

**Federal Open Market Committee
Conference Call
April 18, 2001**

A telephone conference meeting of the Federal Open Market Committee was held on Wednesday, April 18, 2001, at 8:30 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Ferguson
Mr. Gramlich
Mr. Hoenig
Mr. Kelley
Mr. Meyer
Ms. Minehan
Mr. Moskow
Mr. Poole

Messrs. McTeer, Santomero, and Stern, Alternate Members of the Federal
Open Market Committee

Messrs. Guynn and Parry, Presidents of the Federal Reserve Banks of
Atlanta and San Francisco respectively

Mr. Kohn, Secretary and Economist
Mr. Bernard, Deputy Secretary
Ms. Fox, Assistant Secretary
Mr. Gillum, Assistant Secretary
Mr. Baxter, Deputy General Counsel
Ms. K. Johnson, Economist
Mr. Stockton, Economist

Ms. Cumming, Messrs. Hakkio, Howard, Hunter, Lindsey, Rasche, Reinhart,
Slifman, and Wilcox, Associate Economists

Ms. J. Johnson, Secretary, Office of the Secretary, Board of Governors

Ms. Smith and Mr. Winn, Assistants to the Board, Office of Board Members,
Board of Governors

Mr. Ettin, Deputy Director, Division of Research and Statistics, Board of
Governors

Messrs. Madigan, Oliner, and Struckmeyer, Associate Directors, Divisions of Monetary Affairs, Research and Statistics, and Research and Statistics respectively, Board of Governors

Mr. Whitesell, Assistant Director, Division of Monetary Affairs, Board of Governors

Mr. Frierson, Associate Secretary, Office of the Secretary, Board of Governors

Mr. Skidmore, Special Assistant to the Board, Office of Board Members, Board of Governors

Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

Ms. Pianalto, First Vice President, Federal Reserve Bank of Cleveland

Messrs. Beebe and Cox, Mses. Krieger and Mester, and Mr. Rolnick, Senior Vice Presidents, Federal Reserve Banks of San Francisco, Dallas, New York, Philadelphia, and Minneapolis respectively

Mr. Altig, Vice President, Federal Reserve Bank of Cleveland

Transcript of Federal Open Market Committee Conference Call of
April 18, 2001

CHAIRMAN GREENSPAN. In reviewing the economic outlook over the last week, it's fairly apparent that very little of significance has changed. Retail sales and automobile sales appear to have been sustained in the early days of April, although they may be down a shade, and housing through March has been fairly well maintained. However, the measures of consumer confidence, as you know, have moved lower. Industrial production, as expected, did stabilize in March at what is probably the maximum rate of inventory liquidation for this cycle. Judged by the recent behavior of industrial production and sales of goods and materials, the rate of inventory liquidation currently appears to be close to the peak rate during the 1990 recession but, of course, it's well short of the numbers recorded in the 1980 and 1982 periods of cutback. Estimates of expected earnings for the second quarter continue to fall at the pace they have been falling. And anecdotal reports, as many of you are telling us, continue to indicate that capital expenditures are weakening.

One way of assessing the inventory situation is by looking at the gap between the goods, materials, and intermediate products purchased by households, businesses, and governments (consumption) and receipts in the industrial area--that is, industrial production plus net imports. As I indicated earlier, this gap is pretty much back to where it was in early 1990--at a little less than 2, when measured in IP index points. This is a relatively small number, and it suggests that the snapback when the liquidation finally runs its course potentially will be only modest. Indeed, as you may recall, the recovery in 1991 coming out of that recession was really quite tepid.

For those of you who are not watching your screens, I believe the data on trade accounts came out a couple of minutes ago and in a moment I'd like to throw the ball over to Karen Johnson to give you the very interesting results. In short, they show a significant decline in imports. In fact, I think it is the sharpest decline we've had in many years.

In any event, the nature of the gap between consumption and receipts is such that the sequence of recovery out of an economy of the type we're now experiencing-- which is usually characterized by rising industrial production, stabilized earnings expectations, and hence capital expenditure stabilization and increase--appears somewhat less than robust. Stock prices, as you know, are significantly higher this morning, but unlike last Wednesday a pattern has already developed, for good or ill, and the risks of our breaking it by a move this morning are considerably less than I believe they would have been last week. Therefore, mainly for all the reasons I discussed in our telephone conference a week ago, I would propose to go ahead today with a 1/2 percentage point reduction in the funds rate and maintain the language indicating that the balance of risks is weighted toward economic weakness. But before I open up the floor for discussion and questions, I thought it might be useful for Karen to talk for a minute or two about these very unusual trade data.

MS. JOHNSON. The trade deficit for February reported this morning rounds to \$27 billion, which is about \$5-1/2 billion less than the slightly revised January number. It's the lowest trade deficit in absolute value since December '99 and it represents the sharpest drop in imports in the history of these particular series calculated the way it is now. Exports in fact increased very slightly, but could probably best be described as

holding their own. Thus, the improvement in the trade deficit owes entirely to the significant drop in imports that has occurred.

CHAIRMAN GREENSPAN. Imports of merchandise only, because service imports actually rose.

MS. JOHNSON. Yes, service imports rose. In the goods categories, the declines occurred in both capital goods and consumer goods. Imports of industrial supplies also declined, which I would be inclined to attribute to price effects to a significant degree. So I would explain, if you will, the goods decline in imports as a reflection of reduced imports of capital goods--including high-tech--and of consumer goods across a wide range of categories.

CHAIRMAN GREENSPAN. Let me again put on the table a proposal to go ahead this morning with a 1/2 percentage point reduction in the funds rate and to maintain the balance of risks toward economic weakness. Who would like to comment?

VICE CHAIRMAN MCDONOUGH. I would, Mr. Chairman. Bill McDonough here. I very, very much support what you are proposing. Just a quick comment regarding today's rise in the equity markets: I think it is pinned basically on both Intel and Texas Instruments saying that life is not quite as grim as they thought it was.

The drop in merchandise imports is good news for our economy. However, it's bad news for the producers of goods around the world. In my view the international economy more generally is looking weaker. The news from Japan, mainly with regard to the political paralysis, is getting worse. The latest news out of Europe suggests somewhat lower growth and somewhat higher inflation. So if one is looking at the world

economy, I think it is even weaker than it seemed a week ago. And I'm very much in favor of your recommendation. I assume, Mr. Chairman, that the reduction in the funds rate would be accompanied by the Board of Governors agreeing to a cut in the discount rate?

CHAIRMAN GREENSPAN. Yes, if the Federal Open Market Committee moves forward with the proposed rate cut, the Board of Governors will convene to act on the eight requests we have received from Reserve Banks to cut the discount rate by 50 basis points.

MS. MINEHAN. Mr. Chairman, this is Cathy Minehan. I am in favor of your proposal. Moving in the direction you recommend I had no problem with last week and I continue not to have a problem with that. I see a slight distinction between then and now in terms of several pieces of data, including the trade deficit data released this morning, that tend to confirm that one of the strengths of the economy--one we thought existed, anyway--on the consumer side is eroding now. I do not take that as a good sign. And it's at least one of the reasons why I am in favor of this move.

MR. PARRY. This is Bob Parry. I have a question. In light of the trade data, what would be the best estimate now for growth in the first quarter?

MR. STOCKTON. President Parry, this is Dave Stockton. Obviously, the devil will be in the details of the trade data, which we have not had an opportunity to examine carefully yet. But my guess is that we'd probably be looking at something closer to 1-1/2 percent for GDP growth in the first quarter. It will all depend on how large an offset we get to these lower imports through lower equipment spending and perhaps somewhat lower inventories for March. But at this point, some of that

improvement in the trade balance is going to show up as somewhat higher GDP. We don't read that, however, as a sign of any underlying strength. Obviously, with declines in both capital goods imports and consumer goods imports, the trade data are in some sense a sign of relatively weak domestic demand. But this involves a bit of tension with what we still see as very weak industrial production in the first quarter. It would imply a little stronger number for goods GDP. But I wouldn't want to go too much higher than that 1-1/2 percent figure I suggested.

MR. PARRY. Okay, thank you.

CHAIRMAN GREENSPAN. We ought to point out that the data still indicate a fairly flat trend from January through March, implying that we're probably going into the second quarter with no kick. So to get a plus in the second quarter the intra-quarterly movement has to be somewhat firmer.

MR. PARRY. Mr. Chairman, I certainly support your recommendation. We had a board meeting this past Thursday and the information we received from our directors confirmed the view that economic conditions were weakening in the District. There was a bit of disagreement from those representing parts of the District, particularly southern California and Arizona, where the situation is perhaps not quite as bad. But in general I think there is concern that the statistics are not looking good and are probably not going to look good over the next several months.

Another point I'd make is that based on consensus estimates of the CPI for the second quarter--though I know this is a slippery number--it's quite likely that the real funds rate is rather high now relative to where we might want it to be, given such a weak economy. Thank you.

MR. HOENIG. Mr. Chairman, this is Tom Hoenig. As I've thought about this since our last call, I've concluded that going ahead and lowering the funds rate is a prudent step. We might have been able to wait until the May meeting, but I don't see that we have to be locked in to changing the rate only at meetings. So I'm comfortable doing a cut today. I've talked with a number of individuals around this region over the last week, both directors and others, and views are split about 50/50 between those who feel we're at a bottom of the economy's adjustment and those who are still expecting some further weakening. And clearly we are still dealing with some consumer confidence issues in this area as well.

Finally, I would note that in lowering the rate to 4-1/2 percent I think we are moving from what I would call a neutral or modestly accommodative stance to a more accommodative stance. And given that the economy in the first quarter was growing at only 1 percent or maybe 1-1/2 percent--somewhere in that range--against a potential of 3 percent or better, and given yesterday's CPI numbers and the related outlook on prices, I think the lower rate is appropriate.

I do want to say that I hope we will exercise care as we approach the May meeting in terms of looking at the data because as we get to a more accommodative policy stance, of course, the risks of going one step too far always increase at that point. That's my only note of caution as we proceed through these times. Thank you.

MR. STERN. Mr. Chairman, this is Gary Stern. I can support your recommendation at this time. Let me add that I presume what we're really interested in is the longer-run performance of the economy, certainly over the next several quarters. In that regard, it is my view that without this action the economy is likely to grow below

potential for at least several more quarters. And in my mind at least that's the particular justification for this action. But at the same time, of course, that's simply a forecast.

And I think we are getting to the stage where we have to be a little careful about how far we push because presumably we will reap the benefits of all this easing several quarters down the road.

MR. GUYNN. Mr. Chairman, this is Jack Guynn. Let me piggyback on Gary Stern's comments because they are close to my own views. I'm comfortable with going ahead this morning because I think we now have to be a bit more concerned about how quickly and with how much vigor the economy is going to bounce back. The backdrop for our easing move, both the data and the anecdotal information, is probably as good as it is going to get in the sense that there is less chance of people getting the wrong message from an action today. I'd also underscore Gary's comment that we need to be ready to reverse this easing when we get to that point. The further we go, the more ready we need to be to move the other way when it's time to do that. But I'm comfortable with proceeding today.

MR. MCTEER. Mr. Chairman, Bob McTeer. I think what you're proposing today is a good idea. I'm not worried at all that we're going to over-stimulate the economy by making a move now. The fact that we have almost an entire month before our next scheduled meeting is very significant to me. I think it would be a terrible mistake to wait another month.

MR. SANTOMERO. Mr. Chairman, this is Tony Santomero. I concur with your recommendation. I support it for a number of reasons. I think the new data support increased concern about the consumer sector, and that concern is being reinforced by the

slowdown in capital goods expenditures. A cut in the funds rate today strikes me as the appropriate action at the appropriate time.

MR. MOSKOW. Mr. Chairman, this is Michael Moskow. I support your recommendation. Clearly, as others have said, our meeting schedule was set up a long time ago and the interval between our March and May meetings is long. Our outlook is for a pickup in economic activity later this year and a return to something near trend growth next year. But that scenario assumes that the nominal fed funds rate will decline to a level of around 4 percent. To the extent that assumption is correct, it certainly seems inappropriate to wait at this time when we need to make a policy move. I would also add to what others have said that this is an important, decisive step and I think it's vital that we be prepared to act just as decisively on the up side if and when inflationary pressures become excessive.

We have gotten a little additional information on capital spending since last week. The sum of it is that everyone is reviewing their capital spending plans. The manufacturing firms are the most likely to be cutting back. But several retailers we talked to said that they are making absolutely no changes in their expansion plans. And some contacts in the casual dining industry said that they had been cutting back around the middle of last year but currently are not making any changes in the plans developed at that time.

CHAIRMAN GREENSPAN. Anyone else?

MS. PIANALTO. Mr. Chairman, this is Sandy Pianalto. I also support your recommendation. The economic outlook in the Fourth District is showing no signs of deterioration and, if anything, is improving. The steel industry, of course, is the major

exception, but those problems appear to be systemic and not cyclical. Despite the more positive reports on current economic activity than we were getting in the past few months, our directors and some of the early respondents to our Beige Book surveys are cautious about the outlook for the balance of the year. Most of our contacts believe that there will be no substantial or lasting pickup in business until the fall at the earliest. In light of this expectation, capital spending plans in almost all the areas we surveyed have been curtailed or put on hold.

The one change that I'm seeing is in people's attitudes about what is going to get the economy moving again. Last fall and late last year--and even very early this year --whenever business people in our community saw someone from the Fed they would tell us that the Fed had to do something. They'd say, "You've got to get interest rates down to get this economy moving again." Today, those same people are not looking to monetary policy to fix the current problems. They recognize that some of the problems are systemic and that they are going to have to work through them themselves and not depend on monetary policy. Even so, the reason I'm supporting your recommendation is that it is in line with ensuring that monetary policy is not contractionary. So I think it is the appropriate move and the appropriate time.

CHAIRMAN GREENSPAN. Thank you. Governor Meyer.

MR. MEYER. Thank you. Mr. Chairman, I see the outlook much the same as you do and as a result I can support your recommendation. Nevertheless, I'll voice one last time my reservations about an intermeeting move at this time--and not just because I'd prefer that moves be made at our regular meetings. Whatever the arbitrariness of the schedule of meetings may be, I find it a bit difficult to believe that a one-month head start

is going to change the growth rate of the economy over the next year or 18 months.

When I look back at the two previous intermeeting moves, I think they were extremely well timed because the markets seemed not to have confidence in the Fed's willingness to move as aggressively as needed to lower rates to support the economy. Right now it seems to me that the expectations in the market are pretty reasonable in terms of another 50 to 100 basis point decline in the funds rate between now and the middle of the year. So, I think that reason for a cut isn't there.

I am a little concerned that the stories following this cut are going to be dominated by a sense of confusion. The question will be why so many FOMC members talked up the economy, helped to squeeze out any expectations of an intermeeting move, and then just as that was happening decided to come along with an intermeeting move. So I think it's a mistake, though not a big mistake. It's not a mistake for the economy, by the way. I don't think it will be damaging to the economy though it may be a little damaging to the public's confidence in the competency of policymaking.

CHAIRMAN GREENSPAN. President Poole.

MR. POOLE. Mr. Chairman, I do not favor the move. Let me make a calculation, which anybody can do on the back of an envelope. On a one-year bond, the direct effect of moving now on the funds rate instead of four weeks from now is about 5 basis points. The issue is the expectations that will be created by this action. Given the latest economic news and the recent behavior of the markets, I think the markets are going to be puzzled by this move. In my view it will be very important for the Chairman to provide some guidance--either in our press statement today, which I believe would have to be a longer statement than usual, or in a speech--as to why we have acted today.

Analysts will wonder why we have moved when no compelling news has hit the wires. I also believe that this move is going to raise issues going forward for quite some time about whether we will make additional intermeeting moves, and the effect will be to increase market uncertainty and market volatility. The immediate question will be whether we are looking forward to another cut on May 15th or not. We haven't discussed that issue at all so far today, but surely it is going to be discussed in the market. And unless we provide some clarity on that, I think we are going to be increasing rather than reducing market volatility and market uncertainty.

At the end of the day we can only have one monetary policy. And given my concern about trying to provide clearer expectations about where we are going, I would not intend to dissent today because I think that could only add to the view that the FOMC is not clear about what it is doing. But I am very concerned about the sense of direction this action implies and how the market is going to interpret it because the most recent news, including the very benign outlook in the equity futures market this morning, is actually more upbeat. And as I think we're all well aware, particularly with an intermeeting move, people tend to look at the most recent information of the last day or two and ask if that is what triggered the FOMC's action. So I believe the market is going to be confused by this cut because the most recent news does not seem to require action now as opposed to waiting for four weeks. Thank you.

MR. FERGUSON. Mr. Chairman, this is Roger Ferguson speaking from Dallas. I have three points to make. One is that I find much of the recent information to be really quite mixed. Much of it could be viewed as positive but a number of developments, even since our last conference call, have been negative. Consumer

confidence has fallen off again after apparently flattening out a bit. The most recent employment and unemployment data were a surprise with respect to the job loss figures, though admittedly there were some upward revisions as well. Even today's numbers with respect to the international aspect of the economy suggest that consumers, one of the elements of strength to date, may be pulling back a bit. And though activity in the construction and housing sector is obviously still quite strong, the trajectory may have flattened. So I would argue that some of the data that have come in even since our phone call last week, and certainly since our March meeting, suggest to me at least that it is too early to call a bottom. Indeed, in my view the risks are certainly still to the down side.

Secondly, I also have talked to many business people and others in my travels. I do feel that some of them are a bit more optimistic about the second part of the year. But they are not clear, and I'm not sure we are clear just yet, about exactly what interest rate it's going to take to support the kind of moderate expectations that seem to be starting to form. It may well be that the markets have it right in that we'll have to go even lower on the funds rate before we've reached the end of this easing process.

Finally, my third point is that it's always difficult to make a move during an intermeeting period. As I said the last time, and as others have noted today, the meeting schedule obviously is set without any knowledge of what the economy is going to call for. I believe that when we're contemplating an intermeeting move we have to balance the potential loss of credibility and the possibility of confusion--and there certainly will be some--against the need to respond appropriately and ensure that markets understand that we are awake and ready to do what is appropriate. Trying to achieve that balance involves making a judgment call. We may make it differently each time we have a

discussion and each individual may make it differently. But I think we should recognize that there is always a balance of considerations. From my perspective it is quite reasonable and easy to communicate why we chose to move at this point, namely because we have a very long intermeeting period, the data that have been coming in are consistent with a lower federal funds rate, and a consensus has emerged. So I think we should go ahead and move as you proposed.

MR. KELLEY. Mr. Chairman, this is Mike Kelley also in Dallas. I support your recommendation. I do share the concern that several others have expressed about the timing, but I think that is a bit of an imponderable at this point and probably moot. We'll see how it goes. I believe the economy calls for this move, for all the reasons that have been recited at this conference call. That being the case, I think we should go forward.

MR. GRAMLICH. Mr. Chairman, Ned Gramlich from Rochester. I support your proposed move also. As others have said, the news since the last meeting, and actually since our phone conference last week, has been mixed. There have been some ups and some downs, so that wouldn't be my basic case for supporting a move. My basic case is simply that I think the economy is too weak. I'll mention the staff forecast as I did last week. I don't know how the new import numbers affect that, but I don't think they change it very much. That forecast has the unemployment rate rising to 5.2 percent by the fourth quarter. I think that's just too high and I believe we ought to get out there with a policy action. A month isn't going to make a huge difference, but it will make some difference, and the move is in the right direction. So, I think we ought to go forward. Thank you.

CHAIRMAN GREENSPAN. Thank you, everybody. Would you read the potential directive for the vote?

MR. BERNARD. “The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. To further its long-run objectives, the Committee in the immediate future seeks conditions in reserve markets consistent with reducing the federal funds rate to an average of around 4-1/2 percent.” For the sentence in the press release: “Against the background of its long-run goals of price stability and sustainable economic growth, and of the information currently available, the Committee believes that the risks are weighted mainly toward conditions that may generate economic weakness in the foreseeable future.”

CHAIRMAN GREENSPAN. Call the roll, please.

MR. BERNARD.

Chairman Greenspan	Yes
Vice Chairman McDonough	Yes
Governor Ferguson	Yes
Governor Gramlich	Yes
President Hoenig	Yes
Governor Kelley	Yes
Governor Meyer	Yes
President Minehan	Yes
President Moskow	Yes
President Poole	Yes

MR. POOLE. I voted yes, but with the reservations that I expressed before.

MS. MINEHAN. Mr. Chairman, may I ask a question?

CHAIRMAN GREENSPAN. Yes.

MS. MINEHAN. Are you going to have a press release? What is it going to say aside from the sentence that Norm read?

MR. HOENIG. And when is it going to be released?

CHAIRMAN GREENSPAN. We actually have a full statement prepared, and Don Kohn will read the key paragraphs of it to you.

MR. KOHN. After the paragraph that states the actions by the Federal Open Market Committee and presumably by the Board of Governors, the substantive paragraphs read as follows:

The FOMC has reviewed prospects for the economy in light of the information that has become available since its last meeting. Consumption and housing expenditures appear to have held up reasonably well, and a significant reduction in excess inventories seems well advanced. Although measured productivity probably weakened in the first quarter, the impressive underlying rate of increase that developed in recent years appears to be largely intact.

Nonetheless, capital investment has continued to soften and the persistent erosion in current and expected profitability, in combination with rising uncertainty about the business outlook, seems poised to dampen capital spending going forward. This potential restraint, together with the possible effects of earlier reductions in equity wealth on consumption and the risk of slower growth abroad threatens to keep the pace of economic activity unacceptably weak. As a consequence, the Committee agreed that an adjustment in the stance of policy is warranted during this extended intermeeting period.

The Committee continues to believe that against the background of its long-run goals of price stability and sustainable economic growth and of the information currently available, the risks are weighted mainly toward conditions that may generate economic weakness in the foreseeable future.

CHAIRMAN GREENSPAN. Governor Meyer.

MR. MEYER. Mr. Chairman, could I just raise one point about the statement? I think it missed the most important development. By starting out with the notion that the good news is that consumption is being well maintained, the statement is referring to an historical fact of momentum in consumption because of the large increase in January. The fact of the matter is that consumption has not been well maintained; it has lost all its

momentum. It is going to be close to zero in the second quarter; that's almost baked in the cake by what has already happened in February and March. So I think we should point to the clear loss of momentum in consumer spending that underlies the trend in final sales going forward. That's the key story.

MS. MINEHAN. I agree with that.

CHAIRMAN GREENSPAN. Okay, I think that's a reasonably useful point. Does everyone agree that the statement should be altered in that context?

VICE CHAIRMAN MCDONOUGH. This is Bill McDonough. Mr. Chairman, I do. And Don, I would suggest that rather than say "since our last meeting," we should refer to the date on which that meeting took place since we had an information meeting last week--lest in the future some historian say we misstated a fact.

MR. HOENIG. Mr. Chairman, I agree with what Larry Meyer was just saying. I think we should change the wording.

MS. MINEHAN. Mr. Chairman, I have one other question. The portion of the sentence regarding productivity seems very strong given the kinds of numbers we're likely to see for the first quarter and maybe even the second quarter. Are we that confident about the productivity trend? The words used there seemed very optimistic about the continuing growth in structural productivity.

CHAIRMAN GREENSPAN. Well, let me just say that I myself have seen very little to suggest any significant change in the rise of long-term structural productivity. But we also have to be a little careful in the statement not to express some extraordinary degree of uncertainty.

MS. MINEHAN. Yes.

CHAIRMAN GREENSPAN. I think that would create more of a problem than we perhaps realize.

VICE CHAIRMAN MCDONOUGH. Bill McDonough here. I think we have to have that language on the underlying productivity trend for exactly the reason the Chairman mentioned.

MR. MOSKOW. Michael Moskow here. I agree with that, too. And I believe you have a caveat in the draft, if I heard you correctly, which said that measured productivity has weakened or is expected to have weakened in the first quarter. So I think we are covered on that.

CHAIRMAN GREENSPAN. Yes, the statement says “probably weakened.” The truth of the matter is, depending on how the numbers come out, that it could very well be a small negative.

MS. MINEHAN. Yes.

MR. MOSKOW. Right.

CHAIRMAN GREENSPAN. That’s because of the hours figures that we have. To be sure, the self-employed workers account for an unexpectedly large increase, which is clearly an aberration, but no one is going to be taking apart the hours series in great detail in this context. Let me suggest this: We’ll work to rephrase the sentence on consumption in the context that Governor Meyer indicated, and unless I hear further comments, we’ll adjourn this meeting. The Board of Governors will meet on the discount rate requests. Obviously, I assume we will get an affirmative vote. If, however, that is not the case, you all will be informed.

MR. HOENIG. When do you plan to announce this, Mr. Chairman?

CHAIRMAN GREENSPAN. Lynn Fox, what do you think?

MS. FOX. Given the work that needs to be done, we should be able to call the pressroom around 10 o'clock. It may take them a little longer than usual to process this since it's going to be a bit of a surprise. I'd say that the statement will be on the wires sometime between 10:00 and 10:30 a.m.

CHAIRMAN GREENSPAN. Eastern time.

MR. HOENIG. Okay, thank you.

VICE CHAIRMAN MCDONOUGH. I think that's taking too long. This is a very hot piece of news and we shouldn't sit on it. Lynn, I think you have to move faster.

MS. FOX. We will move as quickly as we can.

CHAIRMAN GREENSPAN. Okay. Thank you, everybody.

END OF MEETING