

Richmond Fed eBrief

September 2016

Speeches



[Lacker on Fed Governance](#)

Richmond Fed President Jeffrey Lacker testified before the House Subcommittee on Monetary Policy and Trade at a September 7 hearing on the Fed's governance structure. Lacker said that the Fed's public-private hybrid structure has been effective at providing a diversity of views on economic conditions and insulating monetary policy from political influence.

[How Does a Central Bank Know When to Raise Interest Rates?](#)

In a speech earlier this month, Richmond Fed President Jeffrey Lacker gave his thoughts on how the Fed uses benchmarks derived from simple algebraic formulas to guide policy. He noted that the Fed's policy rate is currently below many benchmark recommendations, which he argued provides a case for raising rates sooner rather than later.

Research

[How Did Market Interest Rates React to Liftoff](#)

The implementation of monetary policy has changed dramatically since the Great Recession. Given these changes, some observers wondered if short-term market rates would be as responsive to monetary policy "liftoff," the Fed's first rate increase from zero. According to our latest *Economic Brief*, evidence from the liftoff last year suggests that the Fed's influence over market rates remains intact.

[Faster Payments Task Force Update](#)

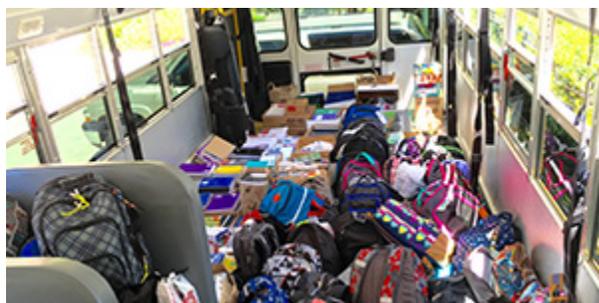
Members of the Federal Reserve's Faster Payments Task Force submitted more than 20 faster payments solution proposals, which currently are being assessed by [McKinsey & Company](#) against the [Faster Payments Effectiveness Criteria](#). The proposals and their initial assessments from McKinsey will be made available October 1 to members of the Faster and Secure Task Force, who will evaluate the proposals and provide feedback to the proposers by year's end. This work also will help the Fed identify challenges and opportunities the industry will face in implementing proposed solutions. The Federal Reserve will publish a final report and next steps in early 2017. Separately, the Secure Payments Task Force currently

has work groups developing recommendations and/or best practices on Payment Identity Management, Information Sharing for the Mitigation of Payment Risk/Fraud and Data Protection.

[Understanding Negative Interest Rates](#)

Earlier this year, the Bank of Japan became the fifth central bank to announce a negative target for its policy rate, joining the European Central Bank. How do negative interest rates work and why would monetary policymakers want to use them? The latest *Econ Focus* explains.

Fifth Federal Reserve District



'Get on the Bus' Campaign Provides Supplies for Local Schools

The Richmond Fed's "Get on the Bus" campaign was an employee school supply drive that benefited students in need at schools across the Fifth Federal Reserve District. For three weeks, employees filled a school bus outside the Richmond office and collected school supplies at branch offices in Charlotte and Baltimore. More than a

thousand individual school supplies, including full backpacks, were collected and delivered to the schools. It's one way the Richmond Fed is helping make our communities better places to live.

[Fifth District Economic Snapshot](#)

Reports on the Fifth Federal Reserve District economy were somewhat mixed in recent months. The labor market continued to strengthen; however, business conditions softened slightly and housing market indicators were mixed. The latest edition of Snapshot takes a closer look at commuting.

[Invest In What's Next](#)

In our ongoing efforts to help students evaluate their options for what path to pursue after high school, the Federal Reserve Banks of Richmond and San Francisco developed investinwhatsnext.org. Invest in What's Next: Life After High School is a free, online course that helps students evaluate their choices for one of the biggest decisions they'll face – what path to pursue after high school. Lessons 1 and 2 are currently available. Through interactive lessons, students:

- explore their interests and related jobs;
- consider different education paths and school options; and
- budget for their education and their future

[Mortgage Performance Summaries](#)

The total foreclosure rate in the Fifth Federal Reserve District edged slightly lower in the second quarter of 2016 and declined 0.4 percentage point on a year-over-year basis. Likewise, the share of mortgages with payments 90 or more days past due declined over both periods.

[Regional Matters](#)

The latest posts on Regional Research's web series, Regional Matters, examine manufacturing in the Fifth Federal Reserve District and labor market conditions in Virginia.

[Beige Book](#)

Economic growth in the Fifth District slowed since the previous Beige Book. Manufacturing activity was mixed. Tourism slowed somewhat after accounting for typical seasonal fluctuations. Residential loan demand increased marginally. According to our most recent survey, prices of raw materials rose at a somewhat faster rate, and prices of finished goods rose at a somewhat slower pace. Retail price growth decelerated, while price growth at other services firms remained slight. Hotel room and vacation rental rates were mostly unchanged. Labor demand increased modestly.

Events

Oct. 19 — [Teacher Collaborative Committee Meeting](#), Richmond, Virginia

5th District Federal Reserve Map

