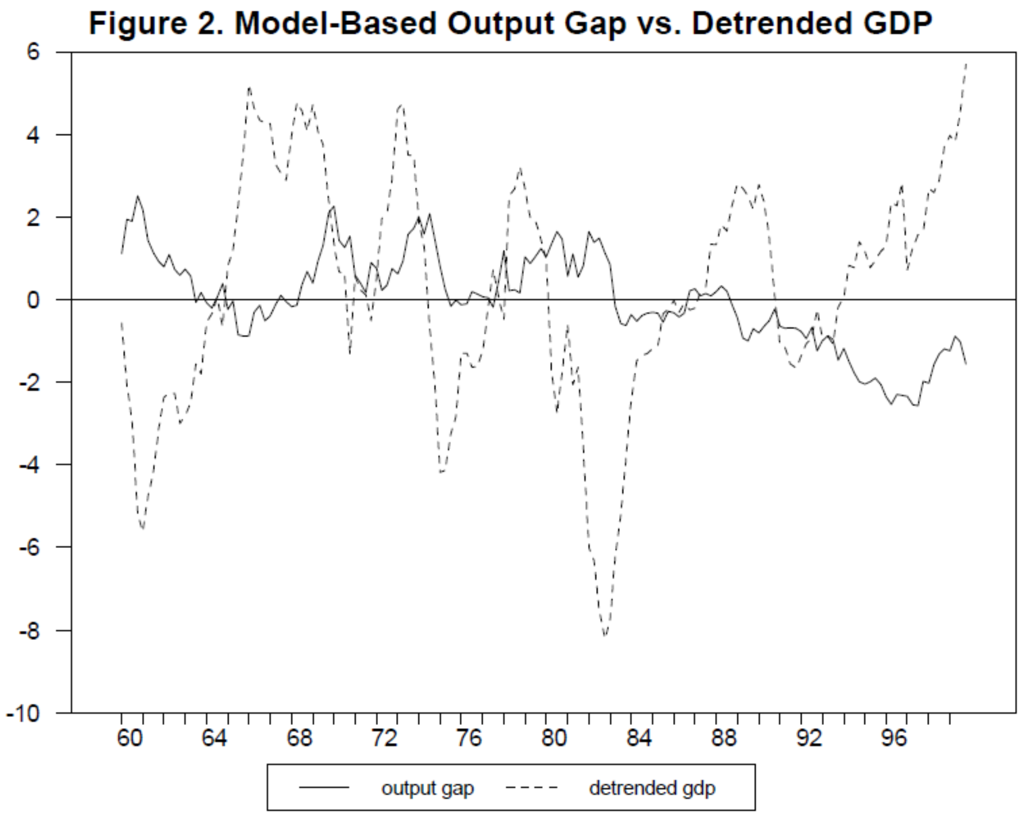
Figure 2. Model-Based Output Gap vs. Detrended GDP
6
4
2
0
-2
-4
-6
-8
-10
60
64
68
72
76
80
84
88
92
96
output gap
detrended gdp

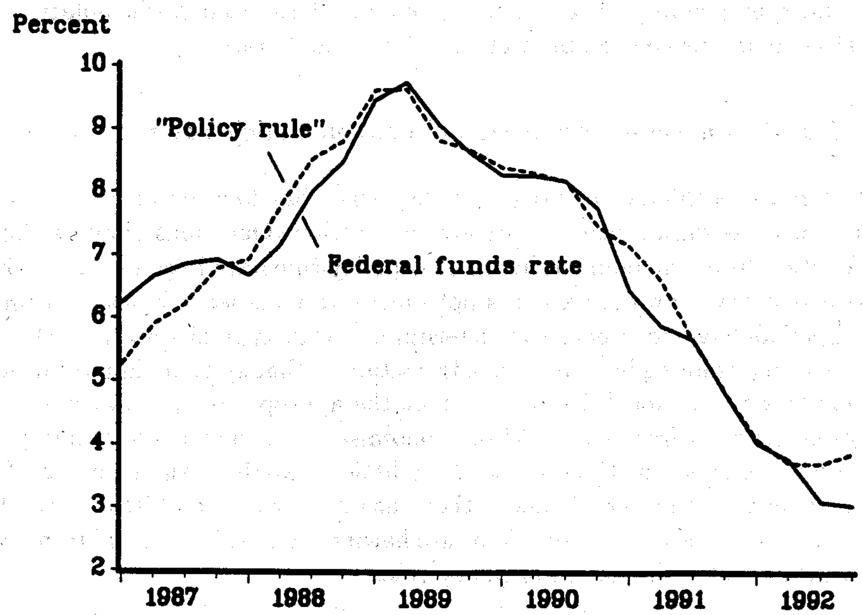

Figure 1. Federal funds rate and example policy rule.

Efficient frontier based on Model 1.a