

What Makes the Yield Curve Move?  
Federal Reserve Bank of San Francisco Economic Letter

Questions

1. Why does it make sense to say that the Fed has direct control only of the “short end” of the yield curve?
2. Does the Fed have indirect control over other parts of the yield curve?
  - a. How can the Fed control longer maturity yields even indirectly?
  - b. Why is it important for monetary policy that the Fed have influence over longer maturity yields?
3. Why, according to the FRBSF letter, does the yield curve move?
4. Why according to the Reuters article was the yield curve still “pointing toward growth” this past July?
  - a. What does it mean for the yield curve to point toward growth?
  - b. Is the yield curve still pointing toward growth as we enter autumn?