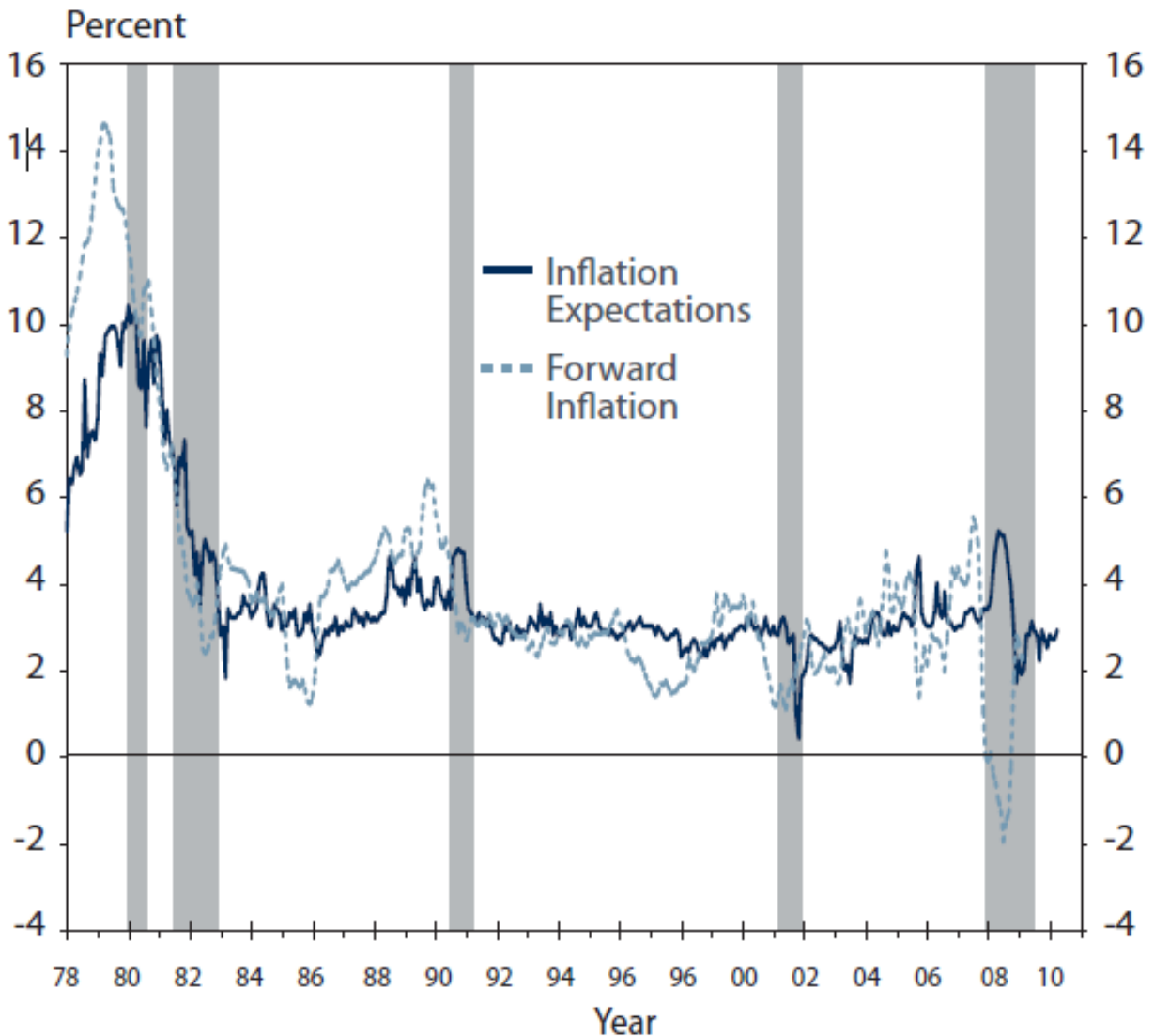


Figure 2: Inflation and Inflation Expectations



Sources: University of Michigan, Bureau of Labor Statistics, Haver Analytics.

Note: Inflation expectations series is the median one-year-ahead inflation rate from the University of Michigan consumer sentiment survey. Forward inflation is the 12-month-forward percent change in the consumer price index. The end of the last recession had not been officially determined when this chart was prepared; the shading ends in June 2009.