Policy Rules and Forward Guidance Following the Covid-19 Recession
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Before Maximum Employment and Inflation Moderately Above 2 Percent

    Policy Rule Forward Guidance

$$R_t = r_t^{LR} + \pi^{LR} + (1 + \alpha)\left(\pi_t - \pi^{Mod}\right) + \beta(U_t^{ME} - U_t)$$

    Clarida Framework

        Federal Funds Rate at Effective Lower Bound

After Maximum Employment and Inflation Moderately Above 2 Percent

    Policy Rule Forward Guidance and Clarida Framework

$$R_t = pR_{t-1} + (1 - p)\left(r_t^{LR} + \pi^{LR} + (1 + \alpha)(\pi_t - \pi^{LR})\right)$$

Average Recovery