Appendix 1: Materials used by Messrs. Kos and Reinhart
Exhibit 1
Treasury Securities Market

Two- and Ten-year Treasury Yields
Percent

Five-minute intervals

Two-year (right scale)

Ten-year (left scale)

8:00 Deadline

Note. Treasury yield shown is that of the on-the-run issue.

Treasury Yield Curve

March 24, 2003 4:00 pm

March 19, 2003 4:00 pm

Maturity in Years

Percent

Ten-year TIPS Yield

Daily

Jan. 2003

Feb. 2003

Mar. 2003

Percent

+ denotes today’s observation (taken at approximately 4:45 pm).

Selected Treasury Yields

<table>
<thead>
<tr>
<th></th>
<th>Today 3/24/03*</th>
<th>Wednesday 3/19/03</th>
<th>Change (1)-(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Two-year</td>
<td>1.66</td>
<td>1.72</td>
<td>-6</td>
</tr>
<tr>
<td>2. Five-year</td>
<td>2.94</td>
<td>2.97</td>
<td>-3</td>
</tr>
<tr>
<td>3. Ten-year</td>
<td>3.97</td>
<td>3.98</td>
<td>-1</td>
</tr>
<tr>
<td>Indexed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Ten-year</td>
<td>2.12</td>
<td>2.10</td>
<td>2</td>
</tr>
</tbody>
</table>

* Quotes taken at approximately 4:00 pm.
**Exhibit 2**

**Equity Market**

### Major Stock Indexes

Five-minute intervals

- **Wilshire 5000**

- **S&P 500**

- **Nasdaq**

#### 3/13/03 9:30 am = 100

### S&P 100 Implied Volatility (VIX)

Five-minute intervals

### Selected Equity Market Quotes

<table>
<thead>
<tr>
<th>Major Indexes</th>
<th>Today 3/24/03*</th>
<th>Wednesday 3/19/03</th>
<th>Change (1)-(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wilshire 5000</td>
<td>8180.39</td>
<td>8258.42</td>
<td>-0.9</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>864.36</td>
<td>874.02</td>
<td>-1.1</td>
</tr>
<tr>
<td>Nasdaq</td>
<td>1370.23</td>
<td>1397.08</td>
<td>-1.9</td>
</tr>
</tbody>
</table>

| Option-Implied Volatility     | 34.96          | 35.74             | -0.78          |

* Quotes taken at approximately 4:00 pm.
Exhibit 3
Monetary Policy Expectations

Interest Rate Futures

- Five-minute intervals
- Mar. 2004 Eurodollar Futures (right scale)
- Apr. 2003 Fed Funds Futures (left scale)

Expected Federal Funds Rates*

- March 19, 2003 3:30 pm
- March 24, 2003 3:30 pm

Short-term Eurodollar Implied Volatility*

- Daily
- 2003 2004 2005

Probability of 1.00% target as opposed to 1.25% target*

- Five-minute intervals

*Estimates from federal funds and eurodollar futures

March 25, 2003

*Contract with approximately 3 months to expiration.

*Based on May 2003 federal funds futures contract.

+ denotes today’s observation (taken at approximately 4:00 pm).
Ten-year Swap Spread

Five-minute intervals

Stock Prices and Credit Default Swap Premia for Selected Financial Intermediaries

<table>
<thead>
<tr>
<th></th>
<th>Stock Prices</th>
<th></th>
<th>CDS Premia</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Today</td>
<td>Wednesday</td>
<td>Change</td>
<td>Today</td>
</tr>
<tr>
<td></td>
<td>3/24/03*</td>
<td>3/19/03</td>
<td>(1)-(2)</td>
<td>3/24/03*</td>
</tr>
<tr>
<td>1. Bank of America</td>
<td>68.82</td>
<td>69.50</td>
<td>-1.0</td>
<td>31.0</td>
</tr>
<tr>
<td>2. Citigroup</td>
<td>35.72</td>
<td>35.46</td>
<td>0.7</td>
<td>32.0</td>
</tr>
<tr>
<td>3. Goldman Sachs</td>
<td>70.01</td>
<td>70.27</td>
<td>-0.4</td>
<td>55.0</td>
</tr>
<tr>
<td>4. Lehman Brothers</td>
<td>58.20</td>
<td>59.69</td>
<td>-2.5</td>
<td>50.0</td>
</tr>
<tr>
<td>5. Merrill Lynch</td>
<td>36.30</td>
<td>36.74</td>
<td>-1.2</td>
<td>57.0</td>
</tr>
</tbody>
</table>

* Quotes taken at approximately 4:00 pm.

Swaption Implied Volatility (Ten-year Swap Rate)

+ denotes today’s observation (taken at approximately 4:00 pm).
Exhibit 5
Other Indicators of Market Stress

Foreign Exchange Rates

<table>
<thead>
<tr>
<th>Currency Pair</th>
<th>Today 3/24/03*</th>
<th>Wednesday 3/19/03</th>
<th>Change (1)-(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollar/Euro</td>
<td>1.0631</td>
<td>1.0559</td>
<td>0.7</td>
</tr>
<tr>
<td>Yen/Dollar</td>
<td>120.8350</td>
<td>120.4700</td>
<td>0.3</td>
</tr>
<tr>
<td>Dollar/Pound</td>
<td>1.5734</td>
<td>1.5643</td>
<td>0.6</td>
</tr>
<tr>
<td>Swiss Franc/Dollar</td>
<td>1.3859</td>
<td>1.3943</td>
<td>-0.6</td>
</tr>
</tbody>
</table>

* Quotes taken at approximately 4:00 pm.

West Texas Intermediate Crude Oil Spot Price

Gold Spot Price

+ denotes today’s observation (taken at approximately 4:00 pm).
Appendix 2: Material used by Ms. Johnson
Recent Developments in International Financial Markets

March 24, 2003
Selected Exchange Rates
(Foreign currency per dollar)

Indexes of Trade-Weighted Value of the Dollar

Change since 3/12

<table>
<thead>
<tr>
<th>Currency</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can. dollar</td>
<td>0.5%</td>
</tr>
<tr>
<td>Swiss franc</td>
<td>4.0%</td>
</tr>
<tr>
<td>Euro</td>
<td>3.6%</td>
</tr>
<tr>
<td>Yen</td>
<td>3.0%</td>
</tr>
<tr>
<td>Sterling</td>
<td>2.4%</td>
</tr>
</tbody>
</table>
Selected Yield Curves

3-Month Eurocurrency Futures Rates

- Yen
- Euro
- Sterling
- Dollar

1-Year Forward Rates Derived From Swaps

- Yen
- Euro
- Sterling
- Dollar
Chart 3

Stock Market Indexes
(Ratio scale, Index, March 12, 2003 = 100, daily data)

Euro Area

United Kingdom

Japan

memo: United States
### Crude Oil Futures Prices

- **WTI May**: -$7.63
- **Brent May**: -$6.91

**Change since 3/12**

- **March 12 FOMC**

### Implied Distributions from Oil Futures Options

**March 21, 2003**

- **May 2003 WTI**
- **Dec 2003 WTI**
Appendix 3: Materials used by Mr. Stockton
NONFINANCIAL DEVELOPMENTS
Chart 1

**Current Indicators**

**UI--Initial Claims**
- 4-week moving average
- Weekly

**UI--Insured Unemployment**
- 4-week moving average
- Weekly

**IP Weekly Production Index**
- Monthly aggregate of weekly index
- Weekly Index--total IP points of 16 components

**Production of Domestic Motor Vehicles**
- Quarterly averages
- Schedules (FRB Seasonals)

**Chain Store Sales**

**Consumer Sentiment**
- Michigan Survey
- Conference Board

Note. Seasonally adjusted using FRB seasonals.

Note. March through June are schedules.

Source. Bank of Tokyo-Mitsubishi.
Chart 2

Domestic Energy Markets

Gasoline and Crude Oil Prices

- Retail price (DOE, weekly)
- Crude oil price (WTI spot, daily)

Cents per gallon

Note. Not seasonally adjusted.

Gasoline Inventories

- DOE, weekly
- 5-year monthly average

Millions of barrels

Note. Not seasonally adjusted.

Natural Gas Spot Price

- (Henry Hub, daily)

Dollars per MMBtu

Natural Gas Inventories*

- 1997-2000 average
- 2001
- 2002
- 2003

Billions of cubic feet

March 14, 2003

*End of month. Working gas in storage.
### Chart 3

**Housing**

(Seasonally Adjusted)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Housing Starts</td>
<td>Permits Issued</td>
<td>New Home Sales</td>
<td>Existing Home Sales</td>
</tr>
<tr>
<td>2002</td>
<td>1.71</td>
<td>1.73</td>
<td>.976</td>
<td>5.57</td>
</tr>
<tr>
<td>2002 Q2</td>
<td>1.67</td>
<td>1.67</td>
<td>.951</td>
<td>5.50</td>
</tr>
<tr>
<td>Q3</td>
<td>1.70</td>
<td>1.70</td>
<td>1.020</td>
<td>5.40</td>
</tr>
<tr>
<td>Q4</td>
<td>1.75</td>
<td>1.80</td>
<td>1.038</td>
<td>5.77</td>
</tr>
<tr>
<td>2002 Nov.</td>
<td>1.76</td>
<td>1.74</td>
<td>1.035</td>
<td>5.64</td>
</tr>
<tr>
<td>Dec.</td>
<td>1.82</td>
<td>1.89</td>
<td>1.077</td>
<td>5.91</td>
</tr>
<tr>
<td>2003 Jan.</td>
<td>1.82</td>
<td>1.78</td>
<td>.914</td>
<td>6.10</td>
</tr>
<tr>
<td>Feb.</td>
<td>1.62</td>
<td>1.79</td>
<td>n.a.</td>
<td>5.84</td>
</tr>
</tbody>
</table>

---

### New Home Sales and Starts

- **Millions of units, annual rate**
  - **(Seasonally adjusted)**
    - Starts
    - Sales
  - 1996 to 2002

### Existing Home Sales

- **Millions of units, annual rate**
  - **(Seasonally adjusted using FRB seasonals)**
    - Feb.
### Consumer Price Index

#### Relative importance Jan. 2003

<table>
<thead>
<tr>
<th>Relative importance</th>
<th>All Items</th>
<th>Energy Items</th>
<th>Food</th>
<th>All items less food and energy</th>
<th>MEMO: Core PCE prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 2003</td>
<td>100.0</td>
<td>7.0</td>
<td>14.5</td>
<td>78.5</td>
<td>22.8</td>
</tr>
</tbody>
</table>

#### Twelve-month percent changes, Feb. to Feb.¹

<table>
<thead>
<tr>
<th>Year</th>
<th>All Items</th>
<th>Energy Items</th>
<th>Food</th>
<th>Total</th>
<th>Commodities</th>
<th>Services</th>
<th>MEMO: Core PCE prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>1.6</td>
<td>-5.7</td>
<td>2.4</td>
<td>2.1</td>
<td>.7</td>
<td>2.8</td>
<td>1.5</td>
</tr>
<tr>
<td>2000</td>
<td>3.2</td>
<td>19.9</td>
<td>1.8</td>
<td>2.2</td>
<td>.3</td>
<td>2.9</td>
<td>1.7</td>
</tr>
<tr>
<td>2001</td>
<td>3.5</td>
<td>13.1</td>
<td>3.0</td>
<td>2.7</td>
<td>.9</td>
<td>3.6</td>
<td>2.0</td>
</tr>
<tr>
<td>2002</td>
<td>1.1</td>
<td>-15.9</td>
<td>2.7</td>
<td>2.6</td>
<td>-.9</td>
<td>4.0</td>
<td>1.6</td>
</tr>
<tr>
<td>2003</td>
<td>3.0</td>
<td>22.0</td>
<td>1.4</td>
<td>1.7</td>
<td>-.15</td>
<td>3.2</td>
<td>1.3³</td>
</tr>
</tbody>
</table>

#### Percent changes from three months earlier at compound annual rates²

<table>
<thead>
<tr>
<th>Year</th>
<th>All Items</th>
<th>Energy Items</th>
<th>Food</th>
<th>Total</th>
<th>Commodities</th>
<th>Services</th>
<th>MEMO: Core PCE prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002 Feb.</td>
<td>1.1</td>
<td>-10.3</td>
<td>2.1</td>
<td>1.9</td>
<td>-2.7</td>
<td>4.2</td>
<td>1.3</td>
</tr>
<tr>
<td>May</td>
<td>3.6</td>
<td>35.8</td>
<td>.2</td>
<td>2.1</td>
<td>-1.1</td>
<td>3.4</td>
<td>1.6</td>
</tr>
<tr>
<td>Aug.</td>
<td>2.2</td>
<td>6.0</td>
<td>.2</td>
<td>2.3</td>
<td>-.3</td>
<td>3.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Nov.</td>
<td>2.0</td>
<td>5.6</td>
<td>2.3</td>
<td>1.5</td>
<td>-2.5</td>
<td>3.1</td>
<td>1.2</td>
</tr>
<tr>
<td>2003 Feb.</td>
<td>4.3</td>
<td>44.9</td>
<td>2.7</td>
<td>1.5</td>
<td>-1.9</td>
<td>2.8</td>
<td>.5</td>
</tr>
</tbody>
</table>

#### Monthly percent changes not at annual rates³

<table>
<thead>
<tr>
<th>Year</th>
<th>All Items</th>
<th>Energy Items</th>
<th>Food</th>
<th>Total</th>
<th>Commodities</th>
<th>Services</th>
<th>MEMO: Core PCE prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002 July</td>
<td>.2</td>
<td>.7</td>
<td>.1</td>
<td>.2</td>
<td>-.1</td>
<td>.3</td>
<td>.1</td>
</tr>
<tr>
<td>Aug.</td>
<td>.2</td>
<td>.2</td>
<td>-.1</td>
<td>.3</td>
<td>.2</td>
<td>.3</td>
<td>.2</td>
</tr>
<tr>
<td>Sept.</td>
<td>.2</td>
<td>.4</td>
<td>.2</td>
<td>.2</td>
<td>-.1</td>
<td>.2</td>
<td>.2</td>
</tr>
<tr>
<td>Oct.</td>
<td>.2</td>
<td>1.4</td>
<td>.1</td>
<td>.1</td>
<td>-.1</td>
<td>.3</td>
<td>.1</td>
</tr>
<tr>
<td>Nov.</td>
<td>.1</td>
<td>-.5</td>
<td>.2</td>
<td>.1</td>
<td>-.3</td>
<td>.3</td>
<td>.1</td>
</tr>
<tr>
<td>Dec.</td>
<td>.1</td>
<td>-.4</td>
<td>.2</td>
<td>.2</td>
<td>-.1</td>
<td>.3</td>
<td>.1</td>
</tr>
<tr>
<td>2003 Jan.</td>
<td>.3</td>
<td>4.0</td>
<td>-.2</td>
<td>.1</td>
<td>-.3</td>
<td>.3</td>
<td>.0</td>
</tr>
<tr>
<td>Feb.</td>
<td>.6</td>
<td>5.9</td>
<td>.7</td>
<td>.1</td>
<td>-.1</td>
<td>.1</td>
<td>.1³</td>
</tr>
</tbody>
</table>

1. Not seasonally adjusted.
2. Seasonally adjusted.
3. Staff estimate.

---

**Consumer Price Index -- Current Methods Basis**

#### Twelve-month percent change

- **All items**: 
  - Feb. (3.0)
- **Less food and energy**: 
  - Feb. (1.7)
Unemployment Insurance

(Seasonally adjusted, BLS basis)

Initial Claims

State programs
Incl. EUC adjustment

4-week moving average

Thousands

250 300 350 400 450 500 550 600


Mar. 15 (421)

Insured Unemployment

State Programs
Incl. EUC adjustment

Millions

1.6 2.1 2.6 3.1 3.6 4.1


Mar. 8 (3.55)

*Beginning July 18, 1992, includes initial claims filed under the emergency unemployment benefits program by individuals also eligible to file under regular programs. The EUC program ended on April 30, 1994.

**Includes staff estimate of emergency benefits who are also eligible to file under regular programs.