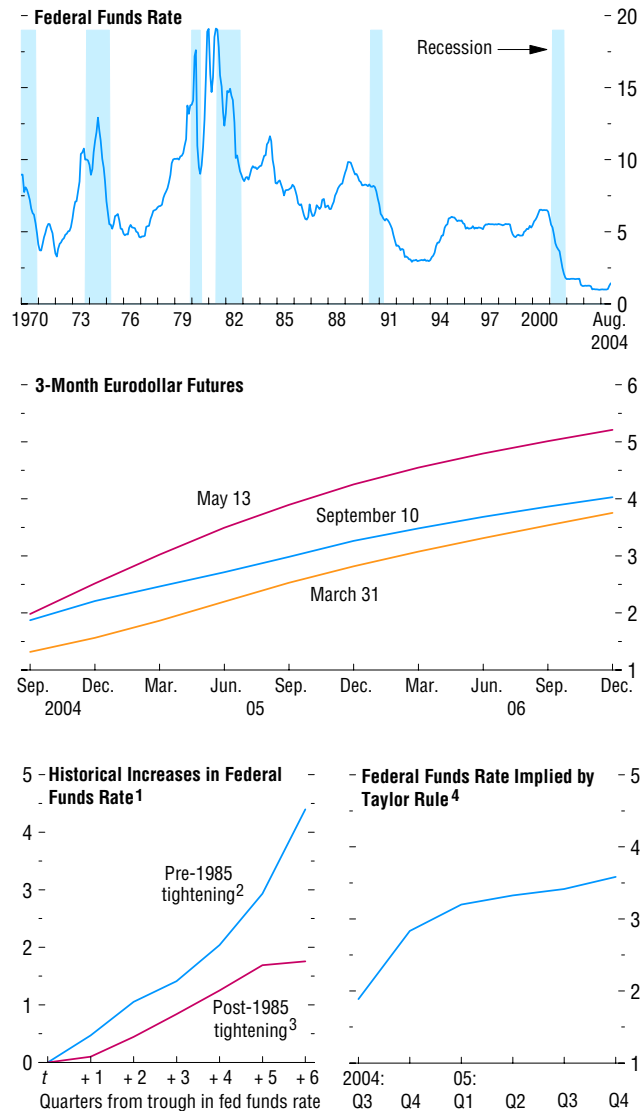


Figure 1.11. United States: Interest Rates
(Percent)

The Federal Reserve raised interest rates in June from their 40-year low. Financial markets are anticipating a steady rise in interest rates over the coming year at a pace broadly in line with the average post-1985 tightening, though somewhat slower than that implied by a Taylor rule estimated over the past 20 years.



Sources: Haver Analytics; Bloomberg Financial, LP; and IMF staff estimates.

¹For turning point methodology, see Chapter III of the April 2002 *World Economic Outlook*.

²Average increases in 1972–74, 1977–81, and 1983–84.

³Average increases in 1986–89, 1993–95, and 1999–2000.

⁴Estimated over 1982–2003. See Rabanal (2004).