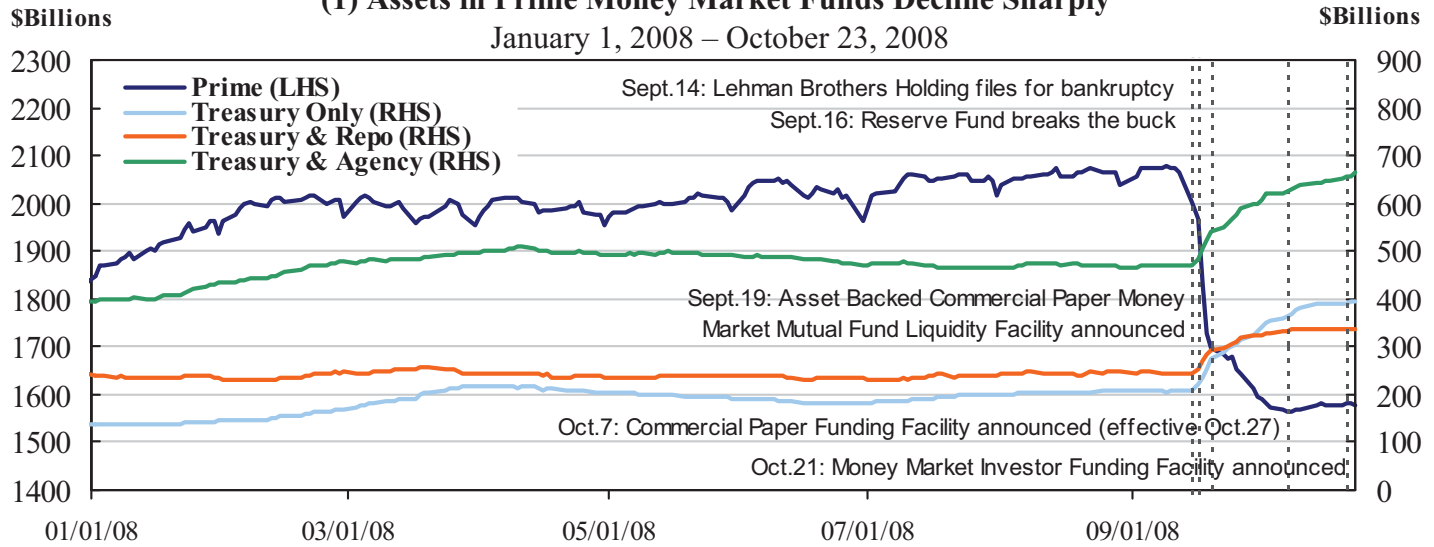


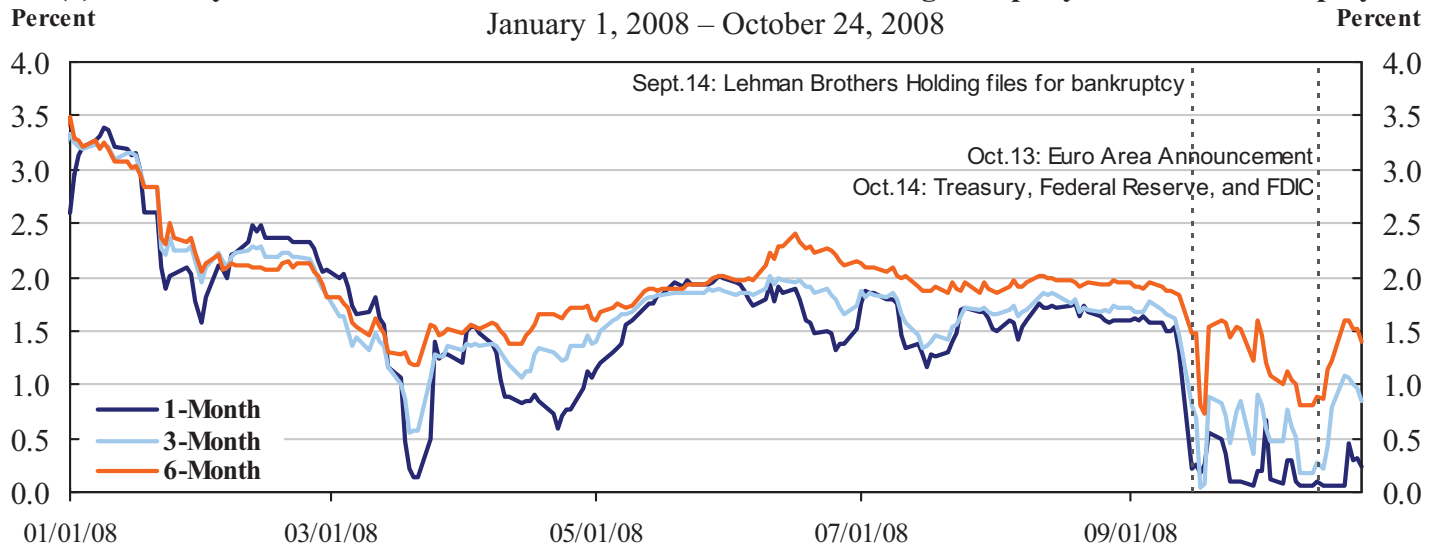
Appendix 1: Materials used by Mr. Dudley

(1) Assets in Prime Money Market Funds Decline Sharply



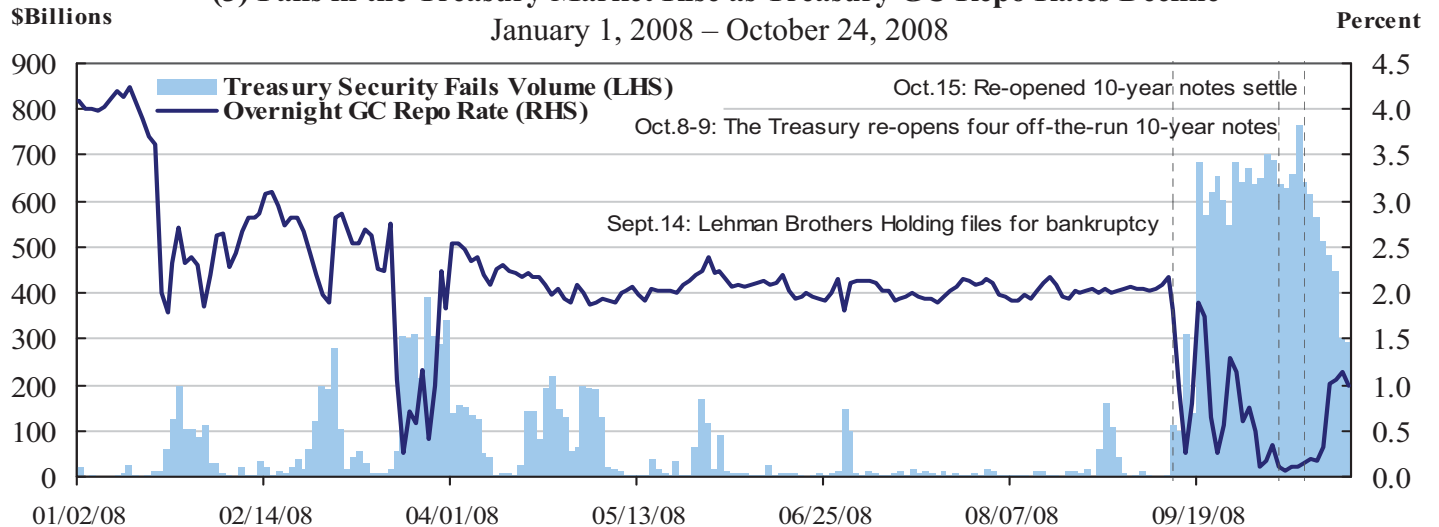
Source: iMoneyNet

(2) Treasury Bill Yields Decline After Lehman Brothers Holding Company Declares Bankruptcy



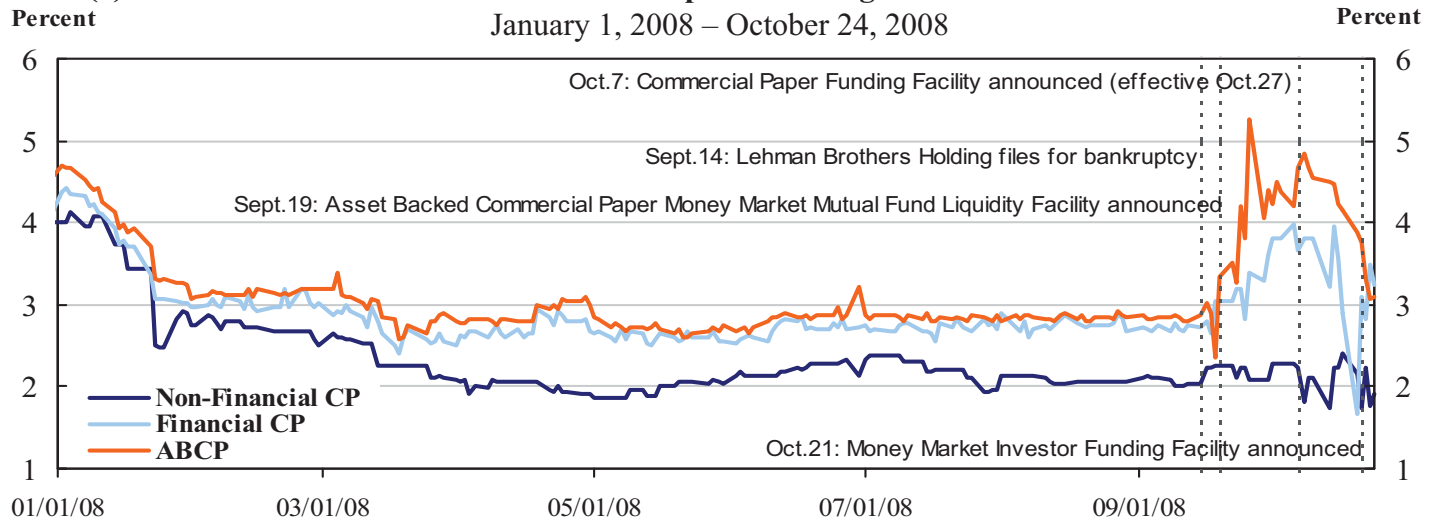
Source: Bloomberg

(3) Fails in the Treasury Market Rise as Treasury GC Repo Rates Decline



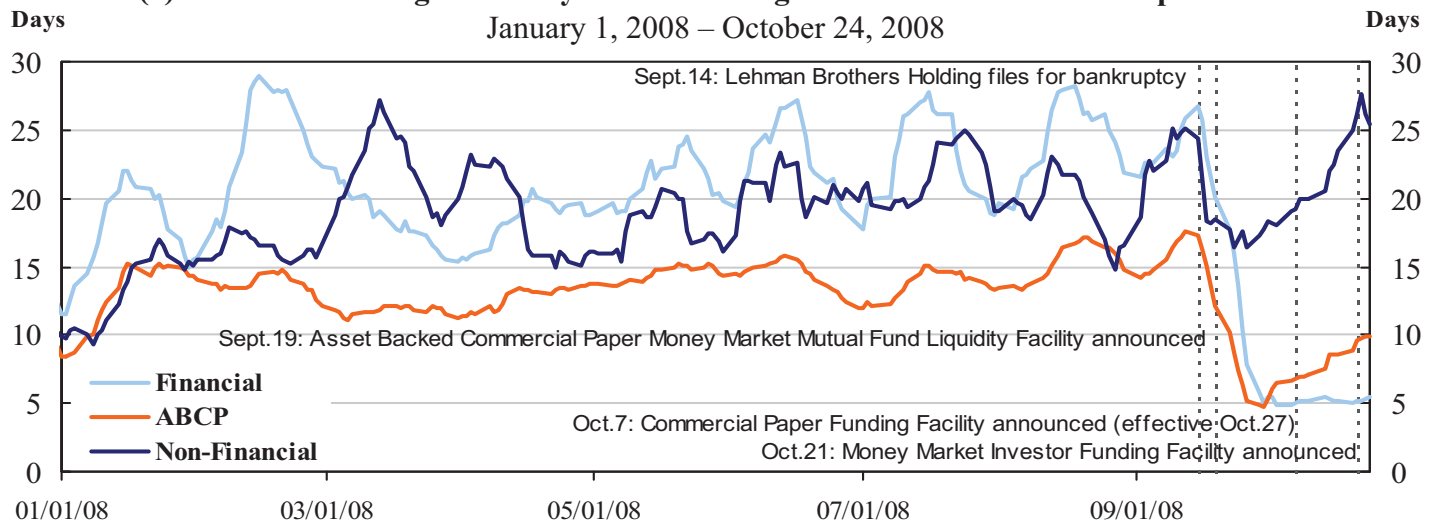
Source: Fixed Income Clearing Corporation, Federal Reserve Bank of New York

(4) Three-Month AA-Rated Commercial Paper Rates Begin to Decline from Elevated Levels



Source: Federal Reserve Board

(5) Estimated Average Maturity of Outstanding AA-Rated Commercial Paper Declines*

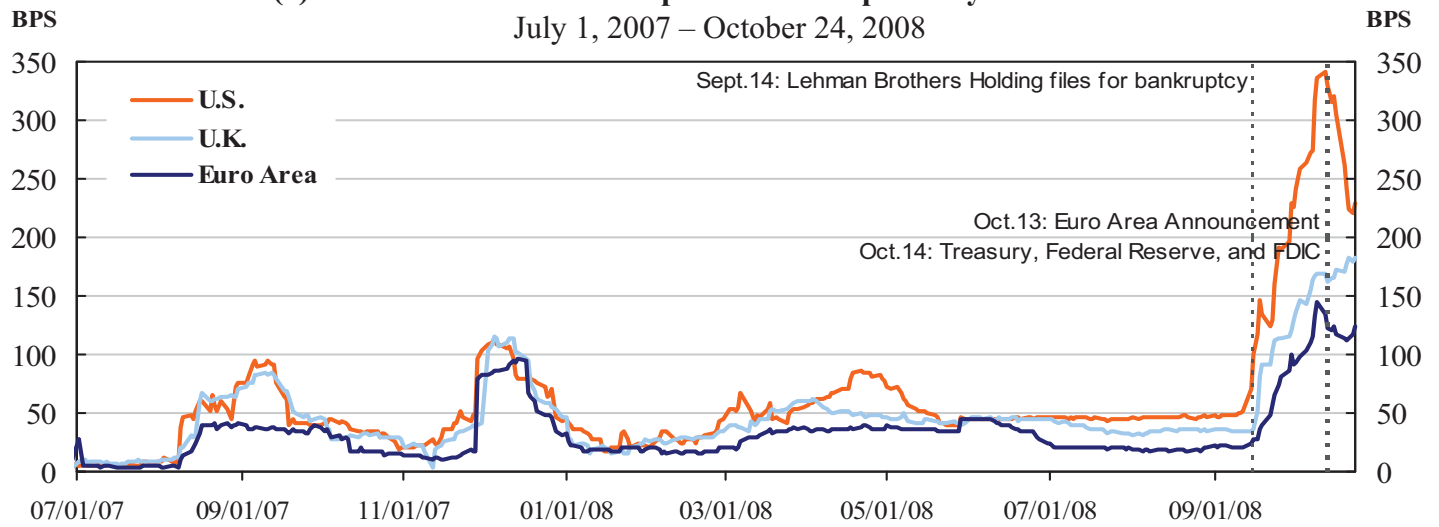


Source: Federal Reserve Board

*Two-week moving average of daily weighted average maturity

(6) One-Month Libor–OIS Spreads at Exceptionally Wide Levels

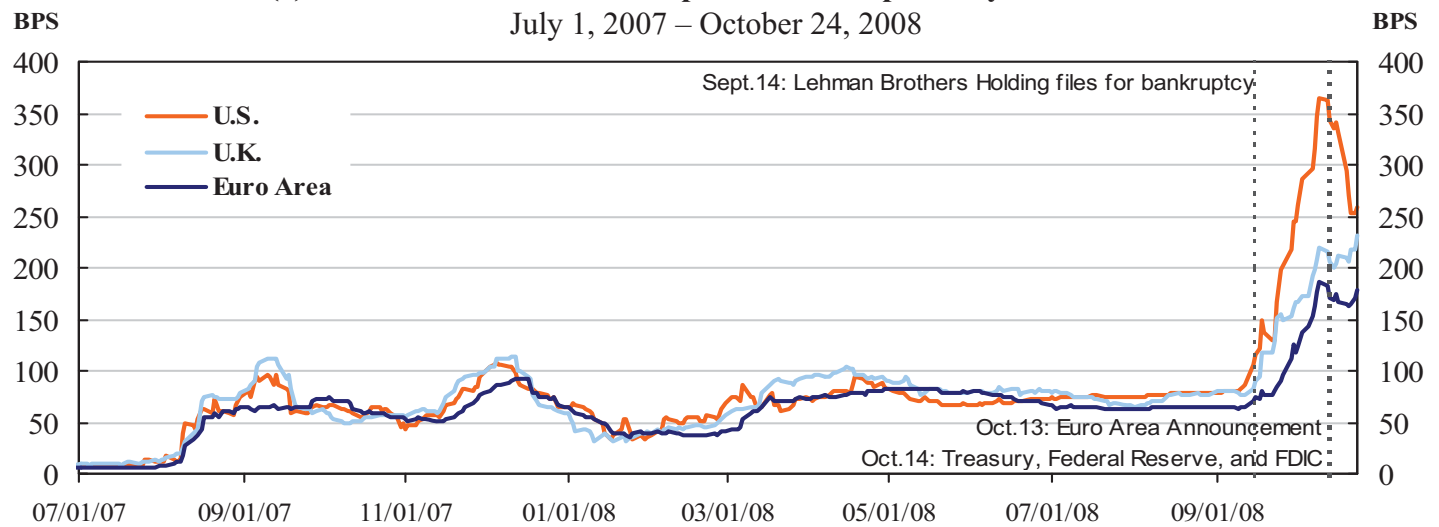
July 1, 2007 – October 24, 2008



Source: Bloomberg

(7) Three-Month Libor–OIS Spreads at Exceptionally Wide Levels

July 1, 2007 – October 24, 2008



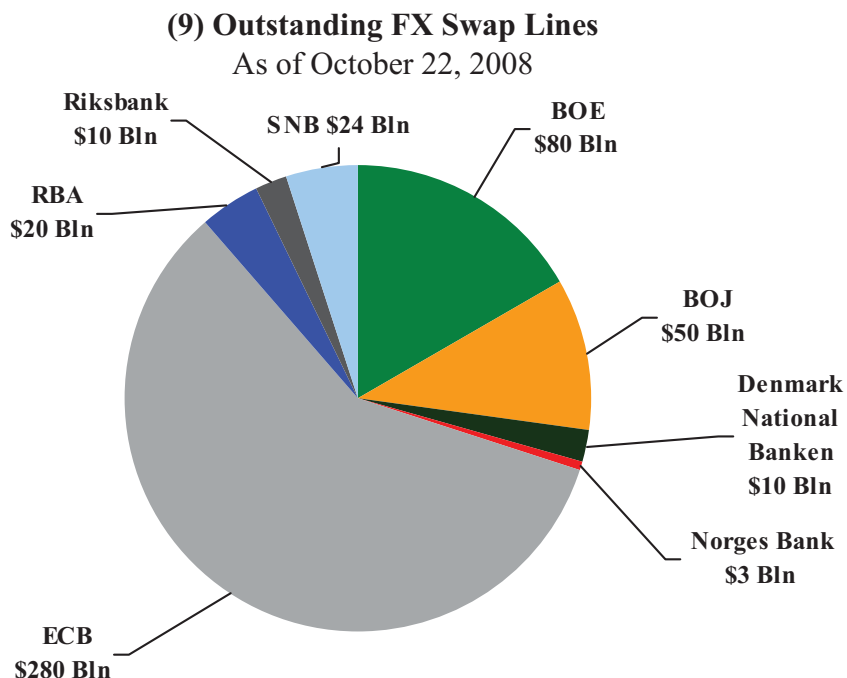
Source: Bloomberg

(8) Term Auction Facility Auction Results

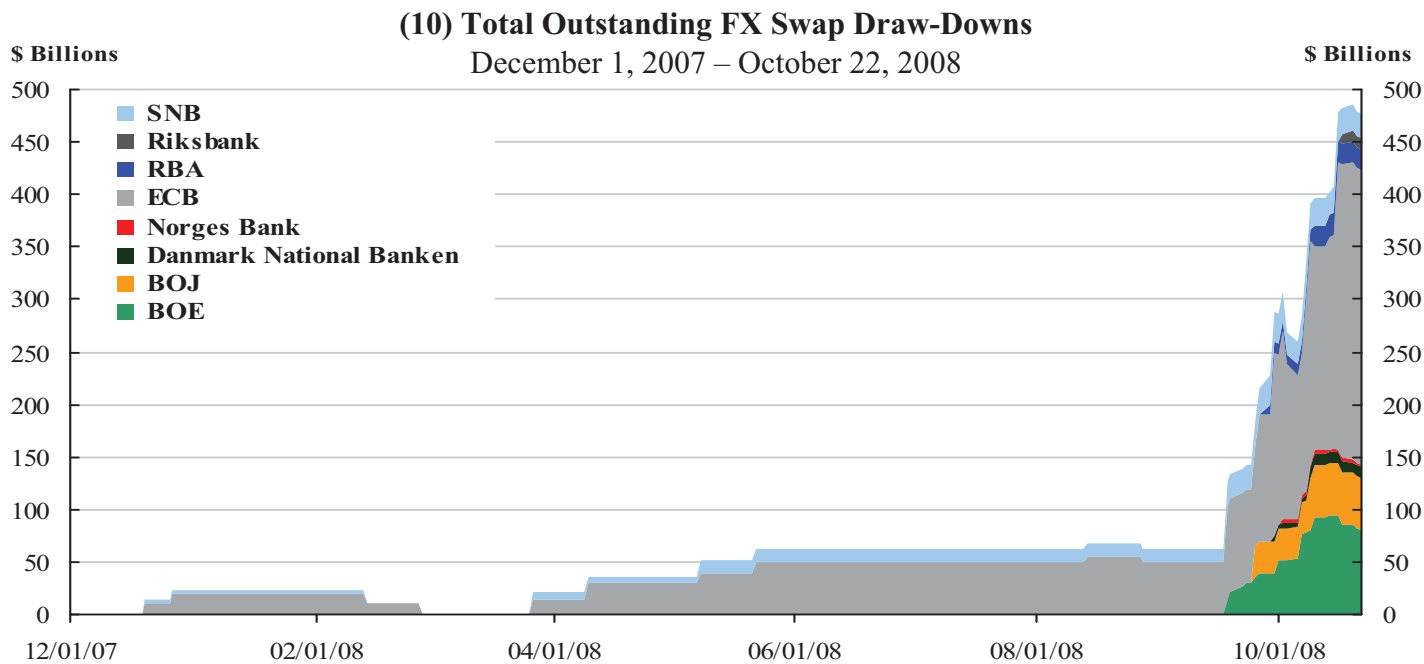
December 20, 2007 – October 23, 2008

<u>Auction</u>			<u>Minimum</u>	<u>Stop-out</u>			
<u>Settlement</u>	<u>Term</u>	<u>Amount</u>	<u>Bid Rate</u>	<u>Rate</u>	<u>Propositions</u>	<u>Bid/Cover</u>	<u>Bidders</u>
12/20/2007	28 Days	\$20 b	4.17%	4.65%	\$61.6 b	3.08	93
12/27/2007	35 Days	\$20 b	4.15%	4.67%	\$57.7 b	2.88	73
1/17/2008	28 Days	\$30 b	3.88%	3.95%	\$55.5 b	1.85	56
1/31/2008	28 Days	\$30 b	3.10%	3.12%	\$37.5 b	1.25	52
2/14/2008	28 Days	\$30 b	2.86%	3.01%	\$58.4 b	1.95	66
2/28/2008	28 Days	\$30 b	2.81%	3.08%	\$68.0 b	2.27	72
3/13/2008	28 Days	\$50 b	2.39%	2.80%	\$92.6 b	1.85	82
3/27/2008	28 Days	\$50 b	2.19%	2.62%	\$88.9 b	1.78	88
4/10/2008	28 Days	\$50 b	2.11%	2.82%	\$91.6 b	1.83	79
4/24/2008	28 Days	\$50 b	2.05%	2.87%	\$88.9 b	1.77	89
5/8/2008	28 Days	\$75 b	2.00%	2.22%	\$96.8 b	1.29	71
5/22/2008	28 Days	\$ 75 b	1.99%	2.10%	\$84.4 b	1.13	75
6/5/2008	28 Days	\$ 75 b	2.00%	2.26%	\$95.9 b	1.28	73
6/19/2008	28 Days	\$ 75 b	2.05%	2.36%	\$89.4 b	1.19	76
7/3/2008	28 Days	\$ 75 b	2.01%	2.34%	\$90.9 b	1.21	77
7/17/2008	28 Days	\$ 75 b	2.01%	2.30%	\$93.3 b	1.24	82
7/31/2008	28 Days	\$ 75 b	2.01%	2.35%	\$90.6 b	1.21	70
8/14/2008	84 Days	\$ 25 b	2.04%	2.75%	\$54.8 b	2.19	64
8/14/2008	28 Days	\$ 50 b	2.01%	2.45%	\$75.5 b	1.51	65
8/28/2008	28 Days	\$ 75 b	2.01%	2.38%	\$84.2 b	1.12	66
9/11/2008	84 Days	\$ 25 b	2.02%	2.67%	\$31.6 b	1.27	38
9/11/2008	28 Days	\$ 25 b	2.01%	2.53%	\$46.2 b	1.85	53
9/25/2008	28 Days	\$ 75 b	1.94%	3.75%	\$133.6 b	1.78	85
10/9/2008	85 Days	\$ 150 b	1.39%	1.39%	\$138.1 b	0.92	71
10/23/2008	28 Days	\$ 150 b	1.11%	1.11%	\$113.3 b	0.76	74

Source: Federal Reserve Board



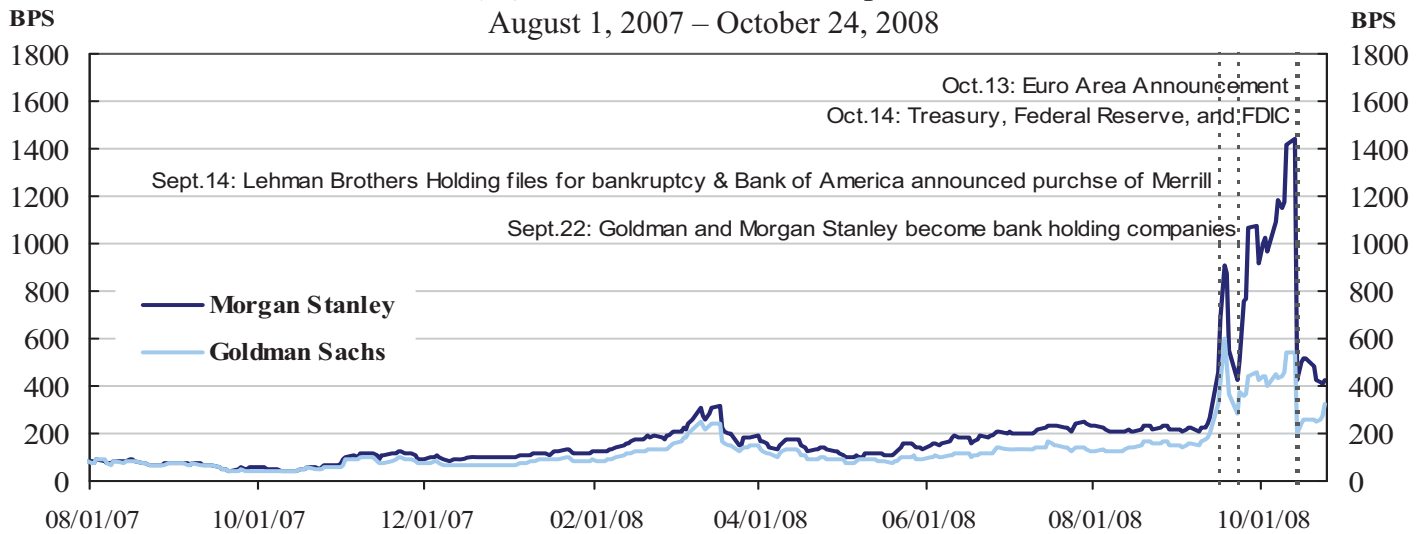
Source: Federal Reserve Bank of New York



Source: Federal Reserve Bank of New York

(11) Investment Bank CDS Spreads

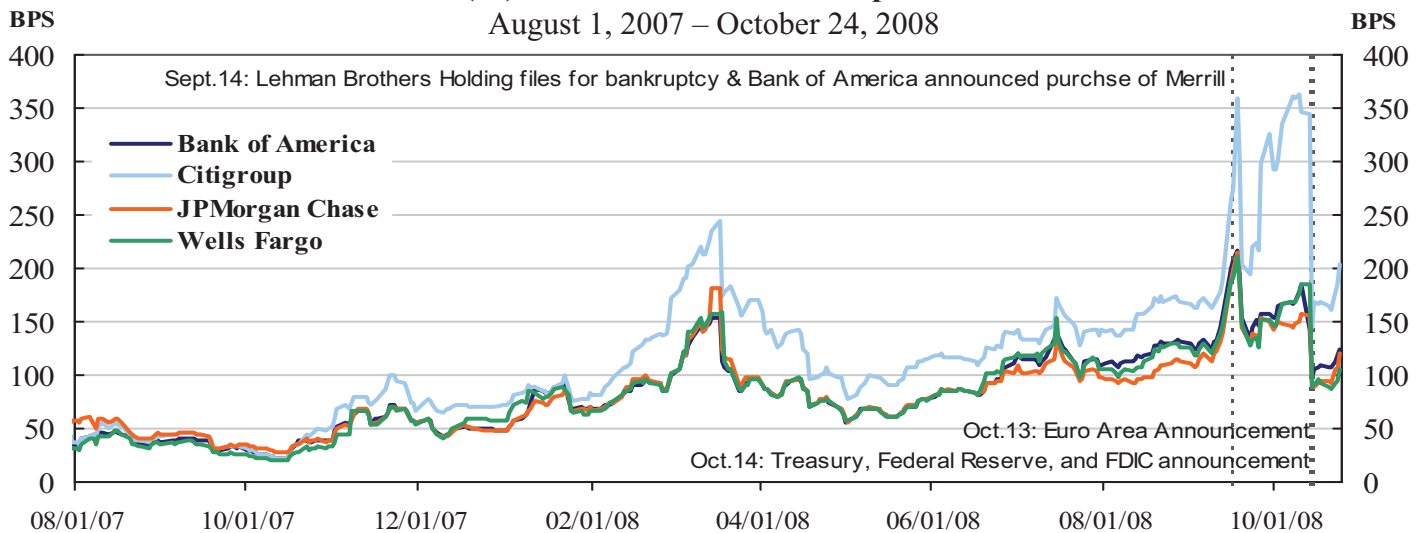
August 1, 2007 – October 24, 2008



Source: Markit

(12) Commercial Bank CDS Spreads

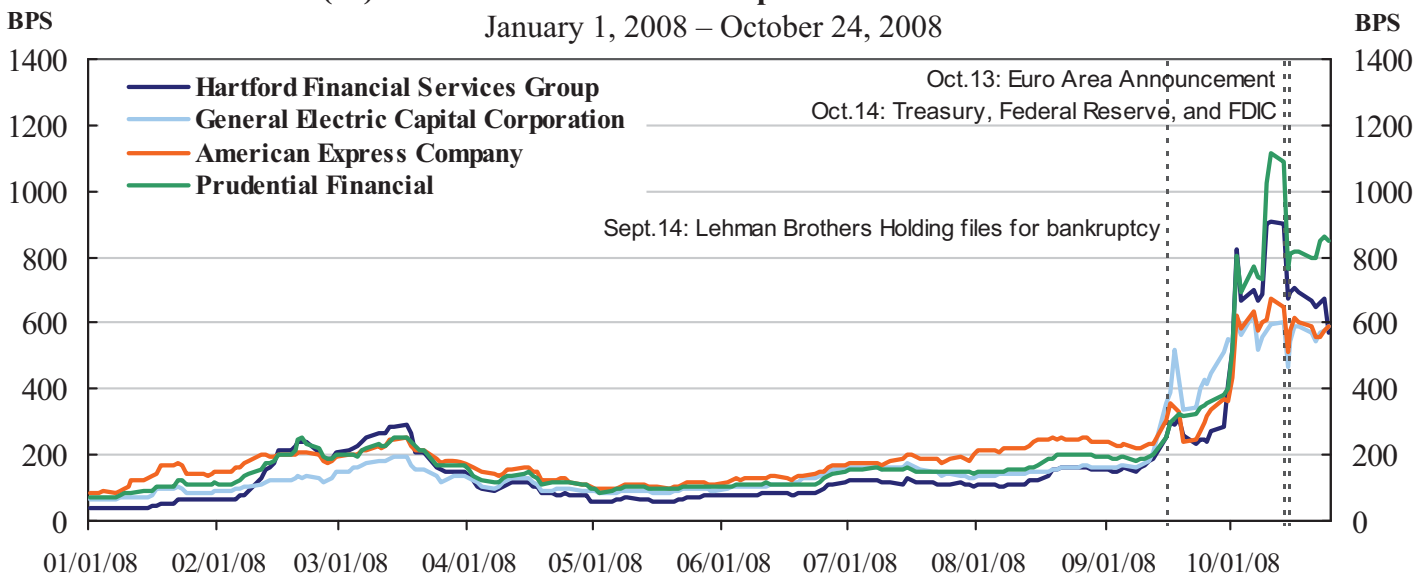
August 1, 2007 – October 24, 2008



Source: Markit

(13) Non-Bank Financial CDS Spreads at Elevated Levels

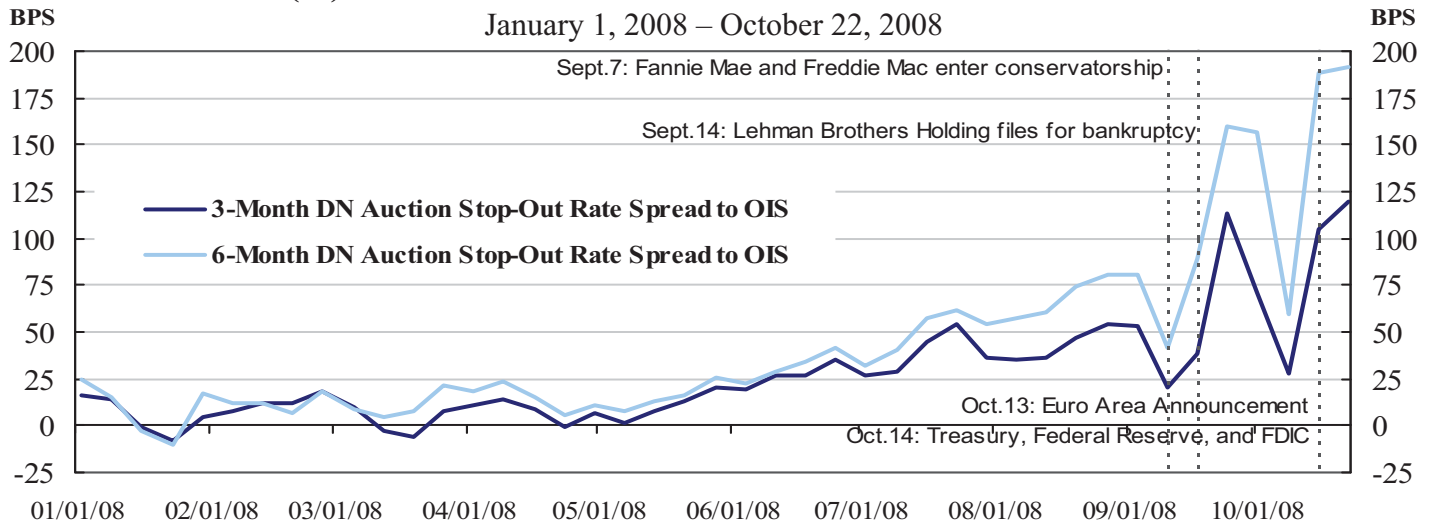
January 1, 2008 – October 24, 2008



Source: Markit

(14) Fannie Mae Discount Note Rates Increase Relative to OIS

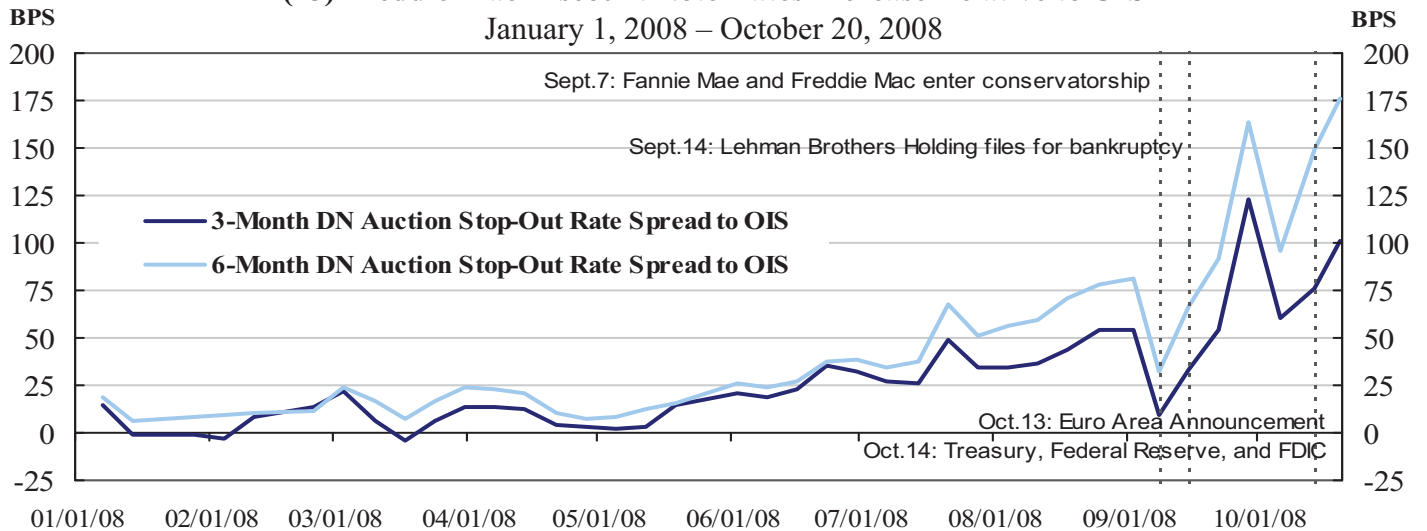
January 1, 2008 – October 22, 2008



Source: Fannie Mae

(15) Freddie Mac Discount Note Rates Increase Relative to OIS

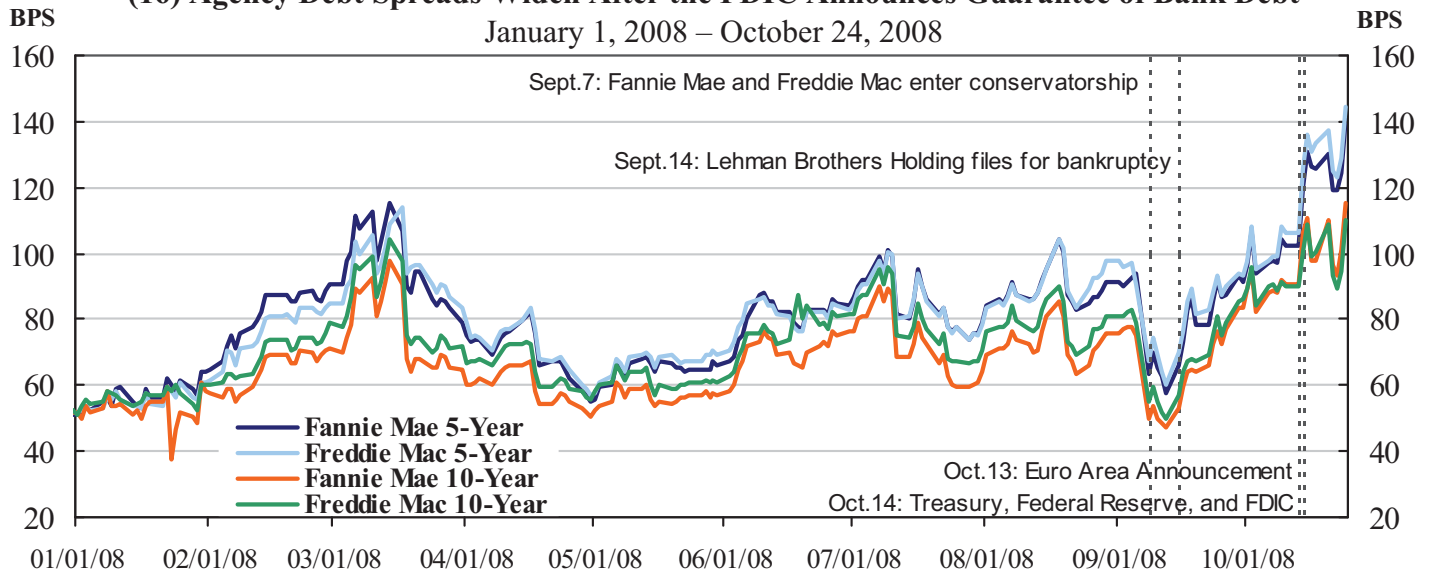
January 1, 2008 – October 20, 2008



Source: Freddie Mac

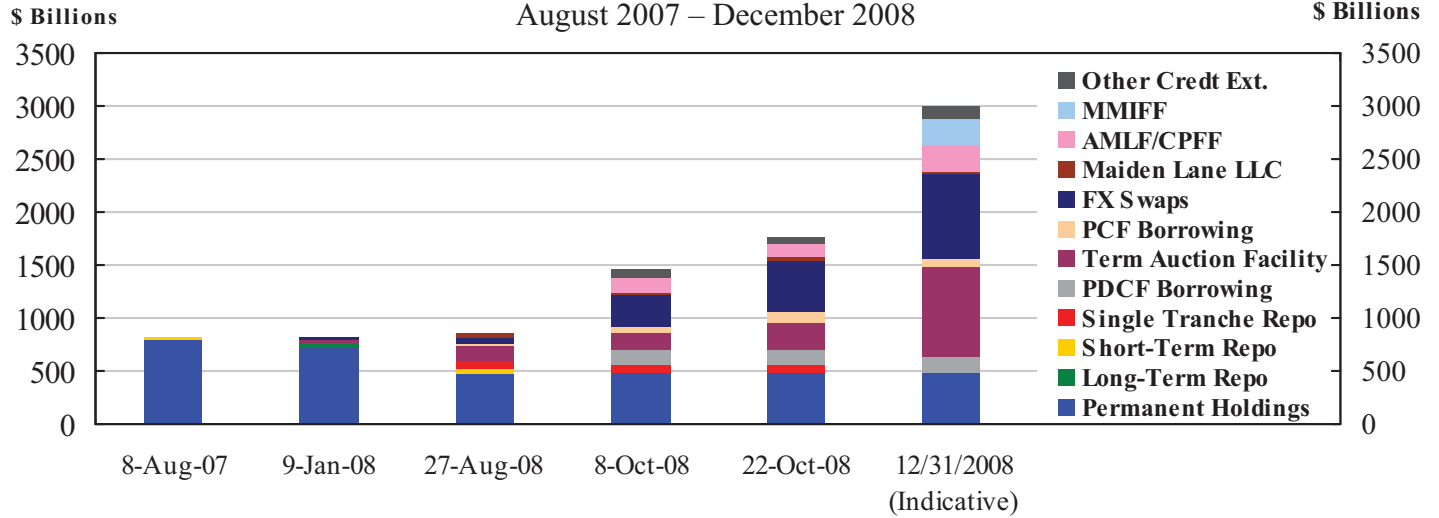
(16) Agency Debt Spreads Widen After the FDIC Announces Guarantee of Bank Debt

January 1, 2008 – October 24, 2008



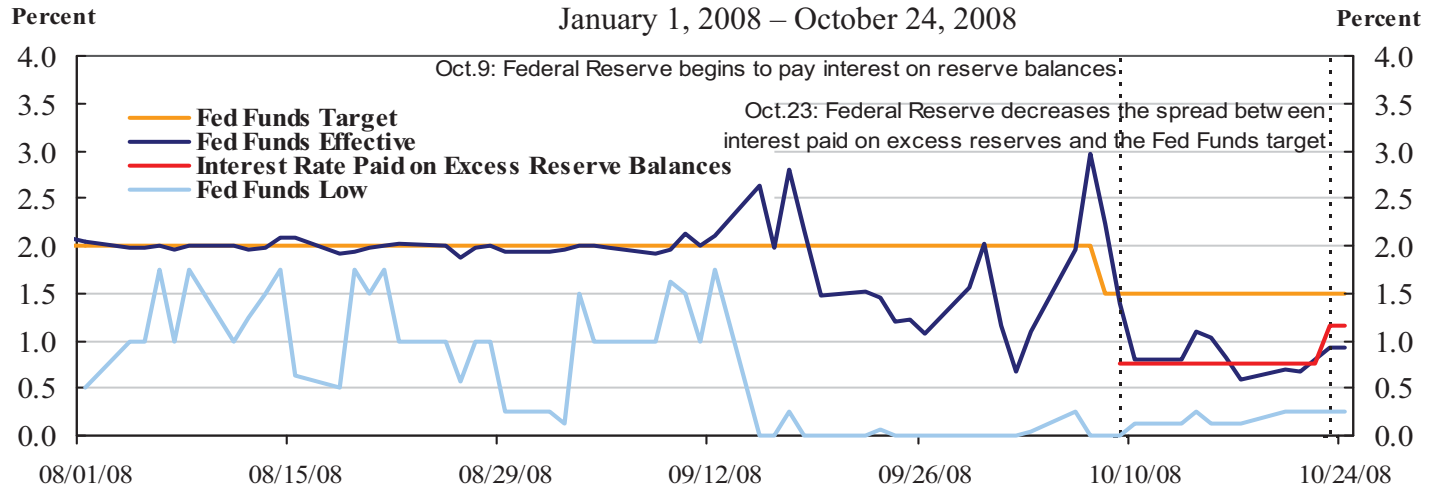
Source: Bloomberg

(17) Federal Reserve Balance Sheet
August 2007 – December 2008



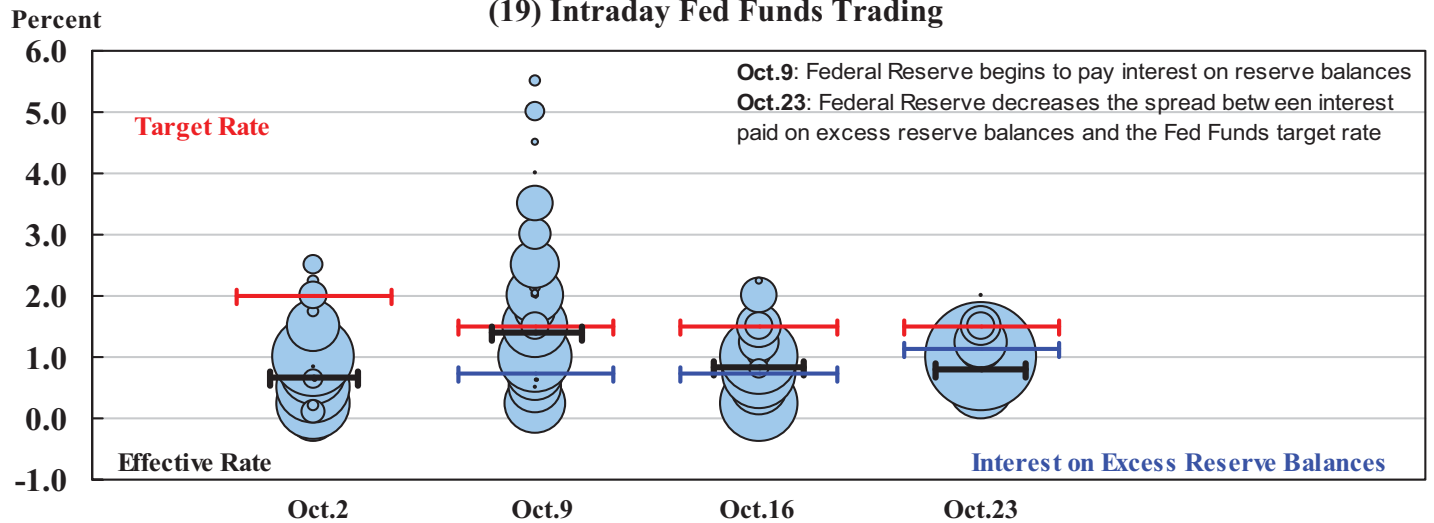
Source: Federal Reserve Bank of New York

(18) Fed Funds Rate Trades Below the Target
January 1, 2008 – October 24, 2008



Source: Federal Reserve Bank of New York

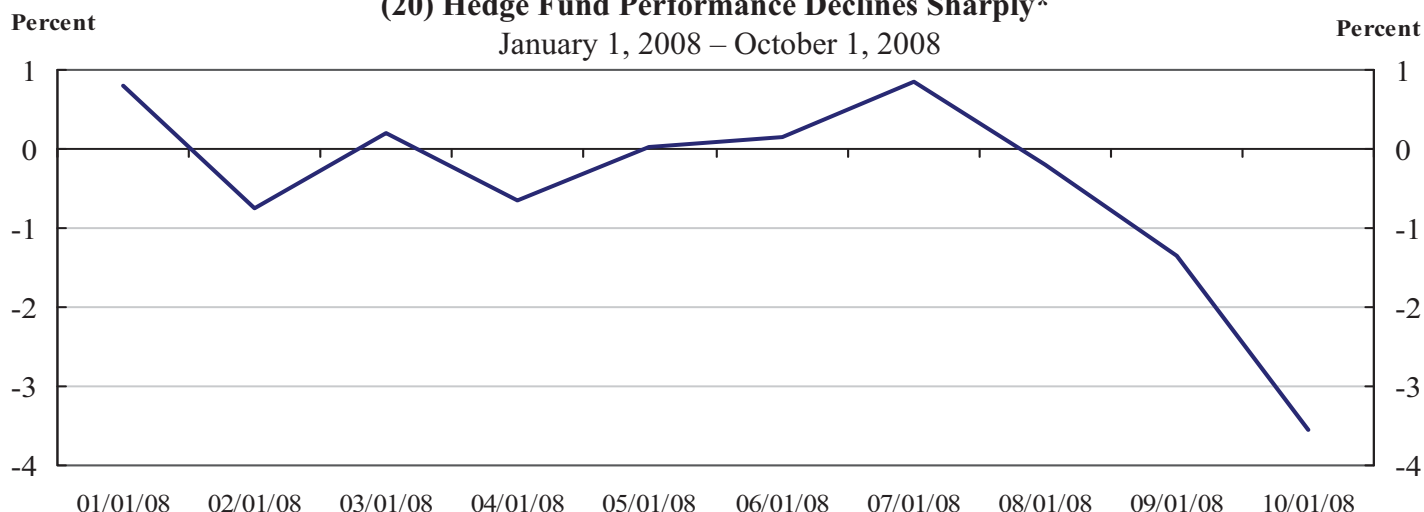
(19) Intraday Fed Funds Trading



Source: Federal Reserve Bank of New York

(20) Hedge Fund Performance Declines Sharply*

January 1, 2008 – October 1, 2008



Source: Credit Suisse/Tremont

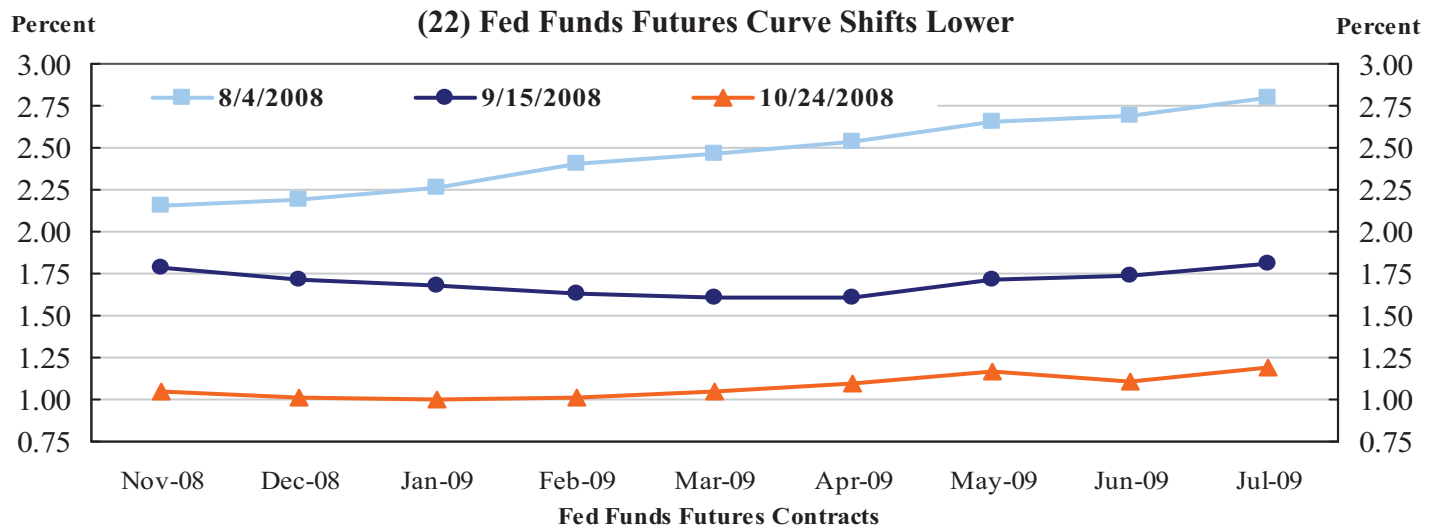
*3-month moving average rate of return for Credit Suisse/Tremont Hedge Fund Index

(21) Haircuts Paid by Hedge Funds Increase for All Collateral Types

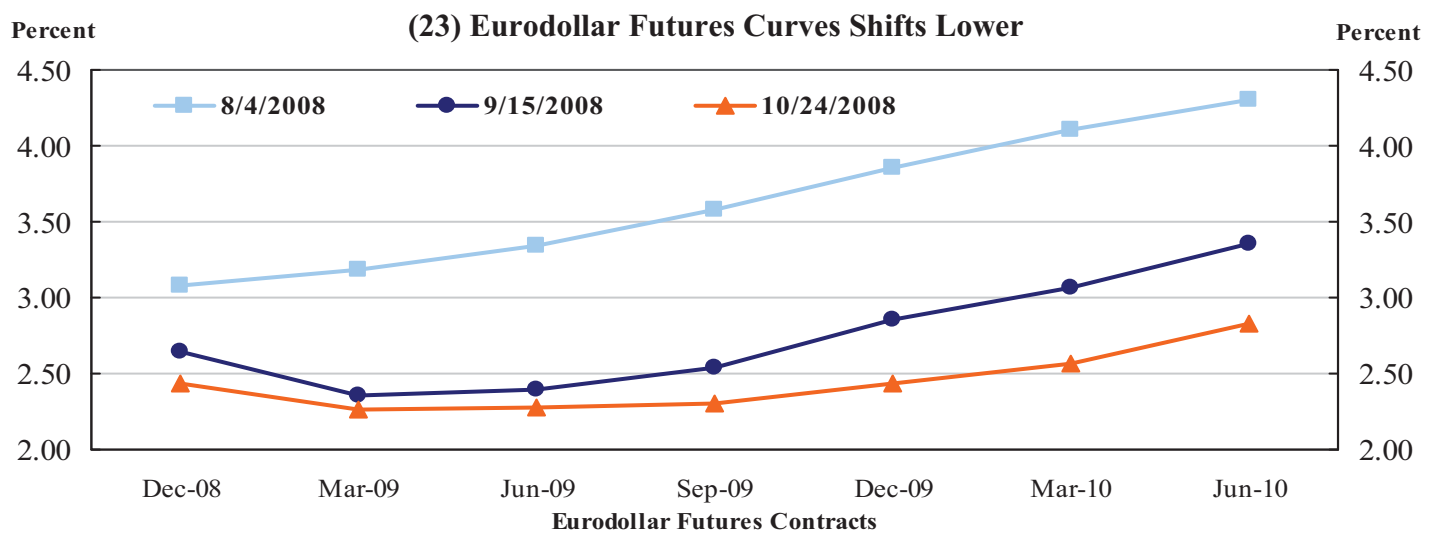
July 30, 2008 – October 21, 2008

COLLATERAL	Date	Maturity								
		Overnight			1-Month			3-Month		
		Average	High	Low	Average	High	Low	Average	High	Low
Treasury	21-Oct	1.5%	3.0%	0.0%	1.5%	3.0%	0.0%	1.5%	3.0%	0.0%
	26-Sep	0.9%	2.0%	0.0%	0.9%	2.0%	0.0%	1.1%	2.0%	0.0%
	17-Sep	0.6%	2.0%	0.0%	0.6%	2.0%	0.0%	0.7%	2.0%	0.0%
	30-Jul	0.6%	2.0%	0.0%	0.6%	2.0%	0.0%	0.7%	2.0%	0.0%
Agency Debt	21-Oct	3.1%	5.0%	1.5%	3.3%	5.0%	1.5%	3.0%	5.0%	1.5%
	26-Sep	2.3%	5.0%	0.0%	2.3%	5.0%	0.0%	2.0%	5.0%	0.0%
	17-Sep	1.6%	3.5%	0.0%	1.7%	3.5%	0.0%	2.6%	5.0%	0.0%
	30-Jul	1.4%	3.0%	0.0%	2.3%	7.5%	0.0%	2.1%	5.0%	0.0%
Agency MBS	21-Oct	6%	10%	5%	7%	10%	5%	6%	10%	5%
	26-Sep	5%	6%	4%	5%	6%	4%	5%	6%	4%
	17-Sep	5%	6%	4%	5%	6%	5%	6%	6%	6%
	30-Jul	4%	6%	4%	5%	8%	4%	5%	7%	4%
Non-agency MBS										
Prime	21-Oct				29%	33%	25%			
	26-Sep				35%	45%	28%			
	17-Sep				23%	23%	23%			
	30-Jul				26%	45%	20%			
Alt-A	21-Oct									
	26-Sep									
	17-Sep				30%	30%	30%			
	30-Jul				29%	30%	28%			
Corporate Debt										
High Grade	21-Oct	21%	25%	15%	19%	23%	15%			
	26-Sep	20%	28%	13%	20%	28%	13%			
	17-Sep	8%	9%	8%	8%	9%	8%	8%	9%	8%
	12-May	13%	25%	6%	14%	25%	8%	14%	25%	9%
High Yield	21-Oct	40%	60%	25%	38%	60%	25%			
	26-Sep	41%	60%	18%	41%	60%	18%			
	17-Sep	20%	23%	18%	20%	23%	18%	20%	23%	18%
	12-May	28%	70%	13%	30%	70%	13%	32%	70%	14%

Source: Survey of 11 Hedge Funds

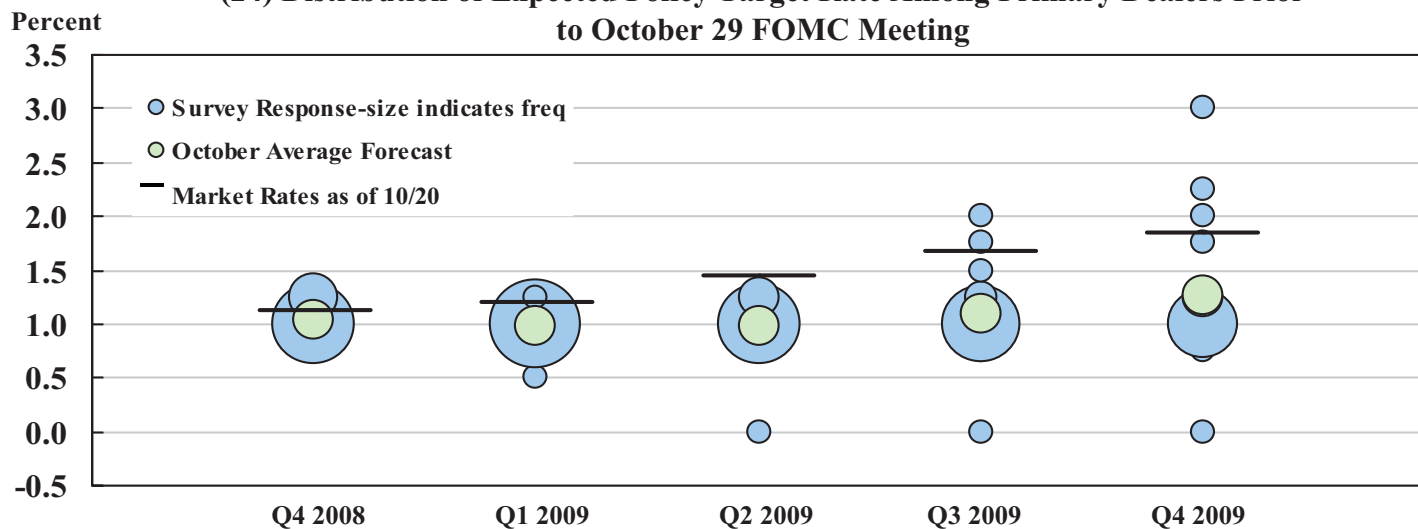


Source: Bloomberg



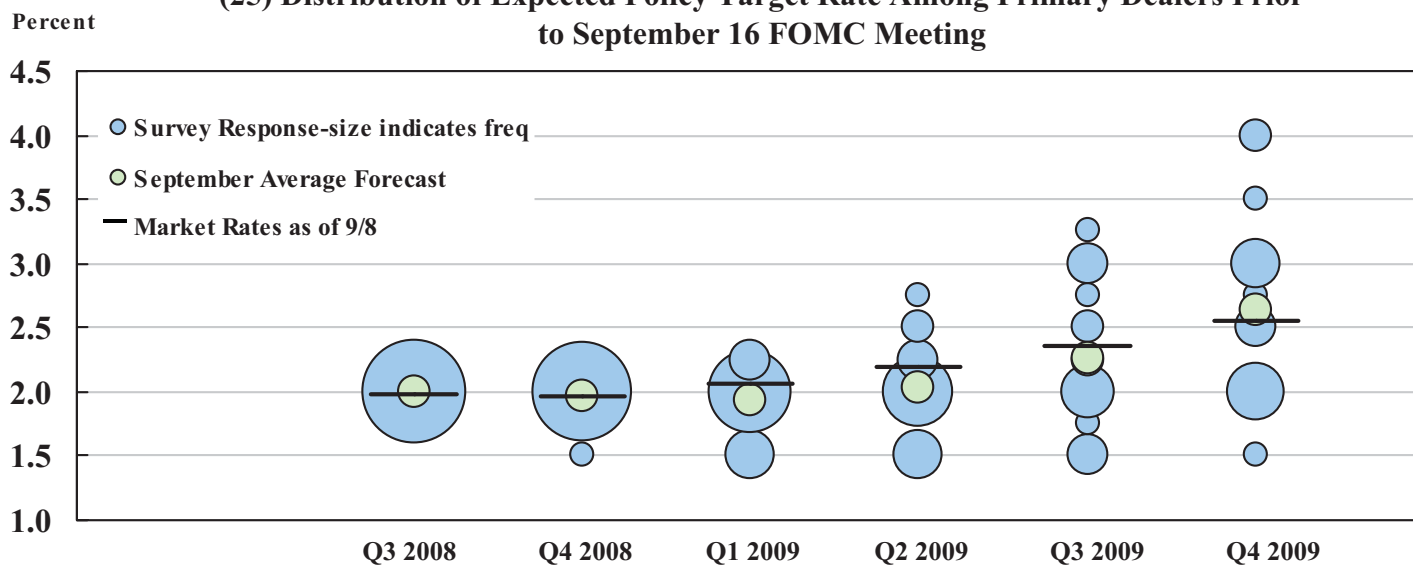
Source: Bloomberg

(24) Distribution of Expected Policy Target Rate Among Primary Dealers Prior to October 29 FOMC Meeting



Source: Dealer Policy Survey

(25) Distribution of Expected Policy Target Rate Among Primary Dealers Prior to September 16 FOMC Meeting



Source: Dealer Policy Survey

(26) Spread Between Nominal and Inflation Protected Treasury Yields Narrows Sharply

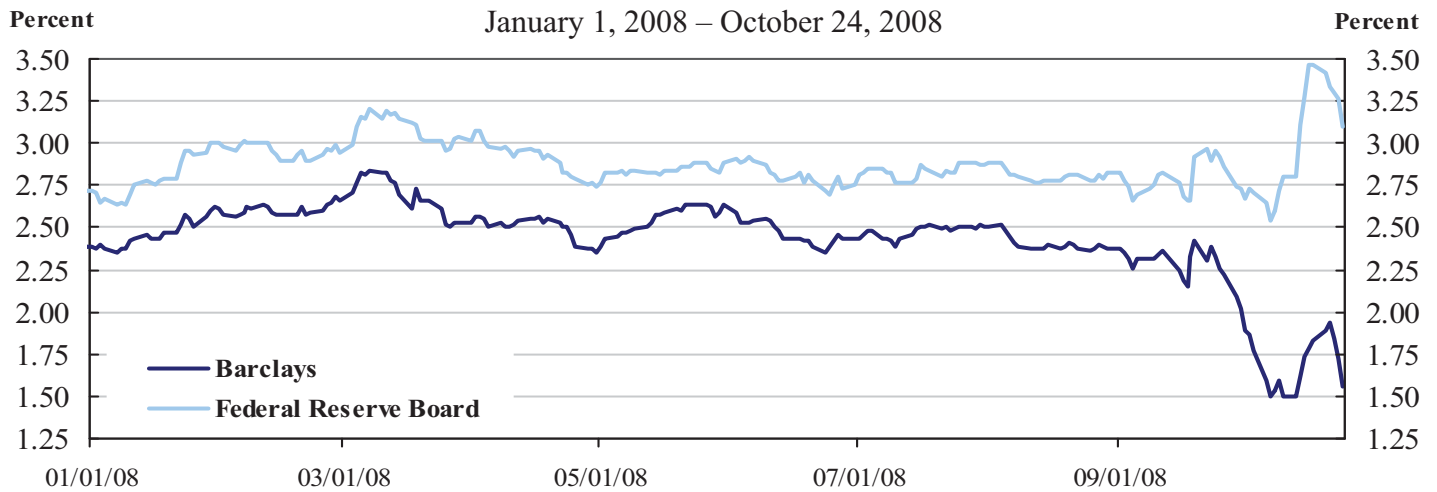
January 1, 2008 – October 24, 2008



Source: Bloomberg

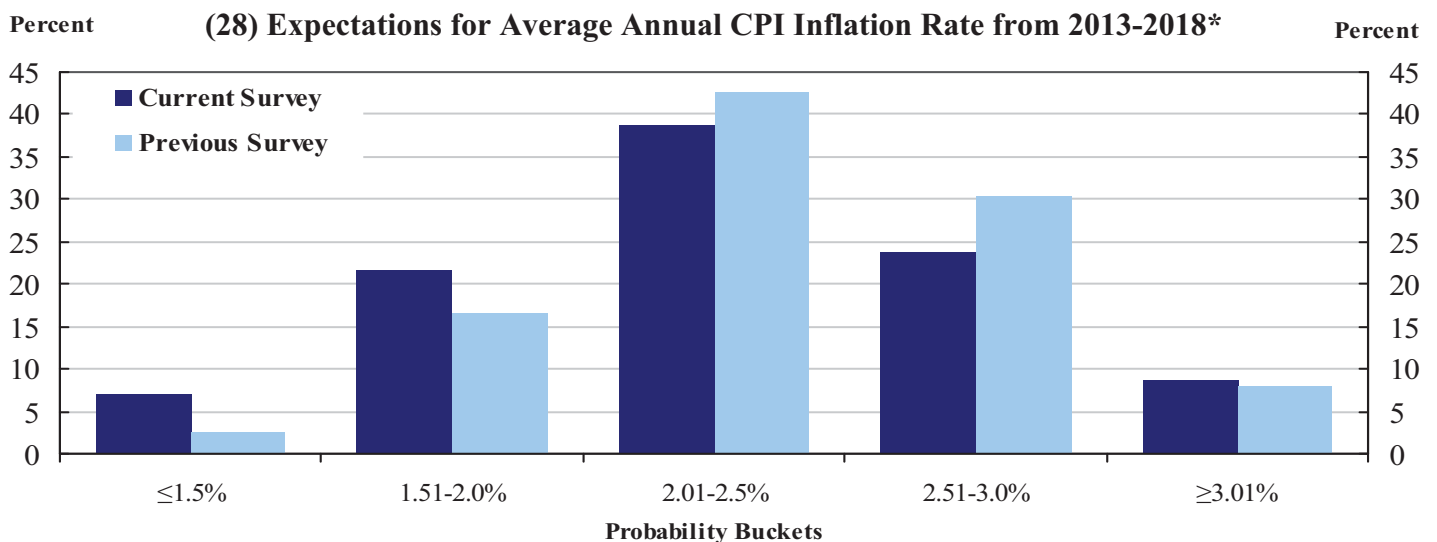
(27) TIPS Implied Average Rate of Inflation: 5-10 Year Horizon

January 1, 2008 – October 24, 2008



Source: Federal Reserve Board, Barclays Capital

(28) Expectations for Average Annual CPI Inflation Rate from 2013-2018*



*Average expectation among respondents of FRBNY's survey of primary dealers

Source: Federal Reserve Bank of New York

Appendix 2: Materials used by Mr. Bassett

Class II FOMC – Restricted (FR)

Material for

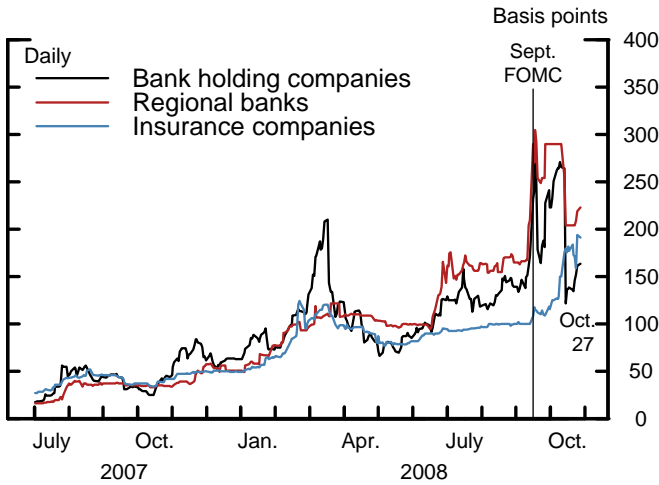
***Staff Presentation on
Financial Developments***

October 28, 2008

Exhibit 1

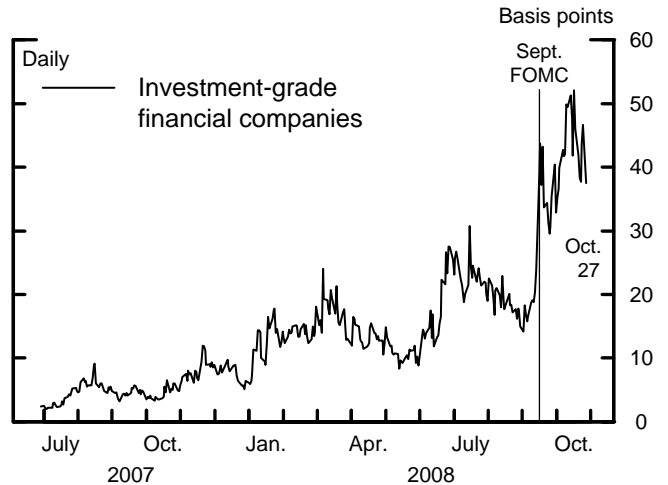
Market Functioning

Median CDS spreads of financial institutions



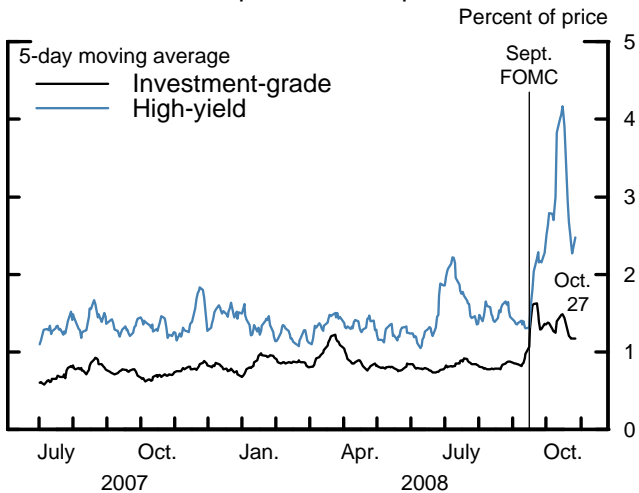
Note: Median spreads for 6 bank holding companies; 6 regional banks; and 59 insurance companies.
Source: Markit.

Average range of CDS dealer contributions



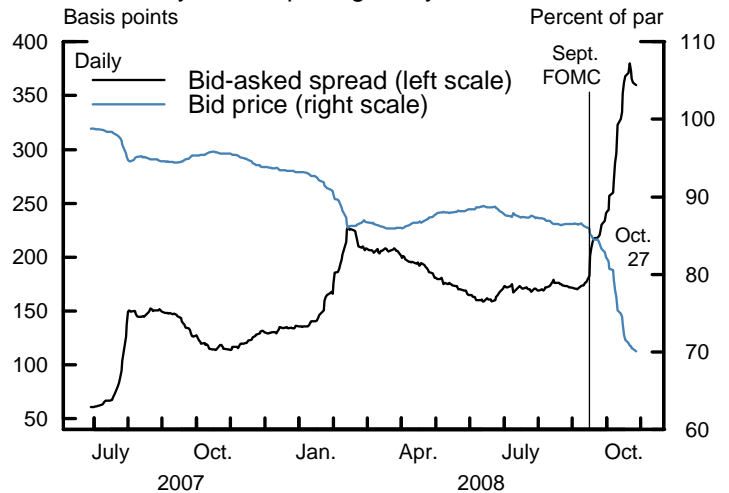
Source: Markit.

Median bid-asked spreads on corporate bonds



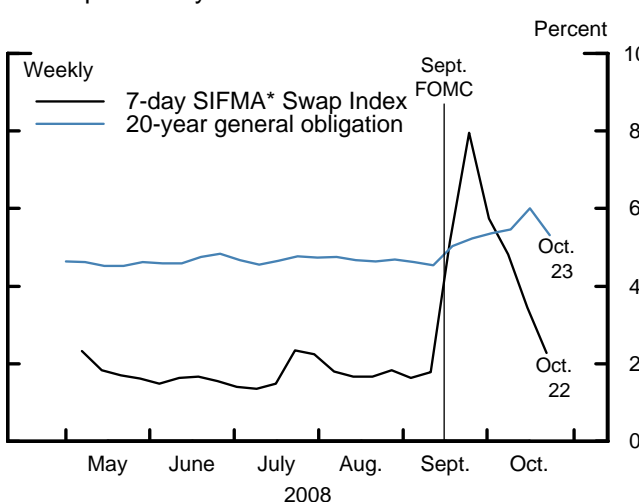
Source: Calculated using data from Merrill Lynch.

Secondary market pricing for syndicated loans



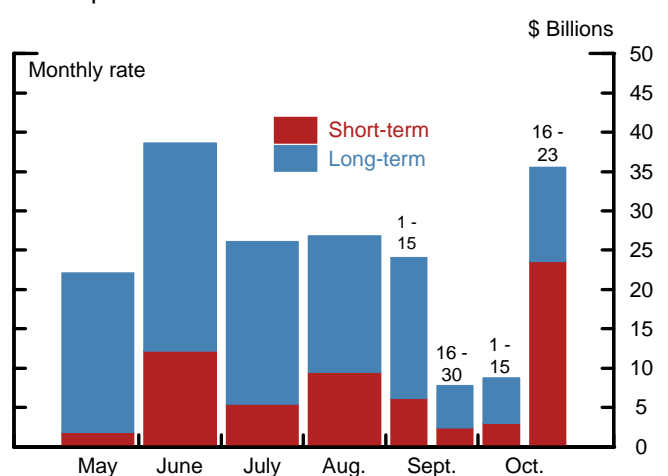
Source: LSTA/LPC Mark-to-Market Pricing.

Municipal bond yields



* Securities Industry and Financial Markets Association.
Source: Bloomberg; The Bond Buyer.

Municipal bond issuance

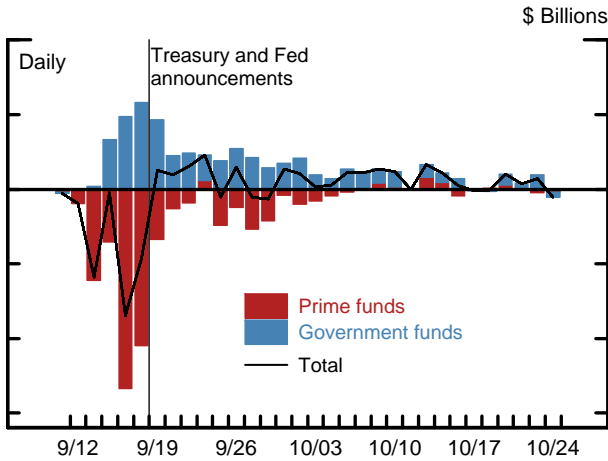


Source: Securities Data Company; The Bond Buyer.

Exhibit 2

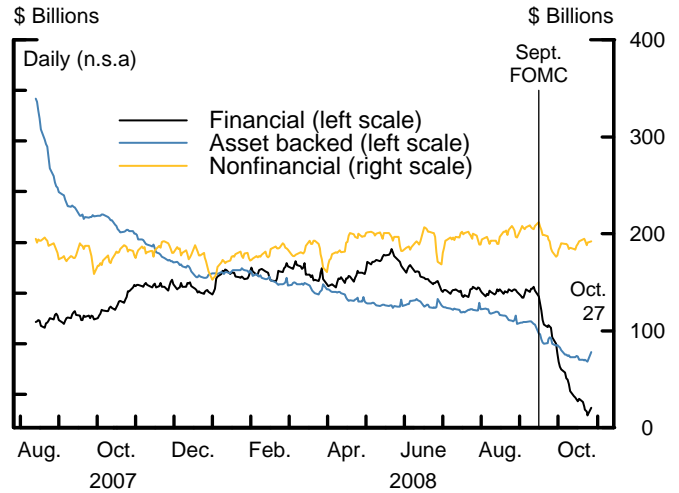
Financial Intermediation

Net flows of taxable money market funds



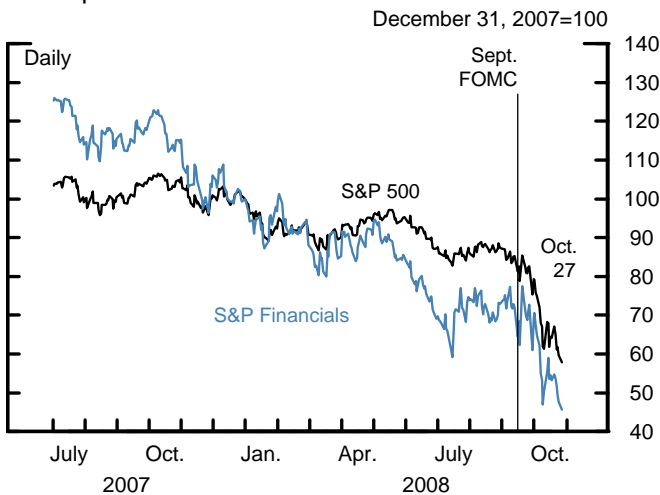
Source: iMoneyNet.

Commercial paper outstanding in the U.S. market



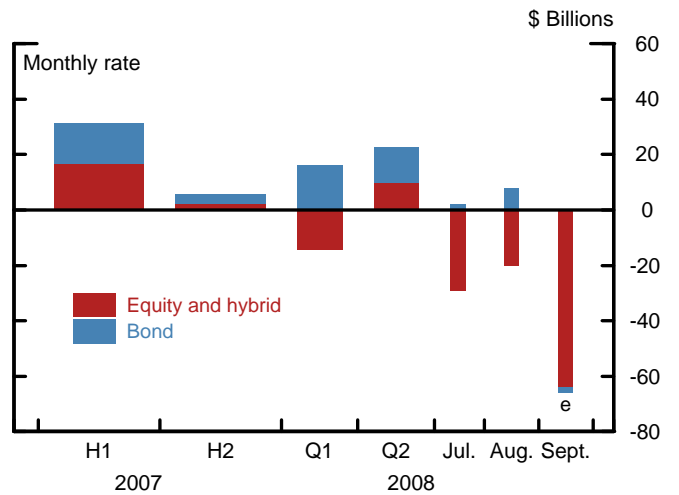
Source: Depository Trust Corporation.

Stock price indexes



Source: Bloomberg.

Net flows into bond and stock mutual funds



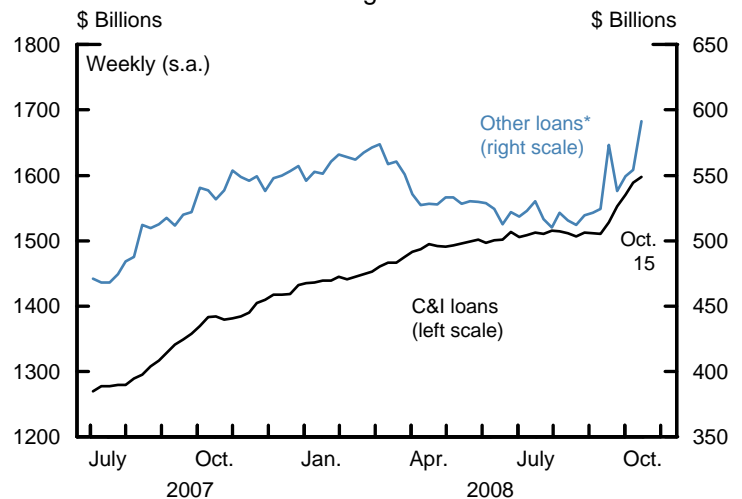
e Estimated.
Source: Investment Company Institute.

Growth in selected components of M2 in 2008

Percent (s.a.a.r.)	H1	Q3	Sept.	Oct. ^e
1. Total M2	7.2	3.6	15.6	17.1
2. Liquid deposits	7.4	3.7	20.1	1.0
3. Retail money funds	22.4	-5.5	-0.5	44.6
4. Small time	-1.4	9.3	17.6	52.8
5. Currency	0.9	6.8	6.7	20.5

e Estimated.
Source: Federal Reserve.

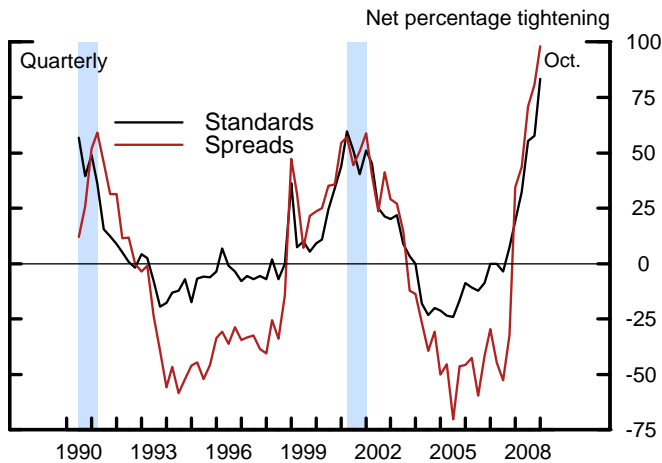
Commercial bank lending to businesses



* Includes fed funds and RPs with entities other than banks and dealers and loans n.e.c.; the latter includes loans to nonbank financial institutions, banks abroad, and foreign governments.
Source: Calculated using data from Federal Reserve's H.8 release.

October 2008 Senior Loan Officer Opinion Survey

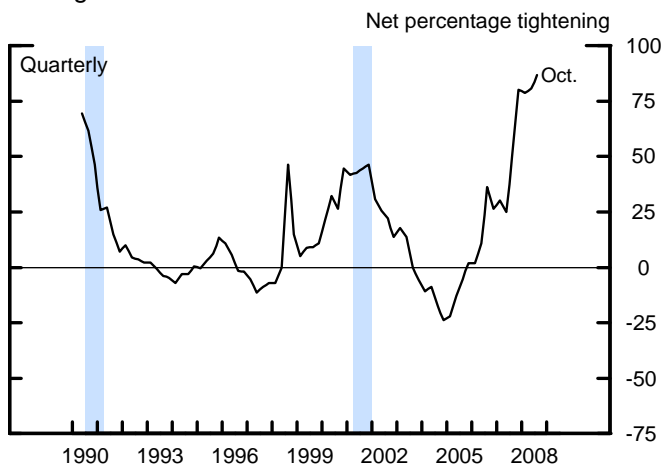
Changes in standards and terms for C&I loans



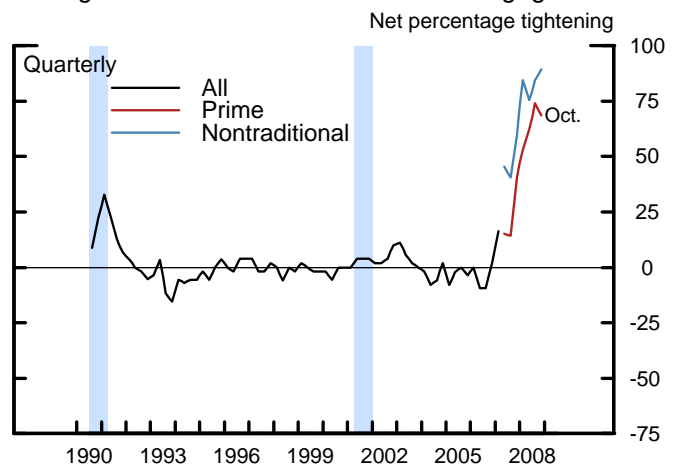
Reasons for tightening credit conditions

- Nearly all banks tightened in response to a less favorable economic outlook and a reduced tolerance for risk.
- About 40 percent of domestic banks tightened because of concerns about capital or liquidity.

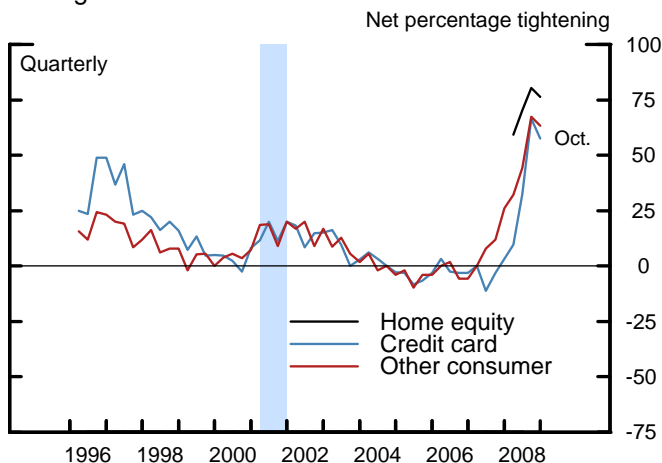
Changes in standards for CRE loans



Changes in standards for residential mortgages



Changes in standards for consumer loans

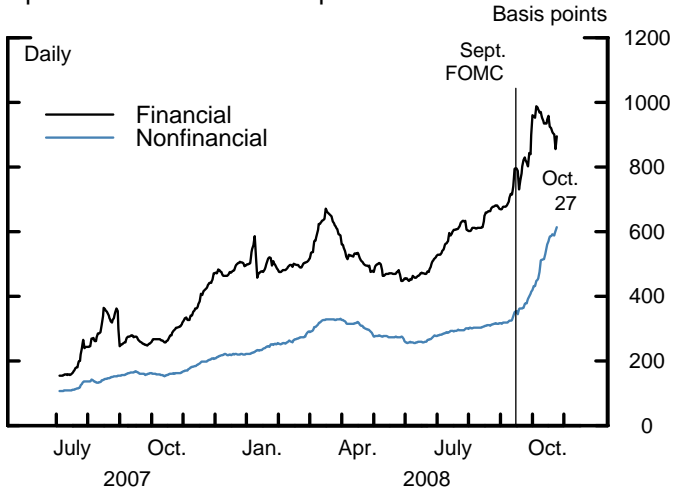


Reductions in existing credit card limits

- 25 percent reported reducing limits for prime customers.
- 60 percent reported cutting limits for nonprime borrowers.
- Most important reasons were the less favorable economic outlook, reduced tolerance for risk, and the credit quality of individual customers.

Business Finance

Spreads on BBB-rated corporate bonds



Source: Merrill Lynch.

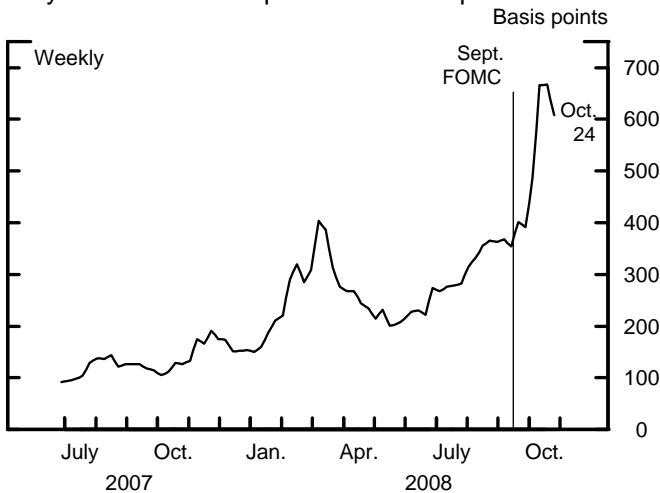
Gross issuance of corporate bonds

(Billions of dollars, monthly rate)

Date	Nonfinancial		Financial
	Investment Grade	High Yield	
1. 2007	17.5	7.5	151.7
2. 2008H1	24.9	3.1	66.0
3. 2008Q3	10.5	0.7	16.9
4. Oct. ^p	13.3	0.0	2.1

^p Preliminary: Issuance through October 23.
Source: Securities Data Company.

10-year AAA CMBS spreads over swaps

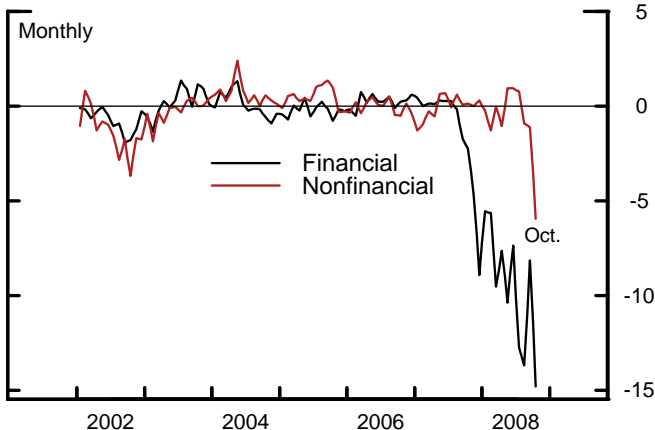


Source: JPMorgan.

2008Q3 corporate earnings

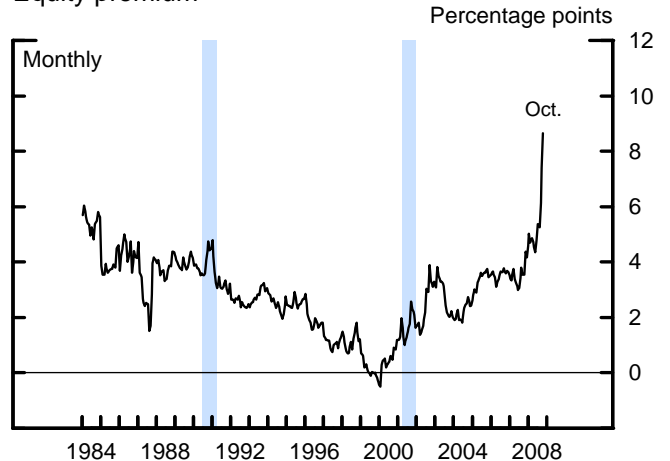
- S&P 500 earnings are expected to come in about 10 percent below year-ago levels.
- BHCs reported substantial writedowns and loss provisions necessitated by a widespread deterioration in credit quality.
- Earnings of nonfinancial companies are projected to rise about 12 percent.

Revisions to analysts' earnings expectations for S&P 500



Note: Index is a weighted average of the percent change in the consensus forecasts of current-year and following-year EPS for a fixed sample.
Source: Thomson Financial.

Equity premium

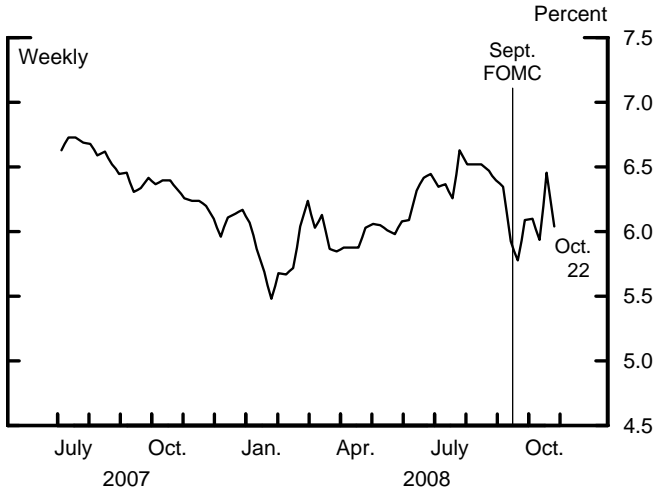


Note: The ratio of trend earnings to price for S&P 500 firms less the real perpetuity Treasury yield.

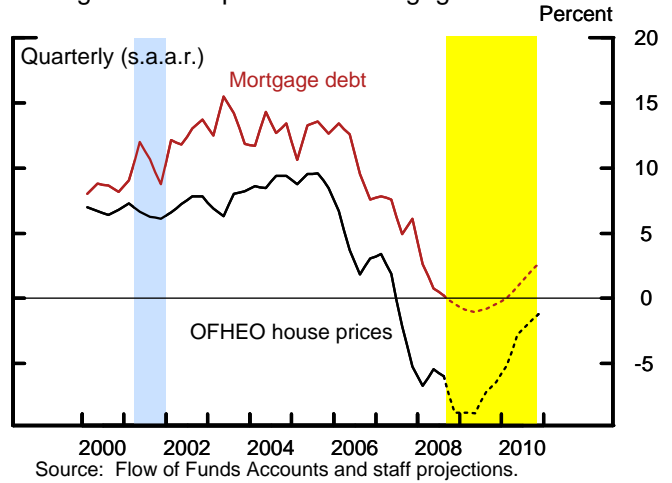
Exhibit 5 -Last Exhibit

Household Finance

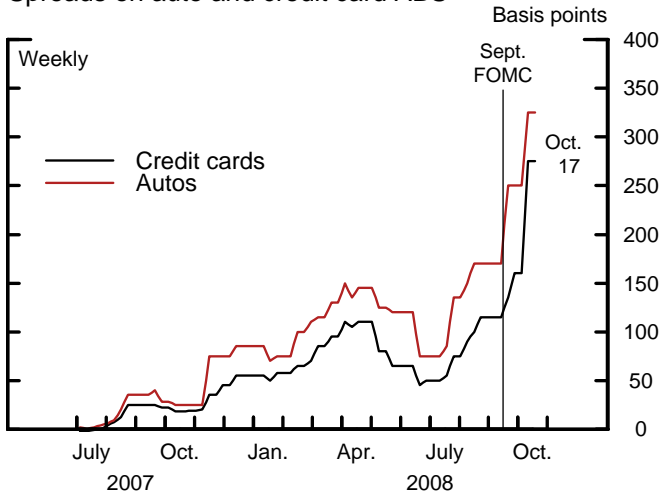
Rate on conforming residential mortgages



Change in house prices and mortgage debt

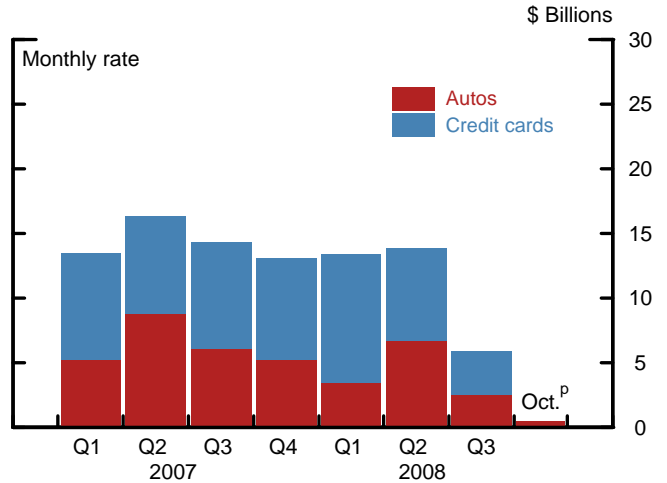


Spreads on auto and credit card ABS



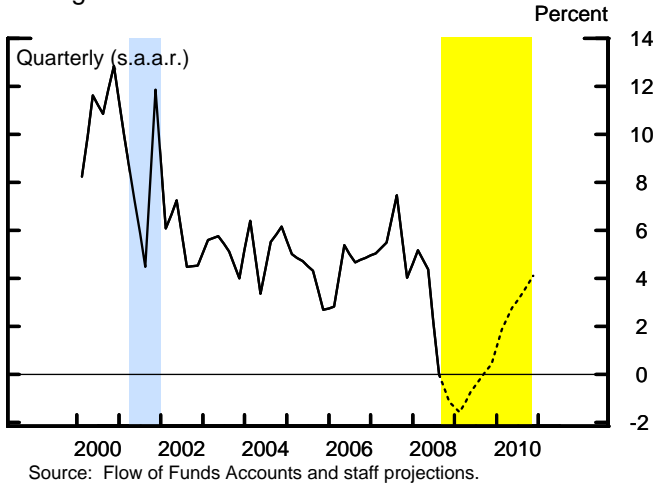
Note: Spread of the interest rate on AAA-rated 2-year ABS over the 2-year swap rate.
Source: Citigroup Global Markets.

ABS issuance



^p Preliminary: Issuance through October 17.
Source: Citigroup Global Markets.

Change in consumer credit



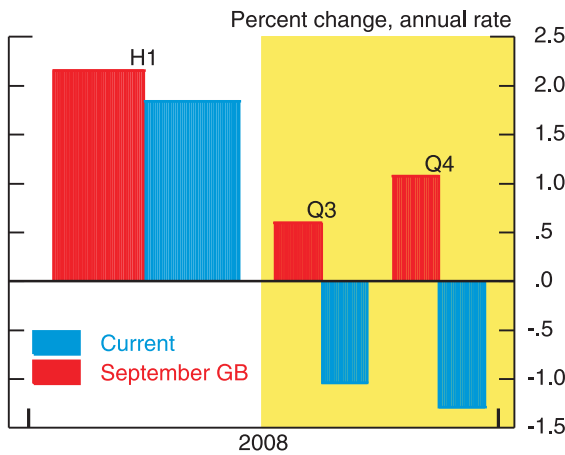
Summary

- Despite modest improvement recently, pressures on financial firms and markets have increased.
- Those pressures led to concerns about the economic outlook and reduced tolerance for risk.
- The fall in asset prices and tightening of credit conditions have had substantial adverse effects.

Appendix 3: Materials used by Mr. Morin

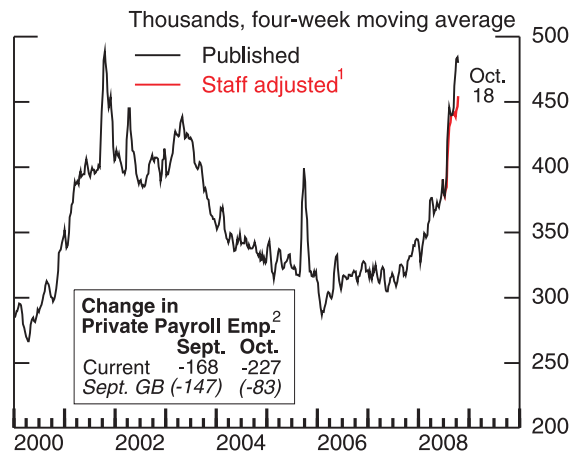
The Near-term Projection

Real GDP



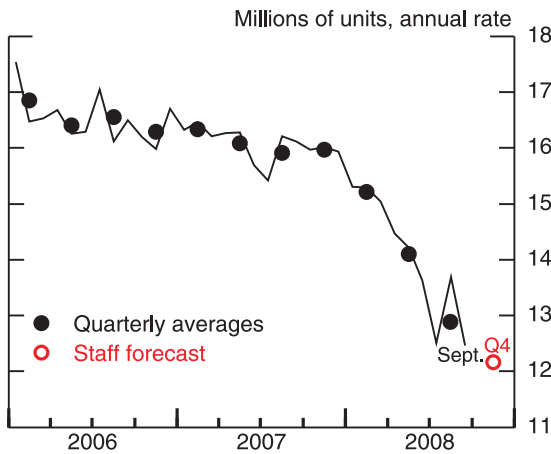
Note. Semiannual figures are Q2/Q4 percent changes at an annual rate.

Initial Claims for Unemployment Insurance

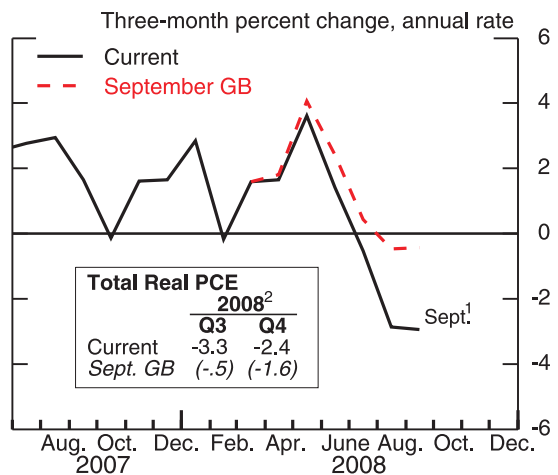


1. Adjusted for hurricanes and EUC effects.
2. Thousands of employees.

Sales of Light Vehicles

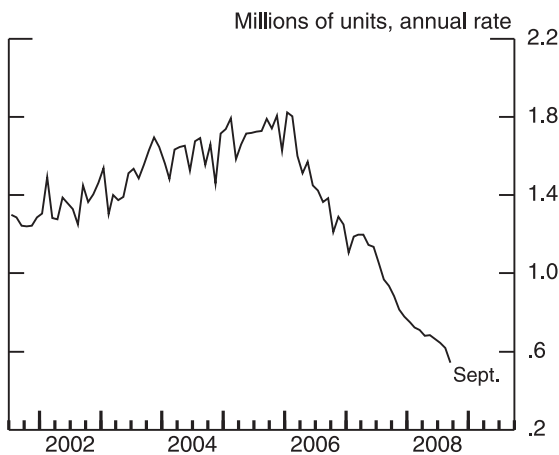


Real PCE Ex. Motor Vehicles

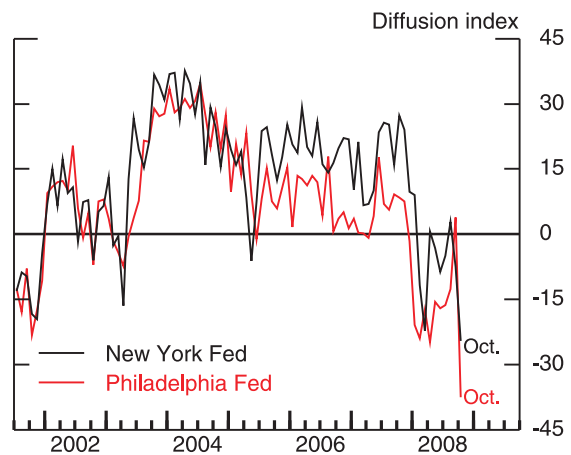


1. Sept. is based on retail sales for September and the staff forecast for PCE services.
2. Percent changes, annual rate.

Single-Family Housing Starts

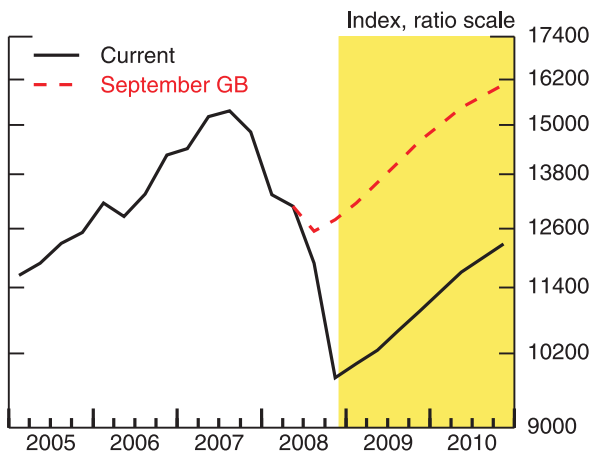


Business Activity

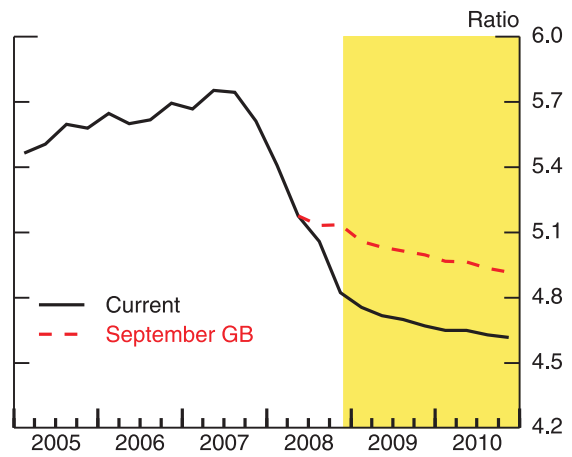


Conventional Background Factors

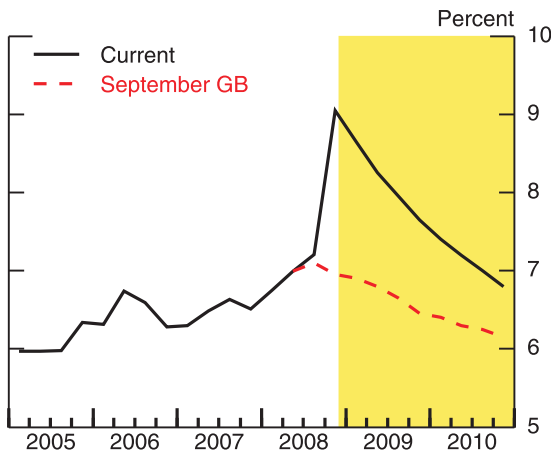
Wilshire 5000



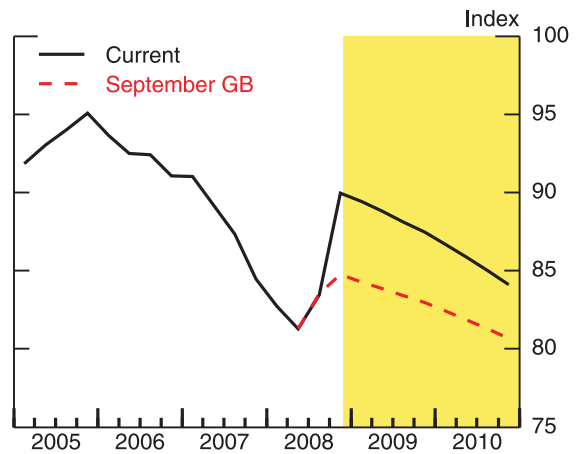
Wealth-to-Income Ratio



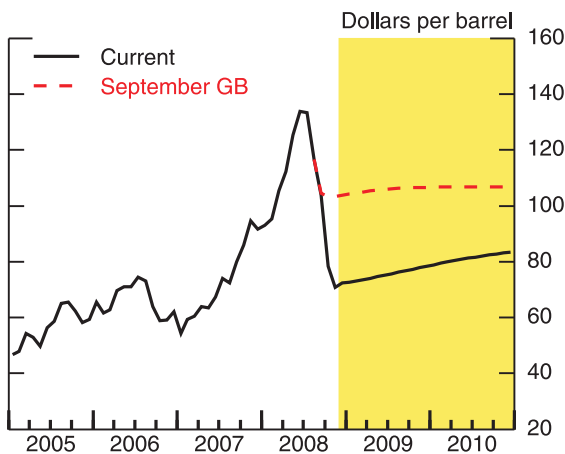
Baa Corporate Bond Rate



Broad Real Dollar Index



West Texas Intermediate Spot Price

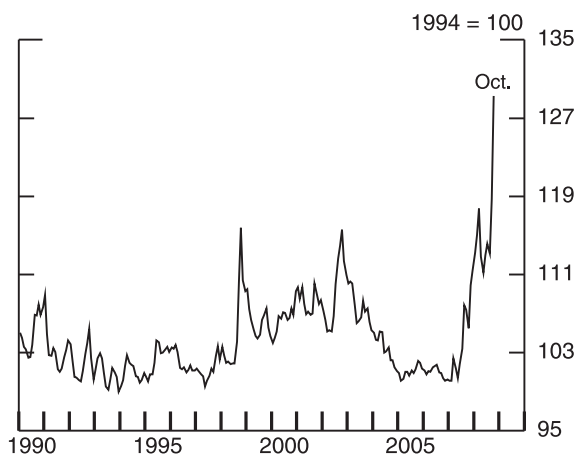


Summary

- These background factors exert a considerable drag on activity through conventional wealth, cost-of-capital, and terms-of-trade channels
- These effects likely understate the fallout on real activity from financial turmoil
- We use supplementary analyses to try to account for credit-channel effects

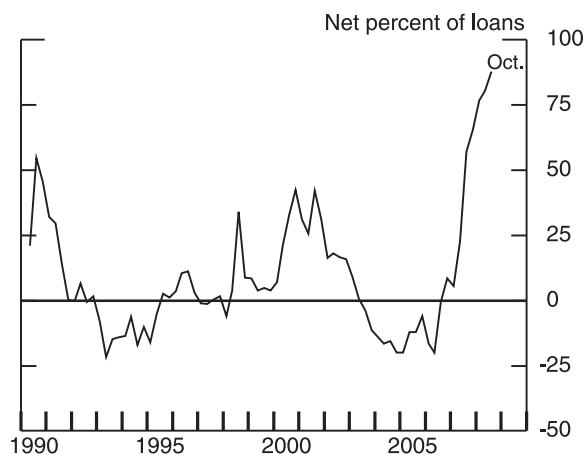
Judgmental Effects of Financial Market Turmoil

Nine-Variable Financial Stress Index



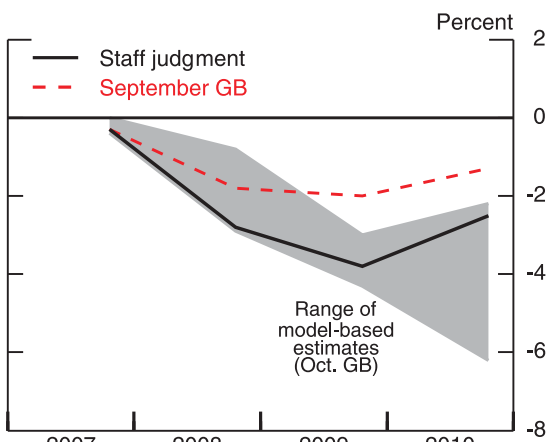
Note. Index constructed using risk spreads, volatility measures, and liquidity measures.

Index of Change in Bank Credit Standards



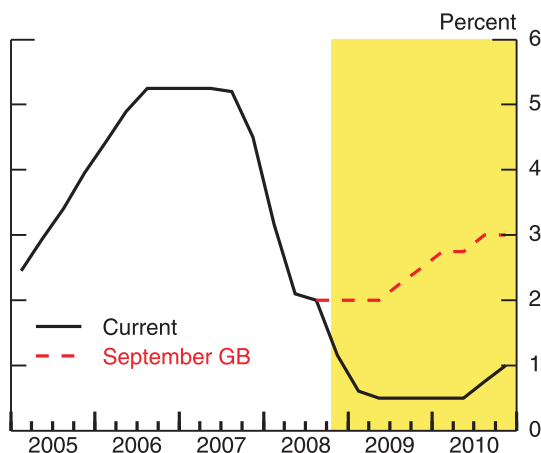
Note. Derived from the Senior Loan Officer Opinion Survey.

**Financial Turmoil:
Cumulative Effect on the Level of Real GDP**



Note. Percent deviation from Q4 baseline level.

Federal Funds Rate



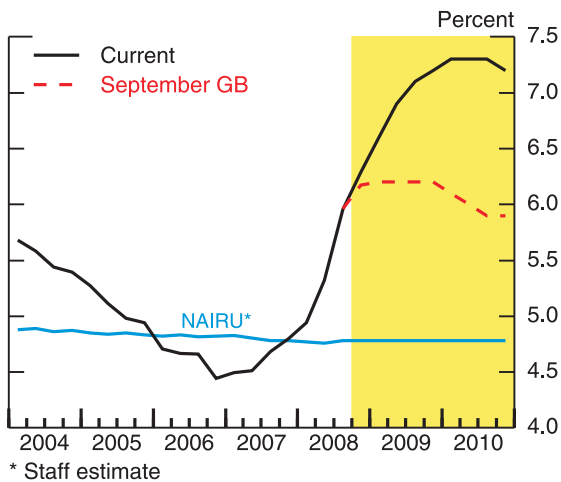
Summary of the Medium-term Projection (Percent change)

	2008		2009		2010
	H1	H2	H1	H2	
1. Real GDP	1.8	-1.2	-.9	.7	2.3
2. (September GB)	(2.2)	(.8)	(1.9)	(2.3)	(2.7)
Selected contributions (percentage points):					
3. Personal consumption	.7	-2.0	.3	1.1	1.7
4. Residential investment	-.8	-.8	-.7	-.3	.3
5. Business fixed investment	.3	-.5	-1.3	-1.0	.4
6. Net exports	1.8	.8	.5	-.1	-.2

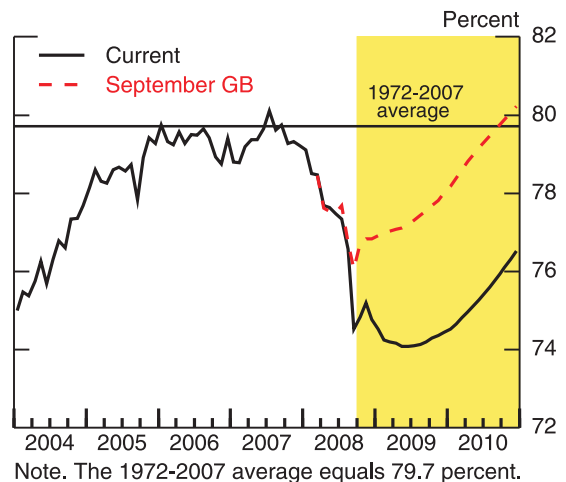
Note. Annual data are Q4/Q4 percent changes; semiannual data are Q2/Q4 or Q4/Q2 percent changes at an annual rate.

Inflation Outlook

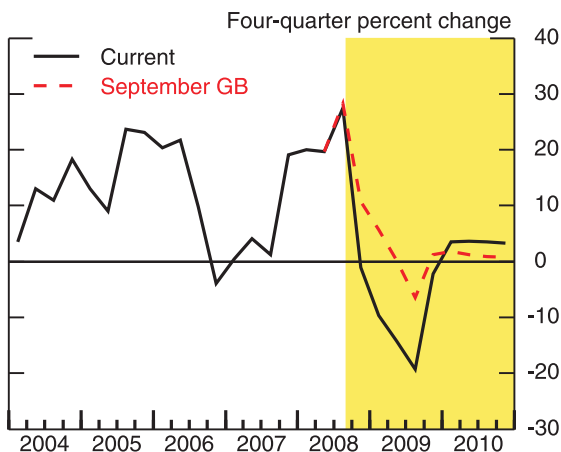
Unemployment Rate



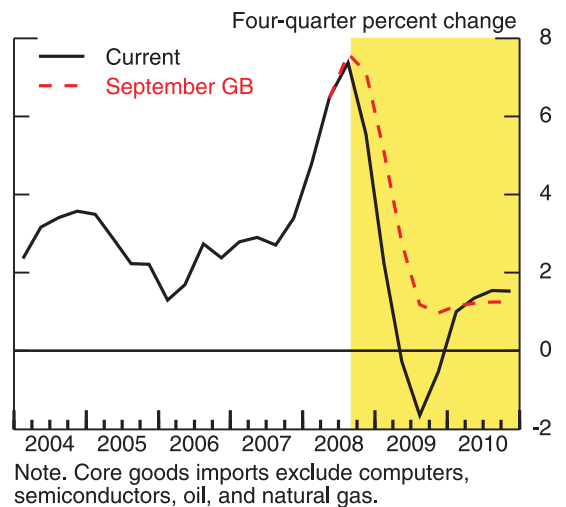
Manufacturing Capacity Utilization



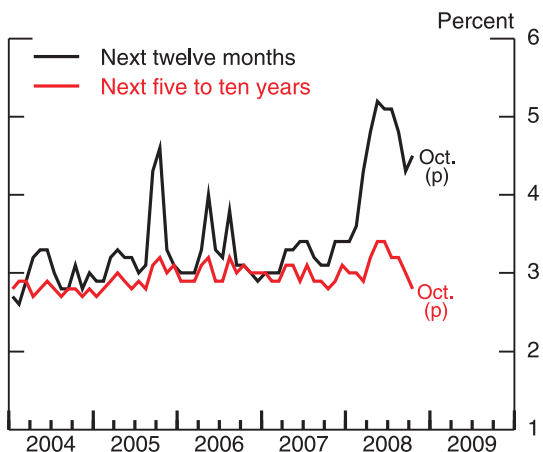
PCE Energy Prices



Core Goods Import Prices



Median Expected Inflation: Reuters/Michigan



PCE Prices (Percent change, annual rate)

	2008 H2	2009	2010
1. PCE price index	1.6	1.4	1.4
2. (Sept. GB)	(3.0)	(2.2)	(1.9)
3. Energy	-20.4	-2.3	3.3
4. (Sept. GB)	(-4)	(1.2)	(.8)
5. Food	6.8	2.2	1.4
6. (Sept. GB)	(6.5)	(3.2)	(2.1)
7. Core PCE	2.7	1.5	1.3
8. (Sept. GB)	(2.7)	(2.1)	(1.9)

Note. Annual figures are Q4/Q4 percent changes and semiannual figures are Q4/Q2 percent changes at an annual rate.

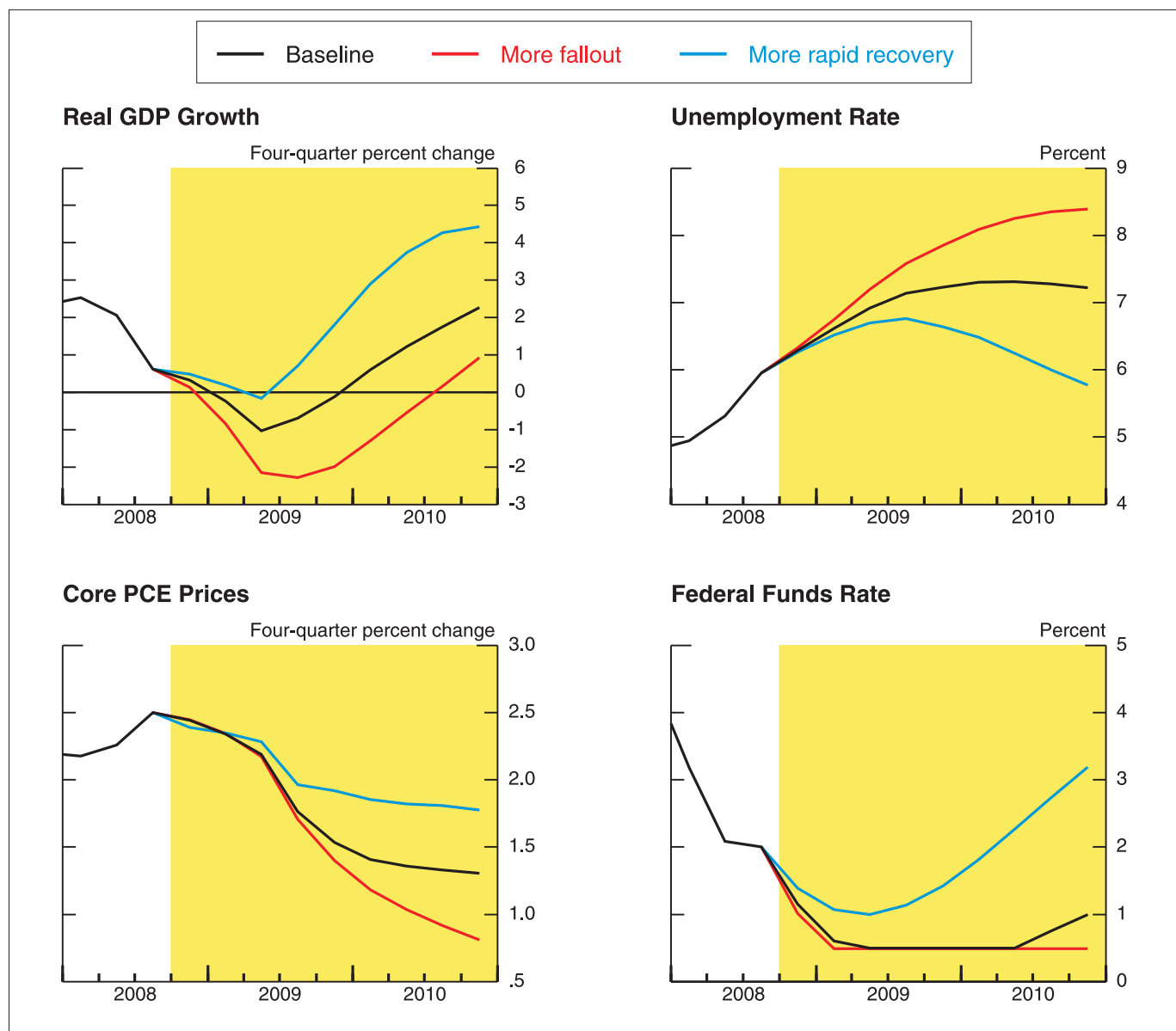
Financial Stress and Macroeconomic Risks

More Financial Fallout

- Financial turmoil intensifies further
- Risk premiums jump a further 50 basis points
- House prices fall an additional 10 percent relative to the baseline
- Credit-channel and other non-conventional effects are more restrictive than in the baseline

More Rapid Financial Recovery

- The financial stress lifts much more quickly than in the baseline
- Risk spreads recede by early next year to Sept. Greenbook levels
- Equities reverse most of their recent losses by the middle of next year
- Judgmental adjustments cut back to Sept. Greenbook levels



Appendix 4: Materials used by Ms. Kole

Class II FOMC – Restricted (FR)

Material for

***Staff Presentation on
The International Outlook***

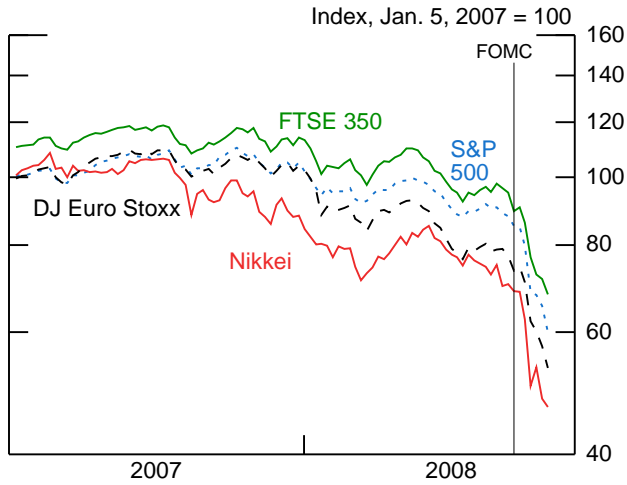
October 28, 2008

Global Financial Developments

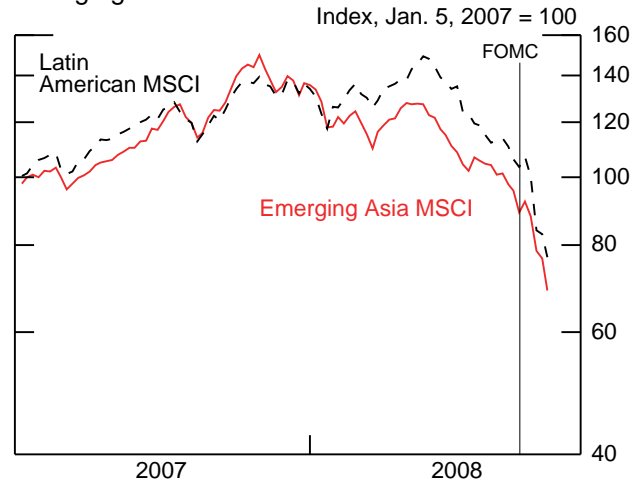
(Weekly Data)

Equity Prices

Advanced Economies

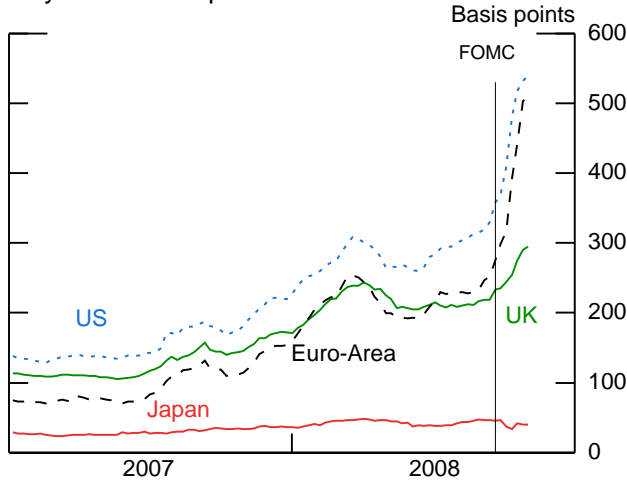


Emerging Markets

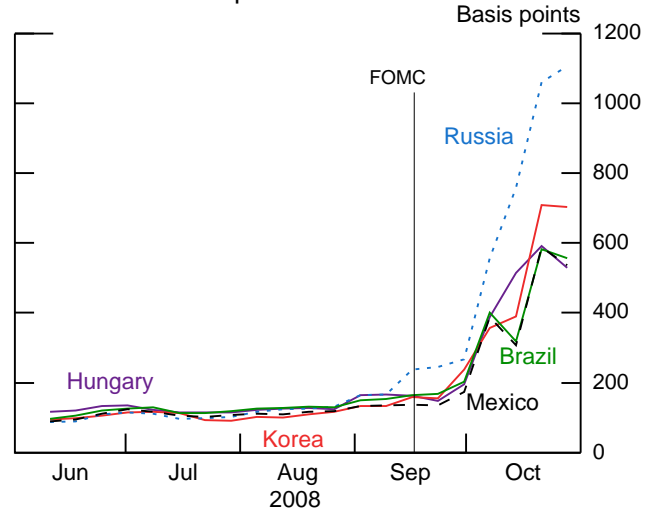


Credit Spreads

10-year BBB Corporate

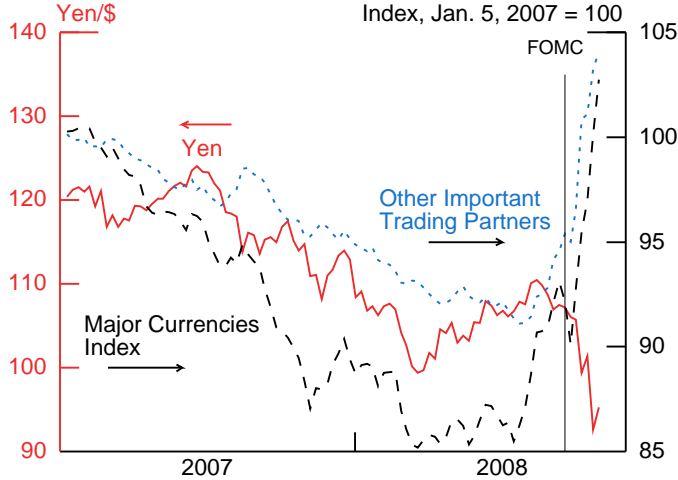


Credit Default Swaps



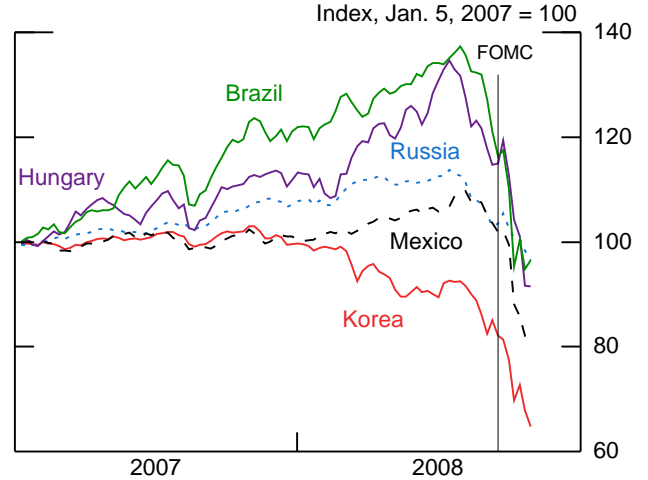
Exchange Rates

Dollar*



*An increase indicates a rise in the value of the dollar.

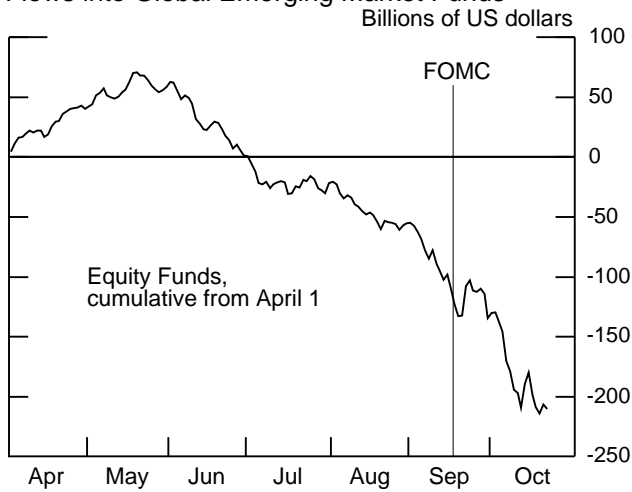
Nominal Effective*



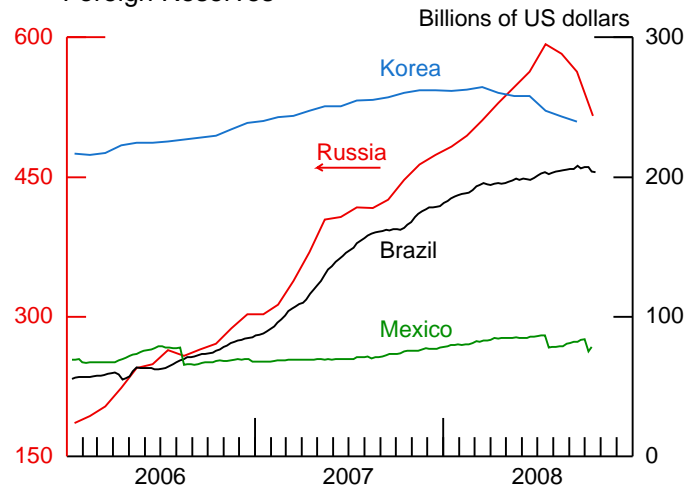
*An increase indicates a rise in the foreign currency against the dollar and other currencies.

Financial Turmoil and Policy Measures for Countering It

Flows into Global Emerging Market Funds



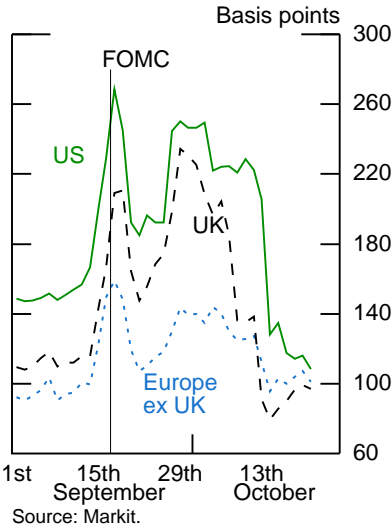
Foreign Reserves



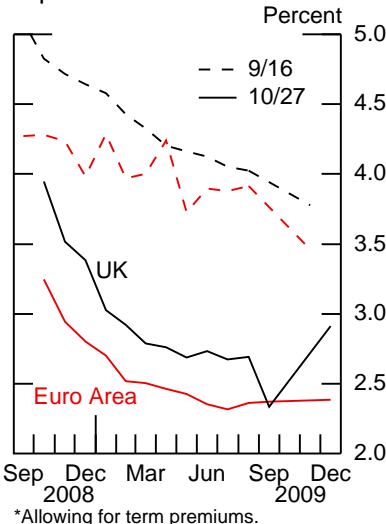
Banking System Support and Financial Stability Measures

- Some central banks have injected massive amounts of liquidity and many have cut rates and/or reserve requirements including:
 - US, ECB, UK, Canada, Switzerland, Sweden, Norway, Australia, New Zealand, China, Hong Kong, Taiwan, Korea, Singapore, India, and Brazil.
- Governments have guaranteed bank deposits and new debt.
- Public capital injections into banks.
- Swap lines have been expanded and new ones are being negotiated.
- Hungary, Ukraine, Iceland, and Pakistan have approached the IMF for a loan.

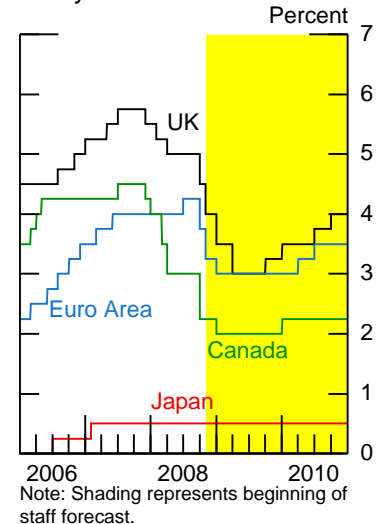
CDS Premiums - Banks



Implied OIS Forward Rates*



Policy Rates



The Foreign Outlook

Real GDP Outlook*

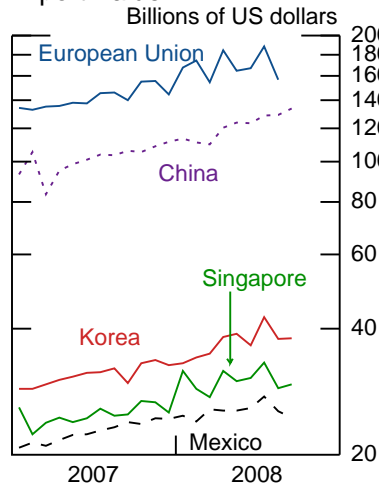
Percent change, a.r.**

	2007	H1	2008	Q4	2009p	2010p
1. Total	4.2	1.7	0.5	0.5	1.3	2.9
2. <i>September Greenbook</i>	4.2	1.7	1.8	2.0	3.0	3.5
3. Advanced Foreign Economies	2.5	0.3	-0.4	-0.7	0.3	1.8
4. United Kingdom	2.9	0.6	-2.1	-1.5	0.3	2.3
5. Euro Area	2.1	1.0	-0.3	-0.9	-0.0	1.6
6. Japan	1.4	-0.1	-0.2	-0.9	0.4	1.3
7. Canada	2.8	-0.2	-0.3	-0.5	0.3	1.8
8. Emerging Market Economies	6.4	3.5	1.6	2.1	2.7	4.3
9. Emerging Asia	7.8	5.6	2.3	3.7	4.4	5.9
10. China	11.3	10.8	4.3	8.9	8.3	9.0
11. Latin America	4.9	1.1	0.5	0.1	0.7	2.6
12. Mexico	4.2	0.1	-0.5	-0.6	-0.1	2.2

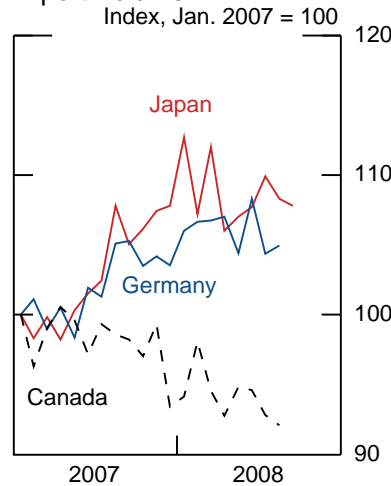
*GDP aggregates weighted by shares of U.S. merchandise exports.

**Annualized percent change from final quarter of preceding period to final quarter of period indicated.

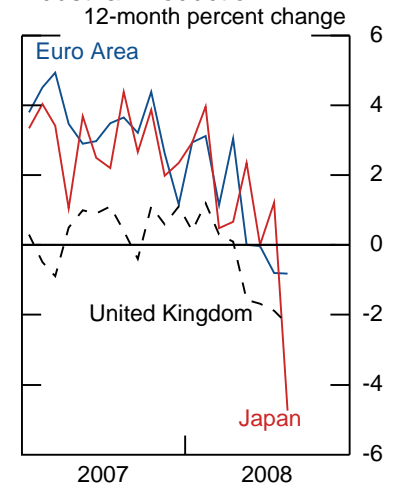
Export Value



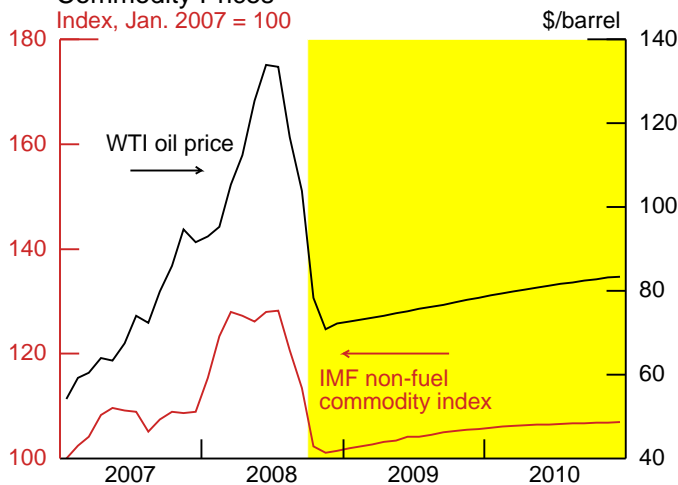
Export Volume



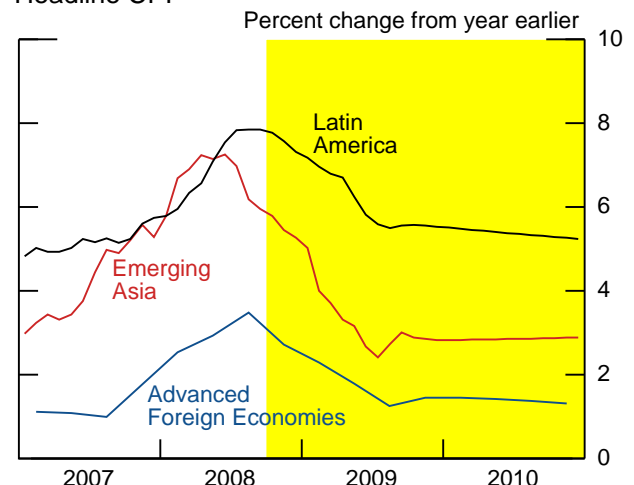
Industrial Production



Commodity Prices

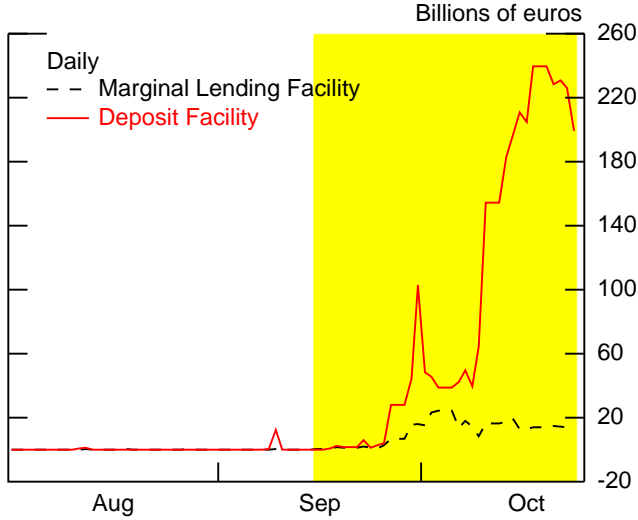


Headline CPI

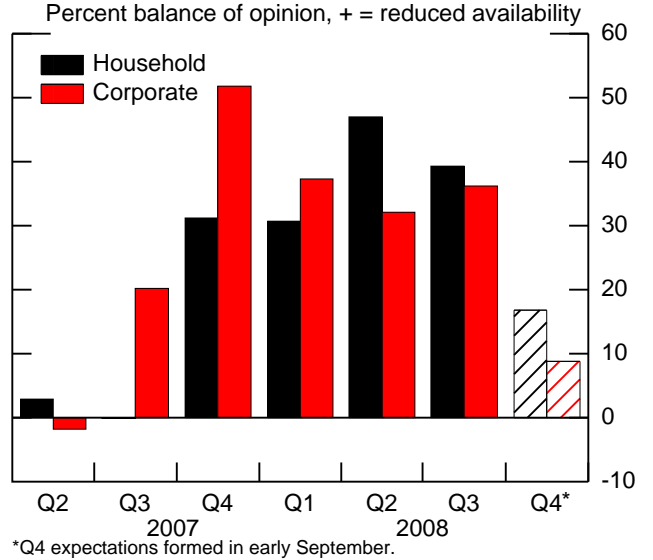


Europe

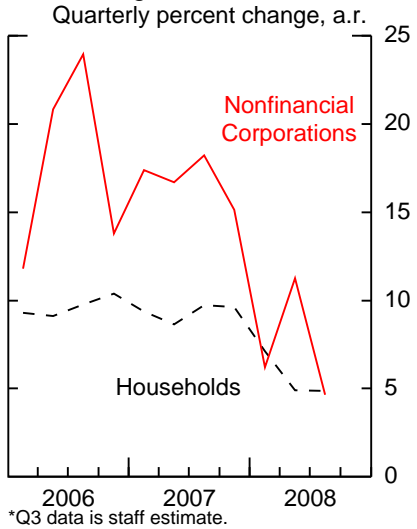
Use of ECB Standing Facilities



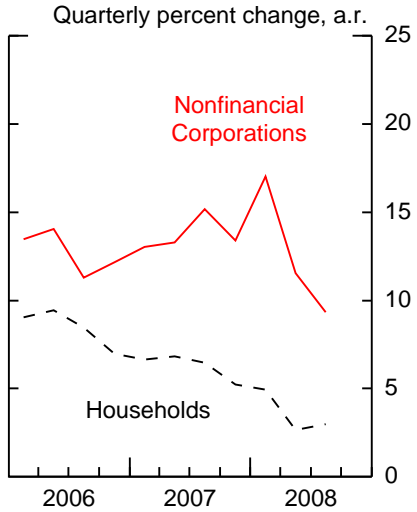
Bank of England Credit Conditions Survey



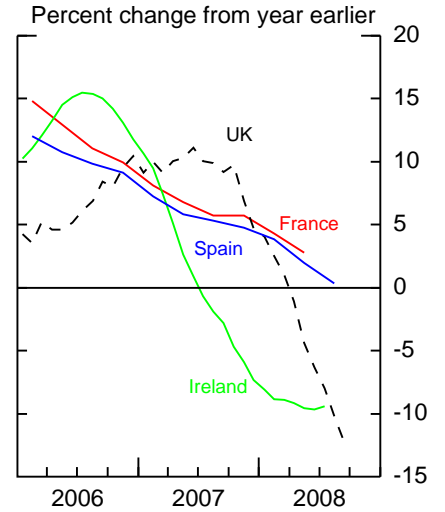
United Kingdom Loans*



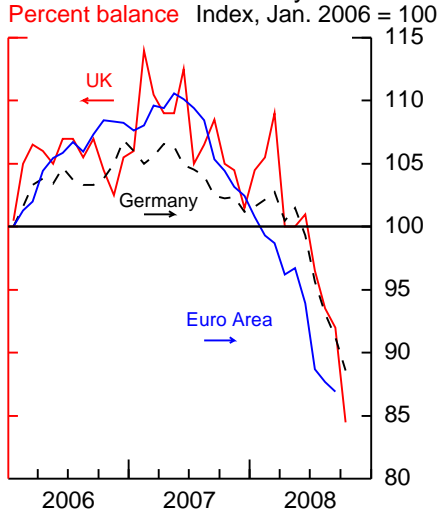
Euro Area Loans



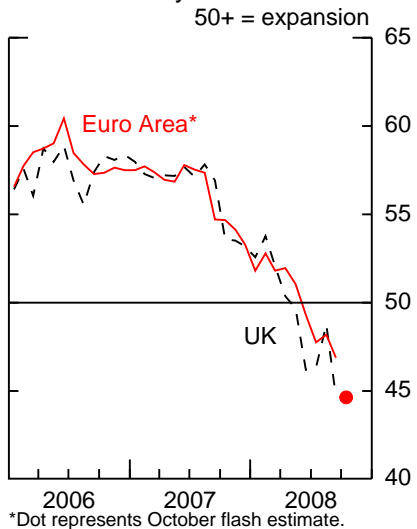
House Prices



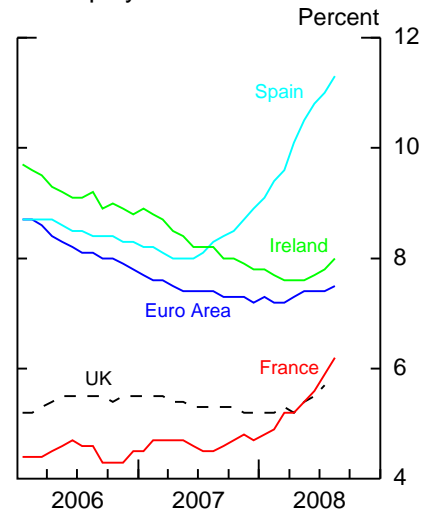
Business Climate Surveys



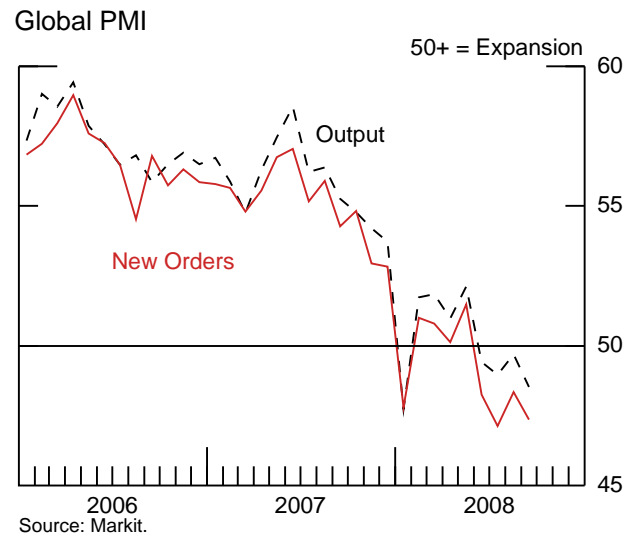
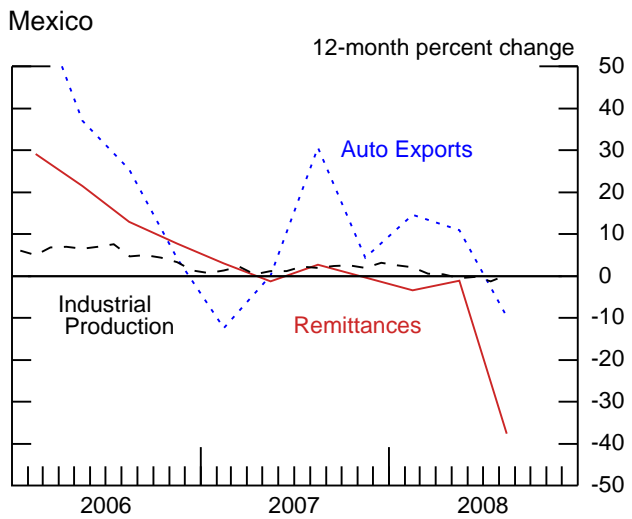
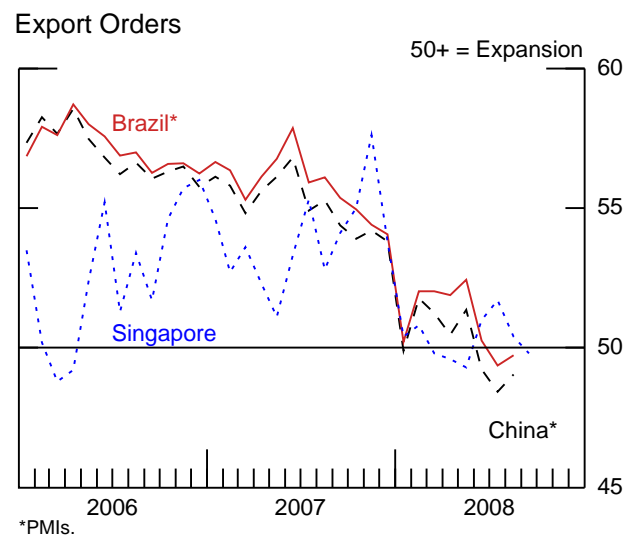
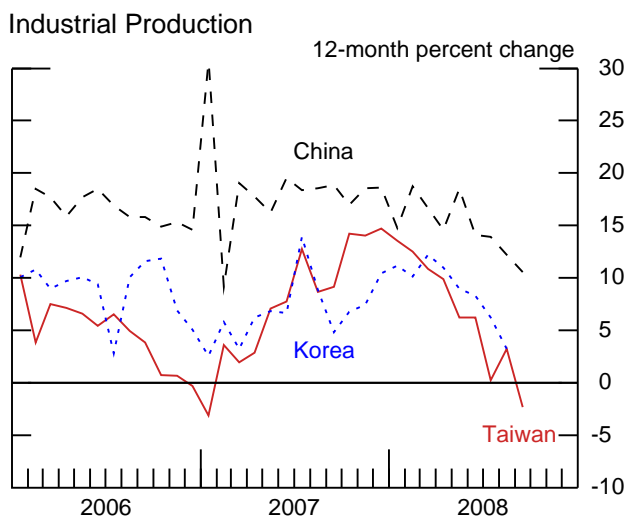
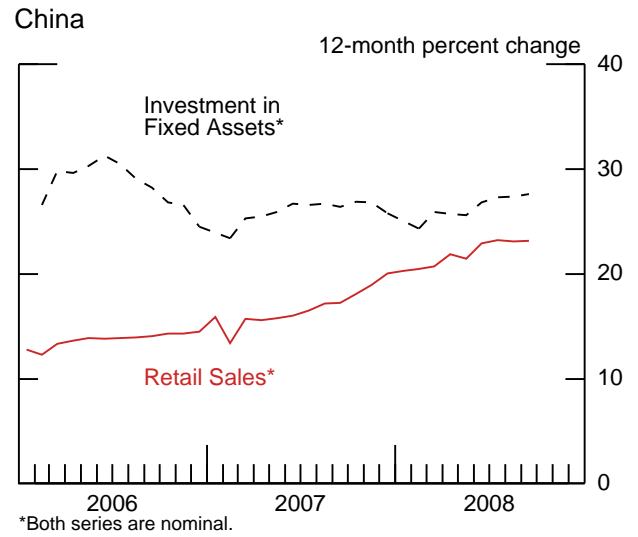
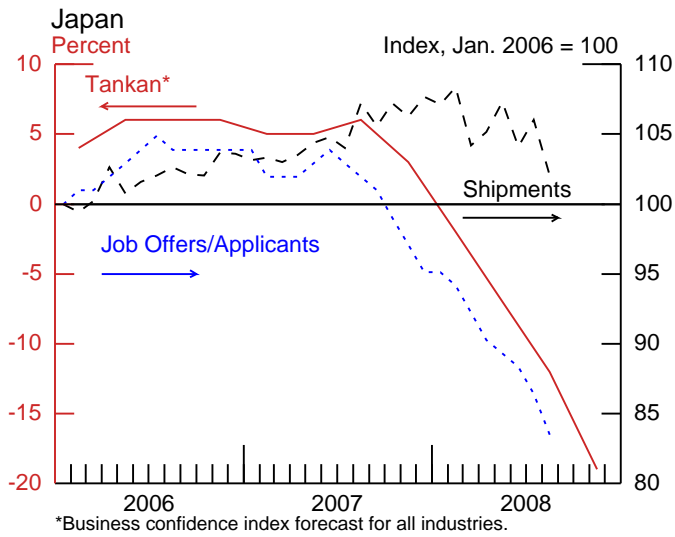
Total Economy PMIs



Unemployment Rate



The Rest of the World

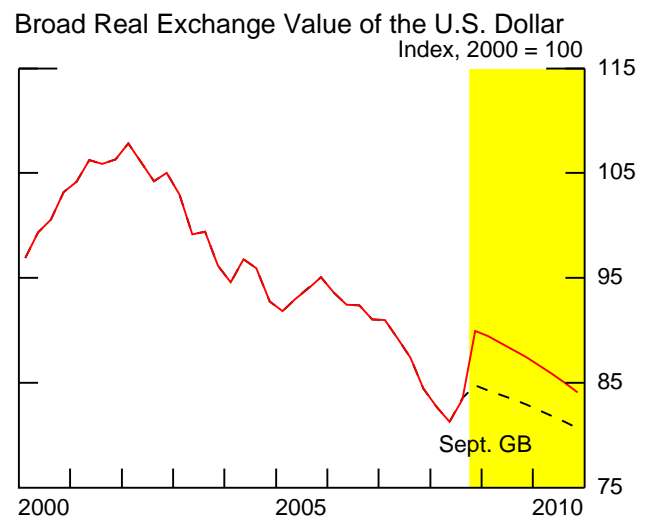
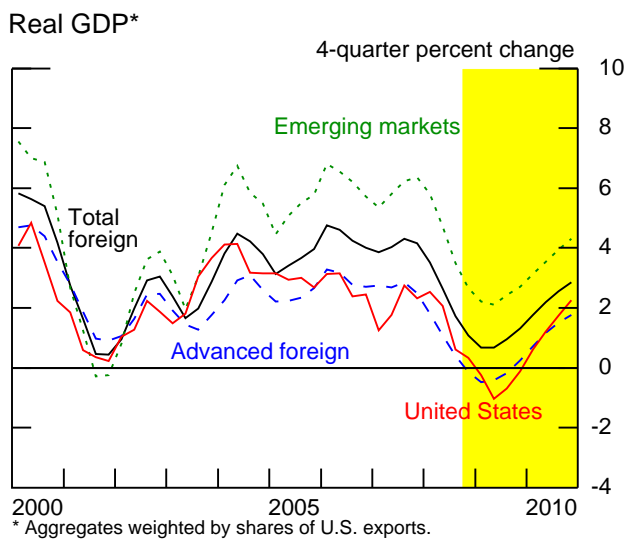


U.S. External Outlook

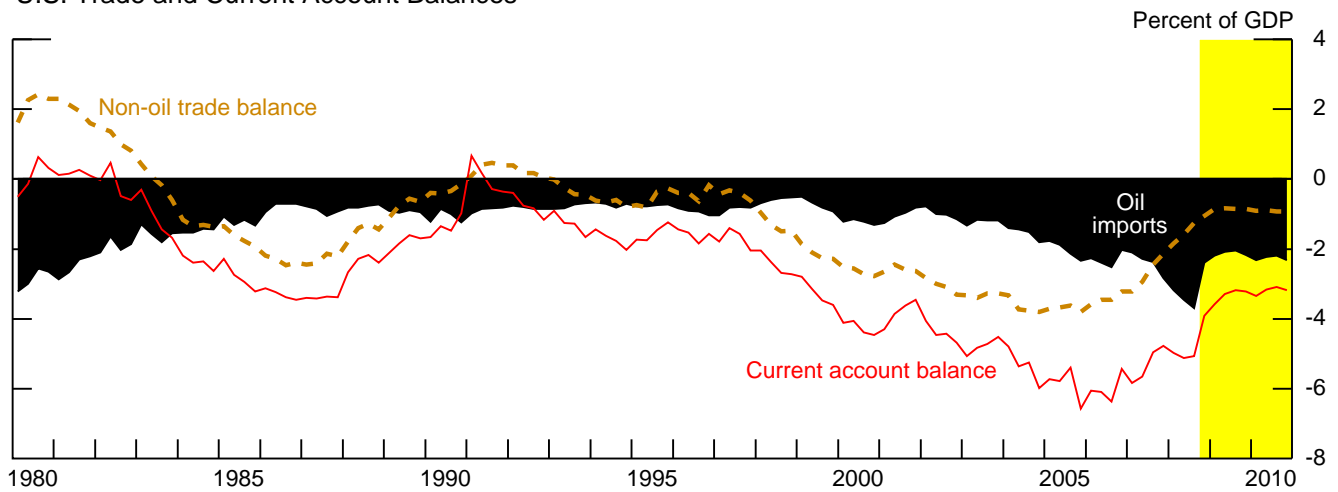
Trade in Real Goods and Services*

	2007	2008			2009p	2010p
		H1	Q3e	Q4p		
Contribution to Real GDP Growth (Percentage points, a.r.)						
1. Net Exports	0.8	1.8	1.2	0.4	0.2	-0.2
2. <i>September Greenbook</i>	0.8	1.9	0.7	1.0	0.3	-0.1
Growth Rates (Percent, a.r.)						
3. Exports	8.9	8.6	8.0	2.6	2.8	3.9
4. <i>September Greenbook</i>	8.9	9.1	4.0	7.2	5.6	5.1
5. Imports	1.1	-4.1	-1.0	-0.3	0.9	4.3
6. <i>September Greenbook</i>	1.1	-4.2	-0.8	-0.3	2.8	4.9

*Years are Q4/Q4. Half year is Q2/Q4.



U.S. Trade and Current Account Balances



Appendix 5: Materials used by Mr. Madigan

Class I FOMC – Restricted Controlled (FR)

**Material for Briefing on
FOMC Participants' Economic Projections**

Brian Madigan
October 29, 2008

Exhibit 1: Economic Projections of Federal Reserve Governors and Reserve Bank Presidents for 2008

Real GDP Growth

	2008	2008:H2
Central Tendency	0.0 to 0.3	-1.8 to -1.2
<i>June projections</i>	<i>1.0 to 1.6</i>	<i>0.6 to 2.1</i>
Range	-0.3 to 0.5	-2.4 to -0.8
<i>June projections</i>	<i>0.9 to 1.8</i>	<i>0.4 to 2.2</i>
Memo: Greenbook	0.3	-1.2
<i>June Greenbook</i>	<i>1.0</i>	<i>0.7</i>

Unemployment Rate

	2008
Central Tendency	6.3 to 6.5
<i>June projections</i>	<i>5.5 to 5.7</i>
Range	6.3 to 6.6
<i>June projections</i>	<i>5.5 to 5.8</i>
Memo: Greenbook	6.3
<i>June Greenbook</i>	<i>5.6</i>

PCE Inflation

	2008	2008:H2
Central Tendency	2.8 to 3.1	1.6 to 2.3
<i>June projections</i>	<i>3.8 to 4.2</i>	<i>3.6 to 4.6</i>
Range	2.7 to 3.6	1.4 to 3.3
<i>June projections</i>	<i>3.4 to 4.6</i>	<i>3.2 to 4.8</i>
Memo: Greenbook	2.8	1.6
<i>June Greenbook</i>	<i>4.2</i>	<i>4.5</i>

Core PCE Inflation

	2008	2008:H2
Central Tendency	2.3 to 2.5	2.4 to 2.8
<i>June projections</i>	<i>2.2 to 2.4</i>	<i>2.3 to 2.5</i>
Range	2.1 to 2.5	2.0 to 2.8
<i>June projections</i>	<i>2.0 to 2.5</i>	<i>2.0 to 2.6</i>
Memo: Greenbook	2.4	2.6
<i>June Greenbook</i>	<i>2.3</i>	<i>2.5</i>

Exhibit 2: Economic Projections of Federal Reserve Governors and Reserve Bank Presidents for 2009-2011

Real GDP Growth

	2009	2010	2011
Central Tendency	-0.2 to 1.1	2.3 to 3.2	2.8 to 3.6
<i>June projections</i>	<i>2.0 to 2.8</i>	<i>2.5 to 3.0</i>	----
Range	-1.0 to 1.8	1.0 to 4.5	2.0 to 5.0
<i>June projections</i>	<i>1.9 to 3.0</i>	<i>2.0 to 3.5</i>	----
Memo: Greenbook	-0.1	2.3	4.5
<i>June Greenbook</i>	<i>2.4</i>	<i>3.1</i>	----

Unemployment Rate

	2009	2010	2011
Central Tendency	7.1 to 7.6	6.5 to 7.3	5.5 to 6.6
<i>June projections</i>	<i>5.3 to 5.8</i>	<i>5.0 to 5.6</i>	----
Range	6.6 to 8.0	5.5 to 8.2	4.9 to 7.4
<i>June projections</i>	<i>5.2 to 6.1</i>	<i>5.0 to 5.8</i>	----
Memo: Greenbook	7.2	7.2	6.4
<i>June Greenbook</i>	<i>5.6</i>	<i>5.4</i>	----

PCE Inflation

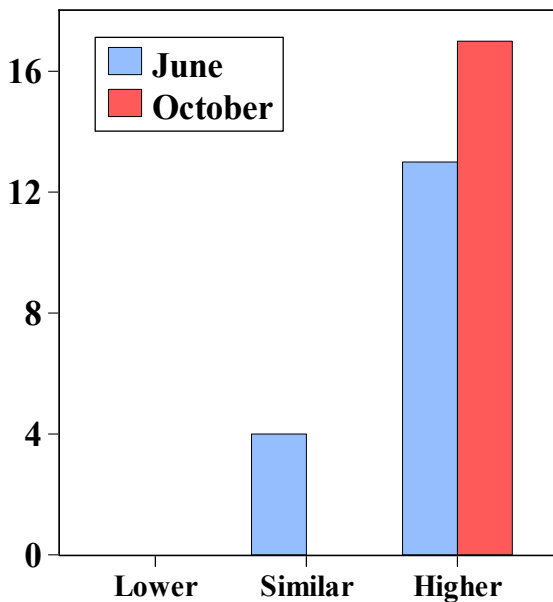
	2009	2010	2011
Central Tendency	1.3 to 2.0	1.4 to 1.8	1.4 to 1.7
<i>June projections</i>	<i>2.0 to 2.3</i>	<i>1.8 to 2.0</i>	----
Range	1.0 to 2.2	1.1 to 1.9	0.8 to 1.8
<i>June projections</i>	<i>1.7 to 3.0</i>	<i>1.6 to 2.1</i>	----
Memo: Greenbook	1.4	1.4	1.1
<i>June Greenbook</i>	<i>2.1</i>	<i>1.9</i>	----

Core PCE Inflation

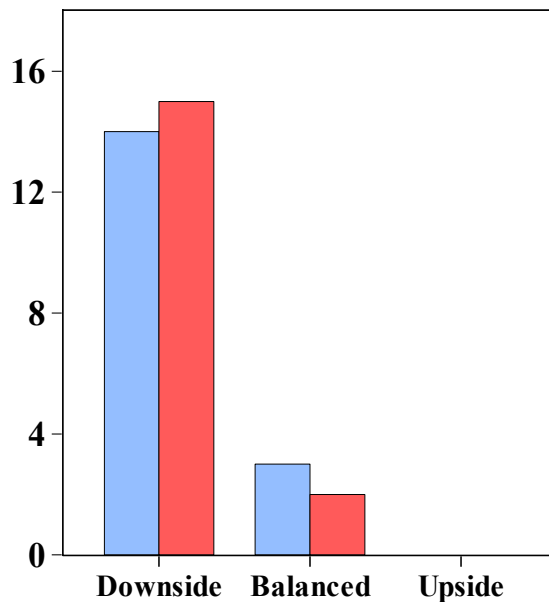
	2009	2010	2011
Central Tendency	1.5 to 2.0	1.3 to 1.8	1.3 to 1.7
<i>June projections</i>	<i>2.0 to 2.2</i>	<i>1.8 to 2.0</i>	----
Range	1.3 to 2.1	1.1 to 1.9	0.8 to 1.8
<i>June projections</i>	<i>1.8 to 2.3</i>	<i>1.5 to 2.0</i>	----
Memo: Greenbook	1.5	1.3	1.1
<i>June Greenbook</i>	<i>2.2</i>	<i>2.0</i>	----

Exhibit 3: Risks and Uncertainty in Economic Projections

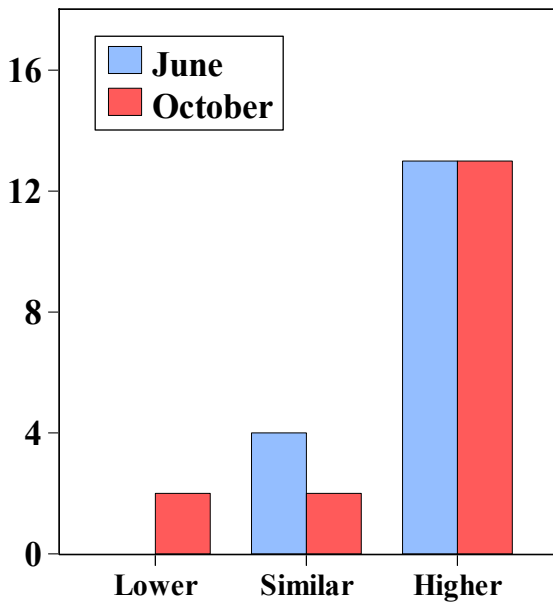
Uncertainty about GDP Growth



Risks to GDP Growth



Uncertainty about PCE Inflation



Risks to PCE Inflation

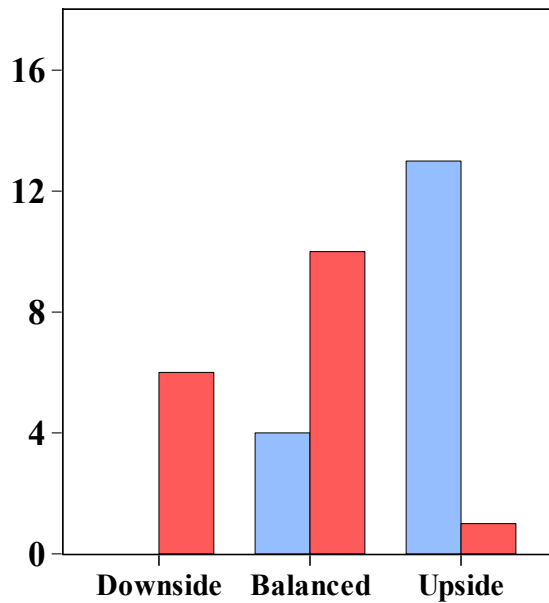


Exhibit 4: Trial Run of Longer-Term Economic Projections

	Central Tendency	Range
Real GDP Growth	2.5 to 2.7	2.0 to 2.9
Unemployment Rate	4.8 to 5.0	4.5 to 5.8
PCE Inflation	1.7 to 1.8	1.5 to 2.0

Memo: Oct. 2007 projections for 2010

<i>Real GDP Growth</i>	<i>2.5 to 2.6</i>	<i>2.2 to 2.7</i>
<i>Unemployment Rate</i>	<i>4.7 to 4.9</i>	<i>4.6 to 5.0</i>
<i>PCE Inflation</i>	<i>1.6 to 1.9</i>	<i>1.5 to 2.0</i>

Appendix 6: Materials used by Mr. Stockton

Orders and Shipments of Durable Goods

(Percent change from comparable previous period, seasonally adjusted)

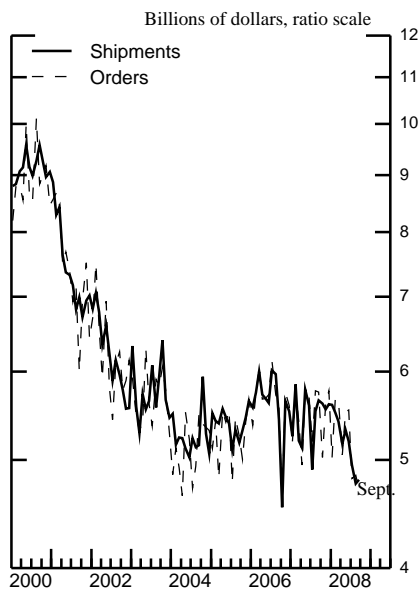
Category	2008			2008		
	Q1	Q2	Q3	July	Aug. ^r	Sept. ^a
	Annual rate			Monthly rate		
<i>Nondefense capital goods</i>						
Orders	-5.6	-6.8	-11.6	3.5	-7.7	.8
Aircraft	-46.7	-72.0	-66.0	39.2	-52.2	38.3
Excluding aircraft	4.7	10.2	-2.4	.3	-2.2	-1.4
Computers and peripherals	-1.7	-5.3	-36.9	-13.1	.7	-2.8
Communications equipment	.6	.2	21.6	12.4	1.7	-16.5
All other	5.7	12.9	-.5	.6	-2.8	.3
Shipments	-.1	3.4	-.3	1.2	-3.3	1.5
Aircraft	4.4	-24.2	-5.2	14.7	-17.4	-5.1
Excluding aircraft	-4	5.9	.1	.3	-2.1	2.0
Computers and peripherals	-5.8	-19.0	-26.7	-4.8	-3.7	.8
Communications equipment	2.6	5.8	-9.2	-3.0	-7.6	2.0
All other	-.1	8.8	4.0	1.1	-1.4	2.1
<i>Supplementary orders series</i>						
Durable goods	-5.8	-1.0	-7.0	.7	-5.5	.8
Real adjusted durable goods	-1.5	.3	-13.2	-.3	-4.6	-2.4
Capital goods	-4.0	-1.4	-8.7	.4	-6.0	3.2
Nondefense	-5.6	-6.8	-11.6	3.5	-7.7	.8
Defense	10.2	53.9	14.7	-19.6	8.4	19.6

r Revised.

a Advance.

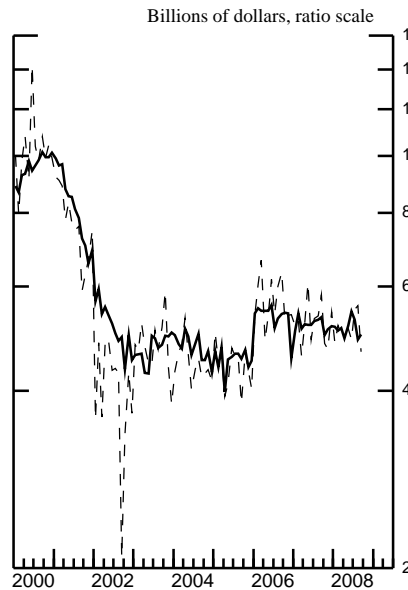
Source: Census Bureau.

Computers and Peripherals



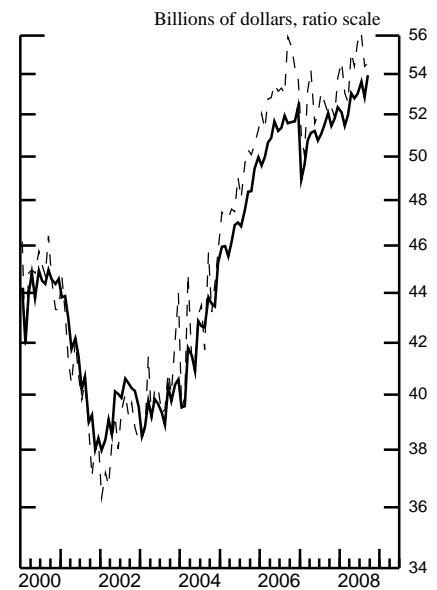
Source: Census Bureau.

Communications Equipment



Source: Census Bureau.

Other (non-high-tech, nontransportation)



Source: Census Bureau.

Appendix 7: Materials used by Mr. Madigan

Class I FOMC – Restricted Controlled (FR)

*Material for
FOMC Briefing on Monetary Policy Alternatives*

Brian Madigan
October 29, 2008

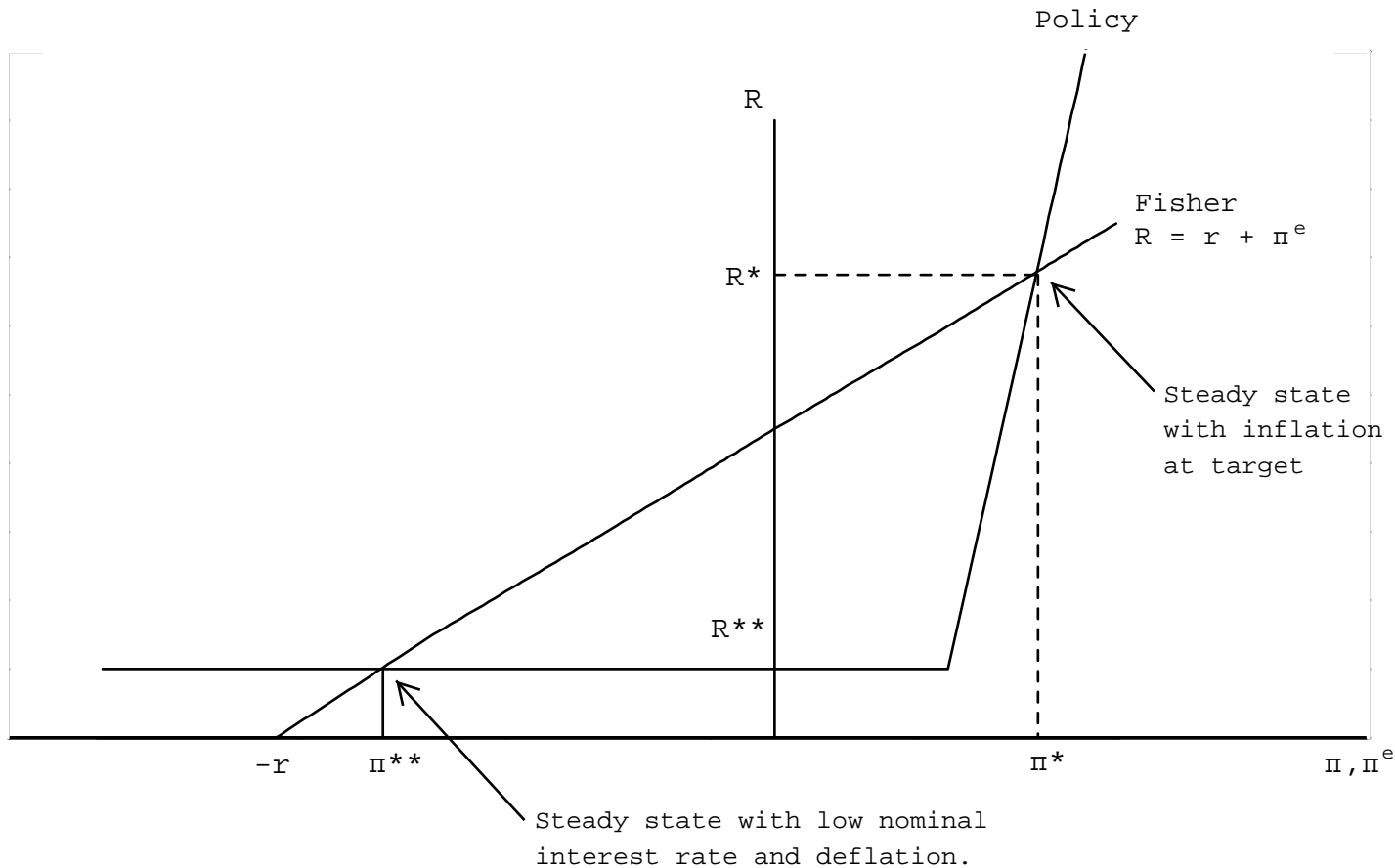
Table 1: Alternative Language for the October 29 FOMC Announcement

October 27, 2008

	October 8 Statement	Alternative A	Alternative B	Alternative C
Policy Decision	1. The Federal Open Market Committee has decided to lower its target for the federal funds rate 50 basis points to 1½ percent.	The Federal Open Market Committee decided <u>today</u> to lower its target for the federal funds rate 50 basis points to <u>1</u> percent.	The Federal Open Market Committee decided <u>today</u> to lower its target for the federal funds rate <u>25</u> basis points to <u>1¼</u> percent.	The Federal Open Market Committee decided <u>today</u> to <u>keep</u> its target for the federal funds rate <u>at</u> 1½ percent.
Rationale	2. The Committee took this action in light of evidence pointing to a weakening of economic activity and a reduction in inflationary pressures. Incoming economic data suggest that the pace of economic activity has slowed markedly in recent months. Moreover, the intensification of financial market turmoil is likely to exert additional restraint on spending, partly by further reducing the ability of households and businesses to obtain credit.	<u>The pace of economic activity appears to have slowed markedly, owing importantly to a decline in consumer expenditures. Business equipment spending and industrial production have weakened in recent months, and slowing economic activity in many foreign economies is damping the prospects for U.S. exports.</u> Moreover, the intensification of financial market turmoil is likely to exert additional restraint on spending, partly by further reducing the ability of households and businesses to obtain credit.	<u>The pace of economic activity appears to have slowed markedly, owing importantly to a decline in consumer expenditures.</u> Moreover, the intensification of financial market turmoil is likely to exert additional restraint on spending, partly by further reducing the ability of households and businesses to obtain credit.	<u>Reflecting in part the intensification of financial market turmoil, the outlook for economic activity has weakened. Consumer spending and industrial production have declined in recent months. However, policy actions taken in recent weeks, including coordinated interest rate cuts by central banks, extraordinary liquidity measures, and official steps to strengthen financial systems, should help over time to improve credit conditions and promote a return to moderate economic growth.</u>
	3. Inflation has been high, but the Committee believes that the decline in energy and other commodity prices and the weaker prospects for economic activity have reduced the upside risks to inflation.	<u>In light of the declines in the prices of energy and other commodities and the weaker prospects for economic activity, the Committee expects inflation to moderate in coming quarters to levels consistent with price stability.</u>	<u>In light of the declines in the prices of energy and other commodities and the weaker prospects for economic activity, the Committee expects inflation to moderate in coming quarters to levels consistent with price stability.</u>	Inflation has been high, but the Committee believes that the declines in <u>the prices of</u> energy and other commodities and the weaker prospects for economic activity have reduced the upside risks to inflation.
Assessment of Risk	4. The Committee will monitor economic and financial developments carefully and will act as needed to promote sustainable economic growth and price stability.	<u>Recent policy actions, including today's rate reduction, coordinated interest rate cuts by central banks, extraordinary liquidity measures, and official steps to strengthen financial systems, should help over time to improve credit conditions and promote a return to moderate economic growth. Nevertheless, downside risks to growth remain.</u> The Committee will monitor economic and financial developments carefully and will act as needed to promote sustainable economic growth and price stability.	<u>Policy actions taken in recent weeks, including coordinated interest rate cuts by central banks, extraordinary liquidity measures, and official steps to strengthen financial systems, should help over time to improve credit conditions and promote a return to moderate economic growth. Nevertheless, the predominant concern of the Committee is the downside risks to growth.</u> The Committee will monitor economic and financial developments carefully and will act as needed to promote sustainable economic growth and price stability.	<u>In these circumstances, the Committee's primary concern is the downside risks to growth.</u> The Committee will monitor economic and financial developments carefully <u>in light of the recent policy actions and</u> will act as needed to promote sustainable economic growth and price stability.

Appendix 8: Materials used by Mr. Bullard

Two Steady States



J. Benhabib, S. Schmitt-Grohe, M. Uribe, 2001

J. Econ. Thy.