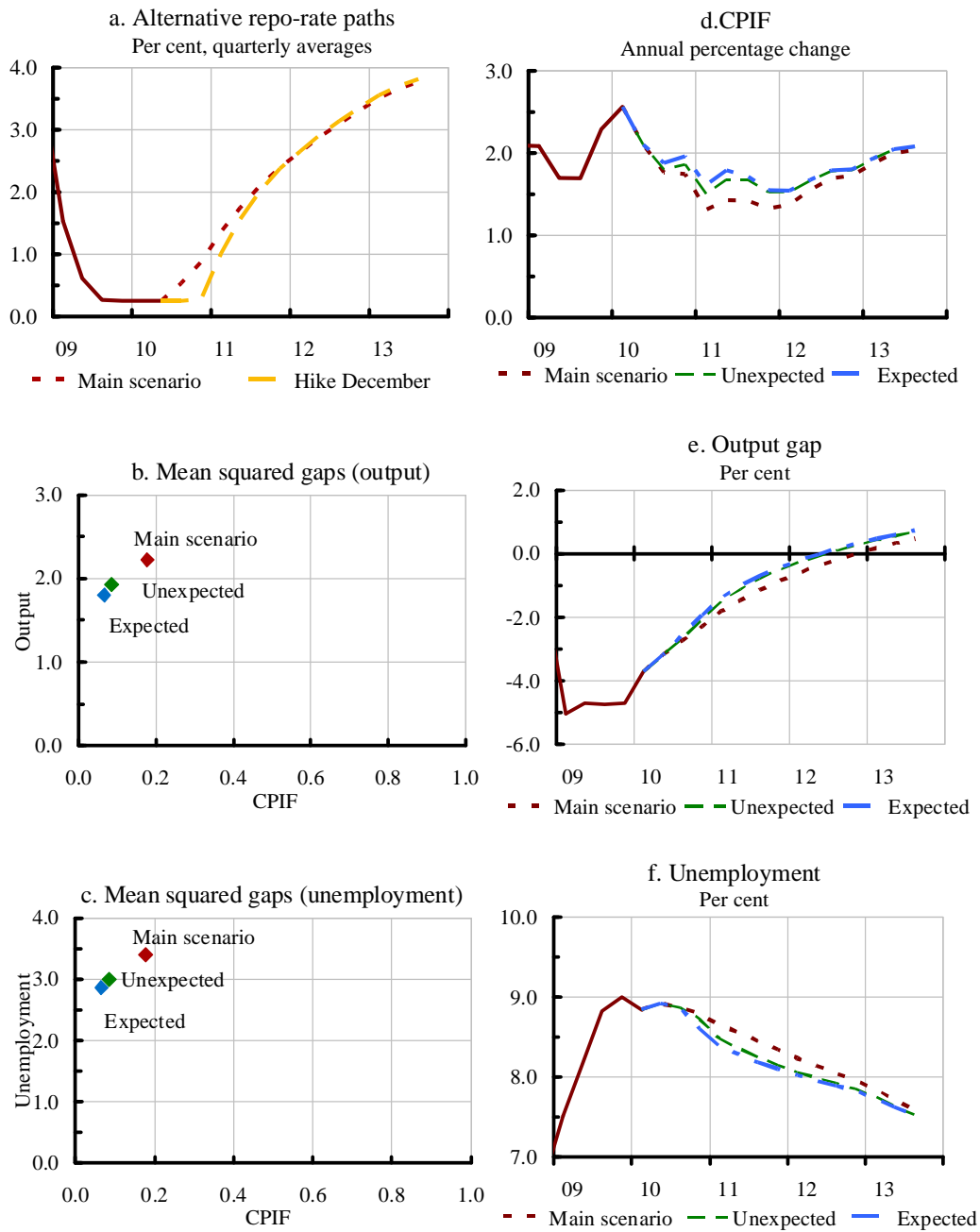


Monetary Policy Alternatives, June 30, 2010



Note: The red dotted curves marked “Main scenario” show the forecast for the main scenario in the Monetary Policy Report, July 1, 2010. The blue dashed curves marked Expected show the forecast for CPIF inflation, the output gap, and unemployment for the lower repo-rate path marked “Hike December” under the assumption that this repo-rate path is anticipated. The green dashed curves marked “Unexpected” show the forecast of these variables under the assumption that the lower repo-rate path is unanticipated and comes as a surprise. The mean squared gaps for CPIF, the output gap, and unemployment are the averages over the forecast period of the squared deviations of CPIF inflation from 2 per cent, the squared output gaps, and the squared deviations of unemployment from 6.5 per cent, respectively.