



3. Read the attached Wall Street Journal article: Fed Again Leaves Rates Unchanged. Answer the following questions:

a. Are Fed officials comfortable with the current rate of inflation? Explain briefly.

b. What sectors of the US economy are slowing?

c. Why did the Fed decide to leaves rates unchanged?

4. Read the attached Wall Street Journal article: Fed Wrestles With Setting Inflation Target. Answer the following questions:

a. Why are some Fed officials wary of setting explicit targets for inflation rates?

b. Do all policymakers agree with Chairman Bernanke's suggesting inflation target? Explain briefly.

c. What is "core" inflation? What is the criticism of the Fed's use of core-inflation?