

Features of Good Monetary Policy

- Raise interest rates to fight inflation
- Lower interest rates to fight economic distress
 - 500bp of FF-Capacity is a typical norm (Yellen 2016)
- Recognize risks from ELB when neutral rates are low
 - 300bp with QE and Threshold FG may work (Reifscheider 2016)
- Be mindful of unusual inflation risks emanating from supply shocks and challenges