



## Meeting of the Federal Open Market Committee October 2, 2001 Presentation Materials -- Text Version

[Presentation Materials \(404 KB PDF\)](#)

### APPENDIX

#### Charts used by Mr. Kos.

##### Page 1

###### Top panel

**Title:** 3-Month Deposit Rates and Rates Implied by Traded Forward Rate Agreements

**Series:** U.S. dollar Libor fixing, 3M forward, and 9M forward rates

**Horizon:** August 1, 2001 through September 28, 2001

**Description:** U.S. forward rates declined sharply after 9/11/2001 (labeled with a tripwire).

###### Middle panel

**Title:** Continuation of Top Panel

**Series:** Euro Libor fixing, 3M forward, and 9M forward rates

**Horizon:** August 1, 2001 through September 28, 2001

**Description:** Euro forward rates declined after 9/11/2001 (labeled with a tripwire).

###### Bottom panel

**Title:** Continuation of Top Panel

**Series:** Japan Libor fixing, 3M forward, and 9M forward rates

**Horizon:** August 1, 2001 through September 28, 2001

**Description:** Japan forward rates slightly rose after 9/11/2001 (labeled with a tripwire) until the end of the period shown.

Sources: Bloomberg

##### Page 2

###### Top panel

**Title:** U.S. Treasury Coupon Yields

**Series:** Target federal funds rate, yields on benchmark 2-year, 10- year, and 30-year U.S. Treasury securities

**Horizon:** August 1, 2001 through September 28, 2001

**Description:** The 2-Year Treasury note yield tracked closely with the target fed funds rate. The 10 year note and 30-year bond yields declined slightly between 8/1/2001 and 9/28/2001.

###### Middle panel

**Title:** G-3 Government Yield Curves

**Series:** 2-10-year U.S. Treasury spread, 2-10-year JGB spread, and 2-10-year German Bund spread

**Horizon:** August 1, 2001 through September 28, 2001

**Description:** The 2-10 Year U.S. Treasury spread and 2-10-year German Bund spread widened after 9/11/2001 while the 2-10-year JGB spread remained relatively unchanged.

#### **Bottom panel**

**Title:** Emerging Market and U.S. High Yield Spreads

**Series:** JPM EMBI+ spread and Merrill Lynch High-Yield spread

**Horizon:** August 1, 2001 through September 28, 2001

**Description:** The JPM EMBI+ spread and the Merrill Lynch High-Yield spread widened after 9/11/2001.

Sources: Bloomberg

### **Page 3**

#### **Top panel**

**Title:** U.S. Equity Indices

**Series:** Dow Jones Industrial Average, NASDAQ composite index, and S&P 500 index

**Horizon:** July 2, 2001 to September 28, 2001

**Description:** The Dow Jones Industrial Average, NASDAQ composite, and S&P 500 indices declined after 9/11/2001.

#### **Middle panel**

**Title:** Major Global Equity Indices

**Series:** CAC 40 index, DAX index, and FTSE 100 index, DJ Euro Stoxx index, Topix index, and TSE 300 index

**Horizon:** July 2, 2001 to September 28, 2001

**Description:** The major global equity indices declined following 9/11/2001.

#### **Bottom panel**

**Title:** Major Emerging Market Equity Indices

**Series:** Merval index, Hang Seng index, Mexican Bolsa index, Brazil Bovespa index, and Singapore index

**Horizon:** July 2, 2001 to September 28, 2001

**Description:** The major emerging market equity indices declined following 9/11/2001.

Sources: Bloomberg

### **Page 4**

#### **Top panel**

**Title:** Major Currencies per U.S. Dollar

**Series:** Canadian dollar, Brazilian real, Japanese yen, British pound, Australian dollar, Swiss franc, and euro currency performance, indexed to 100 on 8/1/2001

**Horizon:** August 1, 2001 through September 28, 2001

**Description:** Currencies were mixed against the U.S. dollar over the period. The British Pound and Australian dollar depreciated slightly after 9/11/2001(labeled with a tripwire), while the Japanese

yen, Swiss franc, and Euro appreciated during the same time period.

### **Middle panel**

**Title:** Japanese Yen per U.S. Dollar

**Series:** Yen currency performance in yen/dollar

**Horizon:** August 1, 2001 through September 28, 2001

**Description:** The Japanese yen strengthened against the U.S. dollar between August 1st and September 28th with a greater appreciation in the days following 9/11/2001(labeled with a tripwire).

### **Bottom panel**

**Title:** U.S. Dollars per Euro

**Series:** Euro currency performance in dollars/euro

**Horizon:** August 1, 2001 through September 28, 2001

**Description:** The euro strengthened modestly against the U.S dollar over the period shown.

Sources: Bloomberg

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### **Top panel**

**Title:** Implied Volatility: 1-Month Euro-Dollar and Dollar-Yen Option Volatility

**Series:** 1-month euro-dollar and 1-month dollar-yen option volatility

**Horizon:** July 2, 2001 to September 28, 2001

**Description:** One-month Euro-dollar and Dollar-Yen option volatility increased on and following 9/11/2001 (labeled with a tripwire).

### **Middle panel**

**Title:** Implied Volatility on Options on the December Eurodollar Futures Contract

**Series:** December Eurodollar Contract Volatility

**Horizon:** July 2, 2001 to September 28, 2001

**Description:** December Euro-dollar contract volatility increased sharply following 9/11/2001 (labeled with a tripwire).

### **Bottom panel**

**Title:** CBOE OEX Volatility Index (VIX)

**Series:** VIX index

**Horizon:** July 2, 2001 to September 28, 2001

**Description:** CBOE OEX Volatility index moved significantly higher following 9/11/2001 (labeled with a tripwire).

Sources: Bloomberg

### **Memo:**

#### **1998 Highs**

1. 1-Month Dollar-Deutschmark: 16.5%, Oct. 9
2. 1-Month Dollar-Yen: 27.8%, Oct. 8
3. December Eurodollar Contract: 22.03%, Oct. 9
4. VIX Index: 48.56%, Oct. 8

## Page 6

### Top panel

**Title:** Total Fed Balances: Non-borrowed and Borrowed

**Series:** Total Fed balances: non-borrowed and borrowed (in billions of dollars). Separately shown are balances at all banks and at BONY from 9/11/2001 to 9/17/2001.

**Horizon:** August 21, 2001 to September 28, 2001

**Description:** Balances held by banks increased dramatically and were elevated over the three days following 9/11/2001.

### Bottom panel

**Title:** Daily Federal Funds Rates: High, Low, and Effective Rates

**Series:** Daily federal funds rates: high, low, and effective rates

**Horizon:** August 21, 2001 to September 28, 2001

**Description:** Volatility in the fed funds market was high in the days following 9/11/2001.

## Page 7

### Top panel

**Title:** Reserve Impact of Key Autonomous Factors

**Series:** Foreign RP pool, float, and FX swaps

**Horizon:** August 21, 2001 to September 28, 2001

**Description:** The level of float, the foreign repo pool, and FX swaps were elevated in the days following 9/11/2001.

### Middle panel

**Title:** Accepted and Rejected Propositions on Desk Short-Term RPs (up to 3 days)

**Series:** Accepted propositions and rejected propositions

**Horizon:** August 21, 2001 to September 28, 2001

**Description:** The Markets Desk accepted a higher percentage of propositions in the temporary open market auctions in the days following 9/11/2001.

### Bottom panel

**Title:** Outstanding Term and Overnight RPs

**Series:** Term RPs and overnight RPs

**Horizon:** August 21, 2001 to September 28, 2001

**Description:** The level of outstanding repurchase agreements increased significantly in the days following 9/11/2001.

Note: term RPs include previously outstanding and newly settling term RPs

## Page 8

### Top panel

**Title:** Daily Security Lending Volume

**Series:** Daily security lending volume (in billions of dollars)

**Horizon:** August 21, 2001 to September 28, 2001

**Description:** Securities lending volume increased sharply on 9/11/2001 and remained higher than

typical over most of the remaining month of September 2001.

## Bottom panel

**Title:** Number of Issues

**Series:** Number of issues

**Horizon:** August 21, 2001 to September 28, 2001

**Description:** Securities lending volume increased sharply on 9/11/2001 with nearly 70 different securities lent. This number of securities declined after 9/11/2001 but remained elevated.

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