Appendix 1: Materials used by Mr. Sack
Material for

**FOMC Presentation:**
*Financial Market Developments and Desk Operations*

Brian Sack

April 26, 2011
### (1) Implied Federal Funds Rate Path*

- **04/21/11**
- **03/14/11**

*Based on federal funds and eurodollar futures rates. Source: Federal Reserve Bank of New York

### (2) Commodity Prices

- **Brent Oil***
- **Commodities Index**

*Front-month futures contract
**Thomson Reuters/Jefferies CRB Commodity Index
Source: Bloomberg

### (3) Forward Breakeven Inflation Rates (5-Year 5-Year Rates)

- **Federal Reserve Board**
- **Barclays Capital**

Source: Federal Reserve Board of Governors, Barclays Capital

### (4) Treasury Yields

- **2-Year**
- **5-Year**
- **10-Year**

Source: Bloomberg

### (5) Market Reaction to S&P Announcement

<table>
<thead>
<tr>
<th>Immediate Response*</th>
<th>Daily Change**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Y Treasury</td>
<td>-3 bps</td>
</tr>
<tr>
<td>10Y Treasury</td>
<td>+4 bps</td>
</tr>
<tr>
<td>30Y Treasury</td>
<td>+9 bps</td>
</tr>
<tr>
<td>S&amp;P 500***</td>
<td>-0.7%</td>
</tr>
<tr>
<td>DXY Dollar</td>
<td>-0.3%</td>
</tr>
</tbody>
</table>

*Change from 9 to 9:30 AM
**Change from 9 AM to close
***Change computed from futures prices.
Source: Bloomberg

### (6) Treasury Debt Outstanding

- **Projected**
- **Current Debt Limit**

Source: Federal Reserve Board of Governors


**Class II FOMC**

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### (7) Japanese Equity Prices*

- Indexed to 08/03/09
- Greece (LHS), Portugal (RHS), Spain (RHS), Italy (RHS)

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### (8) Japanese Yen

- Indexed to 08/03/09
- Yen Appreciation

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### (9) Euro Area Sovereign Debt Spreads*

- BPS
- Greece (LHS), Portugal (RHS), Spain (RHS), Italy (RHS)

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### (10) Foreign Exchange Rates

- Indexed to 08/03/09
- Euro/Dollar, Broad Dollar Index
- Dollar Appreciation

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### (11) U.S. Equity Prices

- Indexed to 08/03/09
- US Bank Index*, S&P 500

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### (12) VIX Index

- Indexed to 08/03/09

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* Nikkei Index
Source: Bloomberg

*2-year spreads to Germany
Source: Bloomberg

*KBW Bank Index
Source: Bloomberg

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Source: Bloomberg

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Source: Federal Reserve Board of Governors, Bloomberg

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Source: Bloomberg

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Source: Bloomberg
(13) SOMA Purchases of Treasury Securities

![Graph showing SOMA purchases of Treasury Securities with data points from June 2010 to October 2011.]

Source: Federal Reserve Bank of New York

(14) SOMA Portfolio

<table>
<thead>
<tr>
<th></th>
<th>June 2011</th>
<th>April 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury</td>
<td>1,634</td>
<td>777</td>
</tr>
<tr>
<td>Agency</td>
<td>117</td>
<td>168</td>
</tr>
<tr>
<td>MBS</td>
<td>903</td>
<td>1,161</td>
</tr>
<tr>
<td>Total</td>
<td>2,654</td>
<td>2,106</td>
</tr>
<tr>
<td>Duration</td>
<td>4.64</td>
<td>4.36</td>
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</table>

*Holdings in $ billions
Source: Federal Reserve Bank of New York

(15) Change in MBS Spreads*

![Graph showing change in MBS spreads from 4.0% to 5.5% with data points from August 2009 to April 2011.]

*Option-adjusted spread
Source: Barclays Capital

(16) MBS Held in Official Portfolios

![Graph showing MBS held in official portfolios with data points from June 2011 to April 2010.]

Source: Federal Reserve Bank of New York, U.S. Treasury

(17) Short Term Funding Rates*

![Graph showing short term funding rates with data points from August 2009 to April 2011.]

*5-day moving average
Source: Federal Reserve Bank of New York

(18) SOMA Securities Lending Volume*

![Graph showing SOMA securities lending volume with data points from August 2009 to April 2011.]

*10-day moving average
Source: Federal Reserve Bank of New York
(19) Expected Use of Exit Tools Relative to First Target Rate Increase (% of Respondents)*

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>Concurrent</th>
<th>After</th>
<th>Never</th>
</tr>
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<tbody>
<tr>
<td>&quot;Extended Period&quot;</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>IOER</td>
<td>5</td>
<td>95</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>RRP</td>
<td>85</td>
<td>15</td>
<td>0</td>
<td>0</td>
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<tr>
<td>TDF</td>
<td>90</td>
<td>10</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Treasury Redem.</td>
<td>55</td>
<td>5</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>MBS Redem.</td>
<td>95</td>
<td>0</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Treasury Sales</td>
<td>0</td>
<td>5</td>
<td>75</td>
<td>20</td>
</tr>
<tr>
<td>MBS Sales</td>
<td>0</td>
<td>0</td>
<td>80</td>
<td>20</td>
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</tbody>
</table>

*Views on agency debt sales and redemptions largely followed those for MBS.
Source: Federal Reserve Bank of New York Policy Survey

(20) Expected Timing of Exit Tools Relative to First Target Rate Increase

(21) Expected Size of Domestic Assets in SOMA

(22) Level of Reserves at First Target Rate Increase

(23) Draining Capacity over Intermeeting Period

(24) Expected Spread between IOER Rate and Federal Funds Rate (in BPS)*

<table>
<thead>
<tr>
<th>IOER Rate</th>
<th>$1.5 Trillion</th>
<th>$1 Trillion</th>
<th>$500 Billion</th>
<th>$0 - $25 Billion</th>
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<tbody>
<tr>
<td>0.25%</td>
<td>16</td>
<td>9</td>
<td>2</td>
<td>-1</td>
</tr>
<tr>
<td>1.00%</td>
<td>17</td>
<td>14</td>
<td>5</td>
<td>-3</td>
</tr>
<tr>
<td>2.00%</td>
<td>25</td>
<td>15</td>
<td>6</td>
<td>0</td>
</tr>
</tbody>
</table>

*Median values
Source: Federal Reserve Bank of New York Policy Survey
Appendix 2: Materials used by Mr. Nelson
Material for

FOMC Briefing on Strategies for Removing Policy Accommodation

William R. Nelson
April 26, 2011
Questions for Discussion: Strategies for Removing Policy Accommodation

1. Should the first step in exit be to stop the current policy of reinvesting the principal payments from agency securities? Should that first step also include a halt to reinvestments of the principal payments from Treasury securities?

2. In removing policy accommodation would you prefer to put asset sales on a largely predetermined and pre-announced path, or would you prefer to actively vary the pace of asset sales in response to changes in the economic outlook?

3. In sequencing actions to remove accommodation, would you favor starting to sell assets before, after, or at the same time as increasing the funds rate? Would you place a high priority on reducing the size of the SOMA portfolio quickly, even if that would delay liftoff of the funds rate?

4. Do you agree with each of the following statements?

   - The exit strategy should shrink the SOMA portfolio over the intermediate term to a level no larger than what is necessary to implement the Committee’s monetary policy framework.
   - The exit strategy should return the SOMA portfolio to an all-Treasuries composition over the intermediate term, which will require sales of agency securities.
   - Asset sales should be implemented within a framework that has been communicated to the public in advance, and at a pace that potentially could be adjusted in response to changes in economic or financial conditions.
Appendix 3: Materials used by Mr. Sheets
Material for
FOMC Briefing on International Developments

Nathan Sheets
April 26, 2011
Commodities: 2003 to 2008*

**WTI Crude Oil**

- **Futures Curves**
- **Dollars per barrel**
- **Source:** Bloomberg.

**Copper**

- **Dollars per pound**
- **Source:** Bloomberg.

**Consensus Forecasts of Industrial Production**

**China**

- **Percent change over previous year**
- **Source:** Consensus Economics.

**Emerging Asia excluding China**

- **Percent change over previous year**
- **Source:** Consensus Economics and staff estimates based on GDP weights.

*Each line represents futures prices or forecasts made in April of the indicated year.*
Appendix 4: Materials used by Mr. Natalucci
Material for Briefing on
FOMC Participants’ Economic Projections

Fabio Natalucci
April 26, 2011
Exhibit 1. Central tendencies and ranges of economic projections, 2011–13 and over the longer run

- **Change in real GDP**
  - Central tendency of projections
  - Range of projections

- **Unemployment rate**

- **PCE inflation**

- **Core PCE inflation**

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<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Central Tendency</th>
<th>Range of Projections</th>
<th>Longer Run</th>
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<tbody>
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<td>2006</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2007</td>
<td></td>
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<tr>
<td>2012</td>
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</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Longer Run</td>
<td></td>
<td></td>
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</table>
Exhibit 2. Economic projections for 2011-2013 and over the longer run (percent)

### Change in real GDP

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Longer run</th>
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</thead>
<tbody>
<tr>
<td><strong>Central Tendency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January projections</td>
<td>3.1 to 3.3</td>
<td>3.5 to 4.2</td>
<td>3.5 to 4.3</td>
<td>2.5 to 2.8</td>
</tr>
<tr>
<td><strong>Range</strong></td>
<td>2.9 to 3.7</td>
<td>2.9 to 4.4</td>
<td>3.0 to 5.0</td>
<td>2.4 to 3.0</td>
</tr>
<tr>
<td>January projections</td>
<td>3.2 to 4.2</td>
<td>3.4 to 4.5</td>
<td>3.0 to 5.0</td>
<td>2.4 to 3.0</td>
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<tr>
<td><strong>Memo: Tealbook</strong></td>
<td>3.2</td>
<td>4.2</td>
<td>4.3</td>
<td>2.8</td>
</tr>
<tr>
<td>January Tealbook</td>
<td>3.8</td>
<td>4.4</td>
<td>4.6</td>
<td>3.0</td>
</tr>
</tbody>
</table>

### Unemployment rate

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Longer run</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central Tendency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January projections</td>
<td>8.4 to 8.7</td>
<td>7.6 to 7.9</td>
<td>6.8 to 7.2</td>
<td>5.2 to 5.6</td>
</tr>
<tr>
<td><strong>Range</strong></td>
<td>8.1 to 9.0</td>
<td>7.1 to 8.4</td>
<td>6.0 to 8.4</td>
<td>5.0 to 6.0</td>
</tr>
<tr>
<td>January projections</td>
<td>8.4 to 9.0</td>
<td>7.2 to 8.4</td>
<td>6.0 to 7.9</td>
<td>5.0 to 6.2</td>
</tr>
<tr>
<td><strong>Memo: Tealbook</strong></td>
<td>8.7</td>
<td>7.7</td>
<td>7.0</td>
<td>5.2</td>
</tr>
<tr>
<td>January Tealbook</td>
<td>8.9</td>
<td>7.8</td>
<td>7.0</td>
<td>5.2</td>
</tr>
</tbody>
</table>

### PCE inflation

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Longer run</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central Tendency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January projections</td>
<td>2.1 to 2.8</td>
<td>1.2 to 2.0</td>
<td>1.4 to 2.0</td>
<td>1.7 to 2.0</td>
</tr>
<tr>
<td><strong>Range</strong></td>
<td>2.0 to 3.6</td>
<td>1.0 to 2.8</td>
<td>1.2 to 2.5</td>
<td>1.5 to 2.0</td>
</tr>
<tr>
<td>January projections</td>
<td>1.0 to 2.0</td>
<td>0.7 to 2.2</td>
<td>0.6 to 2.0</td>
<td>1.5 to 2.0</td>
</tr>
<tr>
<td><strong>Memo: Tealbook</strong></td>
<td>2.2</td>
<td>1.2</td>
<td>1.5</td>
<td>2.0</td>
</tr>
<tr>
<td>January Tealbook</td>
<td>1.3</td>
<td>1.0</td>
<td>1.2</td>
<td>2.0</td>
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</table>

### Core PCE inflation

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Longer run</th>
</tr>
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<tbody>
<tr>
<td><strong>Central Tendency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January projections</td>
<td>1.3 to 1.6</td>
<td>1.3 to 1.8</td>
<td>1.4 to 2.0</td>
<td></td>
</tr>
<tr>
<td><strong>Range</strong></td>
<td>1.1 to 2.0</td>
<td>1.1 to 2.0</td>
<td>1.2 to 2.0</td>
<td></td>
</tr>
<tr>
<td>January projections</td>
<td>0.7 to 1.8</td>
<td>0.6 to 2.0</td>
<td>0.6 to 2.0</td>
<td></td>
</tr>
<tr>
<td><strong>Memo: Tealbook</strong></td>
<td>1.4</td>
<td>1.4</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>January Tealbook</td>
<td>1.0</td>
<td>1.0</td>
<td>1.2</td>
<td></td>
</tr>
</tbody>
</table>

**NOTE:** The changes in real GDP and inflation are measured Q4/Q4.
Exhibit 3. Risks and uncertainty in economic projections

- **Uncertainty about GDP growth**
  - January projections
  - April projections
  - Number of participants

- **Risks to GDP growth**
  - April projections
  - January projections
  - Number of participants

- **Uncertainty about PCE inflation**
  - Number of participants

- **Risks to PCE inflation**
  - Number of participants

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April 26–27, 2011

Page 4 of 4
Appendix 5: Materials used by Mr. English
Material for
FOMC Briefing on Monetary Policy Alternatives

Bill English
April 27, 2011
MARCH FOMC STATEMENT

1. Information received since the Federal Open Market Committee met in January suggests that the economic recovery is on a firmer footing, and overall conditions in the labor market appear to be improving gradually. Household spending and business spending on equipment and software continue to expand. However, investment in nonresidential structures is still weak, and the housing sector continues to be depressed. Commodity prices have risen significantly since the summer, and concerns about global supplies of crude oil have contributed to a sharp run-up in oil prices in recent weeks. Nonetheless, longer-term inflation expectations have remained stable, and measures of underlying inflation have been subdued.

2. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. Currently, the unemployment rate remains elevated, and measures of underlying inflation continue to be somewhat low, relative to levels that the Committee judges to be consistent, over the longer run, with its dual mandate. The recent increases in the prices of energy and other commodities are currently putting upward pressure on inflation. The Committee expects these effects to be transitory, but it will pay close attention to the evolution of inflation and inflation expectations. The Committee continues to anticipate a gradual return to higher levels of resource utilization in a context of price stability.

3. To promote a stronger pace of economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate, the Committee decided today to continue expanding its holdings of securities as announced in November. In particular, the Committee is maintaining its existing policy of reinvesting principal payments from its securities holdings and intends to purchase $600 billion of longer-term Treasury securities by the end of the second quarter of 2011. The Committee will regularly review the pace of its securities purchases and the overall size of the asset-purchase program in light of incoming information and will adjust the program as needed to best foster maximum employment and price stability.

4. The Committee will maintain the target range for the federal funds rate at 0 to ¼ percent and continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels for the federal funds rate for an extended period.

5. The Committee will continue to monitor the economic outlook and financial developments and will employ its policy tools as necessary to support the economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate.
1. Information received since the Federal Open Market Committee met in January suggests that the economic recovery is on a firmer footing, proceeding at a moderate pace, albeit somewhat more slowly than had been anticipated, and that overall conditions in the labor market appear to be improving only gradually. Household spending and business investment in equipment and software continue to expand, but increased energy costs may be weighing on consumer purchases of non-energy goods and services. However, Investment in nonresidential structures is still weak, and the housing sector continues to be depressed. Commodity prices have risen significantly since the last summer, and concerns about global supplies of crude oil have contributed to a sharp run-up in oil prices in recent weeks. Nonetheless, inflation has picked up in recent months, longer-term inflation expectations have remained stable and measures of underlying inflation have been subdued.

2. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. Currently, the unemployment rate remains elevated, and measures of underlying inflation continue to be somewhat low, relative to levels that the Committee judges to be consistent, over the longer run, with its dual mandate. The recent increases in the prices of energy and other commodities are currently putting upward pressure on inflation. The Committee expects these effects to be transitory, but it will pay close attention to the evolution of inflation and inflation expectations. Although the Committee continues to anticipate a gradual return to higher levels of resource utilization in a context of price stability, recent developments have increased the downside risks to the outlook for economic growth.

3. To promote a stronger pace of economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate, the Committee decided today to continue expanding its holdings of securities as announced in November. In particular, the Committee is maintaining its existing policy of reinvesting principal payments from its securities holdings and intends to complete purchases of $600 billion of longer-term Treasury securities by the end of the second quarter of 2011. The Committee will regularly review the pace of its securities purchases and the overall size of the asset purchase program in light of incoming information and will adjust the program as if needed to best foster maximum employment and price stability.

4. The Committee will maintain the target range for the federal funds rate at 0 to ¼ percent and continues to currently anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels for the federal funds rate for an extended period, at least through mid-2012.

5. The Committee will continue to monitor the economic outlook and financial developments and will employ its policy tools as necessary to support the economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate.
APRIL FOMC STATEMENT—ALTERNATIVE B

1. Information received since the Federal Open Market Committee met in January suggests that the economic recovery is on a firmer footing proceeding at a moderate pace and overall conditions in the labor market appear to be improving gradually. Household spending and business investment in equipment and software continue to expand. However, investment in nonresidential structures is still weak, and the housing sector continues to be depressed. Commodity prices have risen significantly since the last summer, and concerns about global supplies of crude oil have contributed to a sharp run-up further increase in oil prices in recent weeks since the Committee met in March. Nonetheless, Inflation has picked up in recent months, but longer-term inflation expectations have remained generally stable and measures of underlying inflation have been subdued.

2. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. Currently, The unemployment rate remains elevated, and measures of underlying inflation continue to be somewhat low, relative to levels that the Committee judges to be consistent, over the longer run, with its dual mandate. The recent Increases in the prices of energy and other commodities have pushed up inflation in recent months are currently putting upward pressure on inflation. The Committee expects these effects to be transitory, but it will pay close attention to the evolution of inflation and inflation expectations. The Committee continues to anticipate a gradual return to higher levels of resource utilization and a decline in inflation to rates consistent with the Federal Reserve’s mandate in a context of price stability.

3. To promote a stronger pace of economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate, the Committee decided today to continue expanding its holdings of securities as announced in November. In particular, the Committee is maintaining its existing policy of reinvesting principal payments from its securities holdings and intends to complete purchases of $600 billion of longer-term Treasury securities by the end of the second current quarter of 2011. The Committee will regularly review the pace size and composition of its securities purchases holdings and the overall size of the asset purchase program in light of incoming information and will adjust the program is prepared to adjust those holdings as needed to best foster maximum employment and price stability.

4. The Committee will maintain the target range for the federal funds rate at 0 to ¼ percent and continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels for the federal funds rate for an extended period.

5. The Committee will continue to monitor the economic outlook and financial developments and will employ its policy tools as necessary to support the economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate.
Information received since the Federal Open Market Committee met in January suggests that the economic recovery is on a firmer footing and overall conditions in the labor market appear to be improving gradually. Household spending and business investment in equipment and software continue to expand. However, investment in nonresidential structures is still weak, and the housing sector continues to be depressed. Commodity prices have risen significantly since the summer, and concerns about global supplies of crude oil have contributed to a sharp run-up in oil prices since the Committee met in March. Nonetheless, Inflation has picked up in recent months, but longer-term inflation expectations have remained generally stable and measures of underlying inflation have been subdued.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. Currently, the unemployment rate remains elevated and measures of underlying inflation continue to be somewhat low, relative to levels that the Committee judges to be consistent, over the longer run, with its dual mandate. However, The recent increases in the prices of energy and other commodities are currently putting upward pressure on overall inflation. The Committee expects these effects to be transitory so long as longer-term inflation expectations remain stable, but and it will pay close attention to the evolution of inflation and inflation expectations. The Committee continues to anticipate a gradual return to higher levels of resource utilization in a context of price stability.

In light of incoming information, the Committee judges that the increase in its holdings of longer-term securities since November is sufficient to promote appropriate progress toward maximum employment and price stability. Accordingly, the Committee decided today to continue expanding complete only $450 billion of the intended $600 billion increase in its holdings of securities as announced in November. In particular, For now, the Committee is maintaining its existing policy of reinvesting principal payments from its securities holdings and intends to purchase $600 billion of longer term Treasury securities by the end of the second quarter of 2011. The Committee will regularly review the pace of its securities purchases and the overall size of the asset-purchase program needed its reinvestment policy and the level of its securities holdings in light of incoming information and will adjust the program make adjustments as needed to best foster maximum employment and 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, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels for the federal funds rate for an extended period some time.

The Committee will continue to monitor the economic outlook and financial developments and will employ its policy tools as necessary to support the economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate.
March 2011 FOMC Directive

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 seeks conditions in reserve markets consistent with federal funds trading in a range from 0 to ¼ percent. The Committee directs the Desk to execute purchases of longer-term Treasury securities in order to increase the total face value of domestic securities held in the System Open Market Account to approximately $2.6 trillion by the end of June 2011. The Committee also directs the Desk to reinvest principal payments from agency debt and agency mortgage-backed securities in longer-term Treasury securities. The System Open Market Account Manager and the Secretary will keep the Committee informed of ongoing developments regarding the System’s balance sheet that could affect the attainment over time of the Committee’s objectives of maximum employment and price stability.
April 2011 FOMC Directive — Alternative A

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 seeks conditions in reserve markets consistent with federal funds trading in a range from 0 to ¼ percent. The Committee directs the Desk to execute purchases of longer-term Treasury securities in order to increase the total face value of domestic securities held in the System Open Market Account to approximately $2.6 trillion by the end of June 2011. The Committee also directs the Desk to reinvest principal payments from agency debt and agency mortgage-backed securities in longer-term Treasury securities. The System Open Market Account Manager and the Secretary will keep the Committee informed of ongoing developments regarding the System’s balance sheet that could affect the attainment over time of the Committee’s objectives of maximum employment and price stability.
April 2011 FOMC Directive — Alternative B

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 seeks conditions in reserve markets consistent with federal funds trading in a range from 0 to ¼ percent. The Committee directs the Desk to execute purchases of longer-term Treasury securities in order to increase the total face value of domestic securities held in the System Open Market Account to approximately $2.6 trillion by the end of June 2011. The Committee also directs the Desk to reinvest principal payments from agency debt and agency mortgage-backed securities in longer-term Treasury securities. The System Open Market Account Manager and the Secretary will keep the Committee informed of ongoing developments regarding the System’s balance sheet that could affect the attainment over time of the Committee’s objectives of maximum employment and price stability.
April 2011 FOMC Directive — Alternative C

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 seeks conditions in reserve markets consistent with federal funds trading in a range from 0 to ¼ percent. The Committee directs the Desk to execute purchases of longer-term Treasury securities in order to increase the total face value of domestic securities held in the System Open Market Account to approximately $2.6 trillion by mid-May 2011. The Committee also directs the Desk to reinvest principal payments from agency debt and agency mortgage-backed securities in longer-term Treasury securities. The System Open Market Account Manager and the Secretary will keep the Committee informed of ongoing developments regarding the System’s balance sheet that could affect the attainment over time of the Committee’s objectives of maximum employment and price stability.