

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),

Current Members of the FOMC

Member	Policy Inclination	Voter	Term Expires	Inflation (1-10)^	Comment
Ben S. Bernanke, Chairman, Board of Governors	Moderate/Dove	x	1/31/2020	5	
Donald L. Kohn, Vice Chairman Board of Governors	Moderate/Hawk	x	1/31/2016	6	
Susan Schmidt Bies, Board of Governors	Moderate/Dove	x	1/31/2012	3	Retired - 03/30
Randall S. Kroszner, Board of Governors	Moderate/Dove	x	1/31/2008	5	
Frederic S. Mishkin, Board of Governors	Moderate/Dove??	x	1/31/2014	5	
Kevin M. Warsh, Board of Governors	Moderate/Hawk	x	1/31/2018	6	
Timothy F. Geithner, New York	Moderate	x		7	
Michael H. Moskow, Chicago	Hawk	x		8	Retiring 08/31/2007
Thomas M. Hoenig, Kansas City	Dove	x		6	
William Poole, St. Louis	Moderate/Hawk	x		8	
Eric Rosengren, Boston	?				

Alternate Members	Policy Inclination				Comment
Jeffrey M. Lacker, Richmond	Moderate/Hawk				
Sandra Pianalto, Cleveland	Moderate				
Janet L. Yellen, San Francisco	Moderate/Dove				
Christine M. Cumming, First Vice President, New York	?				

2008 Voting Members	Policy Inclination		Term Expires		Comment
Charles I. Plosser, Philadelphia	Moderate				
Gary Stern, Minneapolis	Hawk/Moderate				
Richard W. Fisher, Dallas	Moderate/Hawk				
Dennis P. Lockhart, Atlanta					

^1 = dove, 10 = hawk

Note: There is one fed governorship vacant

Cathy E. Minehan, Boston
Retiring Mid 2007. Will vote at Jun & Then
Rosengren votes at AUG meeting

MOSKOW, CHICAGO, out 08/31/2007
Charles L. Evans , replaces him.

Federal Reserve Bank Rotation on the FOMC		2006	2007	2008
Committee membership changes at the first regularly scheduled meeting of the year.	Members	New York Cleveland Richmond Atlanta San Francisco	New York Chicago Boston St. Louis Kansas City	New York Cleveland Philadelphia Dallas Minneapolis
	Alternate Members	New York† Chicago Boston St. Louis Kansas City	New York† Cleveland Philadelphia Dallas Minneapolis	New York† Chicago Richmond Atlanta San Francisco

†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 (but, inflation fighter)

HOEING: Voter, Dove

KOHN: Voter, Moderate/Dove

KROZNER: Voter, Moderate/Dove

LACKER: Non-Voter, Moderate/Hawk

LOCKHART: Non voter in 2007; votes in 2008; BIAS ?? (too new)

MINEHAN: Voter, Moderate/Dove

MOSKOW: Voter, Hawk

PIANALTO: Non-Voter, Moderate

PLOSSER: Non voter in 2007; votes in 2008; Moderate

POOLE: Voter, Moderate/Hawk

WARSH: Voter, Moderate/Hawk

YELLEN: Non-Voter, Moderate/Dove

What is the Street saying about the June meeting, early in the week?

MarketNews
international

09:35 08/06 US TSYS/RESEARCH: **RBS** Greenwich Capital bond analysts said...There is plenty of chatter about how tomorrow's Fed Statement may impact the market, but we expect that barring any major shift from the slight-tightening-to-balanced read on the Committee, the market will ultimately look to credit and stocks for direction." They noted that "developments over the weekend, including the ongoing troubles for Bear, have left the market on edge - with a solid flight-to-quality bid potentially looming."

Stone & McCarthy
RESEARCH ASSOCIATES

No Change in Fed Policy at August 7 FOMC Meeting by Ken Kim

--Stone & McCarthy (Princeton)-- We expect Federal Reserve policymakers to decide to keep its target for the federal funds rate at 5-1/4 percent at the upcoming FOMC meeting. As for the post-meeting statement, we expect the committee to reiterate that inflation remains a predominant risk. At the conclusion of the previous FOMC meeting on June 28, the FOMC stated "in these circumstances, the Committee's predominant policy concern remains the risk that inflation will fail to moderate as expected." We expect the same statement at the upcoming meeting. The ongoing adjustment in the housing sector will be noted but so will the resurgence in Q2 real GDP growth to a 3.4% seasonally adjusted annualized rate from 0.6% in Q1 2007. As before, policymakers will state that the "economy seems likely to continue to expand at a moderate pace over coming quarters."

FOMC Meeting Minutes

The minutes of the June 27-28 FOMC meeting embellished the post-meeting FOMC statement. From the minutes it is fairly clear that collectively policy-markets see no urgency to move in either direction, and if the economy and inflation play out as they expect the status quo will remain for an extended period.

That said, the key is whether things play out as the FOMC expects. Our view of the prospects for the economy are weaker than the Central Tendency forecast for 2007 and 2008, and against this backdrop we think the Fed's next move will be towards an easier posture. The timing of which is clearly debateable, but we think the odds favor downward adjustments in the funds rate target before year-end.

What is the Street saying about the June meeting, early in the week (cont.)?



FEDERAL RESERVE STATE OF PLAY

By Steve Beckner

01 Aug'07

12:04 EDT

Over the past two weeks, increased risk aversion in financial markets, sparked primarily by heightened concern about problems in the subprime mortgage sector, has led to scare talk about an impending "credit crunch" that would hinder economic growth. However, there is no indication thus far that the Fed views what's going on as anything more than a long overdue repricing of risk from what had been giddily unrealistic levels. For the last year or more, officials have spoken less than approvingly of the incessant "reaching for yield" by investors and institutions and the resultant razor-thin narrowing of credit spreads. The ready availability of cheap money in a world "awash with liquidity" has been one reason why the Fed has not seen a need to lower the federal funds rate from what officials have described as, at most, a "moderately restrictive" 5.25%.

Obviously, the Fed is carefully monitoring changing credit conditions. It is trying to assess how a trend to greater credit restraint, as well as presumed negative wealth effects from the stock market pull-back, will impact consumer and business demand and in turn wage-price pressures in coming months.

But it's important to keep some things in mind when thinking about the monetary policy fall-out. First, while the Fed does not want a downturn, it doesn't want booming growth fueled by overly exuberant markets either. Second, the repricing of risk does not come as a total surprise to the Fed. Third, it is not the Fed's job, nor its inclination, to bail out firms like Bear Stearns or Countrywide that have made bad bets. Fourth, as its policy reversal in August 1998 showed, the Fed is prepared to act aggressively to ease credit when it perceives a liquidity crisis threatens financial and economic stability. But fifth, there is a high hurdle for such action, and it is doubtful whether that threshold has been reached or even approached as yet.



What is the Street saying about the June meeting, the day before the meeting?

August 7, 2007 FOMC Meeting Outcome:	
Fed Funds Rate Target	
25bp Decrease	0.0%
No Change In Rates	100.0%
25bp Increase	0.0%
Total	100%
Economic Activity Risk Assessment	
Upside	0.0%
Downside	36.4%
<u>Roughly Equal</u>	<u>63.6%</u>
Total	100%
Inflation Risk Assessment	
Upside	63.6%
Downside	0.0%
<u>Balanced, Almost or Roughly Equal</u>	<u>36.4%</u>
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	90.9%
No	9.1%
Total	100%

Prelim. FOMC Survey Results: Most See 5.25% Year-End, Some See Lower by Ken Kim

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September 18, 2007 FOMC Meeting Outcome:	
Fed Funds Rate Target	
25bp Decrease	9.1%
No Change In Rates	90.9%
25bp Increase	0.0%
Total	100%
Economic Activity Risk Assessment	
Upside	0.0%
Downside	27.3%
<u>Roughly Equal</u>	<u>72.7%</u>
Total	100%
Inflation Risk Assessment	
Upside	54.5%
Downside	9.1%
<u>Balanced, Almost or Roughly Equal</u>	<u>36.4%</u>
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	72.7%
No	27.3%
Total	100%

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Expectations for Fed Funds Rate Target:	December 31, 2007
Less Than 4.25%	0.0%
4.25%	0.0%
4.50%	0.0%
4.75%	9.1%
5.00%	18.2%
5.25%	72.7%
5.50%	0.0%
Greater Than 5.5%	0.0%
Total	100%

Voting History

Stone & McCarthy
RESEARCH ASSOCIATES

2007	Policy Directive	Economic Activity Risk	Inflation Risk	Predominant Risk	Dissenting Votes	Dissenter Bias
June 27-28	Policy Unchanged In these circumstances, the Committee's predominant policy concern remains the risk that inflation will fail to moderate as expected. Future policy adjustments will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information.	N.A.	Fail to moderate	Inflation	None	None
May 9	Policy Unchanged In these circumstances, the Committee's predominant policy concern remains the risk that inflation will fail to moderate as expected. Future policy adjustments will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information.	N.A.	Fail to moderate	Inflation	None	None
Mar 20-21	Policy Unchanged In these circumstances, the Committee's predominant policy concern remains the risk that inflation will fail to moderate as expected. Future policy adjustments will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information.	N.A.	Fail to moderate	Inflation	None	None
Jan 30-31	Policy Unchanged The Committee judges that some inflation risks remain. The extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information.	N.A.	Some	None	None	None

Ranges

Avg Daily Range		Avg 15 Min Range		Exact Time of last Statement Release	
30	5.1	30	4.3	6/28/2007	13:14:51 CDT
10	5.3	10	4.8	Averages Calculated since 01/31/2006	
5	6.3	5	5.1	which is date of Greenspans final meeting	
2	7.4	2	6.3	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 10:33 EDT / Aug 03

--Last reviewed: August 3, 2007

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

G-7 CENTRAL							
BANKS:							

U.S. Federal Reserve	5.25%	Fed Funds Rate	Jun 29 2006	+25	Aug 7 \$	Minutes Aug 28 Beige Bk Sep 5	On Hold, Tighten Bias
European Central Bank	4.00%	Refi Min. Bid	Jun 6 2007	+25	Sep 6*	Monthly Bulletin Aug 9	Hike Expected
Bank of Japan**	0.50%	O/Nite Call Rate	Feb 21 2007	+25	Aug 23	Monthly Report Aug 23 Minutes Aug 28	On Hold For Now, But Hike Possible
Bank of Hike Canada	4.50%	O/Nite Rate	Jul 10 2007	+25	Sep 5***	Mon Pol Report Oct 18	Possible
Bank of England	5.75%	Repo Rate	Jul 5 2007	+25	Sep 6	Infl Report Aug 8 Minutes Aug 15	Tighten. Bias