

## **Economics 216, Fall 2020**

Bates College

Homework Assignment #4

Due October 9

This assignment asks you analyze two pieces of recent data which are highly relevant to the Federal Reserve's dual mandate of price stability and maximum employment. Last Friday (as we discussed in class), the Bureau of Labor Statistics released the **September employment report**. The same day, the Bureau of Economic Analysis released its **August PCE inflation report**.

This is intended to be a fairly short and straightforward assignment. You are to write a two page policy memo to the FOMC addressing the following question:

Prior to last week's data, the FOMC, and many other forecasters expected unemployment and inflation, to continue slow recoveries back to their full employment and target levels, respectively. Discuss whether last week's employment and inflation data should make the FOMC more or less optimistic about the pace of the recovery.