

Hello, my name is You Kim. I am a Financial Management major at the University of Connecticut - Stamford. I am currently in my 4<sup>th</sup> year graduating in May 2021. As anyone realizes, a strong understanding of the monetary policy is significantly important when it comes to making investments within the finance industry.

One of the most important skills I have learned from taking part with the College Fed Challenge class is the ability to articulate the economic indicators and model out the monetary policy that closely align with the current condition of the economy. This is significantly important for me as an individual who is planning to pursue the career in asset management sector.

During this unprecedented time of Covid-19, which has caused worldwide recession to the economy, it is important to learn fundamental concepts that have impacted the economy. One example of how the thinking of monetary policy impacts my area of study, academic finance, is that the level of interest rate is at all time low. From the asset management perspective, depending on the positions of the portfolio, many investors are taking on higher risk on equity as opposed to the fixed income on Treasuries. Traditionally, many retirement funds, like 401(K), typically have the 60/40 model in which the portfolio have 60% equity and 40% in fixed income. However, with the current interest rate being so low (negative real rate), it is normal to see retirement funds transitioning toward 80/20 to achieve the required expected return instead of the traditional 60/40 portfolio.

Until there is a vaccine available, the market continues to be focused on equity. This is one of the examples where I relied heavily on the ability to think critically in term of where the inflation and interest rate are and how they affect current economic health. The class helped me develop this critical thinking ability as well as analytical skills and teamwork.

I am proud to have been the member of the UConn - Stamford Fed Challenge team for two years.

**Monetary Policy Discussion**  
*Summarize Federal Funds Rate Recommendation*

**Dual Mandate:**  
Foster economic conditions that achieve both stable prices and maximum sustainable employment.

**Federal Funds Rate Recommendation**

- Maintain Target Rate For Federal Funds Rate
  - 0% Lower Bound
  - 0.25% Upper Bound

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