

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
DIVISION OF MONETARY AFFAIRS
FOMC SECRETARIAT

Date: March 3, 2012
To: Federal Open Market Committee
From: Matthew M. Luecke
Subject: Memos on Issues Related to Policy Rules

Attached are two memos on policy rules that follow up on issues raised in recent FOMC meetings. The first, “Interpreting Interest Rate Policy Rule Prescriptions in the Presence of LSAPs,” discusses the possible pros and cons of adjusting the prescriptions of simple policy rules for the effects of the Federal Reserve's large-scale asset purchases. The second, “Simple Rules and Optimal Policies in Staff Models,” explores the relationship between the Tealbook optimal policy simulations and the prescriptions of simple policy rules in two of our staff models.