ECO 150, Fall 2022, Required Homework Assignment #3
Due at the eleventh hour, of the eleventh day, of the eleventh month.

This assignment asks you to do some analysis of the coming October employment report (to be released on Friday, November 4) and the November FOMC meeting (ending on Wednesday, November 2).

1. In one or two paragraphs, summarize the Fed's November policy decision. Provide one reference with a proposer citation.

2. Who is likely to benefit from the Fed's decision?

3. Who is likely to lose from the Fed's decision?

4. Why do higher interest rates often lead to lower inflation?

5. Summarize changes to U.S. employment, labor force participation, and the unemployment rate in October.

6. Does the October employment report make you more or less optimistic about the upcoming path of the U.S. economy?

7. Did the average employee's wage increase or decrease in October?

In 2020, The Federal Reserve updated its understanding of its Congressional mandate to pursue maximum employment. Here is the Fed's own announcement and here is some analysis.[1]

8. Describe how the Fed changed its definition of maximum employmnet in 2020.

9. Obtain data on unemployment rates and how they differ by demographics (*e.g.* you might pick one of gender, age, race, disability status, etc.). Report how these differences changed during recent recessions.

10. Report the average unemployment rates in your sample and calculate the correlations across different groups' unemployment rates.

11. Discuss how the data from #9-10 might affect the Fed's thinking on whether the economy is at maximum employment.

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[1] Aaronson, S. 2020. "A more inclusive employment mandate." *Brookings*.