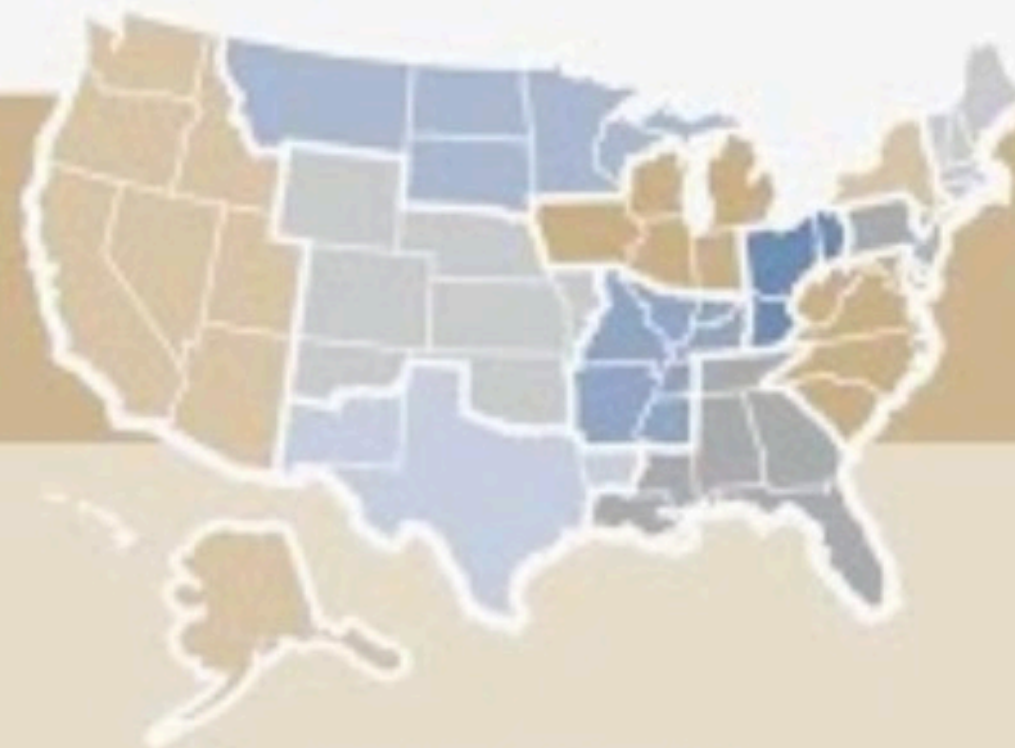
Source: Bureau of Economic Analysis

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The Beige Book

Summary of Commentary on
Current Economic Conditions by
Federal Reserve District



FEDERAL RESERVE SYSTEM



Federal Reserve Bank of Richmond

Summary of Economic Activity

Consumer activity in the Richmond District was steady in the quarter. Retail sales were up 0.2 percent. Personal spending on non-durable goods, services, and travel declined in most areas. Manufacturing activity continued to decline in most areas. Business real estate activity continued to decline in most areas. Business real estate activity continued to decline in most areas. Business real estate activity continued to decline in most areas. Business real estate activity continued to decline in most areas.

Labor Markets

Unemployment in the Richmond District declined slightly in the third quarter. Total nonfarm payroll employment was up 0.1 percent. Total nonfarm payroll employment was up 0.1 percent. Total nonfarm payroll employment was up 0.1 percent. Total nonfarm payroll employment was up 0.1 percent.

Prices

The price level continued to rise in the third quarter. The price level was up 0.1 percent. The price level was up 0.1 percent. The price level was up 0.1 percent. The price level was up 0.1 percent.

Types of Risk

Upside Risks

What could happen in the economy that could cause overall ***prices to rise?***

Downside Risks

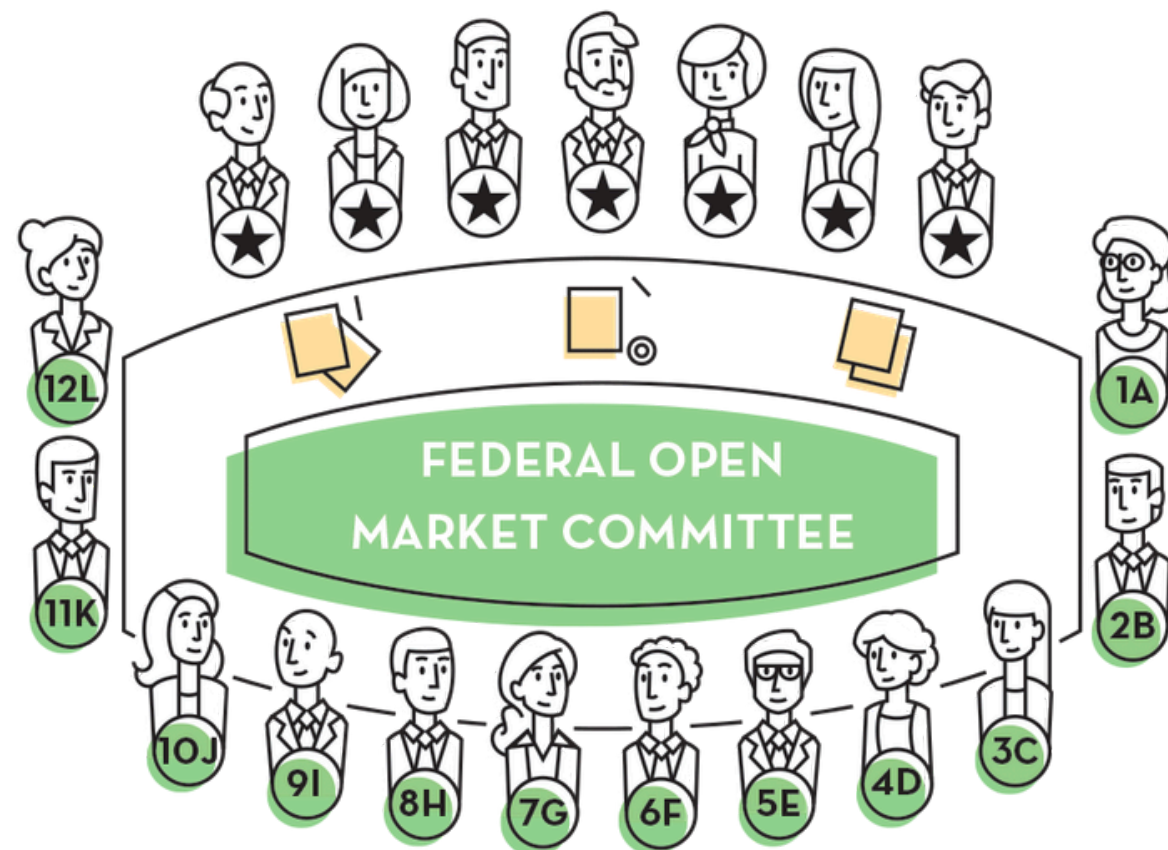
What could happen in the economy that could cause overall ***employment to fall?***

Upside and Downside Risks

Threats to stable prices	Threats to maximum employment
Increased sales	Sales are down
Spending remains strong	Consumer spending weakened
Occupancy at high levels	Manufacturing declined
Operating at full capacity	Orders were soft
Increased prices for inputs	Lending contracted
Local demand is brisk	Activity was slowing
Activity continues to advance	Demand for hires decreased
Labor markets are tightening	Real estate markets deteriorated
Riskup in wages	Reports were negative
Construction is robust	Hiring freeze

Take a Seat at the Table

Hello. I am the president of the Federal Reserve Bank of _____.
Our Bank believes that the balance of risk is weighted to the:



- Upside
- Downside
- Both upside and downside
- We do not see significant economic risks.

We made this risk assessment based on the following information from our Beige Book:

1. _____ 2. _____ 3. _____

Thank you.

Policy Discussion

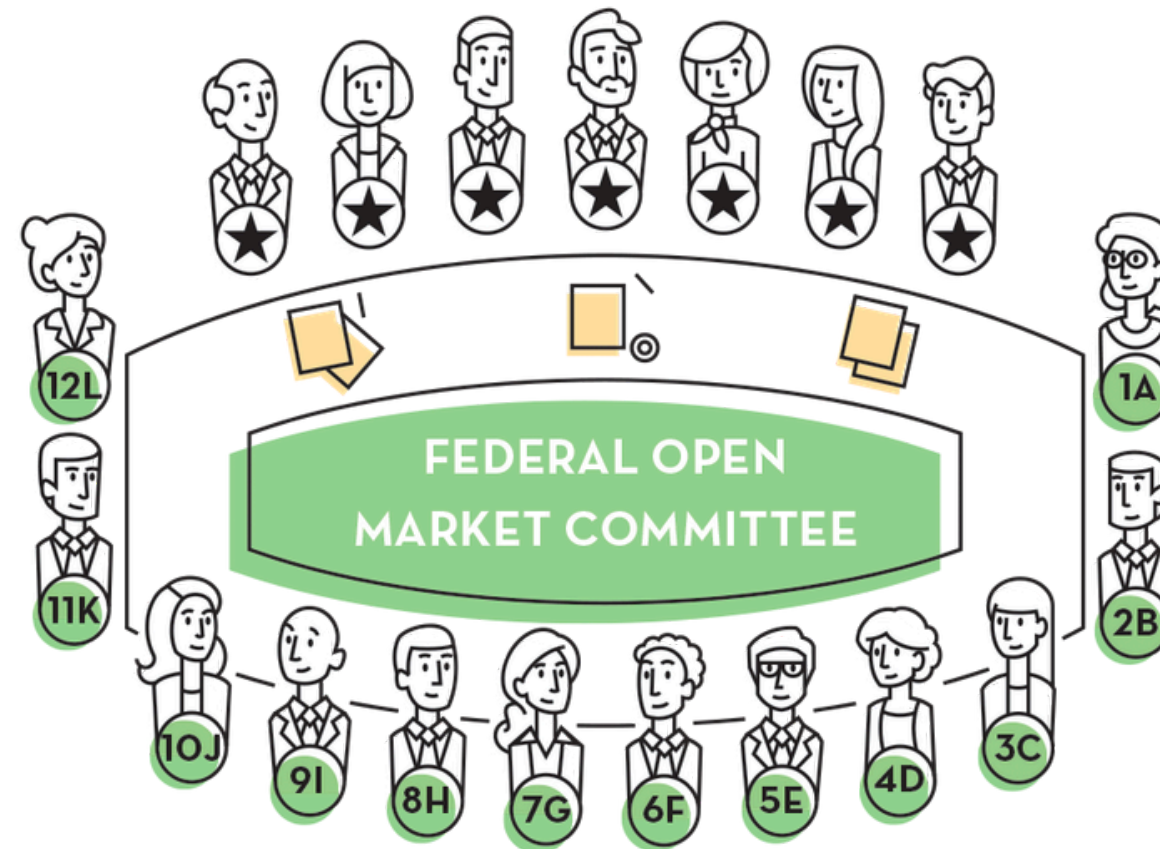
Hello. I am the president of the Federal Reserve Bank of _____.
After hearing from all 12 districts, I believe that the nation's economic risk is weighted to the:

- Upside
- Downside
- Both upside and downside
- We do not see significant economic risks.

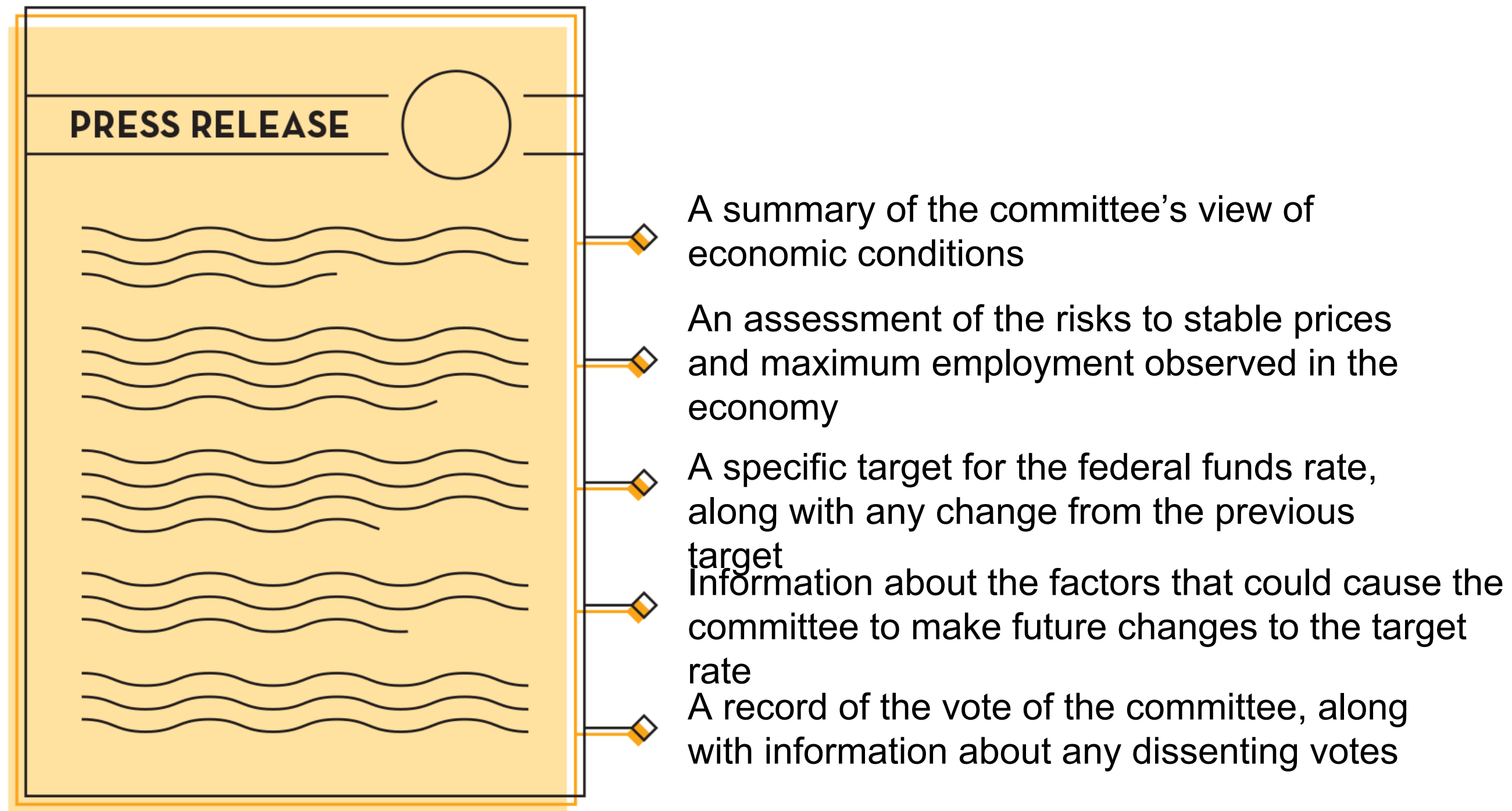
I would:

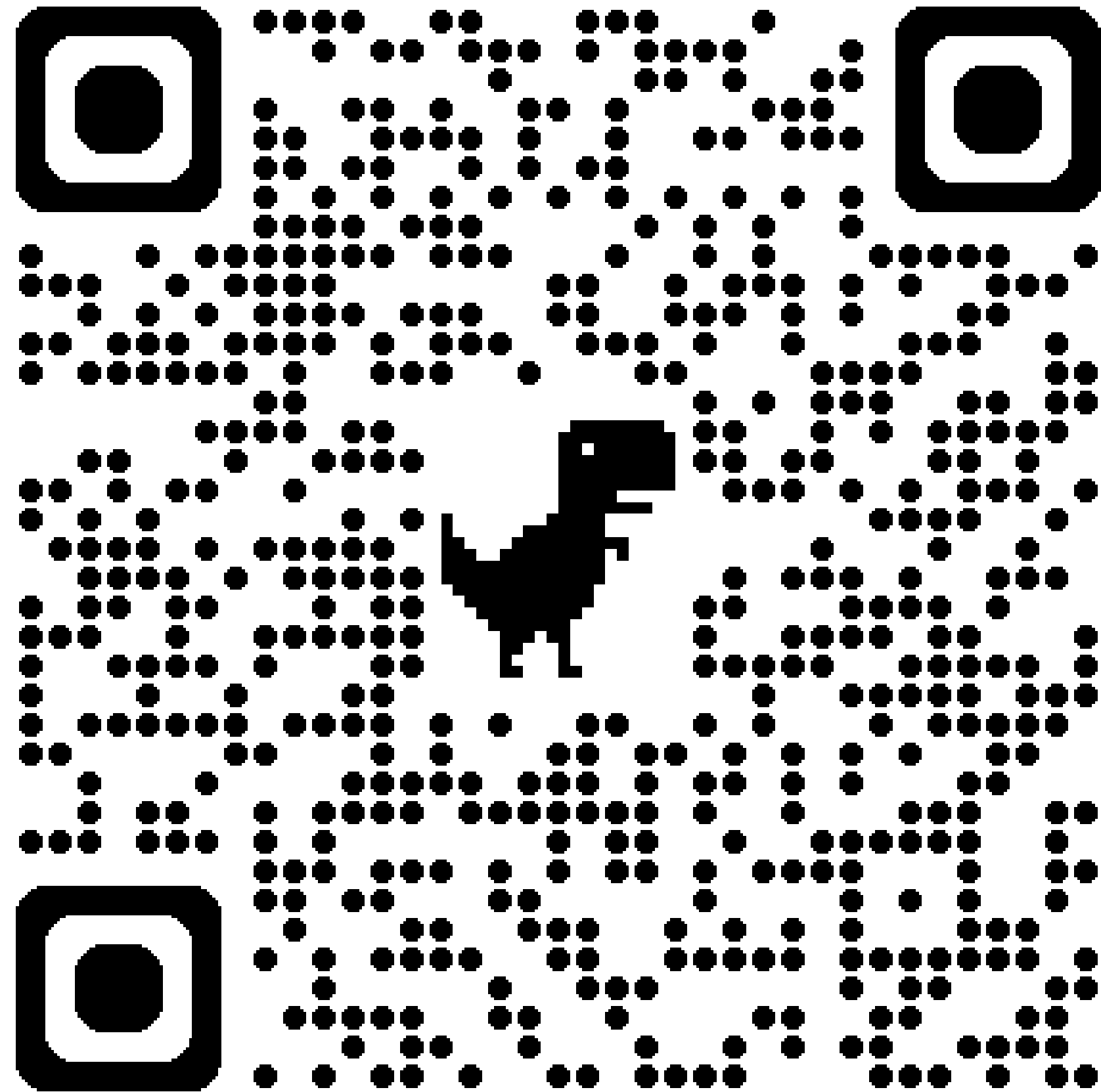
- Raise
- Lower
- Make no change to the Federal Funds target rate.

Thank you.



Press Release





Please complete this short evaluation.

Questions?

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