

Handout for November 2025 Newsletter

Visualizing Monetary Policy in FRED

Purpose.

1. Create a plot of interest rates and monetary policy targets.
2. Describe and discuss patterns in the evolution of monetary policy targets over time.

Pedagogical Rationale. This assignment requires that you first look for data and plot them into a graph. Next, you will customize the graph by adding two more series. Lastly, you will describe and discuss patterns in the evolution of the data series. These tasks will develop your proficiency in searching for, transforming, and interpreting data.

Grading. Your grade will be determined by (a) how precisely you complete the search and transformation data tasks and (b) how accurately you interpret the data.

Steps to Search for and Transform the Data.

1. Access <https://fred.stlouisfed.org/> and search for “Federal Funds Effective Rate.”
2. Select “Percent, Not Seasonally Adjusted, Daily, 7-Day.”
3. Click on EDIT GRAPH and select ADD LINE.
4. Search for “Federal Funds Target Range - Upper Limit” and click on “Add data series.”
5. Repeat the previous step to add “Federal Funds Target Range - Lower Limit.”

Writing Prompts. Answer the following questions:

1. Shaded areas indicate U.S. recessions. Consider the values of the upper and lower limits of the federal funds target range during the first few months of 2020. Monetary policymakers often lower or raise interest rates to loosen (boost) or tighten (restrict) economic activity. What direction was monetary policy taking? Was it loosening or tightening?
2. Consider the values of the upper and lower limits of the federal funds target range between March 2022 and August 2023. What direction was monetary policy taking? Was it loosening or tightening?
3. Consider the values of the upper and lower limits of the federal funds target range during the second half of 2024. What direction was monetary policy taking? Was it loosening or tightening?