

APPENDIX 1

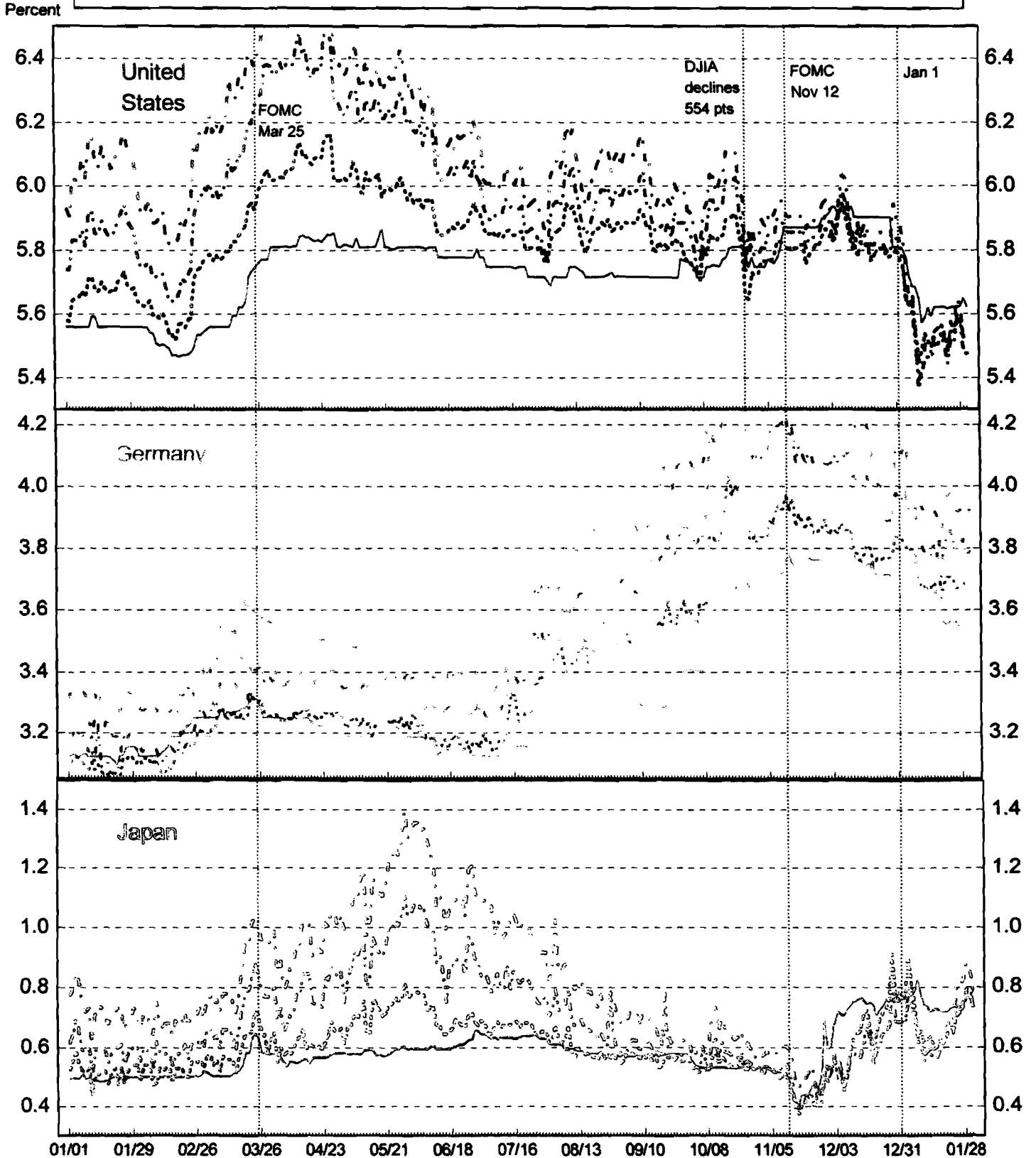
Charts used by Mr. Fisher in his statement

3-Month Deposit Rates

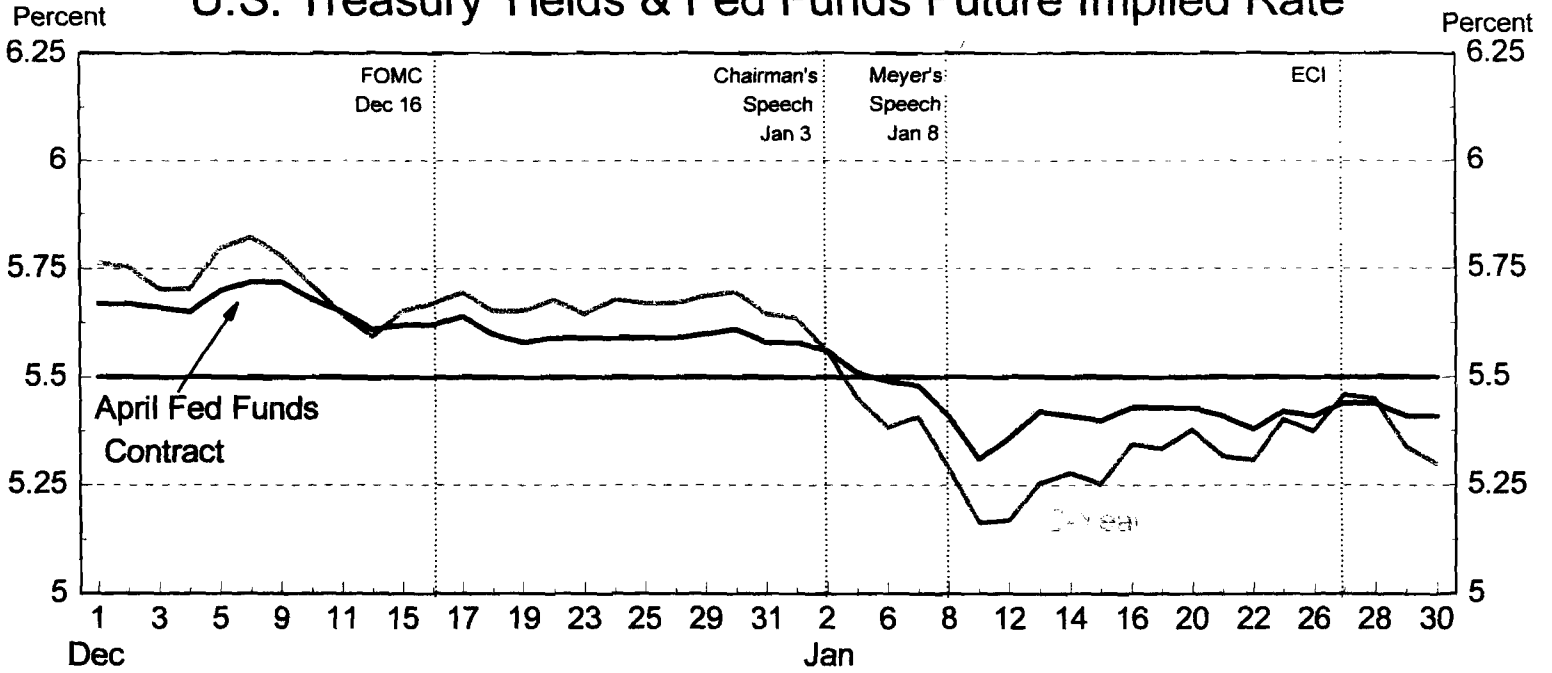
January 1, 1997 - January 30, 1998

Current Euro-deposit Rate; Forwards Implied by Traded Forward Rate Agreements

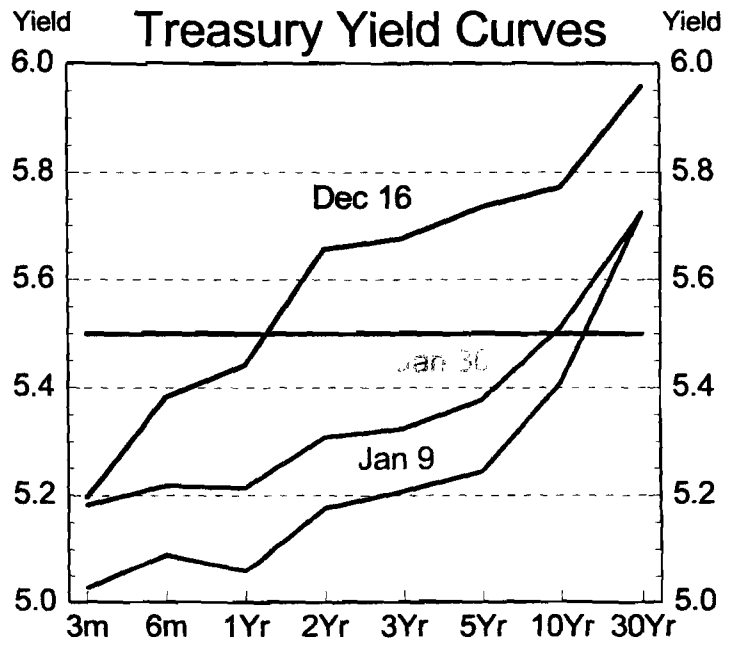
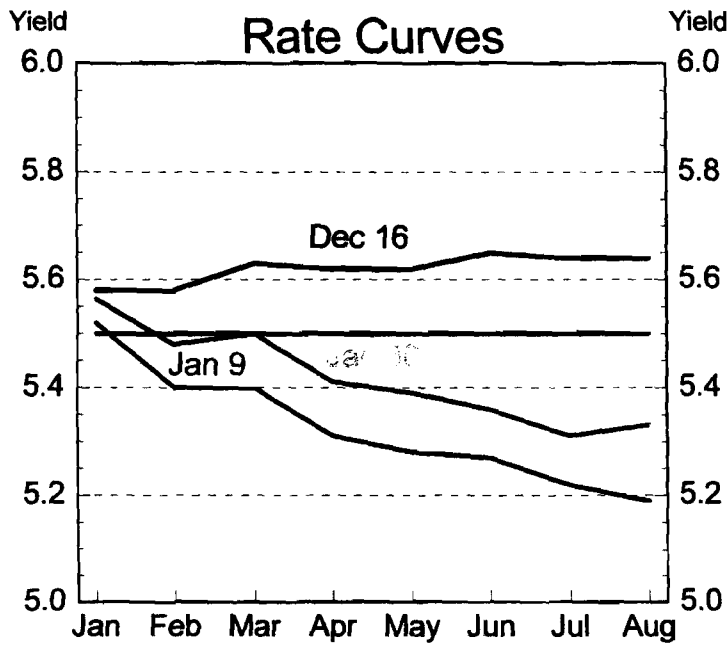
	LIBOR Fixing	3-mo. forward	6-mo. forward	9-mo. forward
United States	—————
Germany	—————
Japan	—————



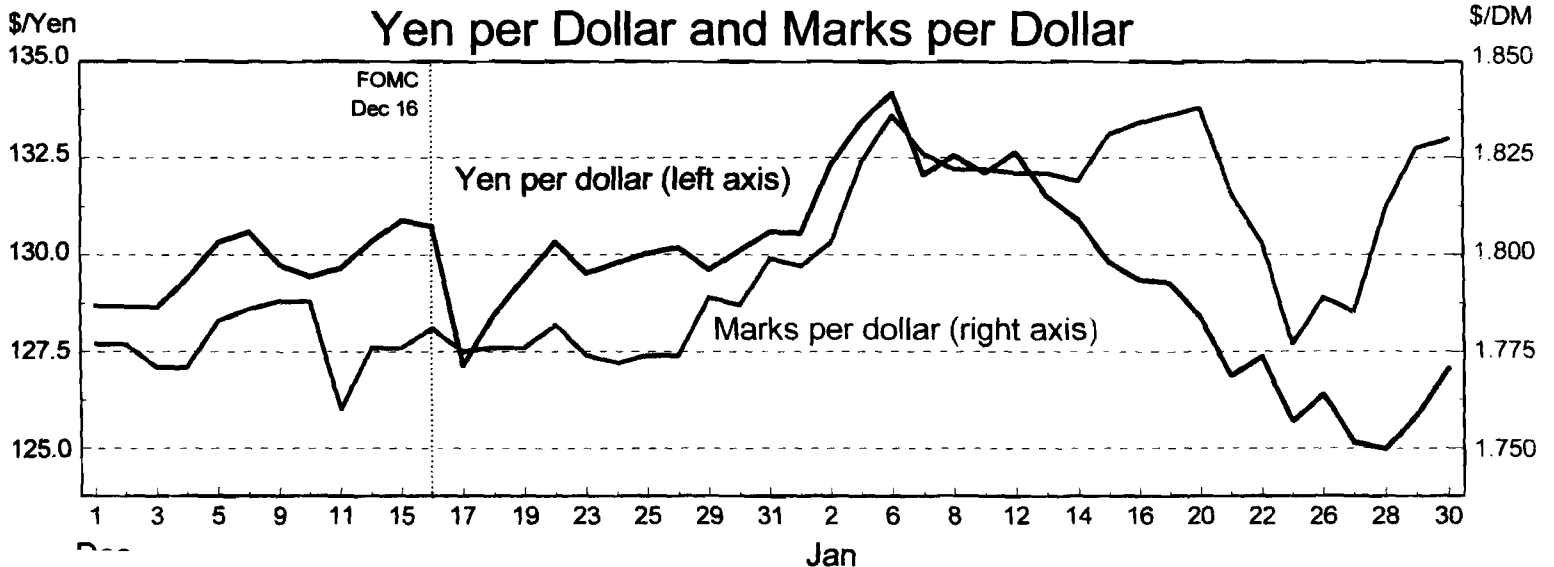
U.S. Treasury Yields & Fed Funds Future Implied Rate

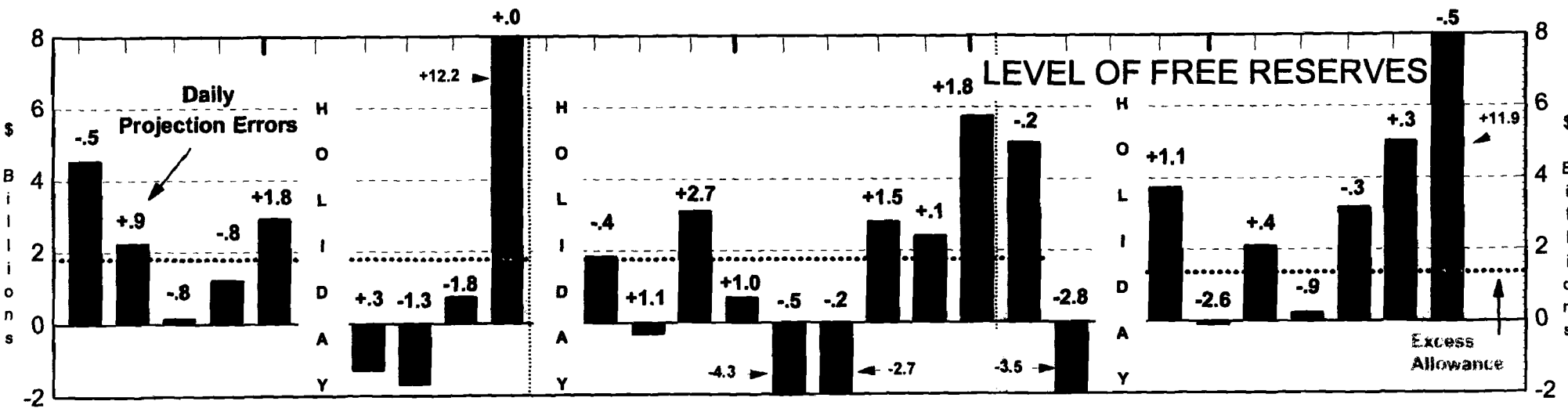
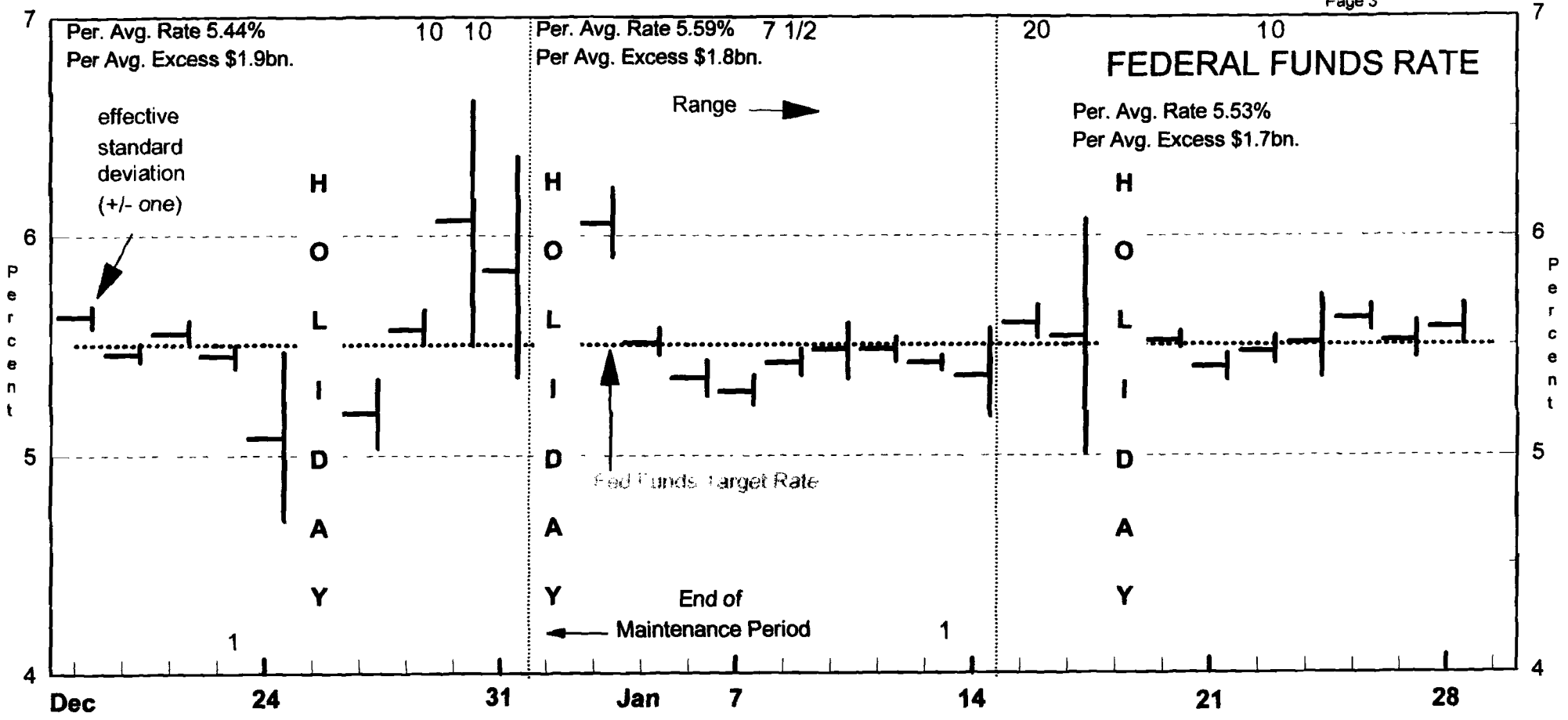


Implied Fed Funds



Yen per Dollar and Marks per Dollar





APPENDIX 2

Charts used by Mr. Prell and Ms. Johnson in their presentations

STRICTLY CONFIDENTIAL (FR) CLASS II—FOMC

Material for

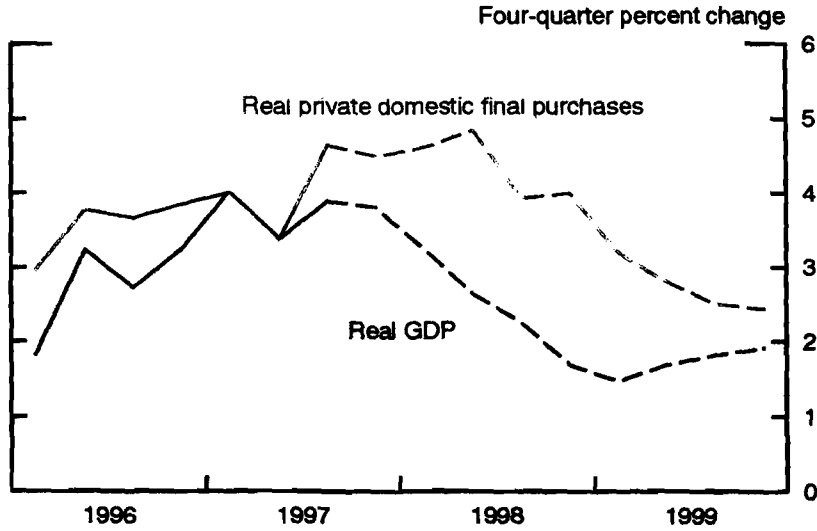
*Staff Presentation to the
Federal Open Market Committee*

February 3, 1998

Chart 1

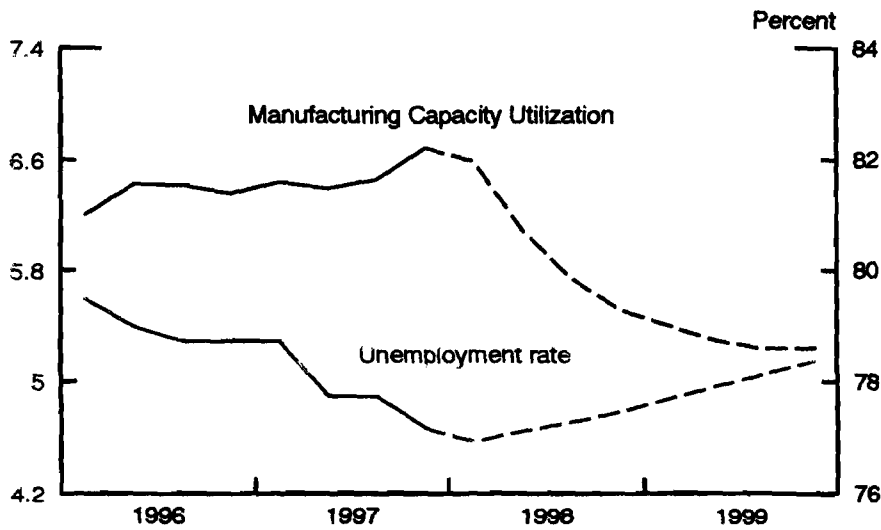
Summary of Staff Forecast

Economic Growth



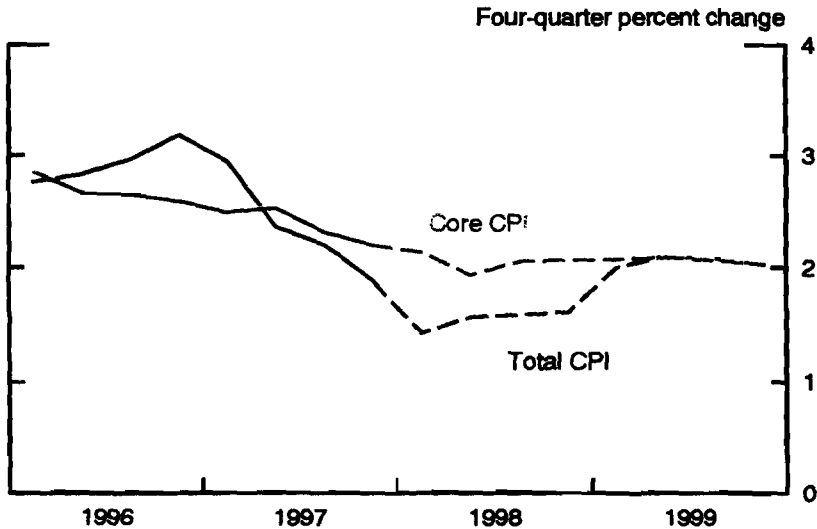
Q4/Q4 percent change		
	GDP	Private Domestic Final Purchases
1996	3.2	3.8
1997	3.8	4.4
1998	1.7	3.9
1999	1.9	2.4

Resource Utilization



Q4 average		
	U	CU
1996	5.3	81.4
1997	4.7	82.2
1998	4.8	79.3
1999	5.2	78.6

Consumer Price Inflation



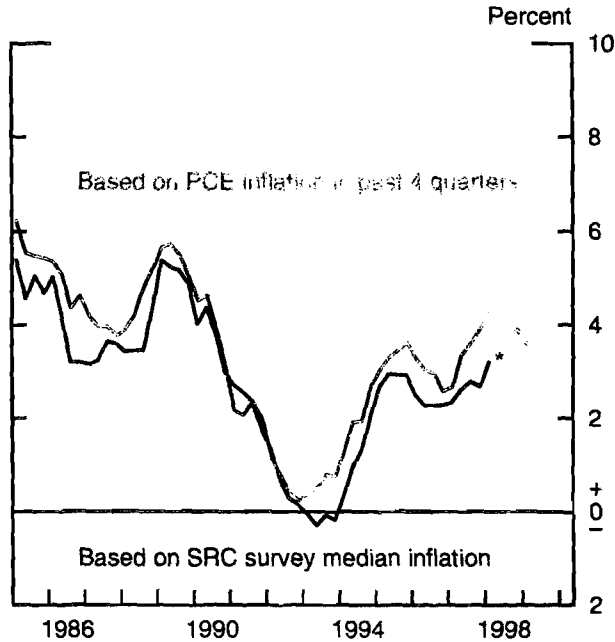
Q4/Q4 percent change		
	Total	Core
1996	3.2	2.6
1997	1.9	2.2
1998	1.6	2.1
1999	2.0	2.0

Chart 2

Financial and Fiscal Backdrop

- **Federal funds rate remains near 5-1/2 percent**

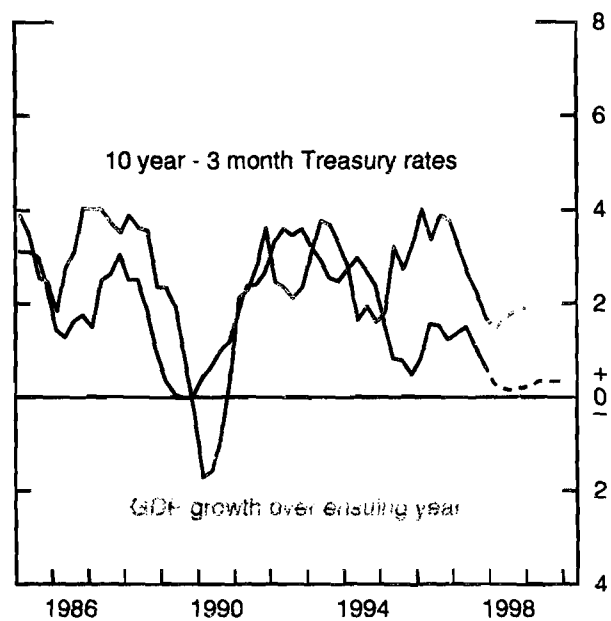
Real Funds Rate



* 98Q1 observation based on January survey.

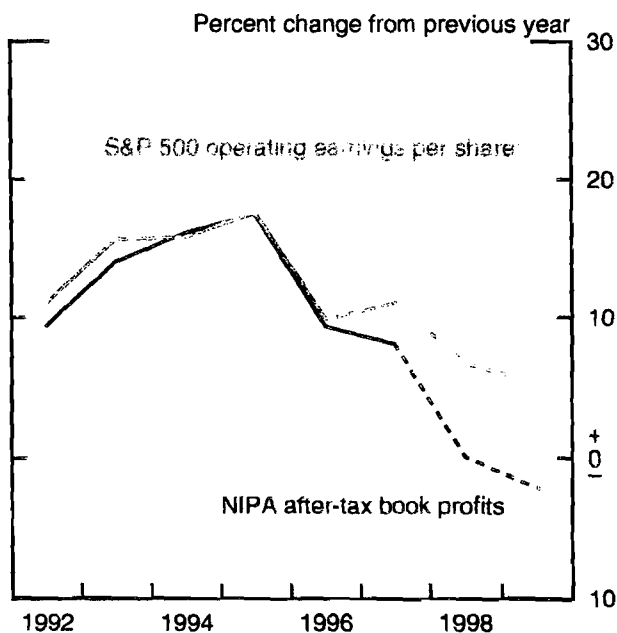
- **Bond yields generally remain in recent lower range**

Term Structure and Real GDP Growth



- **Share prices will drop moderately over coming year**

Corporate Earnings Forecasts



* Source: Goldman Sachs provided history for 1992-96.
I/B/E/S provided 1997 estimate and forecast for 1998-99.

- **No changes in fiscal policy**

Federal Budget Deficit

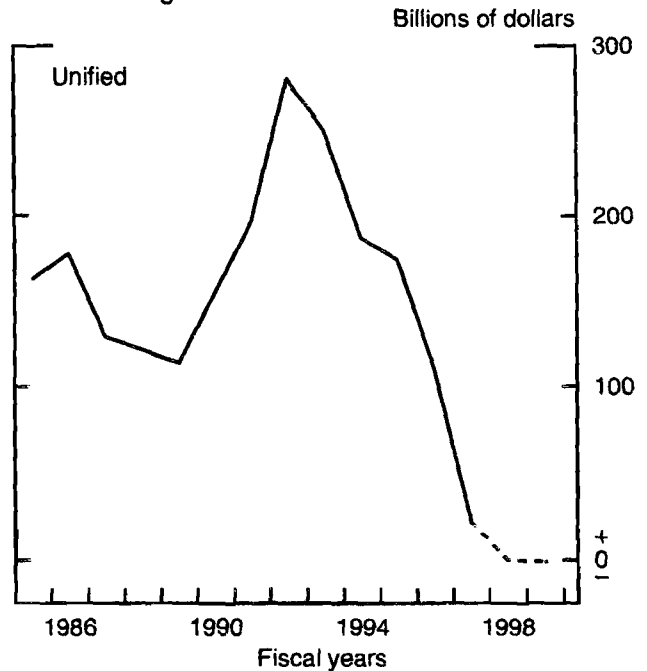
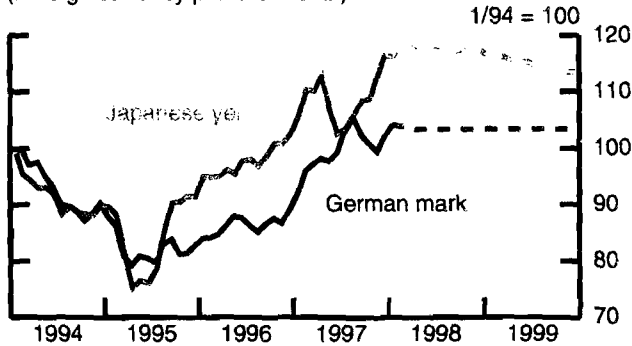


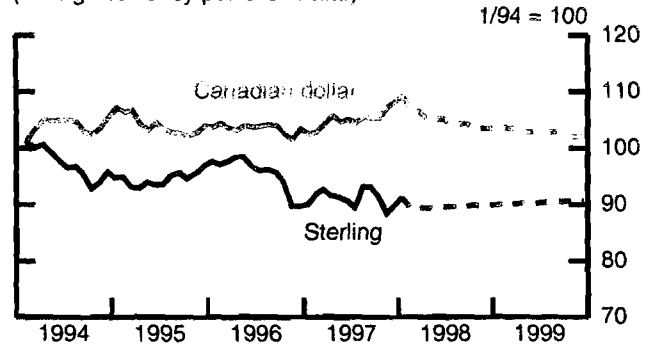
Chart 3

Exchange Rates and Interest Rates

Nominal Exchange Rates
(Foreign currency per U.S. dollar)



Nominal Exchange Rates
(Foreign currency per U.S. dollar)



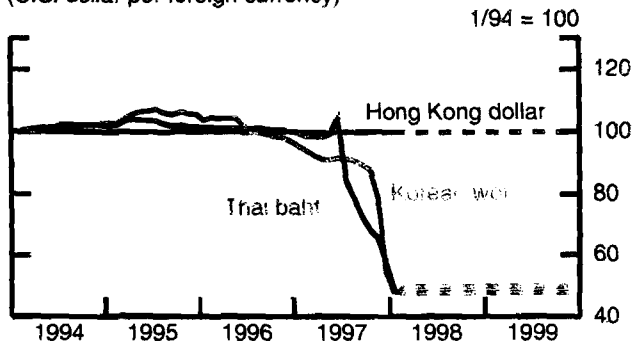
Three-Month Interest Rates

	Level 1/30/98	Change 7/1/97 to 1/30/98
United Kingdom	7.41	0.59
Canada	5.08	1.53
Germany	3.48	0.46
Japan	0.80	0.10
United States	5.52	-0.16

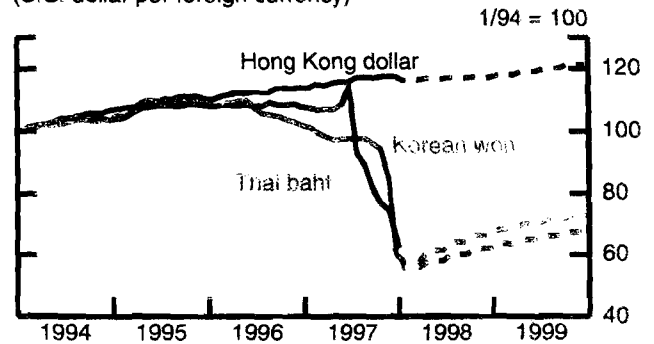
Ten-Year Interest Rates

	Level 1/30/98	Change 7/1/97 to 1/30/98
United Kingdom	6.05	-1.01
Canada	5.42	-0.90
Germany	5.05	-0.67
Japan	1.82	-0.56
United States	5.53	-0.92

Nominal Exchange Rates
(U.S. dollar per foreign currency)

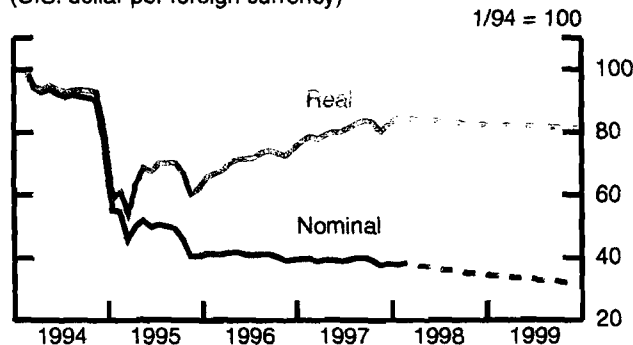


Real Exchange Rates*
(U.S. dollar per foreign currency)

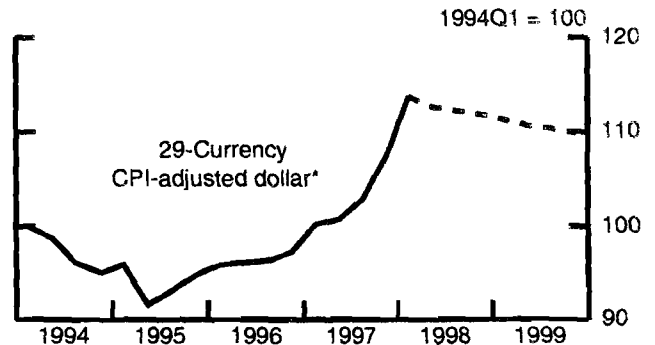


* Adjusted by consumer prices

Mexican Peso
(U.S. dollar per foreign currency)



Real Weighted-Average Dollar

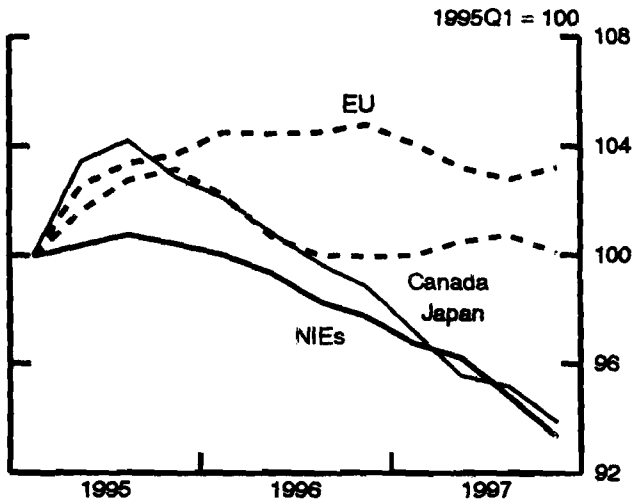


* Weighted-average for exports

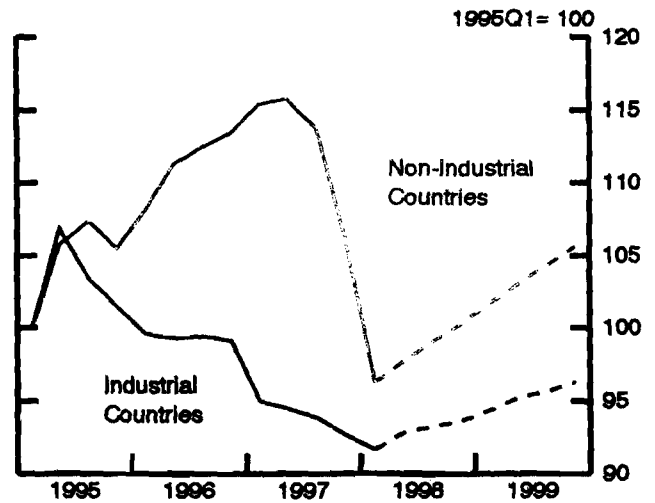
Chart 4

Import Prices

Prices of U.S. Imports

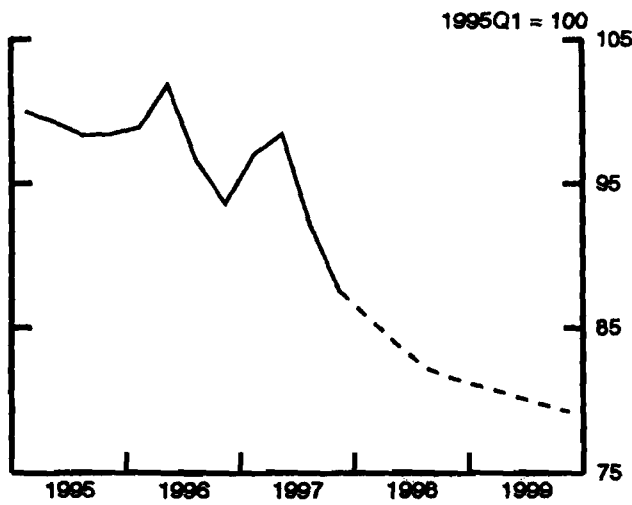


Foreign Consumer Prices in Dollars*

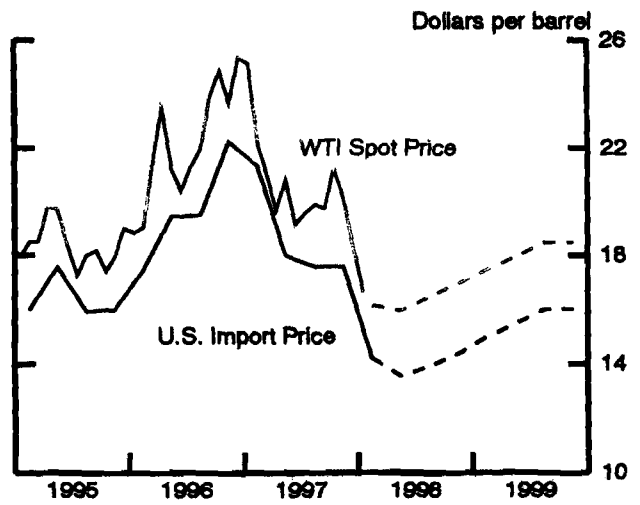


* Weighted by shares in U.S. bilateral imports.

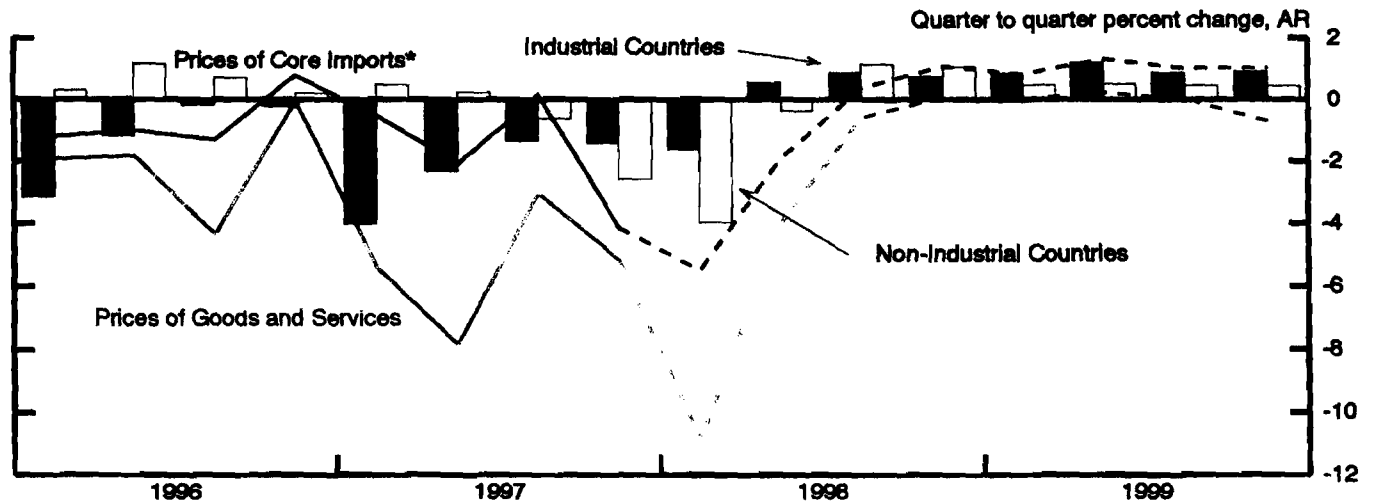
Non-oil Commodity Prices



Oil Prices



Import Prices

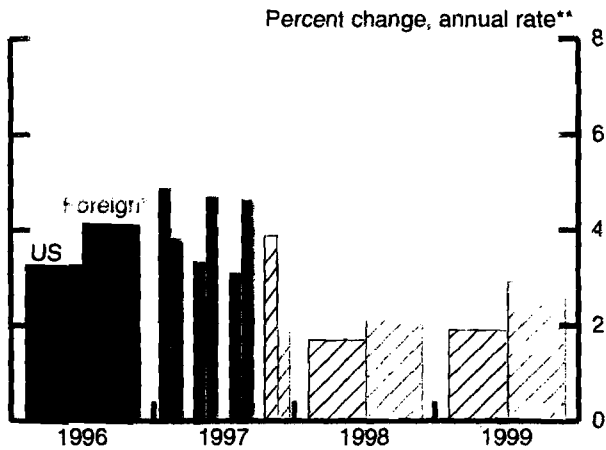


* Non-oil goods excluding computers, and semiconductors.

Chart 5

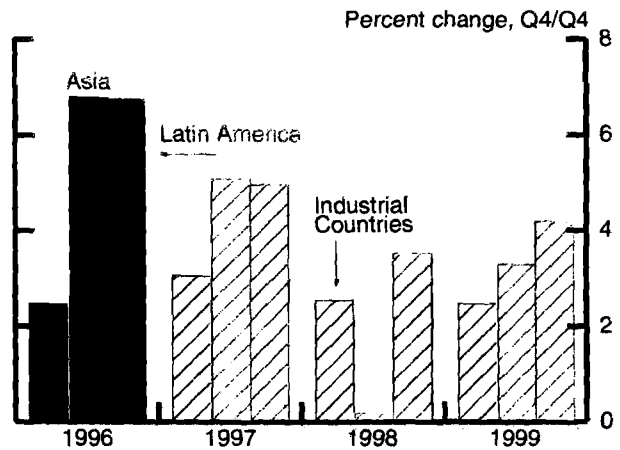
Foreign Outlook

Real GDP: US and Foreign



* Weighted by U.S. nonagricultural exports.
 ** Annual data are Q4 to Q4 percent change.

Foreign Real GDP*



* Weighted by U.S. nonagricultural exports.

Share of US Exports : 1996-1997

Industrial Countries	57
Developing Countries of which	43
Latin America	19
Asia of which	19
Korea	4
Southeast Asia*	4
Greater China**	7

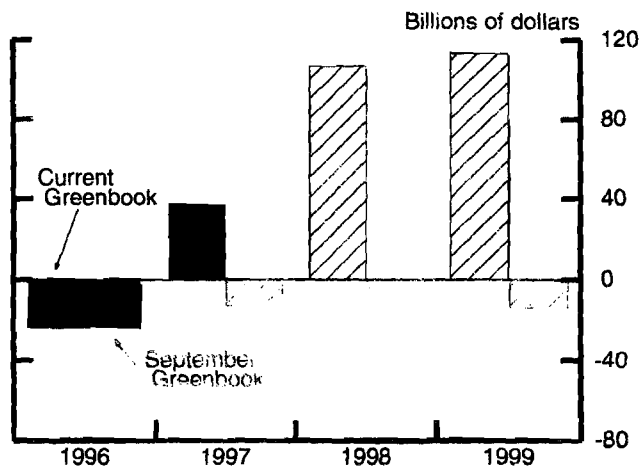
* Indonesia, Philippines, Thailand and Malaysia.
 ** China, Taiwan and Hong Kong

Real GDP: Asian Developing Countries

	Percent Change, Q4/Q4		
	1997	1998	1999
Korea	3.9	-3.6	3.0
Southeast Asia*	2.5	-1.0	2.6
Greater China*	6.4	2.7	4.5

* Weighted by U.S. nonagricultural exports.

Current Account Balances: Asia*



*Asia excluding Japan

Current Account Balances: Latin America

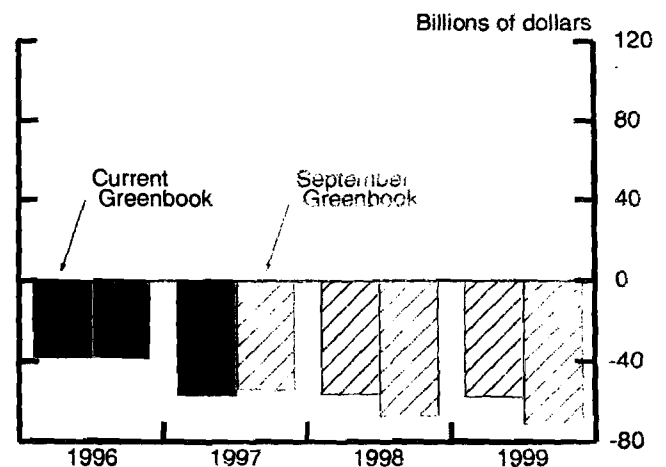


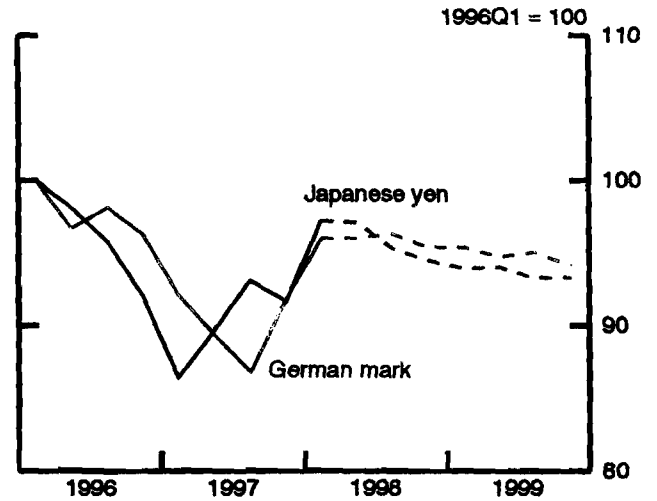
Chart 6

Industrial Countries

Real GDP: Industrial Countries

	Percent change, Q4/Q4		
	1997	1998	1999
Japan	0.3	1.3	1.5
Canada	4.3	3.0	2.6
United Kingdom	3.1	1.7	1.9
EU-11	2.9	2.5	2.9
<i>of which:</i>			
Germany	2.8	2.1	2.9
France	2.9	2.1	2.5
Italy	2.3	1.9	2.9

Price-Adjusted Exchange Rates*

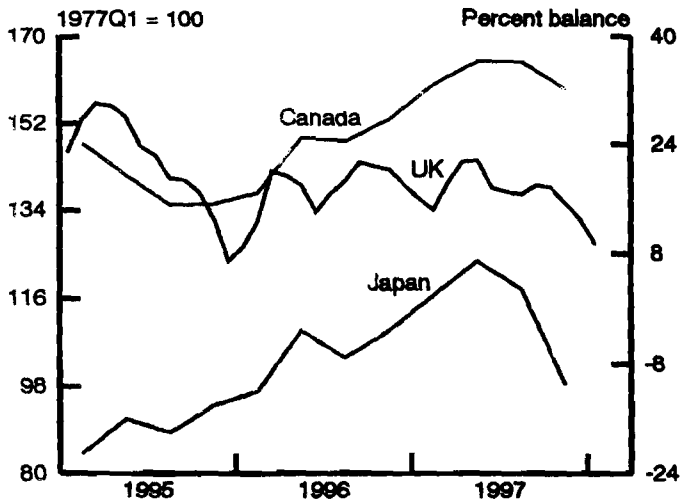


* Weighted average for exports

Trade with Asian Developing Countries, 1995-1996

	Share of Exports in Total GDP	Share of Total Exports Going to Asian Developing Countries
Japan	10	44
Canada	37	4
EU	9	18
<i>memo:</i>		
United States	11	19

Business Confidence



Business Confidence

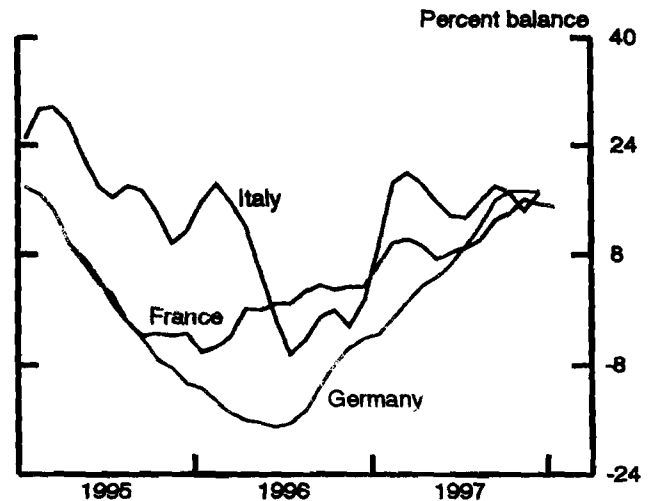
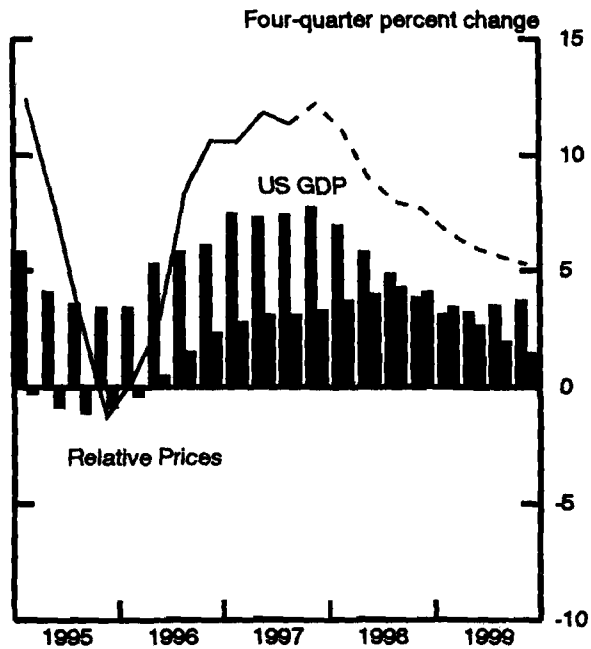


Chart 7

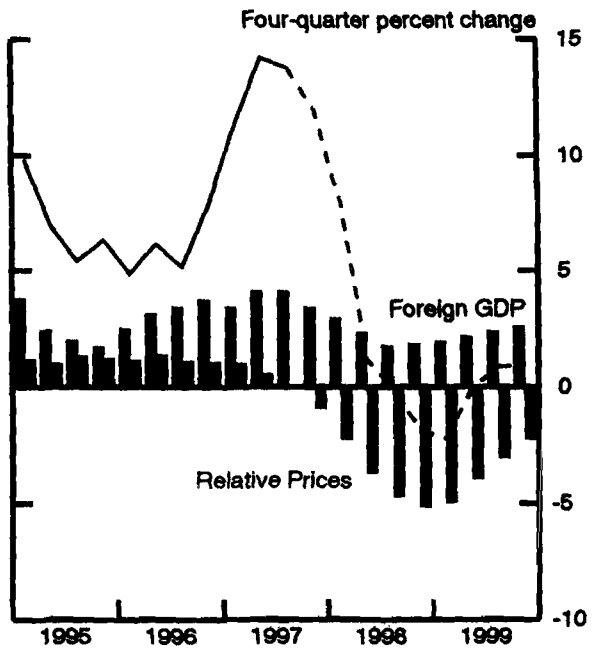
Real Net Exports

Core Import Quantities*



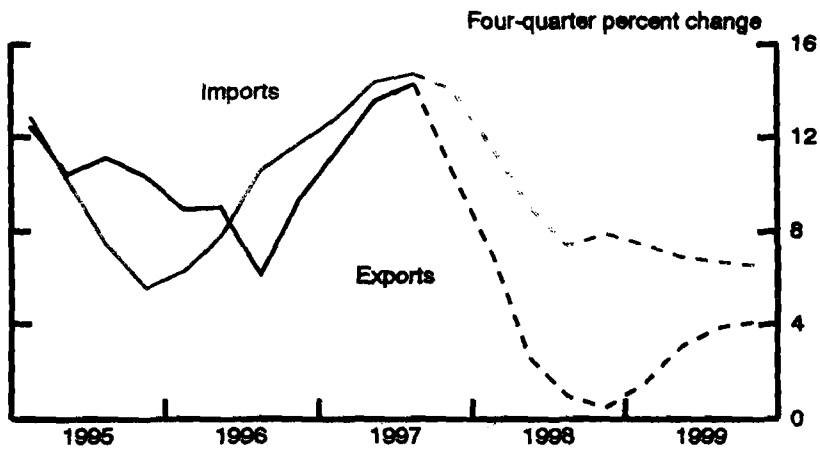
*Non-oil goods excluding computers and semiconductors.

Core Export Quantities*



*Nonagricultural goods excluding computers and semiconductors.

Total Real Goods and Services



Contribution of Real Net Exports to Real GDP Growth*

	Percentage Points, AR
1996	-0.4
1997-Q1	-1.0
Q2	-0.4
Q3	-1.3
Q4	0.6
1998	-0.9
1999	-0.4

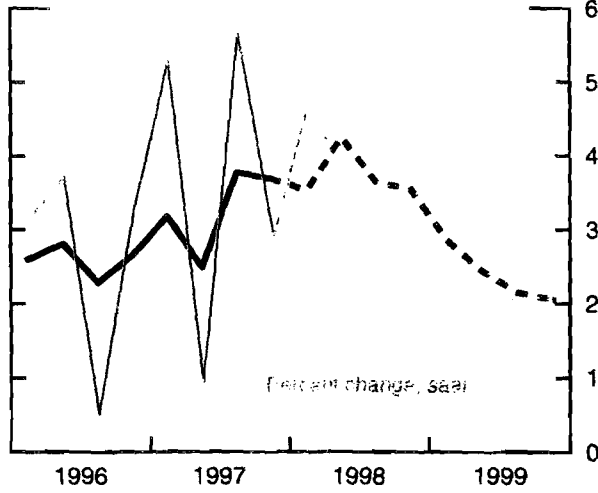
* Annual data Q4/Q4.

Chart 8

Household Spending

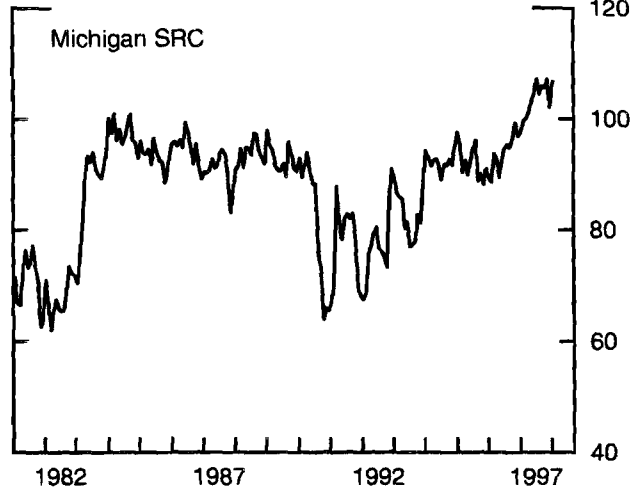
Real Personal Consumption

Four-quarter percent change



Consumer Sentiment

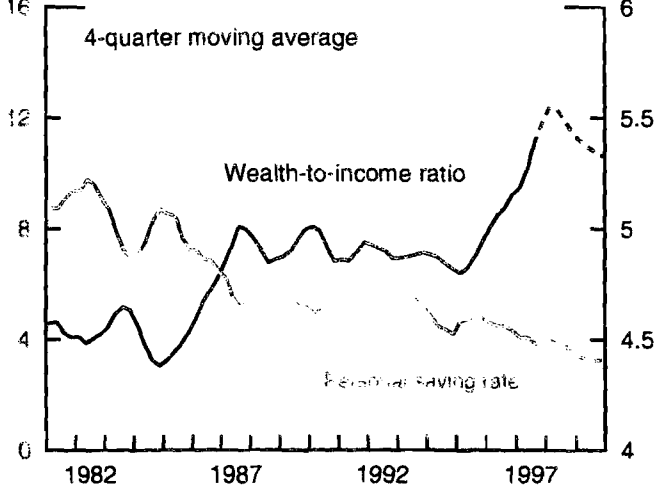
Index, 1966=100



Net Worth and Personal Saving Rate

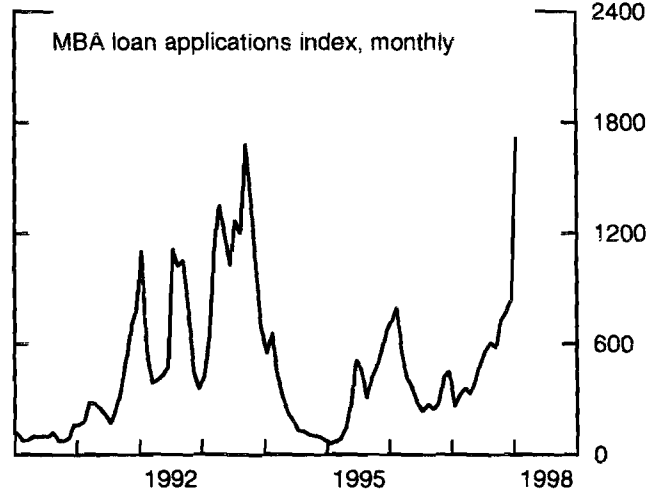
Percent

Ratio



Mortgage Refinancing Activity

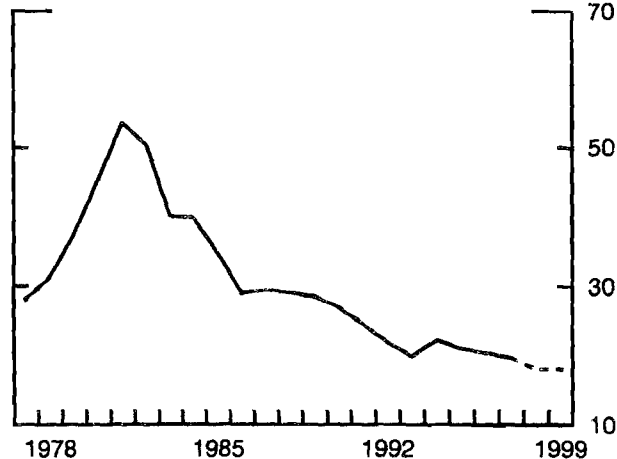
Index, 1990=100



Note: Last observation is average for first three weeks of January.

Cash-flow Burden of Homeownership*

Monthly payment/income



* Based on new home, 30 year FRM.

Housing Starts

Millions of units, saar

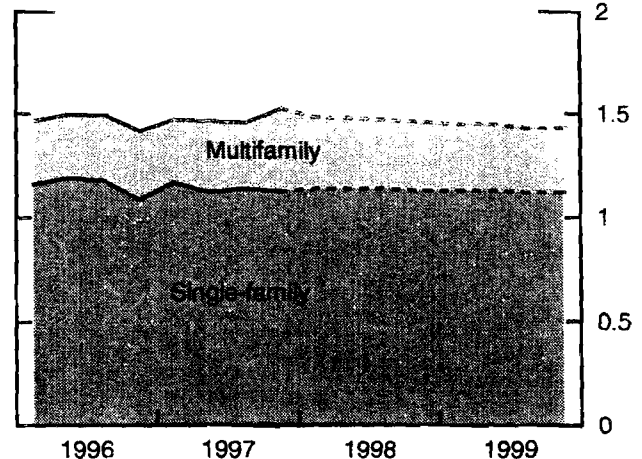
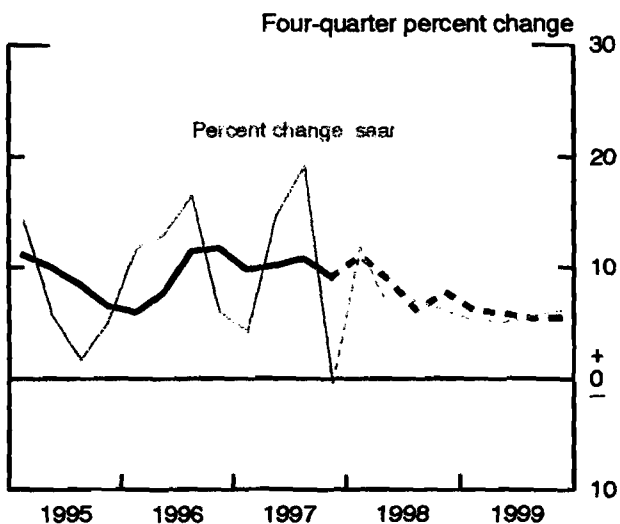


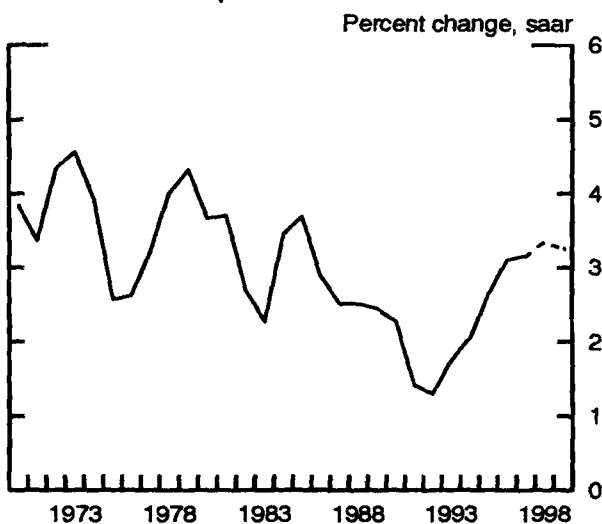
Chart 9

Business Spending

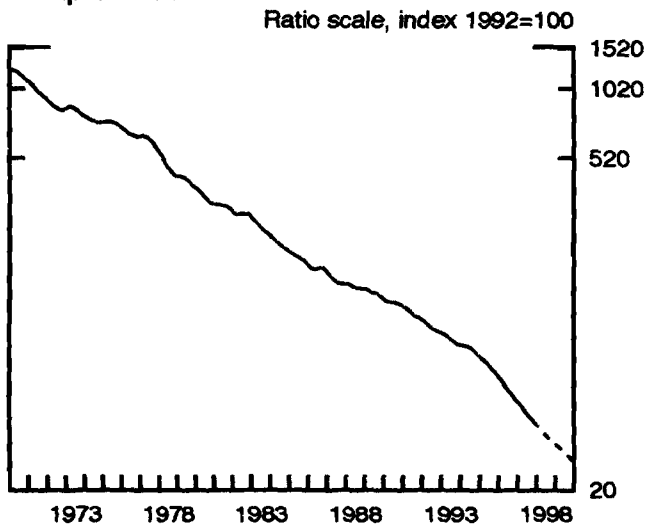
Real Business Fixed Investment



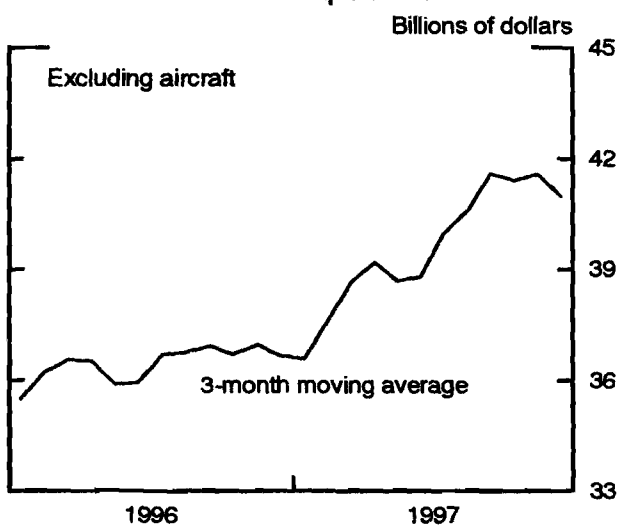
Growth of Net Capital Stock



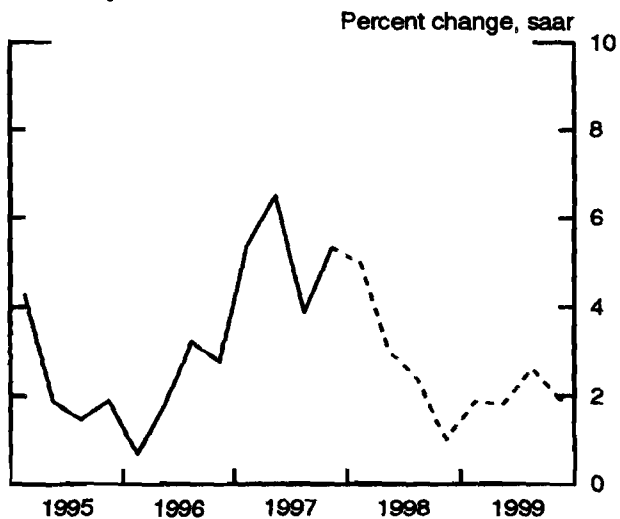
Computer Prices



Orders for Nondefense Capital Goods



Inventory Growth



Inventory-Sales Ratio

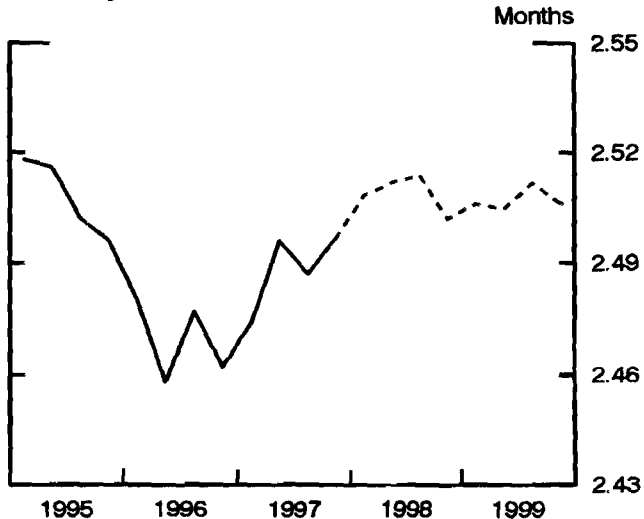
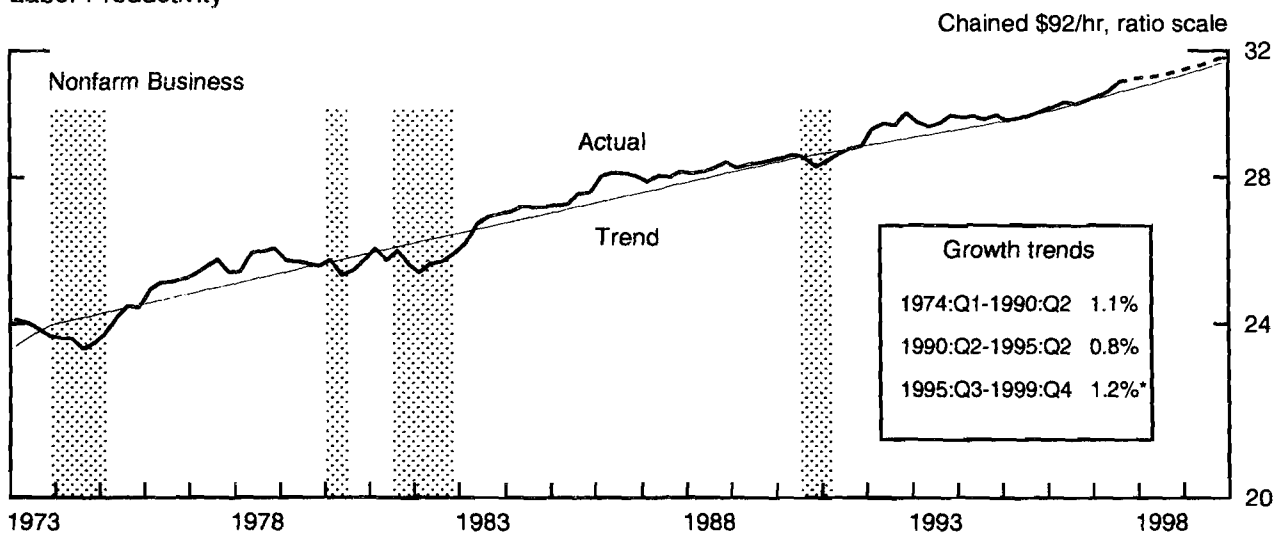


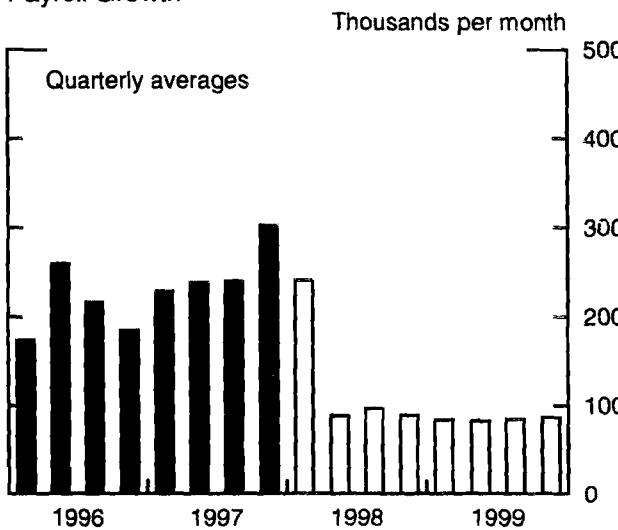
Chart 10
Labor Market

Labor Productivity

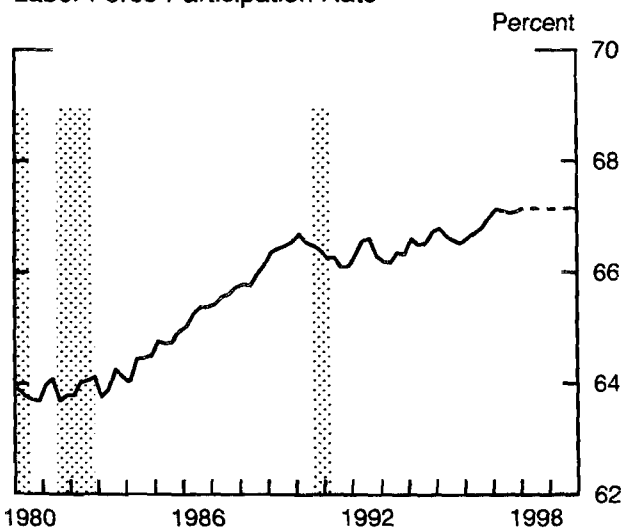


*On a consistently measured basis. As reported, 1.3 percent in 1998, 1.5 percent in 1999.

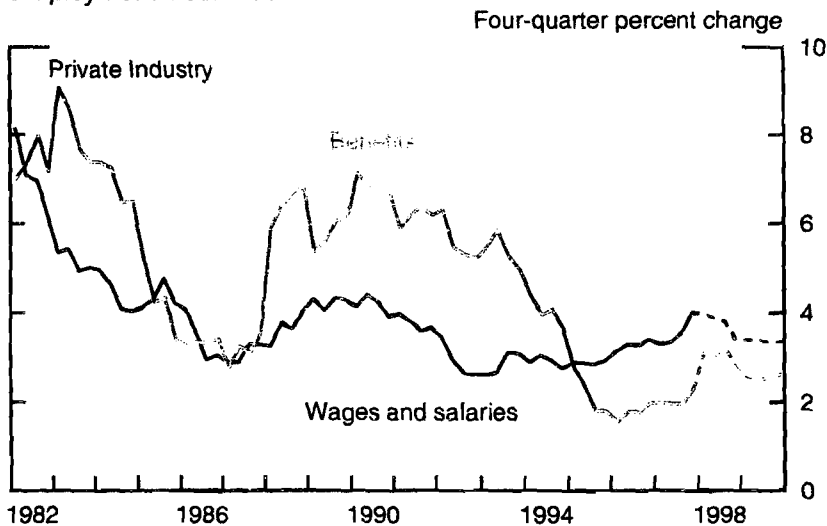
Payroll Growth



Labor Force Participation Rate



Employment Cost Indexes



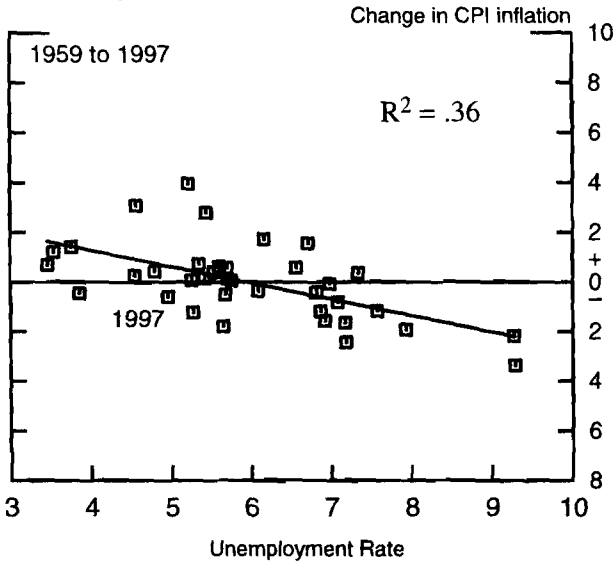
ECI Total Compensation

Q4/Q4 percent change	
1995	2.6
1996	3.1
1997	3.4
1998	3.2
1999	3.1

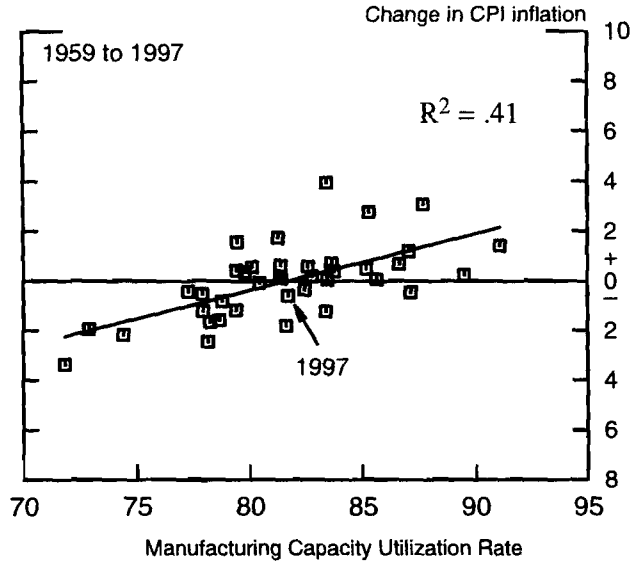
Chart 11

Inflation Outlook

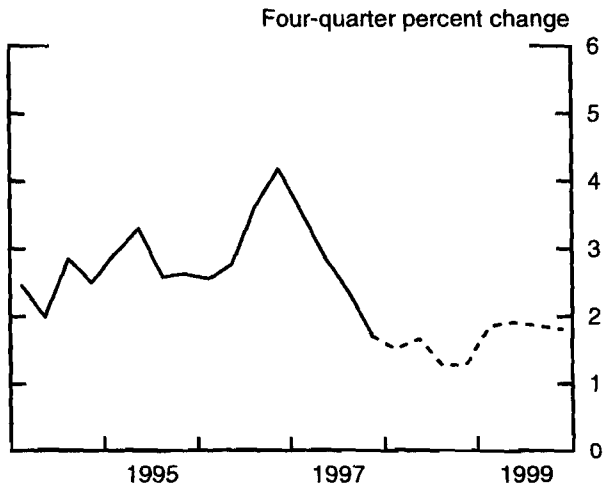
Unemployment and Inflation



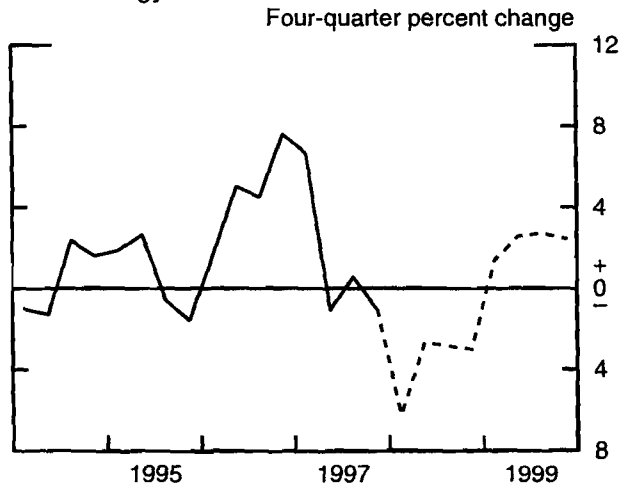
Capacity Utilization and Inflation



CPI - Food



CPI - Energy



Inflation - Adjusted for BLS Technical Changes to Indexes

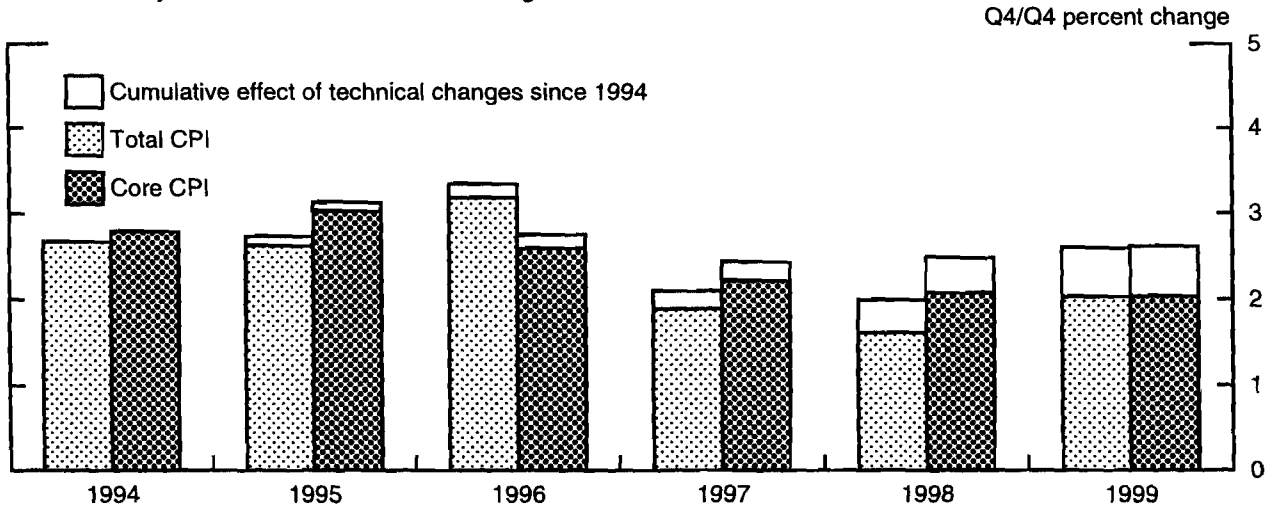


Chart 12

ECONOMIC PROJECTIONS FOR 1998

	FOMC			
	Range	Central Tendency	Administration	Staff
	Percent change, Q4 to Q4			
Nominal GDP	3 ¹ / ₂ to 5	3 ³ / ₄ to 4 ¹ / ₂	4.0	3.4
July 1997 H-H Report	4 ¹ / ₄ to 5 ³ / ₄	4 ¹ / ₂ to 5		4.3
Real GDP	1 ³ / ₄ to 3	2 to 2 ³ / ₄	2.0	1.7
July 1997 H-H Report	2 to 3	2 to 2 ¹ / ₂		2.1
CPI	1 ¹ / ₂ to 2 ¹ / ₂	1 ³ / ₄ to 2 ¹ / ₄	2.2	1.6
July 1997 H-H Report	2 ¹ / ₂ to 3	2 ¹ / ₂ to 3		2.8
	Average level, Q4, percent			
Unemployment rate	4 ¹ / ₂ to 5	about 4 ³ / ₄	5.0	4.8
July 1997 H-H Report	4 ¹ / ₂ to 5 ¹ / ₄	4 ³ / ₄ to 5		4.6

NOTE: Central tendencies constructed by dropping top and bottom three from distribution.

APPENDIX 3

Charts used by Mr. Lindsey in his statement

STRICTLY CONFIDENTIAL (FR) CLASS I-FOMC

Material for
Staff Presentation on
Long-Run Ranges

February 3-4, 1998

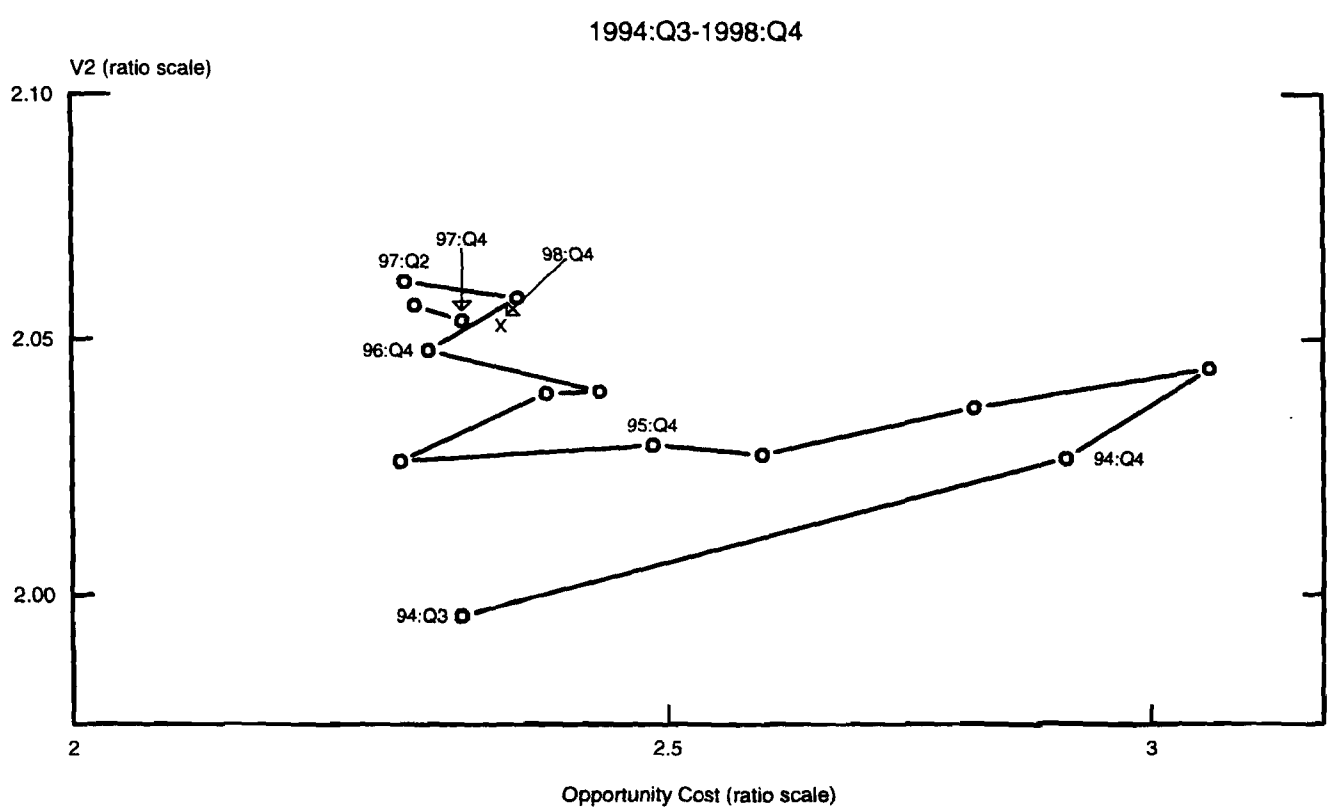
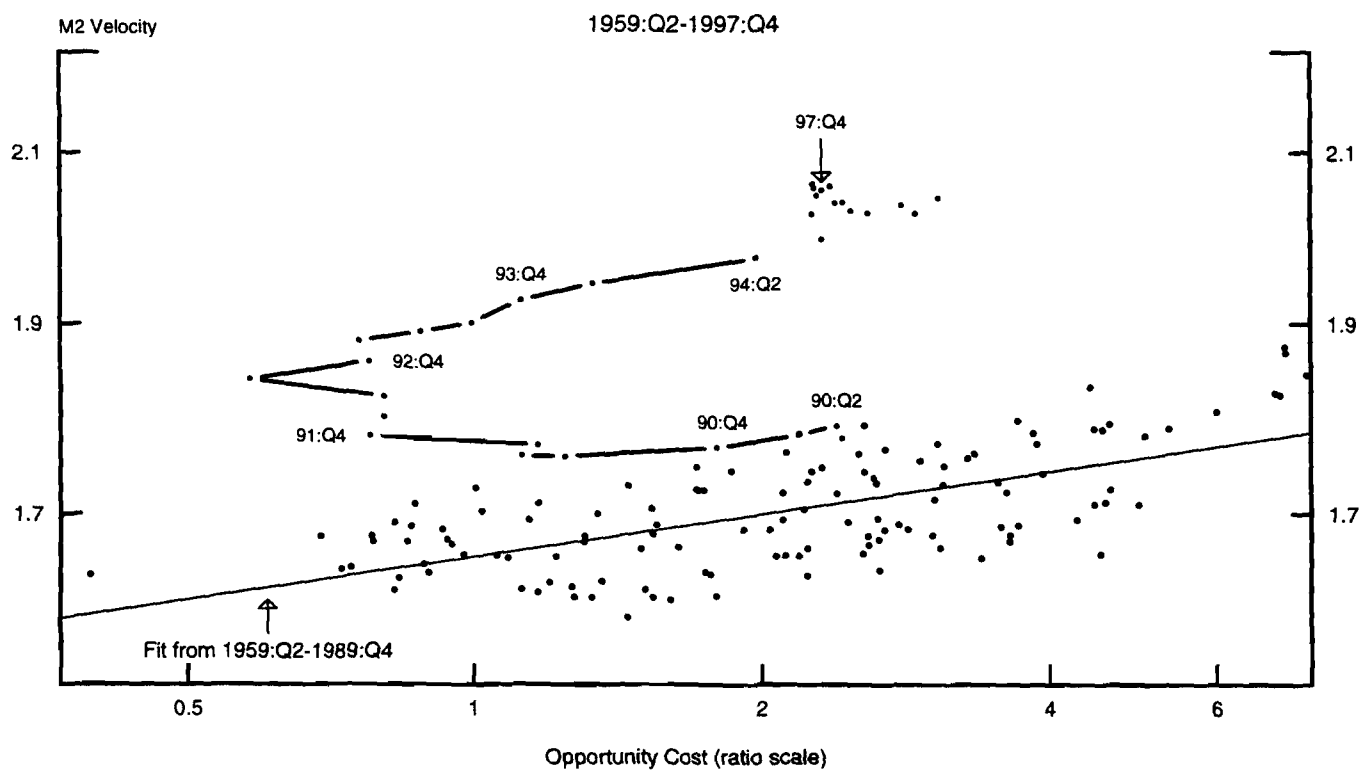
**Growth of Money and Debt and Alternative Ranges
(percent)**

	1997 (actual)	1998 (projected)	Alt. I (provisional)	Alt. II	Alt. III
M2	5.4*	3½	1 to 5	1 to 5	1 to 5
M3	8.6*	6¾	2 to 6	3 to 7	2 to 6
Debt	4.6	5¼	3 to 7	3 to 7	2 to 6
Memo:					
Nominal GDP	5.8	3½			

*Reflects incoming data from the Investment Company Institute on the IRA component of retail money market mutual funds, which are netted from M2, and hence M3. The new data have led us to revise up the growth rates of M2 and M3 in 1997 each by 0.3 percentage point.

Chart 6

M2 Velocity and Opportunity Cost



Actual and Projected Velocity of M3 and Debt

