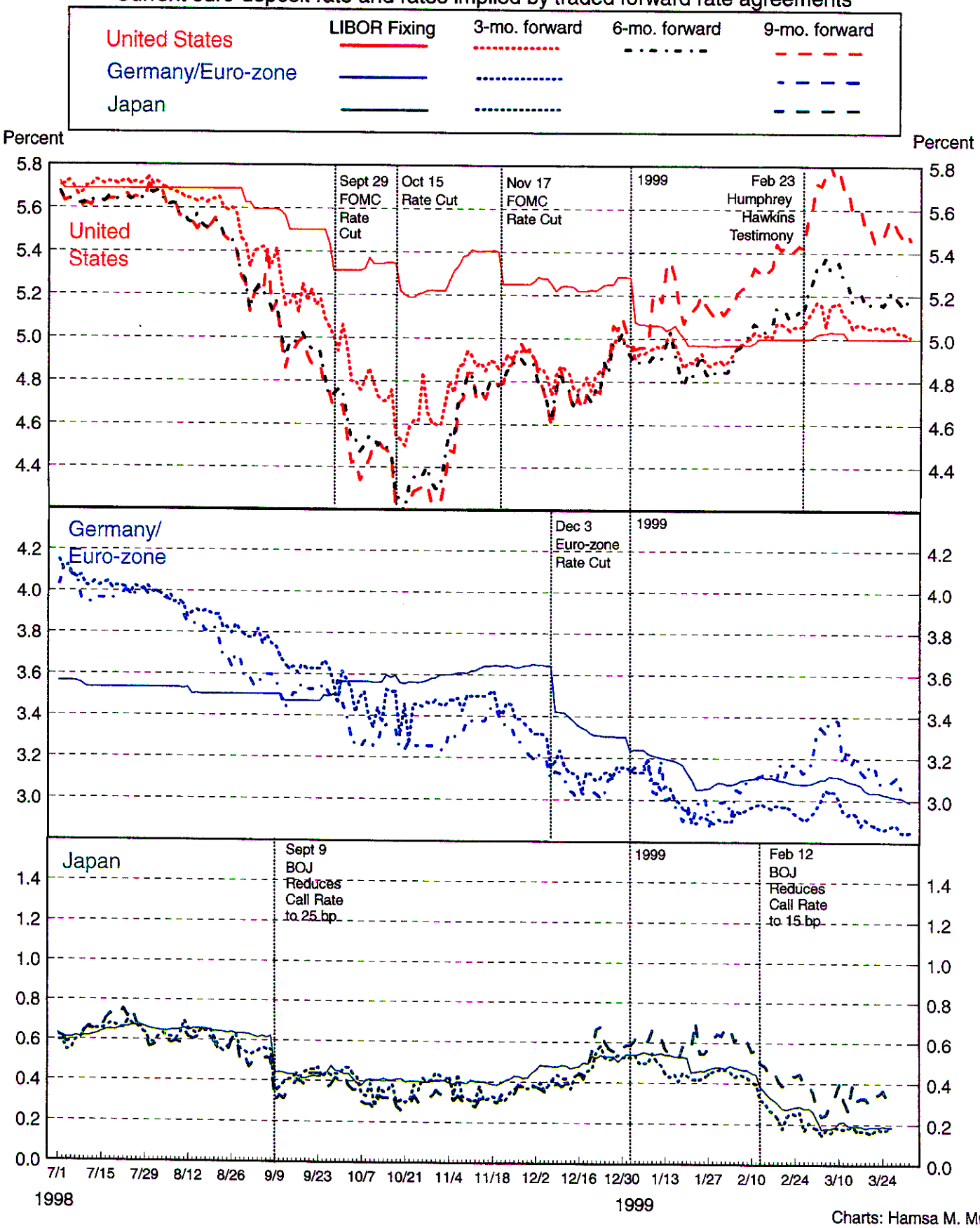
APPENDIX 1

Material used by Mr. Fisher in his presentation

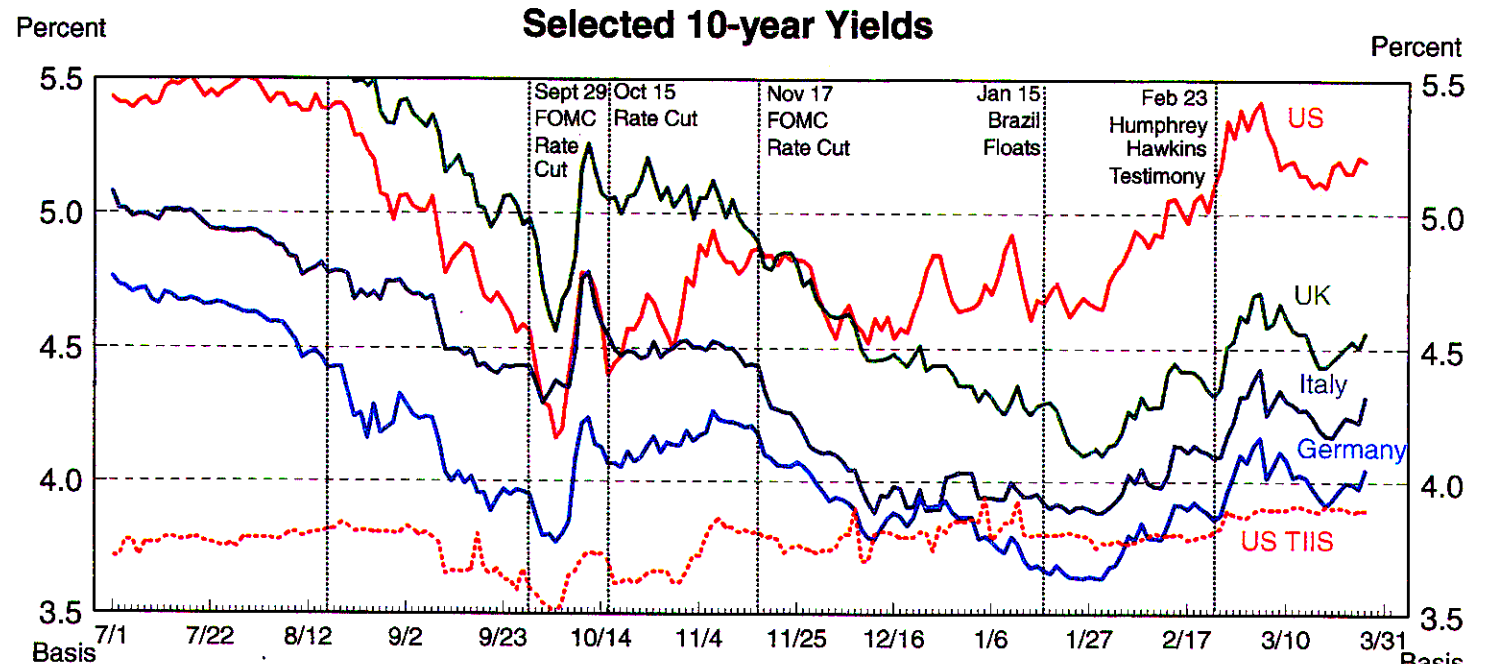
3-Month Deposit Rates

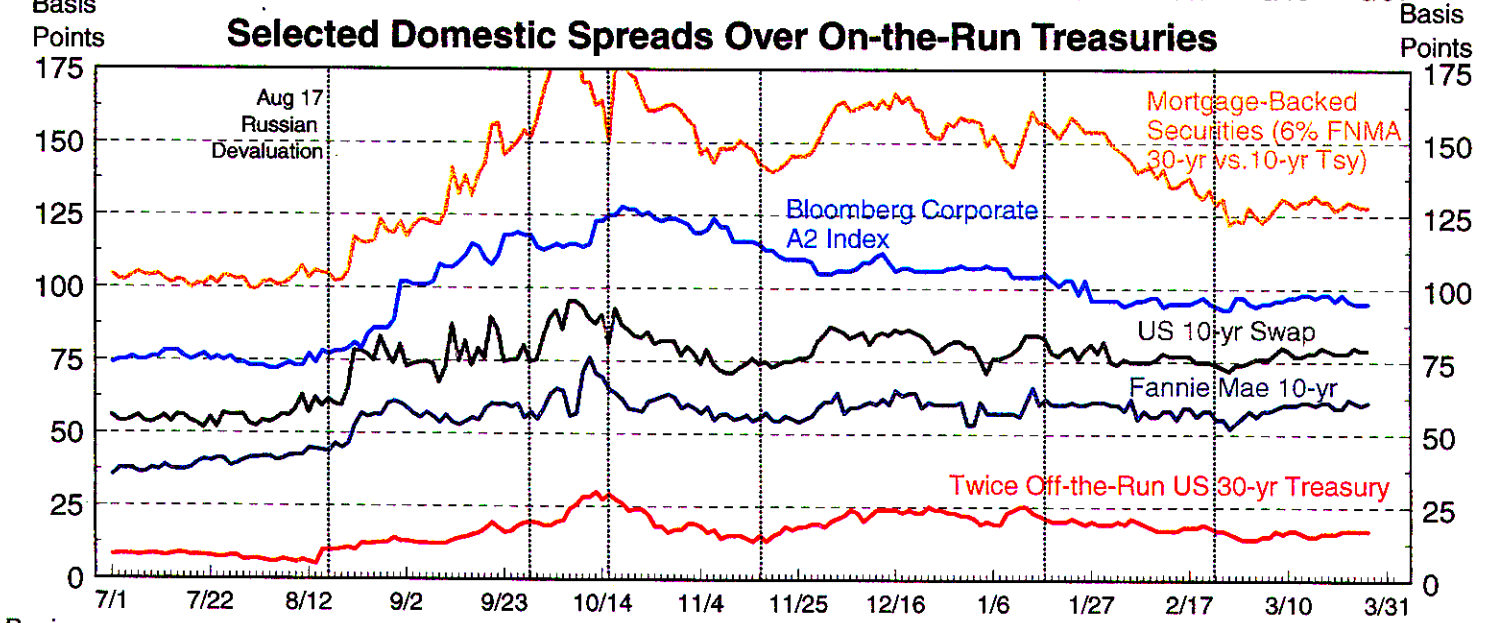
July 1, 1998 - March 26, 1999

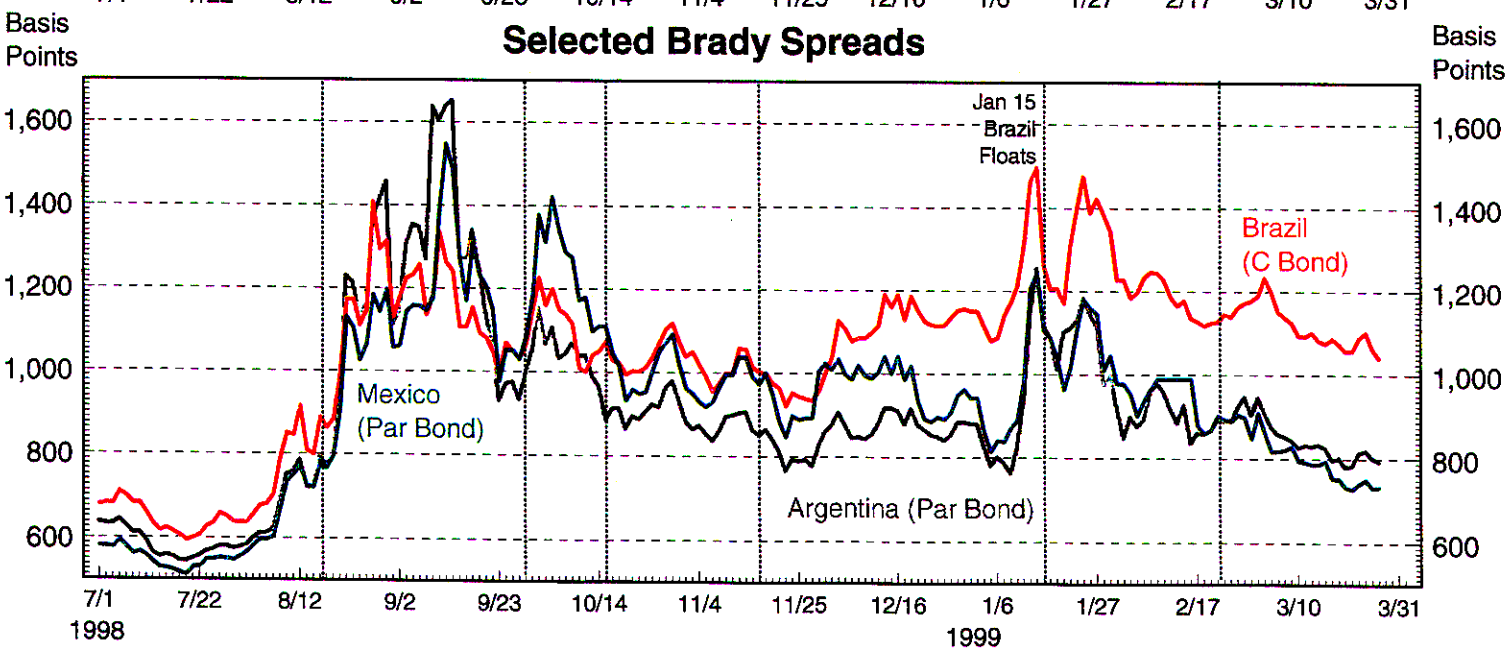
Current euro-deposit rate and rates implied by traded forward rate agreements



Charts: Hamsa M. Murthy

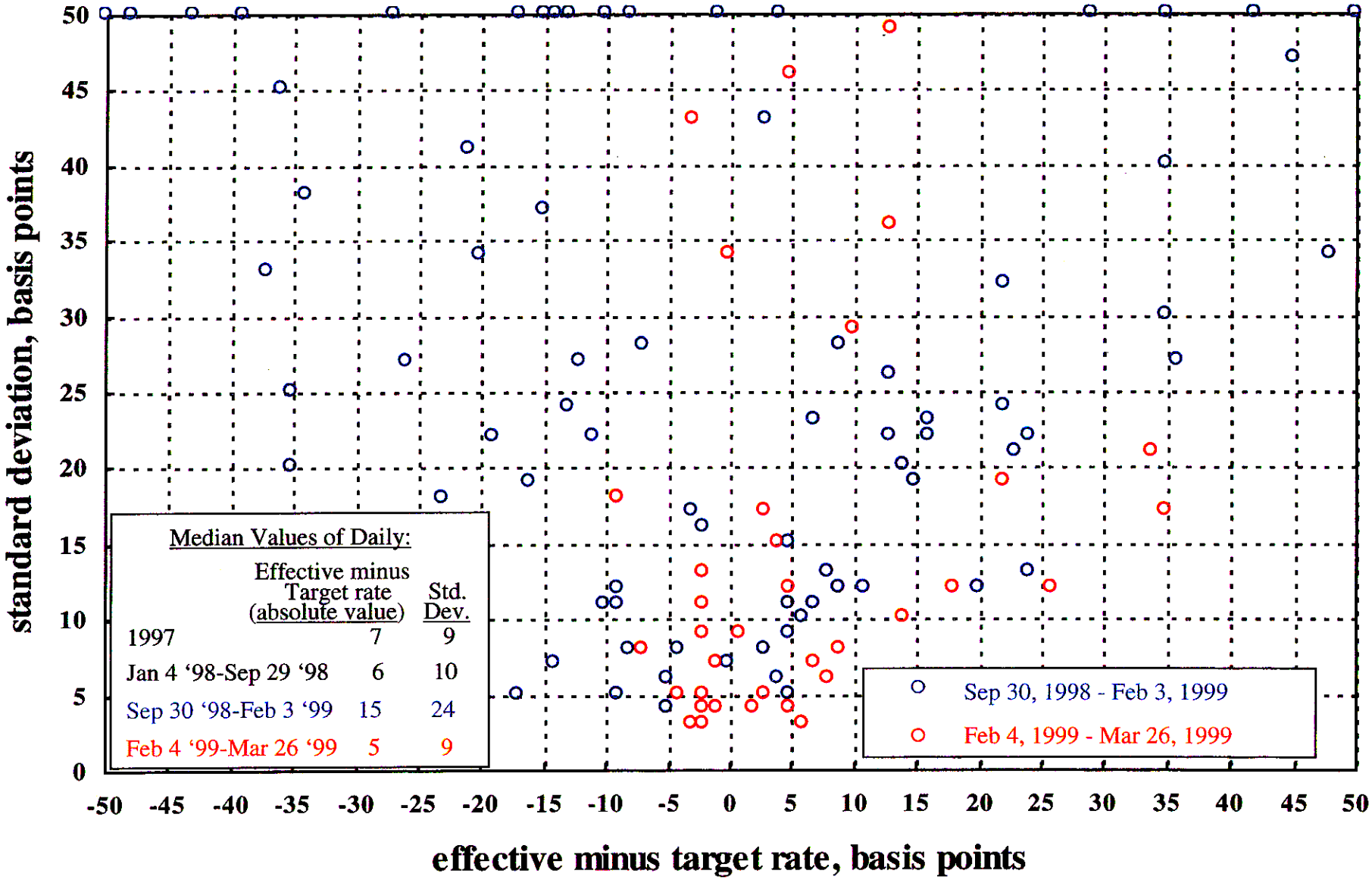






Charts: Hamsa M. Murthy

Daily Federal Funds Effective minus Target Rates (horz. axis) and Daily Standard Deviations (vert. axis)



APPENDIX 2

Material used by Mr. Kohn in his presentation

Financial Conditions

	June/July average	Week before November ease	Latest week
Short-term business finance			
1. Commercial paper rate (AA)	5.51	5.12	4.82
2. Bank loan rate	7.79	7.65	7.44
Long-term business finance			
3. Corporate bond yield (BBB)	6.77	7.03	6.99
Weighted average bond yield			
4. Weighted by outstandings	7.16	7.52	7.51
5. Weighted by investment	6.79	6.91	6.91
6. S&P 500 E/P ratio	4.6	4.6	4.0
Household finance			
7. Fixed-rate mortgage rate	6.97	6.93	6.98
8. Bank auto loan rate	8.71	8.62	8.34
Wilshire 5000			
9. Six-month percentage change (a.r.)	31	-5	42
10. Three-year moving average of percent changes (a.r.)	25	17	21
M2			
11. Twelve-month growth rate	7.3	8.5	8.0
Exchange Rates			
12. Broad index (real)	100.1	96.7	97.6
13. Major currency index (nominal)	99.0	94.8	95.3
Inflation expectations			
Short-term			
14. Michigan survey	2.7	2.3	2.7
15. Philadelphia Fed	2.4	2.3	2.2
Long-term			
16. Michigan survey	2.8	2.8	2.7
17. Philadelphia Fed	2.5	2.5	2.3

Notes: With the exceptions noted below, data in the first column reflect averages for June and July of 1998, data in the second column reflect observations for November 9-16, 1998, and data in the final column reflect observations for March 22-26, 1999. Data on bank business loan rates (row 2) are for new business loans not made under commitment and with maturities between one month and one year. The data are from the Federal Reserve's quarterly Survey of Terms of Business Lending; the three columns show results of the August, November, and February surveys. The survey is conducted in the first full week of the middle month of each quarter. The weighted average bond yields (rows 4 and 5) are based on two sets of weights. The data in row 4 reflect weights based on the distribution of the outstanding volume of rated corporate bonds by rating at the end of 1998. The weights employed in row 5 are based on the distribution, by senior bond rating, of nonfinancial capital expenditures by rated firms in the COMPUSTAT database during 1997. The earnings price ratio (line 6) is based on monthly consensus estimates of earnings for S&P 500 firms over the coming 12 months as reported by I/B/E/S International, Inc., and the average value of the S&P 500 index in the appropriate period. The bank auto loan rate is from the Federal Reserve's quarterly survey of bank consumer loan rates; the table shows the results of the August, November, and February surveys, which covered loans extended in the first full week of those months. The three-year moving average growth rate for the Wilshire 5000 (line 10) is based on 13-week growth rates and employs weights constructed by the staff to capture the effects of changes in wealth on consumption expenditures. The effect of changes in equity prices on consumption spending would be neutral if the growth in equity prices matched the trend growth in nominal income--currently about 4 or 5 percent. Both of the Wilshire 5000 growth rates are expressed at annual rates. The twelve-month growth rates of M2 shown in the final two columns of row 11 are calculated based on a lagged four-week average of M2 rather than the weekly observations. The real broad exchange rate index (row 12) is a weighted average of the foreign exchange values of the U.S. dollar against the currencies of a large group of major U.S. trading partners, adjusted for relative consumer prices in the United States and abroad. This series is monthly, and so the values shown are those for an average of June and July, November, and an estimate for March. The nominal major currency index (row 13) is a weighted average of the foreign exchange values of the U.S. dollar against a set of currencies that circulate widely outside the country of issue. The survey measures of inflation expectations (rows 14-17) are median responses and are expressed as average annual rates of change. The Michigan survey data are monthly, and are for an average of June and July, November, and March. The Philadelphia Fed survey data are quarterly, for the first half of the middle month of the quarter, and the data shown are from the August, November, and February surveys. The Philadelphia Fed data are for the CPI; the Michigan survey is not explicit about the index. Short-run expectations are for the next year. The Michigan survey long-term expectations are for 5 to 10 years; the Philadelphia Fed long-term expectations are for 10 years.