APPENDIX 1

Material used by Mr. Fisher

3-Month Deposit Rates

July 1, 1998 - January 29, 1999

Current euro-deposit rate and rates implied by traded forward rate agreements

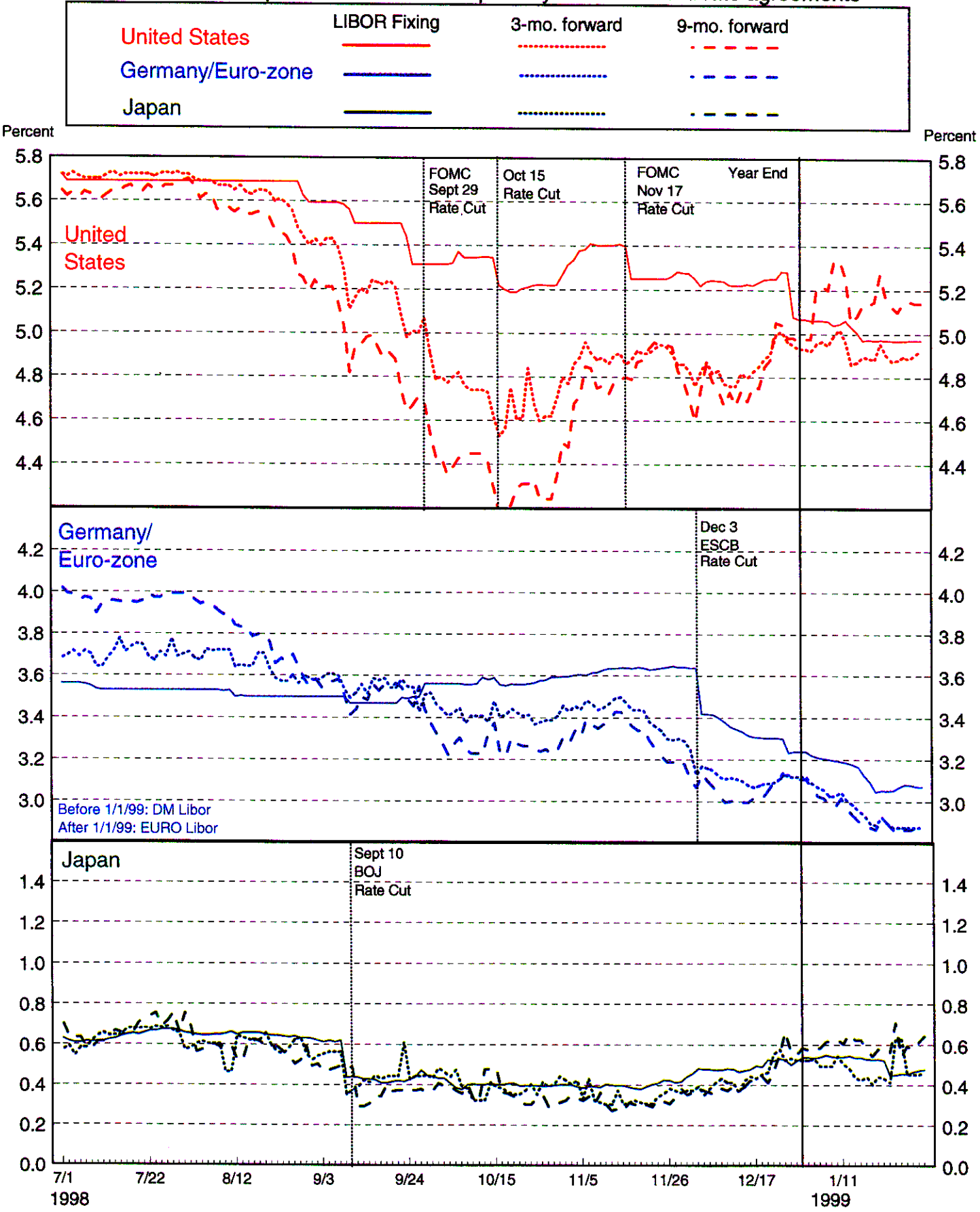
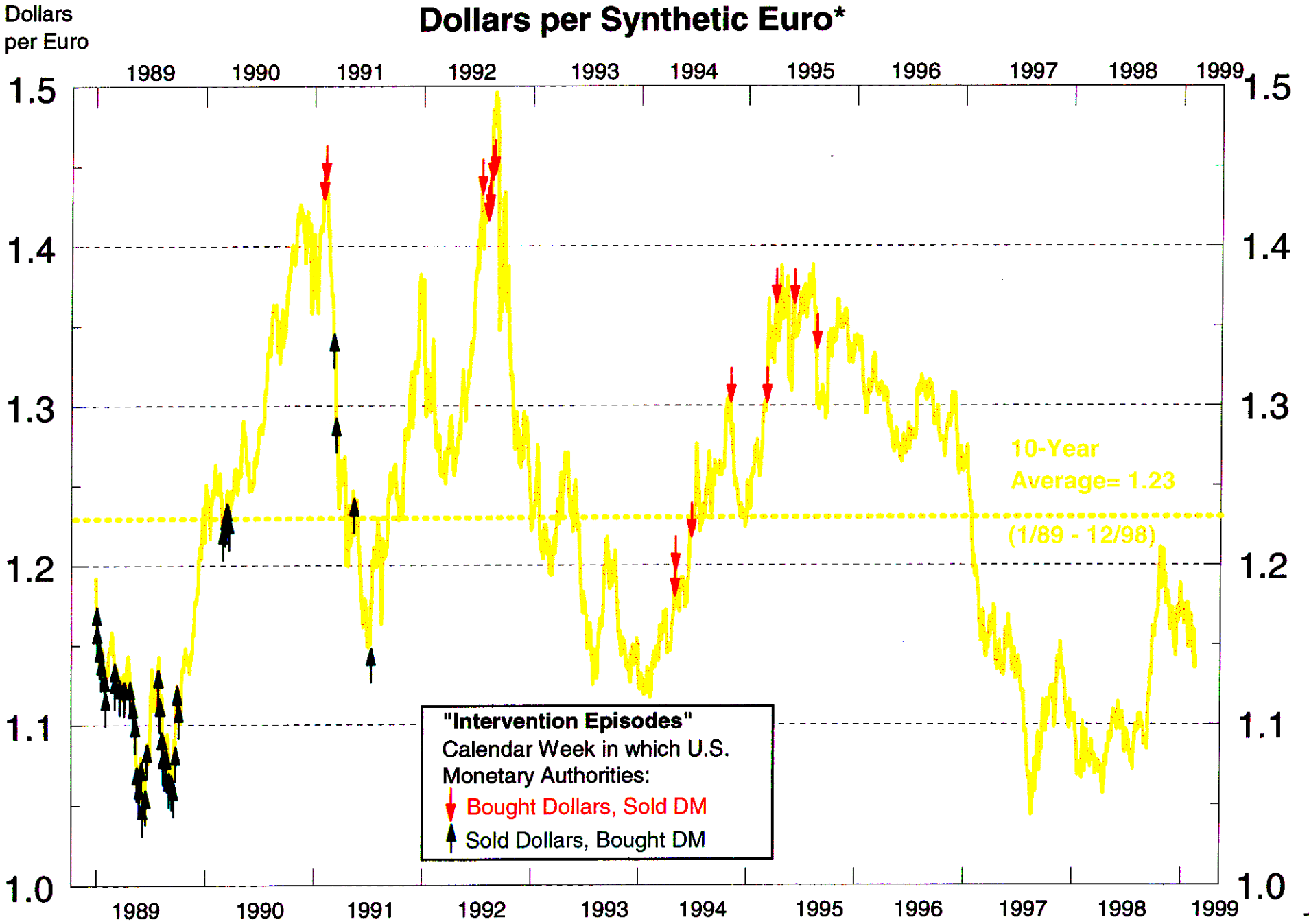


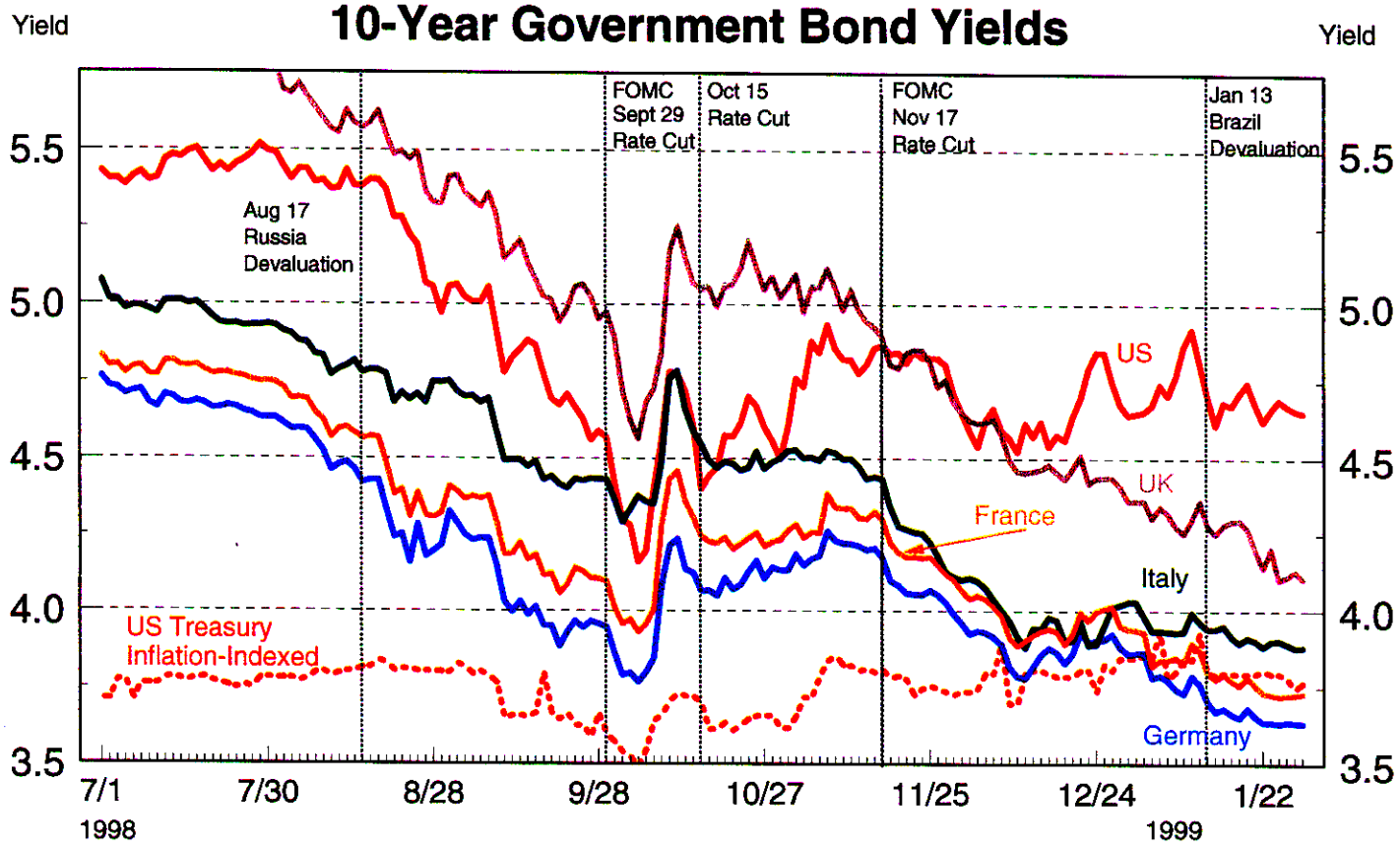
Chart: Annmarie Gemma

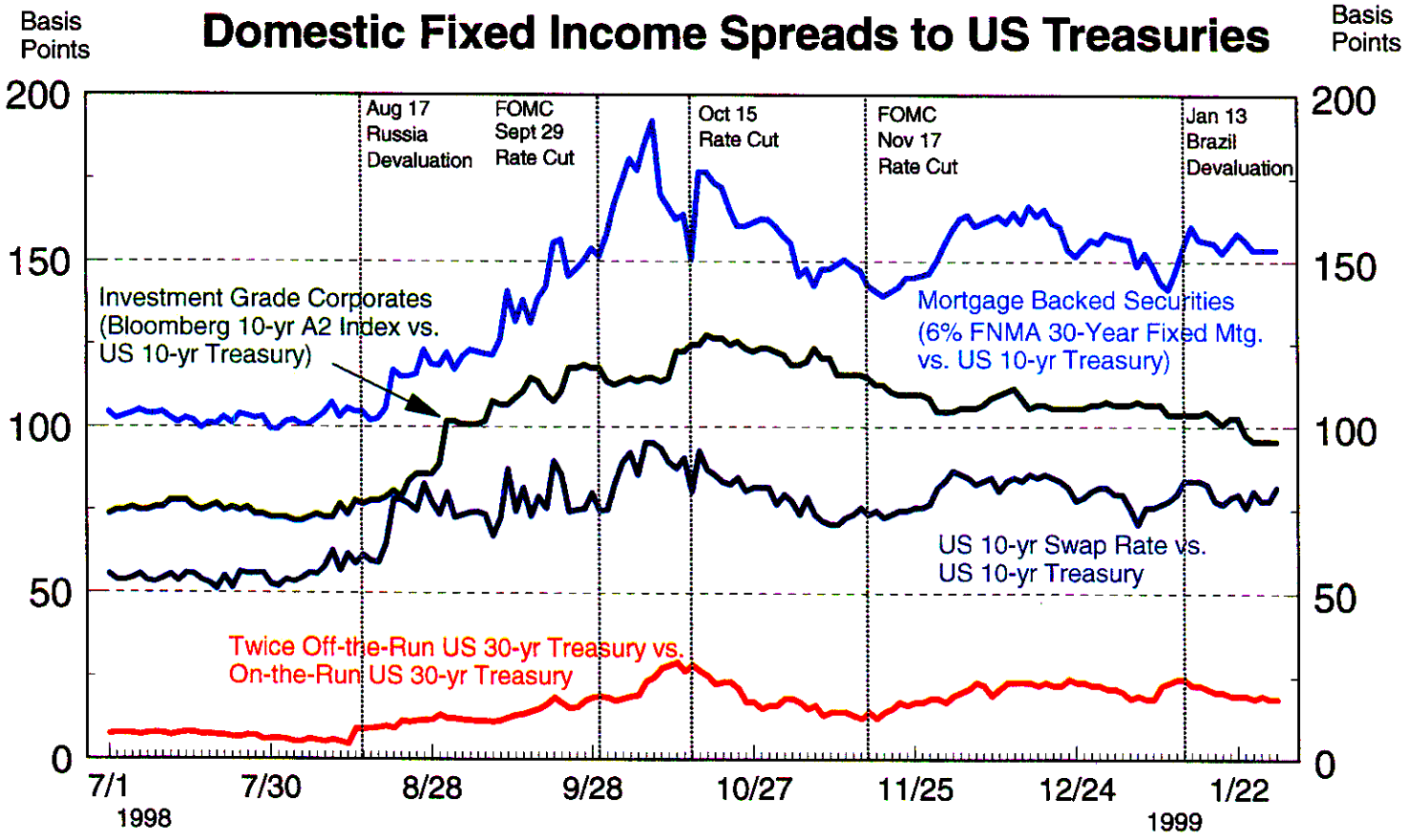
Dollars per Synthetic Euro*



*Note: The euro's synthetic history is derived from the weighted-average performance of the euro's component currencies and is based on a methodology developed by HSBC Markets. The weights of the component currencies reflect the share of a country's exports and imports as a percentage of total intra-Eurozone exports and imports from 1994 to 1996.

Charts: Annmarie L. Gemma



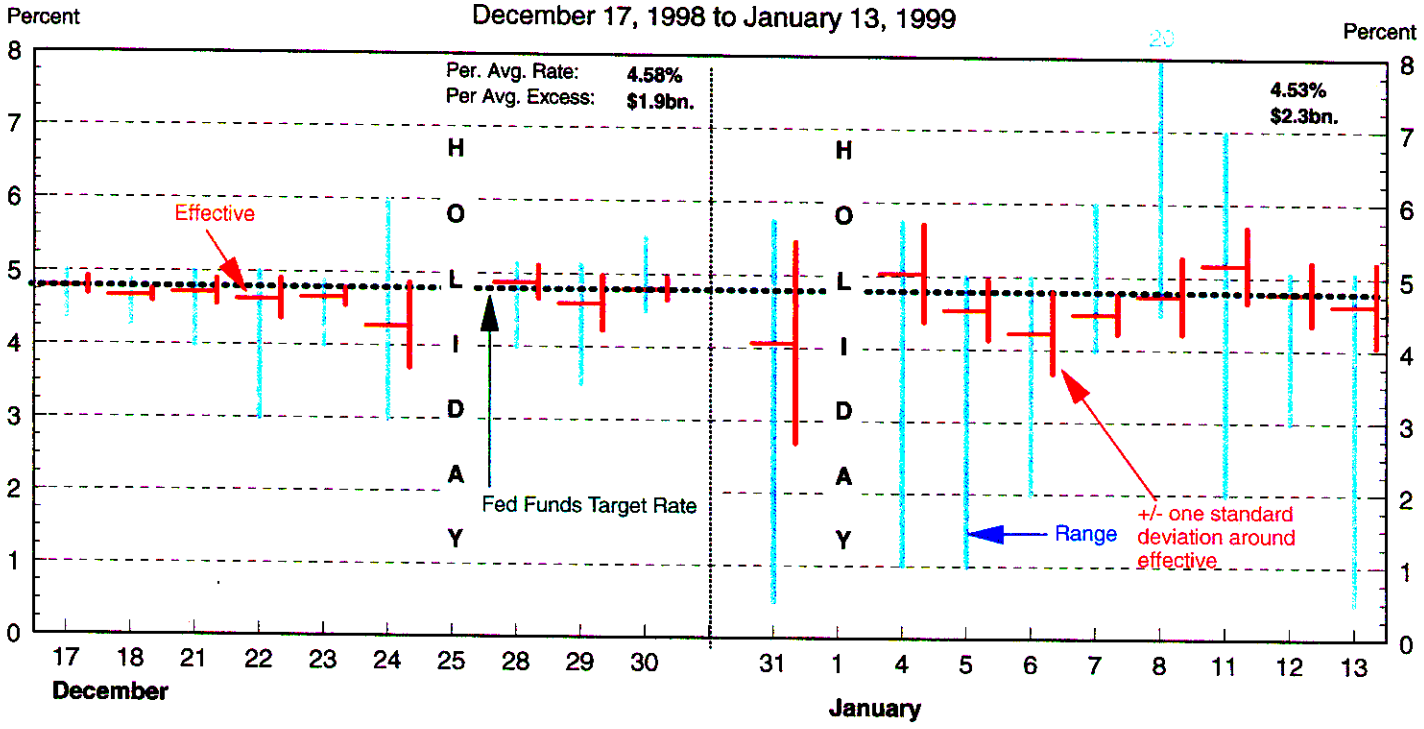


Charts: Annmarie L. Gemma

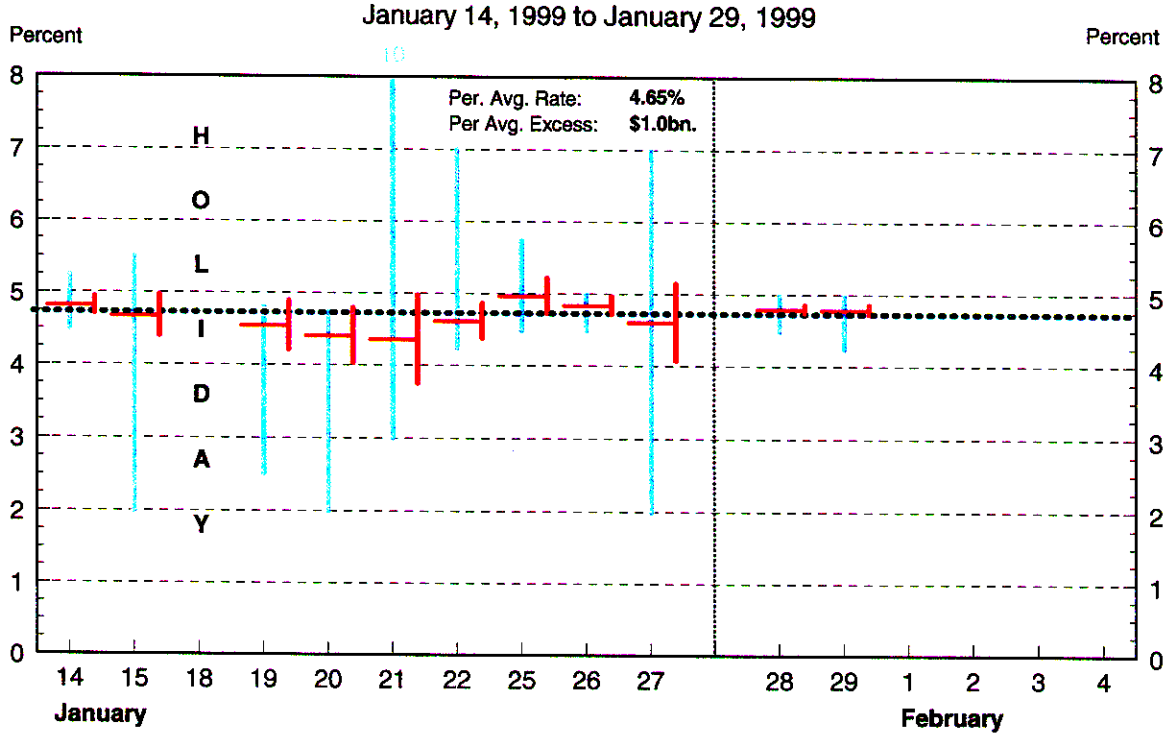
DAILY FEDERAL FUNDS

TRADING RANGE, EFFECTIVE RATE & +/-ONE STANDARD DEVIATION

December 17, 1998 to January 13, 1999



January 14, 1999 to January 29, 1999



APPENDIX 2

Material used by Messrs. Prell, Alexander, and Stockton

Material for

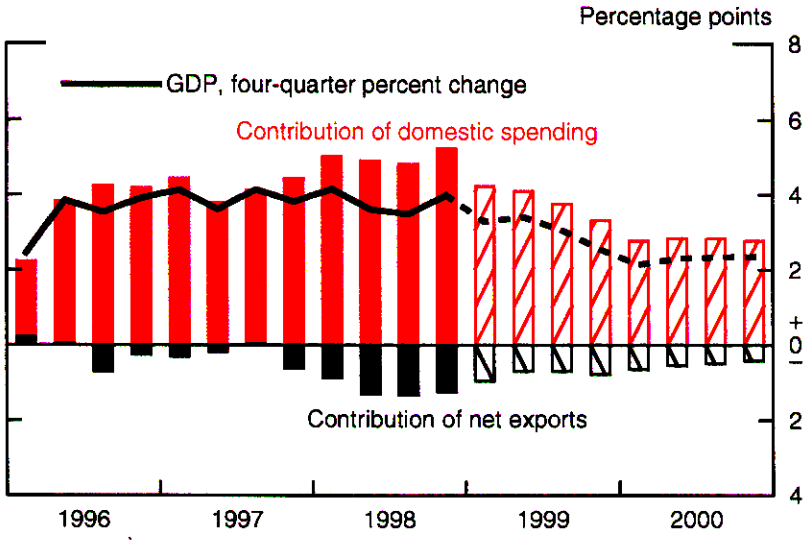
Staff Presentation on the Economic Outlook

February 2, 1999

Chart 1

Forecast Summary

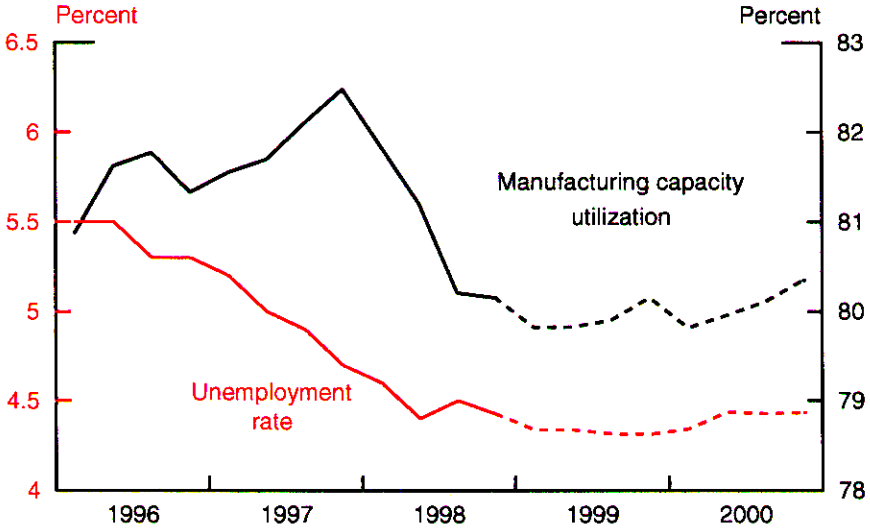
Real GDP Growth



GDP Growth
Q4/Q4 percent change

1996	3.9
1997	3.8
1998	4.0
1999	2.6
2000	2.4

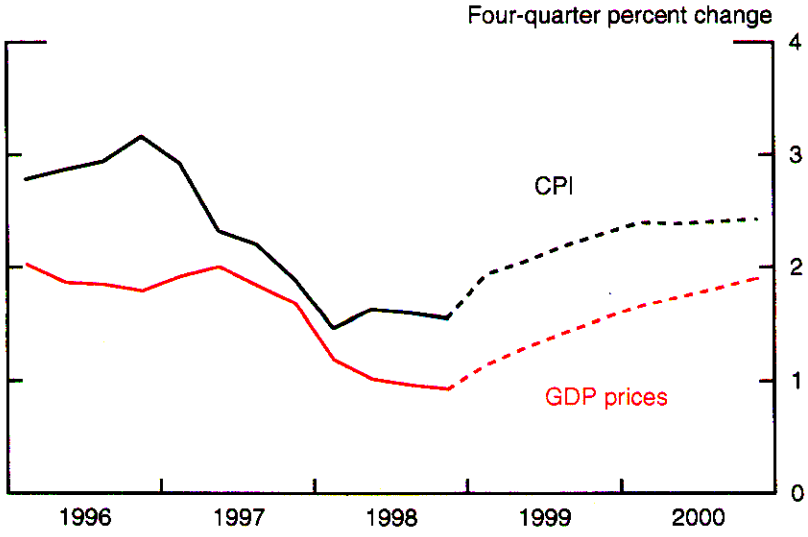
Resource Utilization



Q4 average

	U	CU
1996	5.3	81.3
1997	4.7	82.5
1998	4.4	80.2
1999	4.3	80.2
2000	4.4	80.3

Inflation



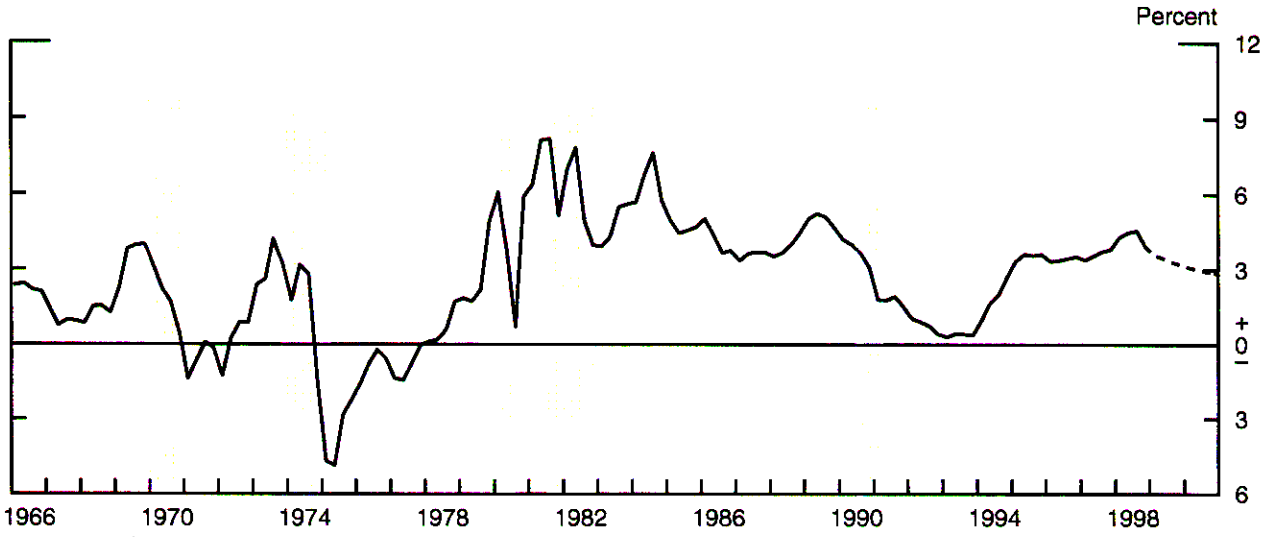
Q4/Q4 percent change

	CPI	GDP Prices
1996	3.2	1.8
1997	1.9	1.7
1998	1.5	.9
1999	2.3	1.5
2000	2.4	1.9

Chart 2

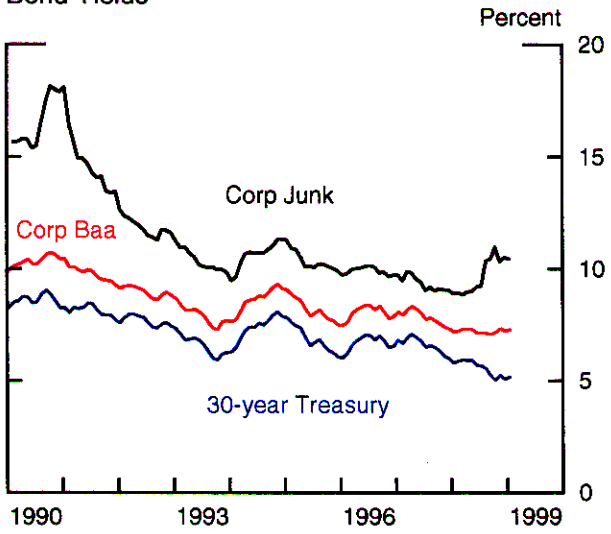
Credit Market Conditions

Real Federal Funds Rate*

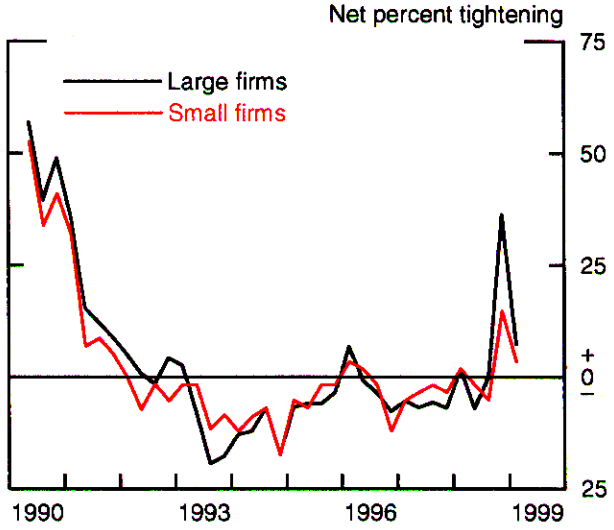


*Nominal rate minus most recent four-quarter change in GDP prices.

Bond Yields



Bank Standards for C&I Loans



Private Debt Growth - Inflation Adjusted

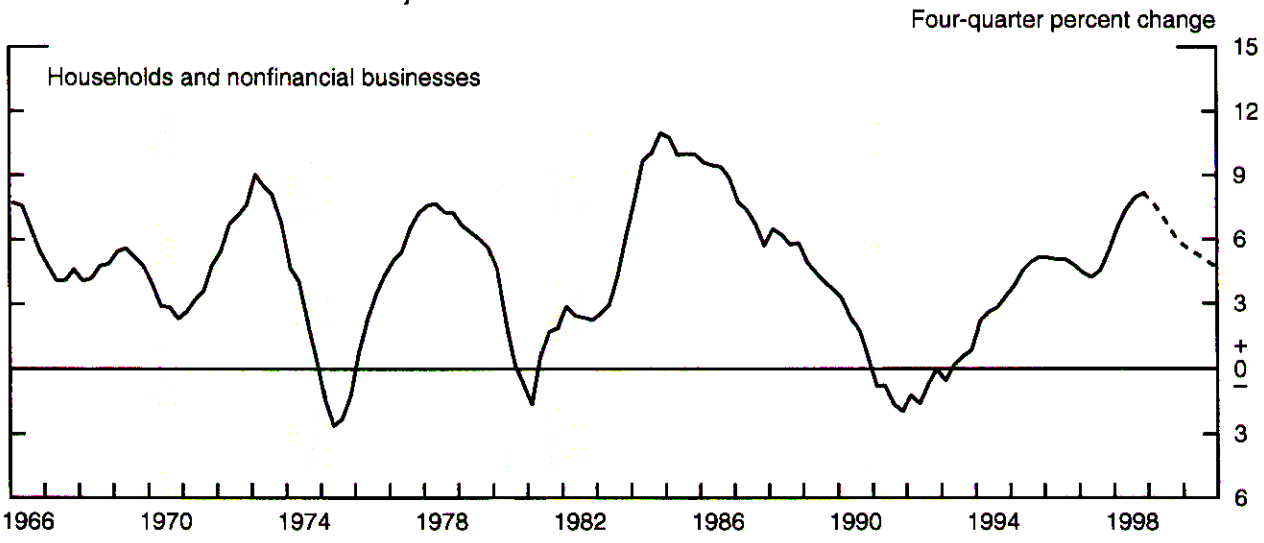
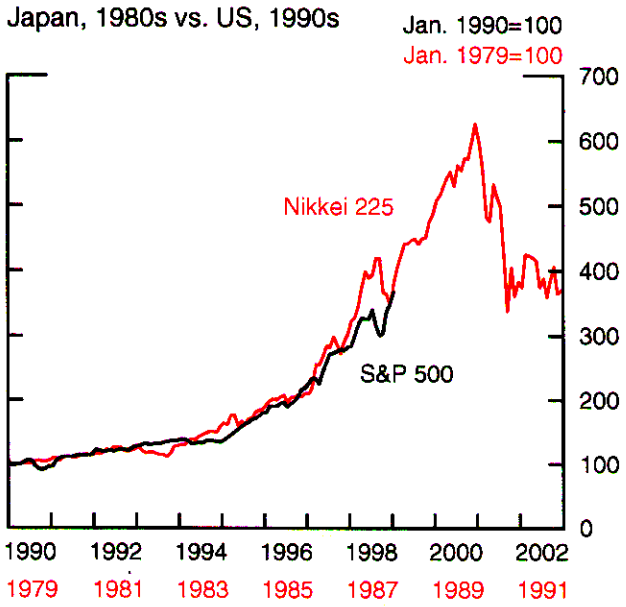
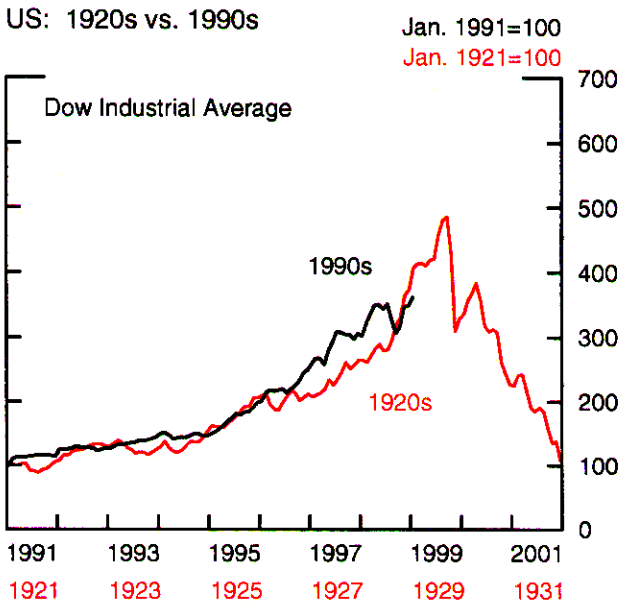
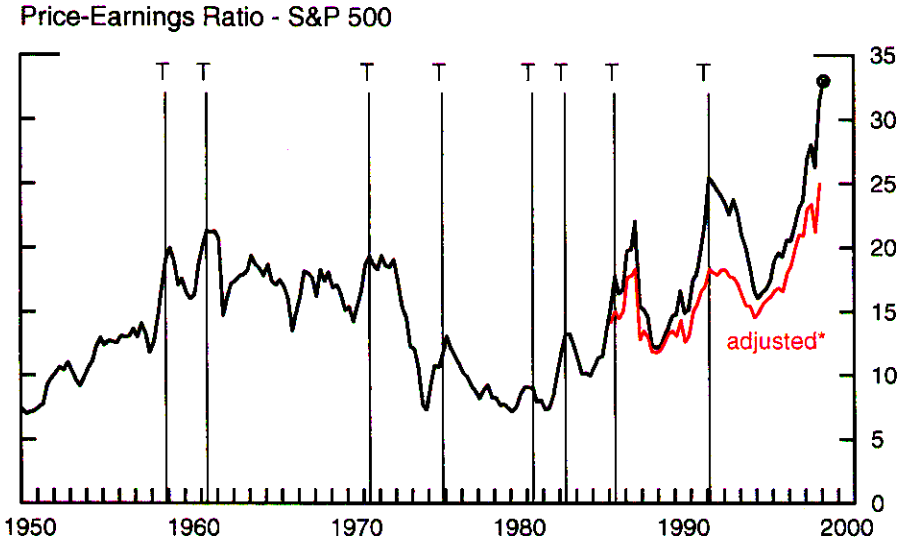


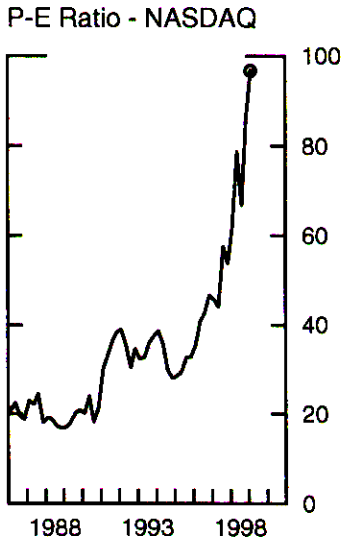
Chart 3

Stock Market

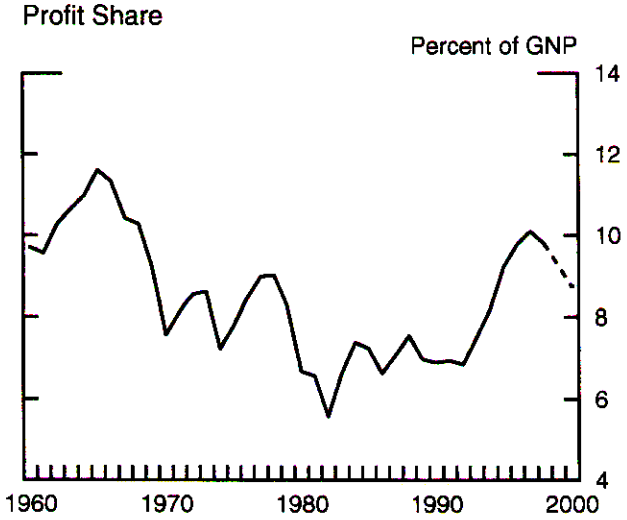








*Adjusted for special charges by Goldman Sachs. T=Trough in earnings.



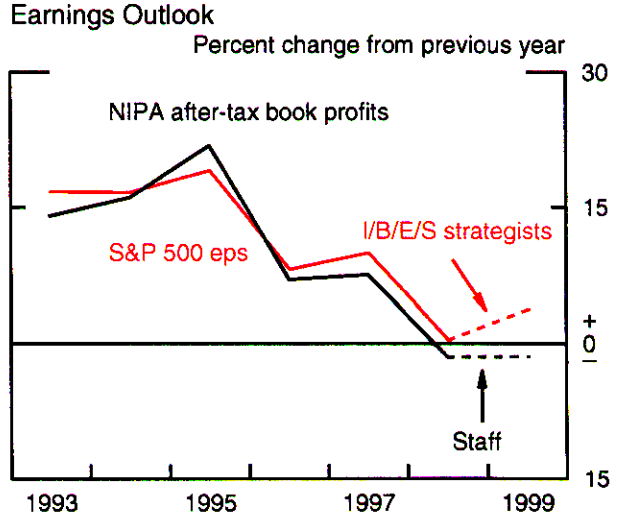
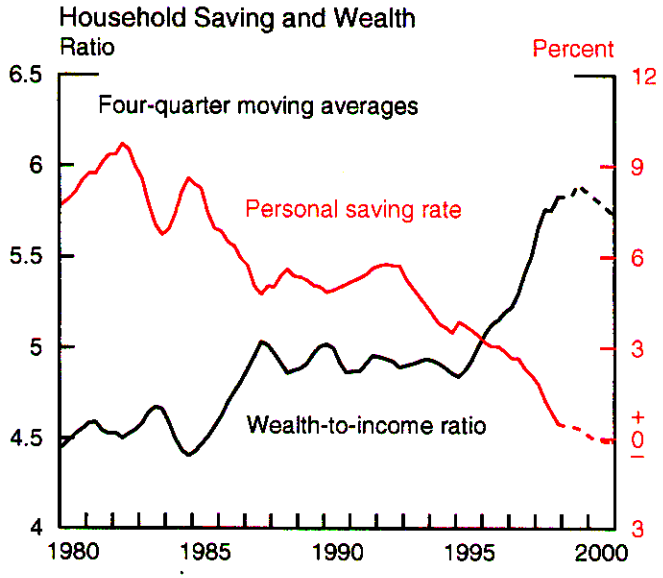
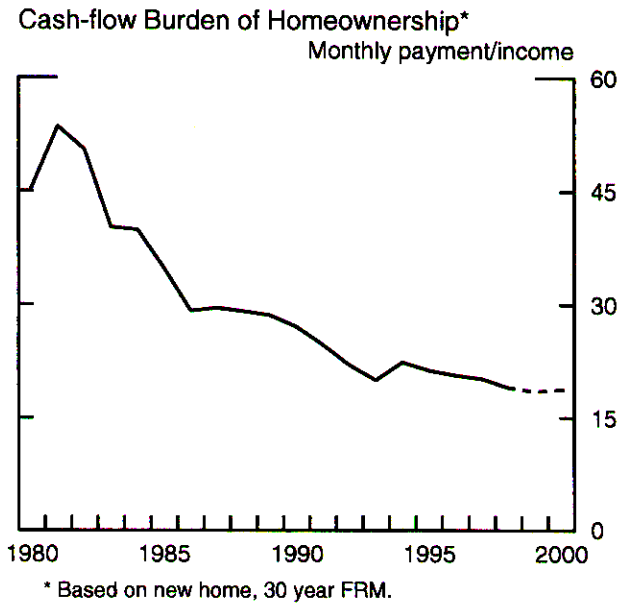


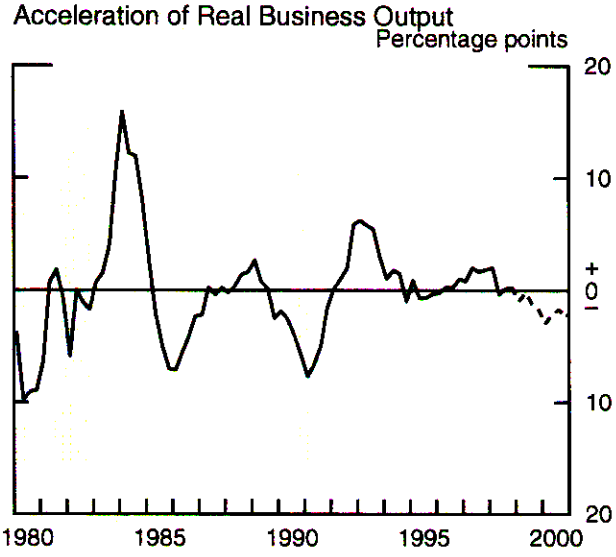
Chart 4

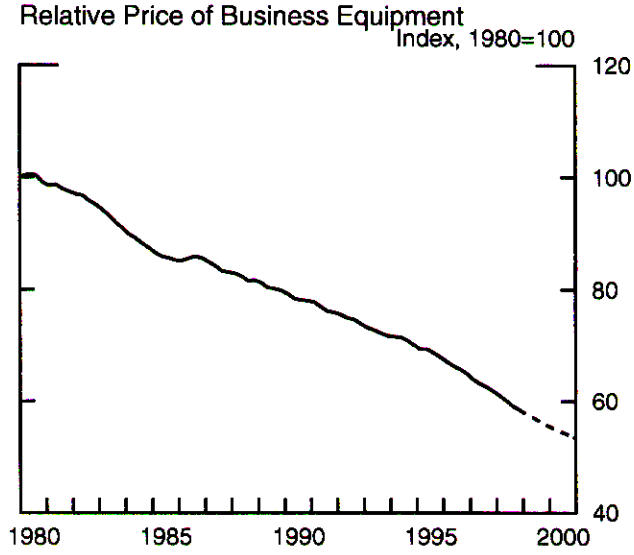
Outlook for Domestic Demand–Some Key Considerations



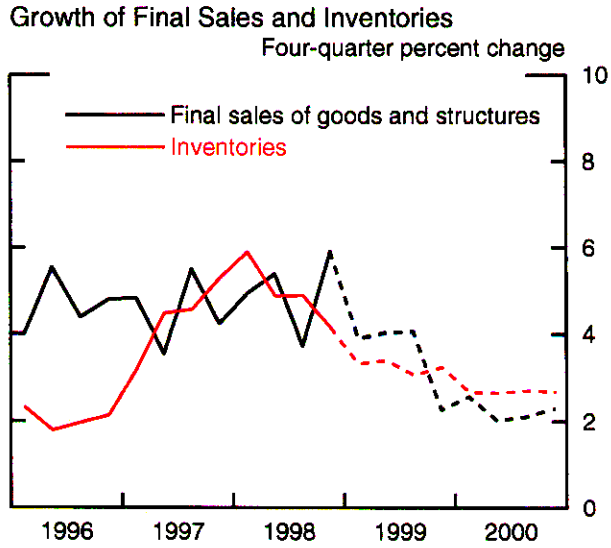


* Based on new home, 30 year FRM.





Note. Change from year earlier in 8-quarter average growth.



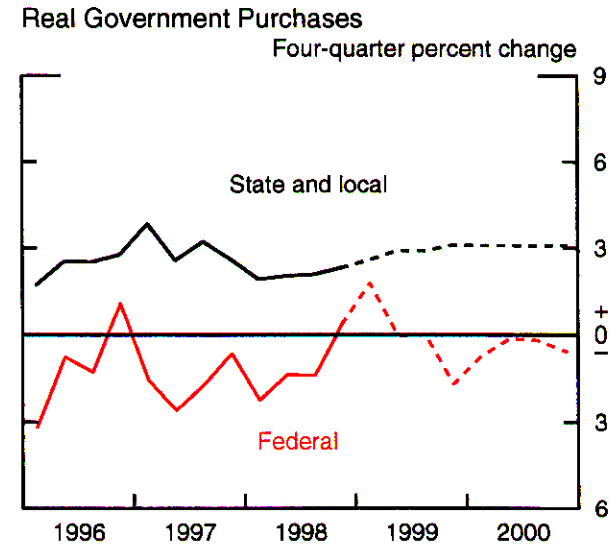
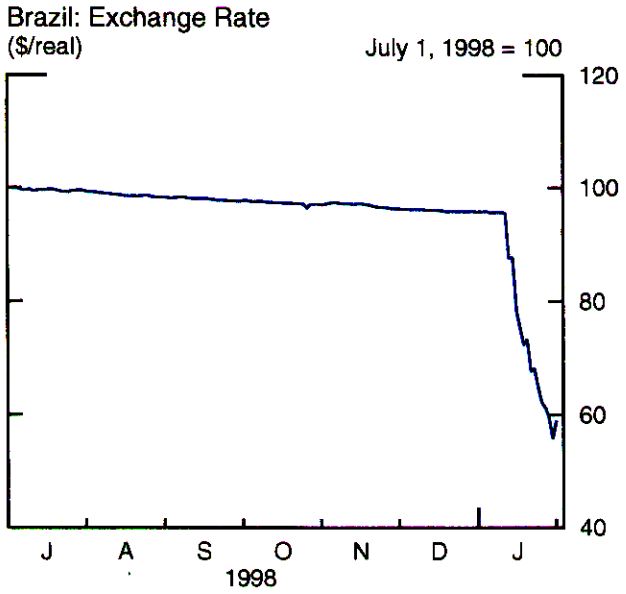
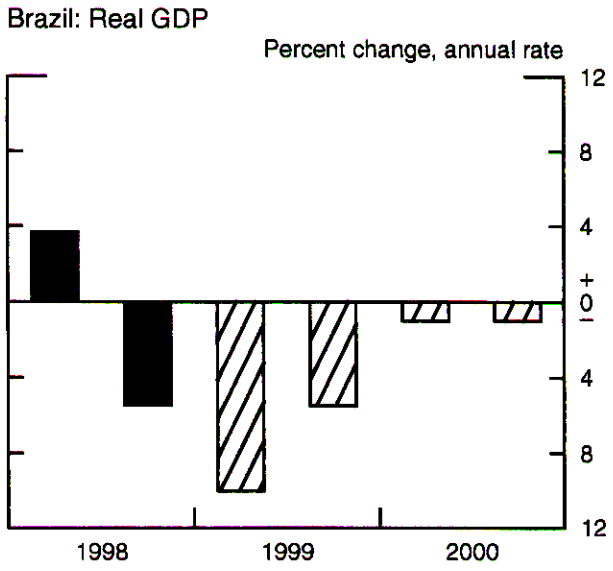
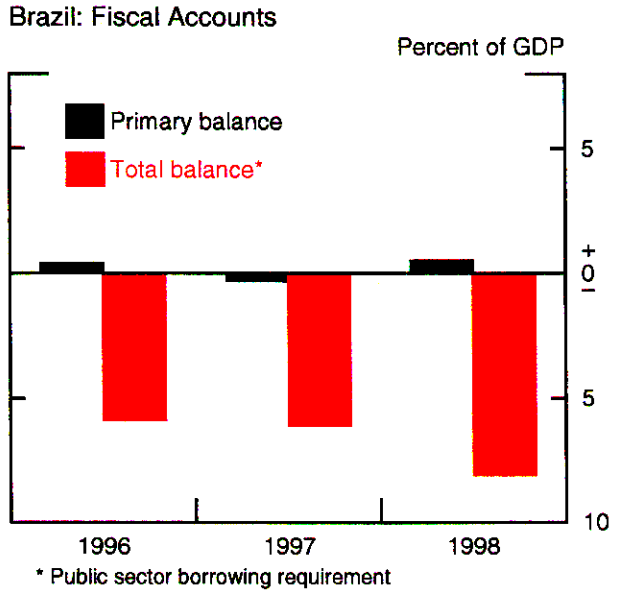


Chart 5

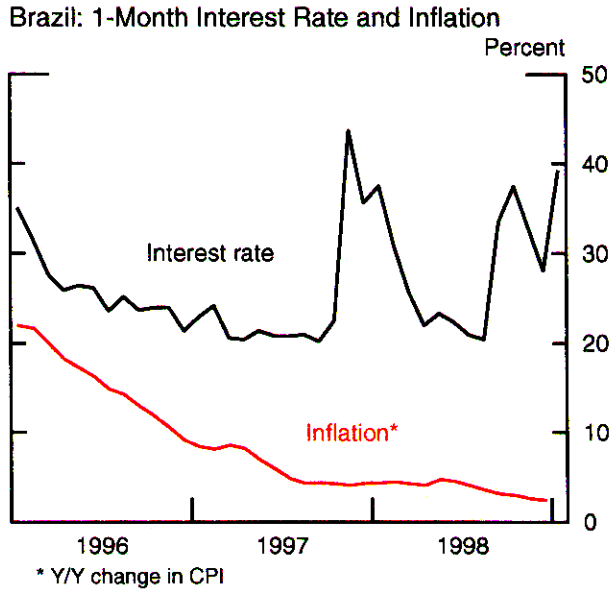
Brazil, Mexico and Korea



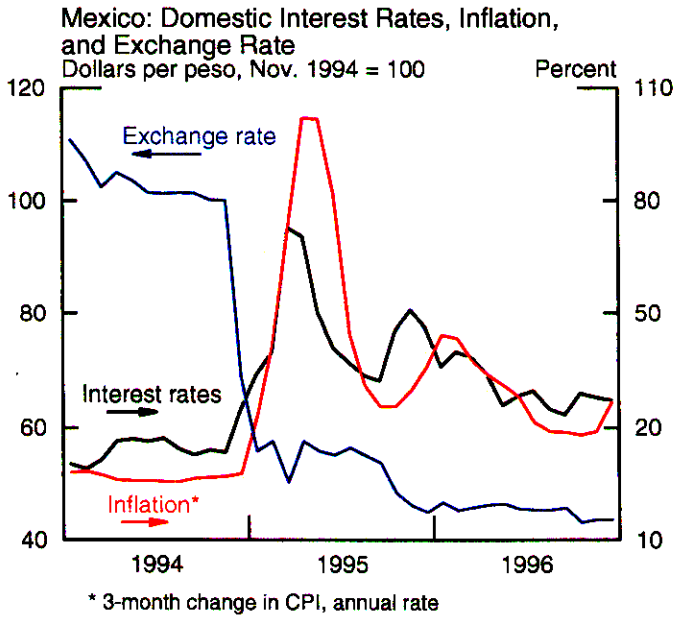




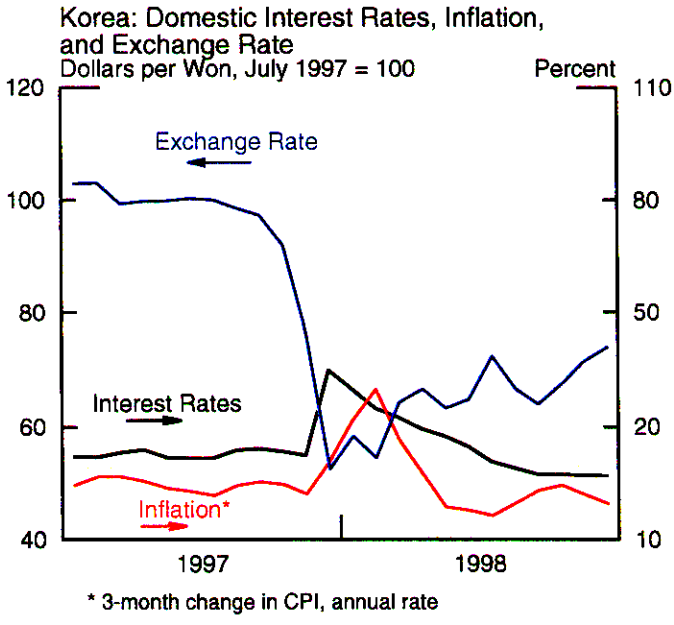
* Public sector borrowing requirement



* Y/Y change in CPI



* 3-month change in CPI, annual rate

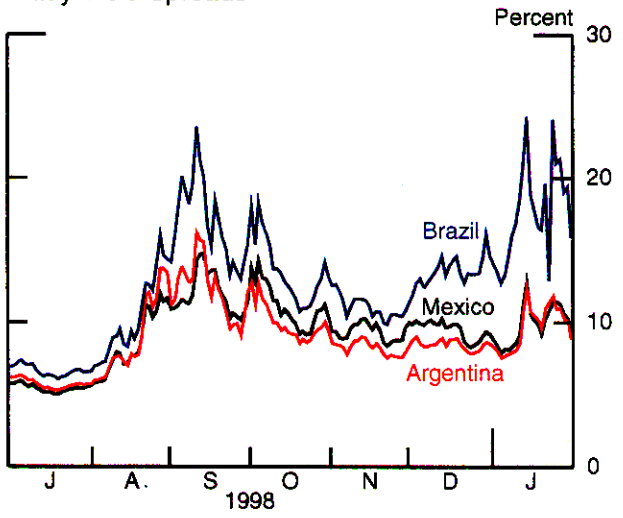


* 3-month change in CPI, annual rate

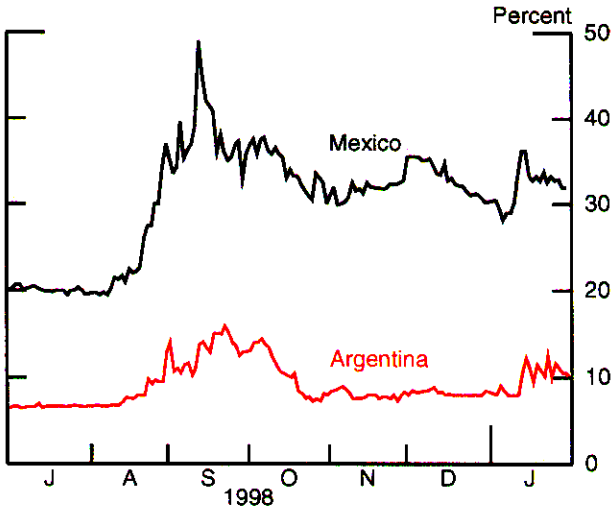
Chart 6

Asia and Latin America

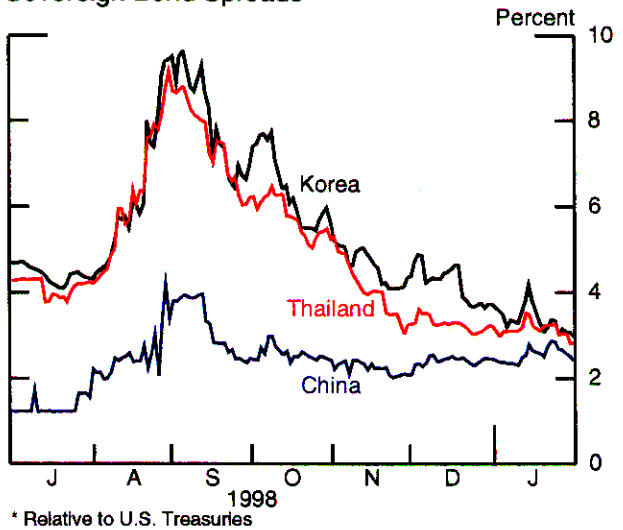
Brady Yield Spreads



1-Month Domestic Interest Rates

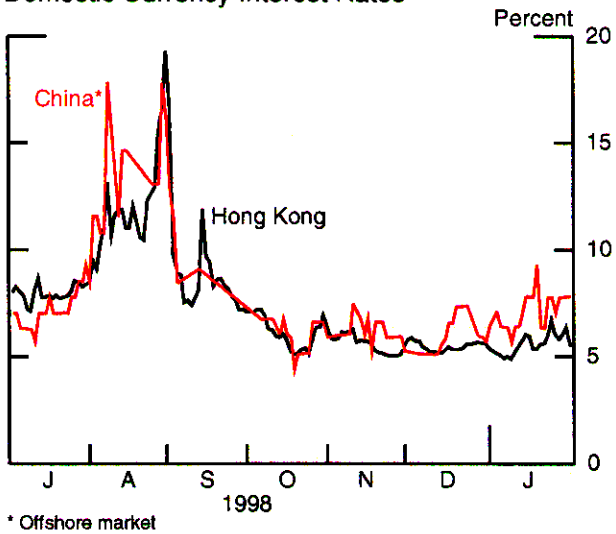


Sovereign Bond Spreads*



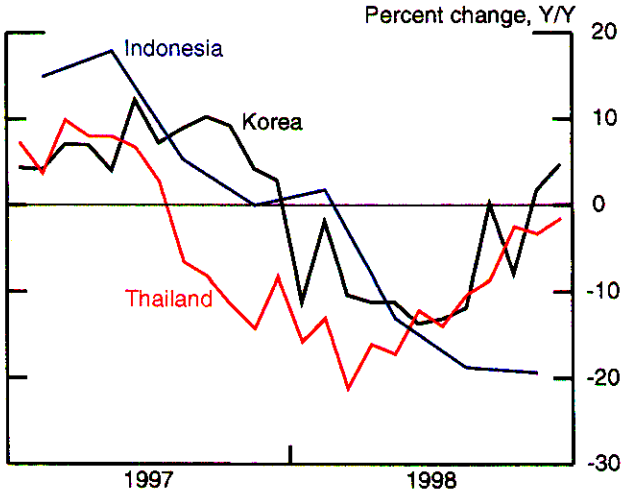
* Relative to U.S. Treasuries

Domestic Currency Interest Rates



* Offshore market

Industrial Production



Real GDP

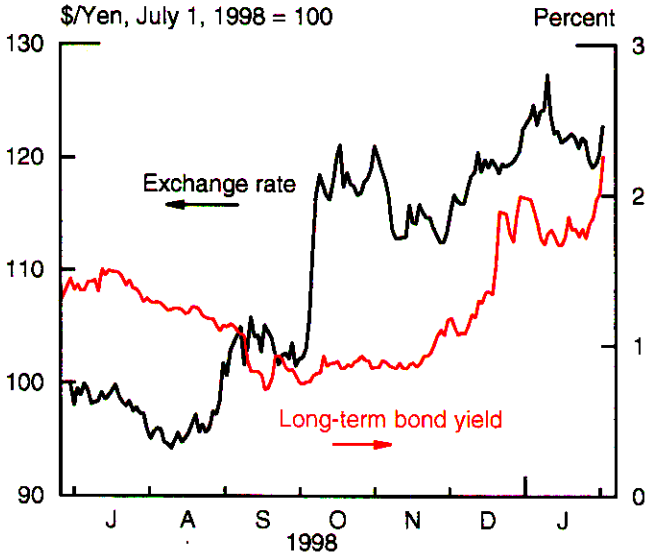
Percent change, Q4/Q4

	1998e	1999p	2000p
Latin America* (excluding Brazil)	1.9	-1.4	2.8
Crisis Asia**	-7.8	0.5	2.5
Greater China*** and Singapore	0.7	1.4	3.6

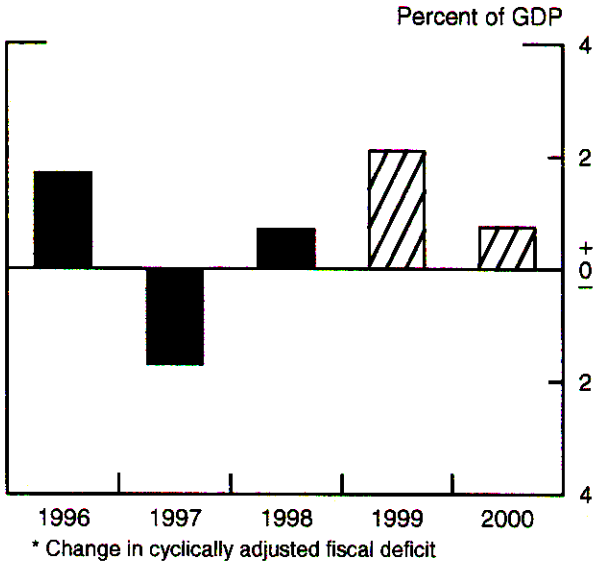
* Argentina, Chile, Colombia, Mexico and Venezuela
** Indonesia, Korea, Malaysia, Philippines and Thailand
*** China, Hong Kong and Taiwan

Chart 7

Japan

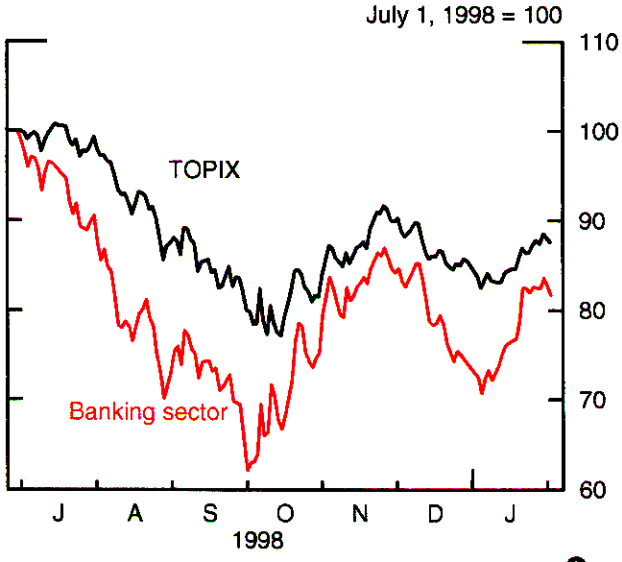


Fiscal Stimulus*

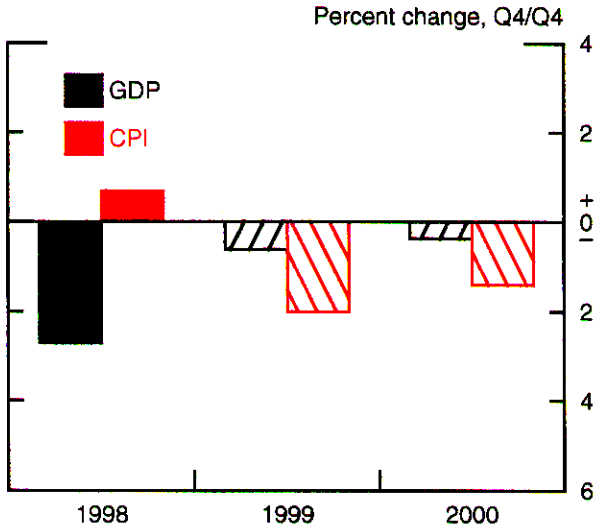


* Change in cyclically adjusted fiscal deficit

Stock Prices

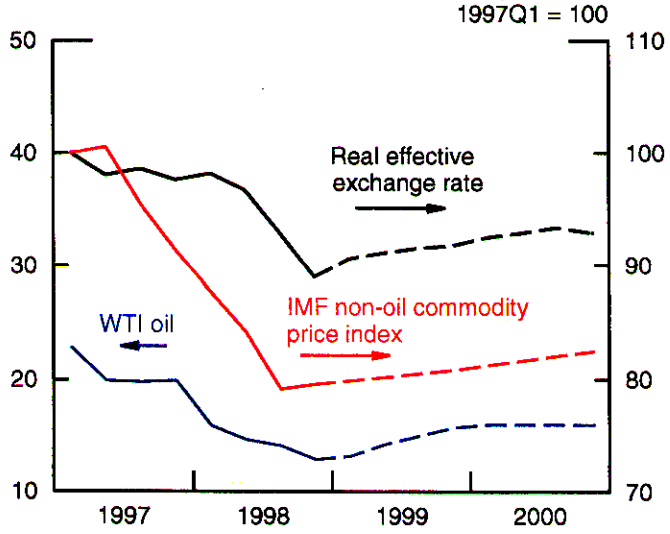


Growth and Inflation



Canada

Exchange Rate and Global Commodity Prices



Growth and Inflation

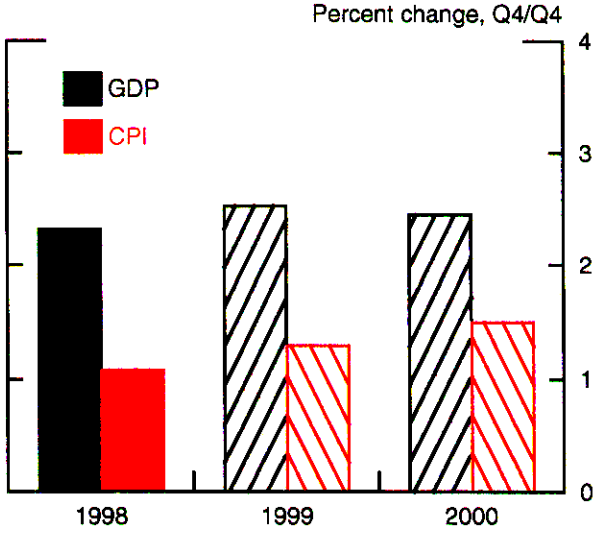
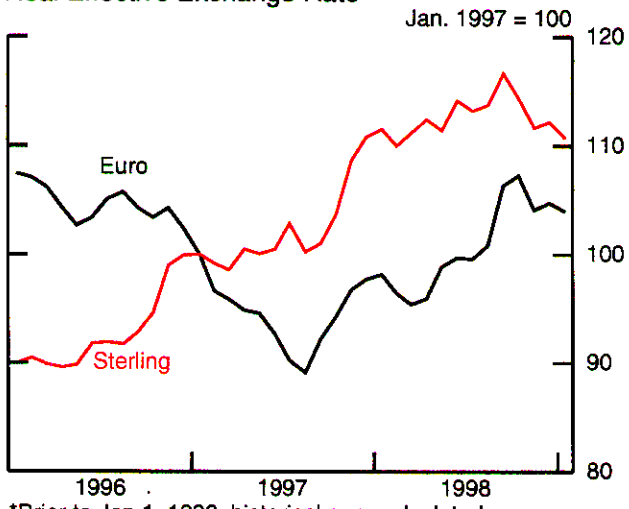


Chart 8

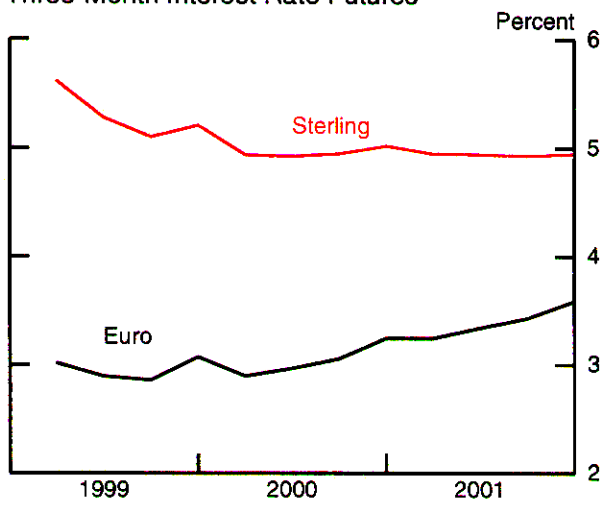
Europe

Real Effective Exchange Rate*



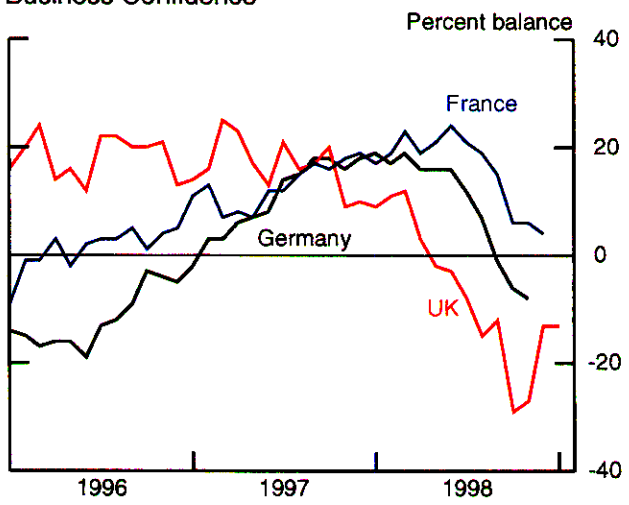
*Prior to Jan.1, 1999, historical euro calculated using restated mark and euro area CPI.

Three-Month Interest Rate Futures

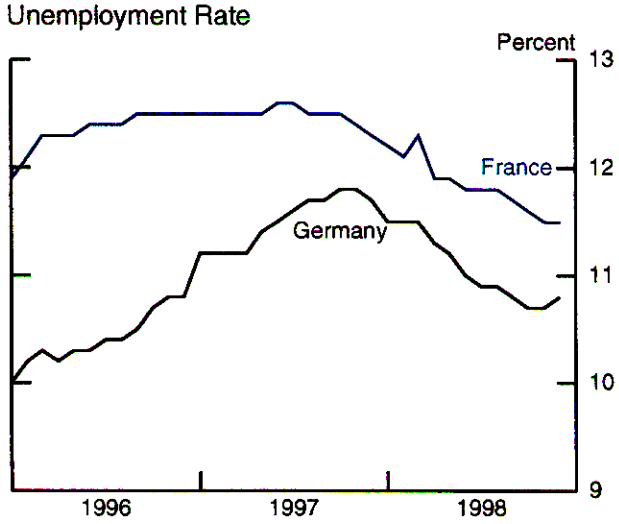


*February 1, 1999

Business Confidence



Unemployment Rate



GDP

Percent change, Q4/Q4

	1998e	1999p	2000p
United Kingdom	1.6	1.0	2.0
EU-11	2.5	2.1	2.2
Germany	2.4	1.9	2.3
France	2.4	1.6	1.7

Consumer Prices

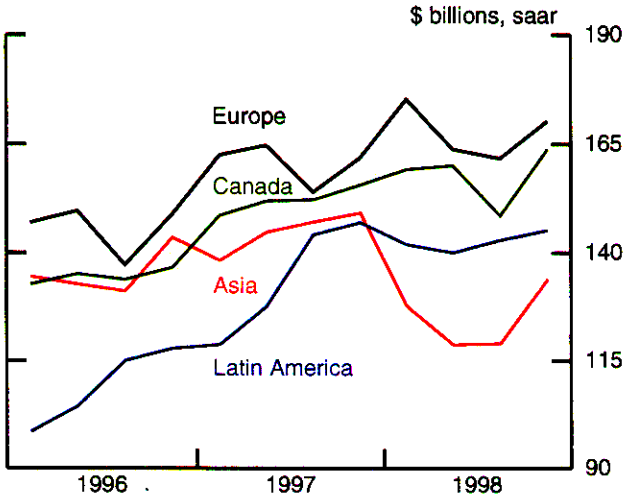
Percent change, Q4/Q4

	1998e	1999p	2000p
United Kingdom	2.6	2.4	2.5
EU-11	0.9	1.4	1.4
Germany	0.6	1.1	1.2
France	0.3	1.0	1.0

Chart 9

Foreign Outlook and U.S. External Accounts

U.S. Exports by Region

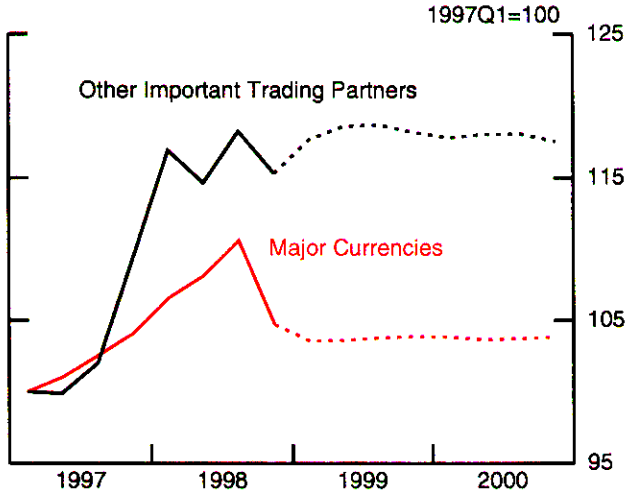


Foreign Real GDP

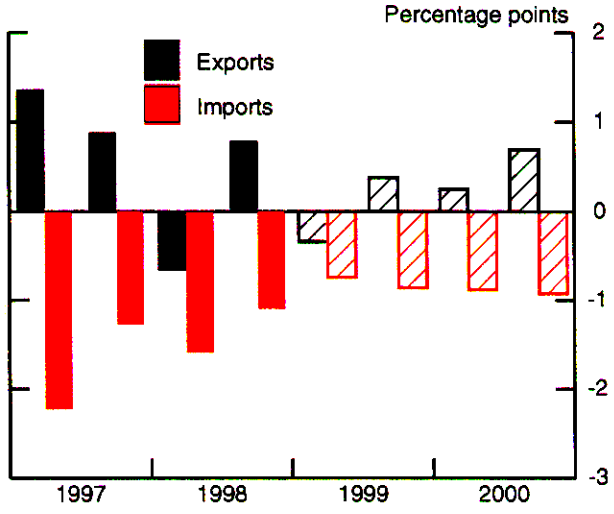
Percent change, Q4/Q4

	1998e	1999p	2000p
Total Foreign Industrial Countries	1.6	1.8	1.9
Developing Countries	-1.0	-0.3	2.7
Asia	-3.2	1.0	3.1
Latin America	1.5	-2.4	2.2

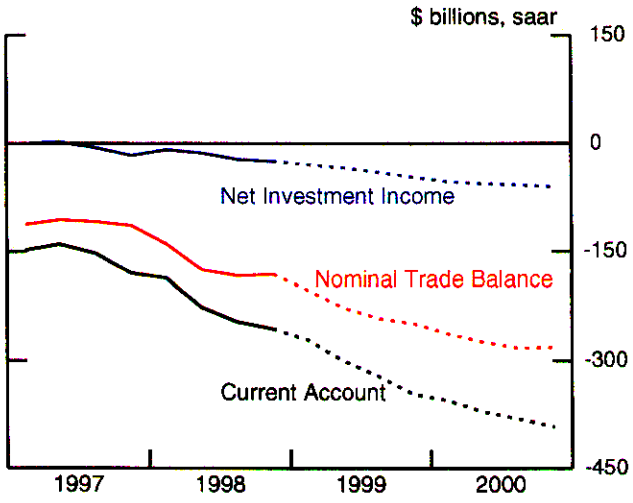
Real Effective Exchange Rates



Contribution to U.S. GDP Growth



U.S. External Accounts



Current Account as Percent of GDP

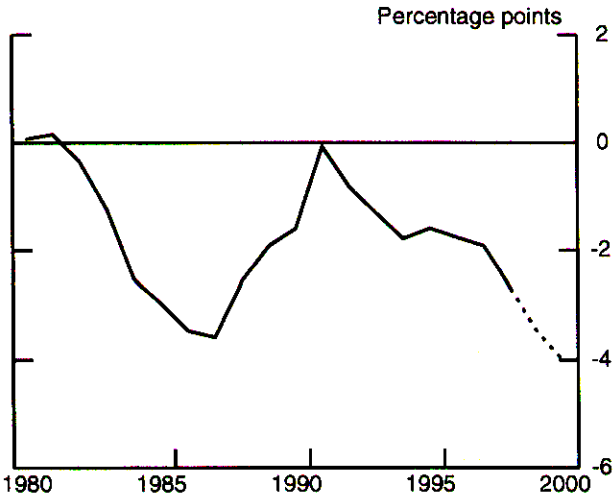
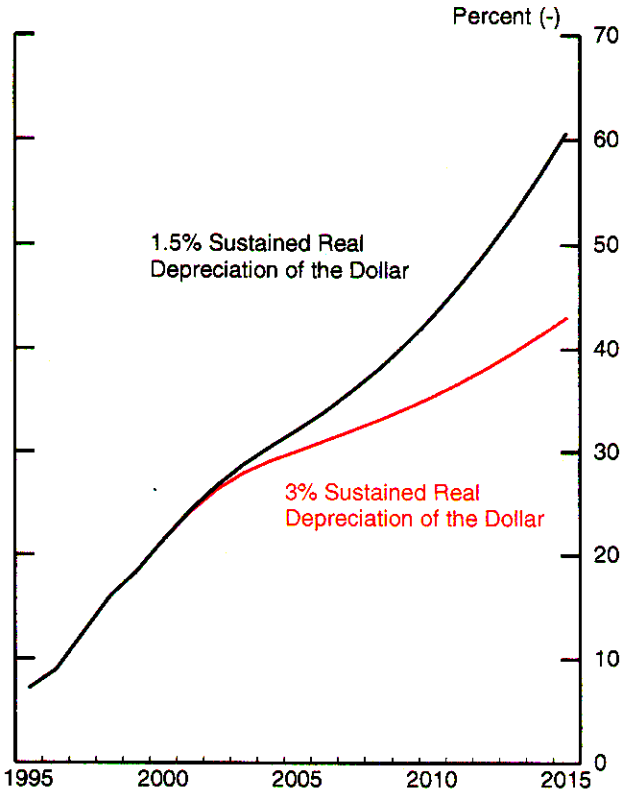


Chart 10

U.S. Current Account Sustainability

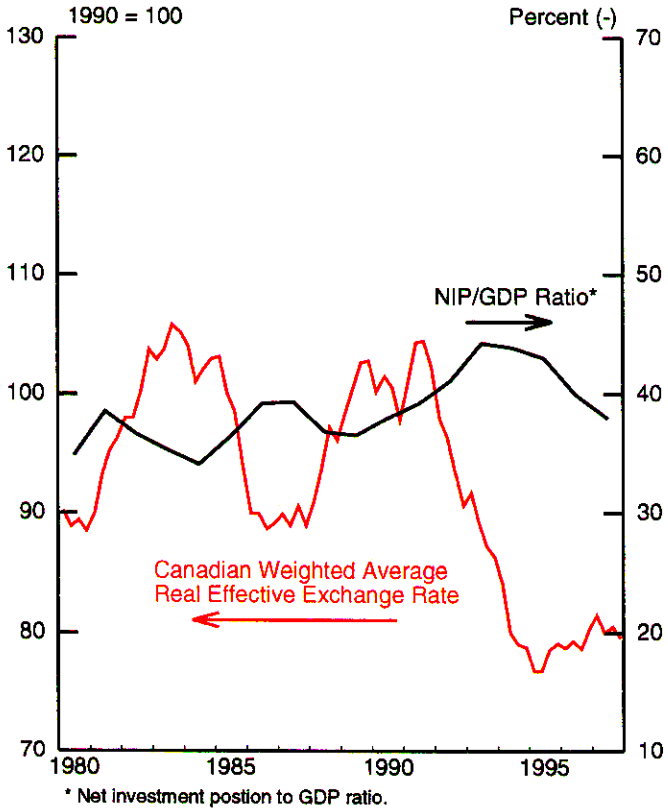
U.S. Net Investment Position to GDP Ratio



Factors Affecting U.S. Current Account Sustainability Since 1997

- Further appreciation of the dollar
- Further deterioration of external accounts
- Higher trend rate of growth of U.S. GDP

Canada



* Net investment postion to GDP ratio.

Australia

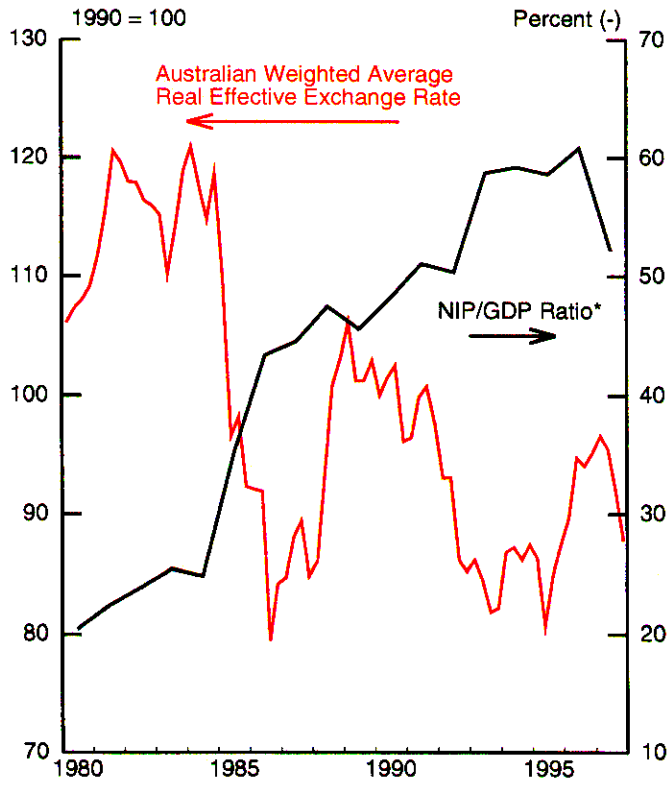
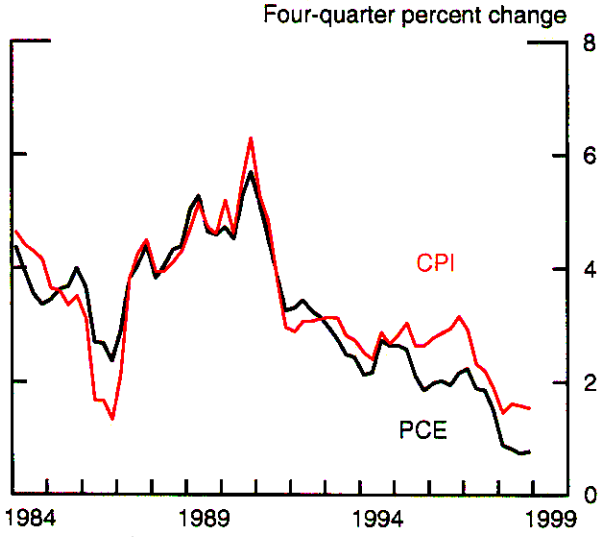


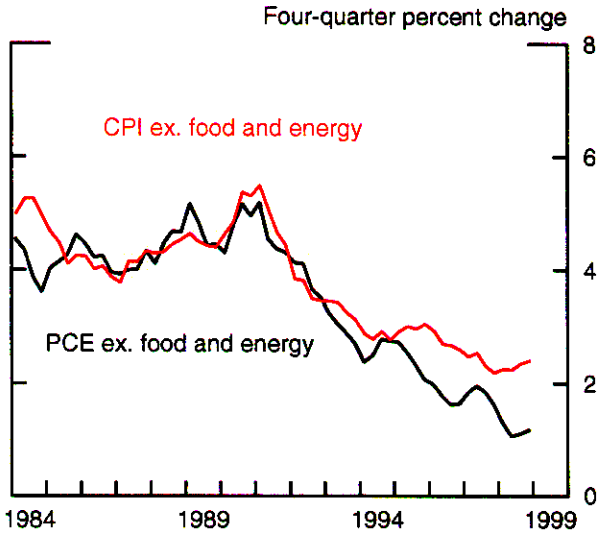
Chart 11

How Low is Inflation?

PCE Price Index and CPI



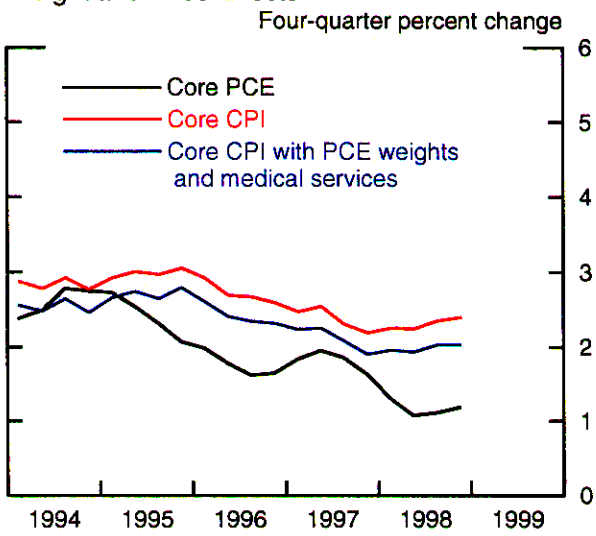
Core PCE and Core CPI



Sources of Difference

- Aggregation formulas
- Scope
- Prices
- Weights

Weight and Price Effects



Pros and Cons of PCE Price Index

Pros:

- Chain formula
- Flexibility
- Revisability

Con:

- Use of imputed prices

Effects of Imputed Services

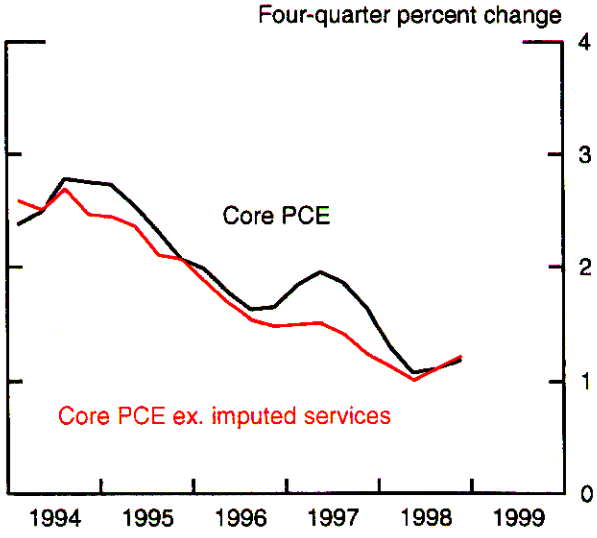
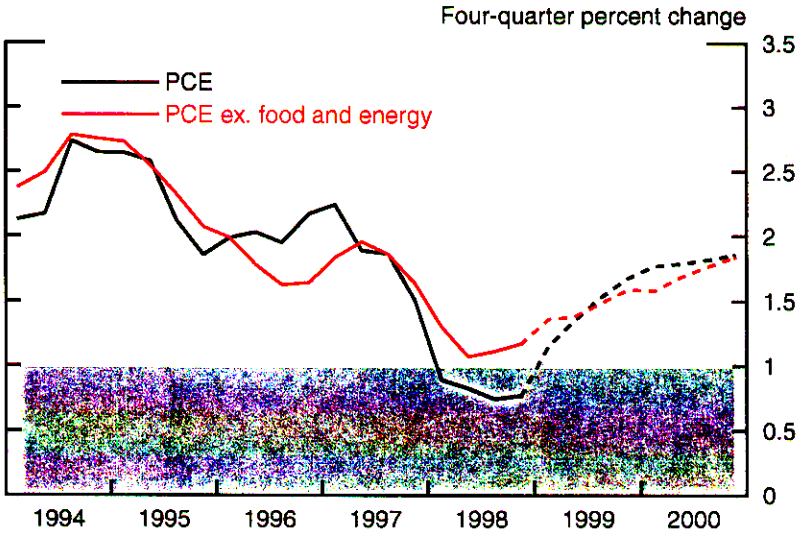


Chart 12

Inflation Projection

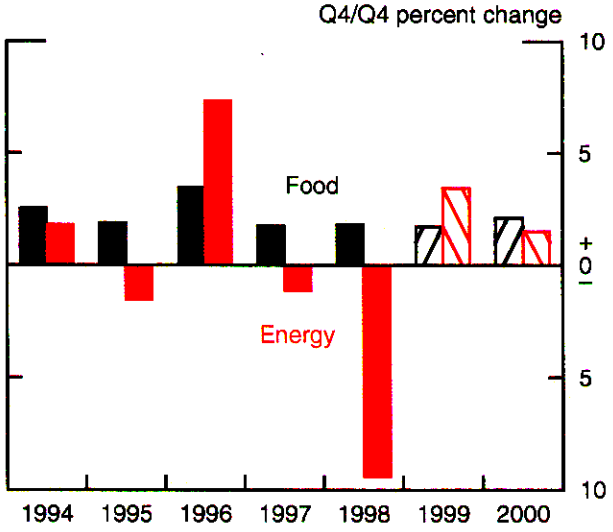
PCE Prices



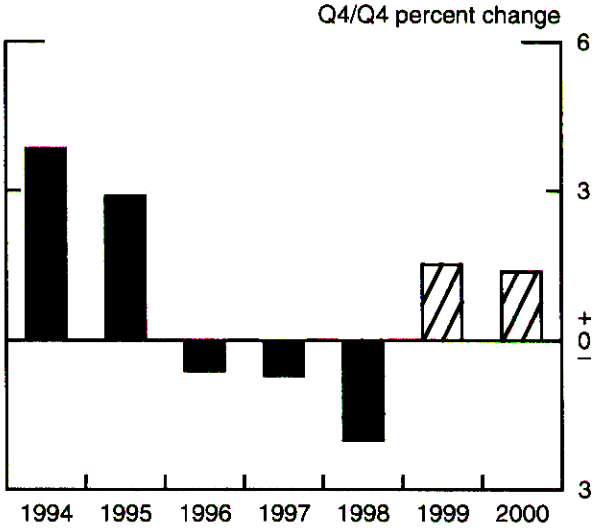
Q4/Q4 percent change

	PCE	Bias–Adj PCE
1997	1.5	1.0
	– Projection –	
1998	.8	.3
1999	1.7	1.2
2000	1.9	1.4

PCE–Food and Energy

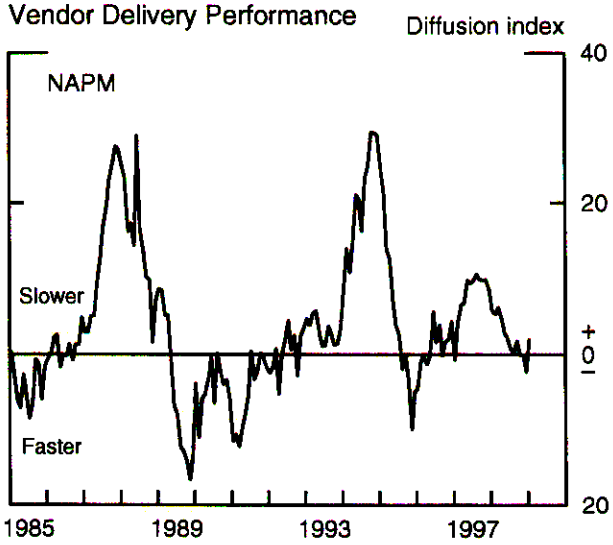


Core Non-oil Import Prices*



* Excludes computers and semiconductors.

Vendor Delivery Performance



Current Job Availability

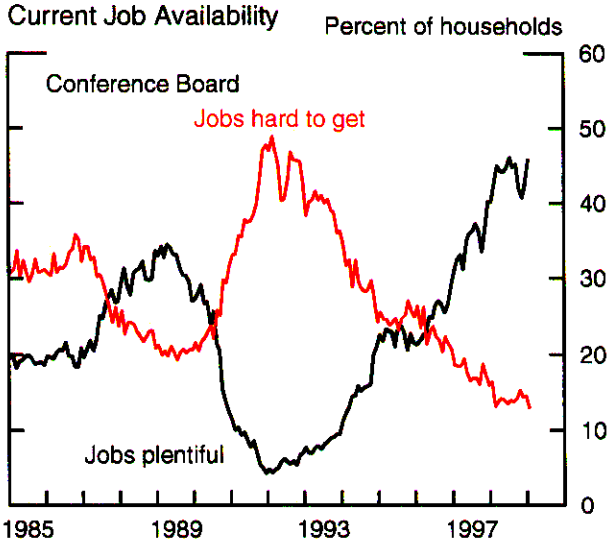
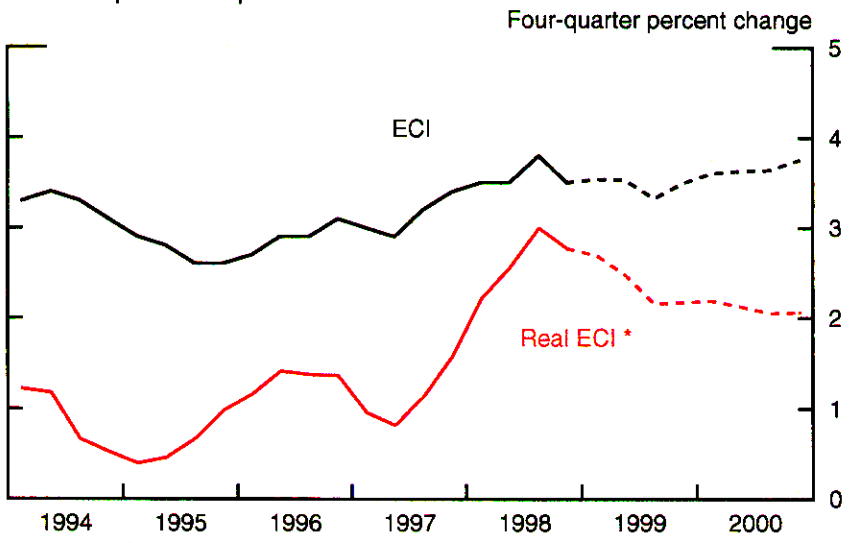


Chart 13

Risks to the Inflation Outlook

ECI Compensation per Hour

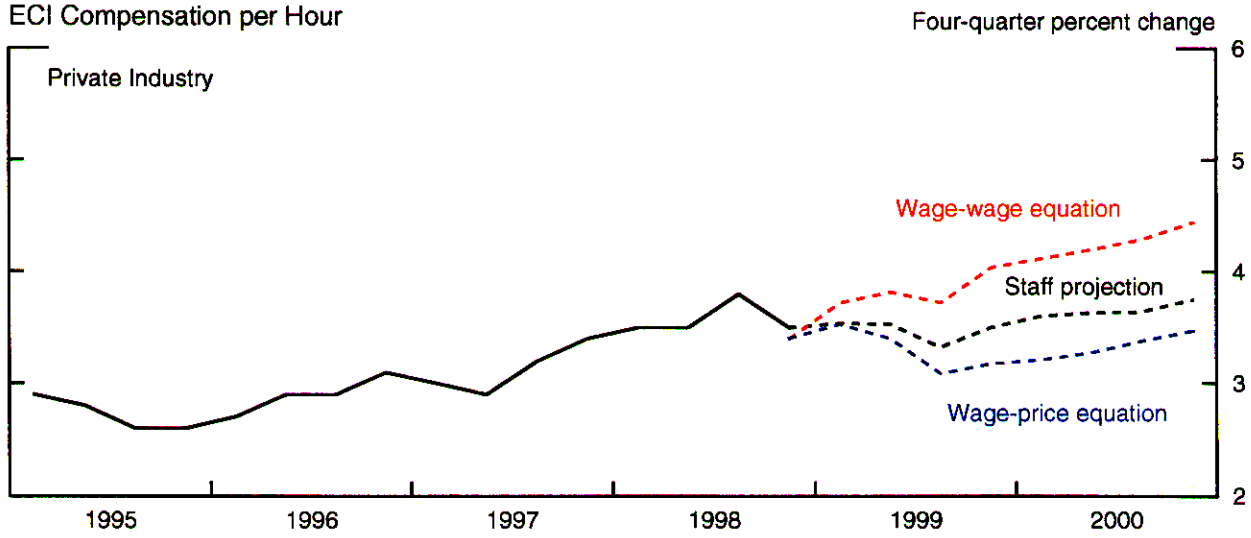


ECI
Q4/Q4 percent change

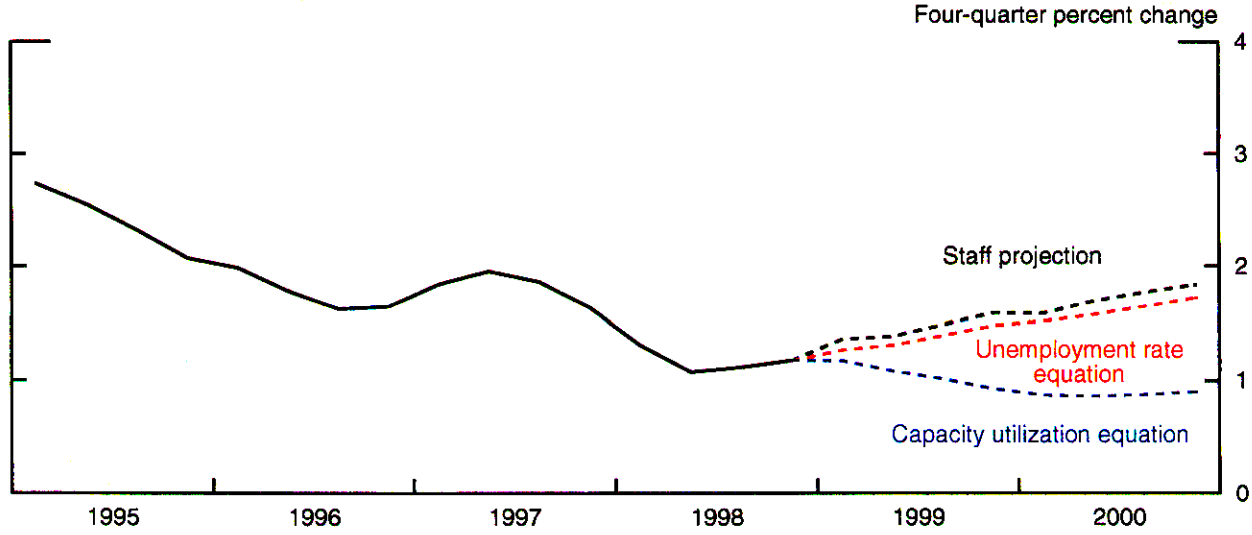
	ECI	Real ECI
1996	3.1	1.4
1997	3.4	1.6
1998	3.5	2.8
– Projection –		
1999	3.5	2.2
2000	3.7	2.1

* ECI compensation per hour deflated by nonfarm business prices.

ECI Compensation per Hour



PCE Ex. Food and Energy

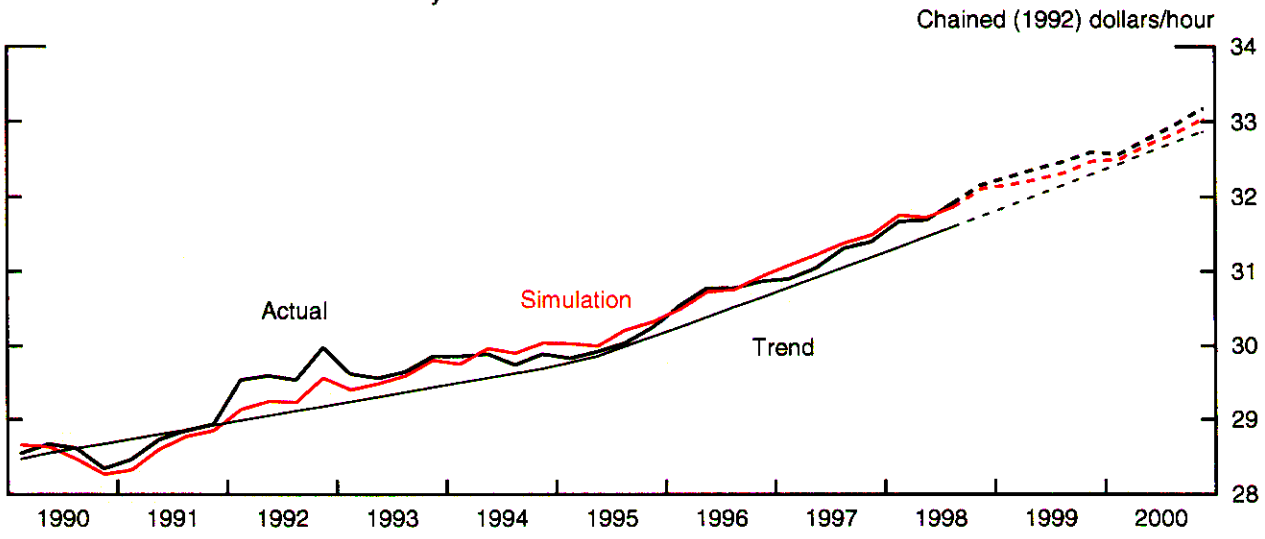


Supply–Side Components of Potential GDP

	Long–term trends			Projection
	1973–79	1979–90	1990–95	1995–2000
1. Potential GDP	3.5	2.9	2.1	2.8
2. Labor input	2.0	1.6	1.0	1.0
3. Labor productivity	1.3	1.3	1.1	1.8
4. Capital deepening	.6	.6	.4	.9
5. Labor quality	.0	.3	.4	.3
6. Multifactor productivity	.7	.4	.3	.6
7. Technical factors	.2	.0	.0	.0

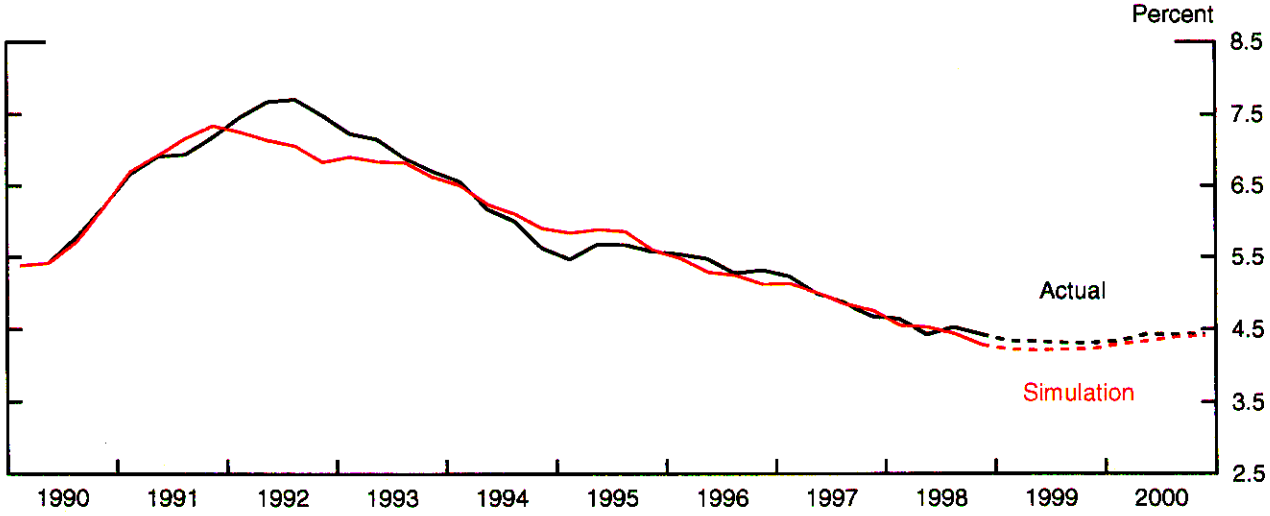
Note: Adjusted to place on a technically consistent basis.

Nonfarm Business Labor Productivity



Note. Simulation starts in 1974:Q1.

Unemployment Rate and Okun's Law Simulation

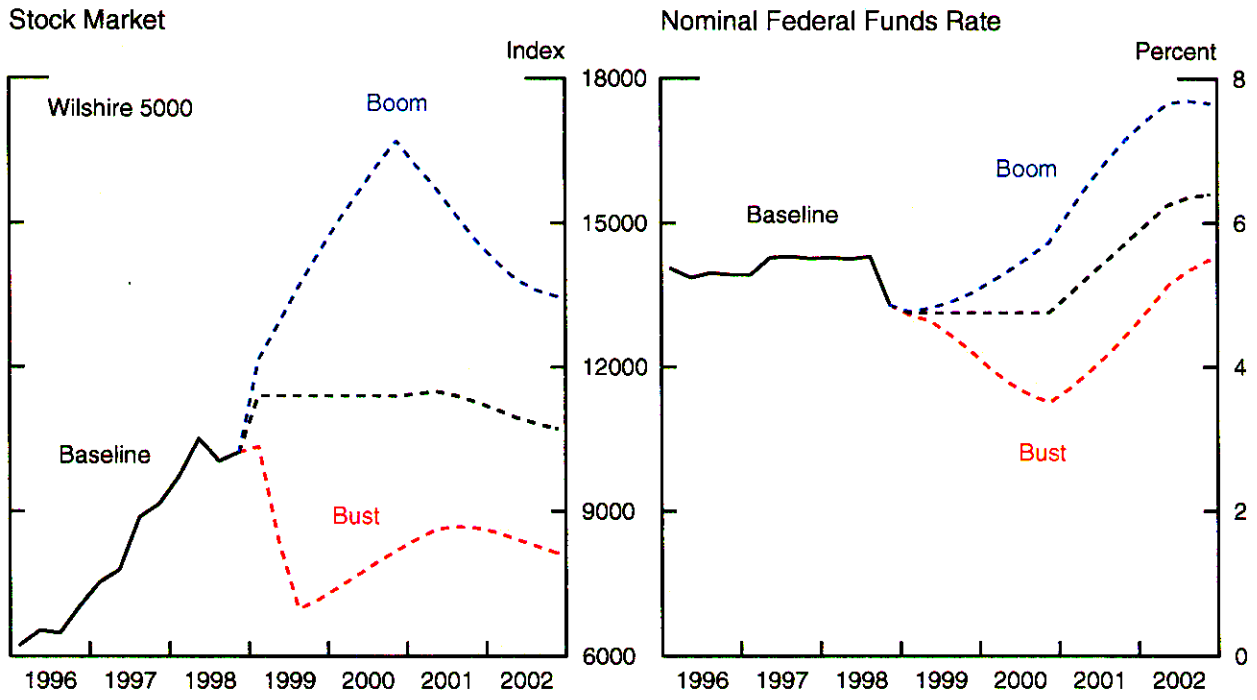


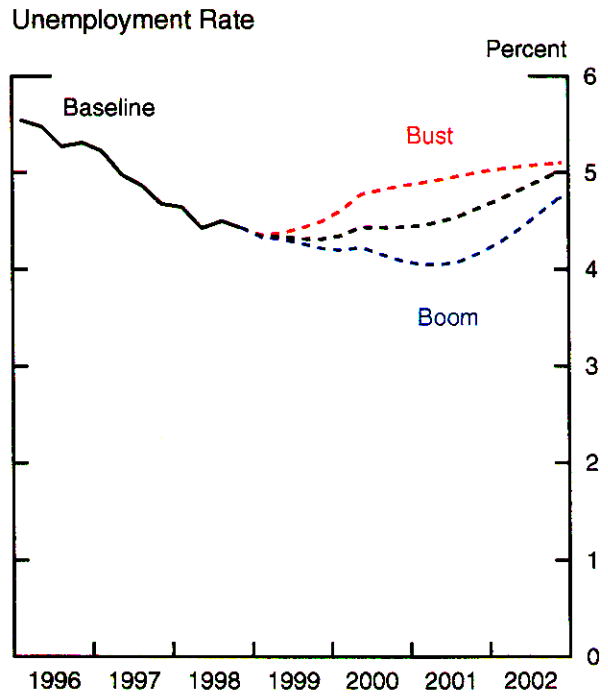
Note. Simulation starts in 1990:Q3.

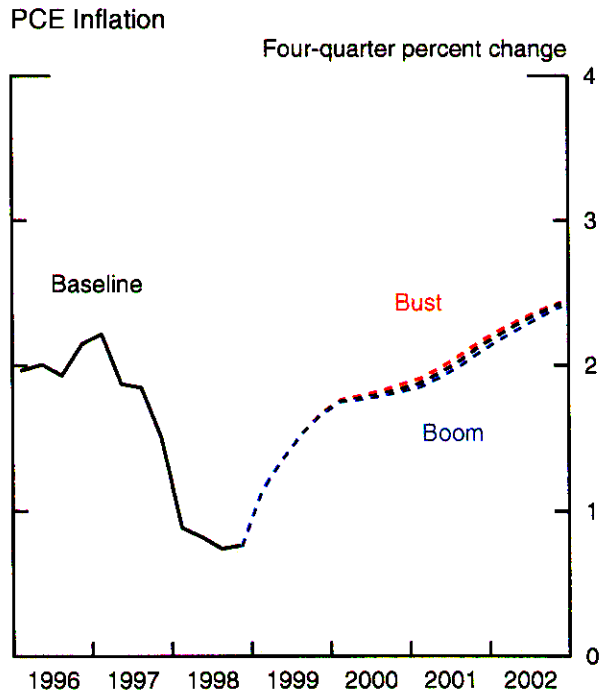
Chart 15

Effects of Changes in the Stock Market

- Boom: Stock market rises about 20 percent in both 1999 and 2000.
- Bust: Stock market falls about 40 percent by 1999:Q3.
- In both alternatives, monetary policy responds according to Taylor rule.







ECONOMIC PROJECTIONS FOR 1999

	FOMC			
	Range	Central Tendency	Administration	Staff
	Percent change, Q4 to Q4			
Nominal GDP	$3^3/_4$ to 5	4 to $4^1/_2$	4.0	4.1
July 1998 H–H	(4 to $5^1/_2$)	($4^1/_4$ to 5)		
Real GDP	2 to $3^1/_2$	$2^1/_2$ to 3	2.0	2.6
July 1998 H–H	(2 to 3)	(2 to $2^1/_2$)		
CPI	$1^1/_2$ to $2^1/_2$	2 to $2^1/_2$	2.3	2.3
July 1998 H–H	($1^1/_2$ to 3)	(2 to $2^1/_2$)		
	Average level, Q4, percent			
Unemployment rate	$4^1/_4$ to $4^3/_4$	$4^1/_4$ to $4^1/_2$	4.9	4.3
July 1998 H–H	($4^1/_4$ to $4^3/_4$)	($4^1/_2$ to $4^3/_4$)		

APPENDIX 3

Material used by Mr. Simpson

Material for

Staff Presentation on Money and Debt Ranges

February 2-3, 1999

Exhibit 1

Money and Debt Growth
(In percent)

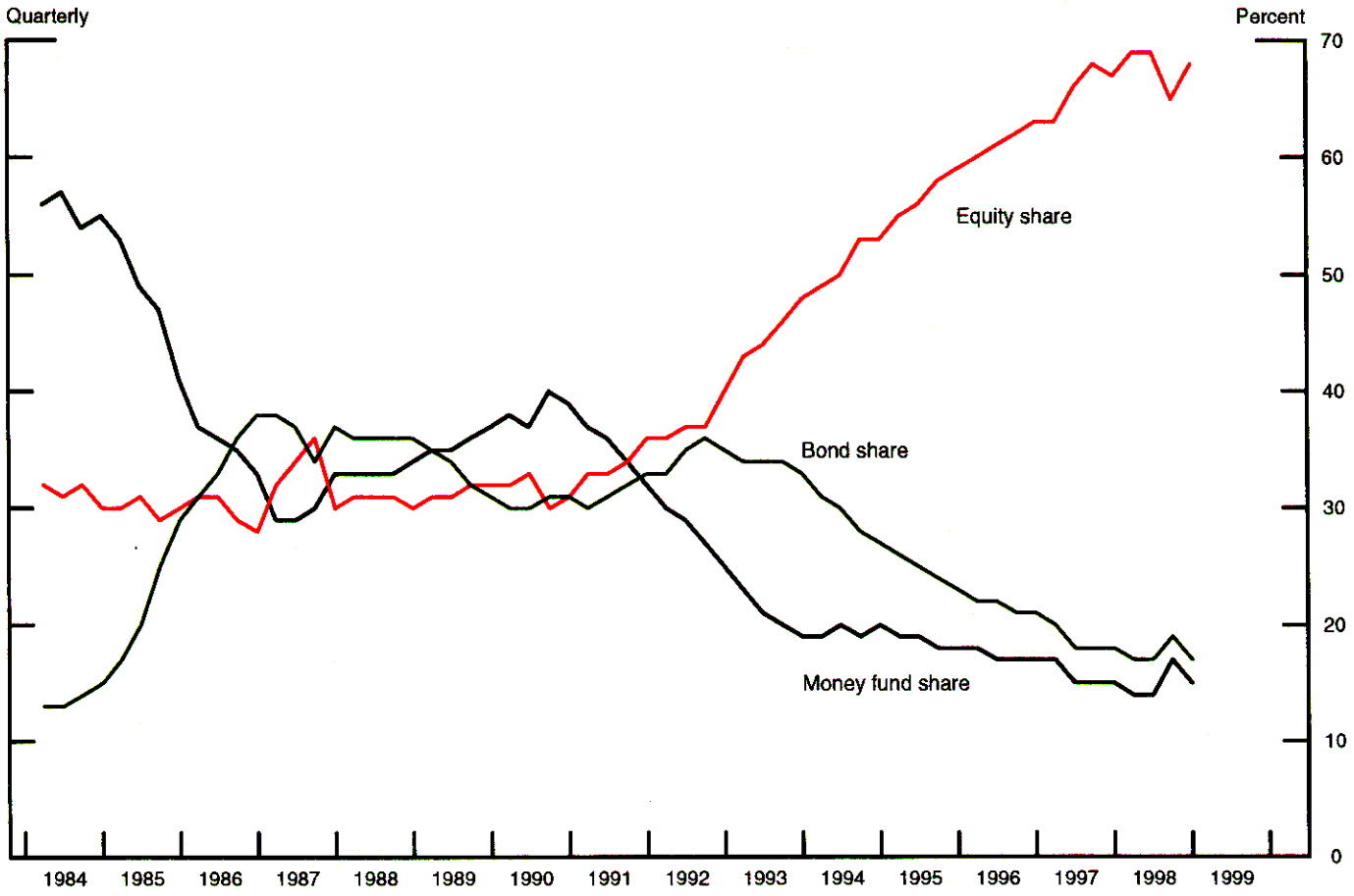
	Provisional 1999 Ranges	1999 (Staff projections)	1998 (actual)
M2	1 to 5	6	8.7
M3	2 to 6	8	11.1
Debt	3 to 7	5¼	6.3
Memo: Nominal GDP			
Staff		4	5.1
FOMC, central tendency		4 to 4½	

Growth of Money Market Mutual Funds
(In percent)

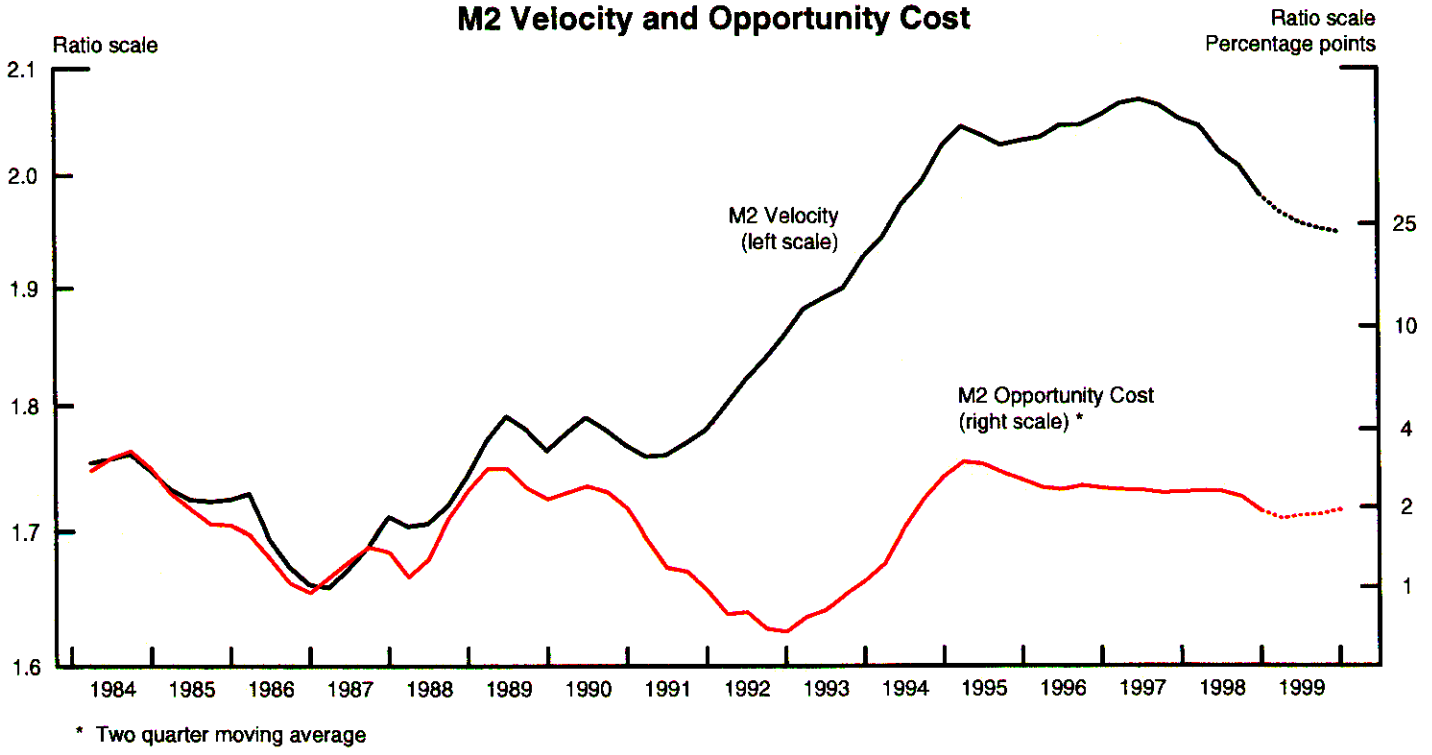
	1995	1996	1997	1998
M2 money funds	18¼	14¼	16	25
Other money funds in M3	24¾	21	21½	34¾
Memo:				
M2	3.9	4.6	5.8	8.7
M3	6.1	6.8	8.8	11.1

Exhibit 2
Mutual Funds and M2 Velocity

Mutual Fund Shares



M2 Velocity and Opportunity Cost



* Two quarter moving average

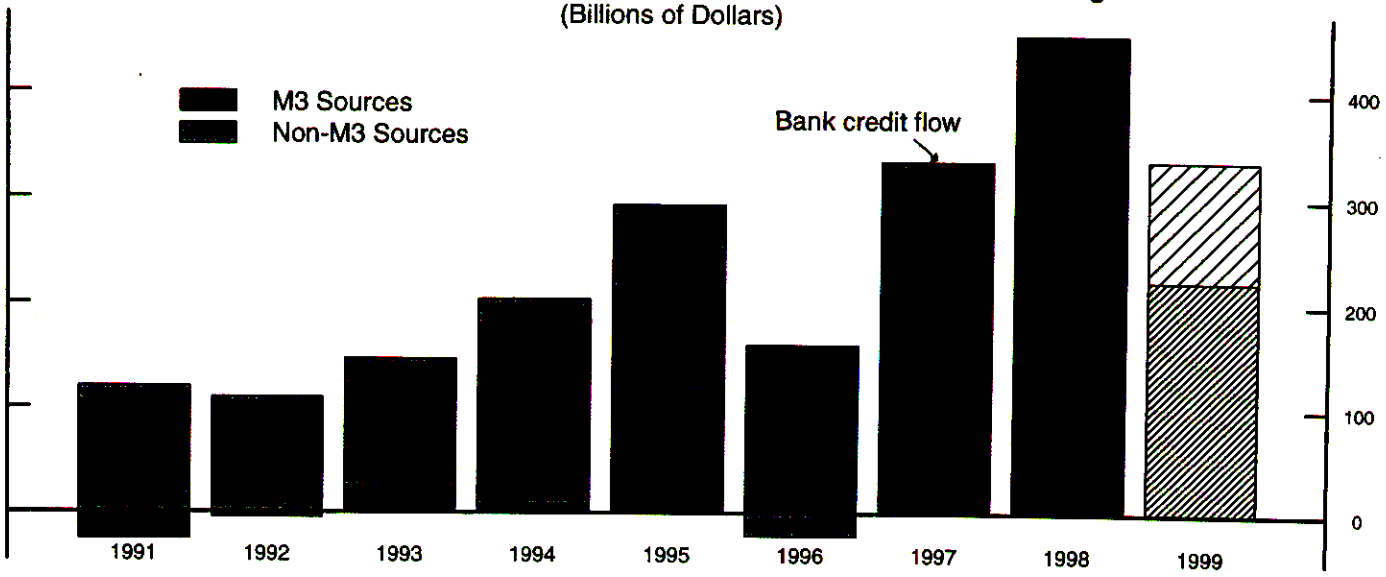
Exhibit 3

Factors Affecting M3

- M3 money funds have been substituting for market instruments as cash management vehicles
- In a stable interest rate environment, growth in M3 money funds should slow
- Growth in bank credit and associated funding needs are projected to moderate

Flow of Bank Credit and M3 and Non-M3 Sources of Funding

(Billions of Dollars)



Growth of Total Debt and Depository Credit

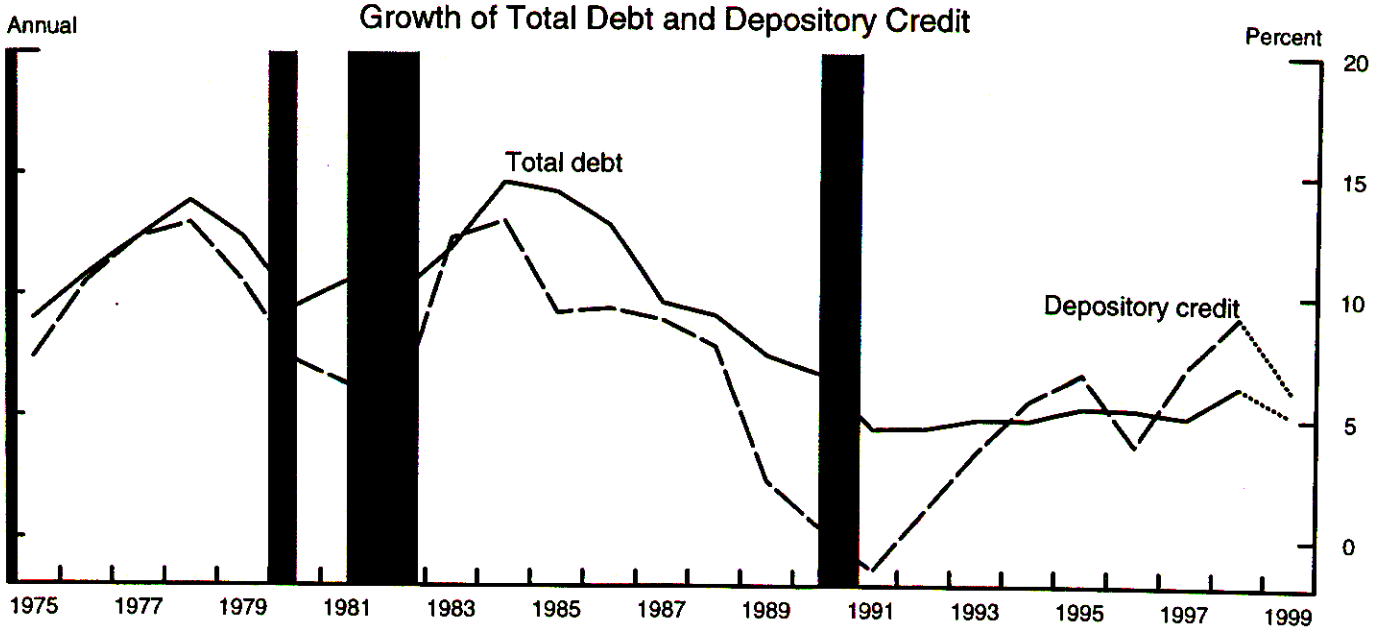
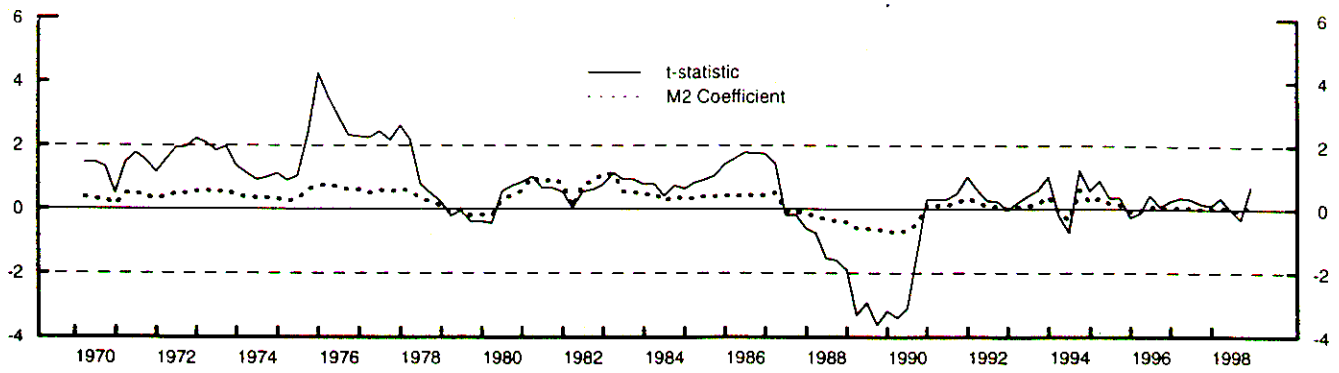


Exhibit 4

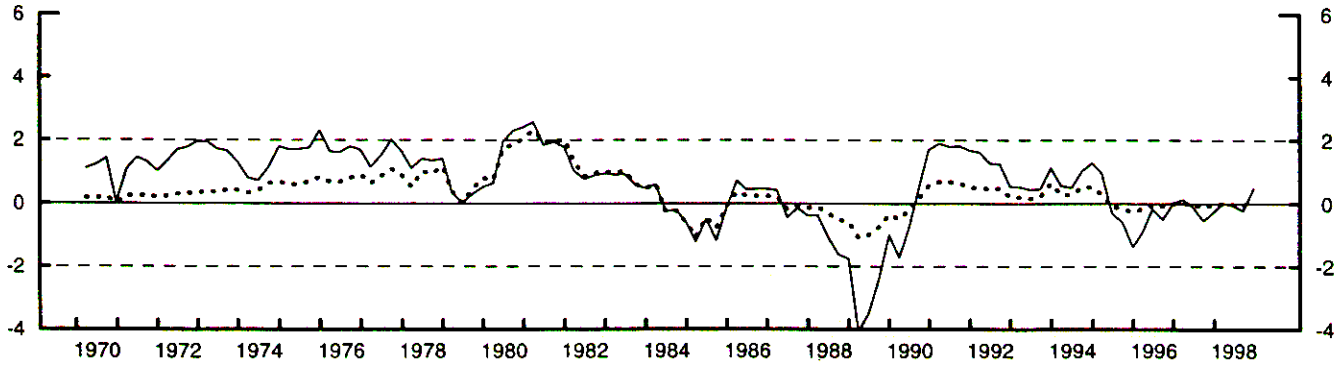
Money and Debt as Indicators of Nominal GDP

(Derived from Rolling Regressions of Nominal GDP Growth on Current and Lagged One Quarter Money or Debt Growth)

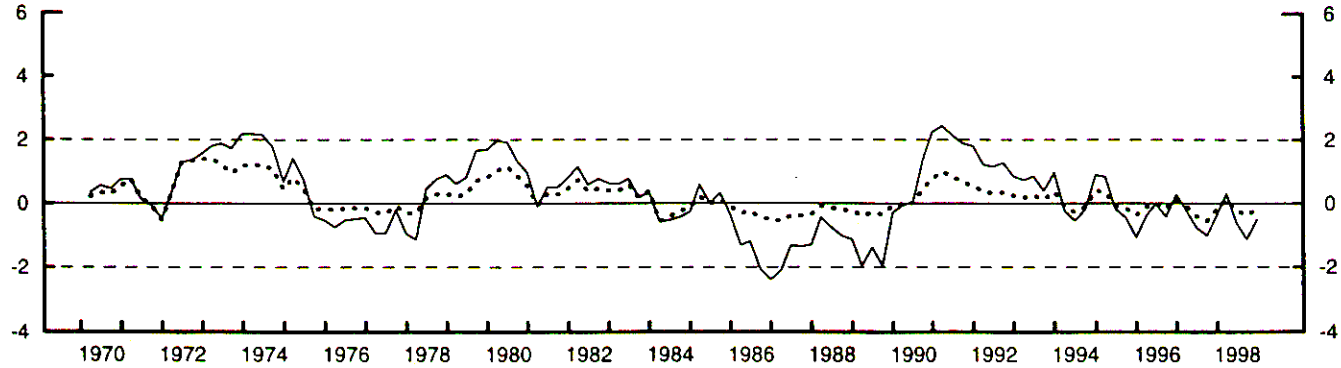
M2



M3



Total Debt



1. Based on regressions of $y_t = A + B_1 y_{t-1} + B_2 m_t + B_3 m_{t-1} + e_t$, where y is growth in nominal GDP, and m is growth in money or debt. Statistics presented are for rolling 16 quarter regressions.