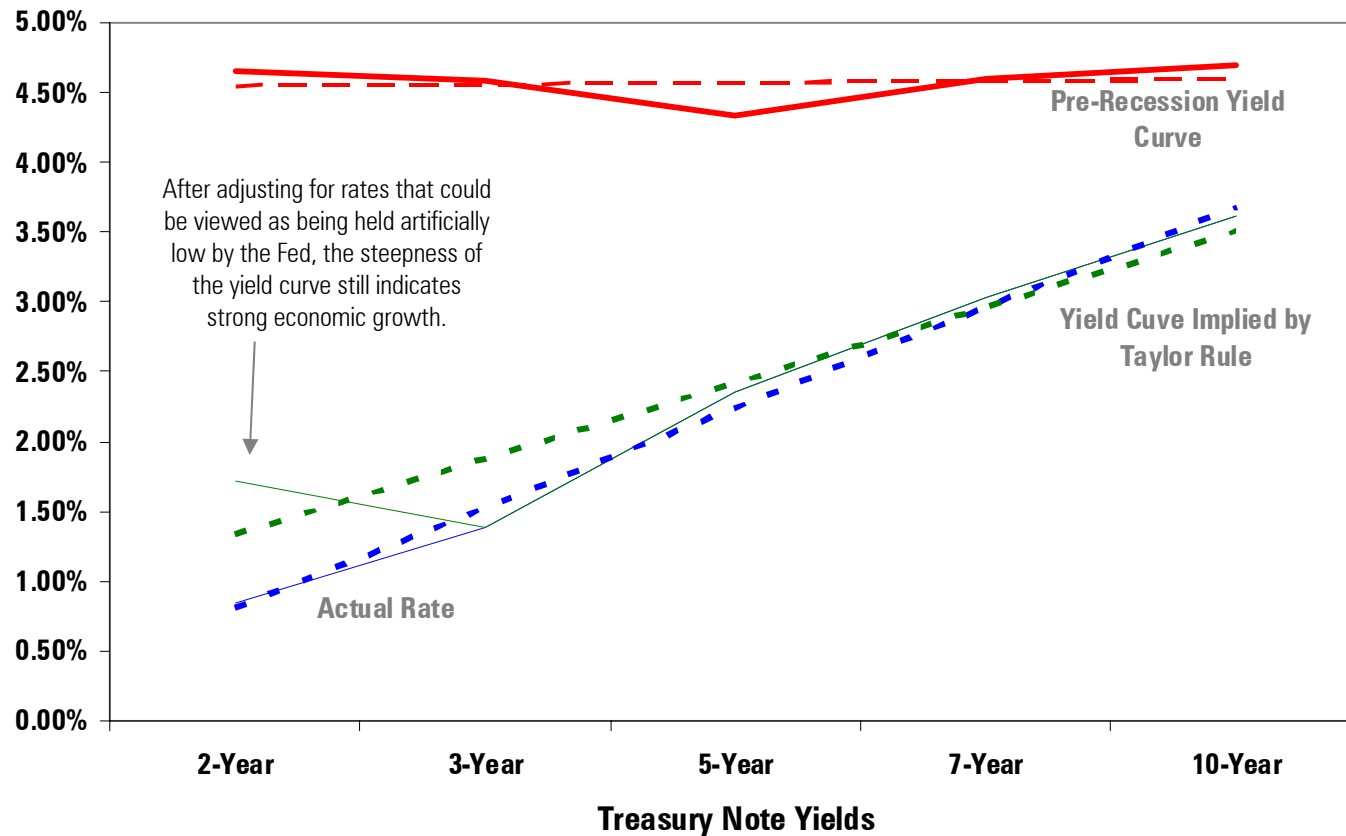


Pre-Approved Part III: Are Critics Underestimating Positive Impact of Economic Growth on Ability to Service Debt?

Interest Rate Yield Curves



- A steep yield curve (blue line) has historically indicated expectations for continued economic growth, while a flat or negative curve signals an impending slow-down (red line).

- While many critics focus on high debt levels as a source of concern, the combination of economic growth and a return to moderate inflation also could allow the U.S. to better service existing debt, more cheaply.

The green trend line indicates short-term rates implied by the Taylor Rule, a widely used method of determining the optimal federal funds rate.

Data from <http://stlouisfed.org/>