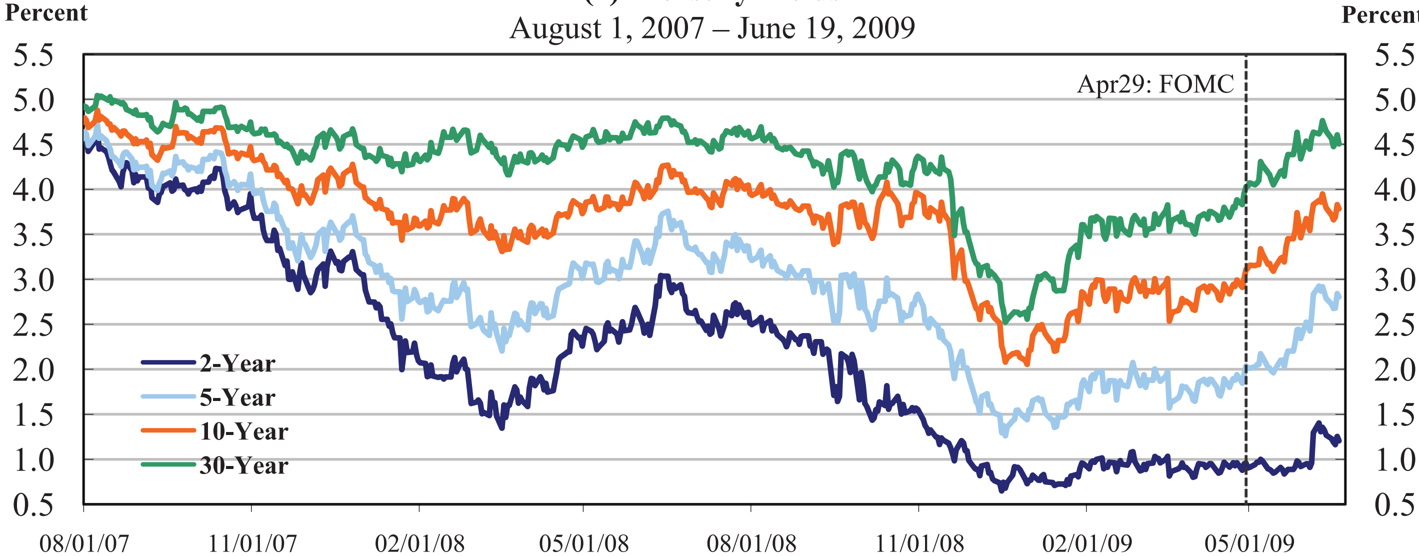
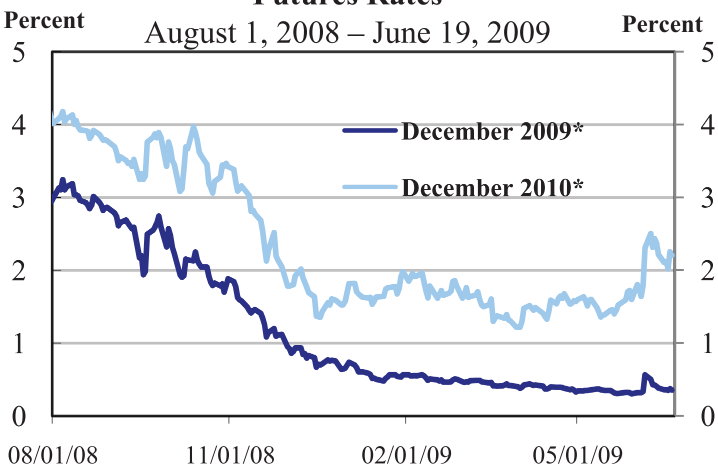
Appendix 1: Materials used by Mr. Sack

(1) Treasury Yields
August 1, 2007 – June 19, 2009



Source: Bloomberg

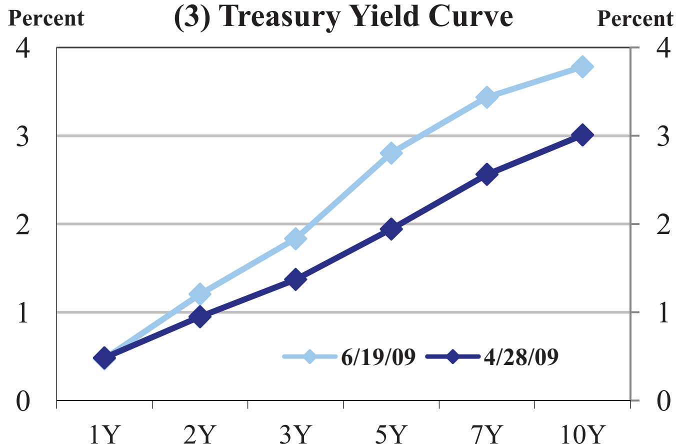
(2) Policy Expectations Implied by Futures Rates
August 1, 2008 – June 19, 2009



* Dec09 rate implied by Fed Funds contract, Dec10 rate implied by Eurodollar contract less 15-day moving average of forward Libor-Fed Funds Basis Swap

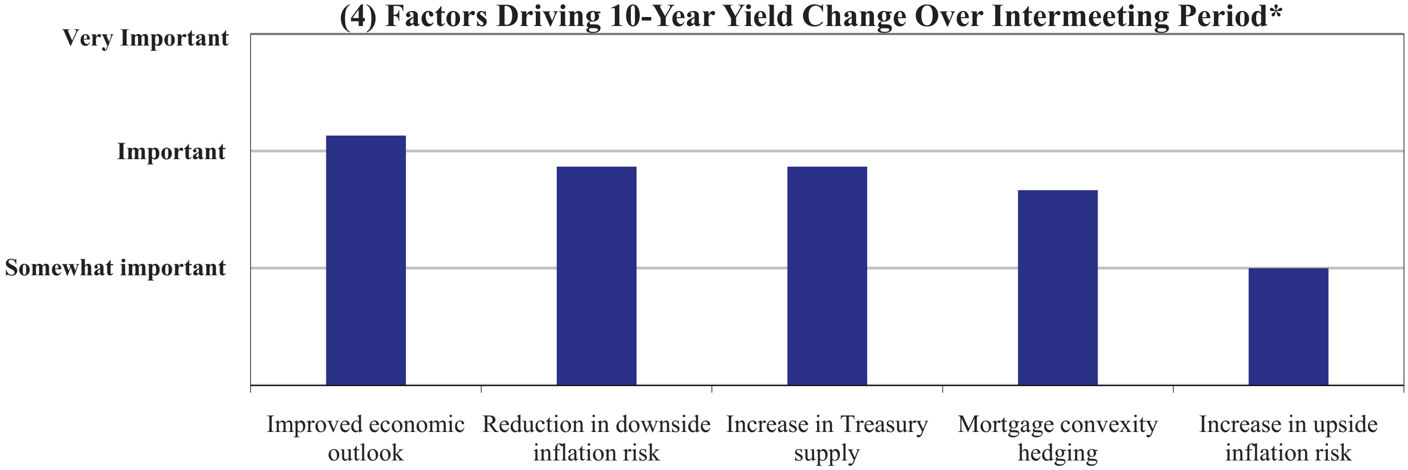
Source: Bloomberg

(3) Treasury Yield Curve



Source: Bloomberg

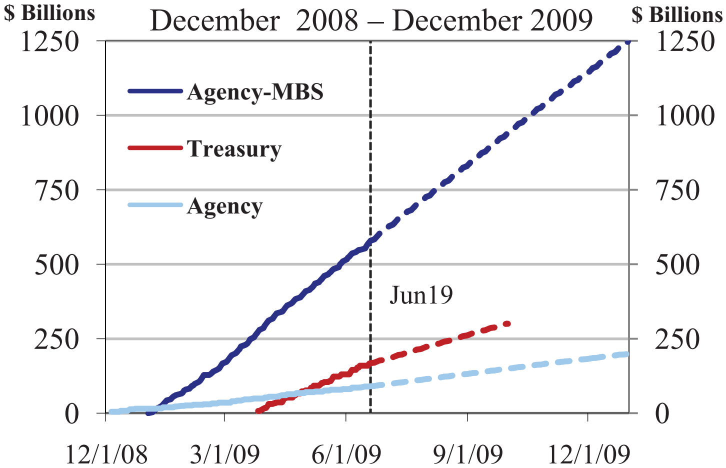
(4) Factors Driving 10-Year Yield Change Over Intermeeting Period*



*Dealer responses aggregated to create average level of importance

Source: Dealer Policy Survey

(5) Large-Scale Asset Purchase Programs
December 2008 – December 2009



Source: Federal Reserve Bank of New York

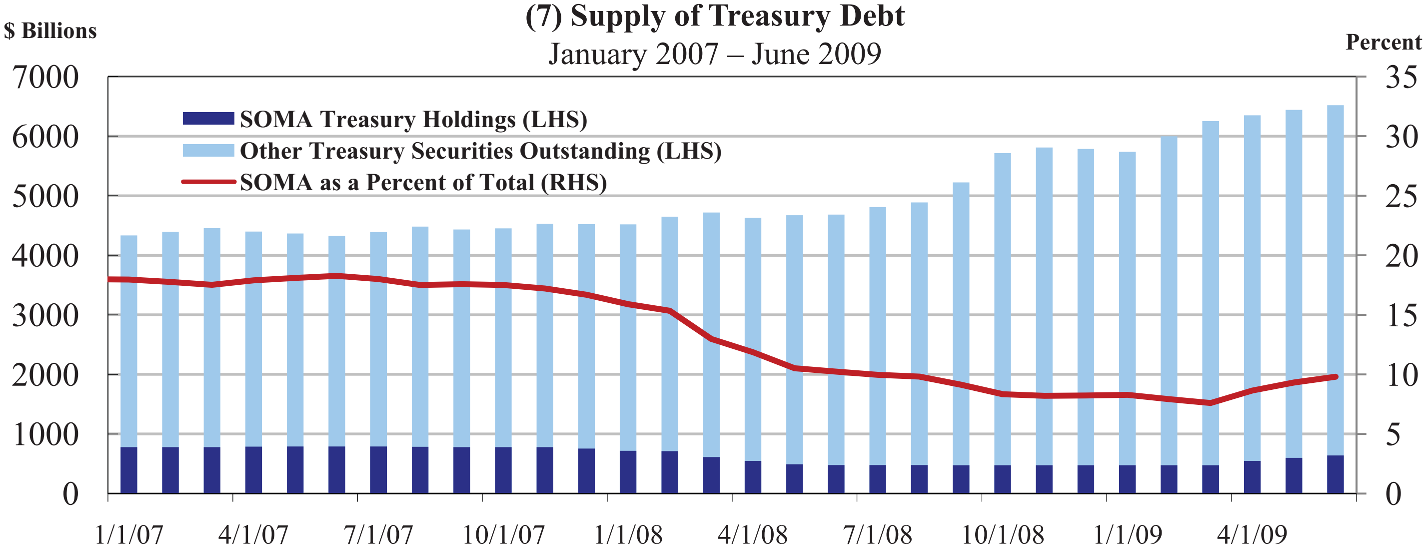
(6) Large-Scale Asset Purchase Programs
As of June 19

	Treasury	Agency	Agency-MBS
Purchases to Date	170	90	577
Announced Limit	300	200	1250
Dealer Survey*:			
2009 Q4	363	200	1200
2010 Q2	363	200	1250

*Median response

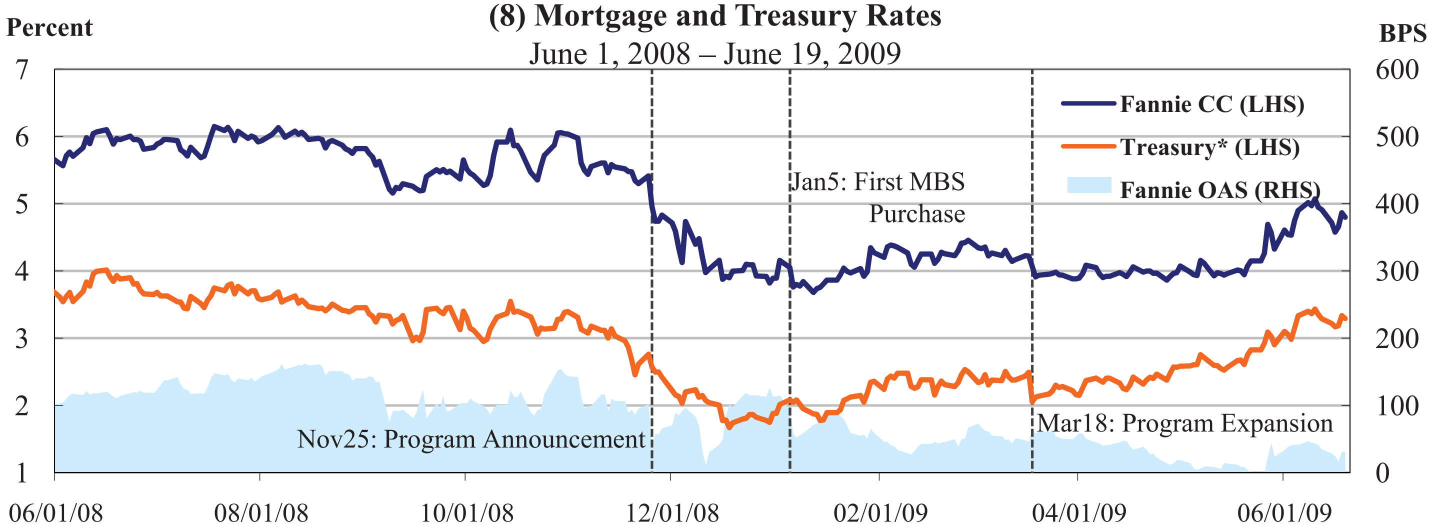
Source: Dealer Survey

(7) Supply of Treasury Debt
January 2007 – June 2009



Source: Federal Reserve Bank of New York

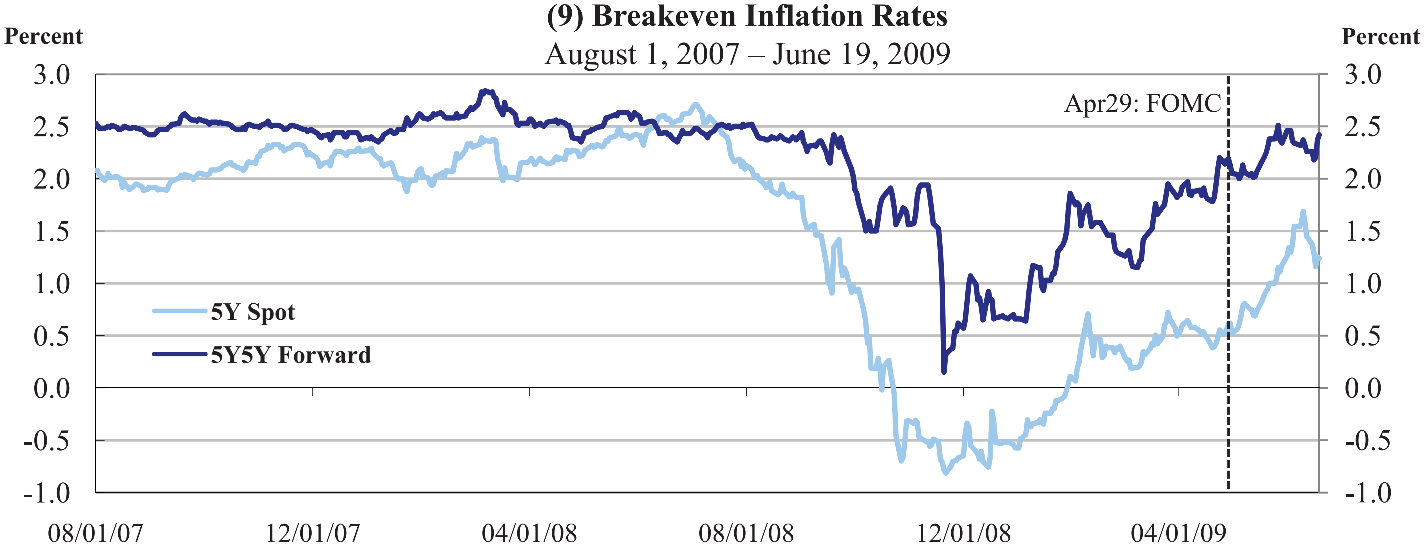
(8) Mortgage and Treasury Rates
June 1, 2008 – June 19, 2009



*Treasury yield is blended 5- and 10-year yield

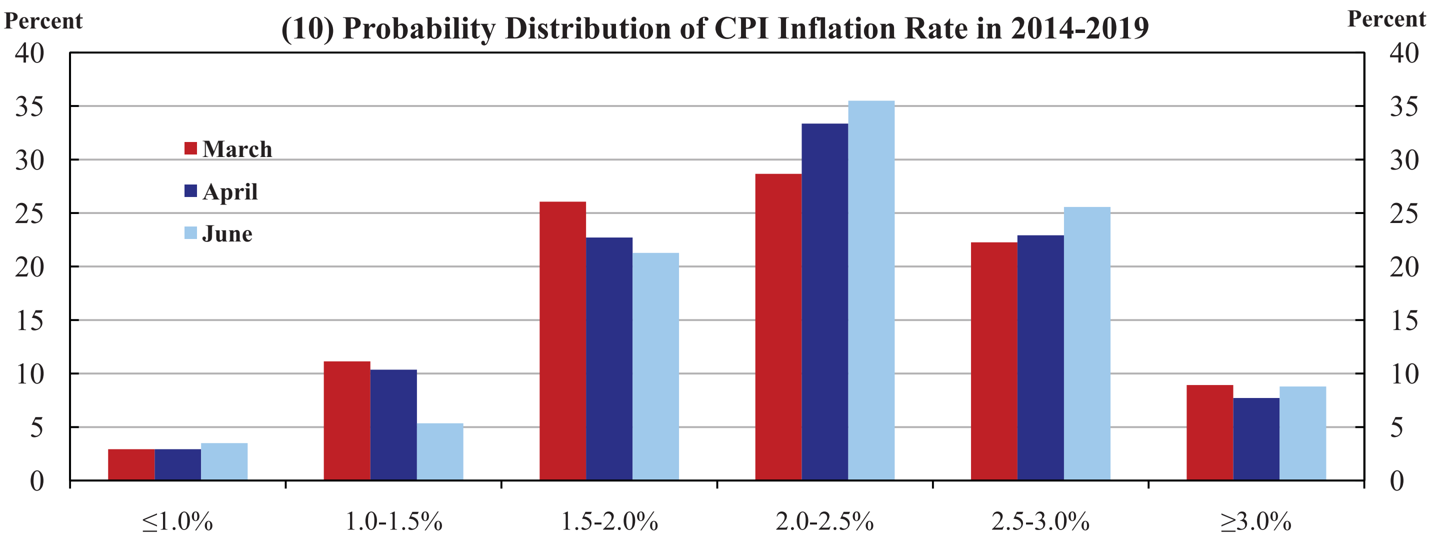
Source: Bloomberg, JP Morgan Chase

(9) Breakeven Inflation Rates
August 1, 2007 – June 19, 2009



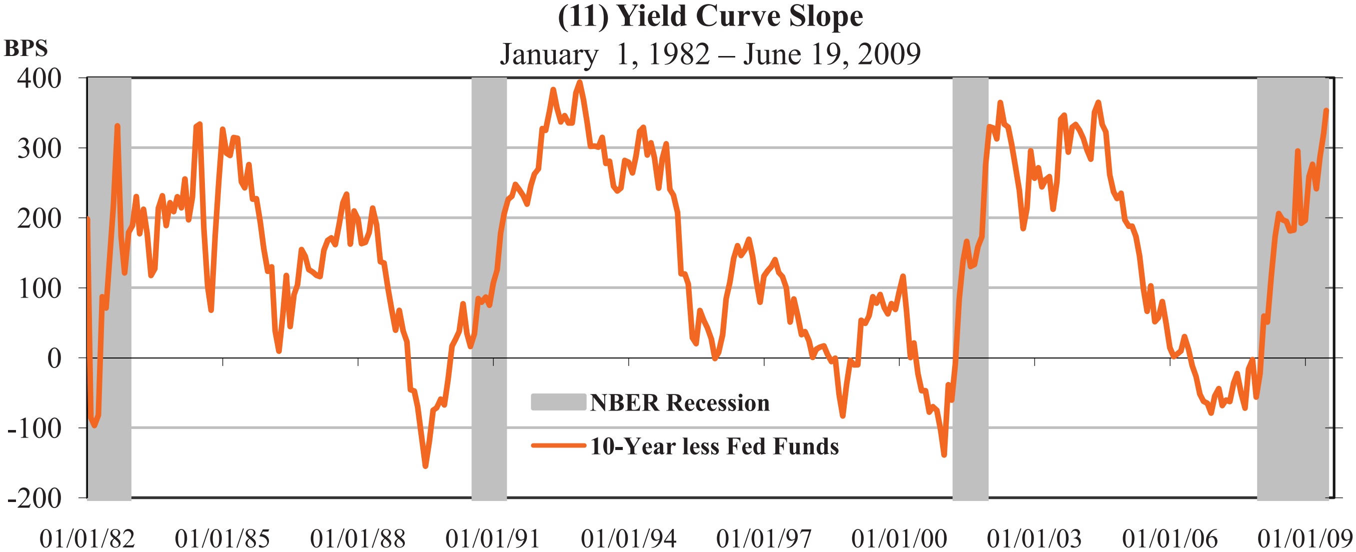
Source: Barclays

(10) Probability Distribution of CPI Inflation Rate in 2014-2019



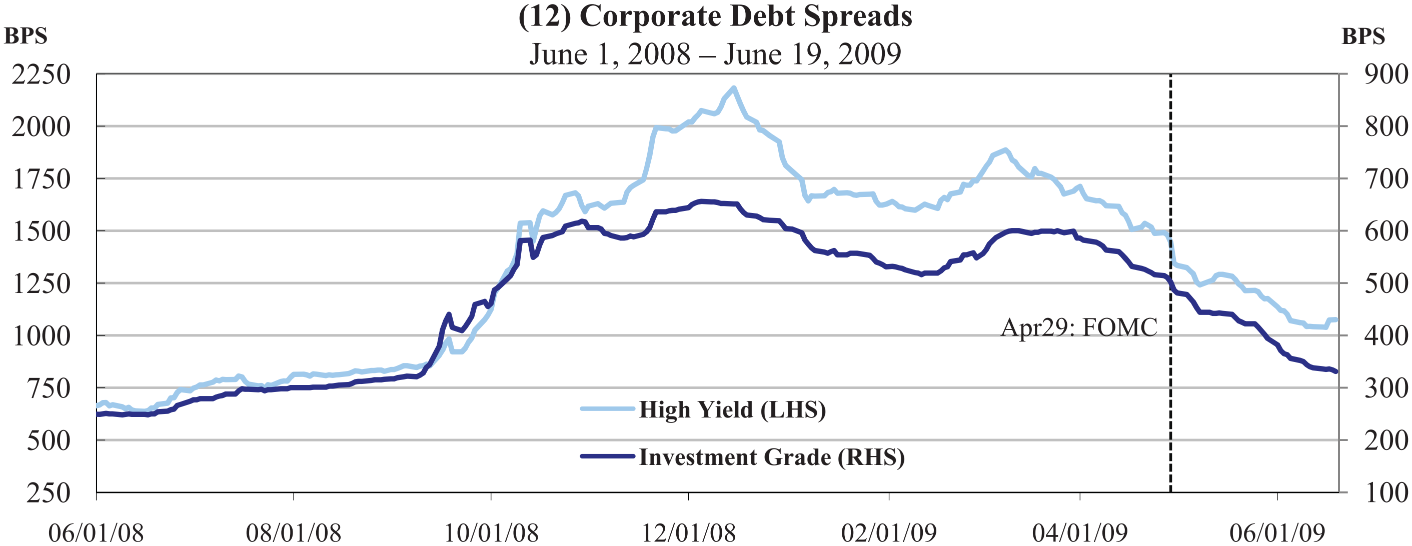
Source: Dealer Policy Survey

(11) Yield Curve Slope
January 1, 1982 – June 19, 2009



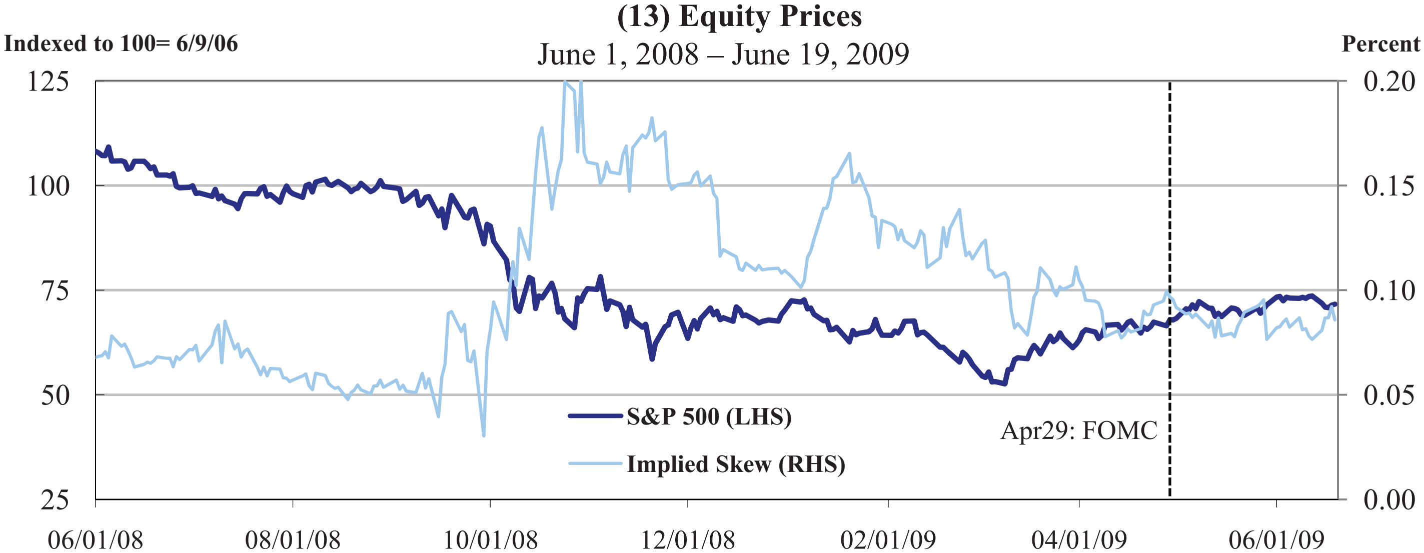
Source: Bloomberg

(12) Corporate Debt Spreads
June 1, 2008 – June 19, 2009



Source: Bank of America

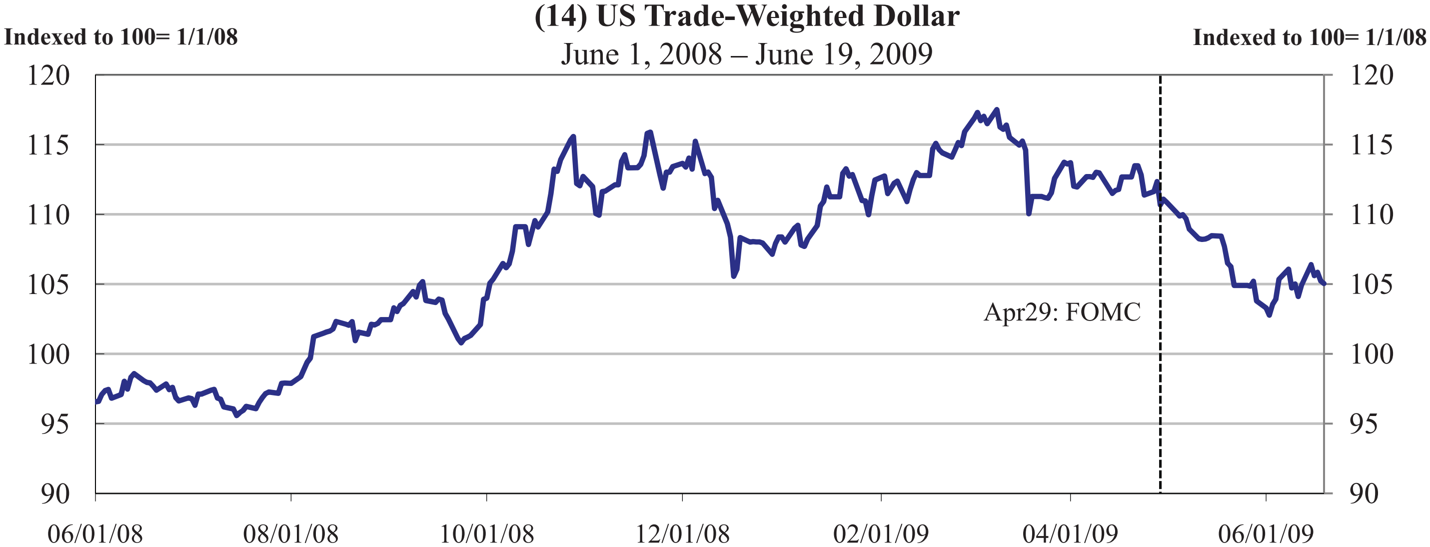
(13) Equity Prices
June 1, 2008 – June 19, 2009



*Implied skew is based on 90-day 25 delta put minus call

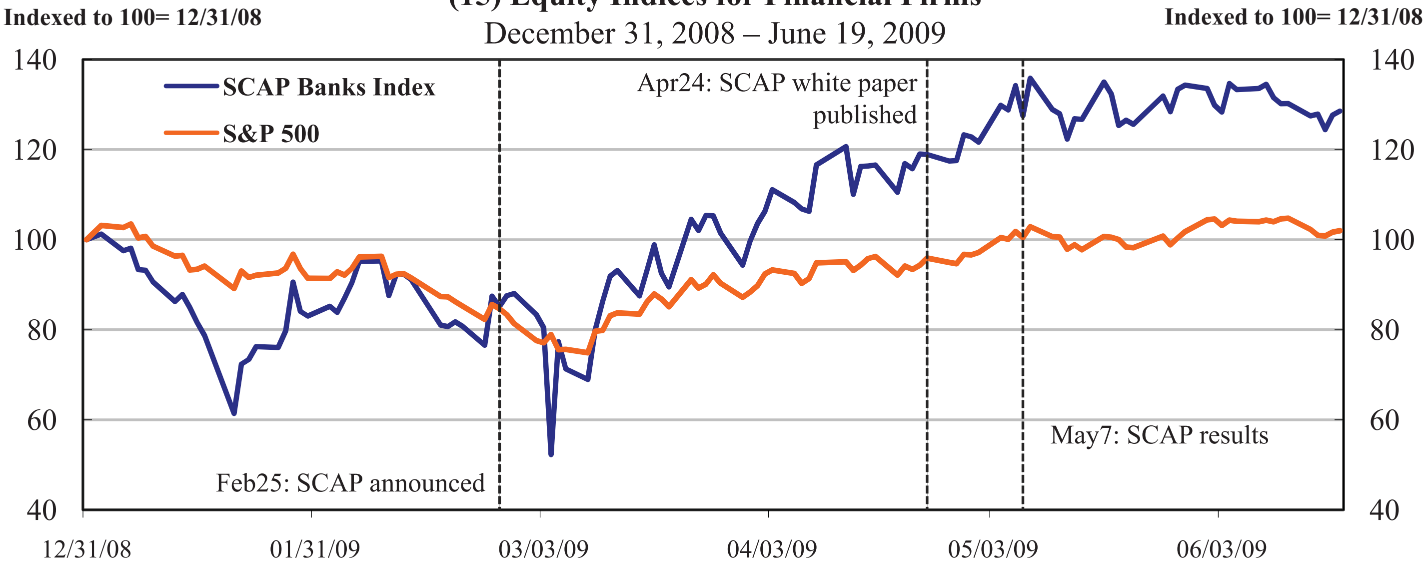
Source: Optionmetrics

(14) US Trade-Weighted Dollar
June 1, 2008 – June 19, 2009



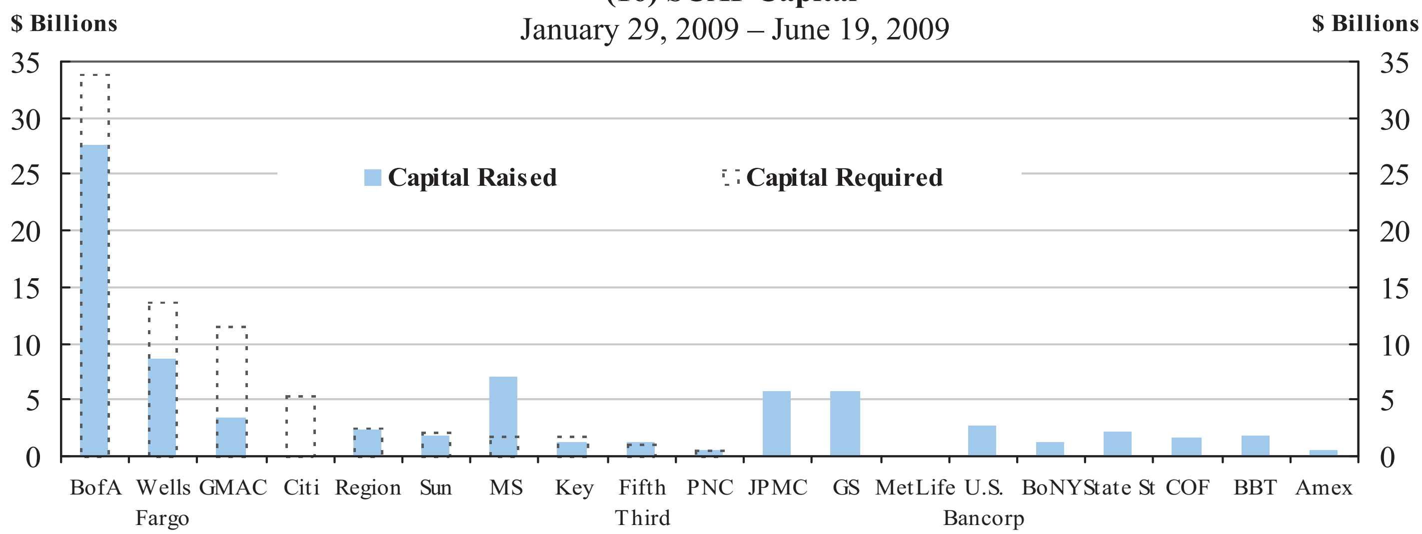
Source: Bloomberg

(15) Equity Indices for Financial Firms
December 31, 2008 – June 19, 2009



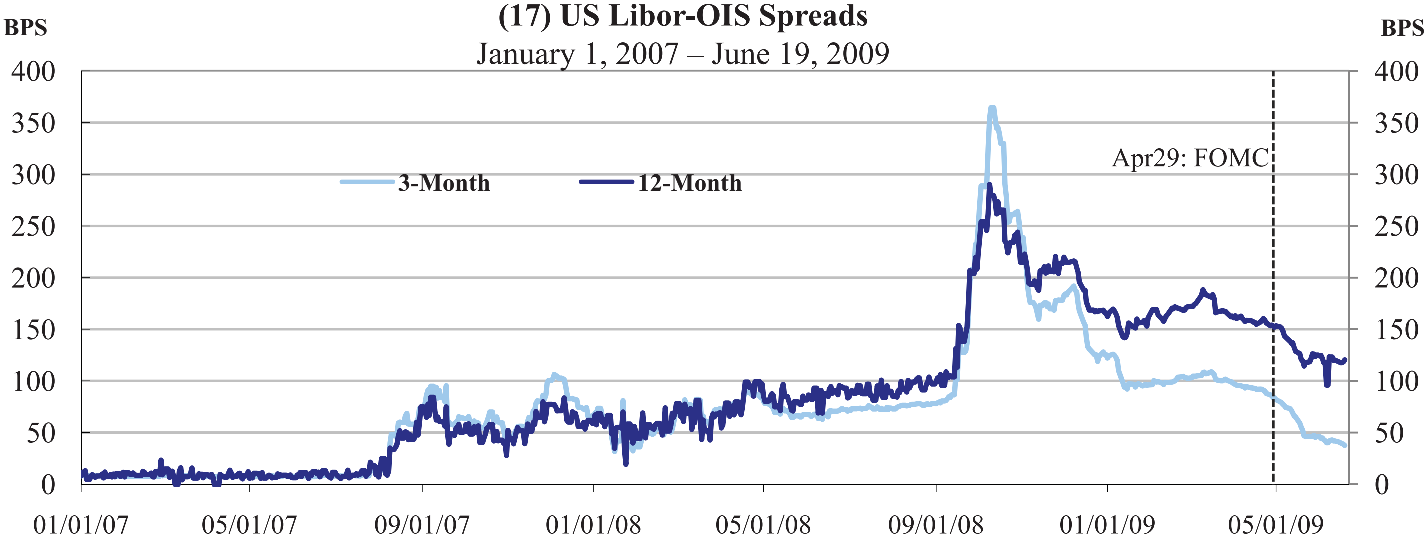
Source: Bloomberg

(16) SCAP Capital
January 29, 2009 – June 19, 2009



Source: Federal Reserve Bank of New York Staff Estimates

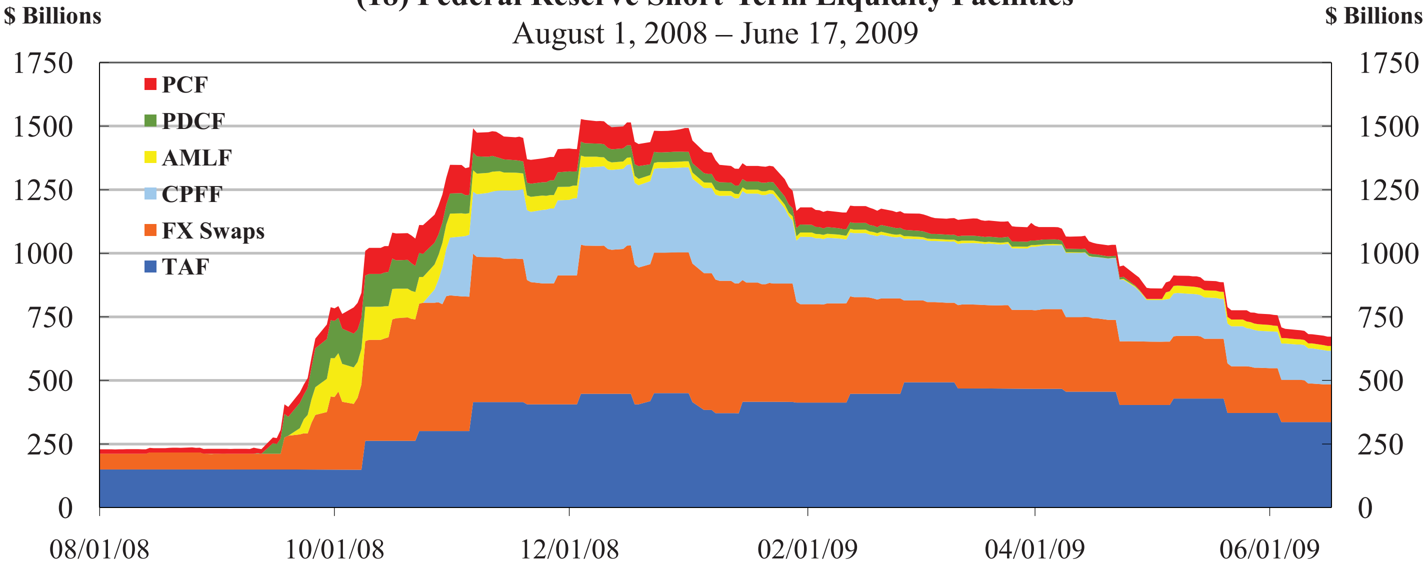
(17) US Libor-OIS Spreads
January 1, 2007 – June 19, 2009



Source: Bloomberg

(18) Federal Reserve Short-Term Liquidity Facilities

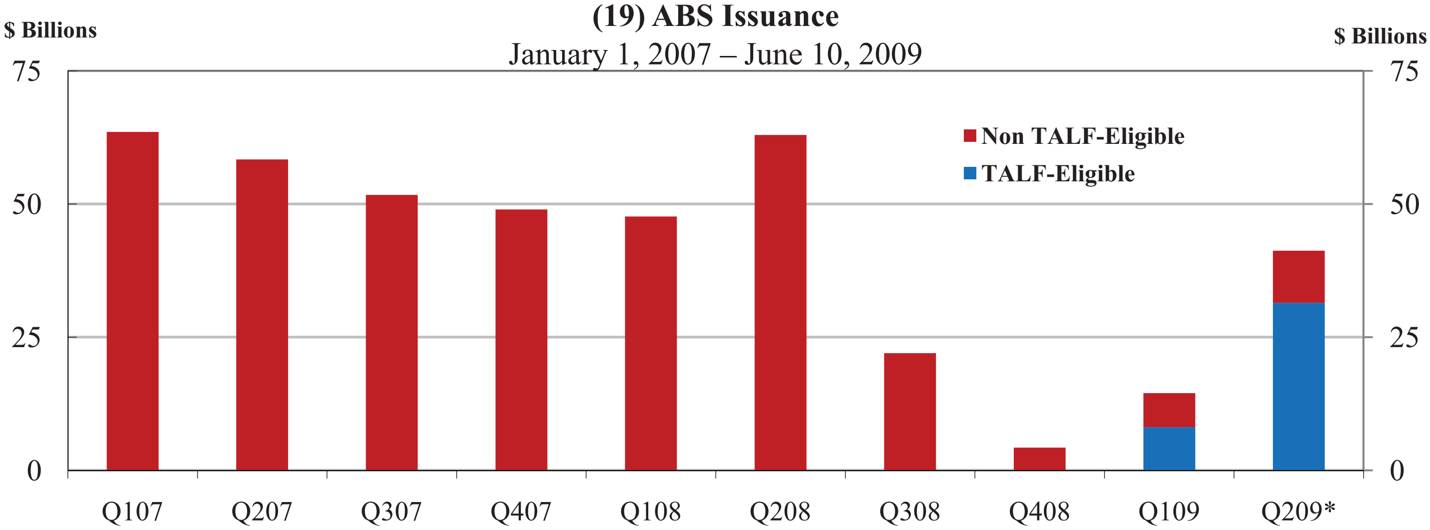
August 1, 2008 – June 17, 2009



Source: Federal Reserve Bank of New York

(19) ABS Issuance

January 1, 2007 – June 10, 2009

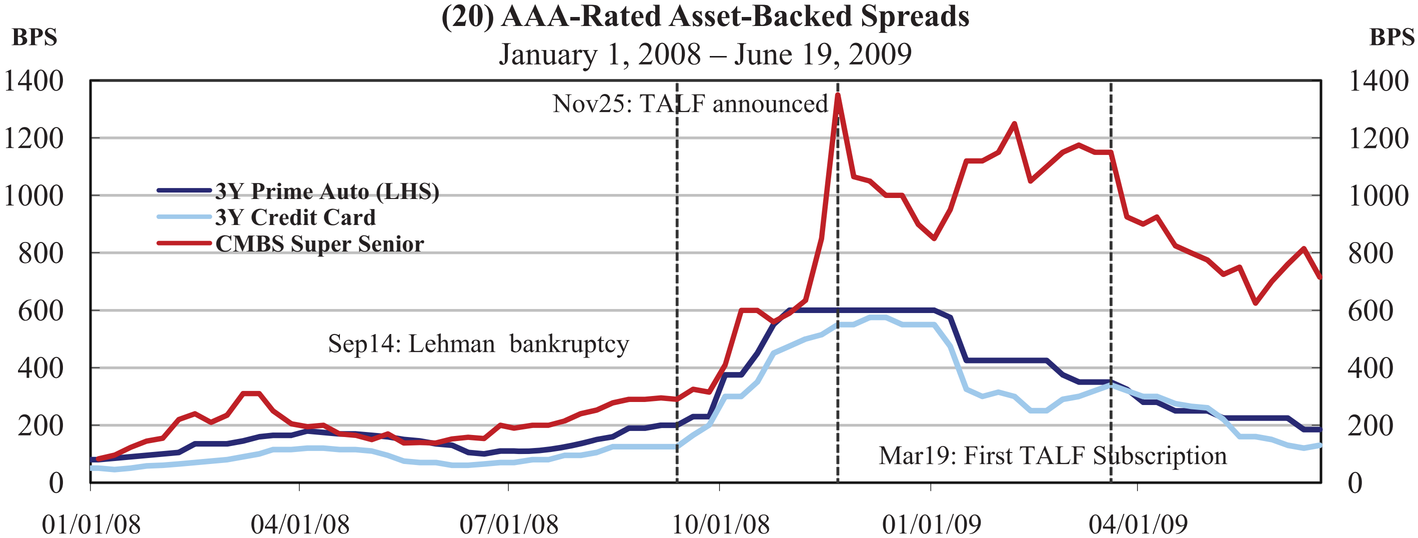


*Data for Q209 includes issuance through June 10, 2009

Source: Federal Reserve Bank of New York, JP Morgan Chase

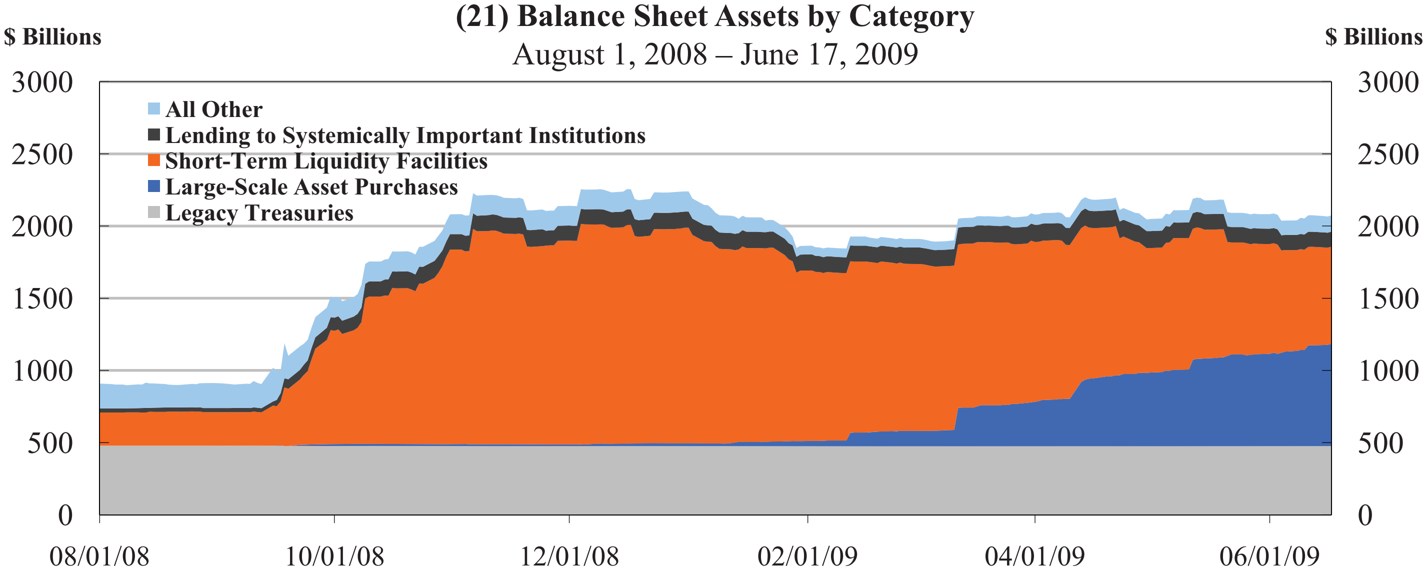
(20) AAA-Rated Asset-Backed Spreads

January 1, 2008 – June 19, 2009



Source: JPMorgan Chase

(21) Balance Sheet Assets by Category
August 1, 2008 – June 17, 2009



Source: Federal Reserve Bank of New York

Appendix 2: Materials used by Mr. Carpenter

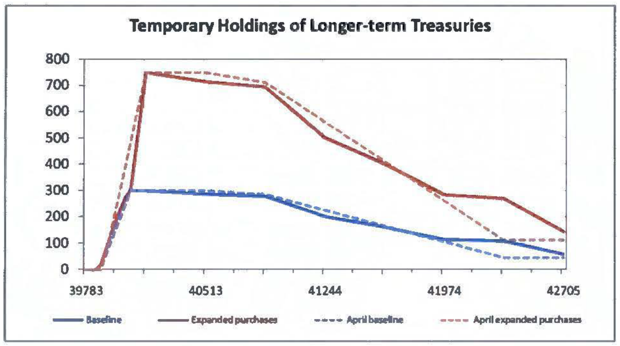
Class I FOMC – Restricted Controlled (FR)

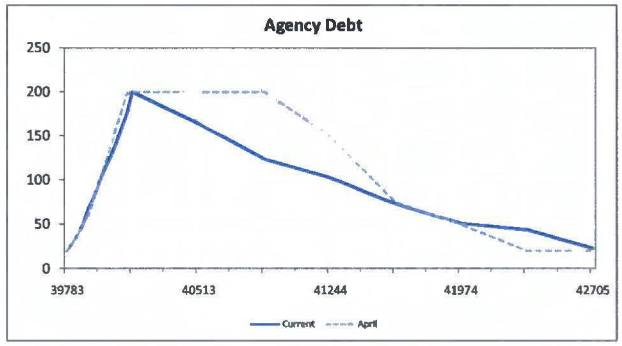
Material for
FOMC Briefing on Projections of the Balance Sheet, the Monetary Base, and Federal Reserve Income

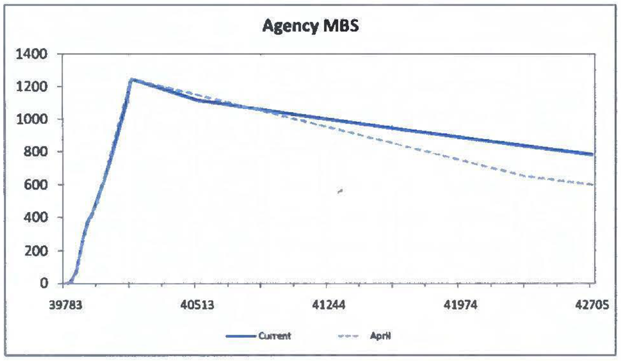
Seth Carpenter
June 23, 2009

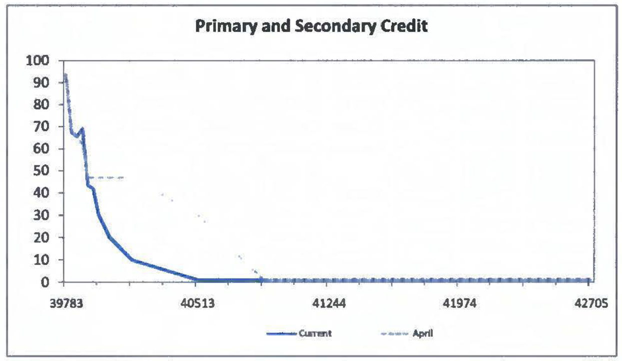
Exhibit 1: Individual Balance Sheet Item Profiles

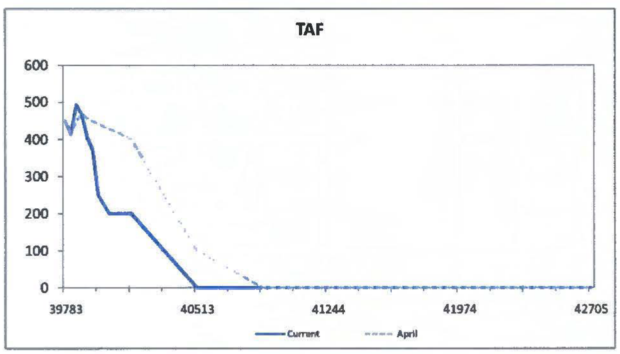
Asset Purchases and Federal Reserve Liquidity and Credit Facilities

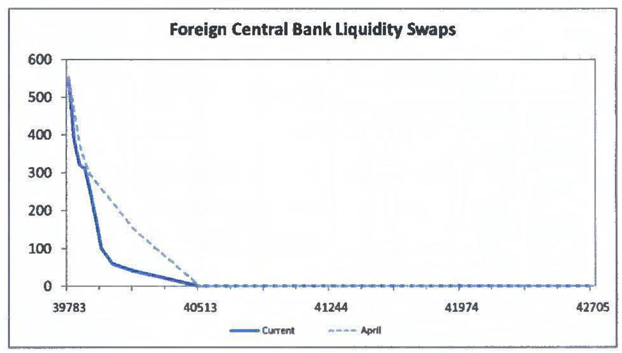


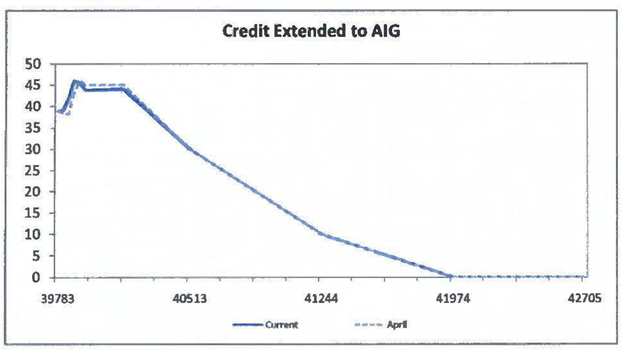


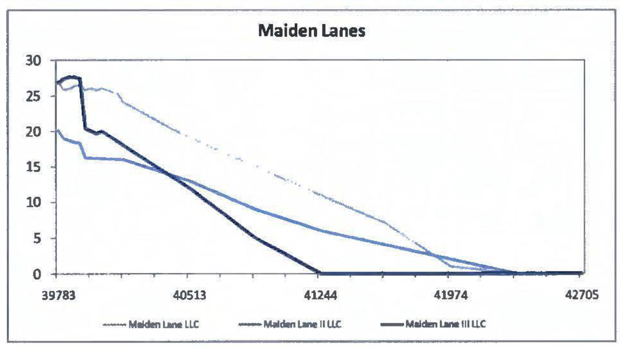








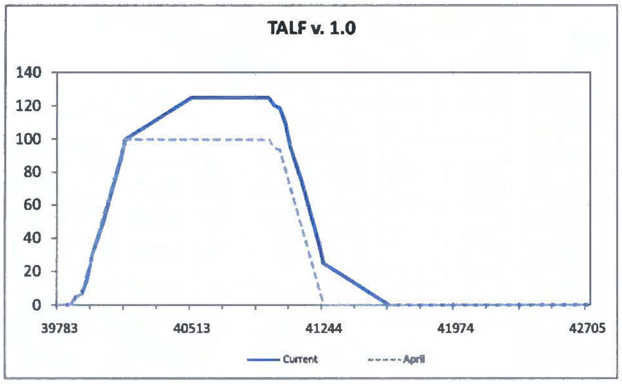


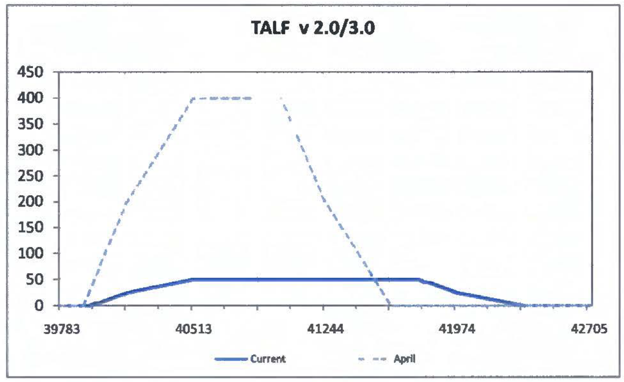


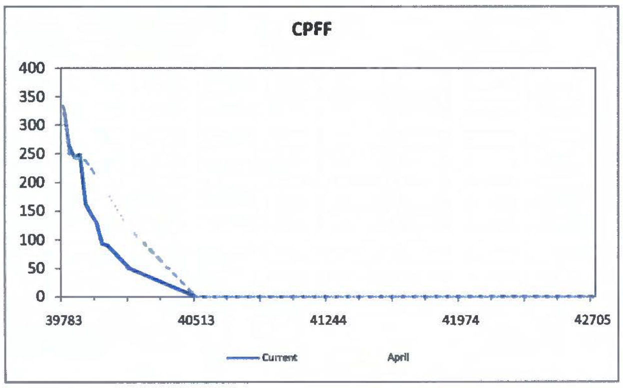
*Corrected versions of these charts are available on page 248 of 261.

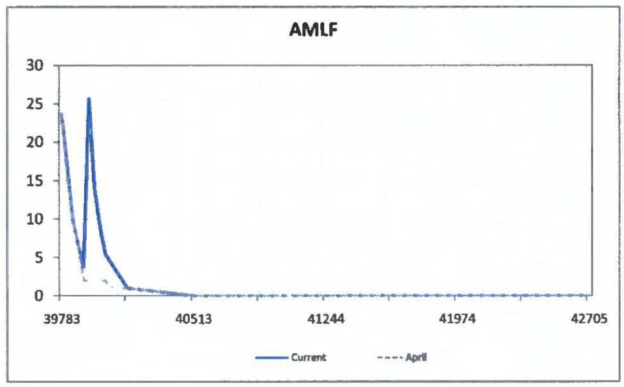
Exhibit 1: Individual Balance Sheet Item Profiles, continued

Federal Reserve Liquidity and Credit Facilities, continued

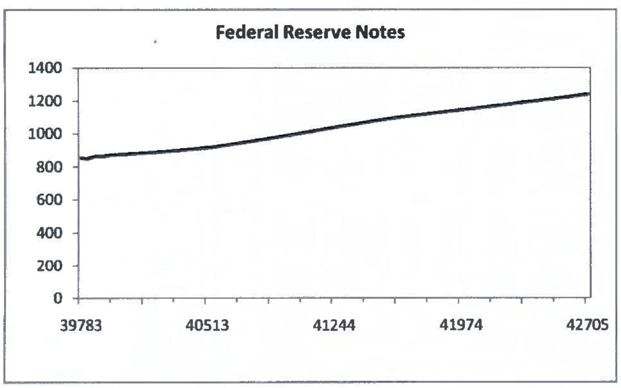


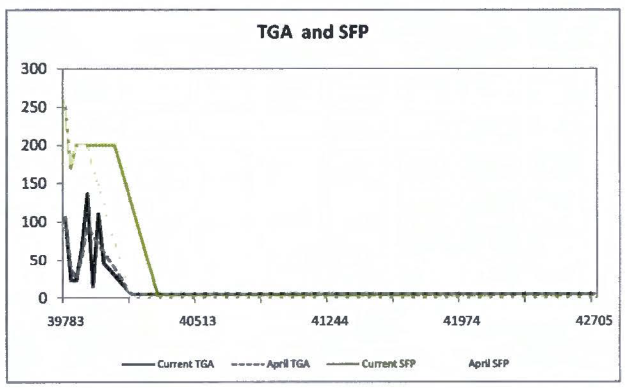


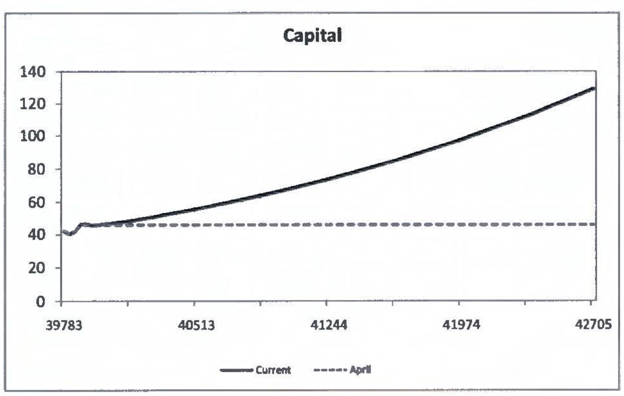


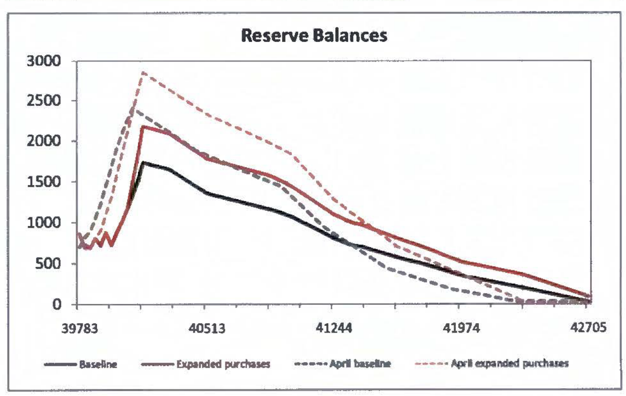


Federal Reserve Liabilities and Capital



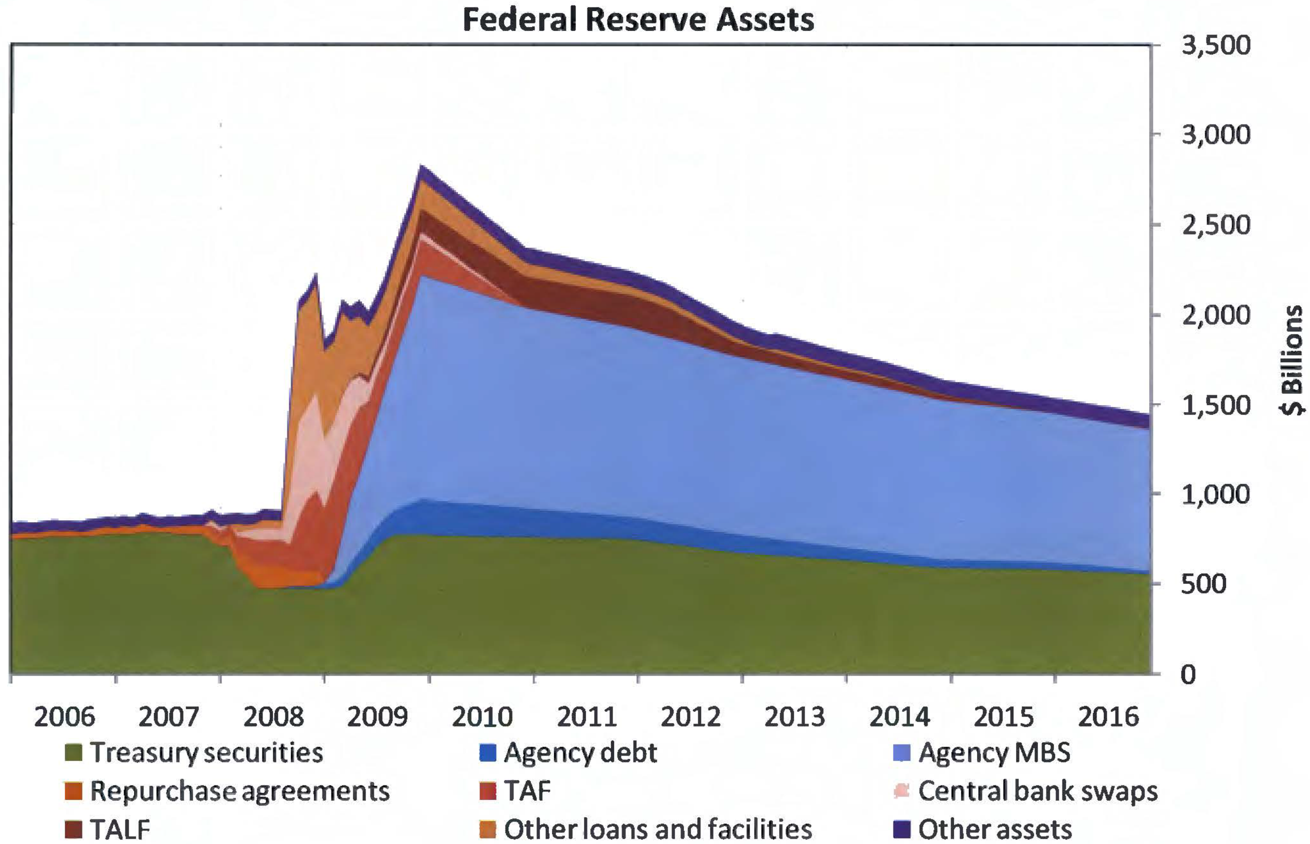






*Corrected versions of these charts are available on page 249 of 261.

Exhibit 2: Baseline Balance Sheet Projections



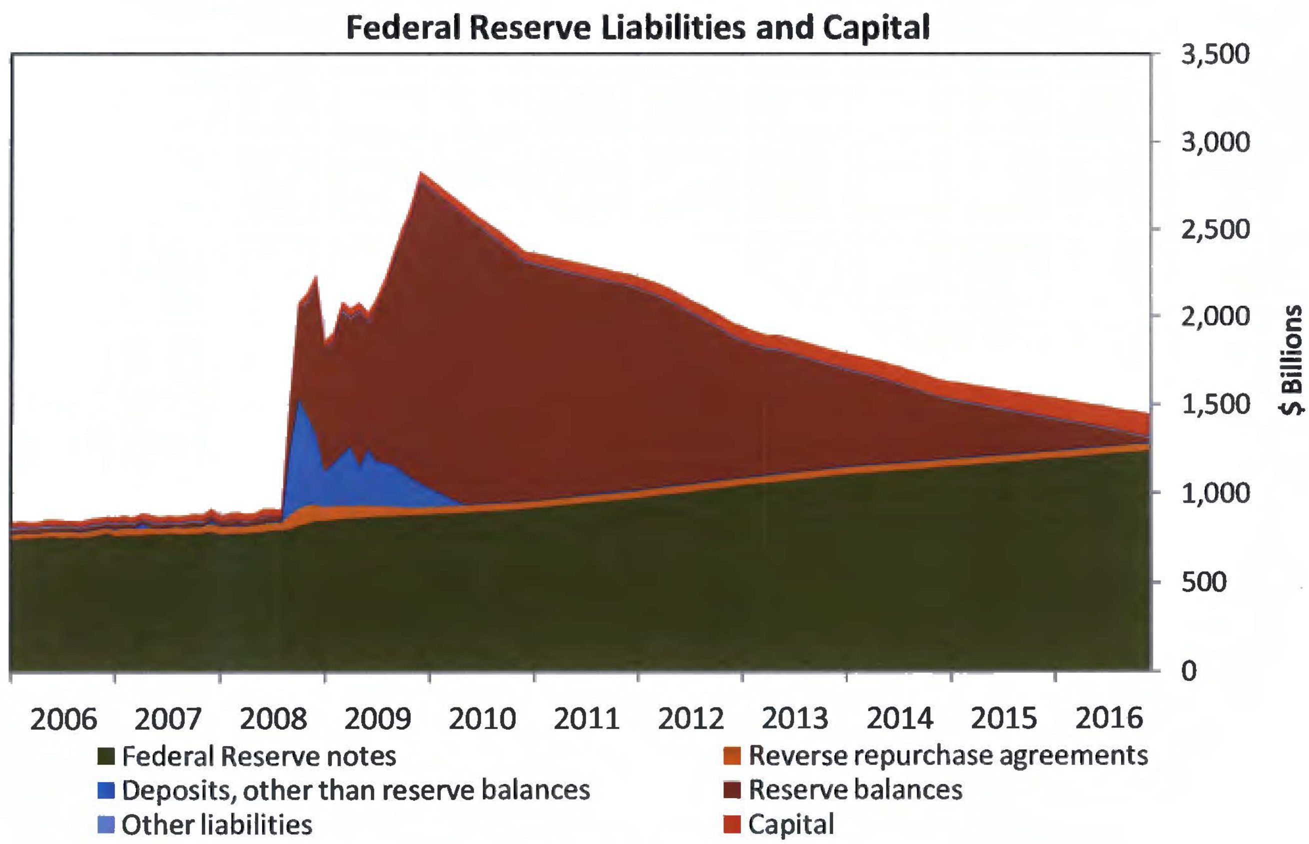
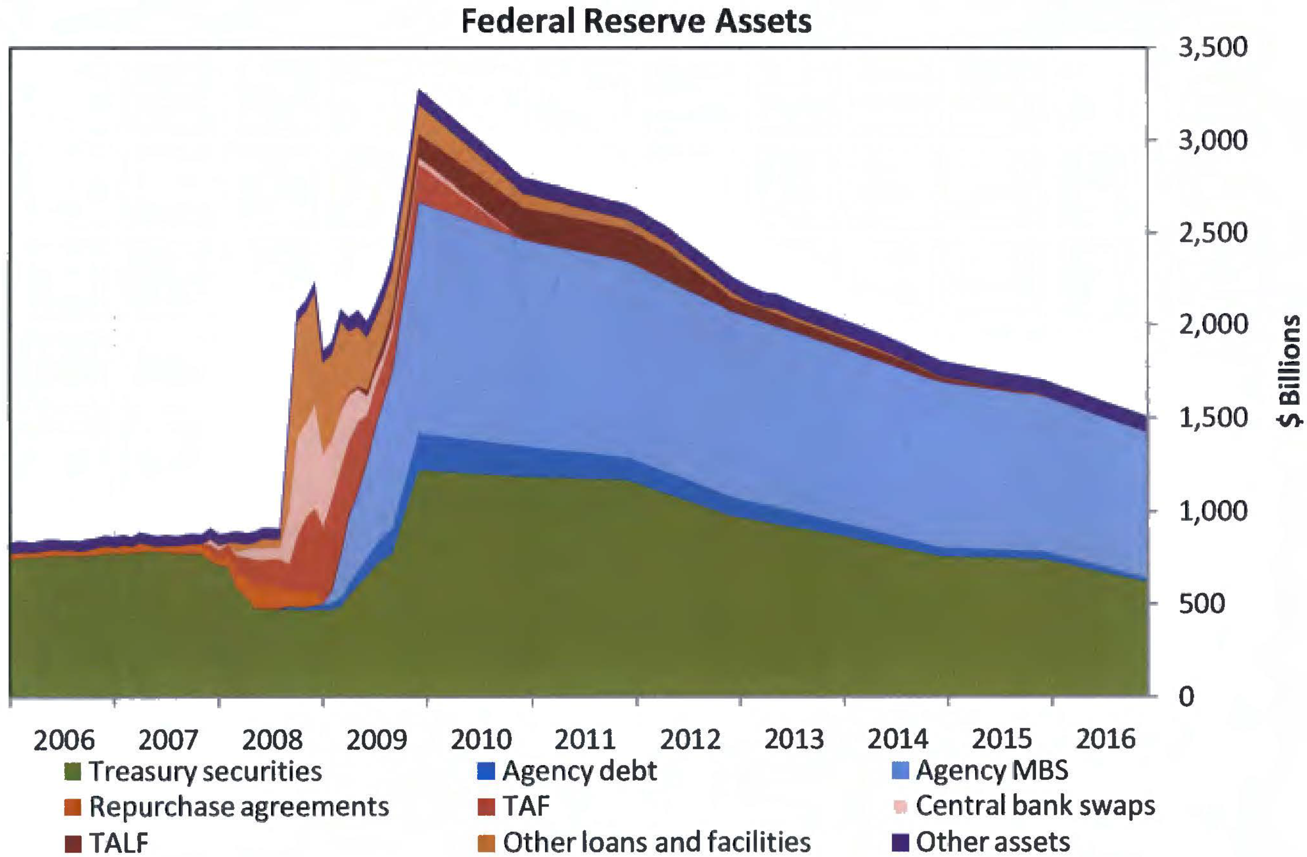


Exhibit 3: Expanded Balance Sheet Projections



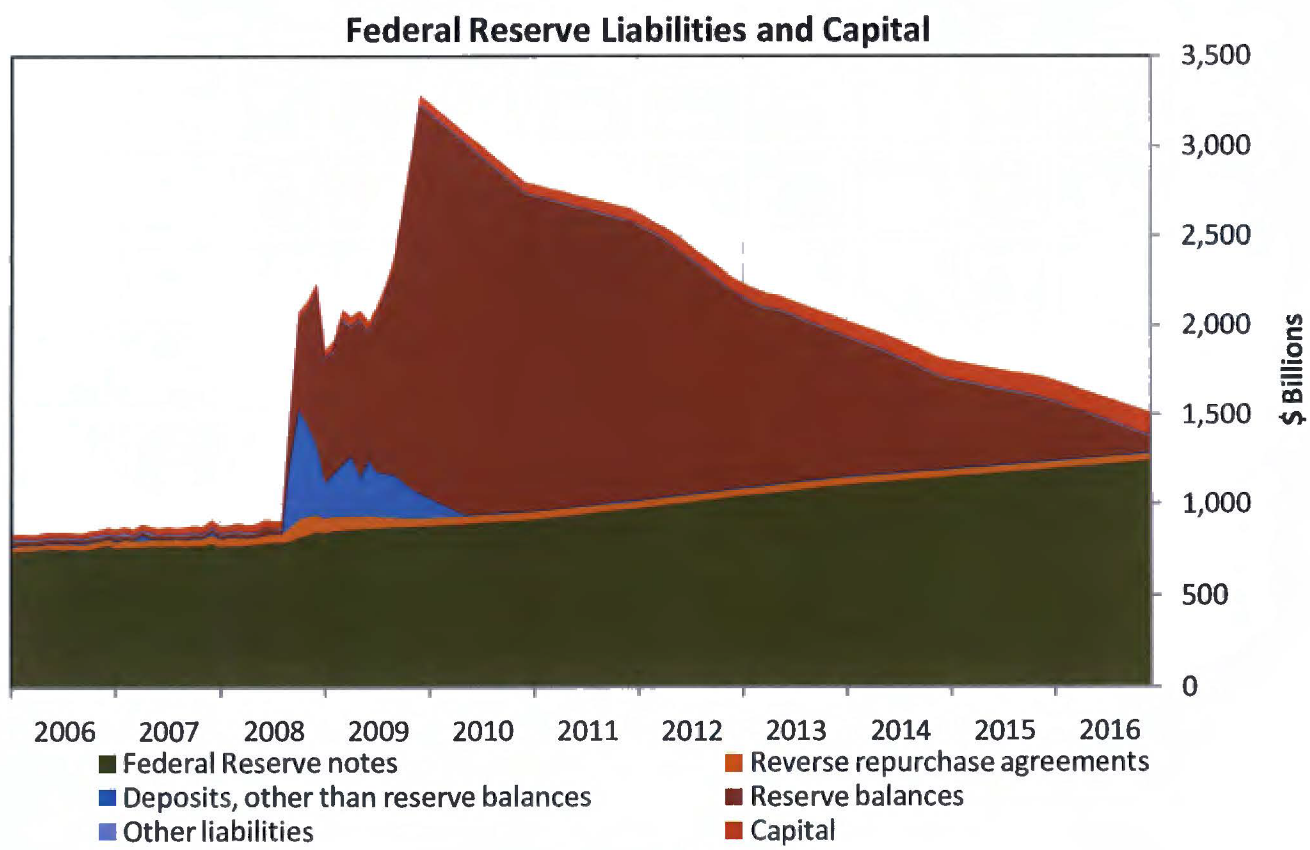


Exhibit 4

Growth Rates for Monetary Base			
Date	Baseline	Expanded Purchases	April Baseline
	Percent, annual rate		
	Monthly		
Jun-09	-52.1	-52.1	60.2
Jul-09	-0.4	-0.4	131.9
Aug-09	99.3	99.3	133.9
Sep-09	97.3	97.3	120.5
Oct-09	103.1	148.3	98.1
Nov-09	95.7	173.1	79.9
Dec-09	102.1	163.8	71.1
	Quarterly		
Q2 2009	24.9	24.9	38.4
Q3 2009	22.7	22.7	111.9
Q4 2009	108.2	157.0	107.3
Q1 2010	48.0	78.6	26.2
Q2 2010	-7.1	-6.7	-17.2
Q3 2010	-15.6	-14.0	-17.9
Q4 2010	-19.0	-16.9	-18.8
	Annual - period average		
2009	92.5	98.2	120.3
2010	32.5	51.3	34.4
2011	-11.1	-10.0	-14.1
2012	-9.0	-10.0	-14.4
2013	-12.4	-14.2	-25.0
2014	-9.3	-11.2	-19.7
2015	-9.2	-10.3	-14.8
2016	-7.7	-10.2	2.3

Note: Not seasonally adjusted

Class I FOMC - Restricted Controlled (FR)

Exhibit 5
Projected Federal Reserve Net Income

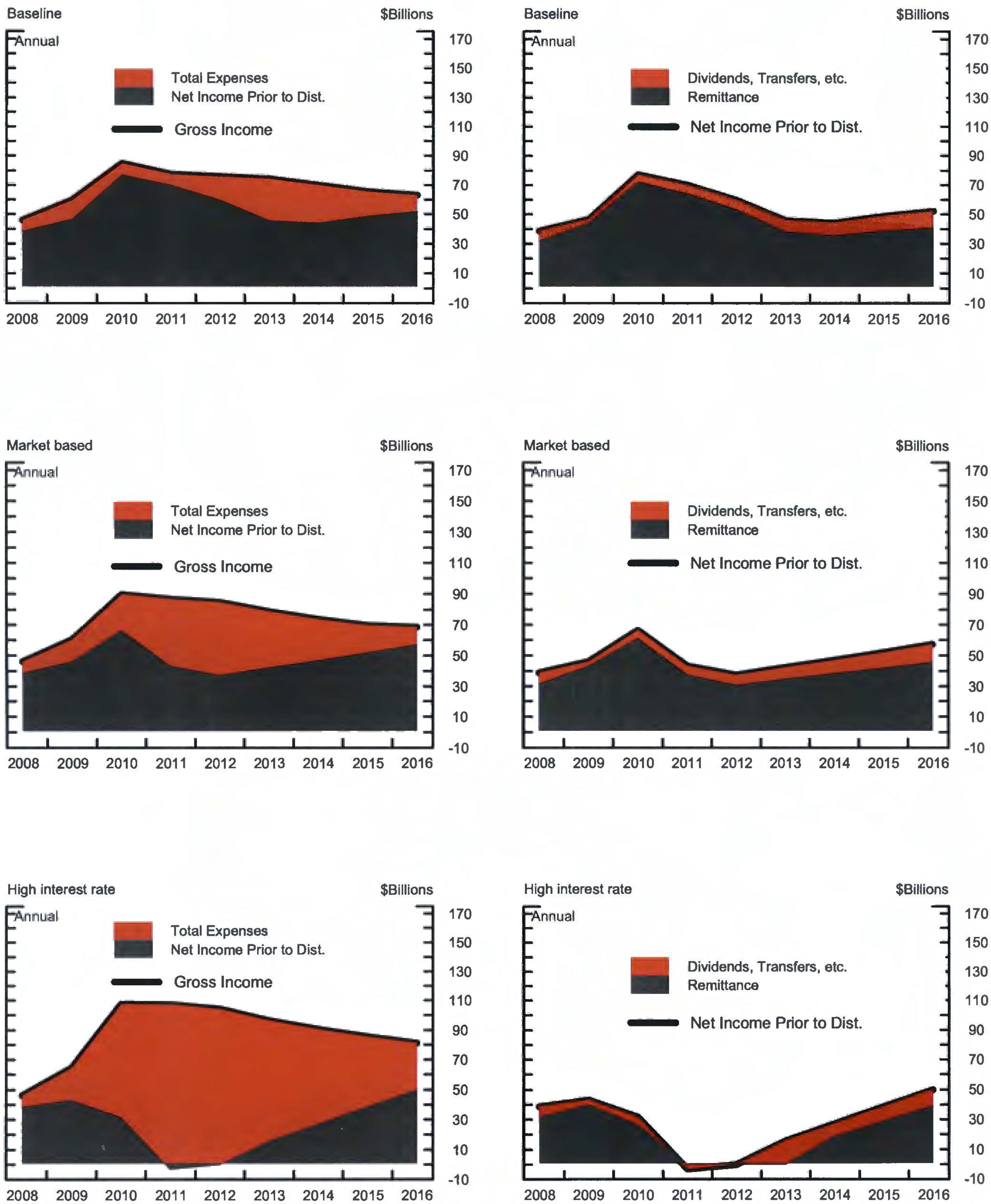
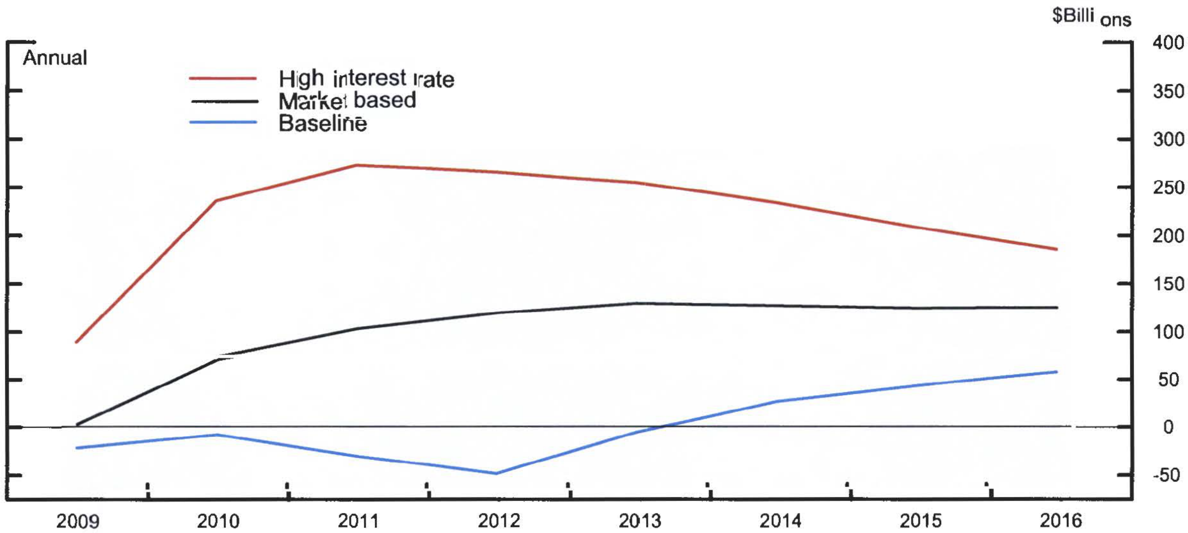


Exhibit 6
Projected Mark-to-Market Losses on the SOMA Portfolio



Appendix 3: Materials used by Mr. English

Class II FOMC – Restricted (FR)

Material for

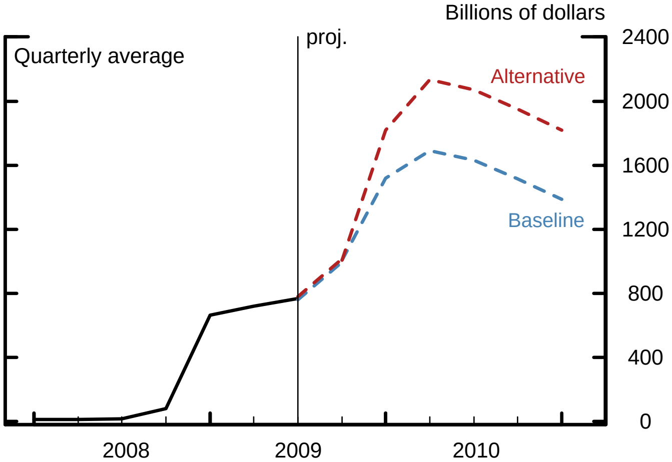
FOMC Briefing on Possible Effects of Very High Reserve Balances on Bank Balance Sheets

Bill English
June 23, 2009

Exhibit 1

Reserve Balances and Regulatory Leverage Ratios

Reserve balances of depository institutions



Source. Federal Reserve and staff estimates.

Regulatory leverage ratio

- Definition:

$$\frac{\text{Tier 1 capital}}{\text{Average total assets}}$$

- Ratio > 5.0 for a ‘‘well capitalized’’ bank

Leverage Ratio Projections

Projection assumptions

- Reserve balances expand in line with Bluebook scenarios
- Other assets unchanged
- Tier 1 capital declines

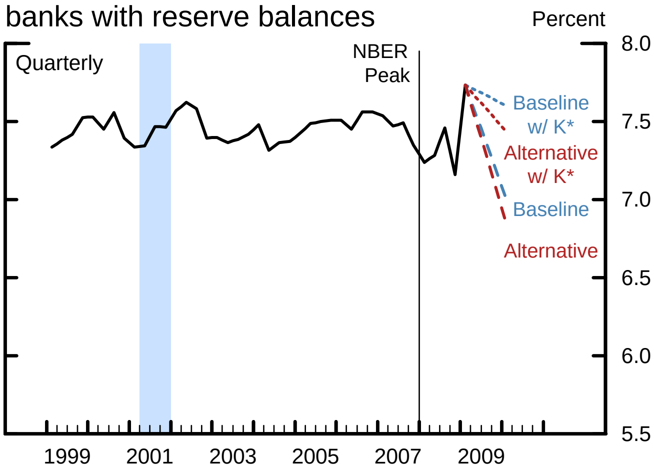
Baseline results

Billions of dollars

	Actual 2009:Q1	Projected 2010:Q1
Tier 1 capital	836	790
Reserve balances	491	982
Average total assets	10,811	11,302
Leverage ratio (aggregate; percent)	7.73	6.99

Note. Baseline scenario without any capital downstreamed to banks after 2009:Q1. All commercial banks with reserve balances.
Source. Call Reports and staff estimates.

Aggregate leverage ratio of commercial banks with reserve balances



* Assumes that all capital raised as a result of the SCAP is downstreamed to subsidiary banks.
Source. Call Reports and staff estimates.

Other results

- Broadly similar results for BHCs
- Leverage ratios for some individual banks could fall to low levels relative to regulatory norms
  - Individual institutions can take steps to reduce unwanted reserves

Exhibit 2

Qualitative Information and Policy Options

Information from consultations with Federal Reserve System staff

- Banking organizations have not expressed material concerns about their reserve balances
- Some banks have maintained high levels of reserve balances as a liquidity buffer
- Some banks have profited by exploiting the spread between the rate paid on excess reserves and the cost of borrowing
- Banks thought that they could reduce their reserve balances if they chose
- Banking organizations have not discussed with System staff the possible effects of increased systemwide reserves

Summary

- Depository institutions should not be significantly adversely affected by the anticipated levels of reserve balances
- No policy response appears necessary at this time
- Considerable uncertainty remains
- Staff will continue to monitor the impact on depository institutions

Policy options

- Option 1: Drain reserves
- Option 2: Exclude reserve balances from leverage ratio for all banking institutions
- Option 3: Exclude reserve balances from leverage ratio for selected banking institutions
- Option 4: Issue supervisory guidance

Appendix 4: Materials used by Messrs. Clouse and Hilton

Class I FOMC– Restricted-Controlled (FR)

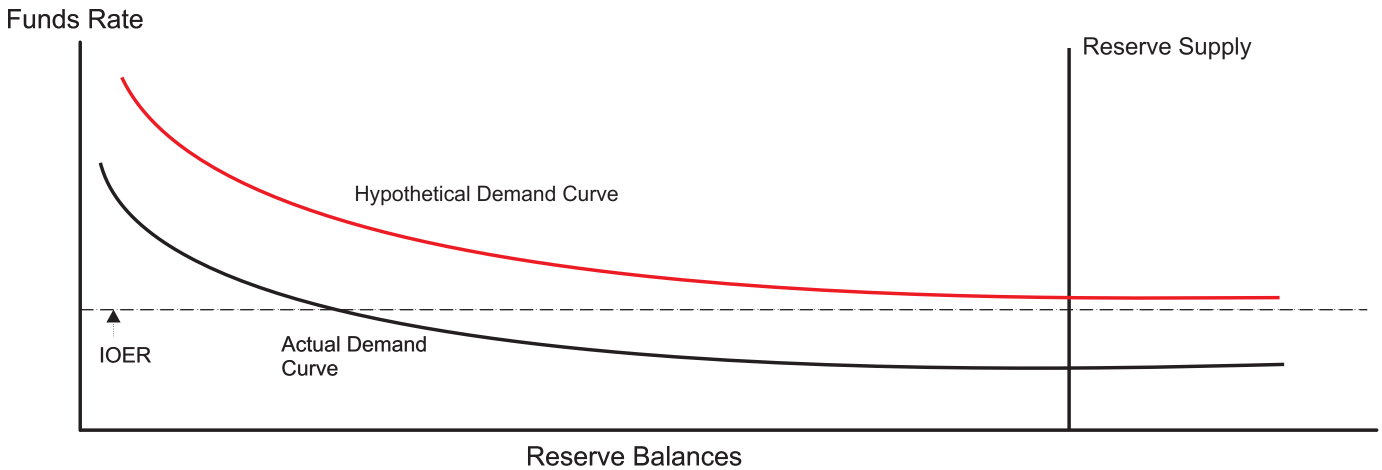
Material for

FOMC Briefing on Reserve Management Tools to Target a Higher Policy Rate

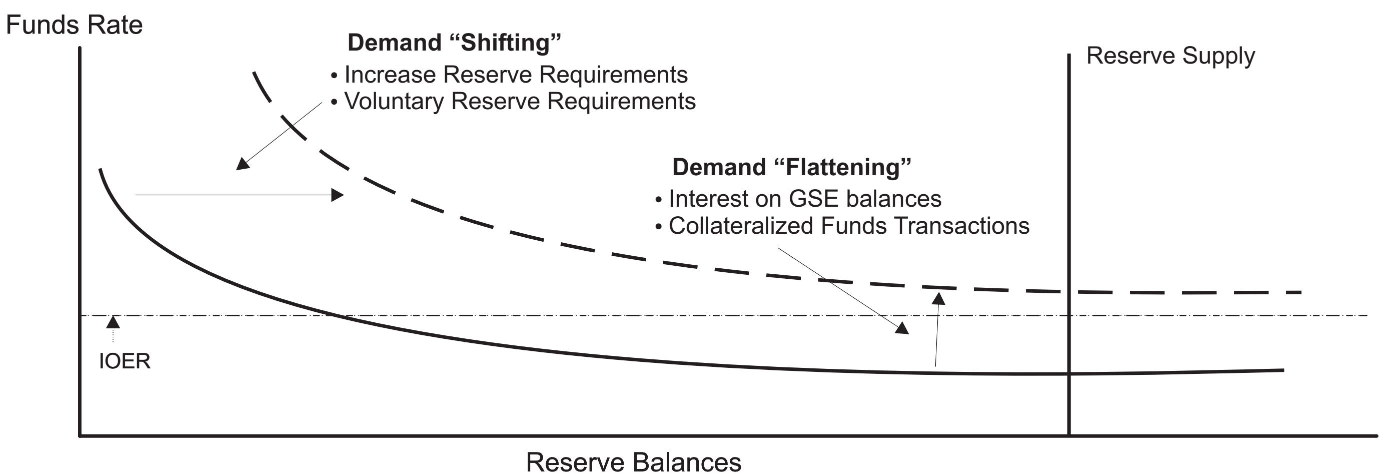
Jim Clouse
Spence Hilton
June 23, 2009

Exhibit 1

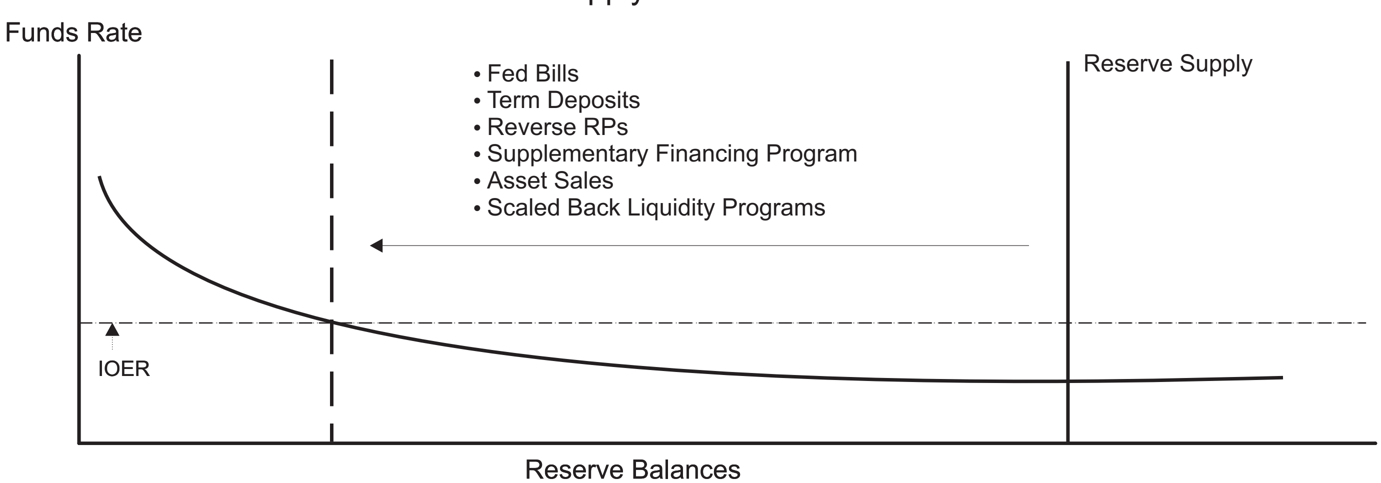
Reserve Market



Demand Side Tools



Supply Side Tools



Appendix 5: Materials used by Mr. Madigan

Class I FOMC – Restricted Controlled (FR)

Material for Briefing on Staff Proposal Regarding Liquidity Facilities

Brian Madigan
June 23, 2009

June 23, 2009

Staff Proposal for Extension of and Modifications to Various Liquidity Facilities

	13(3)[i]	Extend[ii]	Near-term Modification	Longer-term Proposal
Depository institution facilities				
1. Primary credit		NA	None	Increase spread, eliminate term loans
2. TAF		NA	1. Reduce auction amounts to $125 billion 2. Optionally, raise minimum bid rate	One small monthly or quarterly auction
3. Foreign currency swaps		✓	None	Allow to expire on 2/1/10, but study possible longer-term facility
Primary dealer facilities				
4. PDCF	✓	✓	Increase haircuts for most types of investment-grade and noninvestment-grade collateral	1. Later this year, restrict collateral to investment-grade 2. Allow to expire on 2/1/10
5. TSLF	✓	✓	1. Suspend Schedule 1 auctions 2. Offer $75 billion of Schedule 2 monthly 3. Terminate TOP auctions	Allow to expire on 2/1/10
Specific market and institution facilities				
6. AMLF	✓	✓	Require that ABCP pledged as collateral has been purchased from a money fund experiencing material redemptions.	Allow to expire on 2/1/10
7. CPFF	✓	✓	None	Allow to expire on 2/1/10
8. MMIFF	✓		None	Allow to expire on 10/30/09
9. TALF	✓		None	
10. GSE facility[iii]		NA	None	Rescind

NA—not applicable.
[i] Relies on Section13(3) authority.
[ii] Extend facility to February 1, 2010.
[iii] GSE facility was approved under Section 13(13) of the Federal Reserve Act.

Appendix 6: Materials used by Messrs. Kiley and Sheets

Class II FOMC - Restricted (FR)

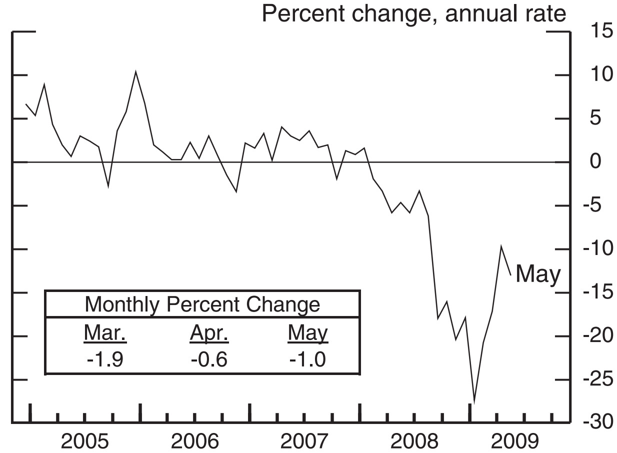
Exhibit 1

Recent Indicators

Change in Private Payroll Employment

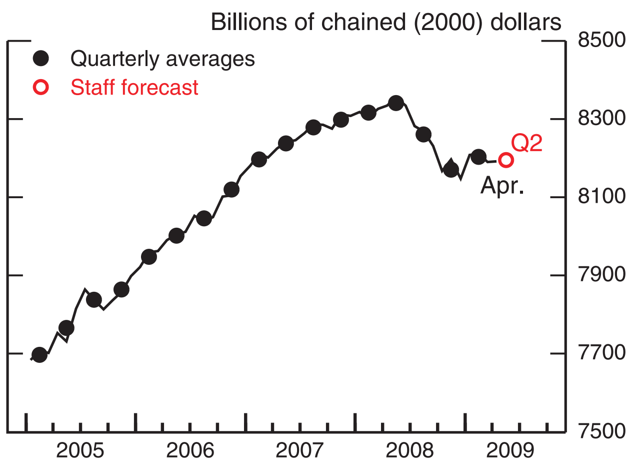
Note: Three-month moving average.

Manufacturing IP

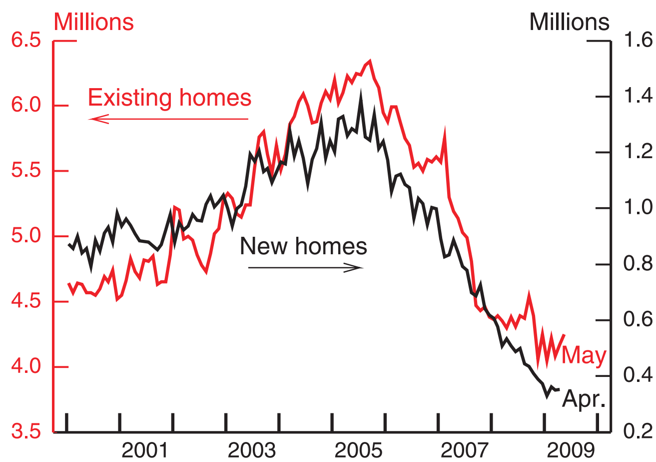


Note: Three-month percent changes.

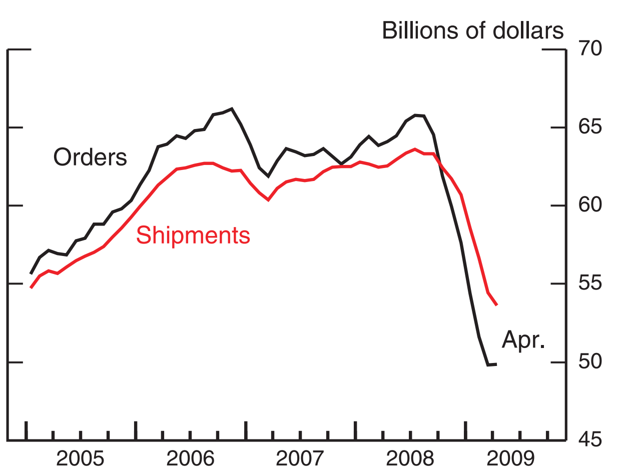
Real Personal Consumption Expenditures



Sales of Single-Family Homes



Orders and Shipments of Nondefense Capital Goods*



* Excluding aircraft.
Note: Three-month moving average.

Real GDP Forecast
(Percent change, annual rate)

	Current	Apr. GB
2009:Q1	-5.5	-6.3
2009:Q2	-1.0	-1.5
2009:Q3	0.7	0.4

Class II FOMC - Restricted (FR)

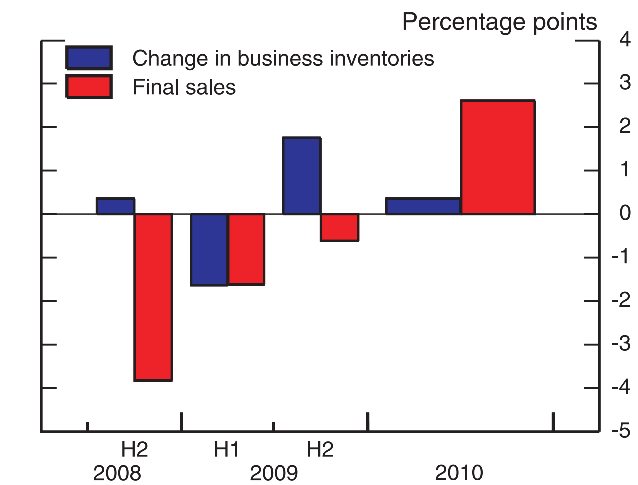
Exhibit 2

Medium-Term Outlook

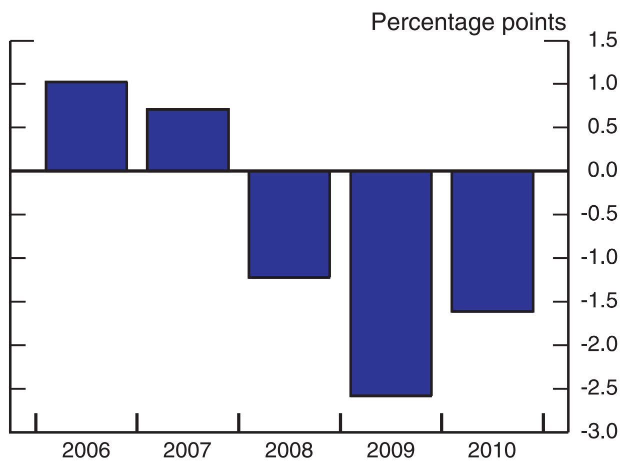
Factors Affecting GDP Forecast

- Inventory dynamics provide a lift in the second half of this year.
- Housing stabilizes and we expect construction to turn up next year.
- Risk premiums on corporate equity and debt decline further, contributing to gains in wealth and a lower cost of capital.

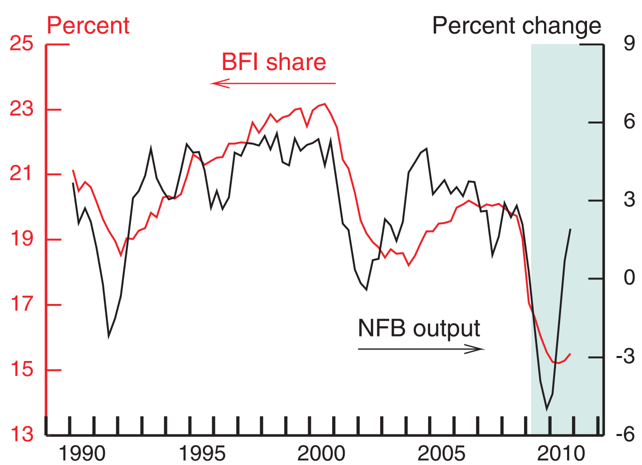
Contributions to Growth in Real GDP



Contribution of Wealth to PCE Growth



BFI and the Accelerator



Note: BFI share equals nominal BFI divided by nominal nonfarm business (NFB) output. NFB output growth is measured as the percent change from four quarters earlier, lagged two quarters.

Real GDP Forecast

(Percent change, annual rate)

	Current	Apr. GB
2009:H1	-3.3	-3.9
2009:H2	1.1	0.8
2010	3.0	2.6

Class II FOMC - Restricted (FR)

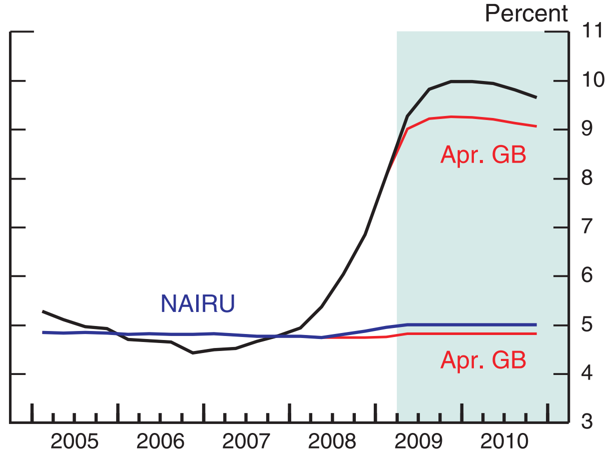
Exhibit 3

Inflation

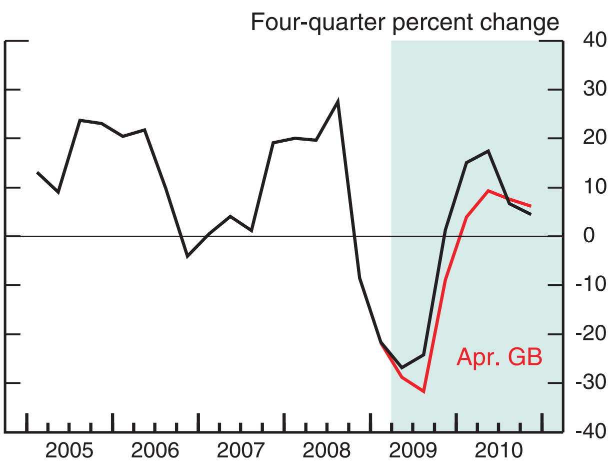
PCE Price Index

	Total	Core
Percent change, a.r.:		
2008:Q4	-4.9	0.9
2009:Q1	-1.0	1.5
Q2	1.5	2.3
Monthly percent change:		
2009:March	0.0	0.2
April	0.1	0.3
May	0.1	0.1

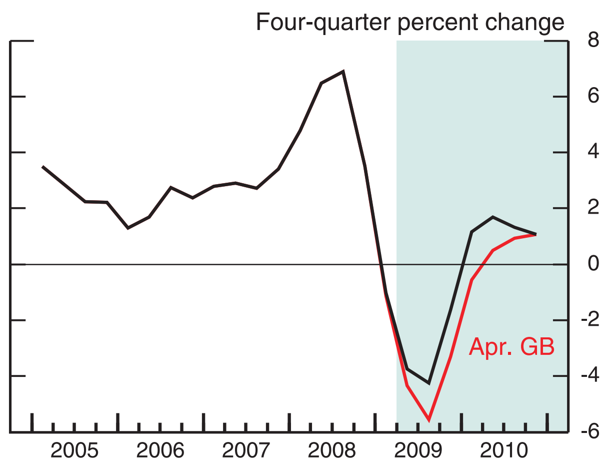
Unemployment Rate



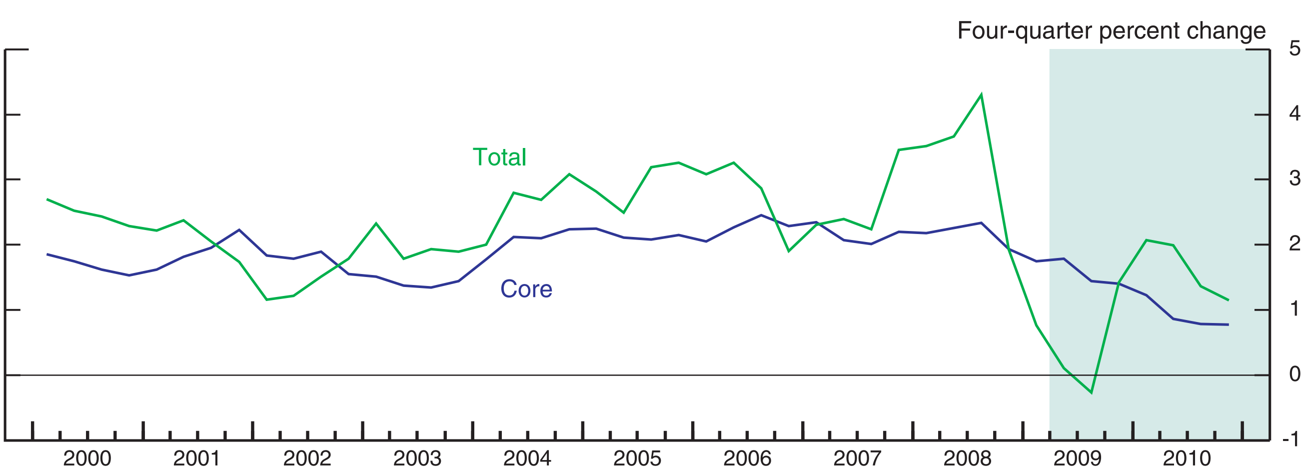
PCE Energy Prices



Core Nonfuel Import Prices



PCE Price Index

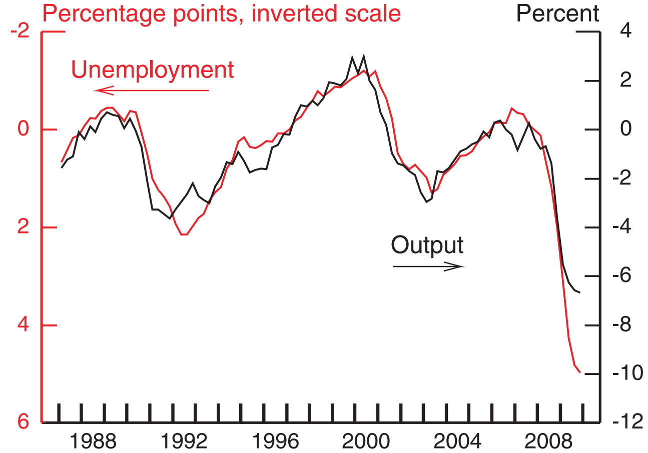


Class II FOMC - Restricted (FR)

Exhibit 4

Risk I: Uncertainty Regarding Resource Utilization

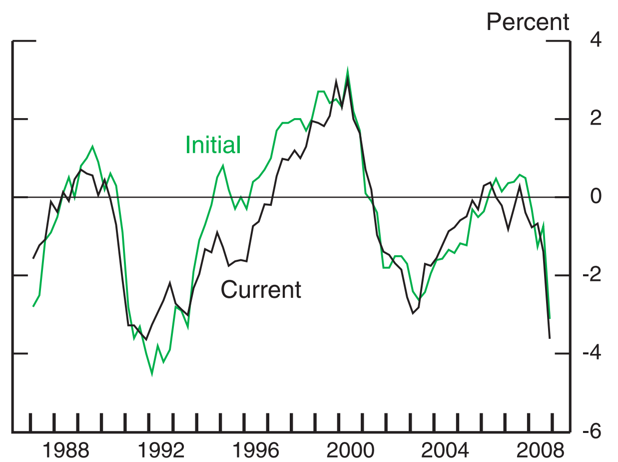
Output and Unemployment Gaps



Interpreting Recent Output and Unemployment Gaps

- Output and unemployment gaps typically provide similar signals.
- Possible explanations for recent discrepancy:
  - GDP data understate contraction.
  - Participation boosted by EUC, wealth decline, or other factors.
  - Changes in NAIRU or other elements of potential.

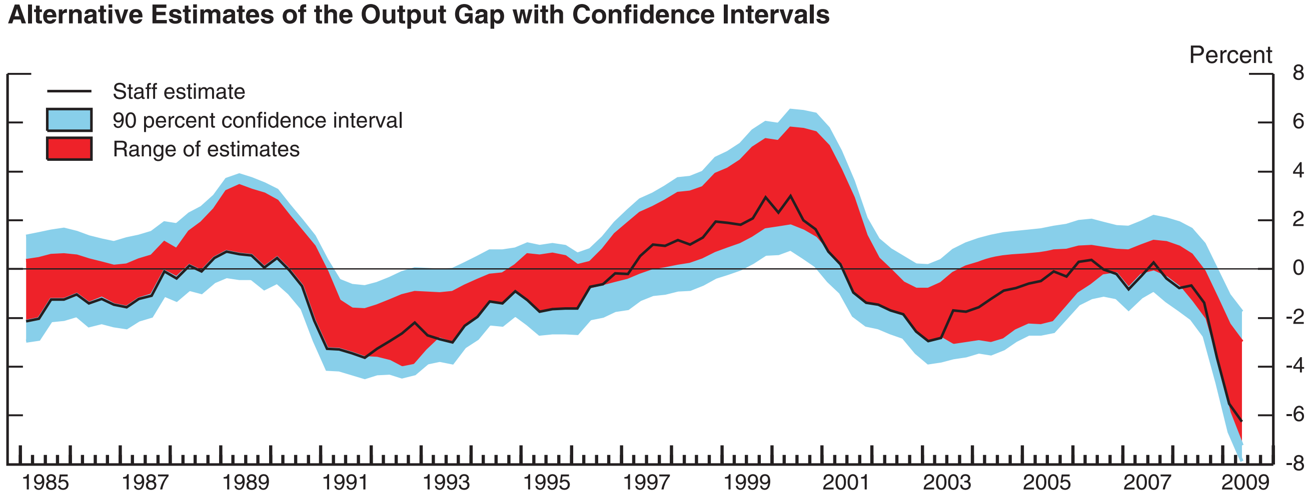
Initial and Current Staff Estimate of the Output Gap (1987-2008)



Model Uncertainty and Resource Utilization

- Different methods imply different estimates of potential.
- Consider three methods:
  - Staff estimate.
  - Trend/cycle Phillips curve model.
  - Estimated DSGE (EDO) model.

Alternative Estimates of the Output Gap with Confidence Intervals



Class II FOMC - Restricted (FR)

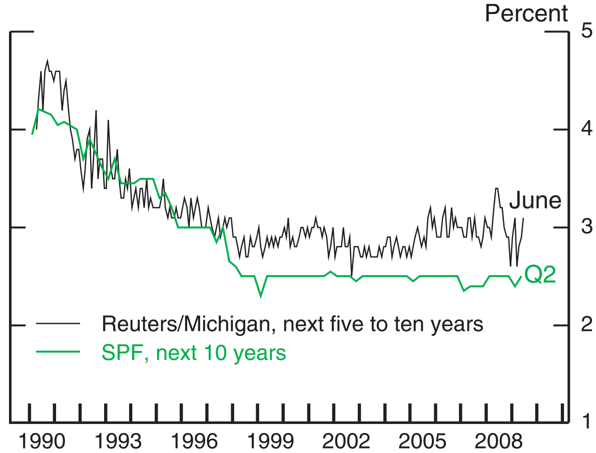
Exhibit 5

Risk II: Inflation Dynamics

Expectations and Inflation

- Long-run inflation expectations have been reasonably well-anchored for some time.
- In our projection, this prevents a sharper deceleration in inflation.
- Un-mooring of expectations is a risk.

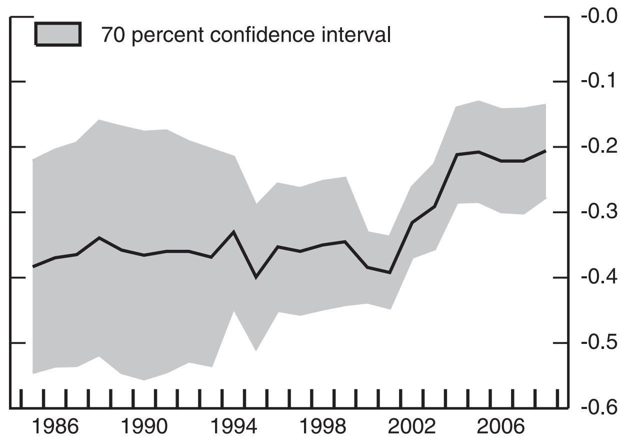
Long-Term Inflation Expectations



Resource Utilization and Inflation

- Inflation appears to be less sensitive to resource utilization than in the past.
- This reduced sensitivity contributed to our projection that inflation will decelerate by less than during similar earlier periods.
- If the effect of utilization on inflation were similar to that during the early 1980s, we could see deflation.

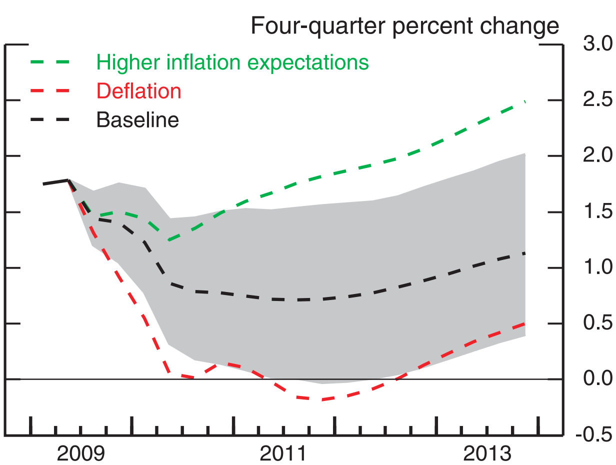
Slope of a Simple Phillips Curve



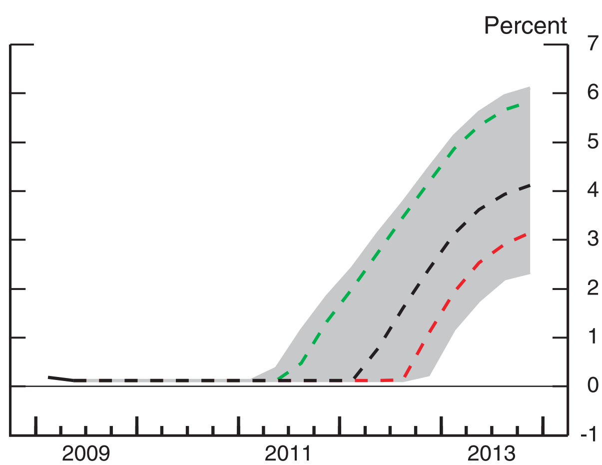
Note: From a Phillips curve for core PCE inflation using annual data and 20-year rolling estimation samples.

Alternative Simulations

Core PCE Prices



Federal Funds Rate

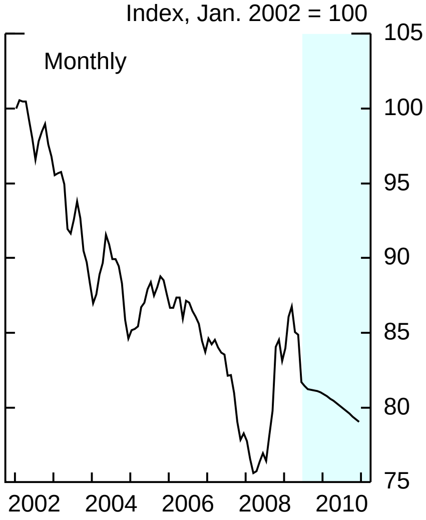


Class II FOMC - Restricted (FR)

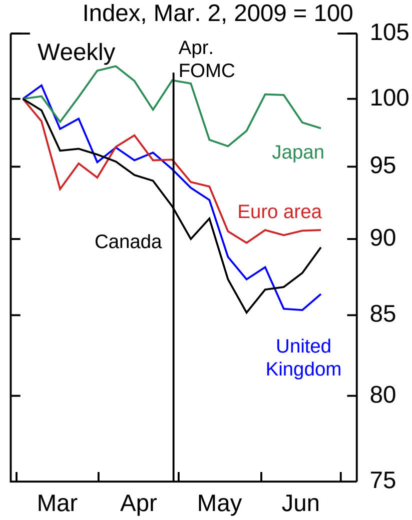
Exhibit 6

The Dollar and Financial Markets

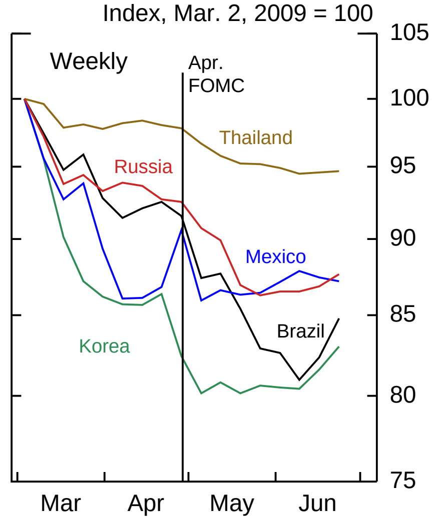
Broad Real Dollar



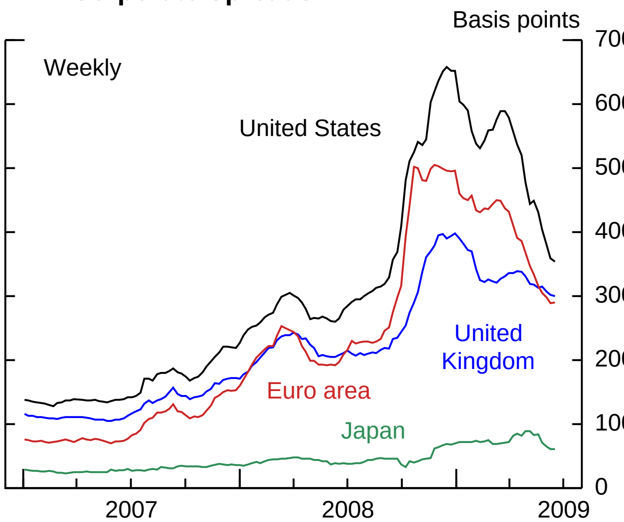
AFE Exchange Rates



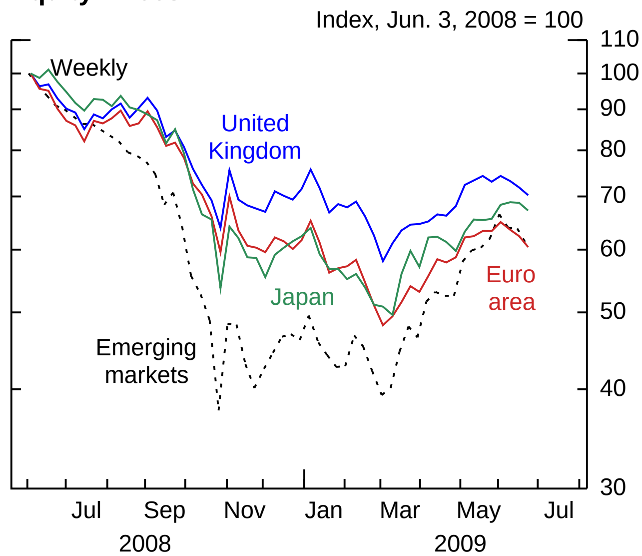
EME Exchange Rates



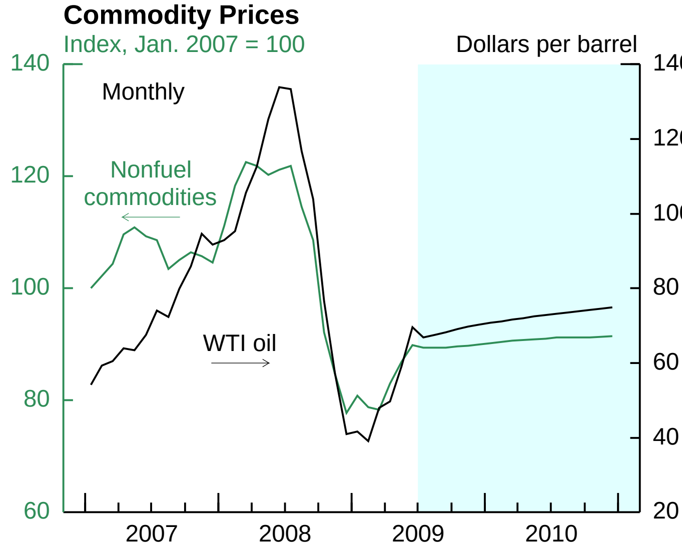
BBB Corporate Spreads



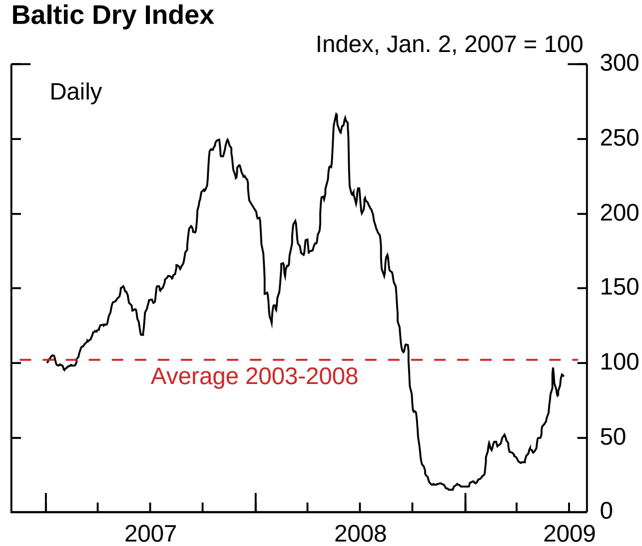
Equity Prices



Commodity Prices



Baltic Dry Index

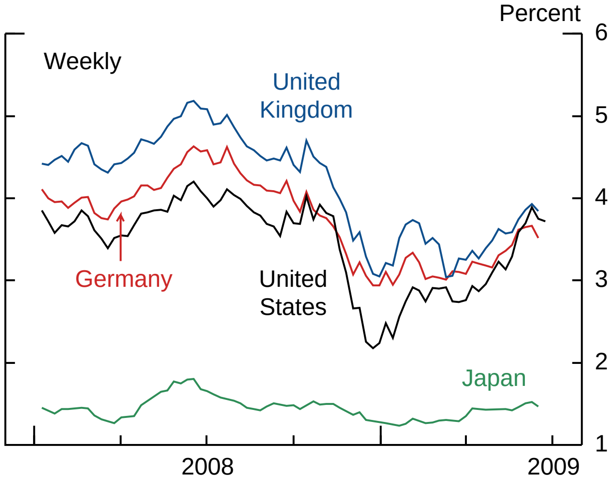


Class II FOMC - Restricted (FR)

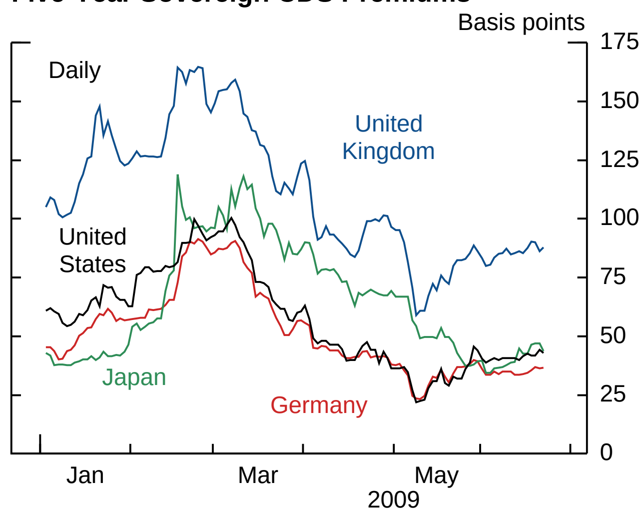
Exhibit 7

Other Explanations for Recent Dollar Movements

10-Year Government Bonds



Five-Year Sovereign CDS Premiums



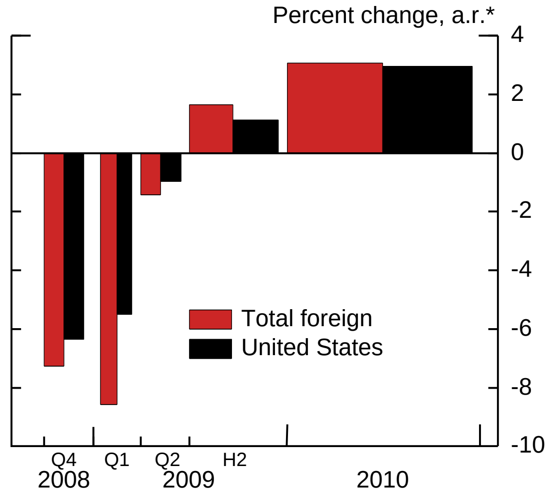
U.S. External Sector

Trade in Real Goods and Services

	2008		2009			2010[p]
	Q1-Q3	Q4	Q1[e]	Q2[p]	H2[p]	
Contribution to Real GDP Growth (percentage points, a.r.*)						
1. Net Exports	1.6	-0.1	2.1	1.1	-0.6	-0.3
Growth Rates (percent, a.r.*)						
2. Imports	-3.9	-17.5	-36.3	-12.2	6.7	5.3
3. Exports	6.7	-23.6	-30.6	-5.4	3.0	4.0

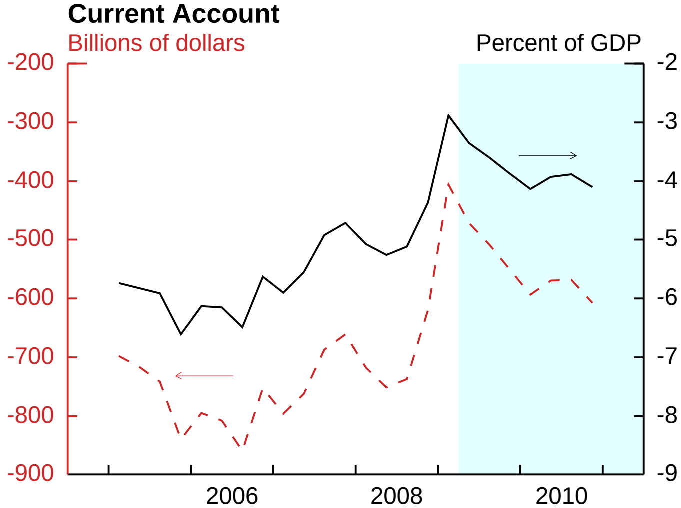
* Change from final quarter of preceding period to final quarter of period indicated.

Real GDP

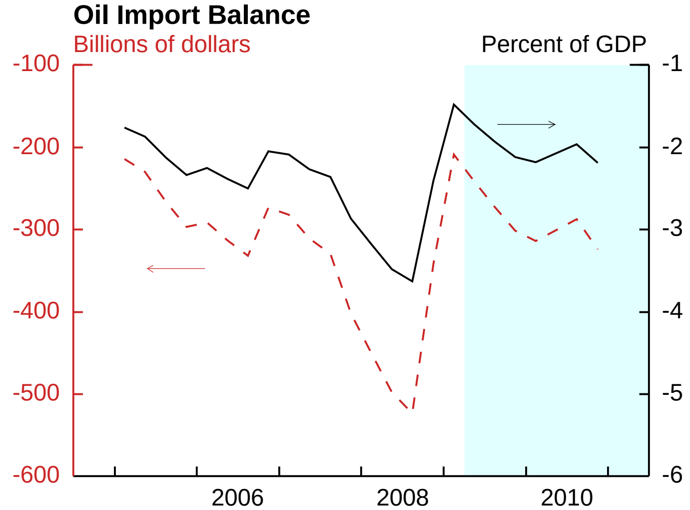


* Change from final quarter of preceding period to final quarter of period indicated.

Current Account



Oil Import Balance



Class II FOMC - Restricted (FR)

Exhibit 8

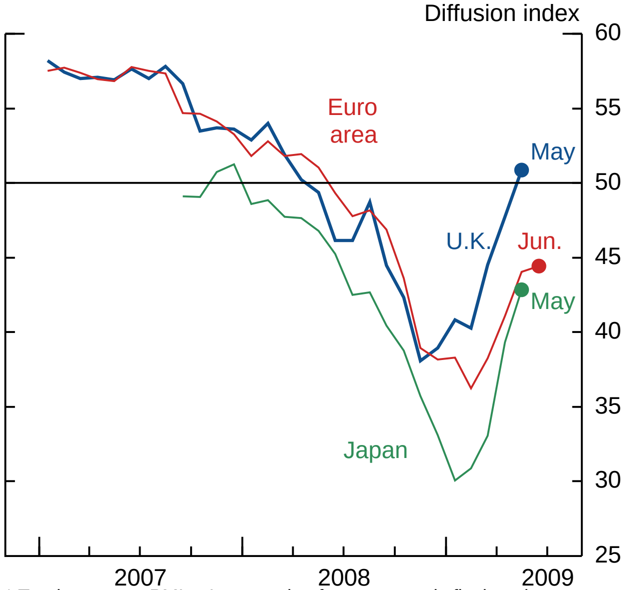
Outlook for Growth in the Advanced Foreign Economies

Real GDP* Percent change, annual rate**

	2008	2009			2010^p
	Q4	Q1^e	Q2^p	H2^p	
1. Total Foreign	**-7.3**	**-8.6**	**-1.4**	**1.7**	**3.1**
2. April Greenbook	*-7.3*	*-7.2*	*-2.4*	*0.8*	*2.8*
3. Advanced Foreign Economies	**-6.0**	**-7.6**	**-2.2**	**0.3**	**1.9**
4. Japan	-13.5	-14.2	0.3	0.5	1.5
5. Euro area	-6.8	-9.7	-3.0	-0.5	1.6
6. United Kingdom	-6.1	-7.3	-0.9	0.8	1.8
7. Canada	-3.7	-5.4	-2.8	0.7	2.3

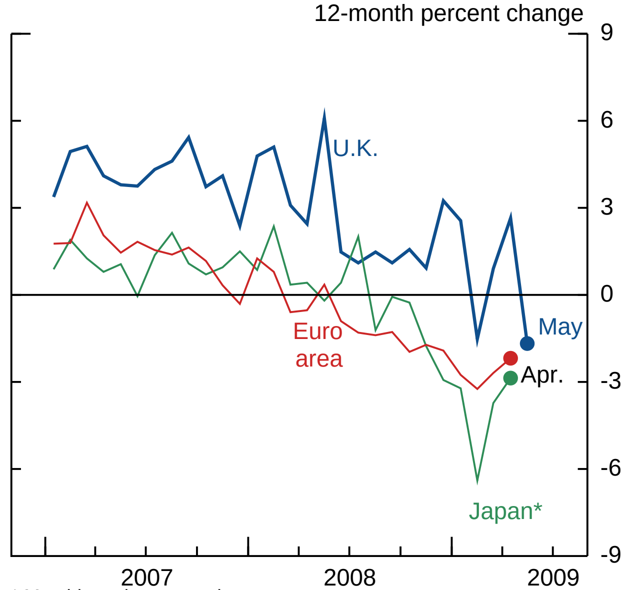
* GDP aggregates weighted by shares of U.S. merchandise exports.
** Change from final quarter of preceding period to final quarter of period indicated.

Purchasing Managers Indexes*



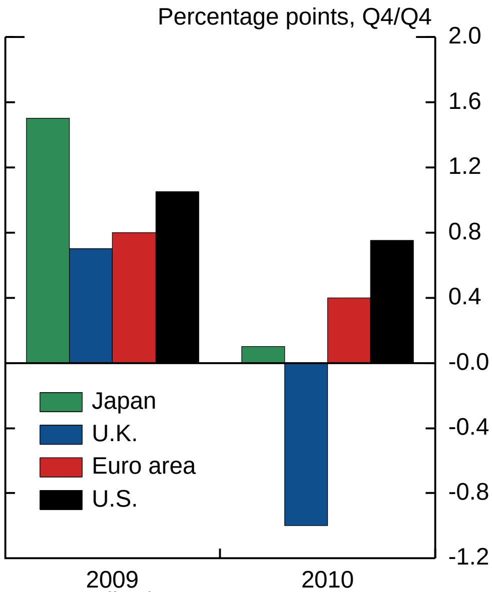
* Total economy PMIs. Latest value for euro area is flash estimate.

Retail Sales Volume



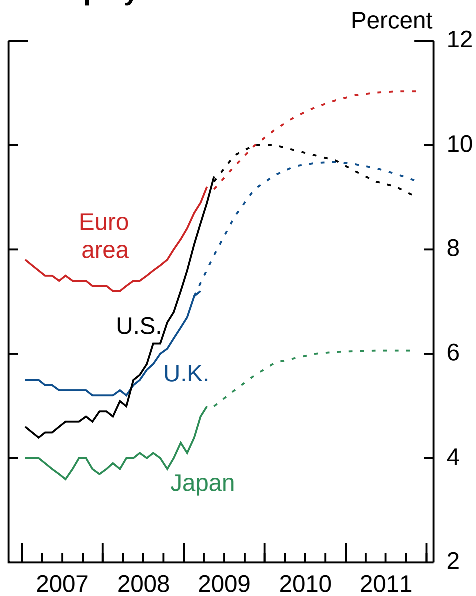
* Monthly real consumption.

Contributions of Fiscal Stimulus



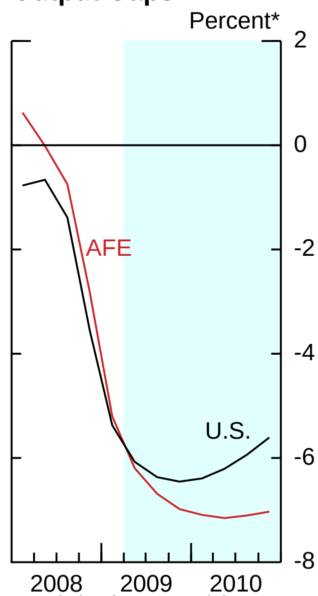
Source: Staff estimates.

Unemployment Rate*



* Greenbook forecast for U.S.; forecasts from simple regression for others.

Output Gaps



* Deviation from potential GDP.

Class II FOMC - Restricted (FR)

Exhibit 9 (Last)

Outlook for Growth in the Emerging Market Economies

Real GDP*

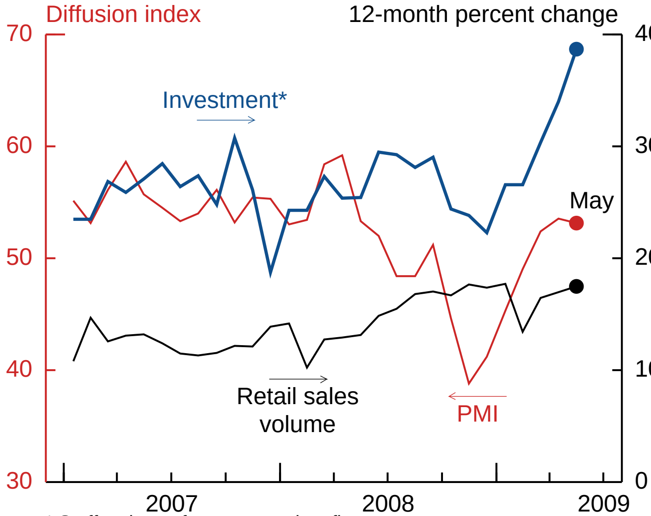
Percent change, annual rate**

	2008	2009			2010[p]
	Q4	Q1[e]	Q2[p]	H2[p]	
1. Emerging Market Economies	**-8.8**	**-9.8**	**-0.4**	**3.4**	**4.5**
2. China	1.6	6.5	7.0	7.7	8.9
3. Other Emerging Asia	-14.0	-6.6	0.6	2.1	4.4
4. Mexico	-9.8	-21.5	-5.2	3.7	3.4
5. Other Latin America	-7.4	-5.0	-0.0	1.9	3.0

* GDP aggregates weighted by shares of U.S. merchandise exports.
** Change from final quarter of preceding period to final quarter of period indicated.

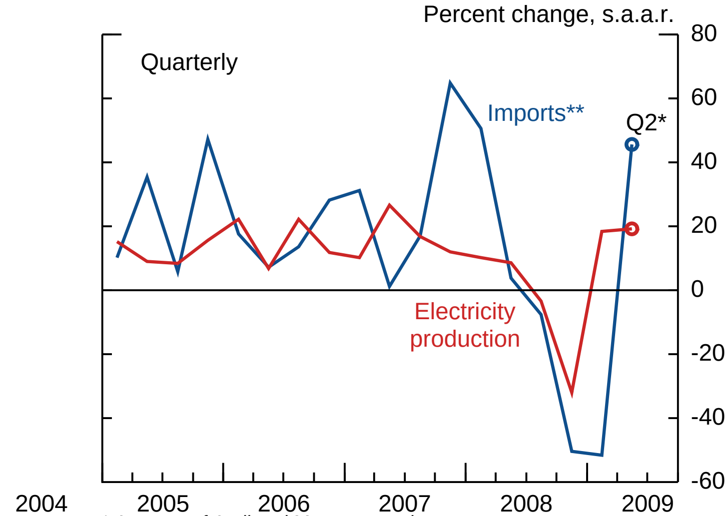
China

Recent Indicators



* Staff estimate from year to date figures.

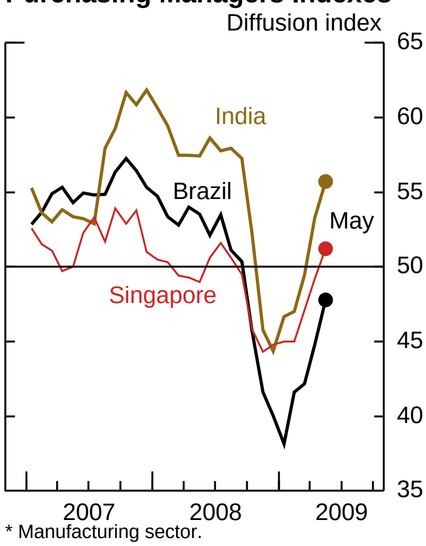
Imports and Electricity Production



* Average of April and May at annual rate.
** Source: Haver Analytics. In nominal U.S. dollars.

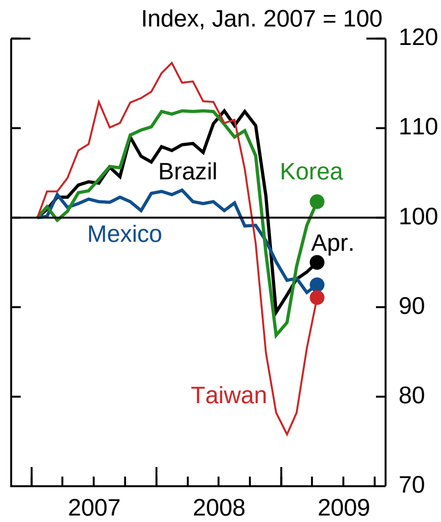
Other Emerging Market Economies

Purchasing Managers Indexes*

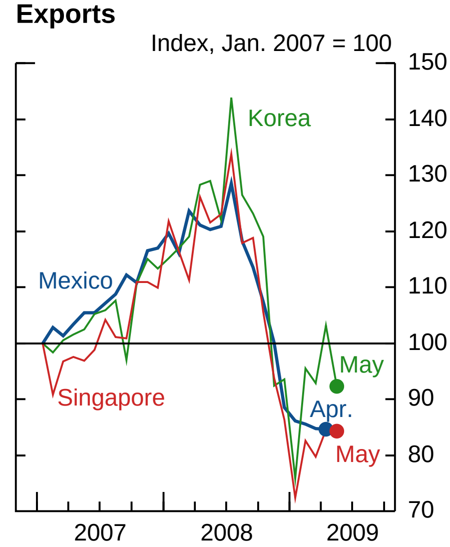


* Manufacturing sector.

Industrial Production



Exports



Appendix 7: Materials used by Mr. Madigan

Class I FOMC – Restricted Controlled (FR)

Material for Briefing on FOMC Participants' Economic Projections

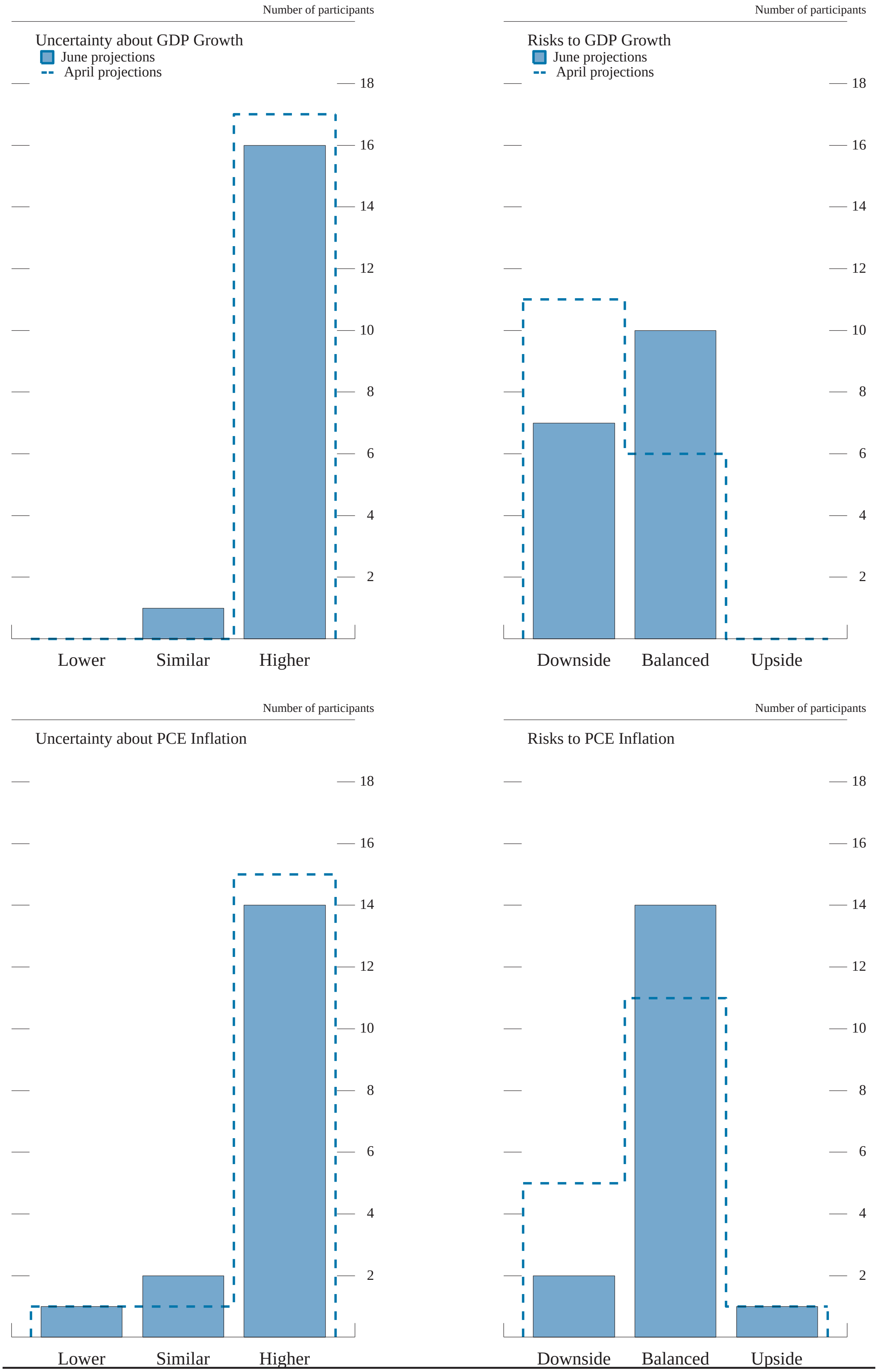
Brian Madigan
June 23-24, 2009

Exhibit 1. Economic Projections of Federal Reserve Governors and Reserve Bank Presidents, June 2009

(Percent)

Variable	Central tendency				Range			
	2009	2010	2011	Longer Run	2009	2010	2011	Longer Run
Change in real GDP (Q4/Q4)								
June projection	-1.5 to -1.0	2.1 to 3.3	3.8 to 4.6	2.5 to 2.7	-2.0 to -0.6	0.8 to 4.0	2.3 to 5.0	2.4 to 2.8
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*
Memo: June Greenbook	-1.1	3.0	4.8	2.5				
Unemployment rate (Q4)								
June projection	9.8 to 10.1	9.5 to 9.8	8.4 to 8.8	4.8 to 5.0	9.7 to 10.5	8.5 to 10.6	6.8 to 9.2	4.5 to 6.0
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*	*4.5 to 5.3*
Memo: June Greenbook	10.0	9.7	8.0	5.0				
PCE inflation (Q4/Q4)								
PCE inflation	1.0 to 1.4	1.2 to 1.8	1.1 to 2.0	1.7 to 2.0	1.0 to 1.8	0.9 to 2.0	0.5 to 2.5	1.5 to 2.1
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 1.2*	*0.7 to 2.0*	*0.5 to 2.5*	*1.5 to 2.0*
Memo: June Greenbook	1.4	1.1	1.2	2.0				
Core PCE inflation (Q4/Q4)								
Core PCE inflation	1.3 to 1.6	1.0 to 1.5	0.9 to 1.7		1.2 to 2.0	0.5 to 2.0	0.2 to 2.5	
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*	
Memo: June Greenbook	1.4	0.8	0.7					

Exhibit 2. Risks and Uncertainty in Economic Projections



Appendix 8: Materials used by Mr. Stockton

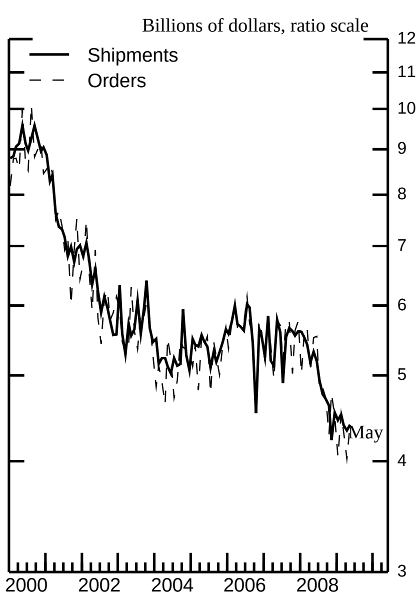
Orders and Shipments of Durable Goods

(Percent change from comparable previous period, seasonally adjusted)

Category	2008		2009	2009		
	Q3	Q4	Q1	Mar.	Apr.[r]	May[a]
	Annual rate			Monthly rate		
Nondefense capital goods						
Orders	-14.0	-49.9	-49.1	-1.0	-2.9	10.0
Aircraft	-66.3	-99.5	-100.0	102.3	-6.4	630.5
Excluding aircraft	**-5.2**	**-36.5**	**-44.2**	**-1.4**	**-2.9**	**4.8**
Computers and peripherals	-36.6	-20.8	-18.4	-4.6	-6.6	9.4
Communications equipment	16.7	-28.7	-58.7	7.8	-4.7	6.0
All other	-3.5	-38.4	-44.7	-1.9	-2.3	4.2
Shipments	-.8	-19.8	-28.1	-.9	-2.6	-.3
Aircraft	-8.0	-65.3	233.3	9.4	-1.5	-7.6
Excluding aircraft	**-.3**	**-15.5**	**-35.4**	**-1.7**	**-2.7**	**.3**
Computers and peripherals	-28.7	-25.3	-.8	-2.8	-1.4	1.6
Communications equipment	-10.7	-16.6	-47.3	3.0	-4.2	-2.4
All other	4.0	-14.4	-36.7	-1.9	-2.7	.4
Supplementary orders series						
Durable goods	-8.1	-45.2	-39.0	-2.2	1.8	1.8
Real adjusted durable goods	-13.0	-45.2	-36.3	-1.3	.7	2.0
Capital goods	-10.3	-47.3	-47.2	-2.6	1.7	9.5
Nondefense	-14.0	-49.9	-49.1	-1.0	-2.9	10.0
Defense	20.3	-26.7	-33.9	-11.1	28.5	7.4

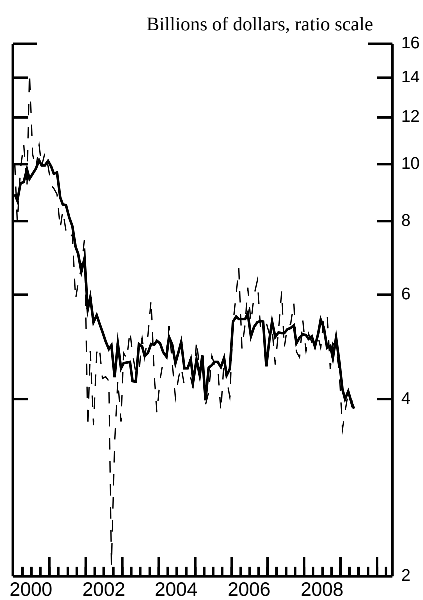
r Revised.
a Advance.
Source: Census Bureau.

Computers and Peripherals



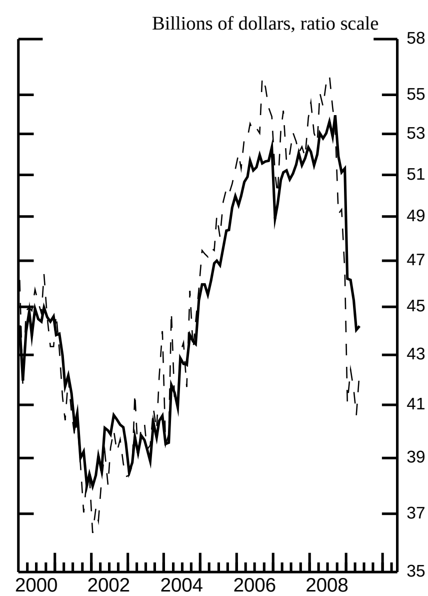
Source: Census Bureau.

Communications Equipment



Source: Census Bureau.

Other (non-high-tech, nontransportation)



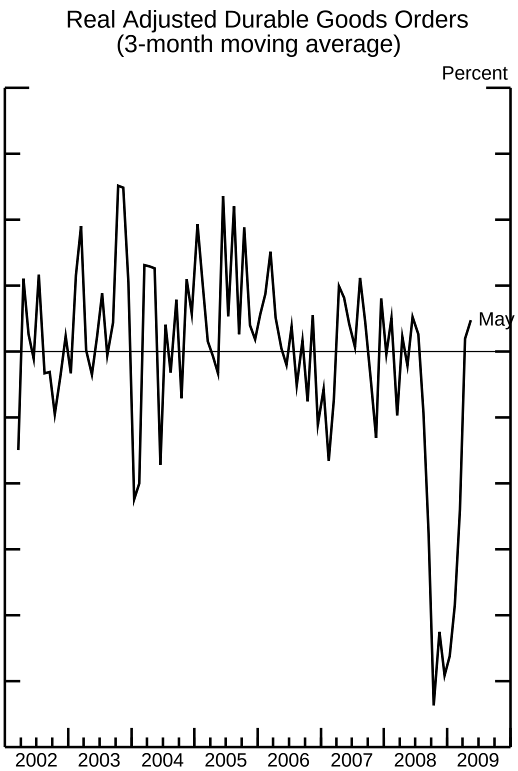
Source: Census Bureau.

Durable Goods Manufacturing

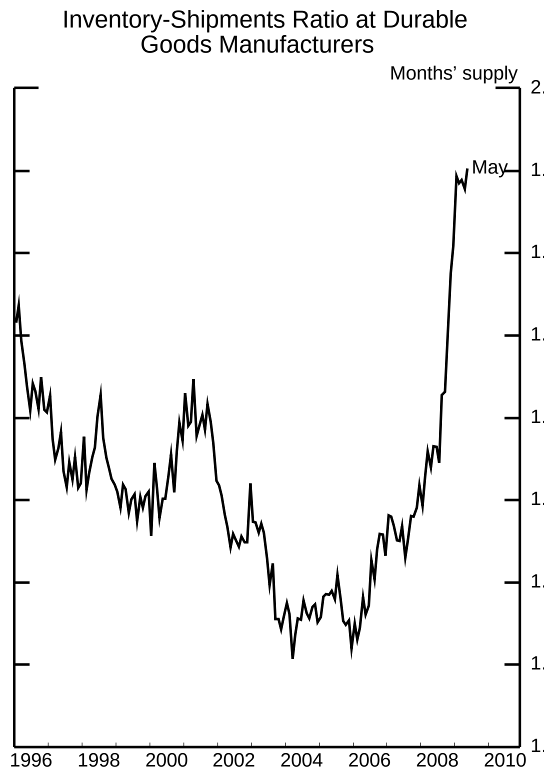
Change in Inventories at Durable Goods Manufacturers
(book value, billions of dollars at annual rate)

	2008			2009	2009			
	Q2	Q3	Q4	Q1	Feb.	Mar.	Apr.	May
Durable goods	24.2	26.4	15.0	-56.0	-54.9	-68.4	-44.8	-29.7
Lumber and wood prod.	-.6	1.1	-1.3	.3	-1.6	2.5	-3.1	-2.8
Nonmetalic mineral prod.	-.4	.6	-.4	-1.2	-1.8	-1.8	-1.5	-.5
Primary metals	7.3	6.6	-12.1	-12.6	-13.4	-14.0	-12.5	-10.2
Fabricated metals	4.4	5.6	-2.8	-11.4	-10.0	-15.0	-11.6	-6.4
Machinery	1.2	3.1	2.5	-8.4	-10.1	-15.3	-8.5	-4.3
Computer and electronic prod.	1.2	2.7	3.5	-6.4	-2.6	-8.4	-2.7	1.2
Electrical equipment	.5	.5	-2.5	-4.2	-4.6	-2.0	-2.9	-1.5
Transportation equipment	9.9	5.1	27.7	-9.2	-5.8	-11.3	3.4	-3.8
Motor vehicles	-1.3	-3.2	-4.7	-7.8	-6.2	-8.1	-5.5	-4.1
Aircraft & parts	10.9	9.0	31.1	-1.8	-.9	-1.5	8.7	-.6
Furniture	-.4	-.1	-1.0	-2.2	-3.1	-2.2	-2.7	-1.5
Other durables	1.0	1.1	1.3	-.9	-1.8	-1.1	-2.9	.1
Memo: Inventory-shipments ratio, durable goods	1.57	1.61	1.76	1.86	1.88	1.89	1.88	1.90

Source: Census Bureau.



Source: Calculated by FRB staff.



Source: Census Bureau.

Appendix 9: Materials used by Mr. Carpenter (corrected)*

*As indicated by Mr. Madigan on page 165 of 261

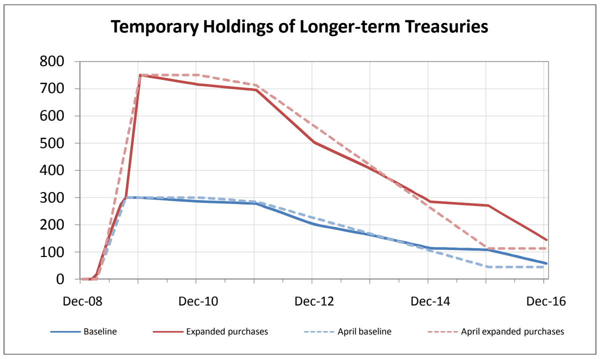
Class I FOMC – Restricted Controlled (FR)

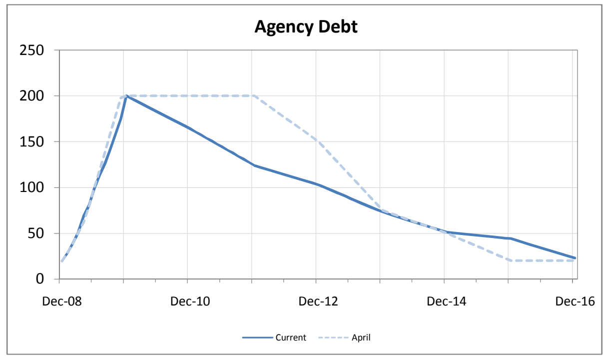
Material for
FOMC Briefing on Projections of the Balance Sheet, the Monetary Base, and Federal Reserve Income

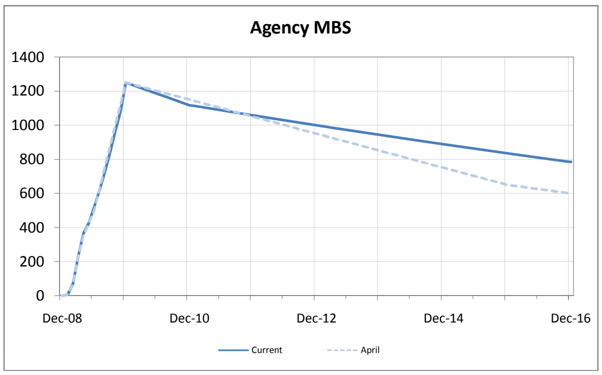
Seth Carpenter
June 23, 2009

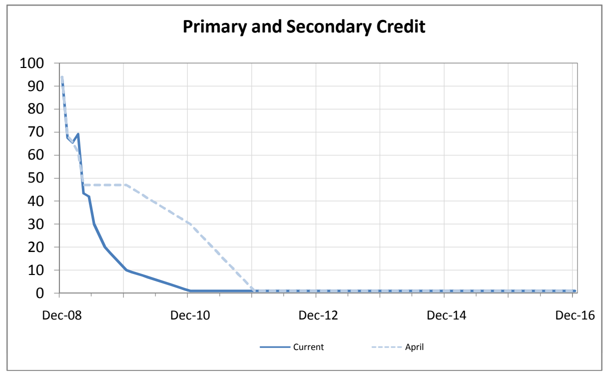
CORRECTED
Exhibit 1: Individual Balance Sheet Item Profiles

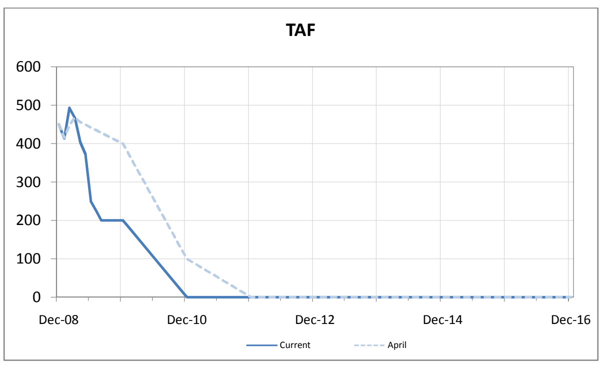
Asset Purchases and Federal Reserve Liquidity and Credit Facilities

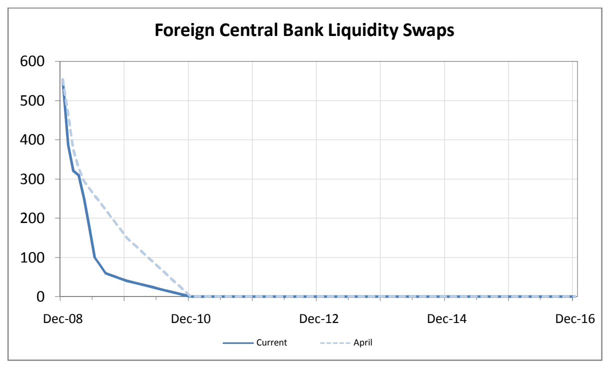


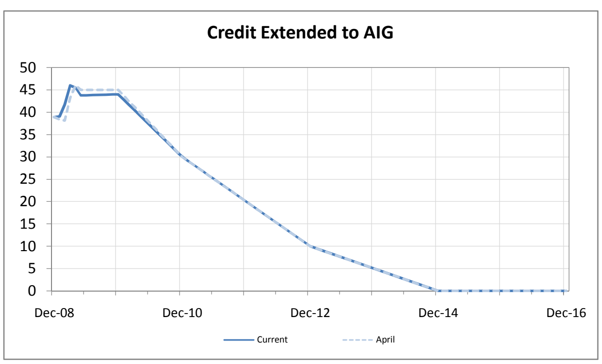


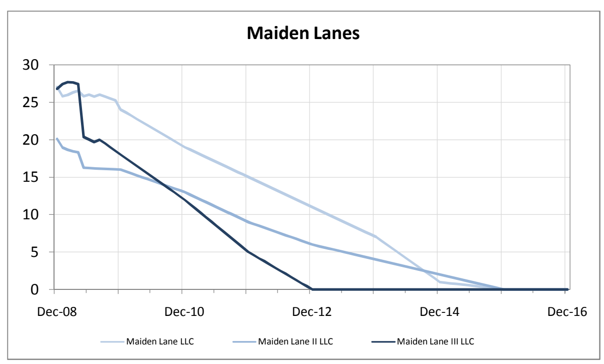






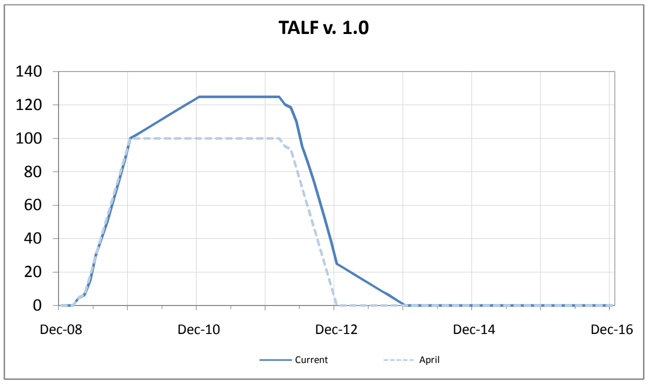


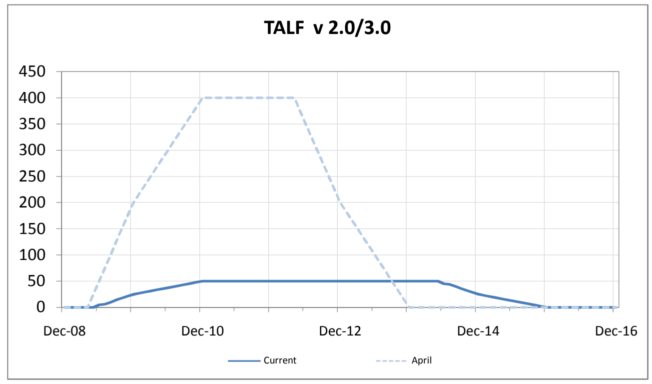


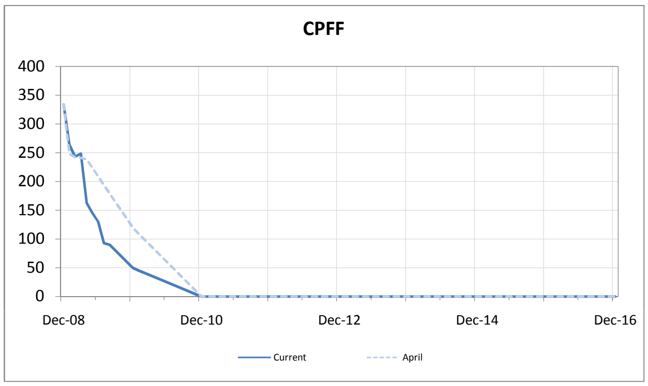


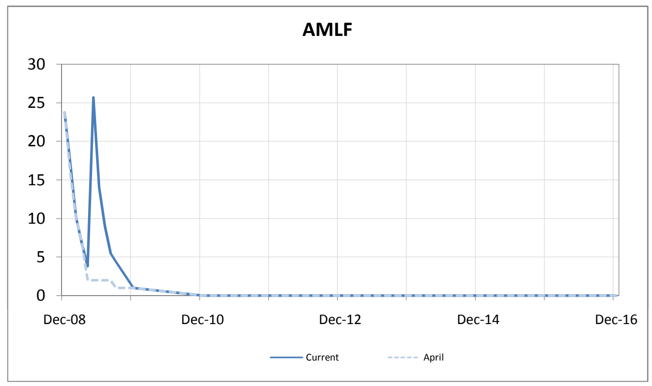
CORRECTED
Exhibit 1: Individual Balance Sheet Item Profiles, continued

Federal Reserve Liquidity and Credit Facilities, continued

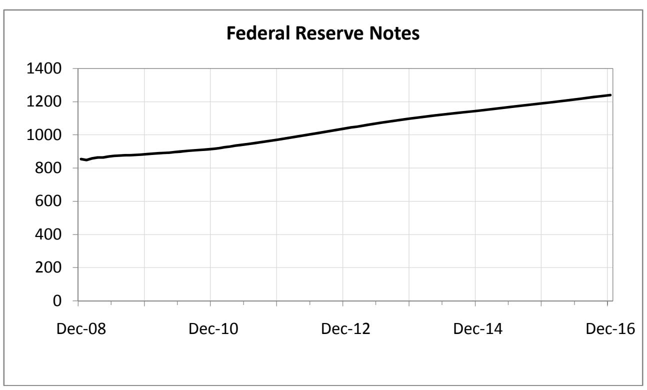


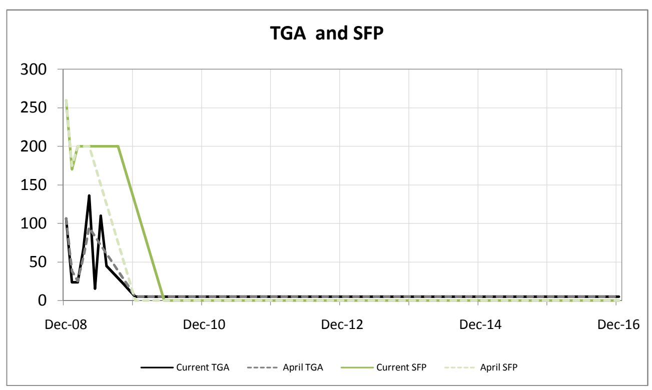


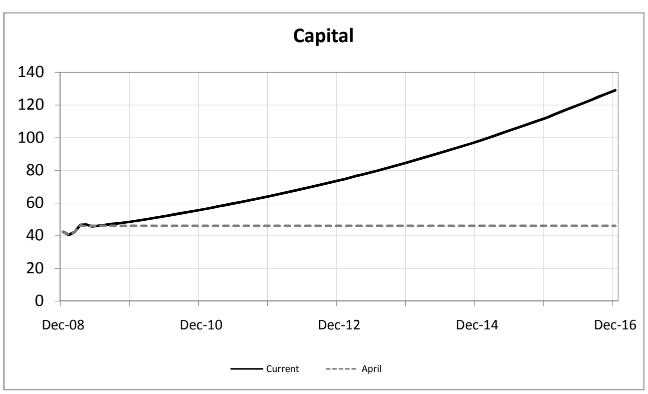




Federal Reserve Liabilities and Capital







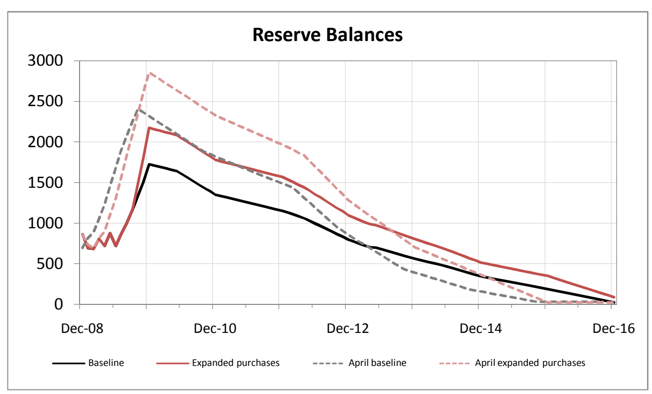
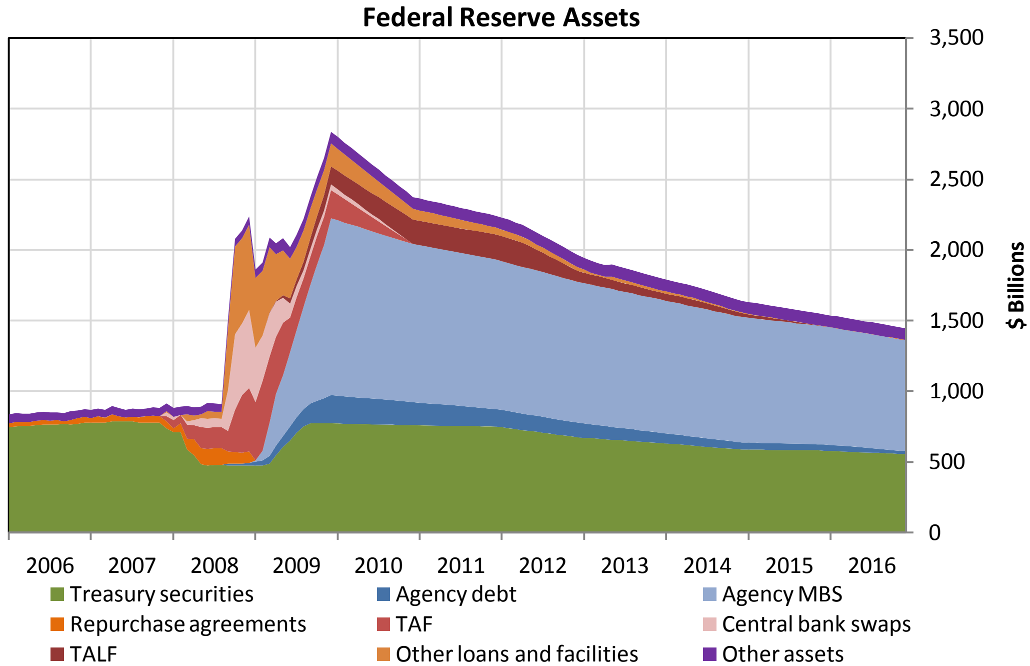


Exhibit 2: Baseline Balance Sheet Projections



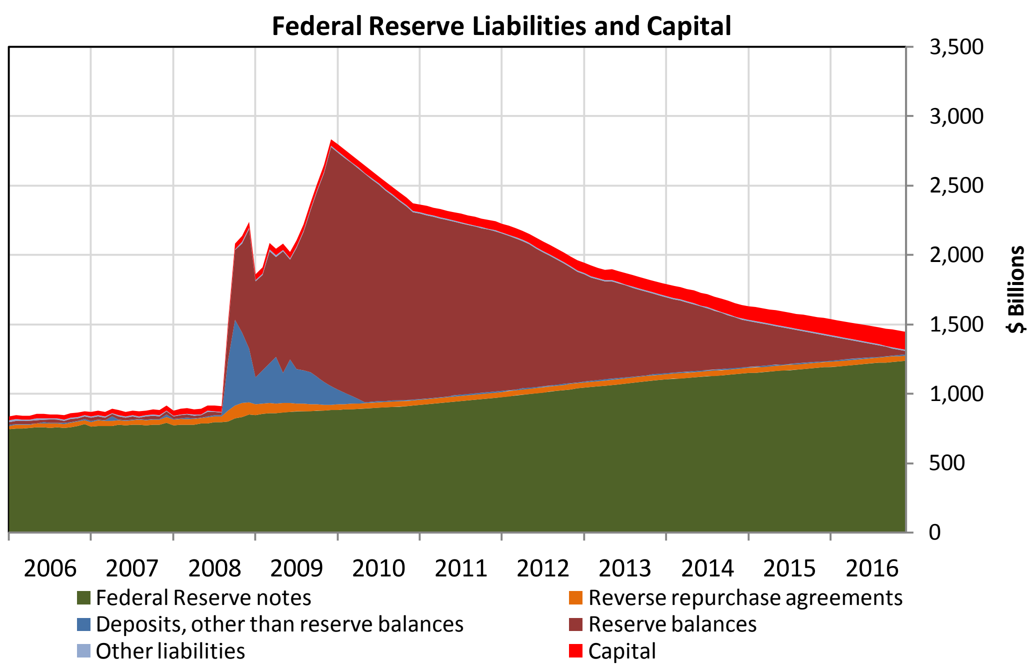
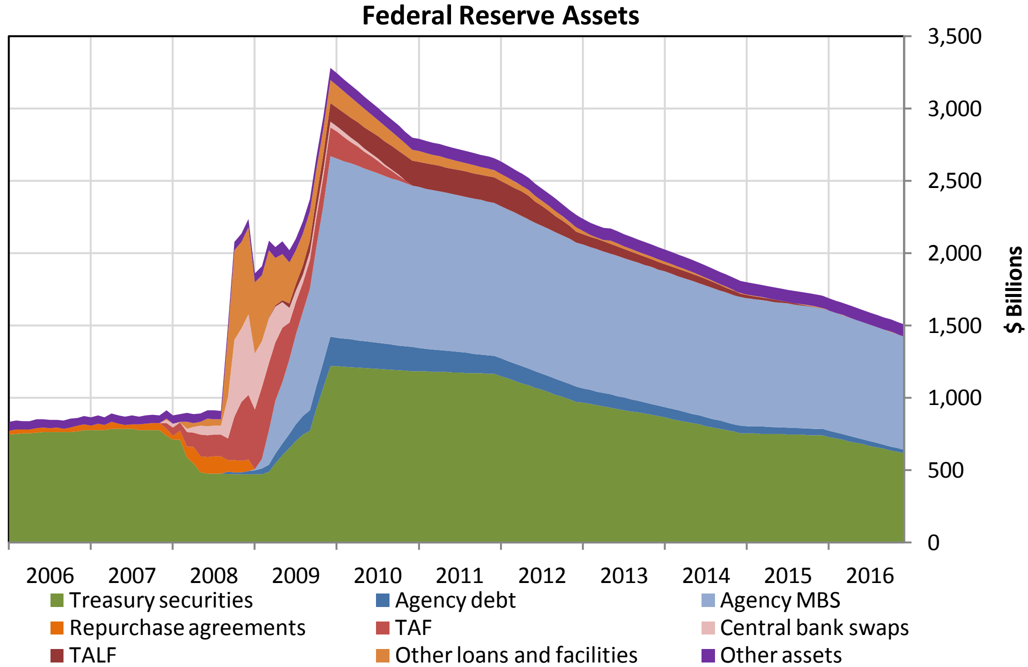


Exhibit 3: Expanded Balance Sheet Projections



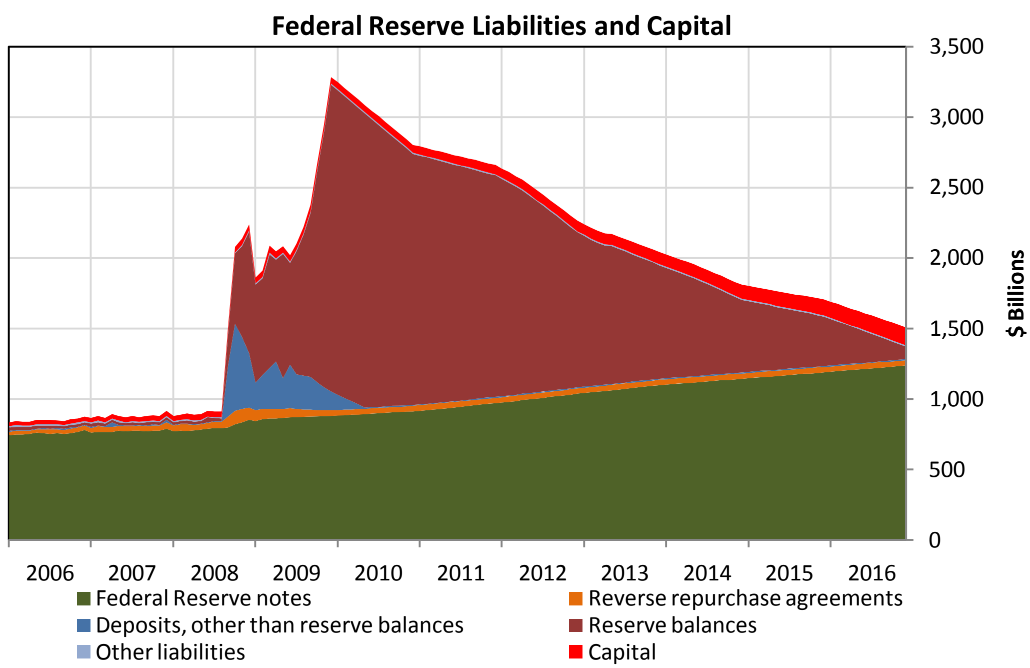


Exhibit 4

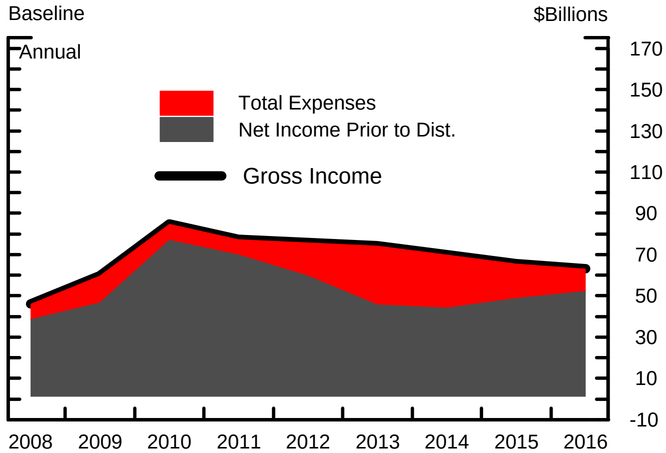
Growth Rates for Monetary Base

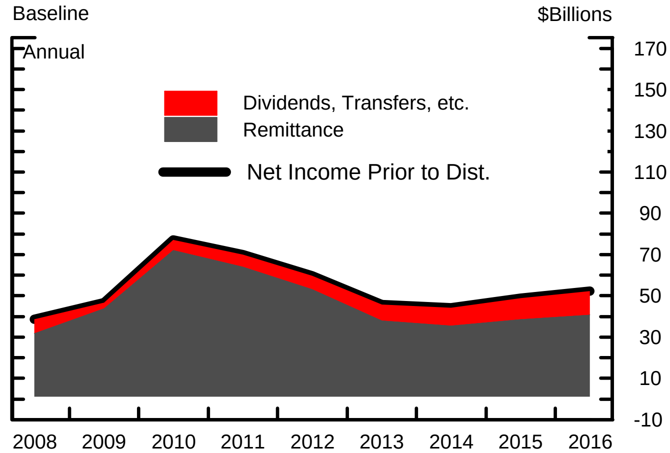
Date	Baseline	Expanded Purchases	April Baseline
	Percent, annual rate		
	Monthly		
Jun-09	-52.1	-52.1	60.2
Jul-09	-0.4	-0.4	131.9
Aug-09	99.3	99.3	133.9
Sep-09	97.3	97.3	120.5
Oct-09	103.1	148.3	98.1
Nov-09	95.7	173.1	79.9
Dec-09	102.1	163.8	71.1
	Quarterly		
Q2 2009	24.9	24.9	38.4
Q3 2009	22.7	22.7	111.9
Q4 2009	108.2	157.0	107.3
Q1 2010	48.0	78.6	26.2
Q2 2010	-7.1	-6.7	-17.2
Q3 2010	-15.6	-14.0	-17.9
Q4 2010	-19.0	-16.9	-18.8
	Annual - period average		
2009	92.5	98.2	120.3
2010	32.5	51.3	34.4
2011	-11.1	-10.0	-14.1
2012	-9.0	-10.0	-14.4
2013	-12.4	-14.2	-25.0
2014	-9.3	-11.2	-19.7
2015	-9.2	-10.3	-14.8
2016	-7.7	-10.2	2.3

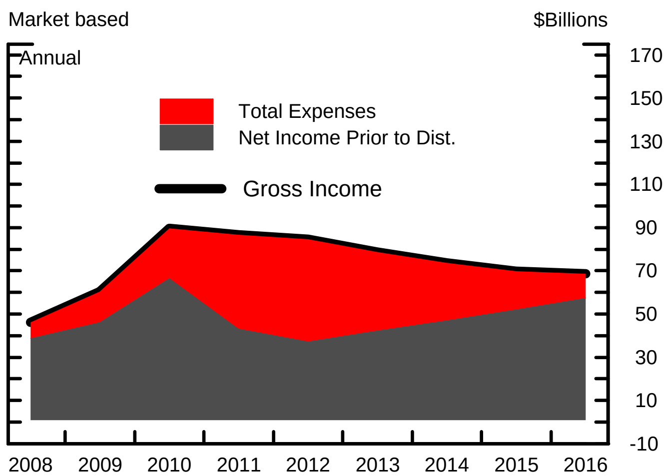
Note: Not seasonally adjusted

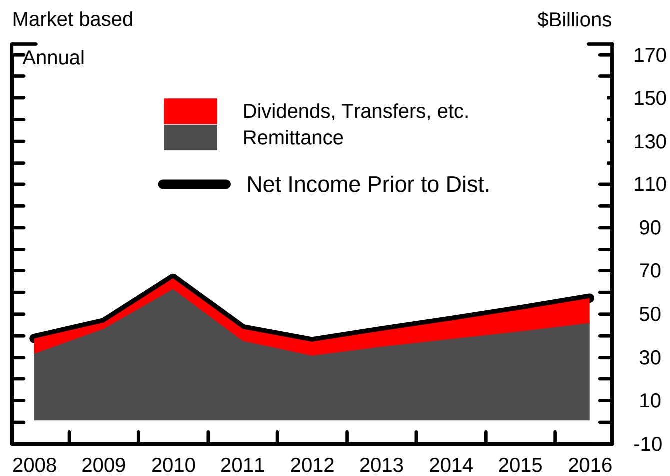
Exhibit 5

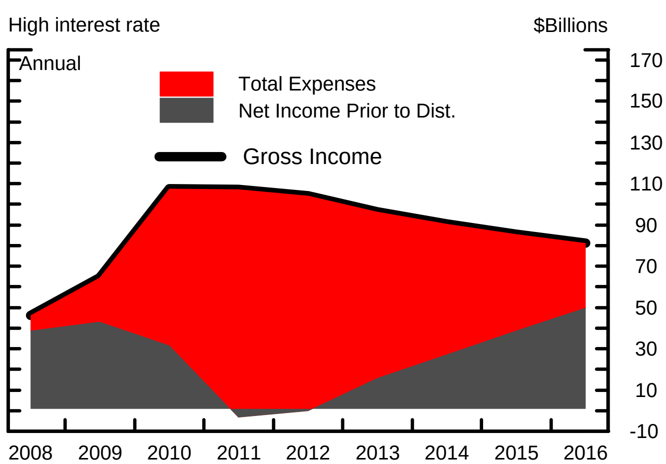
Projected Federal Reserve Net Income











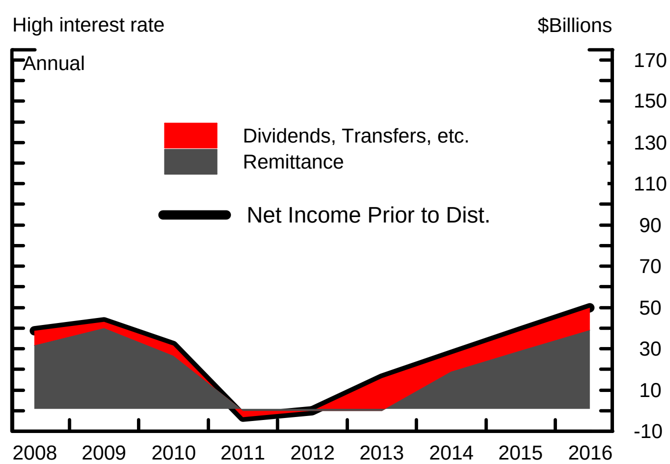
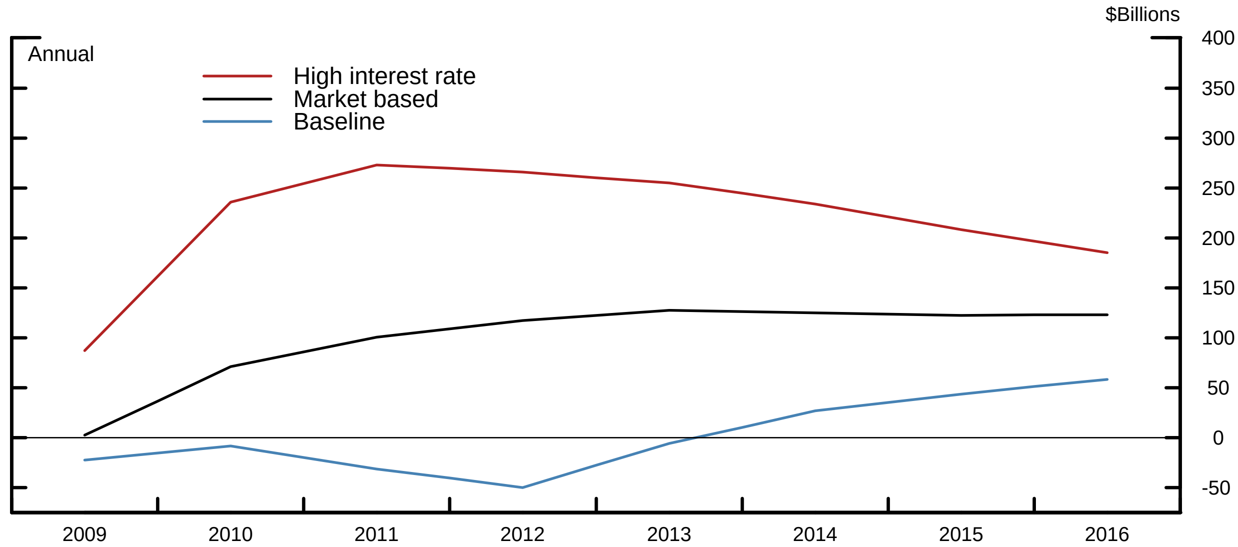


Exhibit 6

Projected Mark-to-Market Losses on the SOMA Portfolio



Appendix 10: Materials used by Mr. Madigan

Class I FOMC – Restricted Controlled (FR)

Material for Briefing on Monetary Policy Alternatives

Brian Madigan
June 24, 2009

April FOMC Statement

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 somewhat slower. Household spending has shown signs of stabilizing but remains constrained by ongoing job losses, lower housing wealth, and tight credit. Weak sales prospects and difficulties in obtaining credit have led businesses to cut back on inventories, fixed investment, and staffing. 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 in a context of price stability.

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 ¼ 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 will continue to evaluate the timing and overall amounts of its purchases of securities in light 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.

June FOMC Statement — Alternative A

1. Information received since the Federal Open Market Committee met in **April suggests** that the pace of **economic** contraction **is slowing**. **Indicators of consumer and business sentiment have risen, and** household **expenditures have** shown **further** signs of stabilizing; **nonetheless**, spending remains constrained by ongoing job losses, lower housing wealth, and tight credit. Businesses **continue to** cut back on fixed investment and staffing **but are making progress in bringing inventory stocks into better alignment with sales**. **Although conditions in financial markets have generally improved, the Committee judges that further monetary policy stimulus is warranted to help ensure that the sharp rise in some longer-term interest rates over recent months does not undermine a recovery in overall economic activity**.

2. **Substantial resource** slack **is likely to persist** here and abroad, and the Committee expects that inflation will remain subdued. Moreover, the Committee **still** 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 **is employing a wide array of** 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 | **at least through mid-2010**]. To provide **additional** support to mortgage lending and housing markets and **to facilitate further improvement** in private credit market conditions, **the Committee decided to increase the total amount of its large-scale securities purchases. The Committee now anticipates that over the course of this year** the Federal Reserve will purchase up to $1.25 trillion of agency mortgage-backed securities, up to $200 billion of agency debt, and up to **$750 billion** of Treasury securities. **The Committee will evaluate the timing, composition, and amounts of any additional purchases of securities in view of market conditions, the evolving economic outlook, and the necessity of ensuring that policy accommodation can ultimately be withdrawn smoothly and at the appropriate time.** The Federal Reserve will **also be monitoring** the size and composition of **its** balance sheet **and will make adjustments to its credit and liquidity programs as warranted** in light of financial and economic developments.

June FOMC Statement — Alternative B

1. Information received since the Federal Open Market Committee met in **April suggests** that the pace of **economic** contraction **is slowing**. **Conditions in financial markets have generally improved in recent months, and indicators of consumer and business sentiment have risen.** Household spending has shown further signs of stabilizing but remains constrained by ongoing job losses, lower housing wealth, and tight credit. Businesses **are cutting back** on fixed investment and staffing **but appear to be making progress in bringing inventory stocks into better alignment with sales**. **Although economic activity is likely to remain weak for a time,** 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 in a context of price stability.
2. **The prices of energy and other commodities have risen of late. However, substantial resource slack is likely to dampen cost pressures,** and the Committee expects that inflation will remain subdued **for some time**.
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 ¼ percent and **continues to** anticipate 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 will continue to evaluate the timing and overall amounts of its purchases of securities in light of the evolving economic outlook and conditions in financial markets. The Federal Reserve **is monitoring** the size and composition of **its** balance sheet **and will make adjustments to its credit and liquidity programs as warranted. [Of course, the Committee will continue to take careful account of the necessity of ensuring that policy accommodation can ultimately be withdrawn smoothly and at the appropriate time.]**

June FOMC Statement — Alternative C

1. Information received since the Federal Open Market Committee met in **April suggests** that the pace of **economic** contraction **is slowing. Conditions in financial markets have improved in recent months, and indicators of consumer and business sentiment have risen.** Household spending has shown **further** signs of stabilizing but remains constrained by ongoing job losses, lower housing wealth, and tight credit. Businesses have **continued to** cut back on fixed investment and staffing **but appear to be making progress in bringing inventory stocks into better alignment with sales**. The Committee **anticipates** that policy actions to stabilize financial markets and institutions, fiscal and monetary stimulus, and market forces will contribute to a gradual **recovery in** economic **activity that is expected to begin later this year**.
2. **Although the prices of energy and other commodities have risen of late, core inflation has remained moderate**, **and** the Committee expects that **overall** inflation will remain subdued.
3. In these circumstances, the Federal Reserve **is employing a wide array of** 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 **until late this year**. 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 anticipates that the pace of purchases of such securities will taper off gradually by the end of this year.** The Committee will continue to evaluate the timing, **composition,** and overall amounts of its securities purchases **and** to carefully monitor the Federal Reserve's balance sheet. **The Federal Reserve will make adjustments to its credit and liquidity programs as warranted** in light of the evolving economic outlook and conditions in financial markets.

Table 1: Overview of Alternative Language for the June 23-24, 2009 FOMC Announcement

		April FOMC	Alternative A	Alternative B	Alternative C
1. Economic Activity	Outlook	"likely to remain weak for a time"	-----	"likely to remain weak for a time"	recovery "expected to begin later this year"
	Pace of Recovery	gradual	-----	gradual	gradual
	Risk Assessment	-----	Recovery could be undermined by higher long rates, absent further monetary stimulus	-----	-----
2. Inflation	Outlook	"will remain subdued"	"will remain subdued"	"will remain subdued for a time"	"will remain subdued"
	Rationale	increasing slack here and abroad	substantial slack "likely to persist here and abroad"	recent rise in energy prices; substantial slack "likely to dampen cost pressures"	recent rise in energy prices
	Risk Assessment	some downside risk	still some downside risk	-----	-----
3. Policy Decision	Overview	"all available tools"	"a wide array of tools"	"all available tools"	"a wide array of tools"
	Forward Guidance on Funds Rate	"anticipates… for an extended period"	"anticipates… for an extended period" or "at least through mid-2010"	"continues to anticipate… for an extended period"	"anticipates… until late this year"
	Changes in LSAPs	-----	$750 billion in Treasuries by end of year	-----	"will taper off gradually" by end of year
	Evaluation of LSAPs	"timing and overall amounts"	"timing, composition, and amounts", subject to exit strategy	"timing and overall amounts"	"timing, composition, and overall amounts"
	Adjustments to Programs	-----	"as warranted"	"as warranted" [carefully reflecting the exit strategy]	"as warranted"