

The Philadelphia Fed Policy Forum

November 30, 2001

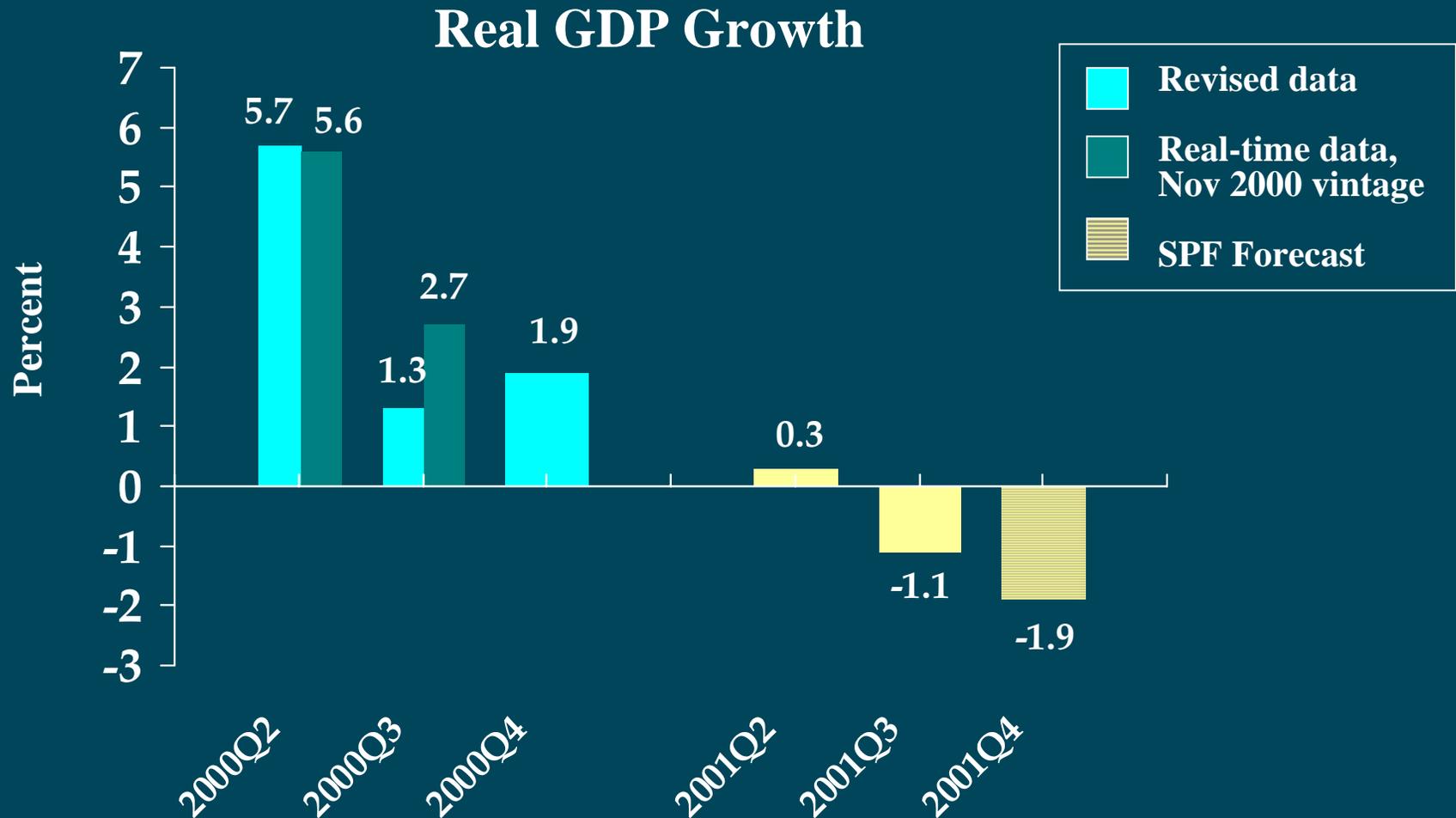
Closing Remarks

Loretta J. Mester



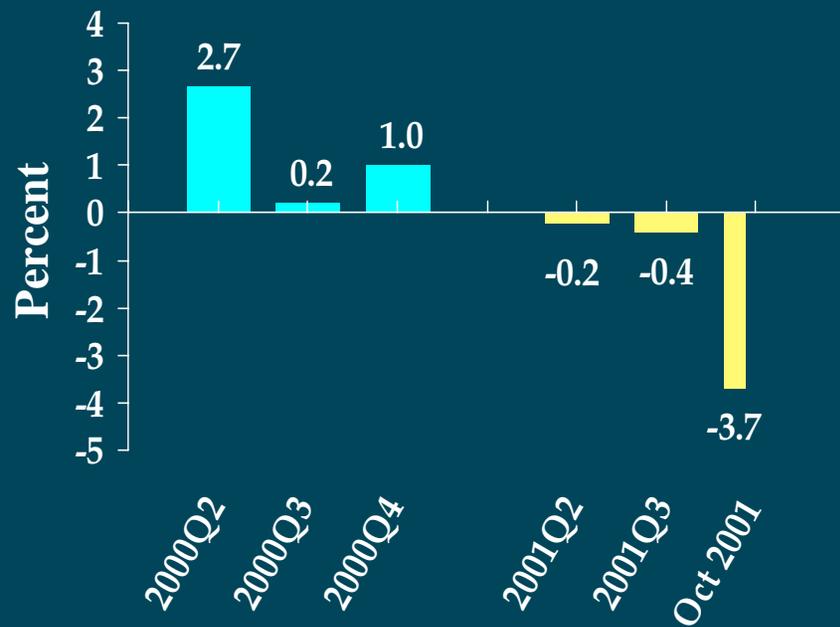
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What a difference a year makes: GDP growth has turned negative



Employment is falling and the unemployment rate has risen significantly

Employment Growth



Unemployment Rate



Our Business Outlook Survey of regional manufacturing has been negative this year

BOS General Activity Index



Stock prices are also down

DJIA

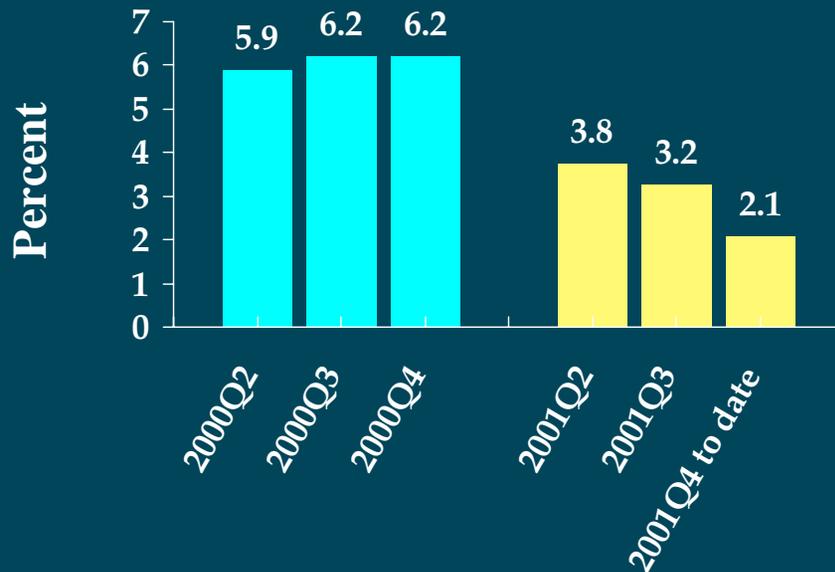


NASDAQ

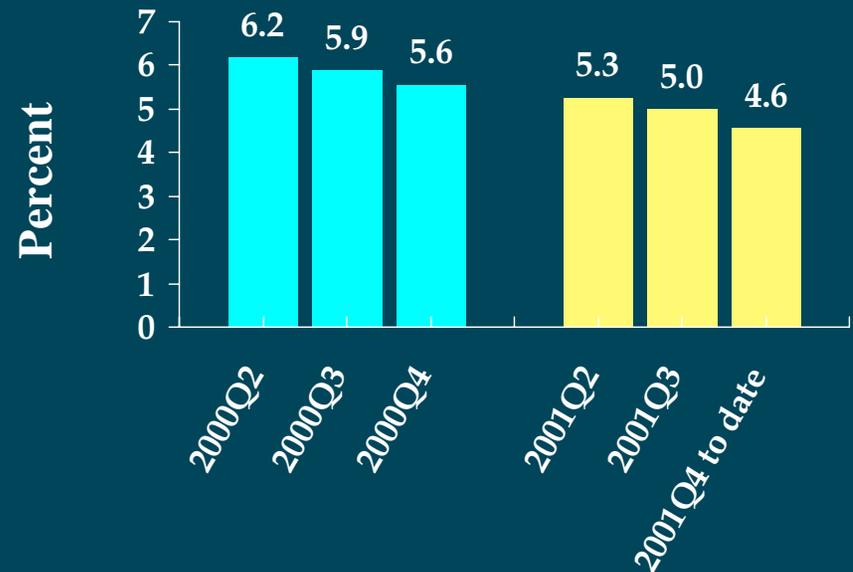


Interest rates--especially short rates-- have fallen

3-Month Treasury Rate

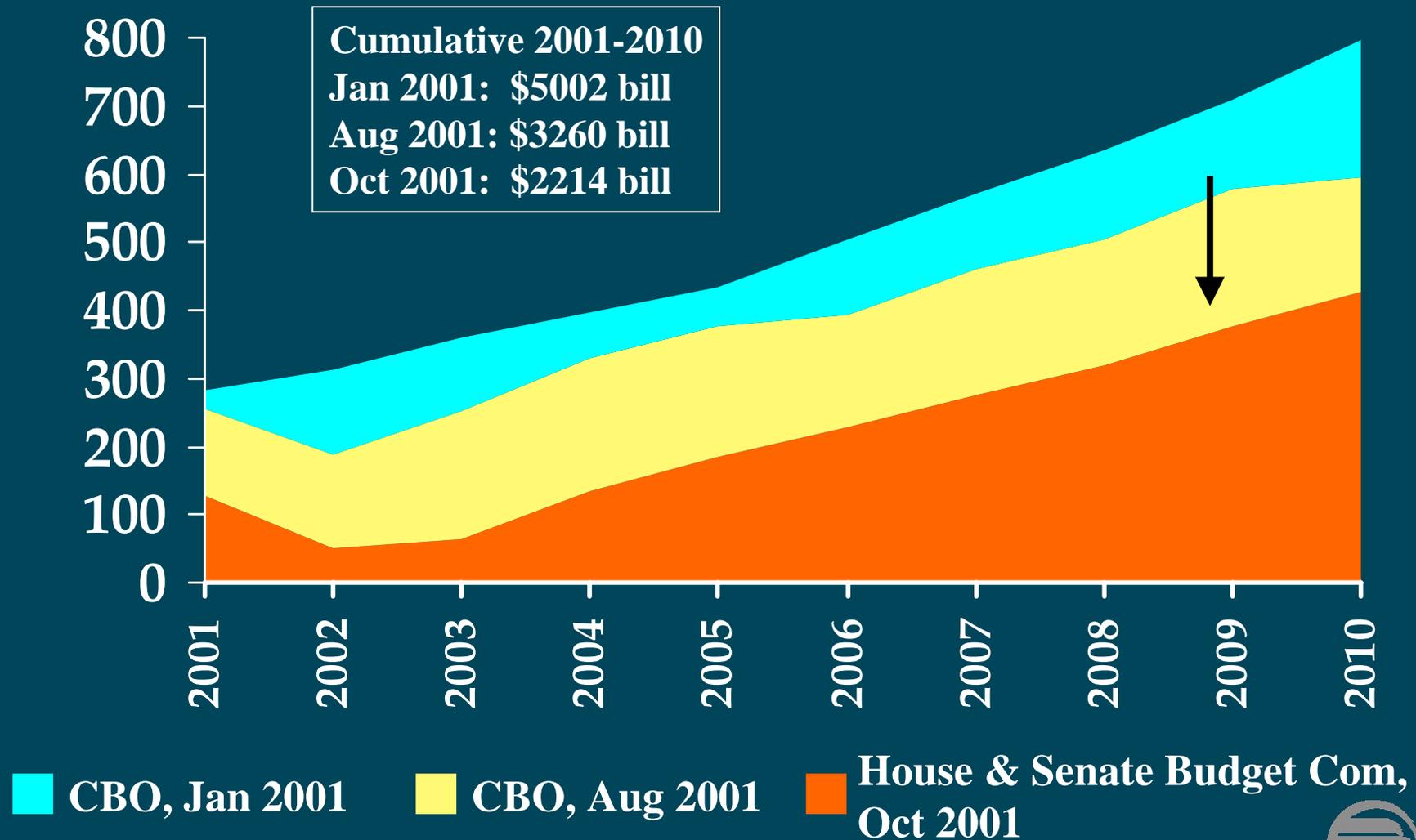


10-Year Treasury Rate



Projected budget surpluses have shrunk

Billions of dollars



Forecasts made last November missed the mark

GDP Growth



Unemployment Rate



■ SPF Nov 2000 ■ SPF Nov 2001 ■ Actual





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