Data Sources For Interest Rates Prediction

Kaggle : 4/9/2021

The Federal Reserve – Comprehensive Capital Analysis and Review 2021

J. Jones : I am using the 2021-historic-domestic.csv file.

Abdelghani Belgaid – updated 2 months ago

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Description :

Comprehensive Capital Analysis and Review 2021

Comprehensive Capital Analysis and Review (CCAR) is a United States regulatory framework introduced by the Federal Reserve to assess, regulate, and supervise large banks and financial institutions – collectively referred to in the framework as bank holding companies (BHCs).

The assessment is conducted annually and consists of two related programs:

1. Comprehensive Capital Analysis and Review
2. Dodd–Frank Act supervisory stress testing

The core part of the program assesses whether:

1. BHCs possess adequate capital.
2. The capital structure is stable given various stress-test scenarios.
3. Planned capital distributions, such as dividends and share repurchases, are viable and acceptable in relation to regulatory minimum capital requirements.

The assessment is performed on both qualitative and quantitative bases. The Federal Reserve may order banks to suspend their planned capital distributions to shareholders until the target capital balance is restored.

Content

These datasets include data on the economic conditions in the United States on a quarterly basis since 1976 and projections from 2021 to 2024.

Two CSV files represent historical data (domestic and international):

* 2021-historic-domestic.csv
* 2021-historic-international.csv

Two CSV files represent projected baseline data (domestic and international):

* 2021-supervisory-baseline-domestic.csv
* 2021-supervisory-baseline-international.csv

Two CSV files represent projected severely adverse data (domestic and international):

* 2021-supervisory-severely-adverse-domestic.csv
* 2021-supervisory-severely-adverse-international.csv

Stress test severely adverse market shocks:

* 2021-stress-test-severely-adverse-market-shocks.xlsx

Columns Description

The Domestic data files contain the following columns:

* Scenario Name
* Date
* Real GDP growth
* Nominal GDP growth
* Real disposable income growth
* Nominal disposable income growth
* Unemployment rate
* CPI inflation rate
* 3-month Treasury rate
* 5-year Treasury yield
* 10-year Treasury yield
* BBB corporate yield
* Mortgage rate
* Prime rate
* Dow Jones Total Stock Market Index (Level)
* House Price Index (Level)
* Commercial Real Estate Price Index (Level)
* Market Volatility Index (Level)

The International data files contain the following columns:

* Date
* Euro area real GDP growth
* Euro area inflation
* Euro area bilateral dollar exchange rate (USD/euro)
* Developing Asia real GDP growth
* Developing Asia inflation
* Developing Asia bilateral dollar exchange rate (F/USD, index)
* Japan real GDP growth
* Japan inflation
* Japan bilateral dollar exchange rate (yen/USD)
* U.K. real GDP growth
* U.K. inflation
* U.K. bilateral dollar exchange rate (USD/pound)

Acknowledgements

Thanks to the [Federal Reserve System](https://www.federalreserve.gov/supervisionreg/ccar.htm), the US Bureau of Economic Analysis and the US Bureau of Labor Statistics for making the data available to the general public.

M2 Money Supply Data

<https://fred.stlouisfed.org/series/M2SL>

**Source:** [Board of Governors of the Federal Reserve System (US)](http://www.federalreserve.gov/)

**Release:** [H.6 Money Stock Measures](http://www.federalreserve.gov/releases/h6/)

**Units:**  Billions of Dollars, Seasonally Adjusted

**Frequency:**  Monthly

Before May 2020, M2 consists of M1 plus (1) savings deposits (including money market deposit accounts); (2) small-denomination time deposits (time deposits in amounts of less than $100,000) less individual retirement account (IRA) and Keogh balances at depository institutions; and (3) balances in retail money market funds (MMFs) less IRA and Keogh balances at MMFs.  
  
Beginning May 2020, M2 consists of M1 plus (1) small-denomination time deposits (time deposits in amounts of less than $100,000) less IRA and Keogh balances at depository institutions; and (2) balances in retail MMFs less IRA and Keogh balances at MMFs. Seasonally adjusted M2 is constructed by summing savings deposits (before May 2020), small-denomination time deposits, and retail MMFs, each seasonally adjusted separately, and adding this result to seasonally adjusted M1.  
  
For more information on the H.6 release changes and the regulatory amendment that led to the creation of the other liquid deposits component and its inclusion in the M1 monetary aggregate, see the H.6 [announcements](https://www.federalreserve.gov/feeds/h6.html) and [Technical Q&As](https://www.federalreserve.gov/releases/h6/h6_technical_qa.htm) posted on December 17, 2020.

#### Suggested Citation:

Board of Governors of the Federal Reserve System (US), M2 Money Stock [M2SL], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/M2SL, April 8, 2021.

Fed Funds Discount Rate

<https://fred.stlouisfed.org/series/FEDFUNDS>

**Source:** [Board of Governors of the Federal Reserve System (US)](http://www.federalreserve.gov/)

**Release:** [H.15 Selected Interest Rates](http://www.federalreserve.gov/releases/h15/)

**Units:**  Percent, Not Seasonally Adjusted

**Frequency:**  Monthly

Averages of daily figures.  
  
For additional historical federal funds rate data, please see [Daily Federal Funds Rate from 1928-1954](https://fred.stlouisfed.org/categories/33951).  
  
The federal funds rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight. When a depository institution has surplus balances in its reserve account, it lends to other banks in need of larger balances. In simpler terms, a bank with excess cash, which is often referred to as liquidity, will lend to another bank that needs to quickly raise liquidity. (1) The rate that the borrowing institution pays to the lending institution is determined between the two banks; the weighted average rate for all of these types of negotiations is called the effective federal funds rate.(2) The effective federal funds rate is essentially determined by the market but is influenced by the Federal Reserve through open market operations to reach the federal funds rate target.(2)  
The Federal Open Market Committee (FOMC) meets eight times a year to determine the federal funds target rate. As previously stated, this rate influences the effective federal funds rate through open market operations or by buying and selling of government bonds (government debt).(2) More specifically, the Federal Reserve decreases liquidity by selling government bonds, thereby raising the federal funds rate because banks have less liquidity to trade with other banks. Similarly, the Federal Reserve can increase liquidity by buying government bonds, decreasing the federal funds rate because banks have excess liquidity for trade. Whether the Federal Reserve wants to buy or sell bonds depends on the state of the economy. If the FOMC believes the economy is growing too fast and inflation pressures are inconsistent with the dual mandate of the Federal Reserve, the Committee may set a higher federal funds rate target to temper economic activity. In the opposing scenario, the FOMC may set a lower federal funds rate target to spur greater economic activity. Therefore, the FOMC must observe the current state of the economy to determine the best course of monetary policy that will maximize economic growth while adhering to the dual mandate set forth by Congress. In making its monetary policy decisions, the FOMC considers a wealth of economic data, such as: trends in prices and wages, employment, consumer spending and income, business investments, and foreign exchange markets.  
The federal funds rate is the central interest rate in the U.S. financial market. It influences other interest rates such as the prime rate, which is the rate banks charge their customers with higher credit ratings. Additionally, the federal funds rate indirectly influences longer- term interest rates such as mortgages, loans, and savings, all of which are very important to consumer wealth and confidence.(2)  
References  
(1) Federal Reserve Bank of New York. "Federal funds." Fedpoints, August 2007.  
(2) Board of Governors of the Federal Reserve System. "[Monetary Policy](http://www.federalreserve.gov/monetarypolicy/default.htm)".

#### Suggested Citation:

Board of Governors of the Federal Reserve System (US), Effective Federal Funds Rate [FEDFUNDS], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/FEDFUNDS, April 12, 2021.

Chinese Discount Rates

<https://fred.stlouisfed.org/series/INTDSRCNM193N>

**Source:** [International Monetary Fund](https://www.imf.org/external/index.htm)

**Release:** [International Financial Statistics](http://www.imf.org/external/data.htm)

**Units:**  Percent per Annum, Not Seasonally Adjusted

**Frequency:**  Monthly

Notes regarding this series can be found in International Financial Statistics Yearbooks produced by the International Monetary Fund (IMF). We have requested these publications from the IMF. Notes on this series will populate once they become available.  
  
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#### Suggested Citation:

International Monetary Fund, Interest Rates, Discount Rate for China [INTDSRCNM193N], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/INTDSRCNM193N, April 14, 2021.

Forecasted Real GDP, Read Disposal Income, Unemployment, CPI and Fed Discount Rates.

<https://conference-board.org/research/us-forecast>

**The Conference Board Economic Forecast for the US Economy**

**April 14, 2021**

The Conference Board forecasts that US Real GDP growth will rise to 5.0 percent (annualized rate) in Q1 21\* and 6.0 percent (year-over-year) in 2021.\* Following a lull in the economic recovery in November and December, growth improved in January before stalling in February due to adverse weather conditions. In March, however, the economic recovery continued to strengthen. We expect real GDP growth to accelerate further over the coming quarters as new COVID-19 infection rates decline further, the vaccination program continues to expand, and a large fiscal support program is fully deployed. Following a robust recovery in 2021, we forecast economic growth of 3.5 percent (year-over-year) in 2022.

While the economy has already partially rebounded from the deep contraction in the first half of 2020, a variety of factors will determine the way forward. Key variables include: a) the spread of the virus itself; b) the deployment and effectiveness of COVID-19 vaccines; c) the impact of fiscal and monetary support; d) the status of labor markets and household consumption; and e) the pace at which mobility and travel restrictions are lifted. While there are many possible outcomes for these factors, The Conference Board has generated three potential recovery scenarios based on specific sets of assumptions.

### Base Case Forecast

As noted above, our base case forecast yields Q1 21 real GDP growth of 5.0 percent (annualized rate), and an annual expansion of 6.0 percent (year-over-year) in 2021.\* The recovery will likely continue into next year and yield an annual growth rate of 3.5 percent (year-over-year) in 2022. We view this scenario as the most probable. It assumes: a) new cases of COVID-19 peaked in early Q1 21 and many social distancing restrictions are subsequently retracted in Q2 21 and Q3 21; b) COVID-19 vaccinations become broadly available in Q2 21, and are universally available in early Q3 21; c) the $1.9 trillion in fiscal support approved in March is deployed in Q2 21 and Q3 21, and d) robust improvements in labor markets and consumption in Q2 21 and Q3 21. In this scenario, US monthly economic output returns to pre-pandemic levels in April 2021.

### Upside Forecast

Alternatively, we offer a second more optimistic scenario in which the economy grows 6.7 percent (year-over-year) in 2021. This scenario assumes: a) new COVID-19 cases fall dramatically over the coming months and all social distancing policies are eliminated in Q2 21; b) vaccines are universally available by the end of Q2 21; c) the $1.9 trillion in fiscal support approved in March is deployed in Q2 21 and Q3 21; d) the new Administrations $2.3 trillion infrastructure and tax plan is passed by Q3 2021 and begins to hit the economy before the end of 2021; and e) faster than expected improvements in labor markets and consumption in Q2 21. In this scenario, US monthly economic output exceeds the level it may have reached had the pandemic never occurred.

### Downside Forecast

Finally, we offer a third more pessimistic scenario in which the US economy grows by just 4.9 percent (year-over-year) in 2021. This scenario assumes a) new cases of COVID-19 rise as vaccine-resistant mutations result in an additional wave in Q4 21; b) distribution of vaccines is prolonged and mutations render them ineffective; c) the Federal Reserve signals that it will begin to raise rates earlier than anticipated; d) unemployment deteriorates and the consumption recovery stagnates; and e) a large correction in equity markets hurts consumer and business confidence. In this scenario, US monthly economic output drops back below pre-pandemic levels by the end of 2021.

\* The Conference Board is upgrading its forecast of 2021 real GDP growth from 5.5 percent (year-over-year) to 6.0 percent (year-over-year). This upgrade is due to stronger than expected economic indicators in Q1 21, the rapid deployment of a $1.9 trillion fiscal support package, and a faster than projected vaccination campaign.