

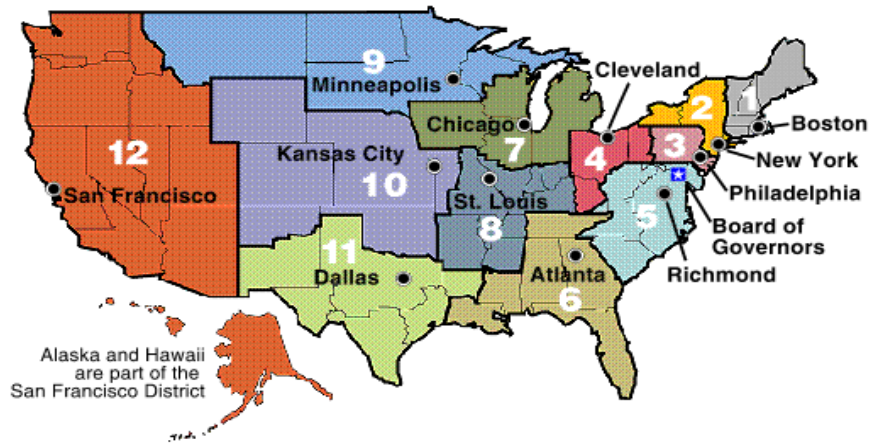
The FOMC, 2007

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	Hawk	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			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

^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 Chicago Boston St. Louis Kansas City	New York Cleveland Philadelphia Dallas Minneapolis	New York Chicago Richmond Atlanta San Francisco
Alternate Members	New York† Cleveland Philadelphia Dallas Minneapolis	New York† Chicago Richmond Atlanta San Francisco	New York† Cleveland Boston St. Louis 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**
- 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**
- POOLE: Voter, Moderate/Hawk**
- STERN: Non-Voter, Hawk/Moderate**
- WARSH: Voter, Moderate/Hawk**
- YELLEN: Non-Voter, Moderate/Dove**

What is MNI saying about the Sept meeting?



Federal Reserve State of Play - By Steve Beckner, 14 Sep '07 12:32 EDT / Sep 14

Going into the Sept. 18 Federal Open Market Committee meeting, Fed policymakers were faced with a hard-to-read economic and financial situation. There have been some hopeful signs that financial turbulence is lessening and stabilizing, not just in the stock market but in the commercial paper market. But market conditions are not back to normal. The economy has slowed, as indicated by August retail sales and industrial production, not to mention non-farm payrolls. But the slowing has not, as yet, been dramatic. And consumer sentiment has held up.

While the FOMC can take heart that things have not continued to deteriorate in financial markets and that the economic damage has, to quote the Fed's Beige Book, been "limited," members cannot be overconfident about the outlook. As officials acknowledge, financial panic has "appreciably" increased downside risks and uncertainties. Just as uncertain is the best way to respond. The Fed has already taken heroic measures to provide liquidity and soothe market nerves, with some success. How much should it supplement liquidity measures with monetary action to ensure against an undue weakening of growth?

Market participants overwhelmingly expect a 25 basis point cut in the federal funds rate to 5.00%. Some would like to see 50. The FOMC doesn't always do what markets demand, but in this case it doesn't seem likely to disappoint them. The main thrust of official comments in recent weeks has validated expectations. No one has taken the opportunity to disabuse rate cut hopes. The FOMC seems unlikely to do more than a 25 basis point cut in the funds rate at this juncture. The Federal Reserve Board can be expected, at the least, to make a commensurate cut in the discount rate to 5.5%. There is a chance the Board could decide to make a statement by doing a larger cut in the discount rate to further narrow the spread between the two rates, which stood at 100 basis points before it was cut by 50 basis points Aug. 17.

What is the SMRA.COM saying before the meeting?

October 30-31, 2007 FOMC Meeting Outcome:	
Fed Funds Rate Target	
50bp Decrease	11.1%
25bp Decrease	63.9%
No Change In Rates	25.0%
Total	100%
Economic Activity Risk Assessment	
Upside	5.6%
Downside	66.7%
Roughly Equal	27.8%
Total	100%
Inflation Risk Assessment	
Upside	22.2%
Downside	5.6%
Balanced, Almost or Roughly Equal	72.2%
Total	100%
Will the phrase - "...the Committee's predominant policy concern remains the risk that inflation will fail to moderate as expected" - be retained?	
Yes	20.0%
No	80.0%
Total	100%

SMR projects that the FOMC will cut the fed funds rate target by 25 bps. We also expect that Tuesday's decision to ease will be the first in a series of easing moves over the next year that takes the fed funds rate target down to a range of 3 1/2% to 4%. --Ward McCarthy, PhD

We expect the Federal Open Market Committee to decide to reduce its target on the federal funds rate by 1/4 percent to 5.0% at the September 18 FOMC meeting. -- Ken Kim

Stone & McCarthy
RESEARCH ASSOCIATES

Fed Easing Period	Fed Funds Target Change	Moody's Baa Spread Change		
		1 Month After Easing Begins	3 Months After Easing Begins	6 Months After Easing Begins
03/86 to 04/86	7.75% to 6.75%	+13.7 bps	-28.5 bps	+10.5 bps
07/86 to 08/86	6.875% to 5.875%	+20.1 bps	+4.7 bps	-18.9 bps
11/87 to 02/88	7.25% to 6.50%	-17.2 bps	-0.1 bps	-37.9 bps
06/89 to 09/92	9.75% to 3.00%	+5.5 bps	+0.8 bps	+22.9 bps
07/95 to 02/96	6.00% to 5.25%	-11.8 bps	-12.1 bps	-1.8 bps
09/98 to 11/98	5.50% to 4.75%	+20.7 bps	+7.8 bps	-21.3 bps
01/01 to 06/03	6.50% to 1.00%	-24.2 bps	+15.5 bps	-18.6 bps
Average		+1.0 bps	-1.7 bps	-9.3 bps

Stone & McCarthy
RESEARCH ASSOCIATES

Expectations for Fed Funds Rate Target: December 31, 2007	
Less Than 4.25%	8.6%
4.25%	5.7%
4.50%	22.9%
4.75%	45.7%
5.00%	14.3%
5.25%	2.9%
5.50%	0.0%
Greater Than 5.5%	0.0%
Total	100%

September 18, 2007 FOMC Meeting Outcome:	
Fed Funds Rate Target	
50bp Decrease	19.5%
25bp Decrease	61.0%
No Change In Rates	19.5%
Total	100%
Economic Activity Risk Assessment	
Upside	10.5%
Downside	65.8%
Roughly Equal	23.7%
Total	100%
Inflation Risk Assessment	
Upside	22.9%
Downside	5.7%
Balanced, Almost or Roughly Equal	71.4%
Total	100%
Will the phrase - "...the Committee's predominant policy concern remains the risk that inflation will fail to moderate as expected" - be retained?	
Yes	16.7%
No	83.3%
Total	100%

Ranges

Avg Daily Range		Avg 15 Min Range		Exact Time of last Statement Release	
30	5.0	30	4.3	8/7/2007	13:14:16 CDT
10	5.4	10	4.9	Averages Calculated since 01/31/2006	
5	6.6	5	5.6	which is date of Greenspans final meeting	
2	7.9	2	7.0	Daily: 7am - 2pm cdt	
				15 min: Release to 1:30pm cdt	

Ranges are for yields, in Basis Points

Major Central Bank Official Rates, Announcement/Report Dates 10:18 EDT / Sep 13

--Last reviewed: September 13, 2007

	CURRENT RATE	BENCH- MARK	LAST CHGD	BASIS PTS	NEXT POLICY ANNOUNCEMENT	REPORTS	CHANGE EXPECTED

G-7 CENTRAL BANKS:							

U.S. Federal Reserve	5.25%	Fed Funds Rate	Jun 29 2006	+25	Sep 18\$	Minutes Oct 9 Beige Bk Oct 17	Cut Possible
European Central Bank	4.00%	Refi Min. Bid	Jun 6 2007	+25	Oct 4*	Monthly Bulletin Oct 11	Tighten Bias, On Hold For Now
Bank of Japan**	0.50%	O/Nite Call Rate	Feb 21 2007	+25	Sep 19**	Monthly Report Sep 19 Minutes Sep 25	On Hold, Tighten Bias
Bank of Canada	4.50%	O/Nite Rate	Jul 10 2007	+25	Oct 16***	Mon Pol Report Oct 18	On Hold For Now
Bank of England	5.75%	Repo Rate	Jul 5 2007	+25	Oct 4	Minutes Sep 19 Infl Report Nov 14	On Hold For Now