

READING BETWEEN THE LINES OF U.S. MONETARY POLICY

It's no coincidence that Dr. Timothy Moreland studies U.S. monetary policy and its impact on the economy.

As an undergraduate majoring in economics in 2008–09, he had a front-row seat to the second-worst financial crisis in U.S. history. He remembers his professors sharing real-time examples of how monetary policy – particularly the setting of federal interest rates – contributed not only to the depth of the recession but also to its ultimate conclusion.

"I began thinking about the consequences, both positive and negative, for what the Federal Reserve does," Moreland recalls. "Obviously, the 2008 recession was a horrible event for our country, but as a student, it was probably one of the best ways to learn economics."

Today, Moreland carries those lessons into his own classroom. As an assistant professor in the Bryan School of Business and Economics, he teaches money and banking courses to undergraduates and advises Ph.D. students in macroeconomics. His latest research, published in 2024 in the top-tier journal *The Review of Economics and Statistics*, examines how U.S. monetary policy affects companies' willingness to invest, especially considering how certain or uncertain these firms feel about the future.

For instance, Moreland has found it's not only the monetary policies themselves that impact the U.S. and global economies. The type of language officials use when talking about the economy matters too because it impacts firm and investor certainty (or uncertainty) about the future. All this has a practical application for business people and individuals, especially in the current environment.

"So if you're trying to follow what the Federal Reserve is doing and make educated decisions about investments, my research suggests that you may want to read between the lines," Moreland says. "It's not just about reading the headlines and evaluating questions, like what is this monetary policy, what are the tariff rates, or what is this tax bill going to look like. It's also about how stable you think this policy will be or how confident you are that the new tariff rates will be the same a month from now. It's important to think more about the stability of the policy and not get caught up in the current headline."

Moreland, who has presented at conferences nationwide, hopes his findings will resonate with Federal Reserve staff as well as students, companies, and individual investors.

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