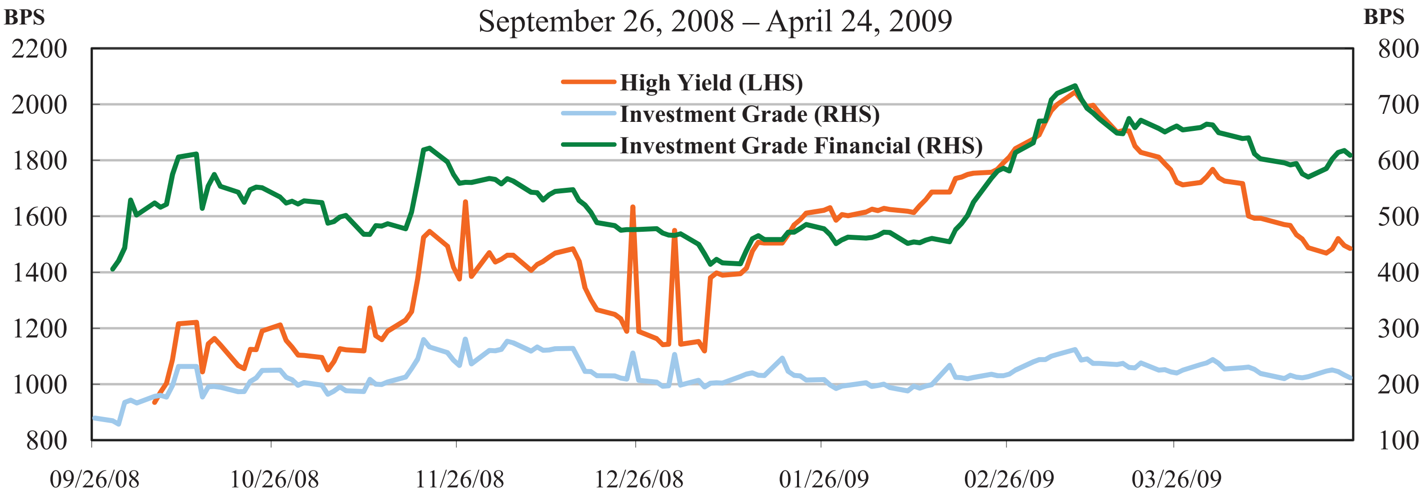
Appendix 1: Materials used by Ms. Mosser

(1) CDX Index Performance

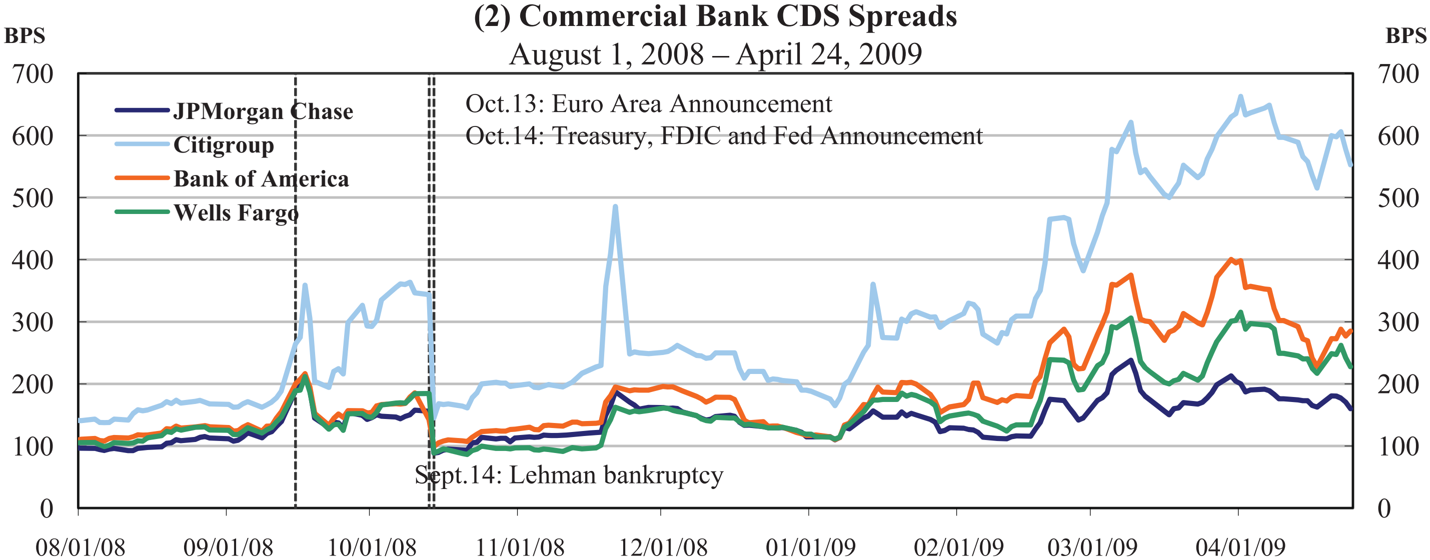
September 26, 2008 – April 24, 2009



Source: Markit

(2) Commercial Bank CDS Spreads

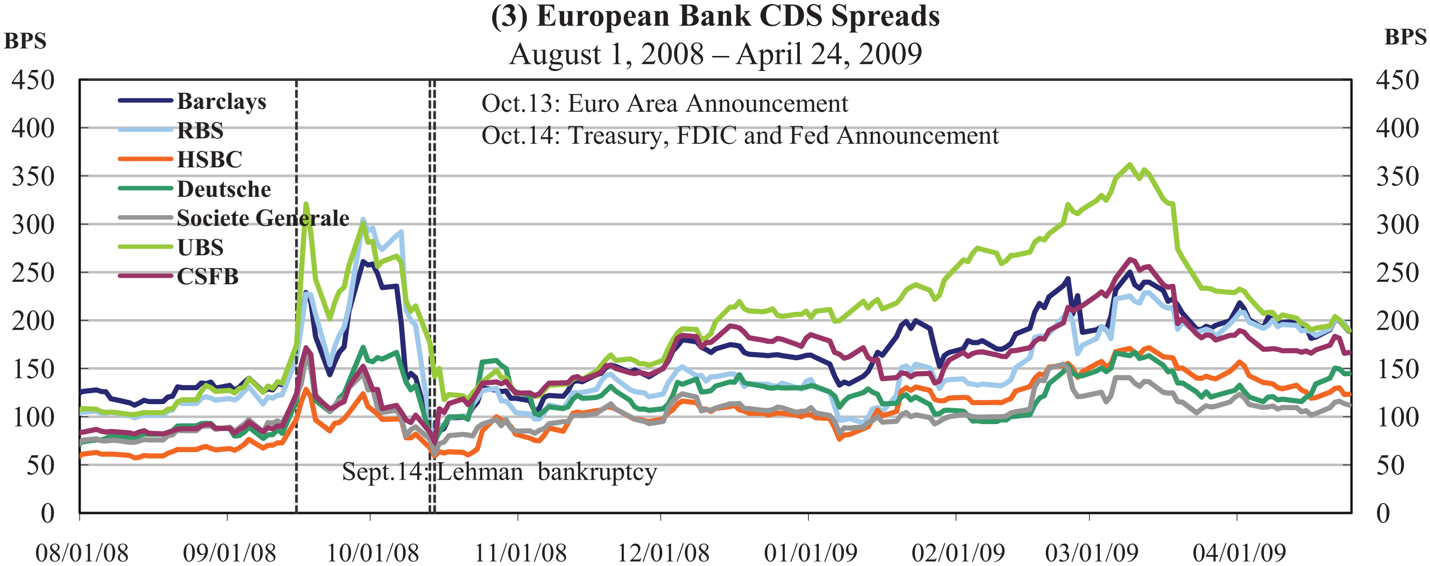
August 1, 2008 – April 24, 2009



Source: Markit

(3) European Bank CDS Spreads

August 1, 2008 – April 24, 2009



Source: Bloomberg

(4) Bank Earnings and Capital Ratios

Q4 2008 – Q1 2009

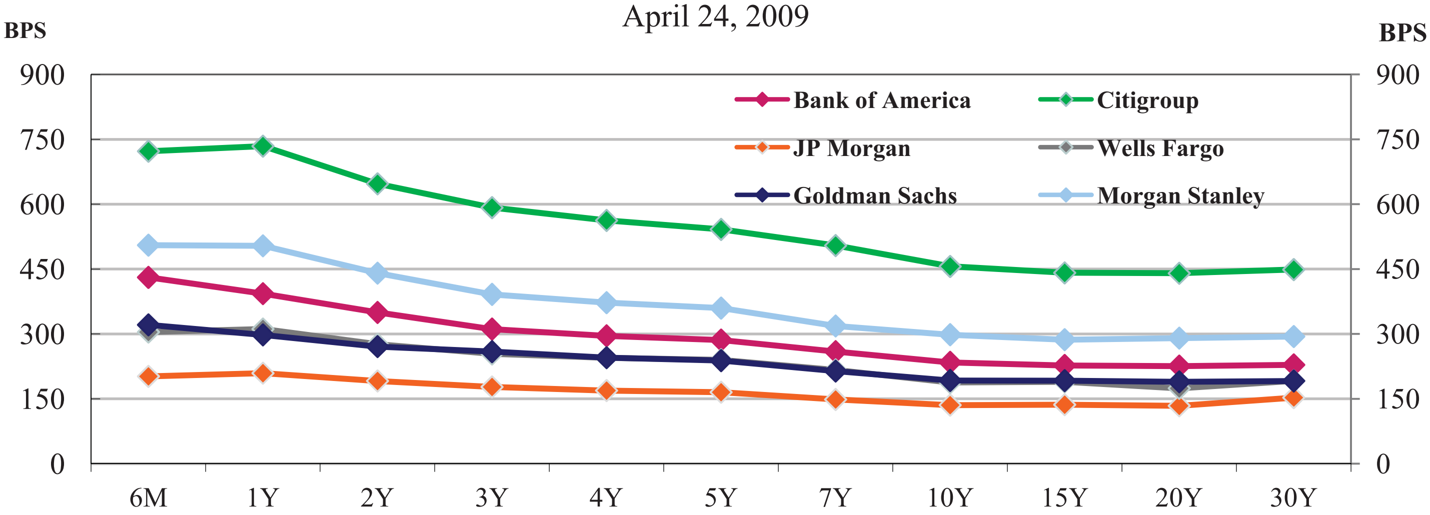
	Q1 09 Earnings		Q4 08 Capital Ratios	
	Earnings Estimate ($bln)	Actual Earnings ($bln)	Tangible Common Equity to Assets	Tier 1 Capital Ratio
U.S. Bank Holding Companies				
JPMorgan Chase	1.6	2.1	3.8	10.9
Citigroup	-0.8	1.6	1.6	11.9
Bank of America	1.3	4.2	2.8	9.2
Wells Fargo	1.5	3.0	2.3	7.8
State Street	0.5	0.5	2.4	20.3
Bank of New York-Mellon	0.7	0.4	1.6	13.3
Goldman Sachs	0.8	1.8	4.9	15.6
Morgan Stanley	0.6	-0.2	4.4	17.9
Foreign Banks (in local currency)				
UBS	-1.4		1.0	11.0
Credit Suisse	1.0	2.0	1.9	13.3
Deutsche Bank	0.8		1.0	10.1
HSBC*			2.7	8.3
Barclays*	0.4		1.3	8.6
RBS*			1.6	10.0
BNP Paribas	0.9		2.0	7.8
Societe Generale	0.6		2.5	7.9

Source: Bloomberg

*U.K. banks report semi-annually

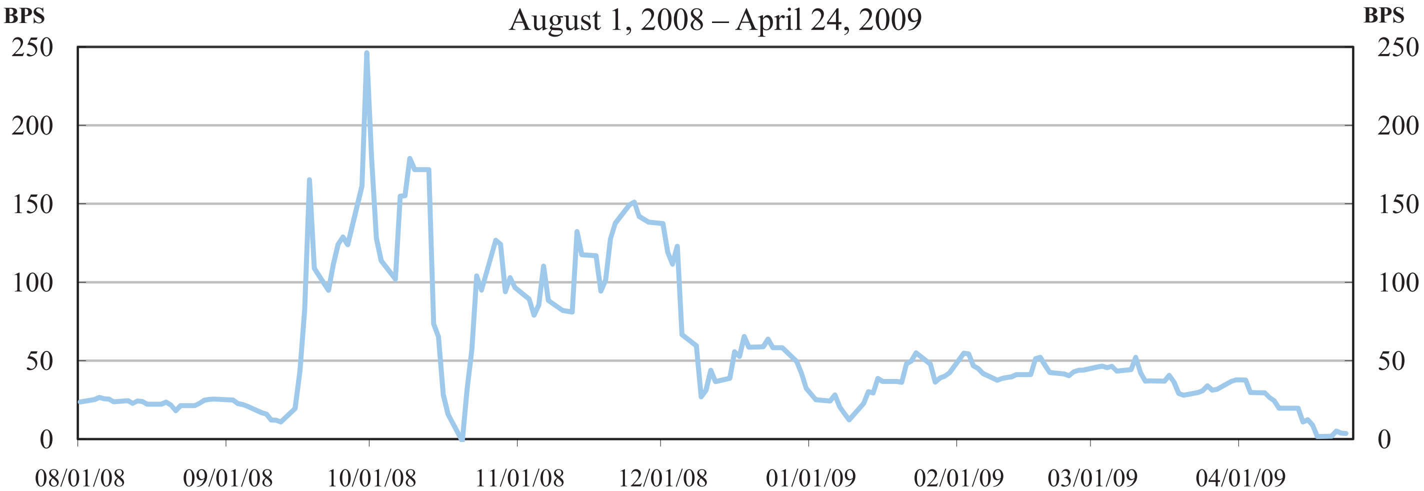
(5) Bank CDS Term Structures

April 24, 2009



Source: Markit

(6) Three-Month Euro-Dollar Implied FX Swap Spread to LIBOR
August 1, 2008 – April 24, 2009

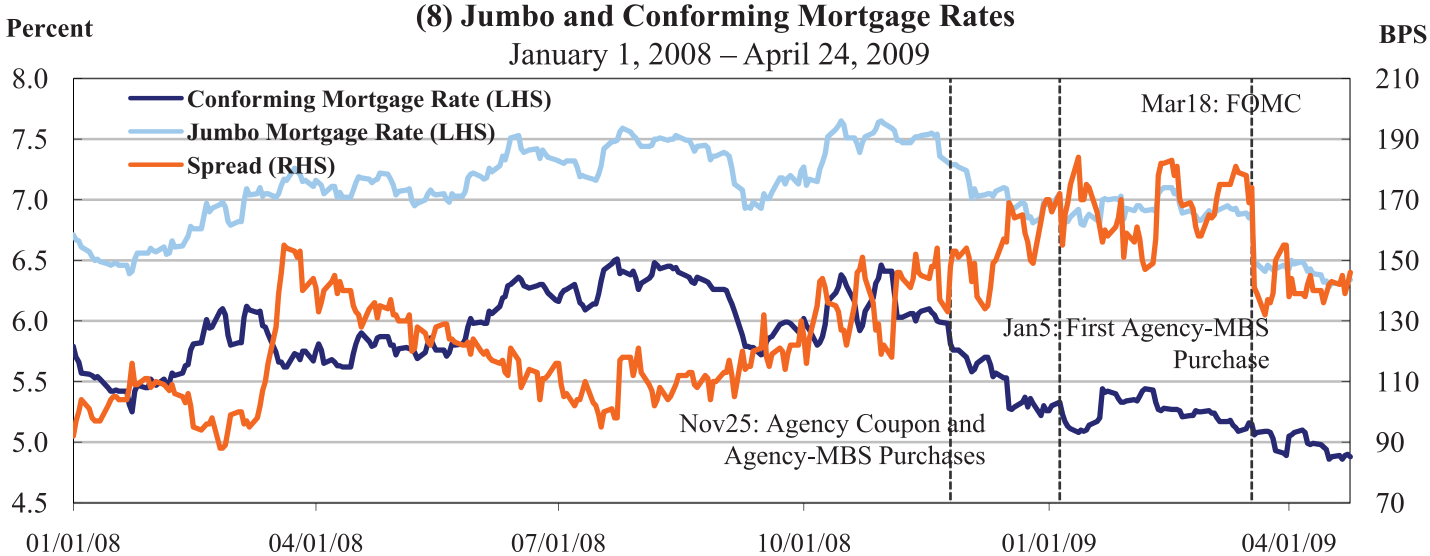


Source: Federal Reserve Bank of NY

(7) 10-Year Treasury Price Error to Board Model
August 1, 2008 – April 24, 2009

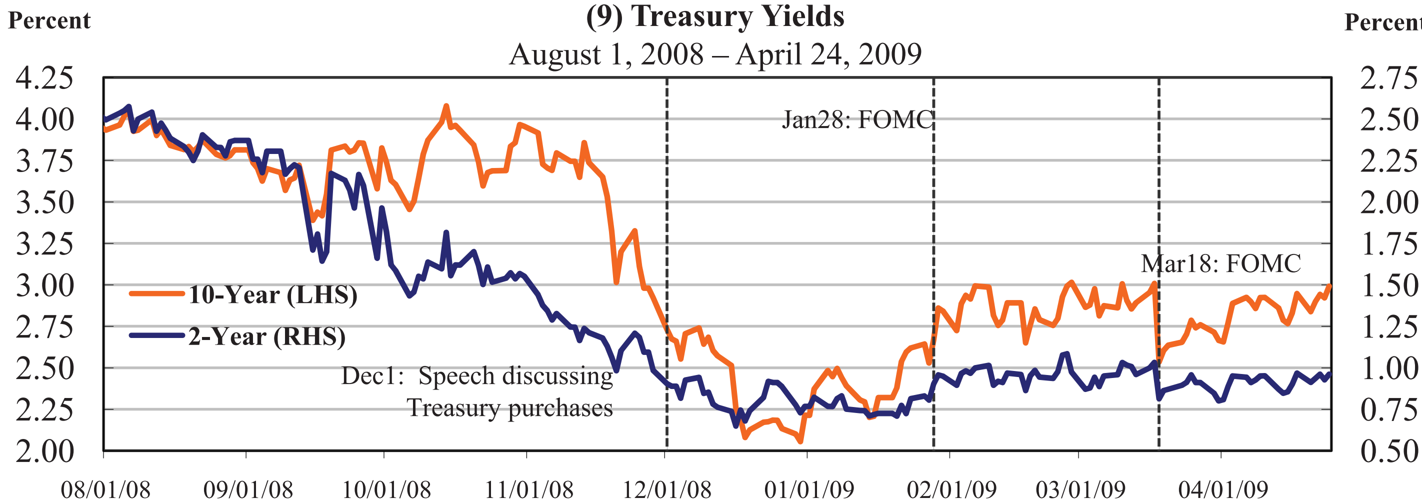
Source: Federal Reserve Bank of NY

(8) Jumbo and Conforming Mortgage Rates
January 1, 2008 – April 24, 2009



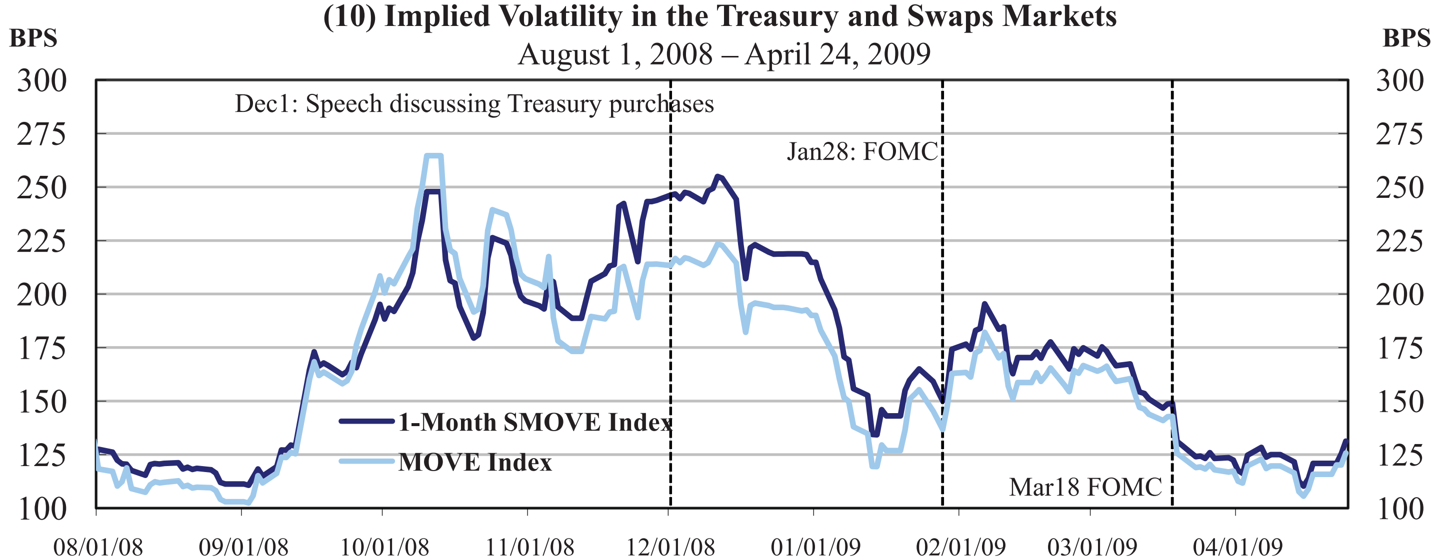
Source: Bloomberg

(9) Treasury Yields
August 1, 2008 – April 24, 2009



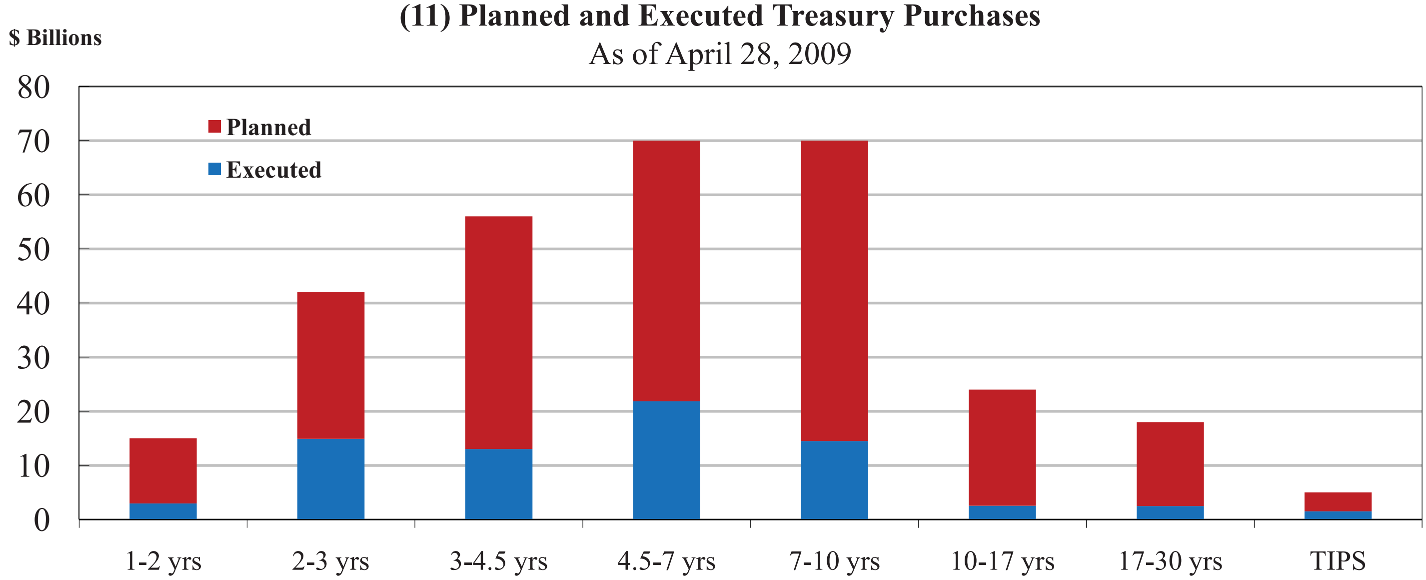
Source: Bloomberg

(10) Implied Volatility in the Treasury and Swaps Markets
August 1, 2008 – April 24, 2009



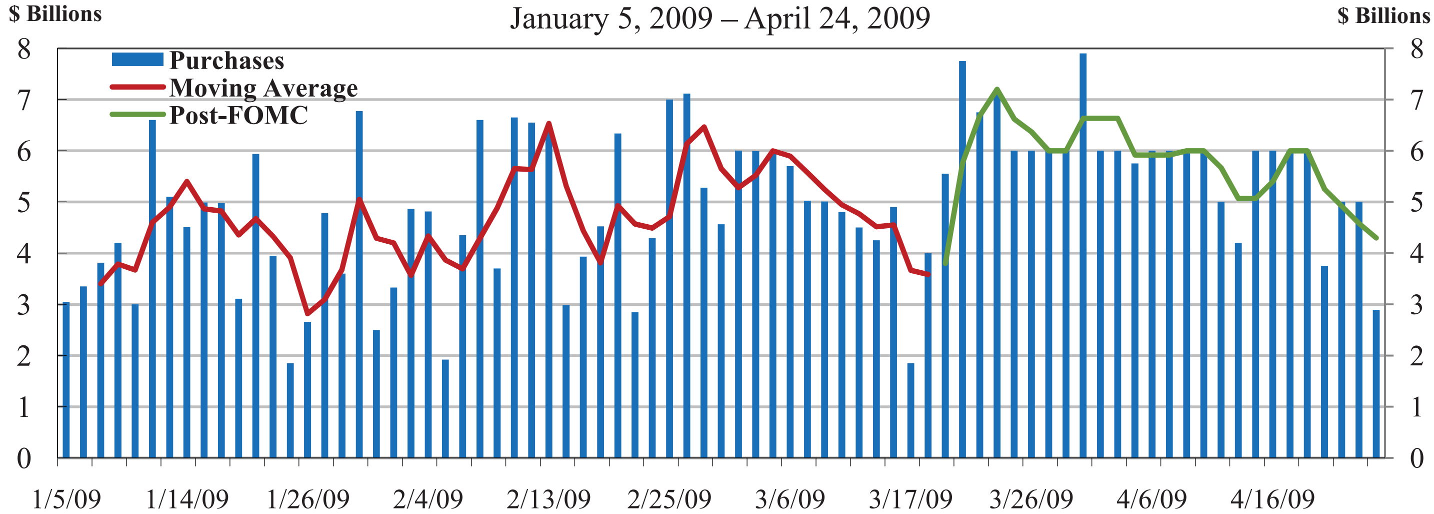
Source: Bloomberg

(11) Planned and Executed Treasury Purchases
As of April 28, 2009



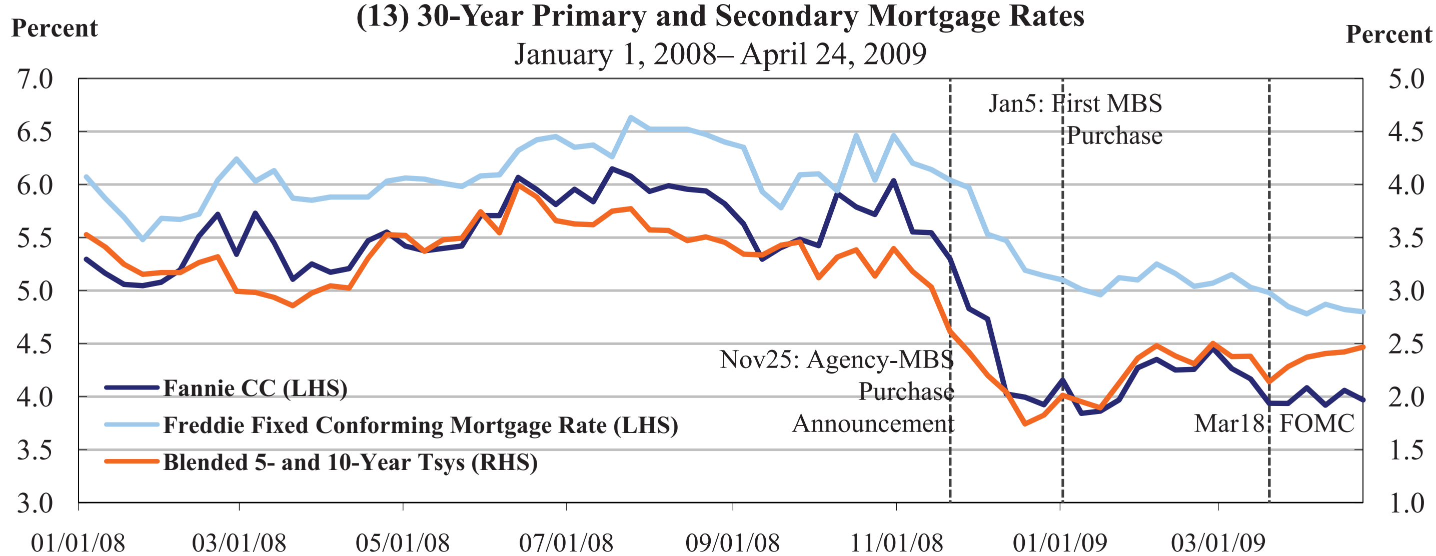
Source: Federal Reserve Bank of New York

(12) Daily Outright Agency-MBS Purchases
January 5, 2009 – April 24, 2009



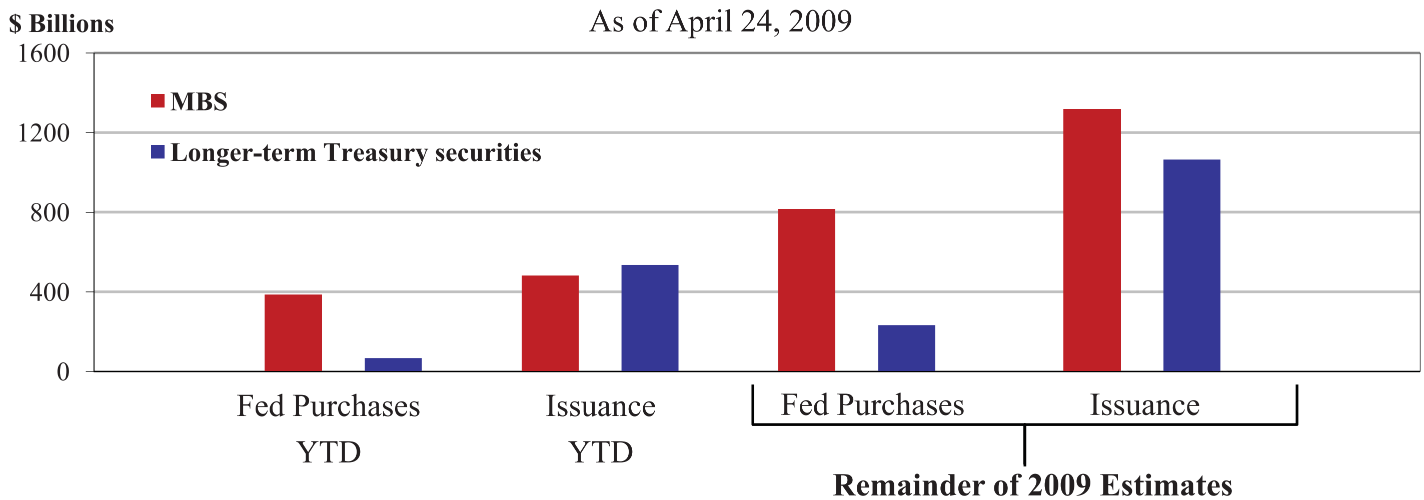
Source: Federal Reserve Bank of New York

(13) 30-Year Primary and Secondary Mortgage Rates
January 1, 2008– April 24, 2009



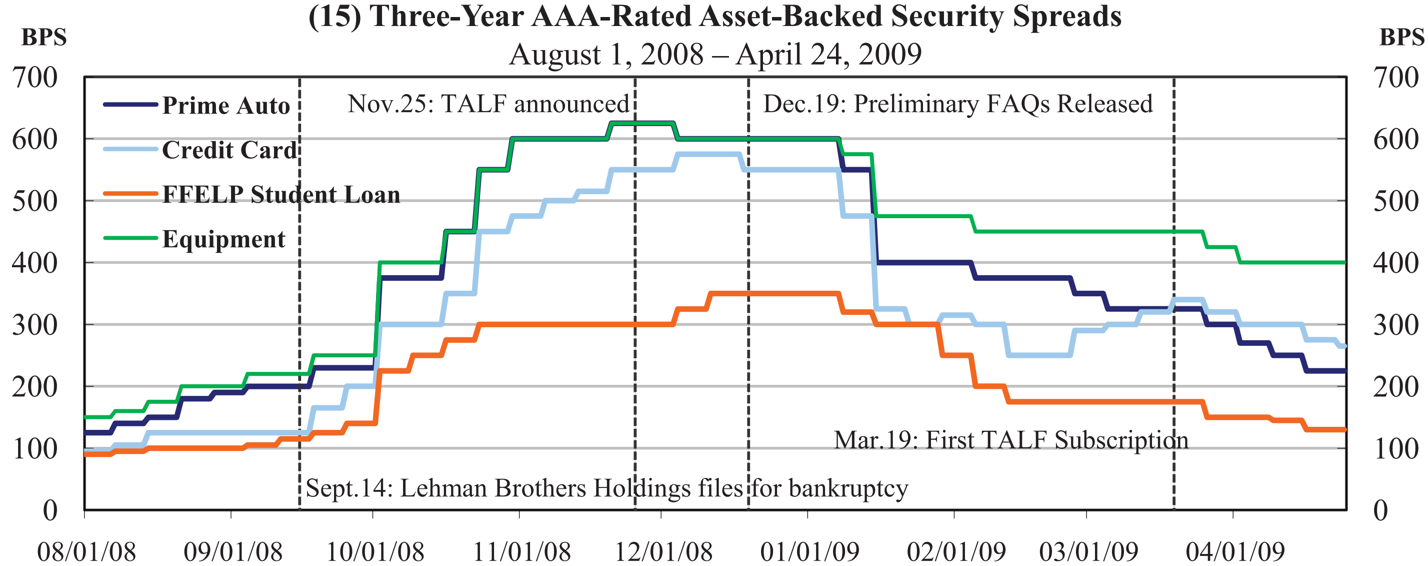
Source: Bloomberg

(14) Purchase Programs
As of April 24, 2009



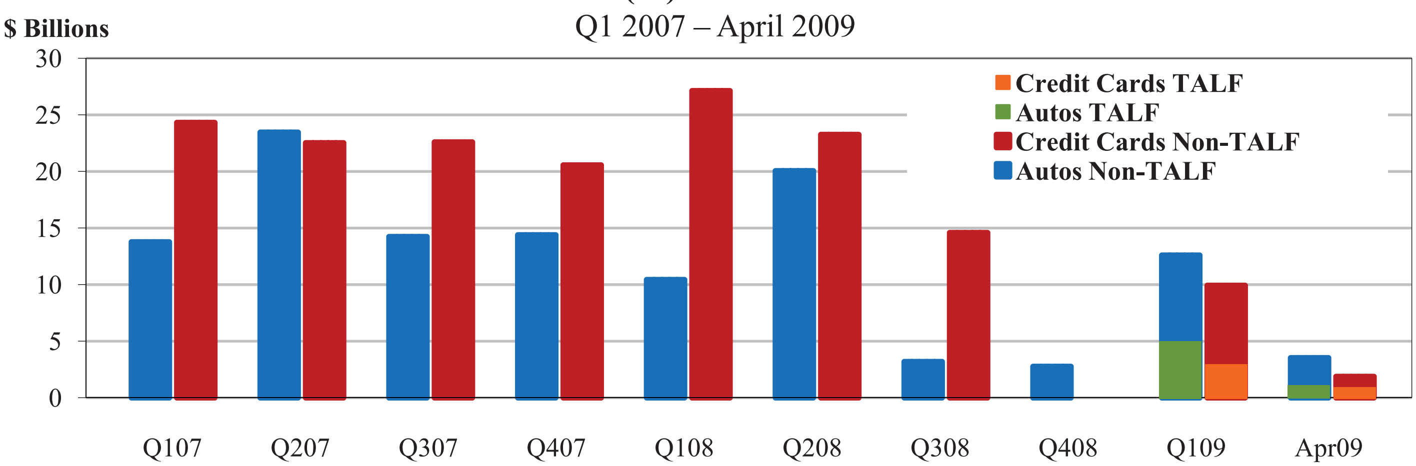
Source: FRBNY estimates, U.S. Treasury

(15) Three-Year AAA-Rated Asset-Backed Security Spreads
August 1, 2008 – April 24, 2009



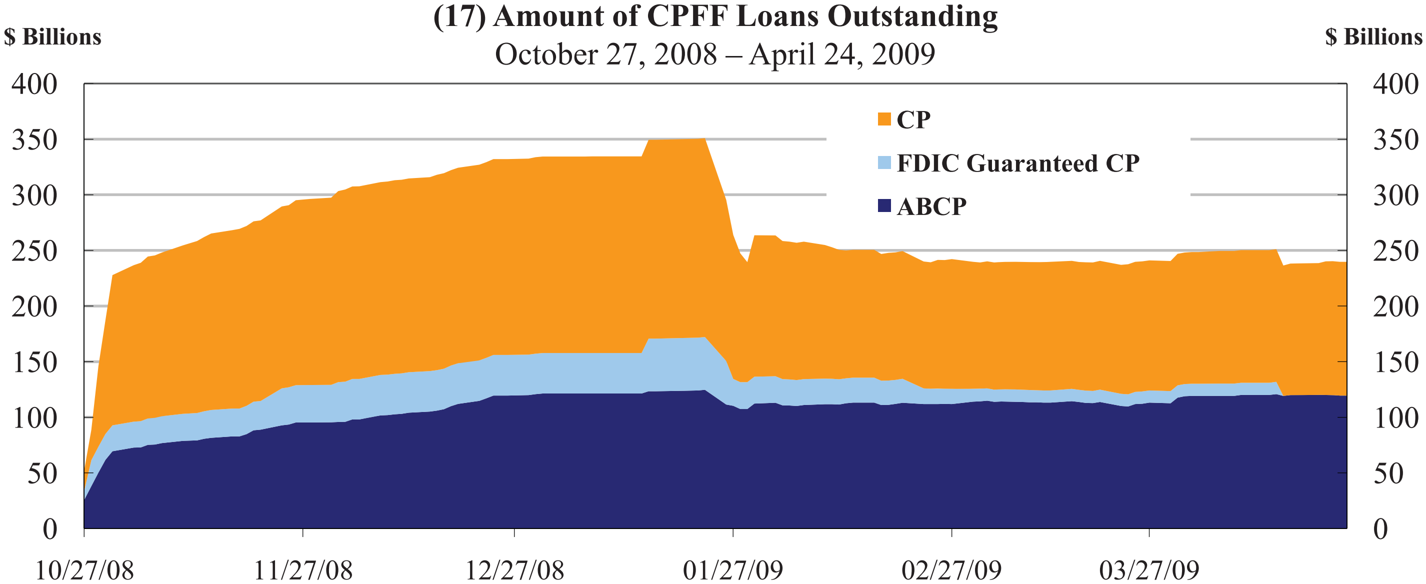
Source: JPMorgan Chase

(16) ABS Issuance
Q1 2007 – April 2009



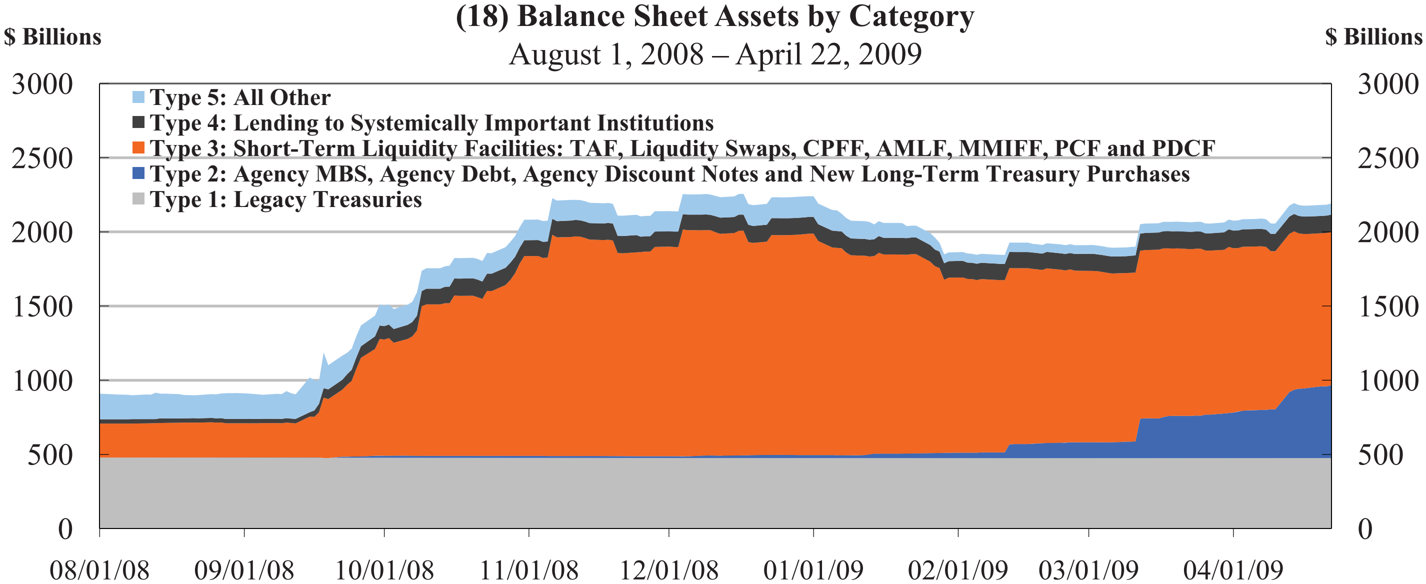
Source: JPMorgan Chase

(17) Amount of CPFF Loans Outstanding
October 27, 2008 – April 24, 2009



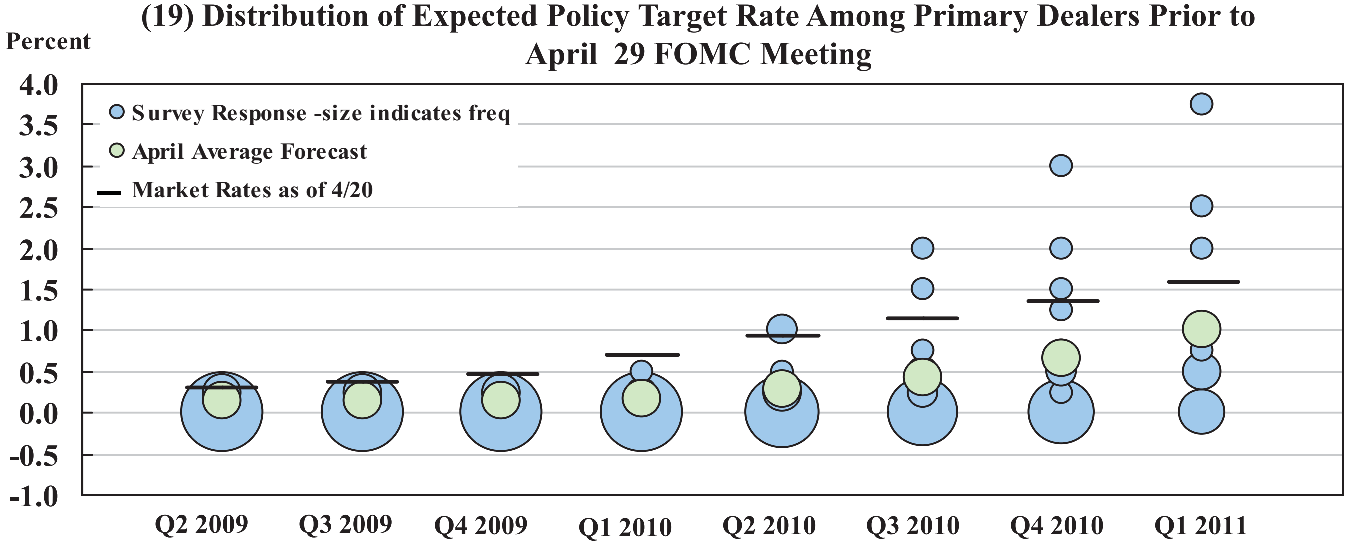
Source: Federal Reserve Bank of New York

(18) Balance Sheet Assets by Category
August 1, 2008 – April 22, 2009



Source: Federal Reserve Bank of New York

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

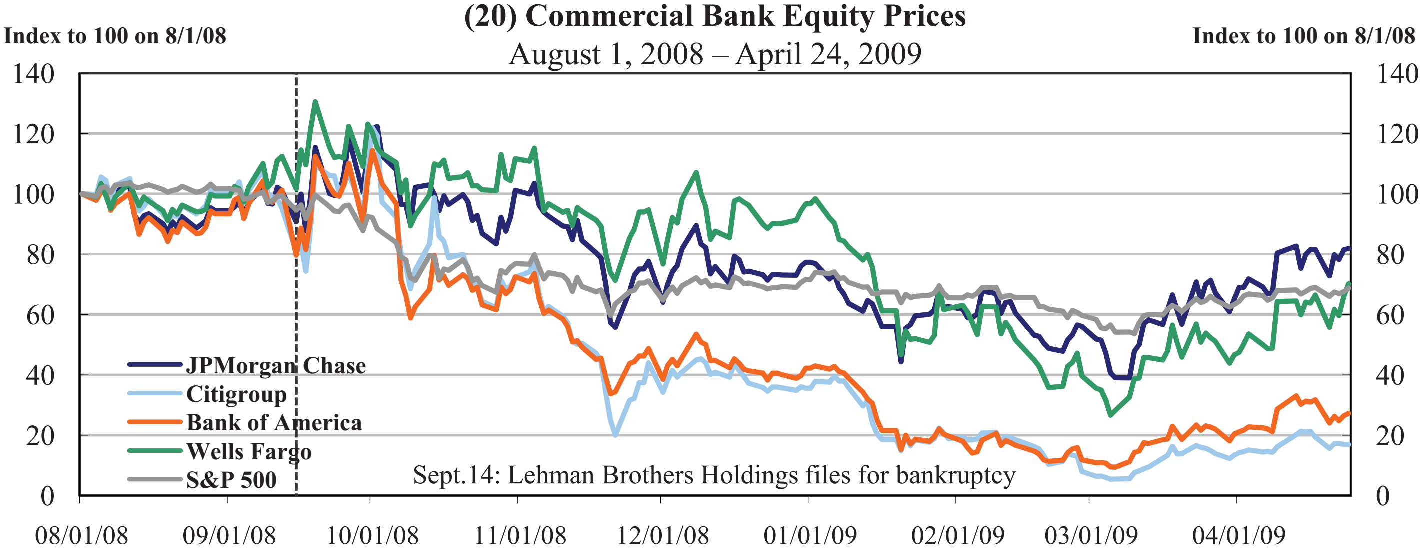


Source: Dealer Policy Survey

APPENDIX: Reference Exhibits

(20) Commercial Bank Equity Prices

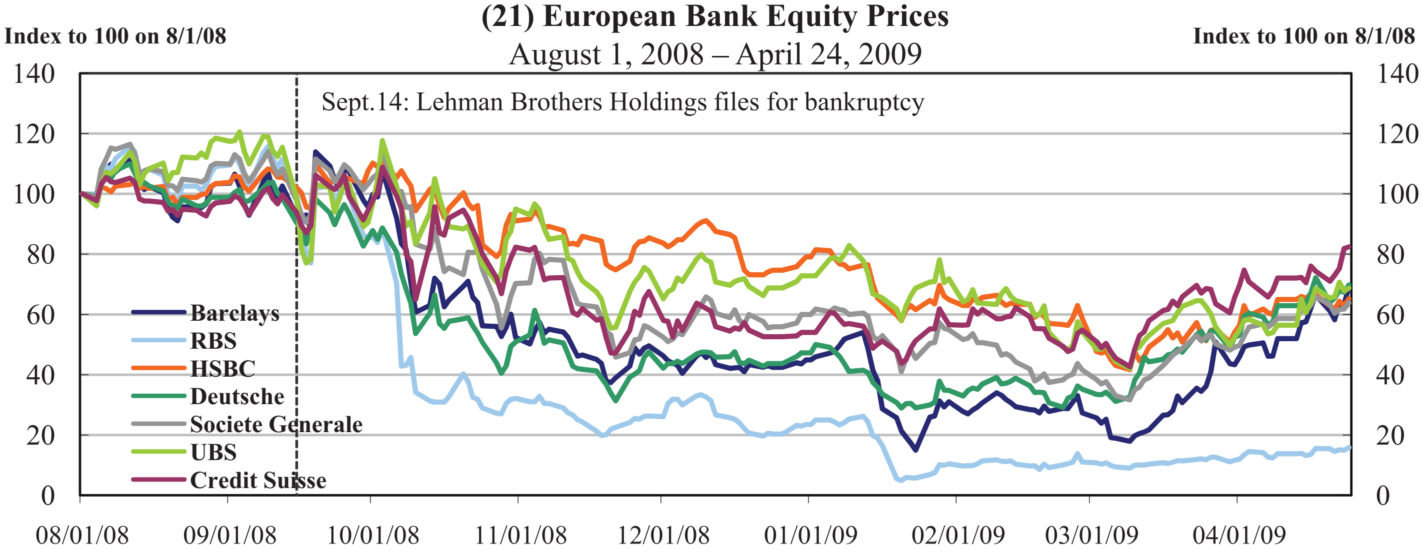
August 1, 2008 – April 24, 2009



Source: Bloomberg

(21) European Bank Equity Prices

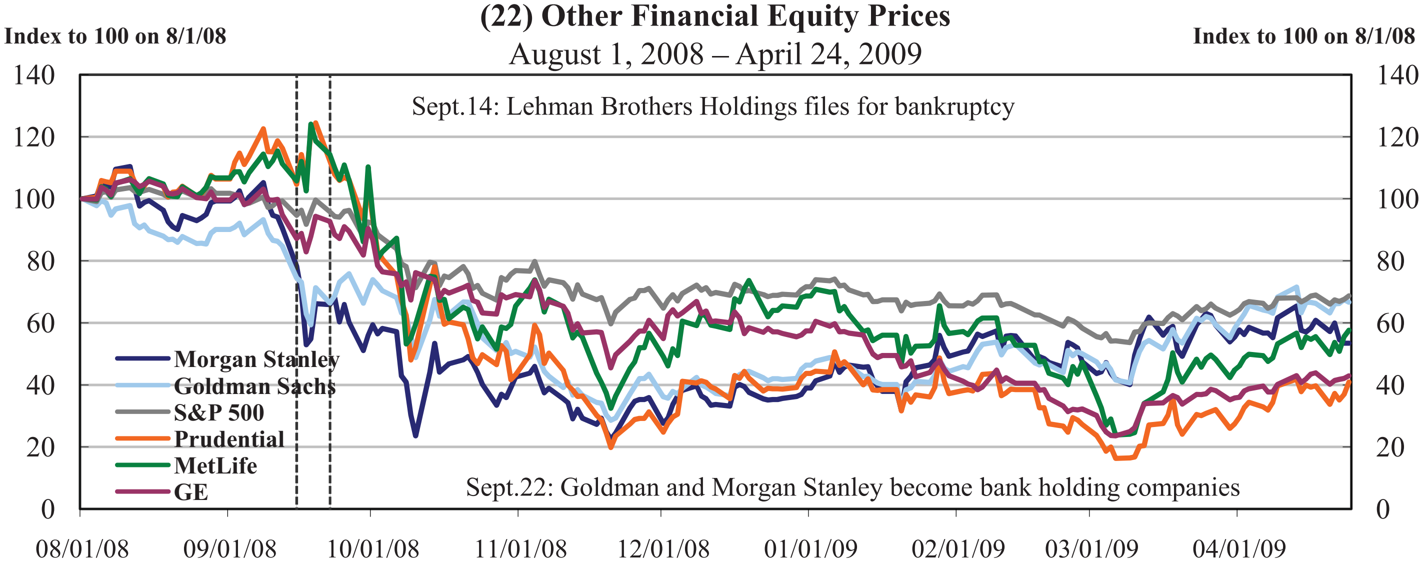
August 1, 2008 – April 24, 2009



Source: Bloomberg

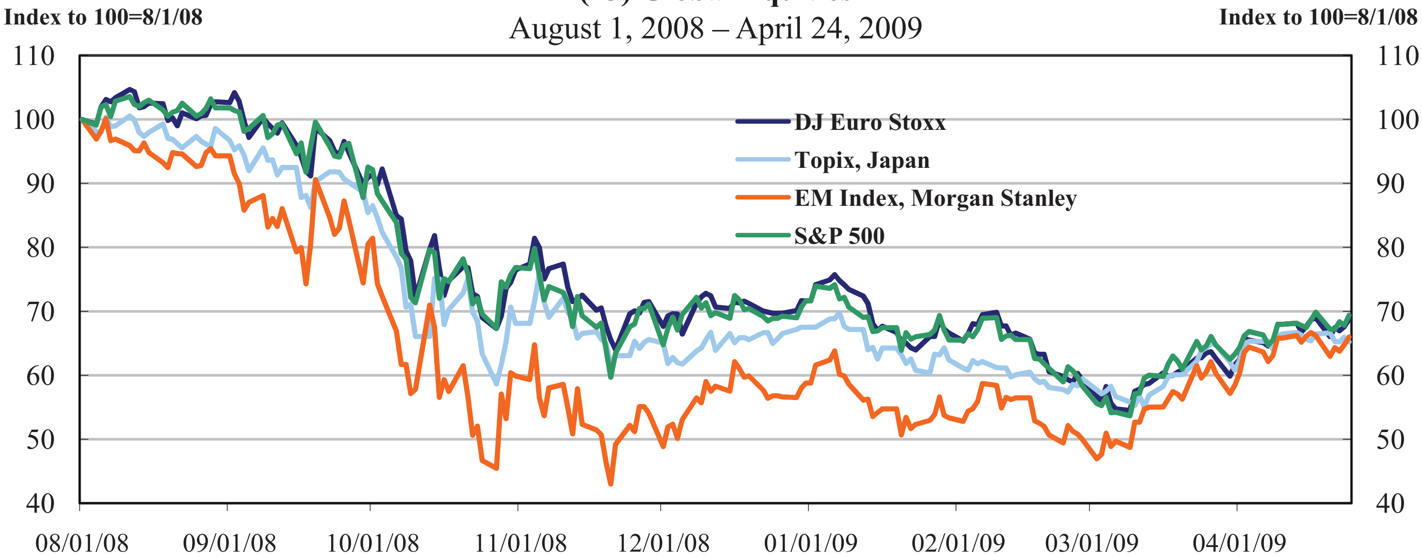
(22) Other Financial Equity Prices

August 1, 2008 – April 24, 2009



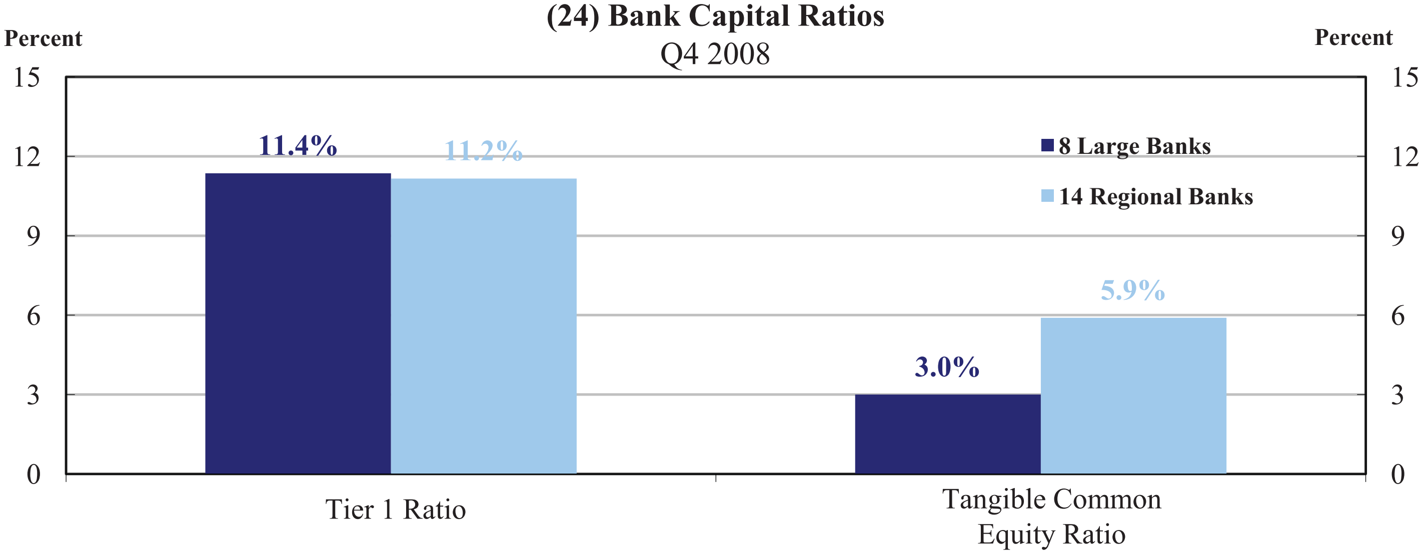
Source: Bloomberg

(23) Global Equities
August 1, 2008 – April 24, 2009



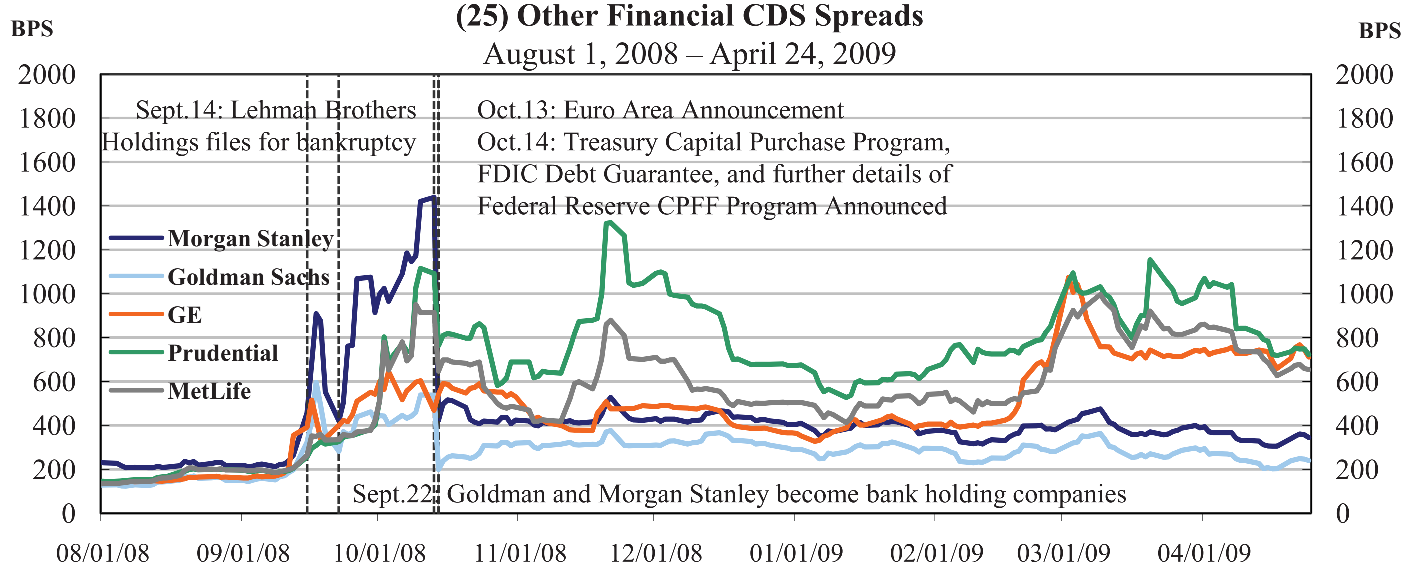
Source: Bloomberg

(24) Bank Capital Ratios
Q4 2008



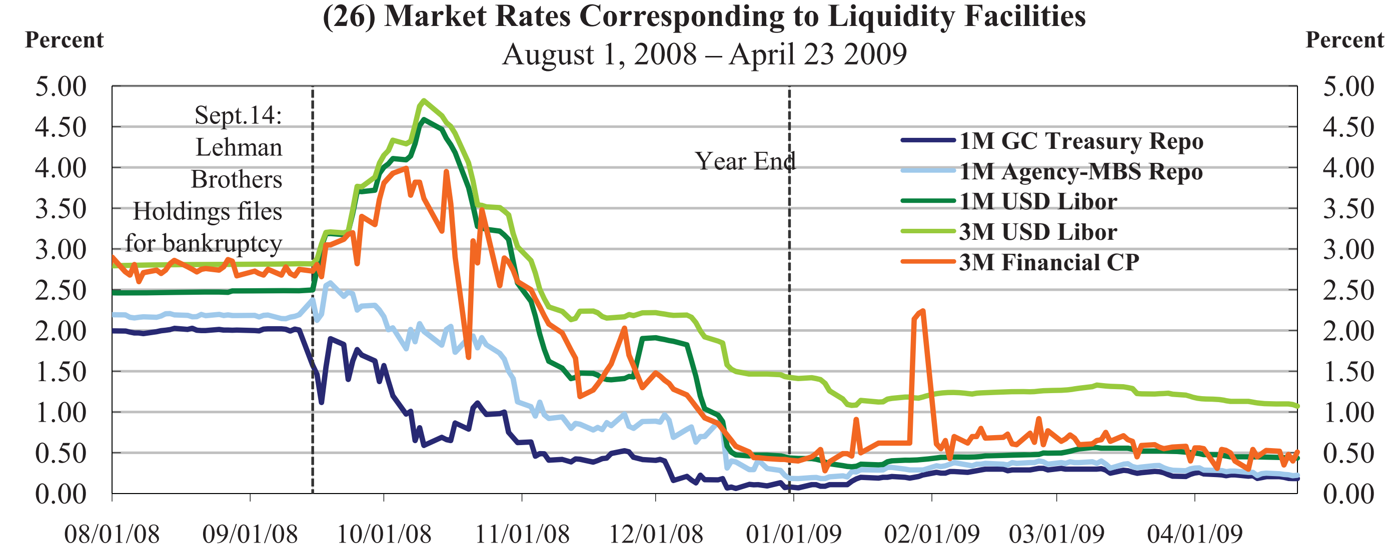
Source: Goldman Sachs

(25) Other Financial CDS Spreads
August 1, 2008 – April 24, 2009



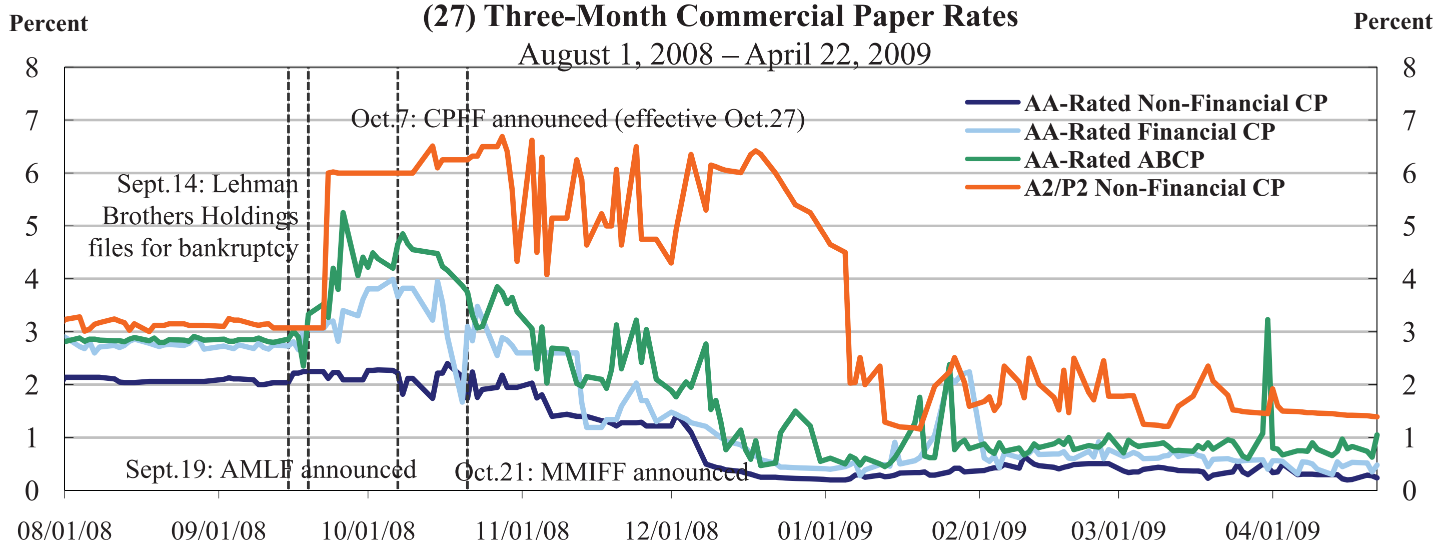
Source: Markit

(26) Market Rates Corresponding to Liquidity Facilities
August 1, 2008 – April 23 2009



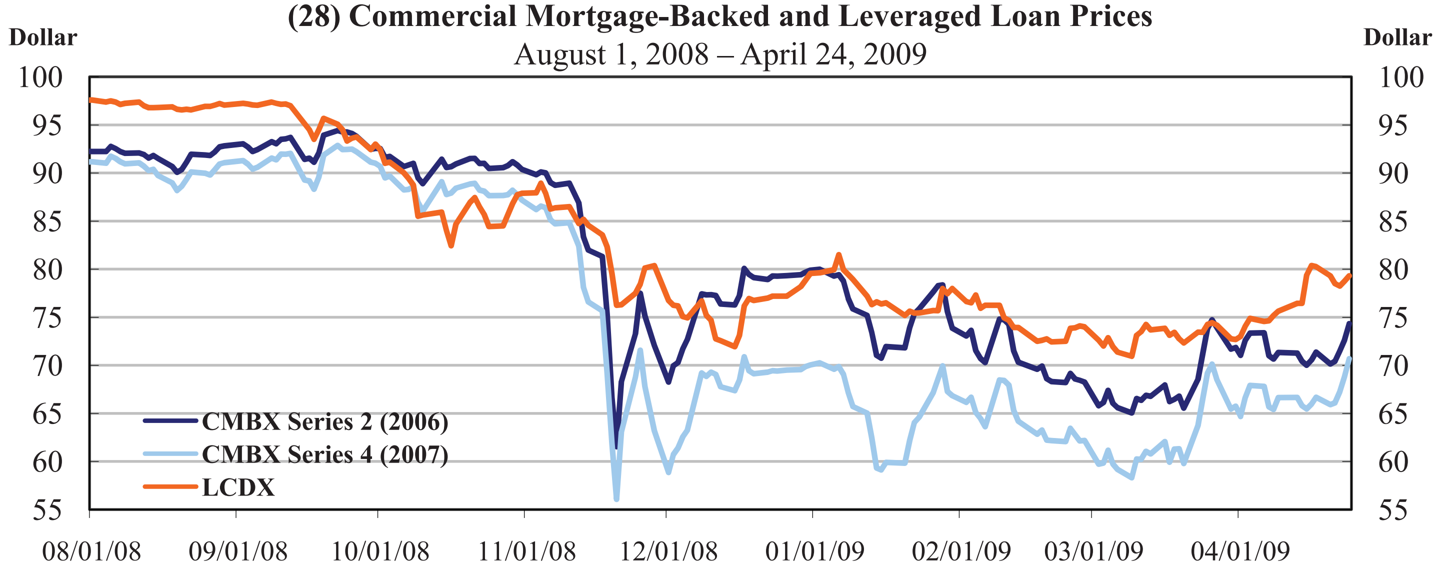
Source: Federal Reserve Bank of New York

(27) Three-Month Commercial Paper Rates
August 1, 2008 – April 22, 2009



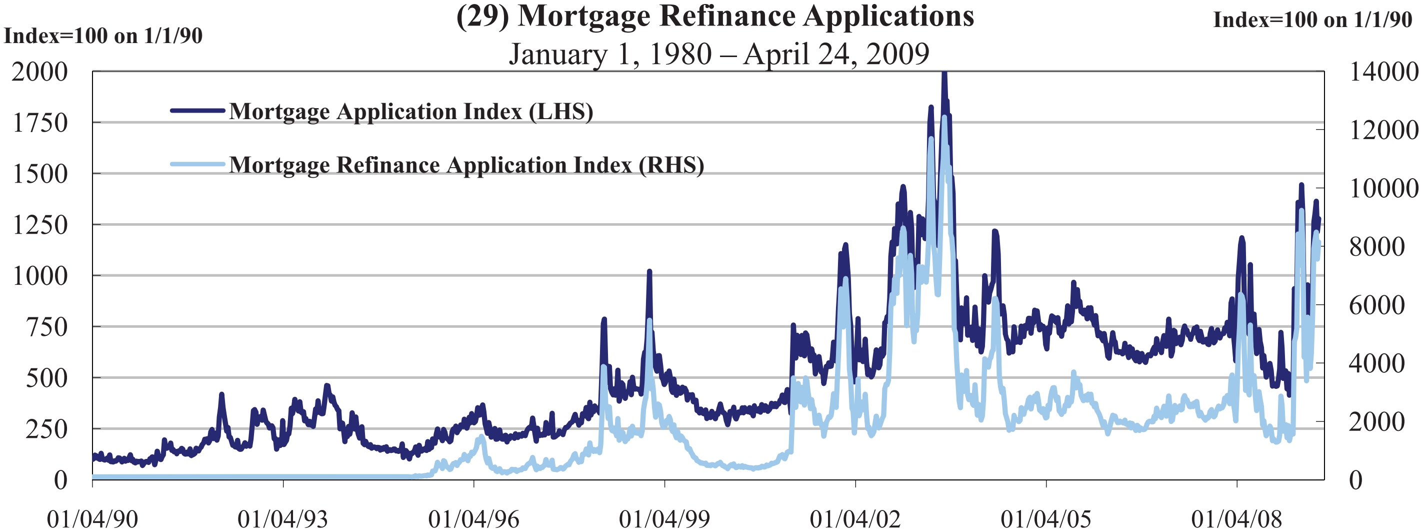
Source: Federal Reserve Board

(28) Commercial Mortgage-Backed and Leveraged Loan Prices
August 1, 2008 – April 24, 2009



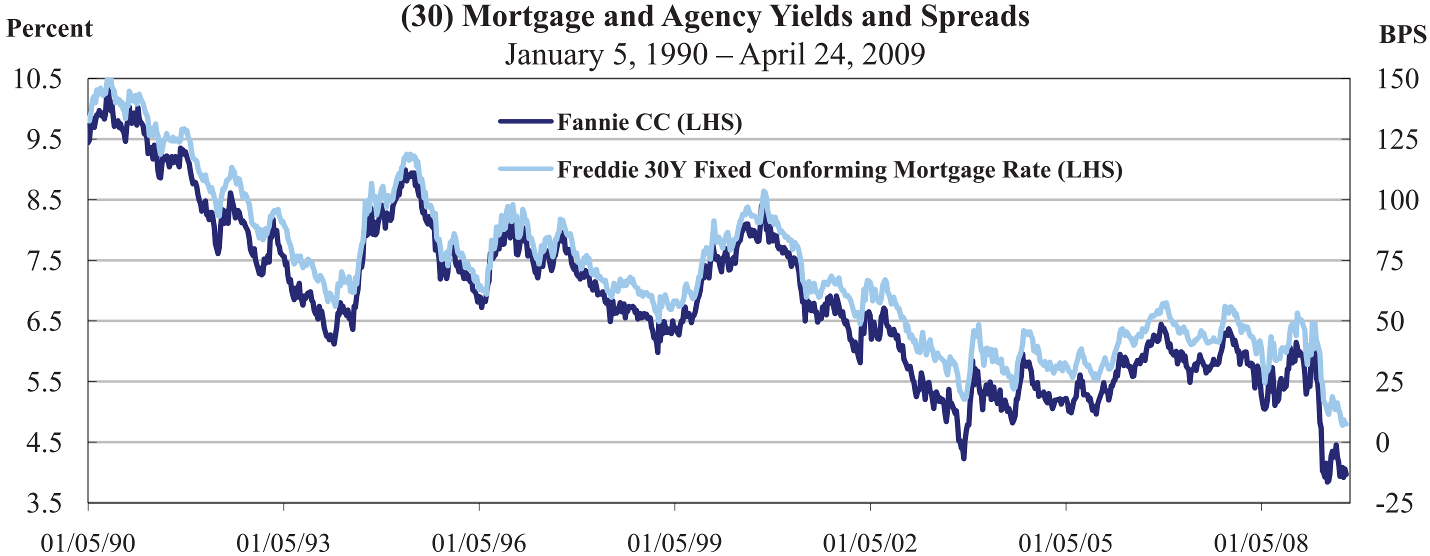
Source: Barclays, JPMorgan Chase

(29) Mortgage Refinance Applications
January 1, 1980 – April 24, 2009



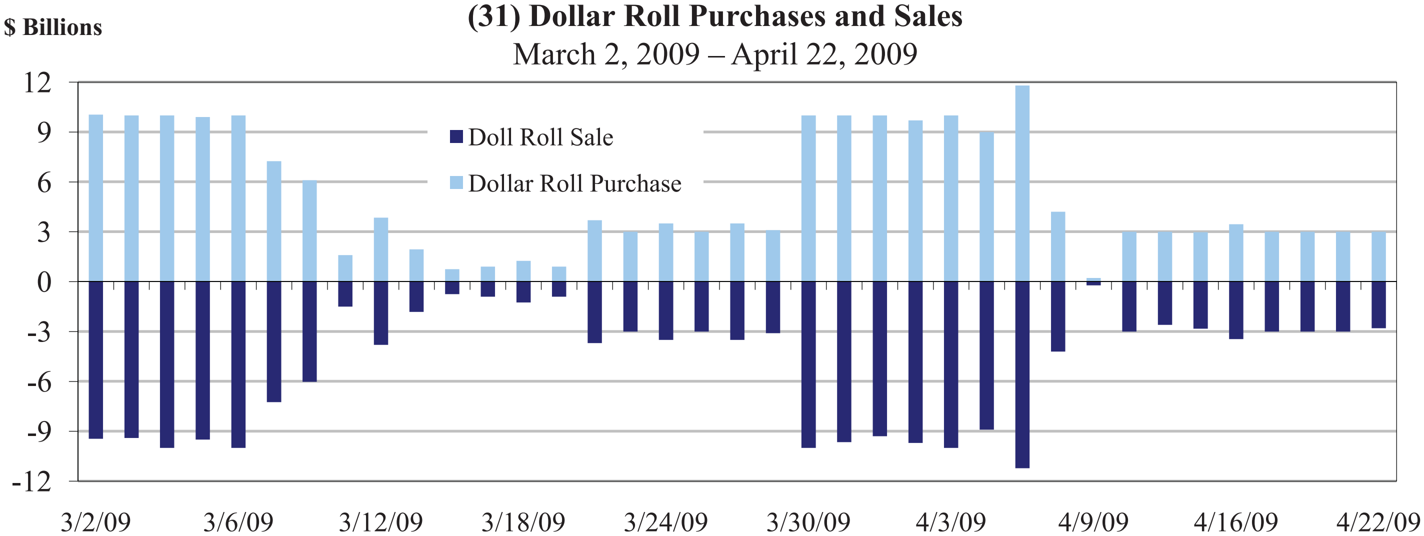
Source: Bloomberg

(30) Mortgage and Agency Yields and Spreads
January 5, 1990 – April 24, 2009



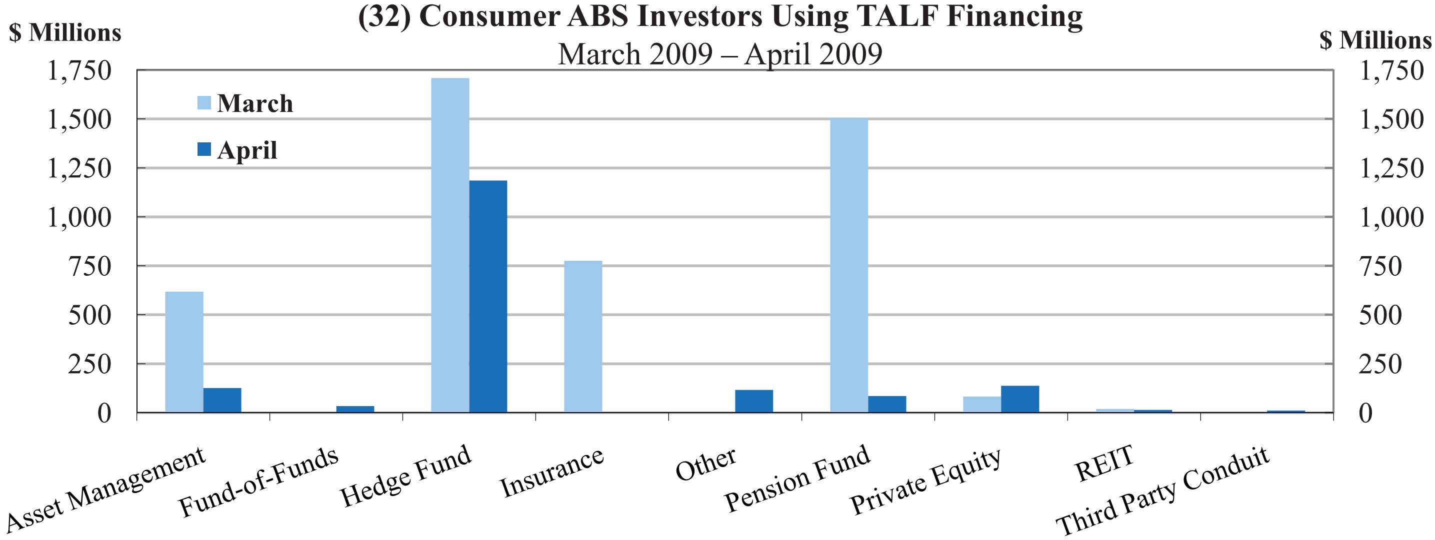
Source: Bloomberg

(31) Dollar Roll Purchases and Sales
March 2, 2009 – April 22, 2009



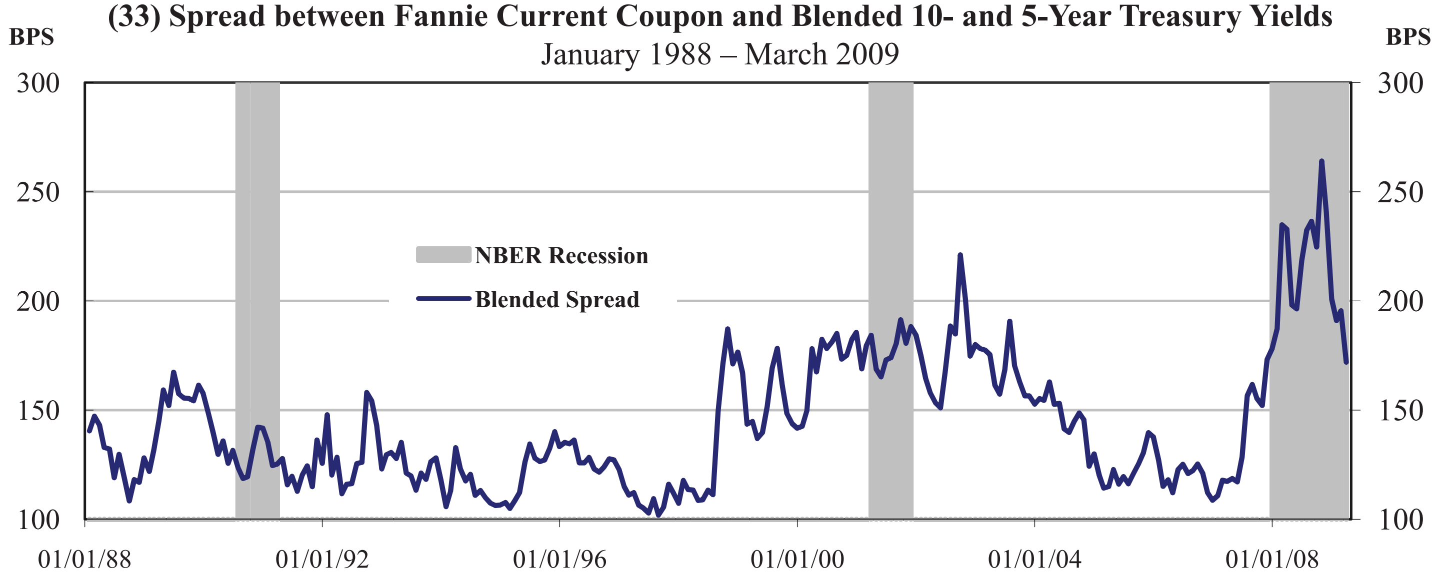
Source: Federal Reserve Bank of New York

(32) Consumer ABS Investors Using TALF Financing
March 2009 – April 2009



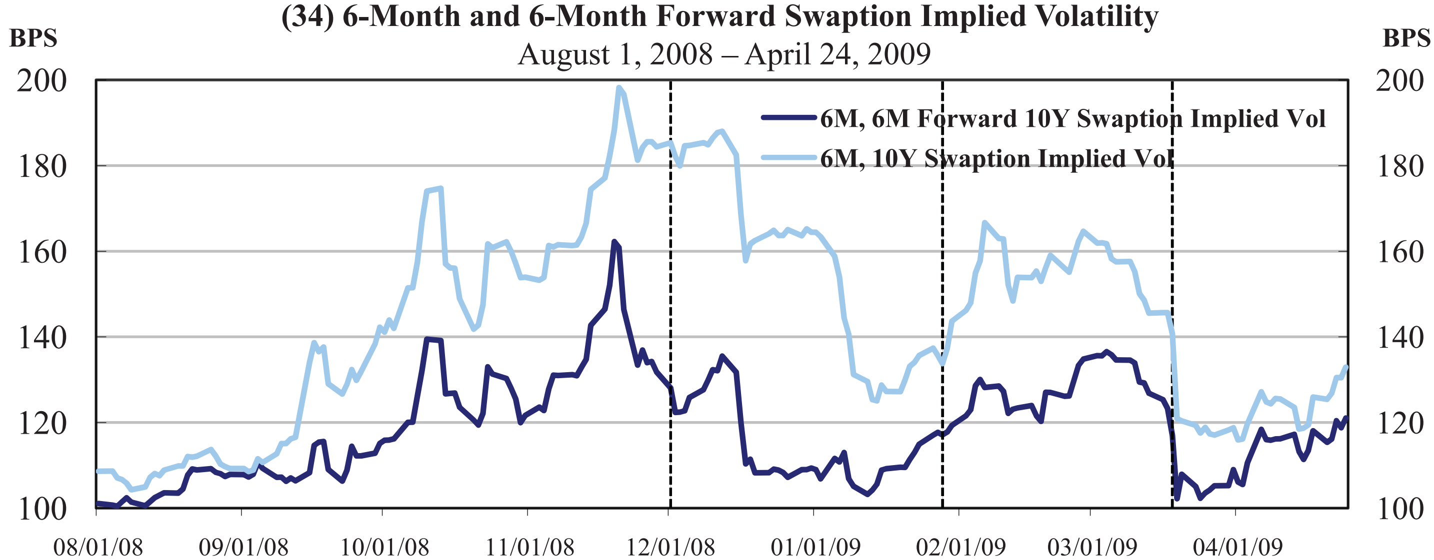
Source: Federal Reserve Bank of New York

(33) Spread between Fannie Current Coupon and Blended 10- and 5-Year Treasury Yields
January 1988 – March 2009



Source: Bloomberg

(34) 6-Month and 6-Month Forward Swaption Implied Volatility
August 1, 2008 – April 24, 2009

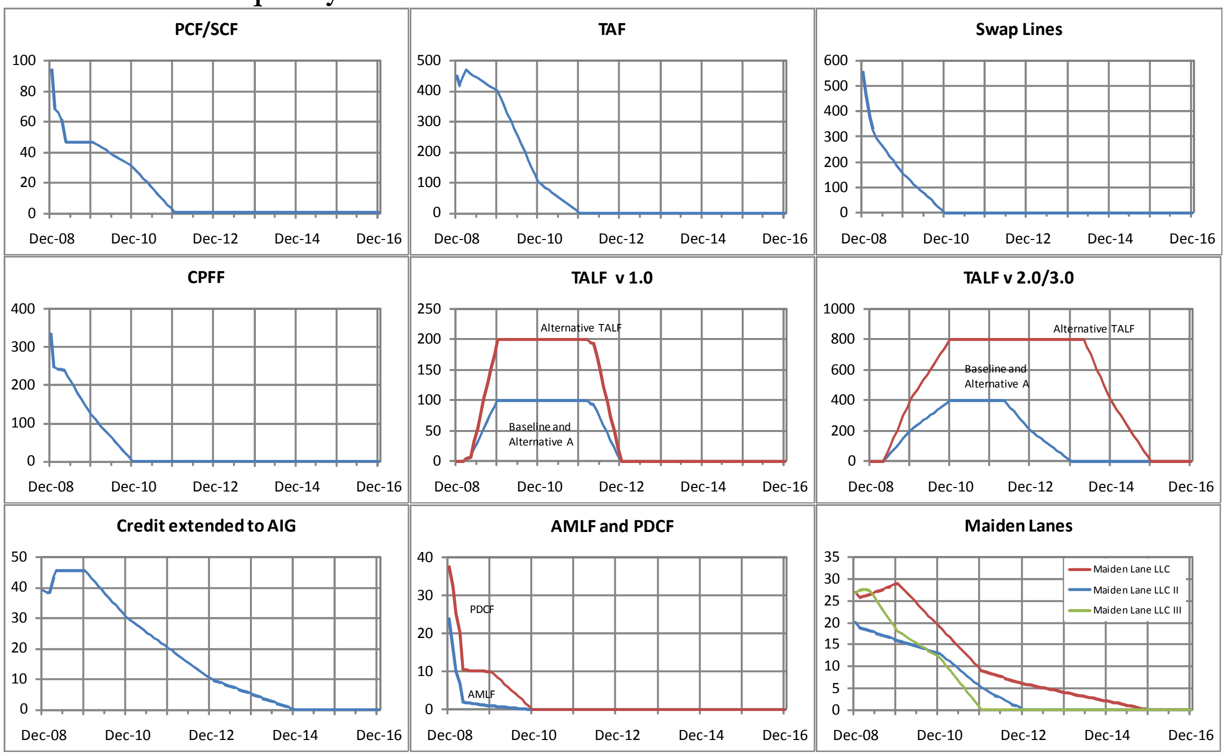


Source: Barclays Capital

Appendix 2: Materials used by Messrs. Carpenter and Burke

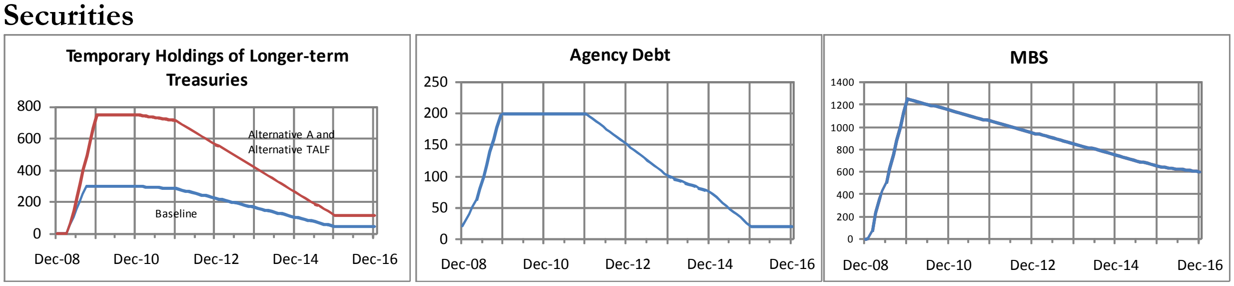
Exhibit 1
Balance Sheet Assumptions

Federal Reserve liquidity and credit facilities



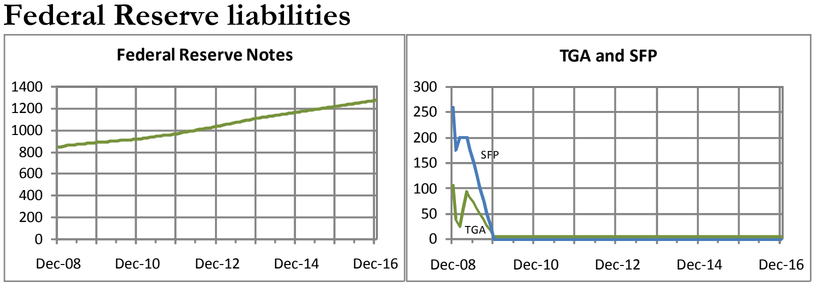
Note: All values are in billions.

Securities



Note: All values are in billions.

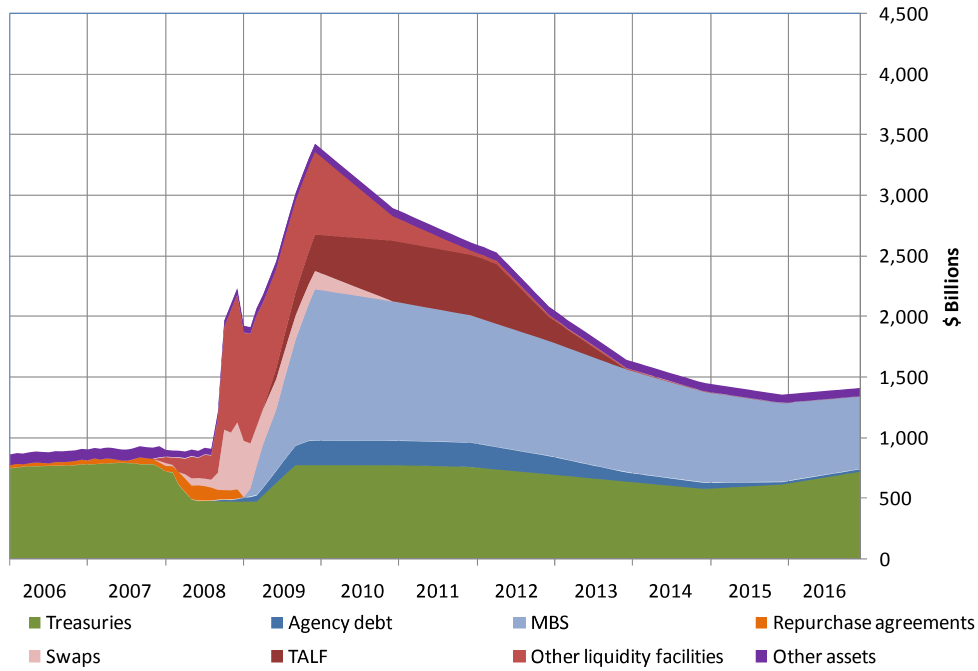
Federal Reserve liabilities



Note: All values are in billions.

Exhibit 2
Balance Sheet Projections
Baseline

Federal Reserve Assets



Federal Reserve Liabilities and Capital

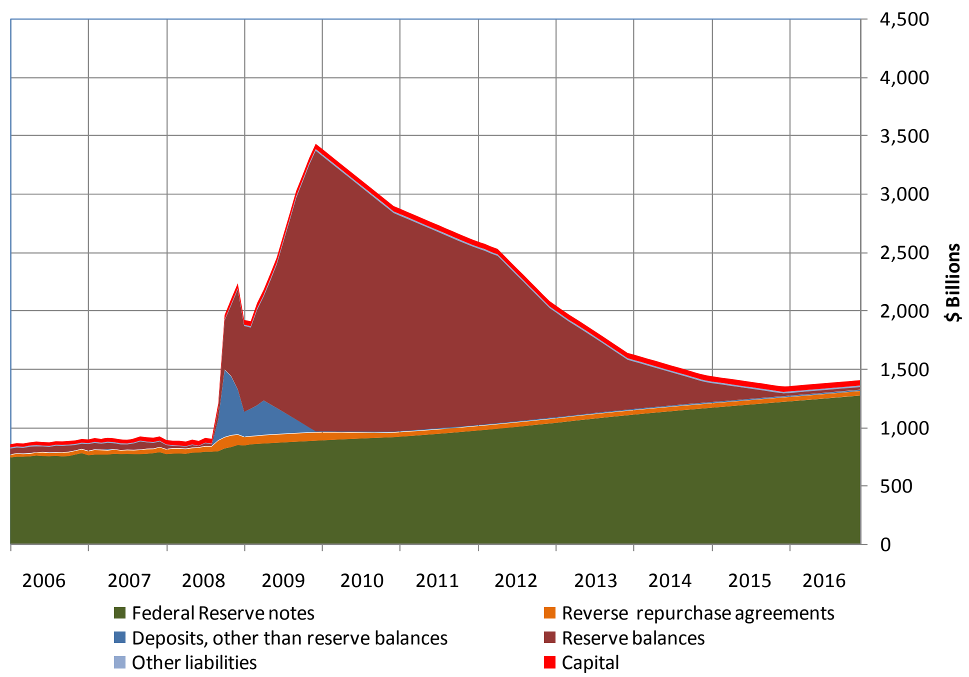
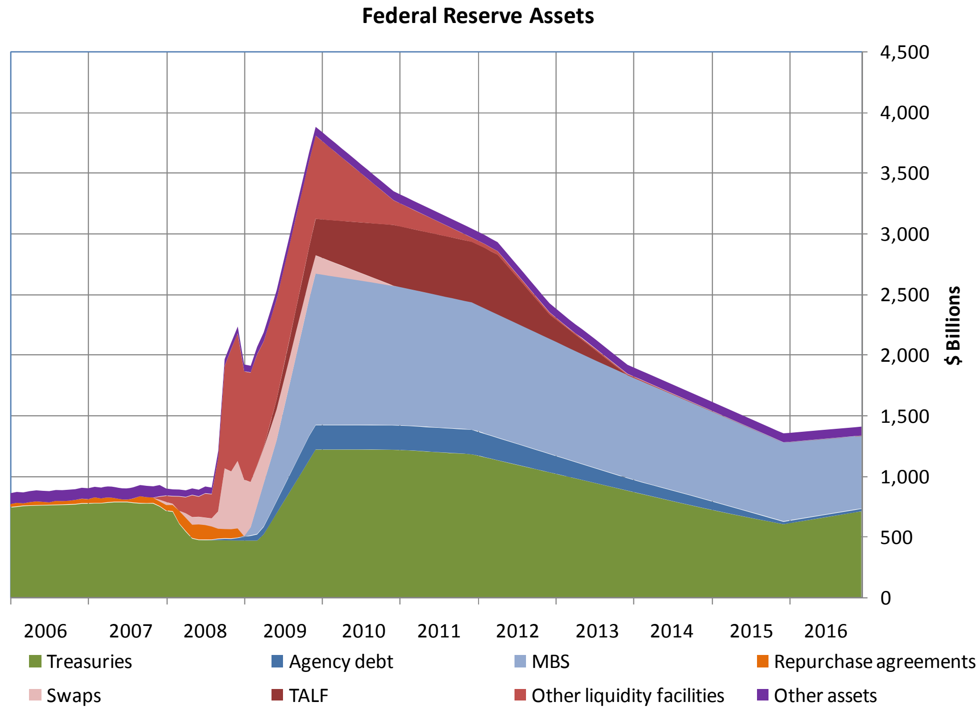


Exhibit 3

Date	Growth of monetary base (percent, annual rate) Baseline	Alternative A	Alternative TALF
		Monthly	
May-09	123.0	150.0	177.0
Jun-09	113.2	135.0	155.8
Jul-09	134.9	151.7	167.2
Aug-09	121.3	134.6	146.7
Sep-09	110.1	121.1	130.8
Oct-09	78.7	110.0	117.9
Nov-09	73.9	100.7	107.4
Dec-09	62.8	86.8	92.9
		Quarterly	
Q2 2009	50.9	60.1	69.3
Q3 2009	135.9	157.2	177.6
Q4 2009	93.1	120.2	129.9
Q1 2010	10.8	19.9	26.2
Q2 2010	-15.9	-13.9	-7.6
Q3 2010	-16.6	-14.4	-7.7
Q4 2010	-17.4	-15.1	-8.0
		Annual (Q4 to Q4)	
2009	93.2	120.3	138.4
2010	-15.6	-13.7	-7.6
2011	-10.5	-9.7	-8.4
2012	-21.8	-21.7	-15.5
2013	-23.3	-22.7	-11.7
2014	-13.2	-16.4	-27.3
2015	-7.6	-19.7	-36.3
2016	4.8	4.8	4.8

Exhibit 4
Balance Sheet Projections
Alternative A



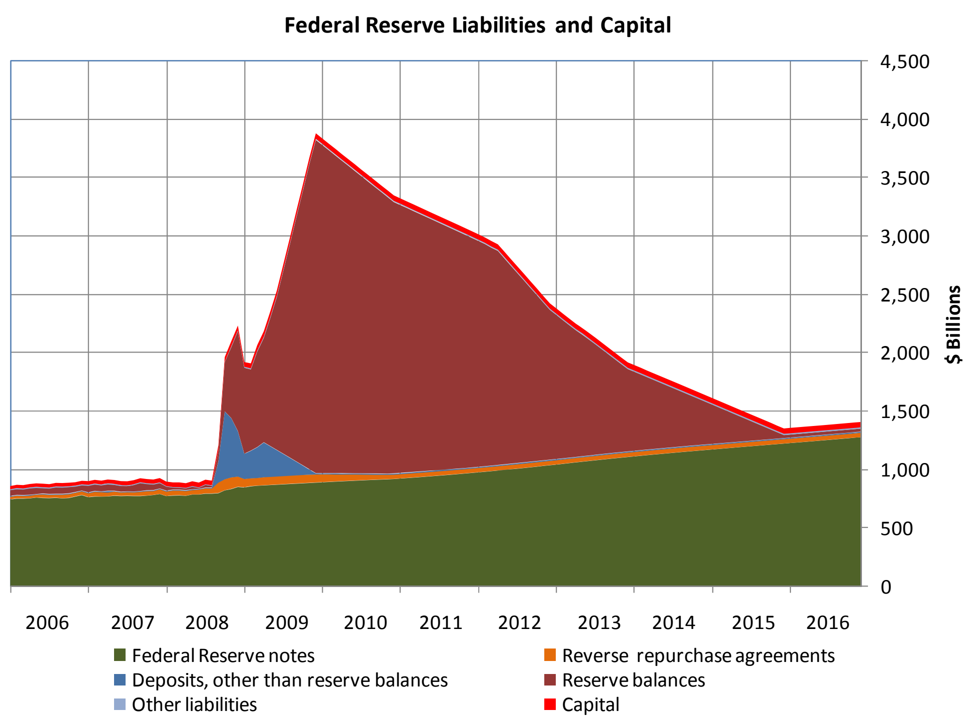
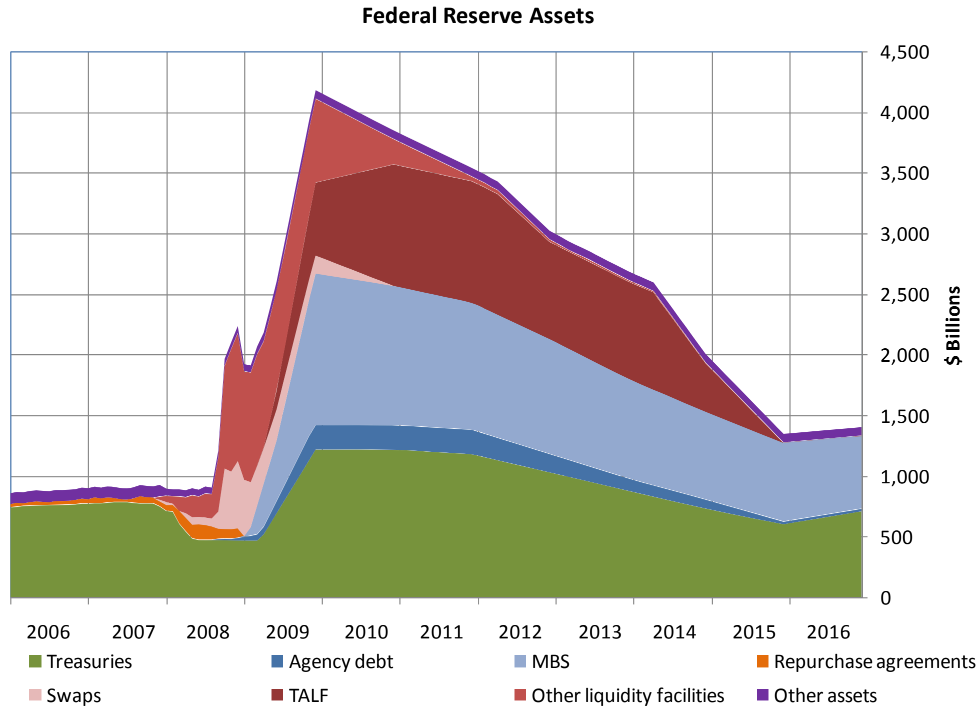
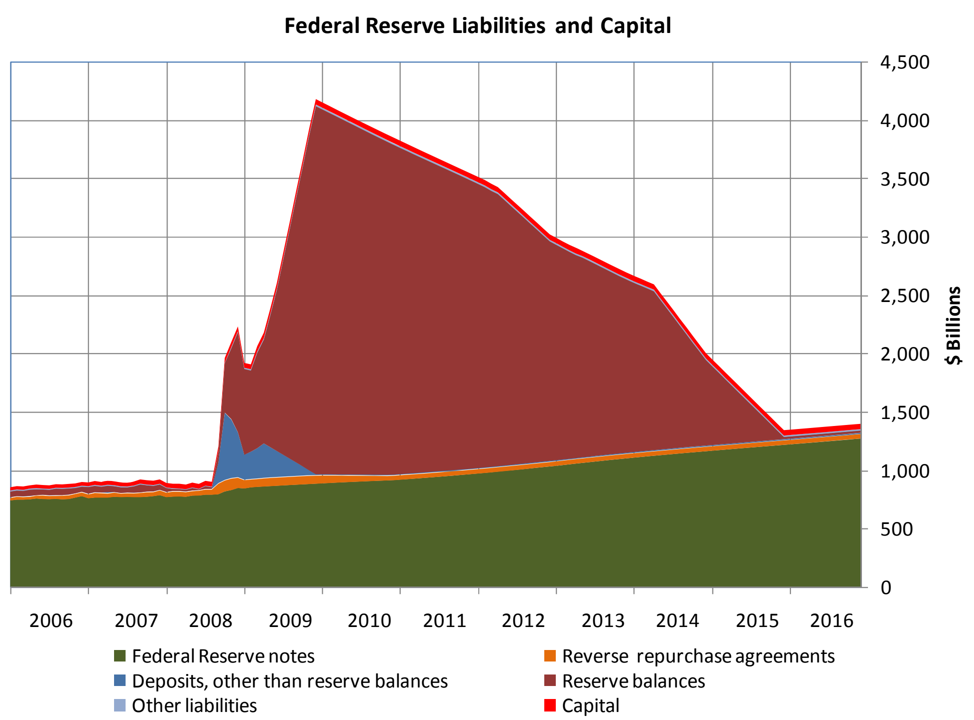


Exhibit 5
Balance Sheet Projections
Alternative TALF





Appendix 3: Materials used by Messrs. Stockton and Sheets

CLASS II FOMC - Restricted (FR)

Material for

Recent Economic Indicators

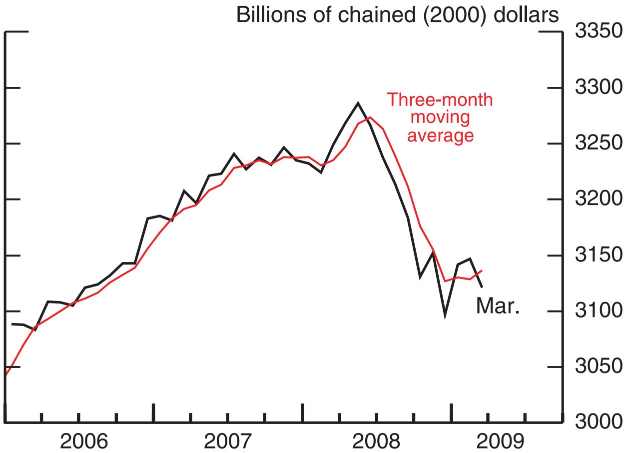
April 28, 2009

Class II FOMC - Restricted (FR)

Exhibit 1

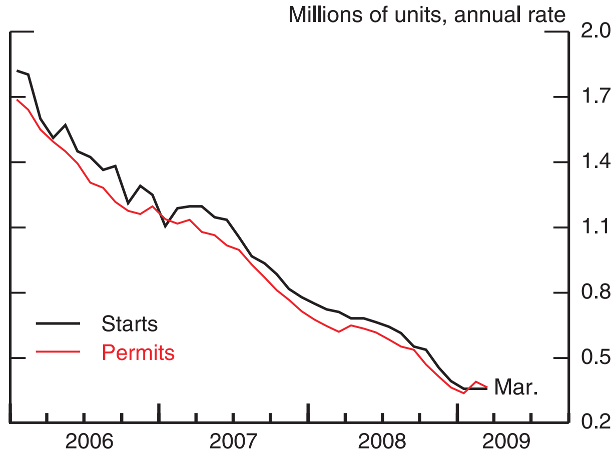
Some Recent Indicators for the U.S. Economy

Real PCE Goods Ex. Motor Vehicles

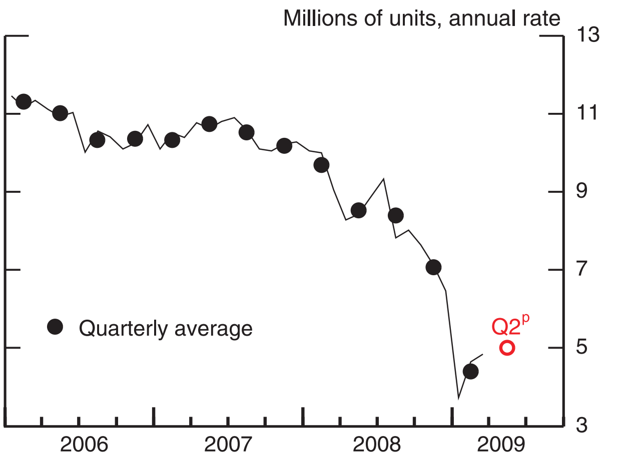


Note. Values for February and March are staff estimates.

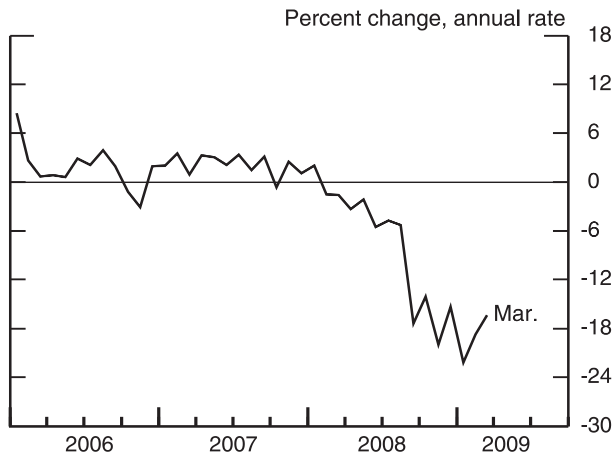
Single-Family Housing Starts



Light Motor Vehicle Production

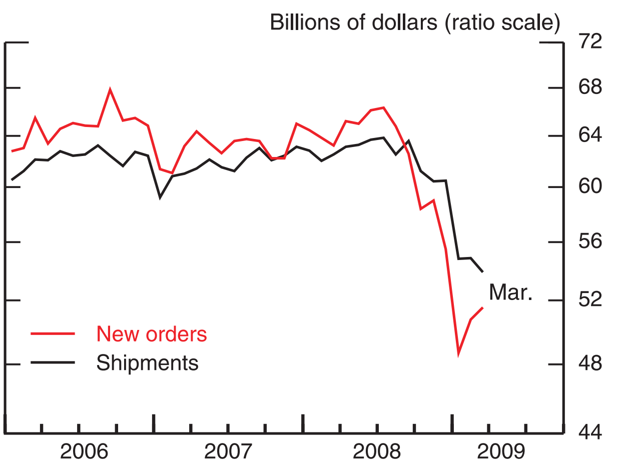


Manufacturing IP Ex. Motor Vehicles

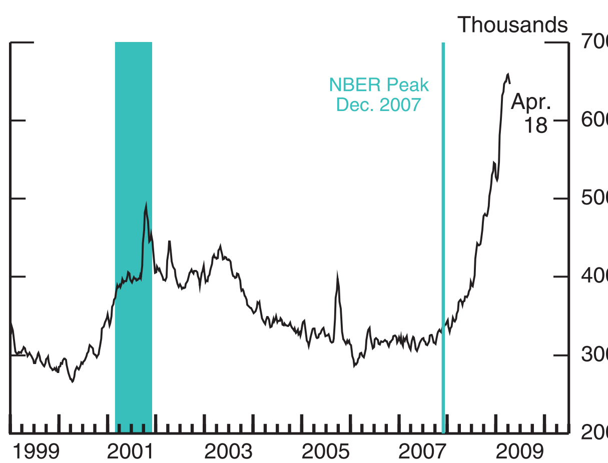


Note. Three-month percent changes.

Nondefense Capital Goods Ex. Aircraft



Initial Claims for Unemployment Insurance



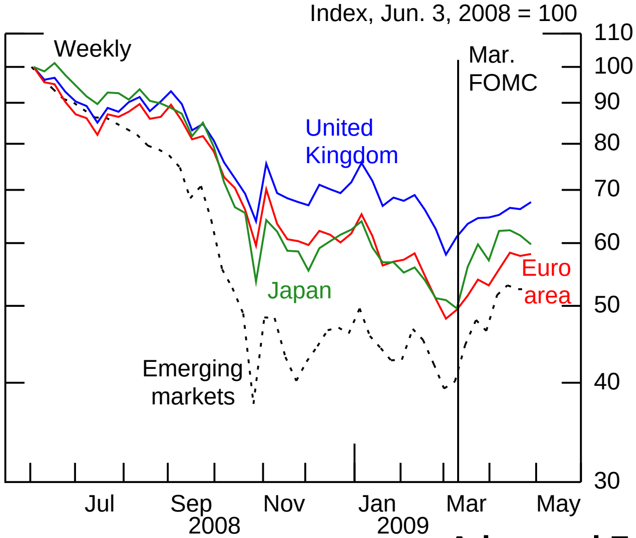
Note. Four-week moving average.

Class II FOMC - Restricted (FR)

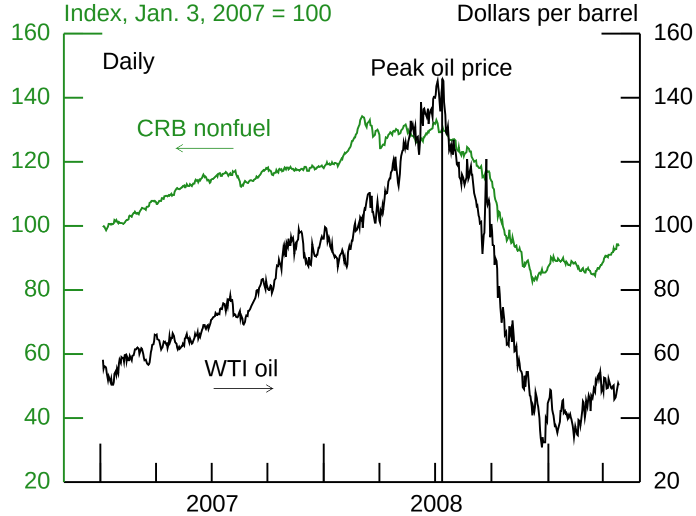
Exhibit 2

Signs of Bottoming Out?

Equity Prices

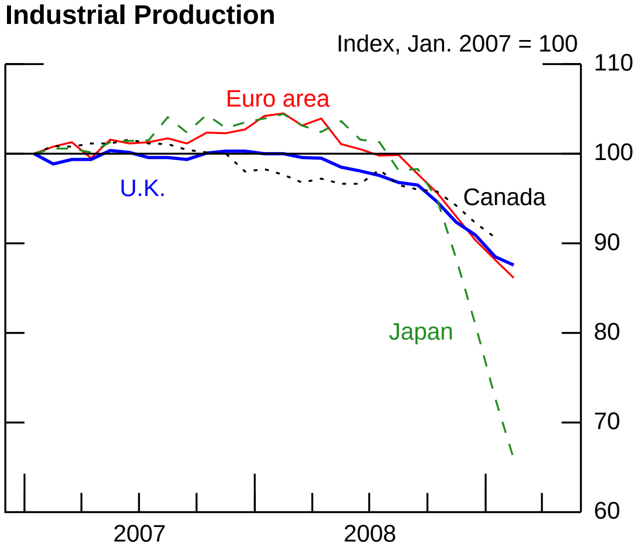


Commodity Price Developments

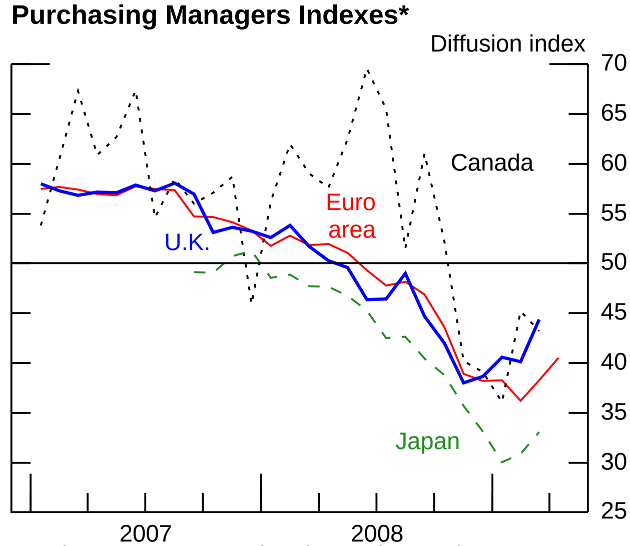


Advanced Foreign Economies

Industrial Production



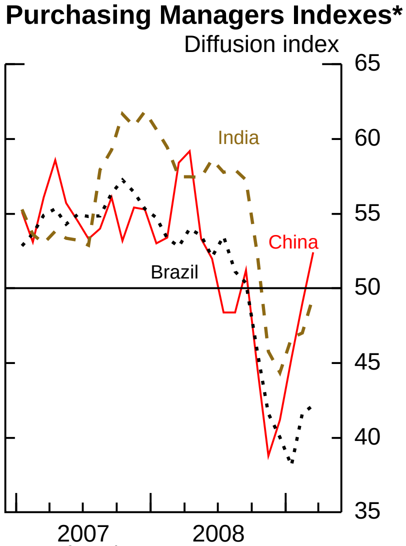
Purchasing Managers Indexes*



* Total economy PMIs; Manufacturing PMI for Canada.

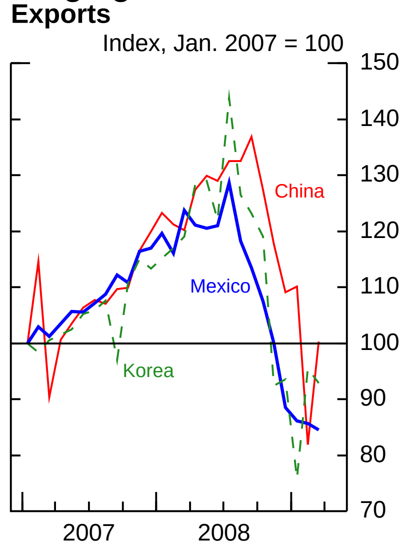
Emerging Market Economies

Purchasing Managers Indexes*

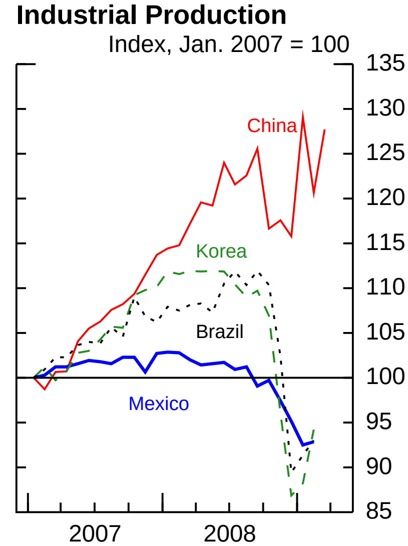


* Manufacturing sector.

Exports



Industrial Production



Appendix 4: Materials used by Mr. Madigan

Class I FOMC – Restricted Controlled (FR)

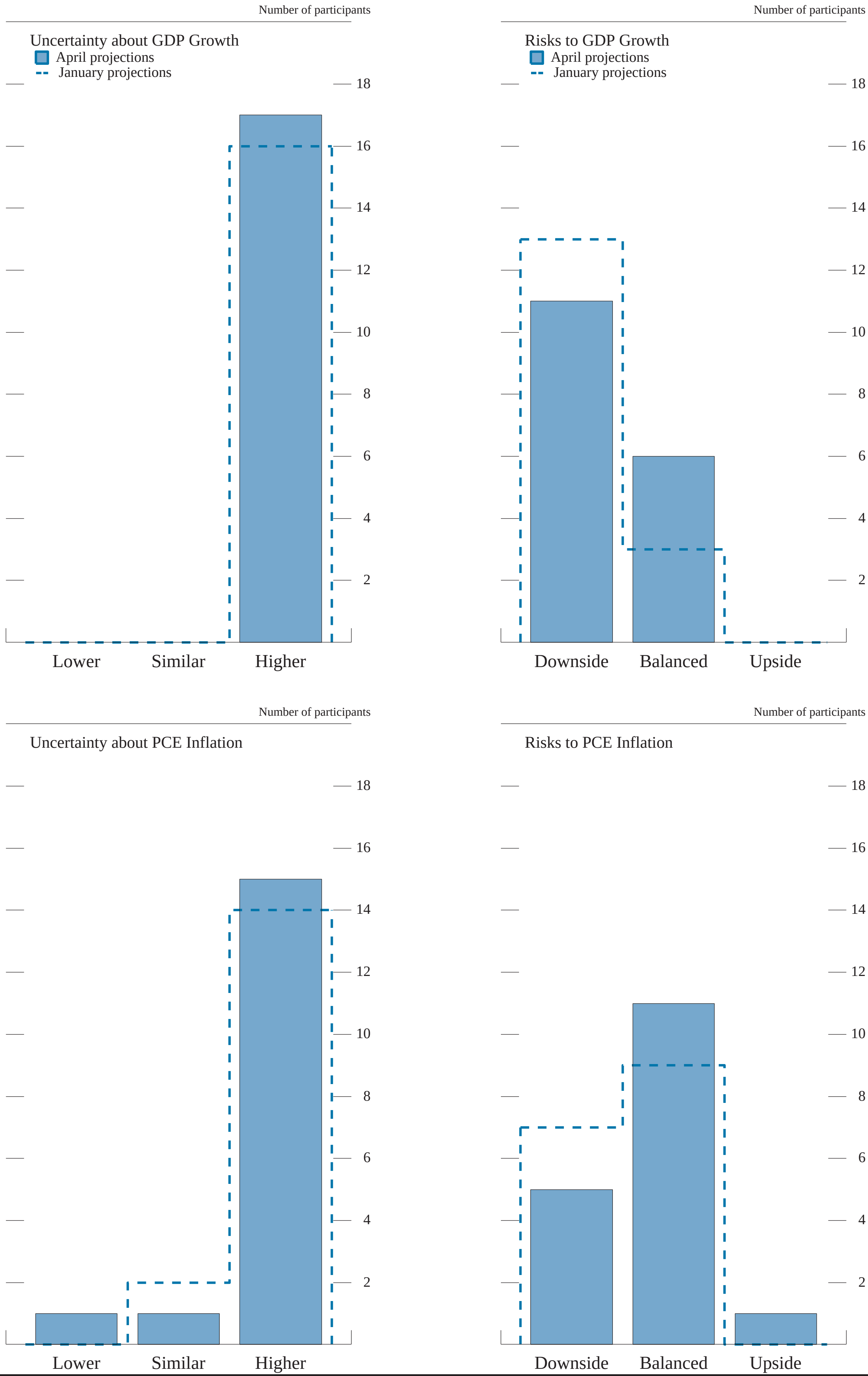
Material for Briefing on FOMC Participants' Economic Projections

Brian Madigan
April 28, 2009
Corrected

Exhibit 1. Economic Projections of Federal Reserve Governors and Reserve Bank Presidents, April 2009
(Percent)

Variable	Central tendency				Range			
	2009	2010	2011	Longer Run	2009	2010	2011	Longer Run
Change in real GDP (Q4/Q4)								
April projection.	-2.0 to -1.3	2.0 to 3.0	3.5 to 4.8	2.5 to 2.7	-2.5 to -0.5	1.5 to 4.0	2.3 to 5.0	2.4 to 3.0
January projection.	*-1.3 to -0.5*	*2.5 to 3.3*	*3.8 to 5.0*	*2.5 to 2.7*	*-2.5 to 0.2*	*1.5 to 4.5*	*2.3 to 5.5*	*2.4 to 3.0*
Memo: April Greenbook. . .	-1.6	2.6	4.8	2.7				
Unemployment rate (Q4)								
April projection.	9.2 to 9.6	9.0 to 9.5	7.7 to 8.5	4.8 to 5.0	9.1 to 10.0	8.0 to 9.6	6.5 to 9.0	4.8 to 5.3
January projection.	*8.5 to 8.8*	*8.0 to 8.3*	*6.7 to 7.5*	*4.8 to 5.0*	*8.0 to 9.2*	*7.0 to 9.2*	*5.5 to 8.0*	*4.5 to 5.5*
Memo: April Greenbook. . .	9.3	9.1	7.7	4.8				
PCE inflation (Q4/Q4)								
April projection.	0.6 to 0.9	1.0 to 1.6	1.0 to 1.9	1.7 to 2.0	-0.5 to 1.5	0.7 to 2.0	0.5 to 2.5	1.5 to 2.0
January projection.	*0.3 to 1.0*	*1.0 to 1.5*	*0.9 to 1.7*	*1.7 to 2.0*	*-0.5 to 1.5*	*0.7 to 1.8*	*0.2 to 2.1*	*1.5 to 2.0*
Memo: April Greenbook. . .	0.7	1.0	0.8	2.0				
Core PCE inflation (Q4/Q4)								
April projection.	1.0 to 1.5	0.7 to 1.3	0.8 to 1.6		0.7 to 1.6	0.5 to 2.0	0.2 to 2.5	
January projection.	*0.9 to 1.1*	*0.8 to 1.5*	*0.7 to 1.5*		*0.6 to 1.5*	*0.4 to 1.7*	*0.0 to 1.8*	
Memo: April Greenbook. . .	1.2	0.7	0.7					

Exhibit 2. Risks and Uncertainty in Economic Projections



Appendix 5: Materials used by Mr. Stockton

Gross Domestic Product

(percent change at an annual rate)

	2008-Q4	2009-Q1	
	Final	Greenbook	Advance
Real GDP	**-6.3**	**-6.3**	**-6.1**
Final Sales	-6.2	-4.1	-3.4
Personal Consumption	-4.3	1.1	2.2
Durables	-22.1	6.0	9.4
Nondurables	-9.4	1.1	1.3
Services	1.5	0.4	1.5
Business Fixed Investment	-21.7	-30.1	-37.9
Nonresidential Structures	-9.4	-26.4	-44.2
Equipment and Software	-28.1	-32.4	-33.8
Residential Investment	-22.8	-38.2	-38.0
Government	1.3	-5.3	-3.9
Federal	7.0	-9.4	-4.0
State and Local	-2.0	-2.6	-3.9
Exports	-23.6	-31.4	-30.0
Imports	-17.5	-31.1	-34.1
Level in chained 2000 dollars:			
Change in nonfarm business inventories	-31.1	-96.3	-111.7
Change in farm inventories	3.7	3.0	5.0
Net Exports	-364.5	-333.4	-308.4
Price Indexes:			
Total PCE Chain Price Index	-4.9	-0.9	-1.0
Core PCE Chain Price Index	0.9	1.7	1.5

Appendix 6: Materials used by Mr. Madigan

Class I FOMC – Restricted Controlled (FR)

Material for Briefing on Monetary Policy Alternatives

Brian Madigan
April 29, 2009

March FOMC Statement

Information received since the Federal Open Market Committee met in January indicates that the economy continues to contract. Job losses, declining equity and housing wealth, and tight credit conditions have weighed on consumer sentiment and spending. Weaker sales prospects and difficulties in obtaining credit have led businesses to cut back on inventories and fixed investment. U.S. exports have slumped as a number of major trading partners have also fallen into recession. Although the near-term economic outlook is weak, the Committee anticipates that policy actions to stabilize financial markets and institutions, together with fiscal and monetary stimulus, will contribute to a gradual resumption of sustainable economic growth.

In light of increasing economic slack here and abroad, the Committee expects that inflation will remain subdued. Moreover, the Committee sees some risk that inflation could persist for a time below rates that best foster economic growth and price stability in the longer term.

In these circumstances, the Federal Reserve will employ all available tools to promote economic recovery and to preserve price stability. The Committee will maintain the target range for the federal funds rate at 0 to 1/4 percent and anticipates that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period. To provide greater support to mortgage lending and housing markets, the Committee decided today to increase the size of the Federal Reserve's balance sheet further by purchasing up to an additional $750 billion of agency mortgage-backed securities, bringing its total purchases of these securities to up to $1.25 trillion this year, and to increase its purchases of agency debt this year by up to $100 billion to a total of up to $200 billion. Moreover, to help improve conditions in private credit markets, the Committee decided to purchase up to $300 billion of longer-term Treasury securities over the next six months. The Federal Reserve has launched the Term Asset-Backed Securities Loan Facility to facilitate the extension of credit to households and small businesses and anticipates that the range of eligible collateral for this facility is likely to be expanded to include other financial assets. The Committee will continue to carefully monitor the size and composition of the Federal Reserve's balance sheet in light of evolving financial and economic developments.

April FOMC Statement — Alternative A

1. Information received since the Federal Open Market Committee met in March indicates that the economy continues to contract**, though the pace of contraction appears to be slowing somewhat. Household spending has shown signs of stabilizing but remains constrained by ongoing job losses, lower housing wealth, and tight credit.** ~~Job losses, lower housing wealth, and tight credit conditions have weighed on consumer sentiment and spending.~~ Weak sales prospects and difficulties in obtaining credit have led businesses to cut back on inventories and fixed investment. Although the economic outlook has improved modestly since the March meeting, partly reflecting some easing of financial market conditions, the Committee anticipates that economic activity will continue to contract in the near term and that the subsequent recovery could be sluggish.

2. In light of increasing economic slack here and abroad, the Committee expects that inflation will remain subdued. Moreover, the Committee sees some risk that inflation could persist for a time below rates that are most consistent with sustainable economic growth and price stability in the longer term.

3. In these circumstances, the Committee has decided to provide additional monetary stimulus by stepping up its purchases of longer-term securities. To improve conditions in private credit markets, the Federal Reserve has recently begun purchasing longer-term Treasury securities, and the Committee now intends to acquire up to $750 billion of these securities by year-end. The Committee continues to anticipate that the Federal Reserve will purchase up to $1.25 trillion of agency mortgage-backed securities and up to $200 billion of agency debt over the course of this year. The Committee is prepared to make further adjustments to the timing and overall amounts of these purchases of Treasury, agency, and mortgage-backed securities as appropriate in view of the evolving economic outlook and conditions in financial markets. The Committee will maintain the target range for the federal funds rate at 0 to 1/4 percent and anticipates that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period. The Federal Reserve is facilitating the extension of credit to households and businesses and supporting the functioning of financial markets through a range of liquidity programs. The Committee will continue to carefully monitor the size and composition of the Federal Reserve's balance sheet in light of financial and economic developments.

April FOMC Statement — Alternative B

1. Information received since the Federal Open Market Committee met in March indicates that the economy has continued to contract**, though the pace of contraction appears to be slowing somewhat. Household spending has shown signs of stabilizing but remains constrained by ongoing job losses, lower housing wealth, and tight credit**. ~~Job losses, lower housing wealth, and tight credit conditions have weighed on consumer sentiment and spending.~~ Weak sales prospects and difficulties in obtaining credit have led businesses to cut back on inventories and fixed investment. Although the economic outlook has improved modestly since the March meeting, partly reflecting some easing of financial market conditions, economic activity is likely to remain weak for a time. Nonetheless, the Committee continues to anticipate that policy actions to stabilize financial markets and institutions, fiscal and monetary stimulus, and market forces will contribute to a gradual resumption of sustainable economic growth.

2. In light of increasing economic slack here and abroad, the Committee expects that inflation will remain subdued. Moreover, the Committee sees some risk that inflation could persist for a time below rates that best foster economic growth and price stability in the longer term.

3. In these circumstances, the Federal Reserve will employ all available tools to promote economic recovery and to preserve price stability. The Committee will maintain the target range for the federal funds rate at 0 to 1/4 percent and anticipates that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period. As previously announced, to provide support to mortgage lending and housing markets and to improve overall conditions in private credit markets, the Federal Reserve will purchase a total of up to $1.25 trillion of agency mortgage-backed securities and up to $200 billion of agency debt by the end of the year. In addition, the Federal Reserve will buy up to $300 billion of Treasury securities by autumn. The Committee stands ready to adjust the timing and overall amounts of its purchases of securities as appropriate in view of the evolving economic outlook and conditions in financial markets. The Federal Reserve is facilitating the extension of credit to households and businesses and supporting the functioning of financial markets through a range of liquidity programs. The Committee will continue to carefully monitor the size and composition of the Federal Reserve's balance sheet in light of financial and economic developments.

April FOMC Statement — Alternative B'

1. Information received since the Federal Open Market Committee met in March indicates that the economy has continued to contract**, though the pace of contraction appears to be slowing somewhat. Household spending has shown signs of stabilizing but remains constrained by ongoing job losses, lower housing wealth, and tight credit**. ~~Job losses, lower housing wealth, and tight credit conditions have weighed on consumer sentiment and spending.~~ Weak sales prospects and difficulties in obtaining credit have led businesses to cut back on inventories and fixed investment. Although the economic outlook has improved modestly since the March meeting, partly reflecting some easing of financial market conditions, economic activity is likely to remain weak for a time. Nonetheless, the Committee continues to anticipate that policy actions to stabilize financial markets and institutions, fiscal and monetary stimulus, and market forces will contribute to a gradual resumption of sustainable economic growth.

2. In light of increasing economic slack here and abroad, the Committee expects that inflation will remain subdued. Moreover, the Committee sees some risk that inflation could persist for a time below rates that best foster economic growth and price stability in the longer term.

3. In these circumstances, the Federal Reserve will employ all available tools to promote economic recovery and to preserve price stability. The Committee will maintain the target range for the federal funds rate at 0 to 1/4 percent and anticipates that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period. As previously announced, to provide support to mortgage lending and housing markets and to improve overall conditions in private credit markets, the Federal Reserve will purchase a total of up to $1.25 trillion of agency mortgage-backed securities and up to $200 billion of agency debt by the end of the year. In addition, the Federal Reserve will buy up to $300 billion of Treasury securities by autumn. As of the end of March, the Federal Reserve had completed purchases of about $310 billion of this $1.75 trillion total, bringing its portfolio of Treasury and agency securities to $780 billion. The Committee expects its purchases to average about $160 billion per month through year-end, equivalent to an average growth rate for this portfolio of around 20 percent per month over the last nine months of the year. The Committee stands ready to adjust the timing and overall amounts of its purchases of securities as appropriate in view of the evolving economic outlook and conditions in financial markets. The Federal Reserve is facilitating the extension of credit to households and businesses and supporting the functioning of financial markets through a range of liquidity programs. The Committee will continue to carefully monitor the size and composition of the Federal Reserve's balance sheet in light of financial and economic developments.

April FOMC Statement — Alternative B''

1. The Federal Open Market Committee decided today to continue to increase the Federal Reserve's holdings of longer-term Treasury securities, agency debt, and agency MBS in a manner consistent with our previous announcements. The Committee expects the combined holdings of these securities to increase from current levels at an average rate of about 18 to 20 percent per month over the near term. The Committee stands ready to adjust the timing and overall amounts of its purchases of these securities as appropriate in view of the evolving economic outlook and conditions in financial markets.
2. Information received since the Federal Open Market Committee met in March indicates that the economy has continued to contract**, though the pace of contraction appears to be slowing somewhat. Household spending has shown signs of stabilizing but remains constrained by ongoing job losses, lower housing wealth, and tight credit**. ~~Job losses, lower housing wealth, and tight credit conditions have weighed on consumer sentiment and spending.~~ Weak sales prospects and difficulties in obtaining credit have led businesses to cut back on inventories and fixed investment. Although the economic outlook has improved modestly since the March meeting, partly reflecting some easing of financial market conditions, economic activity is likely to remain weak for a time. Nonetheless, the Committee continues to anticipate that policy actions to stabilize financial markets and institutions, fiscal and monetary stimulus, and market forces will contribute to a gradual resumption of sustainable economic growth.
3. In light of increasing economic slack here and abroad, the Committee expects that inflation will remain subdued. Moreover, the Committee sees some risk that inflation could persist for a time below rates that best foster economic growth and price stability in the longer term.
4. In these circumstances, the Federal Reserve will employ all available tools to promote economic recovery and to preserve price stability. The Committee will maintain the target range for the federal funds rate at 0 to ¼ percent and anticipates that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period. The Federal Reserve is also facilitating the extension of credit to households and businesses and supporting the functioning of financial markets through a range of liquidity programs. The Committee will continue to carefully monitor the size and composition of the Federal Reserve's balance sheet in light of financial and economic developments.

April FOMC Statement — Alternative B'''

1. The Federal Open Market Committee decided today to continue to increase the Federal Reserve's holdings of longer-term Treasury securities, agency debt, and agency MBS in a manner consistent with our previous announcements. The Committee expects the combined holdings of these securities to increase from current levels by about $160 billion per month over the near term. The Committee stands ready to adjust the timing and overall amounts of its purchases of these securities as appropriate in view of the evolving economic outlook and conditions in financial markets.

2. Information received since the Federal Open Market Committee met in March indicates that the economy has continued to contract**, though the pace of contraction appears to be slowing somewhat. Household spending has shown signs of stabilizing but remains constrained by ongoing job losses, lower housing wealth, and tight credit**. ~~Job losses, lower housing wealth, and tight credit conditions have weighed on consumer sentiment and spending.~~ Weak sales prospects and difficulties in obtaining credit have led businesses to cut back on inventories and fixed investment. Although the economic outlook has improved modestly since the March meeting, partly reflecting some easing of financial market conditions, economic activity is likely to remain weak for a time. Nonetheless, the Committee continues to anticipate that policy actions to stabilize financial markets and institutions, fiscal and monetary stimulus, and market forces will contribute to a gradual resumption of sustainable economic growth.

3. In light of increasing economic slack here and abroad, the Committee expects that inflation will remain subdued. Moreover, the Committee sees some risk that inflation could persist for a time below rates that best foster economic growth and price stability in the longer term.

4. In these circumstances, the Federal Reserve will employ all available tools to promote economic recovery and to preserve price stability. The Committee will maintain the target range for the federal funds rate at 0 to ¼ percent and anticipates that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period. The Federal Reserve is also facilitating the extension of credit to households and businesses and supporting the functioning of financial markets through a range of liquidity programs. The Committee will continue to carefully monitor the size and composition of the Federal Reserve's balance sheet in light of financial and economic developments.