

# News Release

THE FEDERAL RESERVE BANK of KANSAS CITY

925 Grand Boulevard • Kansas City, MO 64198 • Phone: 816.881.2683

[www.KansasCityFed.org](http://www.KansasCityFed.org)

**FOR IMMEDIATE RELEASE**  
**Oct. 13, 2008**

**CONTACT: Tim Todd**  
**816/881-2308**  
[timothy.todd@kc.frb.org](mailto:timothy.todd@kc.frb.org)

## **MONETARY POLICY TRANSPARENCY AND PRIVATE SECTOR FORECASTS: EVIDENCE FROM SURVEY DATA**

In recent years, central banks around the world have taken steps to make more monetary policy information public. For example, the Federal Reserve's Open Market Committee recently enhanced the economic forecasts that are released to the public in order to be more transparent.

In the article, "Monetary Policy Transparency and Private Sector Forecasts: Evidence from Survey Data," Gordon Sellon, senior vice president and director of research at the Federal Reserve Bank of Kansas City, uses information from the Blue Chip Long Range Financial Forecast to determine whether private sector forecasts of monetary policy have improved as policy transparency has increased. The article appears in the third quarter edition of the Bank's *Economic Review*.

Sellon finds that longer-horizon forecast accuracy has not improved as much as short-run accuracy, in part, because financial markets seem to have difficulty predicting future policy during periods of policy easing. In contrast, he finds evidence of improved predictability during periods of policy tightening. In addition, much of the improved forecast accuracy in recent years appears due to the exceptional period from 2004 to 2006, in which the Federal Reserve was unusually explicit about the likely future path of policy.

The article is available on the Bank's website at [www.KansasCityFed.org](http://www.KansasCityFed.org).

###

