

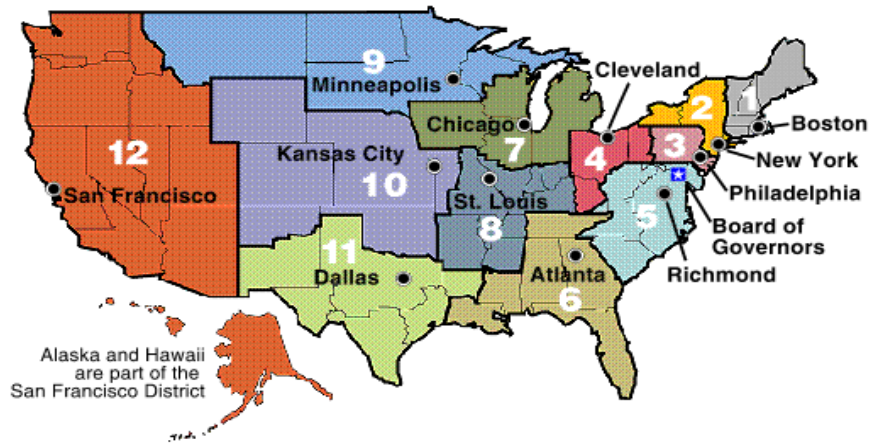
The FOMC, 2007

Meeting Dates for 2007

Jan 30/31	Feb	Mar 20/21	Apr	May 9	Jun 27/28
Jul	Aug 7	Sep 18	Oct 30/31	Nov	Dec 11

Meeting dates for 2008

January 29-30 (Tuesday-Wednesday),
 March 18 (Tuesday),
 April 29-30 (Tuesday-Wednesday),
 June 24-25 (Tuesday-Wednesday),
 August 5 (Tuesday),
 September 16 (Tuesday),
 October 28-29 (Tuesday-Wednesday),
 December 16 (Tuesday),



The FOMC

<u>Born ^</u>	<u>2007 Member</u>	<u>Policy Inclination</u>	<u>Voter</u>	<u>Term Expires</u>	<u>Comment</u>
Dec-1953	Ben S. Bernanke, Chairman, Board of Governors	Moderate/Dove	x	1/31/2020	Took office 02/01/06
Nov-1942	Donald L. Kohn, Vice Chairman Board of Governors	Moderate/Hawk	x	1/31/2016	Took office 11/20/03
	Vacant, Board of Governors			1/31/2012	Bies Retired - 03/30
Jun-1962	Randall S. Kroszner, Board of Governors	Moderate/Dove	x	1/31/2008	Took office 03/01/06
Jan-1951	Frederic S. Mishkin, Board of Governors	Moderate/Dove	x	1/31/2014	Took office 09/05/06
Apr-1970	Kevin M. Warsh, Board of Governors	Moderate/Hawk	x	1/31/2018	Took office 02/24/06
08/18/1961	Timothy F. Geithner, New York	Moderate	x		
01/15/1958	Charles L. Evans, Chicago	Moderate	x		Took office 09/01/07
06/06/1946	Thomas M. Hoenig, Kansas City	Dove	x		Took office 10/01/91
06/19/1937	William Poole, St. Louis	Moderate/Hawk	x		Took office 03/23/98
06/03/1957	Eric Rosengren, Boston	?	x		Took office 07/23/07
<u>Born ^</u>	<u>2007 Alternate Members</u>	<u>Policy Inclination</u>			<u>Comment</u>
08/04/1954	Sandra Pianalto, Cleveland	Moderate			Took office 02/01/03
09/19/1948	Charles I. Plosser, Philadelphia	Moderate/Hawk			Took office 08/01/06
1949 ??	Richard W. Fisher, Dallas	Moderate/Hawk			Took office 04/04/05
11/03/1944	Gary Stern, Minneapolis	Hawk/Moderate			Took office 03/16/85
<u>Born ^</u>	<u>2008 Alternate Members</u>	<u>Policy Inclination</u>			<u>Comment</u>
09/27/1955	Jeffrey M. Lacker, Richmond	Moderate/Hawk			Took office 08/01/04
02/01/1947	Dennis P. Lockhart, Atlanta	Moderate/Hawk ?^^			Took office 03/01/07
8/13/1946	Janet L. Yellen, San Francisco	Moderate/Dove			Took office 06/14/04

<u>2008 Voting Members</u>	<u>Policy Inclination</u>
Sandra Pianalto, Cleveland	Moderate
Charles I. Plosser, Philadelphia	Moderate
Richard W. Fisher, Dallas	Moderate/Hawk
Gary Stern, Minneapolis	Hawk/Moderate

13:32 10/23 FED: Northern Trust says Chicago Fed Pres Evans is dovish. Evans's speech last night said "the uncertainties about how financial conditions might evolve and affect the real conomy." NT concludes he "is most likely to favor a lower federal funds rate at the October 30-31 FOMC meeting." [SOURCE:MNI]

[A note from Jim: After that speech I'll move Evans from a Hawk to a Moderate. I'm not convinced someone under Moskow's tutalegde is a Dove.]

^Reserve Bank presidents are subject to mandatory retirement upon becoming 65 years of age. However, presidents initially appointed after age 55 can, at the option of the board of directors, be permitted to serve until attaining ten years of service in the office or age 70, whichever comes first.
 --Source: FRB web site

^^1 = dove, 10 = hawk

^^First speech since taking office (2007-09-06) indicates moderate hawk.

Federal Reserve Bank Rotation on the FOMC

Committee membership changes at the first regularly scheduled meeting of the year.

	2007	2008	2009
Members	New York	New York	New York
	Chicago	Cleveland	Chicago
	Boston	Philadelphia	Richmond
	St. Louis	Dallas	Atlanta
	Kansas City	Minneapolis	San Francisco
Alternate Members	New York†	New York†	New York†
	Cleveland	Chicago	Cleveland
	Philadelphia	Richmond	Boston
	Dallas	Atlanta	St. Louis
	Minneapolis	San Francisco	Kansas City

†For the Federal Reserve Bank of New York, the First Vice President is the alternate for the President.

- BERNANKE: Chairman, Voter, Moderate/Dove**
- EVANS: Voter, Moderate**
- FISHER: Non voter in 2007; Votes in 2008; Moderate/Hawk.**
- GEITHNER: Voter, Moderate**
- HOEING: Voter, Dove**
- KOHN: Voter, Moderate/Dove**
- KROZNER: Voter, Moderate/Dove**
- LACKER: Non-Voter, Moderate/Hawk**
- LOCKHART: Non voter; May be Moderate/Hawk.**
- MINEHAN: Voter, Moderate/Dove**
- MISHKAN: Voter, Moderate/Dove**
- MOSKOW: Voter, Hawk**
- PIANALTO: Non-Voter; Votes in 2008, Moderate**
- PLOSSER: Non-voter in 2007; Votes in 2008; Moderate/hawk**
- POOLE: Voter, Moderate/Hawk**
- ROSENGREN: Voter, Moderate/Hawk**
- STERN: Non-Voter, Hawk/Moderate**
- WARSH: Voter, Moderate/Hawk**
- YELLEN: Non-Voter, Moderate/Dove**

What is MNI saying about the Oct meeting?



Federal Reserve State of Play - By Steve Beckner, 23 Oct 2007 13:01 EDT / Oct 23

With a week to go until the Federal Open Market Committee meets there have been no clear signals from Fed policymakers that another rate cut is coming. Having preemptively eased 50 basis points Sept. 18, officials have approached the Oct. 30-31 meeting with an air of indecision. That's not to say the FOMC won't ease further, but members have not publicly, unambiguously leaned toward doing so next week.

One also has to ask whether the data have been weak enough to force the Fed's hand. The economy has slowed, as shown by the Beige Book and other indicators, but has it slowed more than expected? Last week, Chairman Ben Bernanke said, "it remains too early to assess the extent to which household and business spending will be affected by the weakness in housing and the tightening in credit conditions." Kansas City Fed President Thomas Hoenig, an FOMC voter, said growth has been slowed at least a percentage point due to housing and said its financial turmoil's impact is uncertain. But he said there are "offsetting" strengths: unemployment remains "low;" jobs are being created at "a fairly good pace;" "consumers are continuing to buy" and firms continue to invest." Hoenig said he's "optimistic" on the outlook, but said the Fed must "remain alert." He said the Fed must "wait and see" what to do with rates. Another voter, St. Louis Fed chief William Poole, was quoted saying it's too soon to know the spillover from housing and "given the information set that we have, we are approximately in the right place" on rates. Last night, voting Chicago Fed President Charles Evans said the economy should rebound and enjoy 2.5% growth next year, but said the Fed can't take that for granted. There is "a less benign possibility," he said, in which housing "could weaken a good deal more" than expected, "weigh more heavily on consumer spending," worsen financial conditions and cause "a more serious downside risk" to the economy. While that outcome is unlikely, Evans said the Fed "should guard against it." But he said the Fed mustn't be "lax" on inflation and respond if it worsens.

What is the SMRA.COM saying before the meeting?

October 30-31, 2007 FOMC Meeting Outcome:	
Fed Funds Rate Target	
50bp Decrease	14.3%
25bp Decrease	71.4%
No Change In Rates	14.3%
Total	100%
Economic Activity Risk Assessment	
Upside	0.0%
Downside	90.5%
Roughly Equal	9.5%
Total	100%
Inflation Risk Assessment	
Upside	42.9%
Downside	0.0%
Balanced, Almost or Roughly Equal	57.1%
Total	100%

December 11, 2007 FOMC Meeting Outcome:	
Fed Funds Rate Target	
50bp Decrease	4.8%
25bp Decrease	71.4%
No Change In Rates	23.8%
Total	100%
Economic Activity Risk Assessment	
Upside	0.0%
Downside	76.2%
Roughly Equal	23.8%
Total	100%
Inflation Risk Assessment	
Upside	38.1%
Downside	4.8%
Balanced, Almost or Roughly Equal	57.1%
Total	100%

--Ward McCarthy, PhD
 We expect the Federal Reserve to decide to reduce its target for the federal funds rate by 1/4 percent to 4.50% at the October 30-31 FOMC meeting. We expect another rate cut of similar magnitude at the next FOMC meeting on December 11. We expect the Federal Reserve to continue to reduce rates well into 2008. -- **Ken Kim**

Stone & McCarthy
RESEARCH ASSOCIATES

Expectations for Fed Funds Rate Target:	December 31, 2007
Less Than 3.75%	0.0%
3.75%	4.8%
4.00%	9.5%
4.25%	57.1%
4.50%	28.6%
4.75%	0.0%
5.00%	0.0%
Greater Than 5%	0.0%
Total	100%

Stone & McCarthy
RESEARCH ASSOCIATES

Short-term Federal Reserve Policy Outlook
 October 30-31, 2007: 25 bps reduction in fed funds target to 4.50%
 December 11, 2007: 25 bps reduction in fed funds target to 4.25%

Medium-term Federal Reserve Policy Outlook
 January 29-30, 2008: 25 bps reduction in fed funds target to 4.00%
 March 18, 2008: 25 bps reduction in fed funds target to 3.75%

Ranges (for yields, in basis points)

<table border="1"> <thead> <tr> <th colspan="2">Avg Daily Range</th> </tr> </thead> <tbody> <tr> <td>30</td> <td>5.4</td> </tr> <tr> <td>10</td> <td>5.8</td> </tr> <tr> <td>5</td> <td>7.1</td> </tr> <tr> <td>2</td> <td>8.4</td> </tr> </tbody> </table>		Avg Daily Range		30	5.4	10	5.8	5	7.1	2	8.4	<table border="1"> <thead> <tr> <th colspan="2">Avg 15 Min Range</th> </tr> </thead> <tbody> <tr> <td>30</td> <td>4.8</td> </tr> <tr> <td>10</td> <td>5.4</td> </tr> <tr> <td>5</td> <td>6.2</td> </tr> <tr> <td>2</td> <td>7.6</td> </tr> </tbody> </table>		Avg 15 Min Range		30	4.8	10	5.4	5	6.2	2	7.6	Exact Time of last Statement Release 9/18/2007 13:15:06 CDT
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Averages Calculated since 01/31/2006 which is date of Greenspan's final meeting																								
Daily: 7am - 2pm cdt 15 min: Release to 1:30pm cdt																								

Specific ranges for last FOMC Meeting - 32nds				
	10y	ZNZ7	ZBZ7	Date
FOMC High	102.145	110.300	112.30	9/18/2007
FOMC Low	101.205	109.115	111.27	9/18/2007

Other G-7 Central Bank Actions

Market News International							
MarketNews international		Fixed Income Bullets				close window	
Major Central Bank Official Rates, Announcement/Report Dates 09:50 EDT / Oct 25							
--Last reviewed: October 25, 2007							
	CURRENT RATE	BENCH- MARK	LAST CHGD	BASIS PTS	NEXT POLICY ANNOUNCEMENT	REPORTS	CHANGE EXPECTED

G-7 CENTRAL BANKS:							

U.S. Federal Reserve	4.75%	Fed Funds Rate	Sep 18 2007	-50	Oct 31\$	Minutes Nov 21 Beige Bk Nov 28	On Hold for Now
European Central Bank	4.00%	Refi Min. Bid	Jun 6 2007	+25	Nov 8*	Monthly Bulletin Nov 15	Tighten Bias, On Hold For Now
Bank of Japan**	0.50%	O/Nite Call Rate	Feb 21 2007	+25	Oct 31**	Minutes Nov 5 Monthly Report Nov 13	On Hold, Tighten Bias
Bank of Canada	4.50%	O/Nite Rate	Jul 10 2007	+25	Dec 4 ***	Mon Pol Report Update Jan	On Hold For Now
Bank of England	5.75%	Repo Rate	Jul 5 2007	+25	Nov 8	Report Nov 14 Infl Minutes Nov 21	Cut Possible

Fed Funds Probability of Tightening or Easing

October	avg target	400	425	450	475	500	525
10/25/2007	4.462%	1.0%	21.7%	69.0%	8.0%	0.0%	0.2%
10/26/2007	4.477%	0.6%	19.6%	68.7%	10.8%	0.0%	0.2%

December	avg target	375	400	425	450	475	500	525
10/25/2007	4.272%	0.0%	21.9%	48.2%	29.5%	0.0%	0.4%	0.0%
10/26/2007	4.288%	0.0%	20.0%	47.3%	30.7%	1.7%	0.3%	0.0%

This page shows the month of the FOMC meeting and the probabilities that they will ease/tighten to a certain Fed Funds Target Rate.

These probabilities take options into account and are much better at forecasting the FOMC intentions than the 'day-count' equation most analysts on the street use.

Notes:
All probabilities are taken from The Cleveland Federal Reserve