

# Forward Guidance

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## Obstacles

- a) Cannot forecast (beyond 2 quarters ahead).
- a) Cannot commit Committee.

## So, why try?

- a) ZLB; State contingent, rather than Time contingent.
- b) Woodford, and only instrument left; no default risk; (QE1 and OMT vs QE2 and QE3).
- c) Fear of long-term spike.