



# Safe Real Interest Rates and Fed Policy

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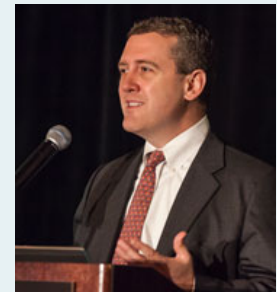
**November 10, 2016**

Low interest rates are likely to be the norm over the next two to three years, President James Bullard told those attending Commerce Bank's annual economic breakfast in St. Louis. He also explained the St. Louis Fed's new regime-based approach to near-term U.S. macroeconomic and monetary policy projections. In doing so, he deconstructed an equation to show that an increase of 25 basis points (one-quarter of a percent) in the federal funds rate target over the forecast horizon would be appropriate monetary policy for the current macroeconomic "regime."

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Amerigo Vespucci

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