

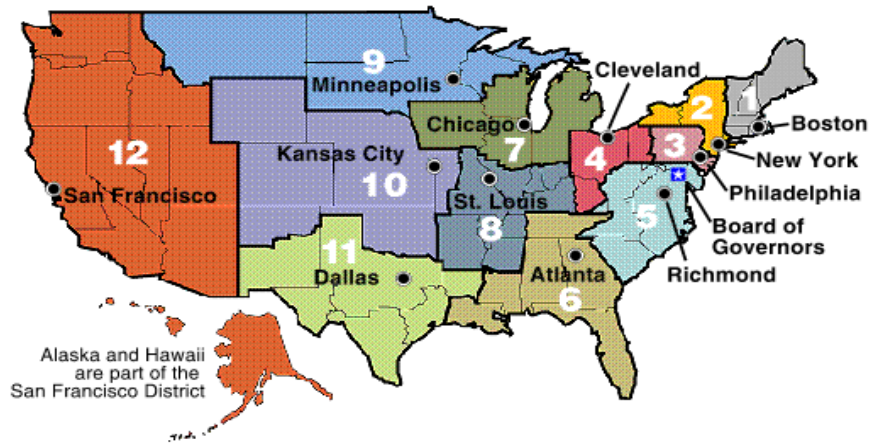
## The FOMC, 2007

### 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	Moderate	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

^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.

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:MN]

[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.]

10/31/07

Move Hoening to Moderate from Dove after dissent.

**Federal Reserve Bank Rotation on the FOMC**

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

	2007	2008	2009
<b>Members</b>	New York Chicago Boston St. Louis Kansas City	New York Cleveland Philadelphia Dallas Minneapolis	New York Chicago Richmond Atlanta San Francisco
<b>Alternate Members</b>	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**
- EVANS: Voter, Moderate**
- FISHER: Non voter in 2007; Votes in 2008; Moderate/Hawk.**
- GEITHNER: Voter, Moderate**
- HOEING: Voter, Moderate**
- 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 (Bernanke's Right-Hand-Man)**
- 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, 7 Dec 2007 12:49 EDT / Dec 07

It may be, as Dallas Fed President Richard Fisher said, that the Federal Open Market Committee will "not be bullied" by the market into cutting interest rates, but that doesn't mean Fed policymakers ignore market judgments on what Fed moves are needed. And they certainly don't ignore deteriorating financial conditions that threaten to weaken future economic growth more than expected. Nor does the Fed Chairman casually say things that are sure to be interpreted as rate cut signals. So some type of easing is almost inevitable on Dec. 11. Just what is less sure.

After Fisher made his comment and said "we don't know yet" if rates were low enough, Chairman Bernanke moved in Wall Street's direction. He did not guarantee a rate cut, noting more key data would be received before the FOMC met, but tilted in that direction at what could have been an innocuous award presentation. He warned "higher gas prices, the weak housing market, tighter credit conditions and declines in stock prices seem likely to create some headwinds for the consumer." He said "renewed turbulence in financial markets" could "impose additional restraint." The FOMC would have to judge whether the balance of risks has "shifted materially" and be "exceptionally alert and flexible." While he didn't promise, it is hard to imagine him not expecting his comments to be interpreted as a very probable easing signal. Had he wanted to be more ambiguous he would surely have used different words rather than set the markets up for a damaging disappointment.

Since Bernanke spoke, data have been soft, but not softer than expected. November unemployment edged a bit lower before rounding to 4.658%. Non-farm payrolls rose 94,000. Prior months were revised down by 48,000. Average hourly earnings were up 0.5% -- something that surely would have alarmed some at the Fed not so long ago. More important is what's been going on in financial markets, and there crucial credit spreads have widened, keeping alive Fed worries about future growth.

**What is the SMRA.COM saying before the meeting?**

<b>December 11, 2007 FOMC Meeting Outcome:</b>	
<b>Fed Funds Rate Target</b>	
50bp Decrease	27.3%
25bp Decrease	68.2%
<u>No Change In Rates</u>	<u>4.5%</u>
Total	100%
<b>Economic Activity Risk Assessment</b>	
Upside	4.5%
Downside	68.2%
<u>Roughly Equal</u>	<u>27.3%</u>
Total	100%
<b>Inflation Risk Assessment</b>	
Upside	40.9%
Downside	4.5%
<u>Balanced, Almost or Roughly Equal</u>	<u>54.5%</u>
Total	100%

Preview-> Fed Outlook for Dec 11 FOMC Meeting, Tail To Wag The Fed by Ken Kim

--Stone & McCarthy (Princeton)-- The Federal Reserve will cut the federal funds rate target on December 11. The question is how much? There will be two discrete choices on the table - a 1/4 percent or a 1/2 percent reduction. We believe the U.S. central bank has more than enough ample justification to ease monetary policy very aggressively. We believe the Federal Open Market Committee should cut the federal funds rate target by 1/2 percent to 4.0% and slash the discount rate by 3/4 percent to 4.25%, thereby reducing the penalty rate on the discount rate to just 25 basis points from the current 50 basis points. Now is not the time for the Federal Reserve to undertake a conservative or incremental approach towards adjusting monetary policy. Not only are key portions of money markets

<b>January 29-30, 2008 FOMC Meeting Outcome:</b>	
<b>Fed Funds Rate Target</b>	
50bp Decrease	9.1%
25bp Decrease	72.7%
<u>No Change In Rates</u>	<u>18.2%</u>
Total	100%
<b>Economic Activity Risk Assessment</b>	
Upside	9.1%
Downside	63.6%
<u>Roughly Equal</u>	<u>27.3%</u>
Total	100%
<b>Inflation Risk Assessment</b>	
Upside	40.9%
Downside	0.0%
<u>Balanced, Almost or Roughly Equal</u>	<u>59.1%</u>
Total	100%

Stone & McCarthy  
RESEARCH ASSOCIATES

<b>Expectations for Fed Funds Rate Target: June 30, 2008</b>	
Less Than 3.25%	13.6%
3.25%	0.0%
3.50%	45.5%
3.75%	13.6%
4.00%	22.7%
4.25%	4.5%
4.50%	0.0%
<u>Greater Than 4.5%</u>	<u>0.0%</u>
Total	100%

Stone & McCarthy  
RESEARCH ASSOCIATES

**Ranges (for yields, in basis points)**

Avg Daily Range		Avg 15 Min Range		Exact Time of last Statement Release	
30	5.6	30	4.9	10/31/2007	13:15:31 CDT
10	6.0	10	5.4	Averages Calculated since 01/31/2006	
5	7.3	5	6.2	which is date of Greenspan's final meeting	
2	8.7	2	7.8	Daily: 7am - 2pm cdt	
				15 min: Release to 1:30pm cdt	

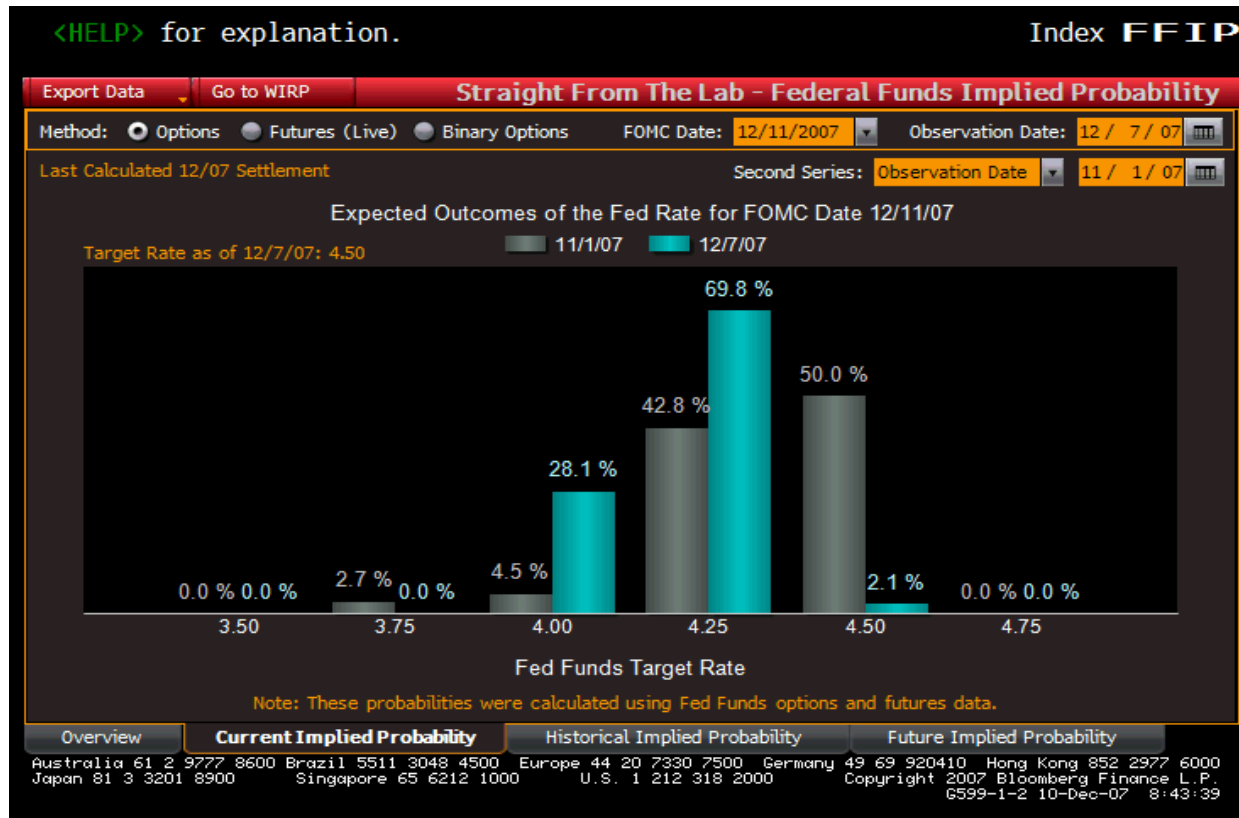
Specific ranges for last FOMC Meeting - 32nds					Date
	5y	10y	ZNH8	ZBH8	
FOMC High	96.2700	98.295	109.260	113.20	10/31/2007
FOMC Low	96.1200	98.075	109.055	112.18	10/31/2007

Notes: Cash and futures are adjusted for roll.  
 Release times are from release to 2pm cdt  
 {Dec07 to Mch08 Futures roll: ZN = (-24); ZB = (+1) [tics]}

Select G-7 Central Bank Actions

Major Central Bank Official Rates, Announcement/Report Dates 15:30 EDT / Dec 06							
--Last reviewed: December 6, 2007							
	CURRENT RATE	BENCH- MARK	LAST CHGD	BASIS PTS	NEXT POLICY ANNOUNCEMENT	REPORTS	CHANGE EXPECTED
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G-7 CENTRAL BANKS:							
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U.S. Federal Reserve	4.50%	Fed Funds Rate	Oct 31 2007	-25	Dec 11\$	Minutes Jan 2 Beige Bk	Cut Expected
European Central Bank	4.00%	Refi Min. Bid	Jun 6 2007	+25	Jan 10*	Monthly Bulletin Dec 13	Tighten Bias, On Hold For Now
Bank of Japan**	0.50%	0/Nite Call Rate	Feb 21 2007	+25	Dec 20**	Monthly Report Dec 20 Minutes Dec 26	On Hold, Tighten Bias
Bank of Canada	4.25%	0/Nite Rate	Dec 4 2007	-25	Jan 22***	Mon Pol Report Update Jan 24	Cut Possible
Bank of England	5.50%	Repo Rate	Dec 6 2007	-25	Jan 10	Minutes Dec 19 Infl Report Feb 13	Cut Possible

### Fed Funds Probability of Tightening or Easing



Notes:

All probabilities are taken from The Cleveland Federal Reserve