

## BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

---

**Date:** March 10, 2015  
**To:** Federal Open Market Committee  
**From:** Steven B. Kamin and Thomas Laubach  
**Subject:** Recent Declines in Long-term Interest Rates: Causes and Possible Policy Implications

---

Since the beginning of last year, 10-year U.S. Treasury bond yields have declined more than 100 basis points, despite solid economic growth, improvement in labor markets, and mounting anticipations of the normalization of monetary policy. The attached memo by staff at the Board and at Reserve Banks, led by David Bowman and Fabio Natalucci, explores the role that global economic developments have played in this decline and briefly discusses the implications of these spillovers for the future trajectory of monetary policy.