



ON TOP | **AHEAD**
OF THE MARKETS. | OF THE CURVE

U.S. Monetary Policy Survey

August 2014

ConvergEx
Group



Letter from Nicholas Colas



For a few days each year, Jackson Hole, Wyoming, becomes the center of attention for economic policy. Since the Federal Reserve Bank of Kansas City moved its economic symposium to the small mountain town in 1982, the annual gathering of central bankers, academics and economists has foreshadowed some of the Federal Reserve’s most significant monetary policy shifts – most notably in 2010 when then-Chairman Ben Bernanke signaled the policy we now know as “Quantitative Easing”.

As this week’s symposium marks Chairwoman Janet Yellen’s first time on the Fed’s center stage, and as Wall Street is “cut from the guest list”^{*} this year, we surveyed financial industry professionals for their analysis of how the central bank – and its new leader – are doing.

It’s a mixed report card. While Ms. Yellen gets a “B” grade from investment professionals, she leads a Federal Reserve with a job approval rating of just 49%. A clear majority (59%) of respondents describe the Fed as being “behind the curve” with respect to interest rates, and only 38% say they are “confident” or “very confident” that the Federal Reserve will make the right policy decisions. Two-thirds (66%) said the Fed has too much influence on capital markets.

We believe this survey shows an investment community worried about the unwinding of Quantitative Easing and the painful increases in rates that will follow. While Ms. Yellen is seen as a strong leader, and investors don’t want to scrap the structure of the Fed, there is real concern about what happens next.

Please take a moment to explore the full results of our survey which are contained in the following pages. We hope that the results give you a sense of how your peers view current U.S. monetary policy... and the policy-makers themselves.

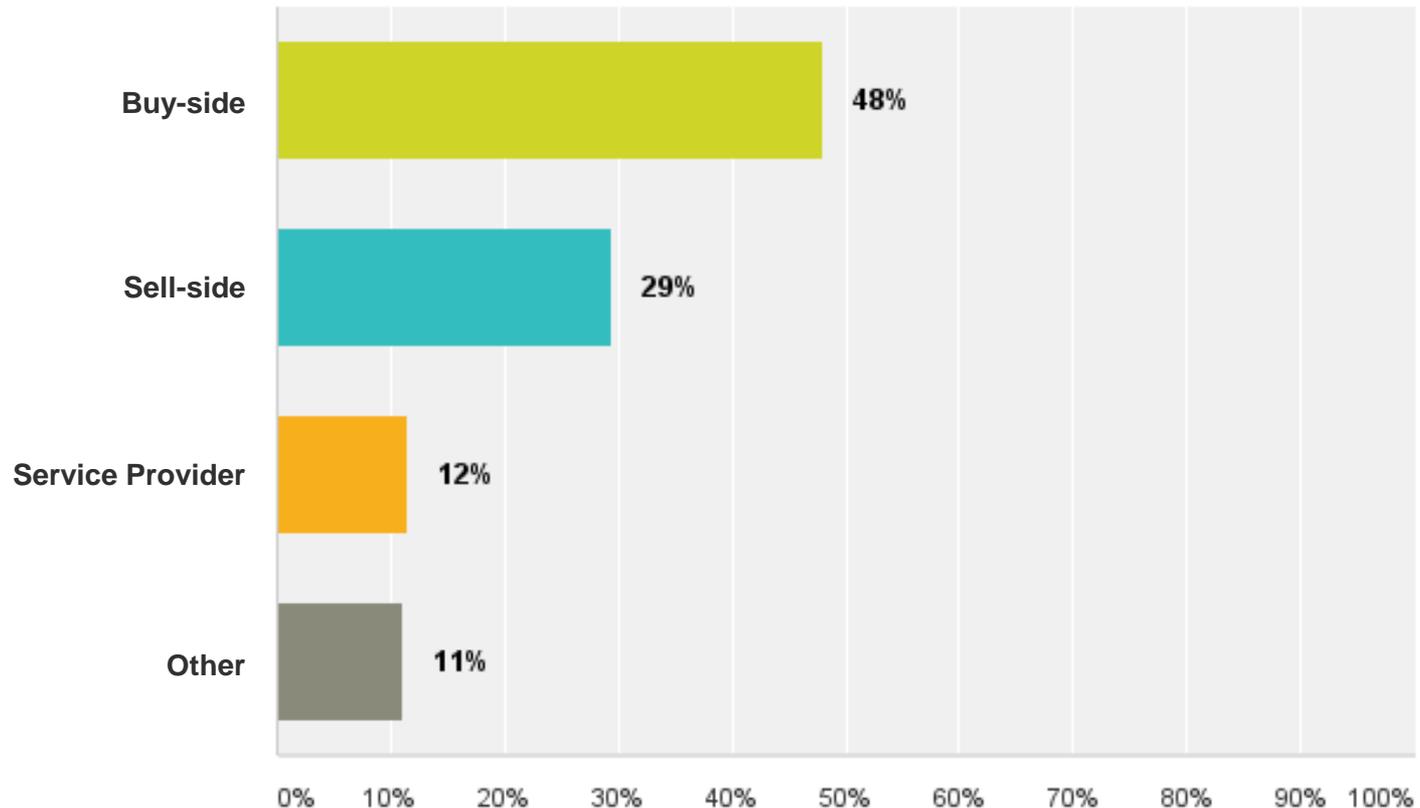
Nicholas Colas

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^{*}Bloomberg.com, 7/22/2014

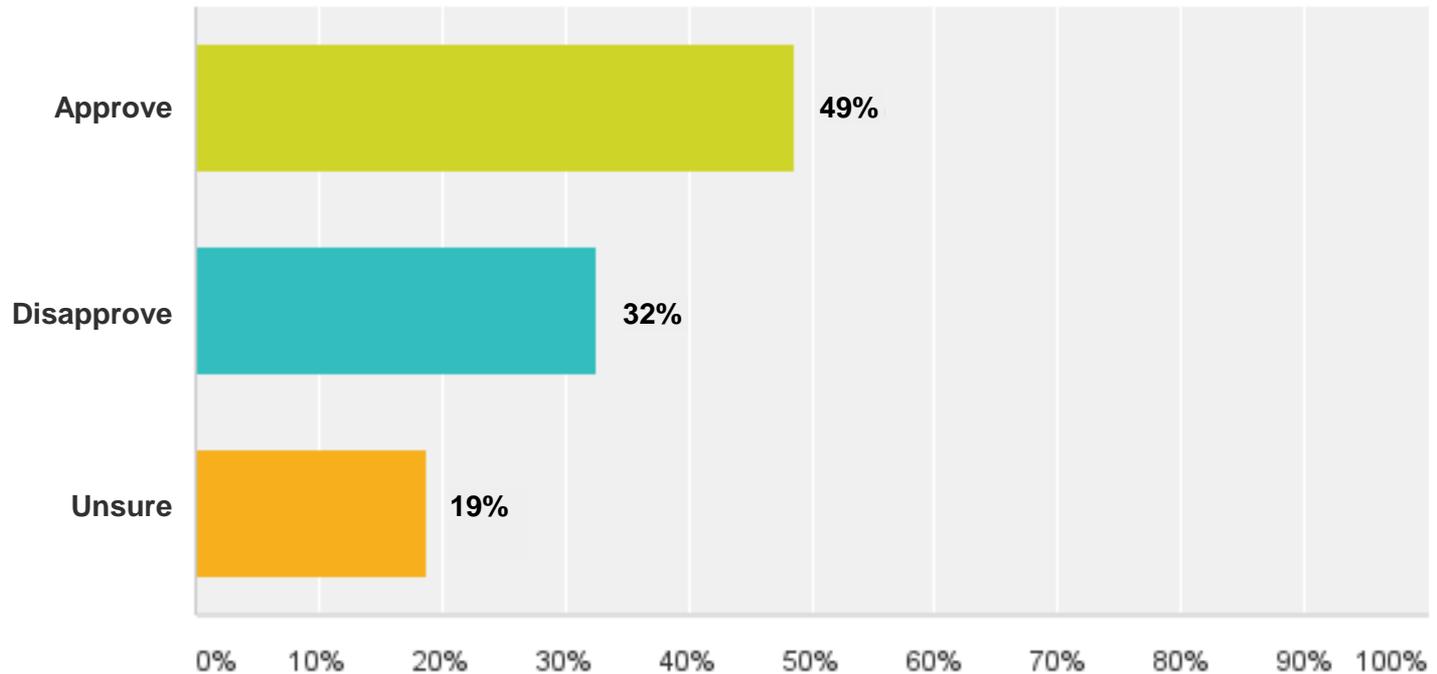
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Please identify the type of company you work for:



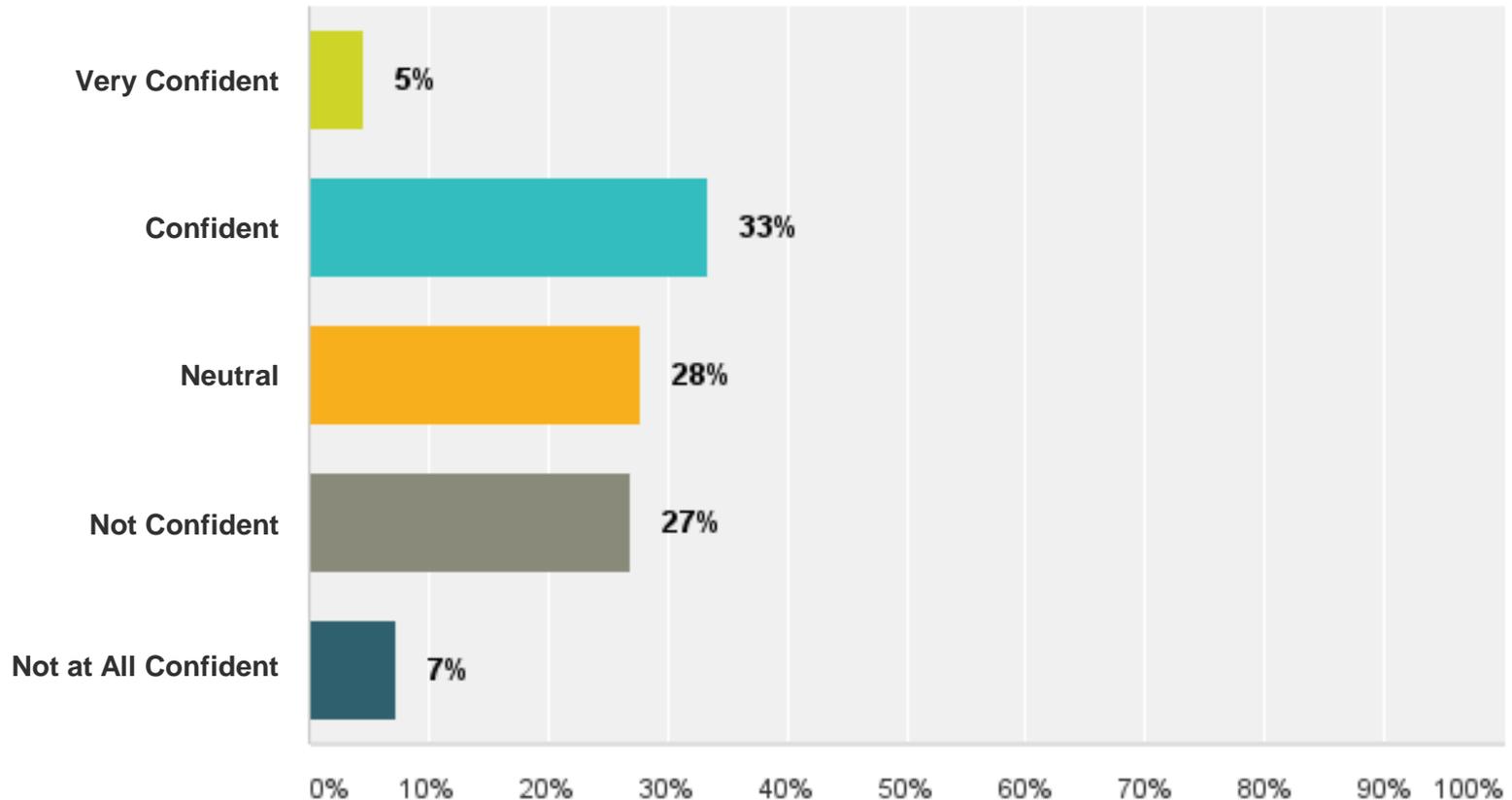
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Do you approve or disapprove of the job the Federal Reserve is doing right now?



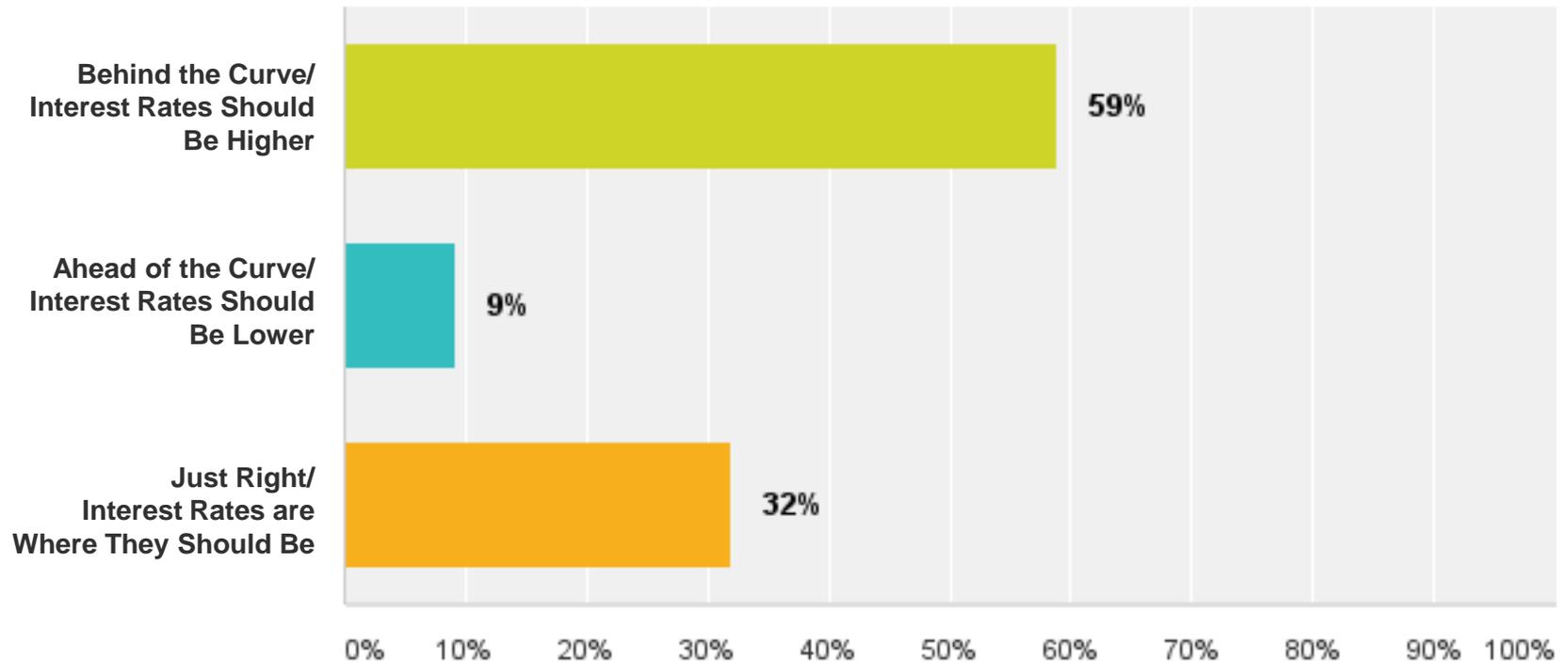
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How confident are you that the Fed will make the right policy decisions?



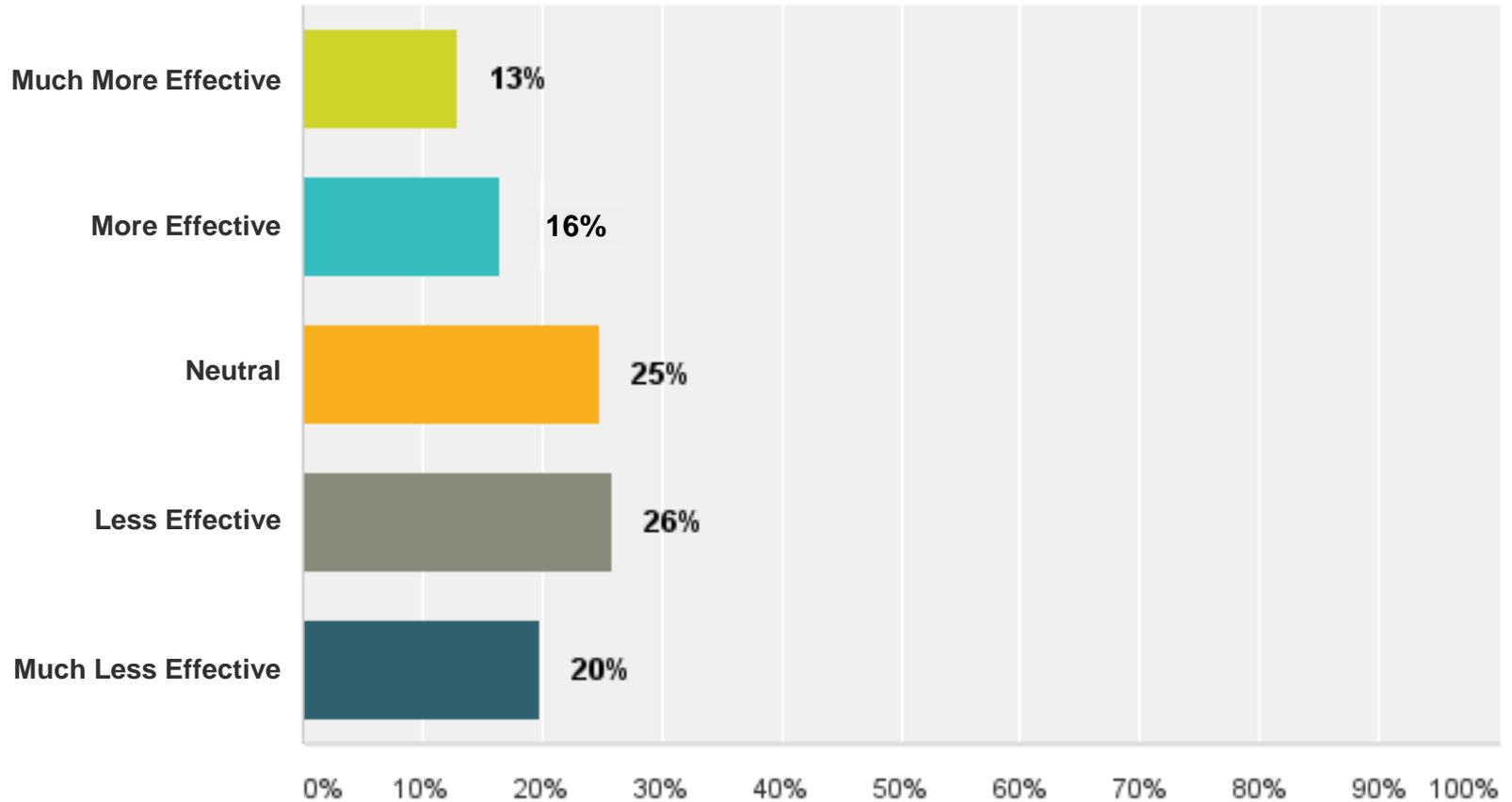
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Given the Fed's dual mandate of maximizing employment and controlling inflation, do you believe the Fed is ahead or behind the curve with respect to interest rates?



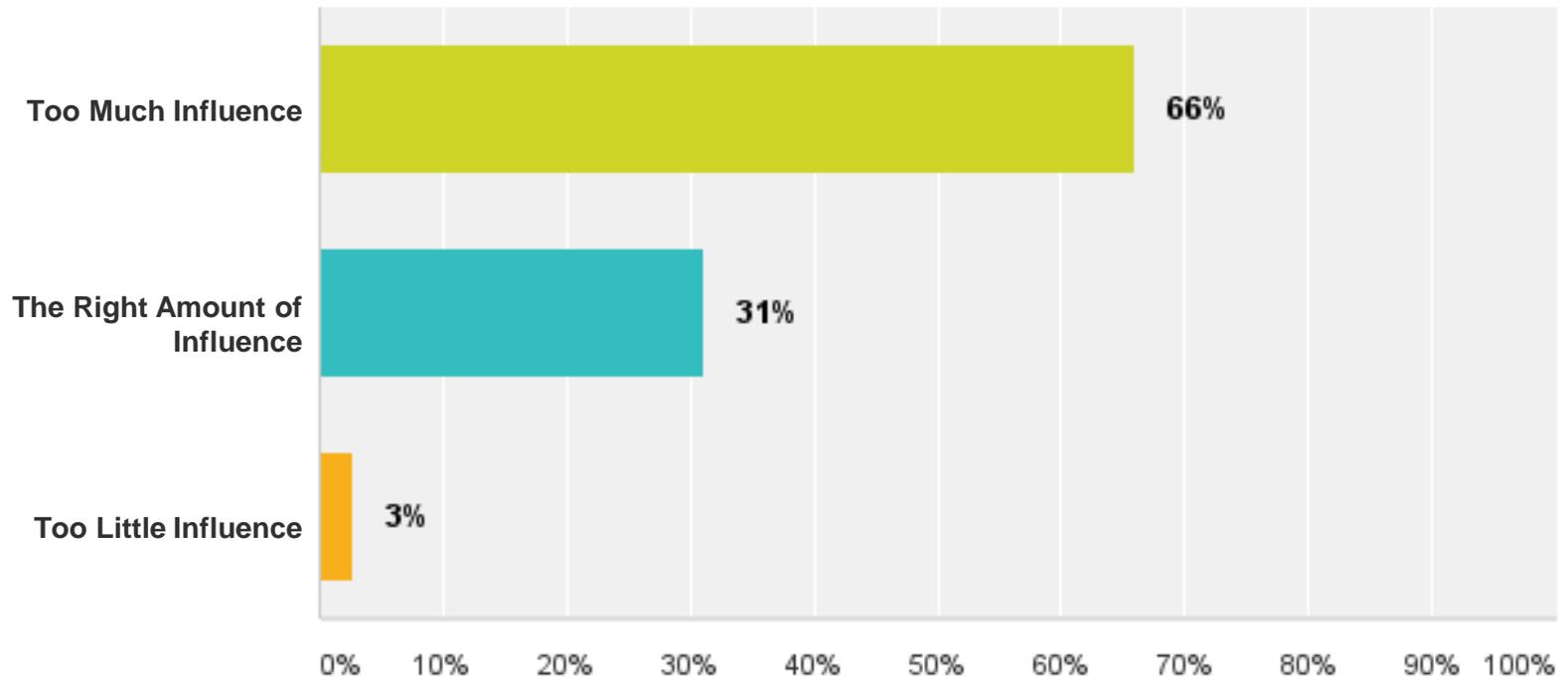
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Do you believe that the Fed would be more effective if a gold standard were applied?



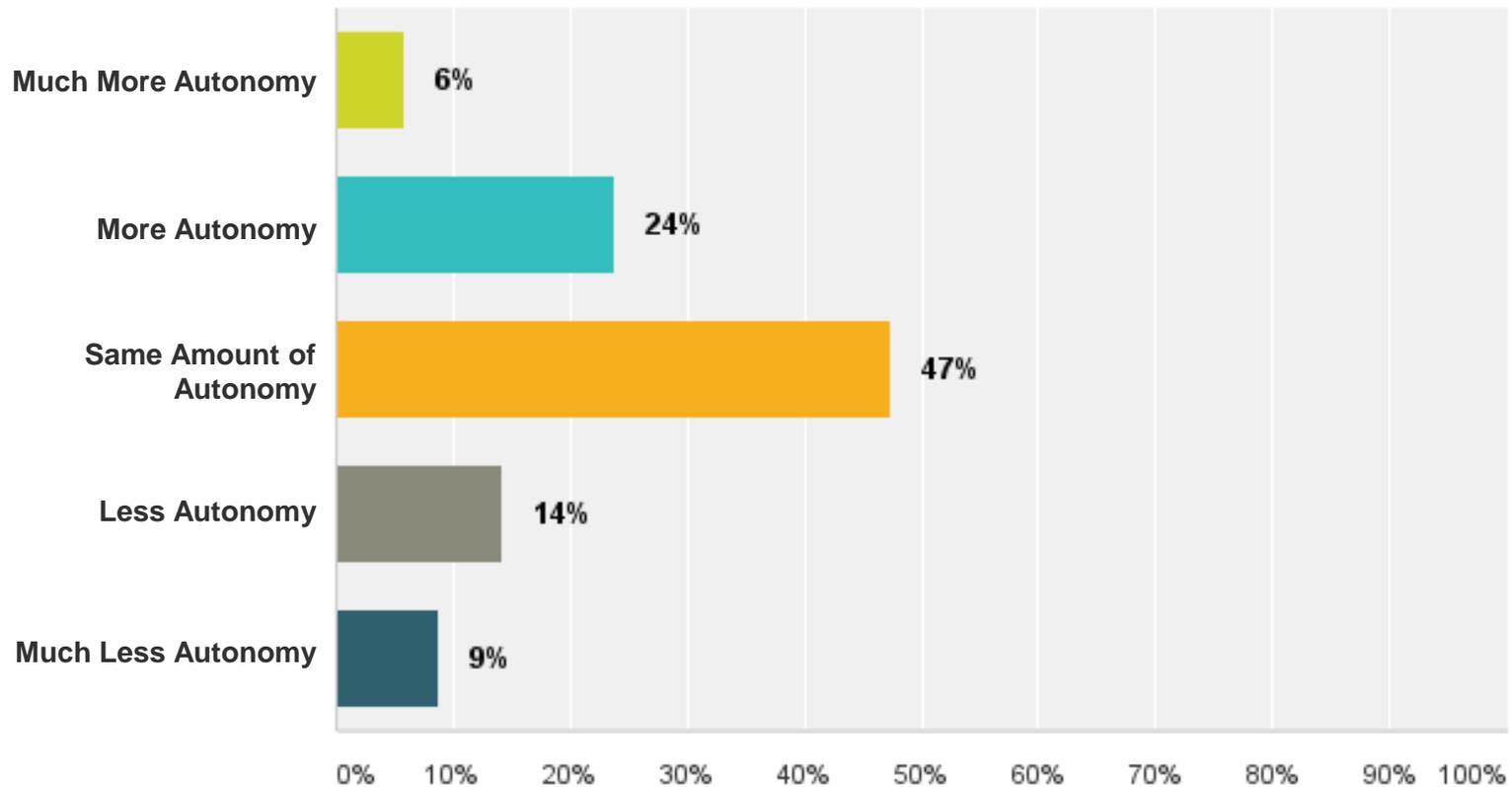
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Do you believe that Fed policy has too much or too little influence on the capital markets?



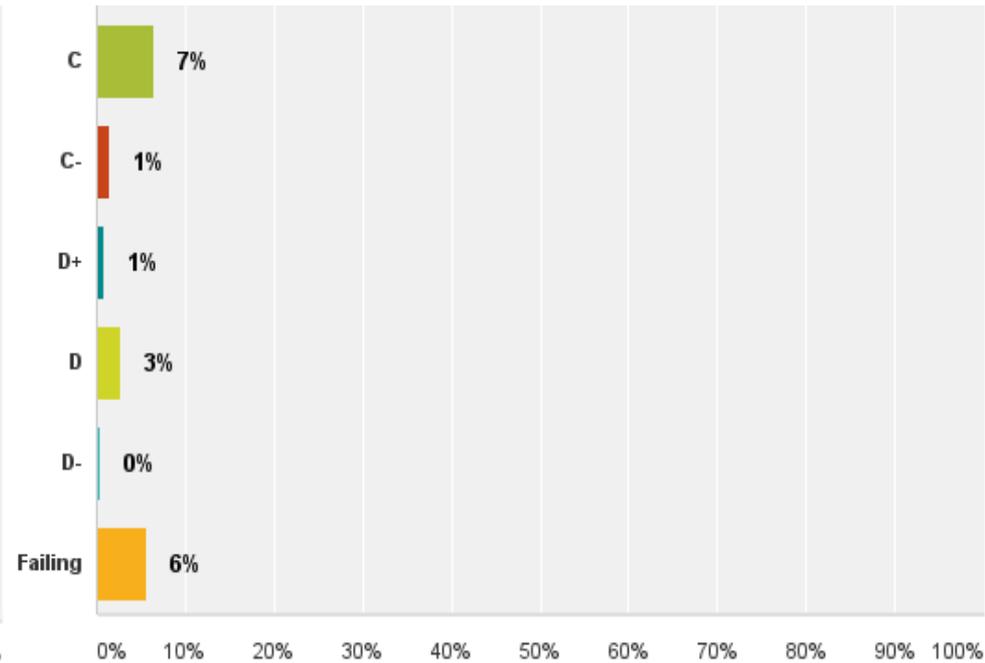
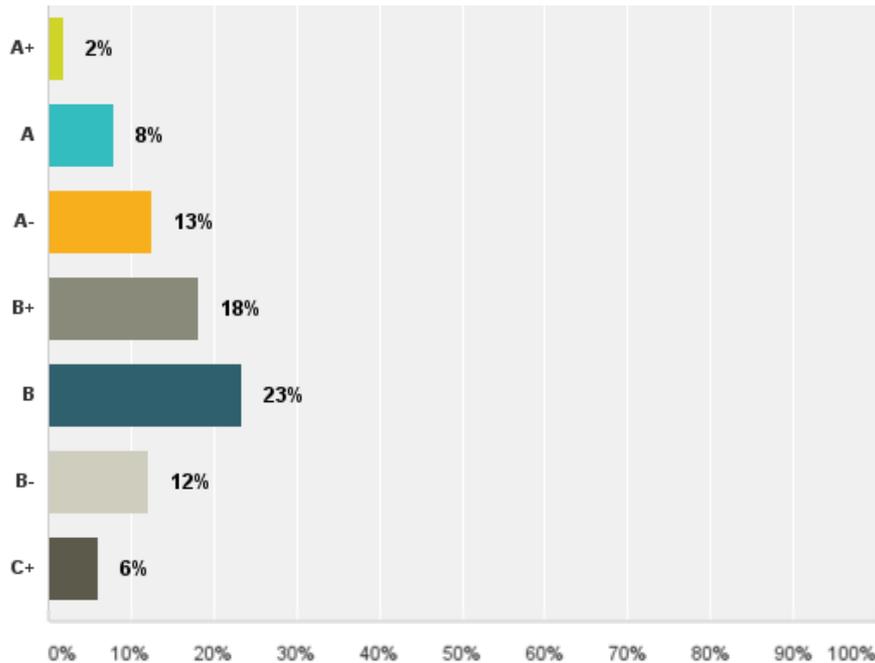
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Do you believe the Fed should have more or less autonomy?



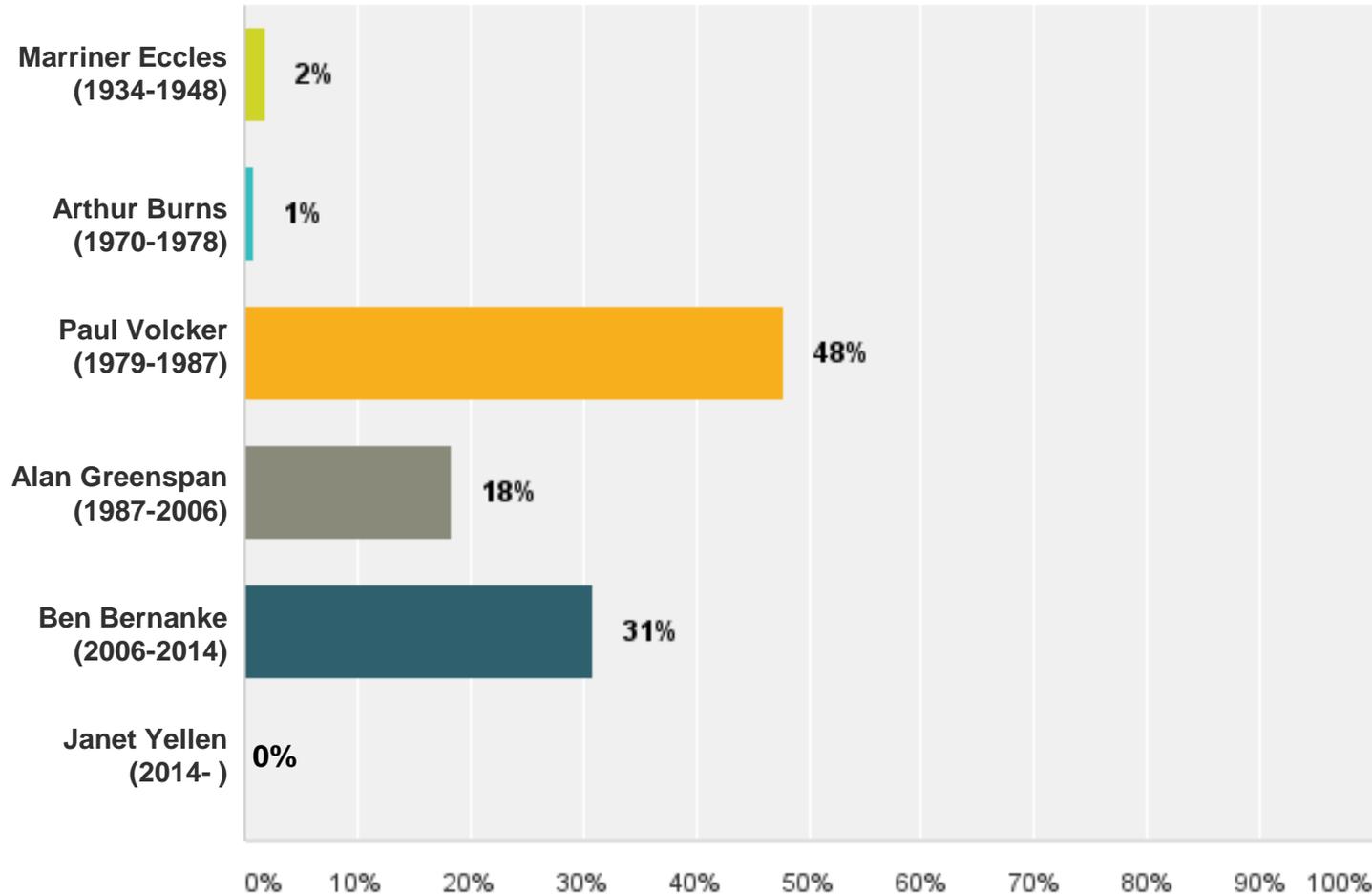
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How would you grade Chairwoman Janet Yellen's overall job performance?



U.S. Monetary Policy Survey

Which of the following Fed Chairs do you believe did the best job during his or her tenure?



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Survey Methodology

The ConvergEx Group U.S. Monetary Policy Survey was performed by ConvergEx via an online survey of financial industry participants, resulting in 219 respondents. The survey was conducted from August 12 to August 14, 2014, and has a margin of error of $\pm 10\%$. Respondents included buy-side firms (asset managers, hedge funds), sell-side firms (banks, broker-dealers), trading venues, service providers and other financial industry participants.

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