

## Meeting of the Federal Open Market Committee November 6, 2001 Presentation Materials -- Text Version

[Presentation Materials \(252 KB PDF\)](#)

### APPENDIX

#### Charts used by Mr. Kos.

##### Page 1

###### Top panel

**Title:** Current Deposit Rates and Rates Implied by Traded Forward Rate Agreements

**Series:** U.S. and Euro-area Libor fixing, 3M forward, and 9M forward rates

**Horizon:** August 1, 2001 through November 2, 2001

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

###### Bottom panel

**Title:** Japanese Yield Curve

**Series:** The yield curve, including Japanese 3-month, 1-year, 2-year, 3-year, 7-year, 10-year, 20-year, and 30-year yields

**Horizon:** There are three curves shown for the dates of 2/28/2001, 8/14/2001, and 11/5/2001.

**Description:** Longer-term Japanese rates edged higher over the course of 2001.

Sources: Bloomberg

##### Page 2

###### Top panel

**Title:** 5-Year Japanese Government Bond Yield and Swap Rate

**Series:** 5-year JGB yield and 5-year swap rate

**Horizon:** January 3, 2000 through November 2, 2001

**Description:** 5-year JGB yield and swap rates declined steadily between September 2000 and November 2001.

###### Middle panel

**Title:** 10-Year Japanese Government Bond Yield and Swap Rate

**Series:** 10-year JGB yield and 10-year swap rate

**Horizon:** January 3, 2000 through November 2, 2001

**Description:** 10-year JGB yield and swap rates declined steadily between September 2000 and November 2001.

###### Bottom panel

**Title:** Topix Composite and Topic Bank Sub-Index

**Series:** Topix composite index and Topix bank sub-index, (indexed to 100 on 1/3/2000)

**Horizon:** January 3, 2000 through November 2, 2001

**Description:** The Topix equity index and bank sub-index declined sharply between January 2000 and November 2001.

Sources: Bloomberg

## Page 3

### Top panel

**Title:** Foreign Currency per Dollar

**Series:** Japanese yen, Swiss franc, and euro currency performance, (indexed to 100 on 8/1/2001)

**Horizon:** August 1, 2001 through November 2, 2001

**Description:** The dollar depreciated in the week following September 11 (labeled with a tripwire), although it regained much of its value by the beginning of November 2001.

Source: Bloomberg

### Middle panel

**Title:** 1-Month Option Implied Volatility for G-3 Currency Pairs

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

**Horizon:** August 1, 2001 through November 2, 2001

**Description:** Implied volatilities in the euro-dollar and dollar-yen currency pairs increased sharply following 9/11/2001, although they quickly reversed these increases and returned to previous levels by November 2001.

Source: JP Morgan Chase

### Bottom panel

**Title:** 1-Month Risk Reversals for G-3 Currency Pairs

**Series:** Euro-dollar, euro-yen, and dollar-yen 1-month risk reversals

**Horizon:** August 1, 2001 through November 2, 2001

**Description:** Risk reversals favored dollar weakness following 9/11/2001. By November 2001, they returned to levels observed prior to the attacks.

Source: JP Morgan Chase

## Page 4

### Top panel

**Title:** Major Global Equity Indices

**Series:** NASDAQ composite index, S&P 500 index, DAX index, TSE 300 index, FTSE 100 index, Topix index, and CAC 40 index, all indexed to 100 on 9/10/2001

**Horizon:** August 1, 2001 through November 2, 2001

**Description:** Major global equity indices declined following 9/11/2001, although they returned to levels observed prior to the attacks by 11/1/2001.

### Middle panel

**Title:** Major Emerging Market Equity Indices

**Series:** Merval index, Hang Seng index, Mexican Bolsa index, Brazil Bovespa index, and Singapore index, all indexed to 100 on 9/10/2001

**Horizon:** August 1, 2001 through November 2, 2001

**Description:** After immediately declining following 9/11/2001, major emerging market equity indices regained much of their losses in the following weeks.

### **Bottom panel**

**Title:** S&P 100 Volatility Index (VIX)

**Series:** VIX index

**Horizon:** August 1, 2001 through November 2, 2001

**Description:** The VIX index increased sharply following 9/11/2001. It subsequently declined between late September and early November 2001, although it remains at elevated levels.

Sources: Bloomberg

## **Page 5**

### **Top panel**

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

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

**Horizon:** August 1, 2001 through November 2, 2001

**Description:** Emerging market and U.S. high yield spreads increased between 9/11/2001 and 11/1/2001.

Source: Bloomberg, JP Morgan Chase

### **Middle panel**

**Title:** 10-Year U.S. Investment Grade Credit Spreads

**Series:** A2 industrial corporates, 10-year swap, and Fannie Mae 6% (5/15/2011)

**Horizon:** August 1, 2001 through November 2, 2001

**Description:** 10-year investment grade credit spreads remained relatively stable following 9/11/2001.

Source: Bloomberg

### **Bottom panel**

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

**Series:** December 2001 Eurodollar Contract Volatility

**Horizon:** August 1, 2001 through November 2, 2001

**Description:** Implied volatility on eurodollar futures contracts increased following 9/11/2001.

Source: Bloomberg

## **Page 6**

### **Top panel**

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

**Series:** Target federal funds rate, yields on benchmark 2-year, 5-year, 10-year, and 30-year U.S. Treasury securities

**Horizon:** August 1, 2001 through November 2, 2001

**Description:** On-the-run Treasury coupon yields declined following 9/11/2001, with the short-end of the curve outperforming as the FOMC eased policy.

### **Bottom left panel**

**Title:** U.S. Benchmark Yield Curves

**Series:** A2 industrial corporates, Fannie Mae, swaps, and Treasuries

**Horizon:** Yield Curves as of 9/10/2001

**Description:** Benchmark U.S. yield curves were upward sloping prior to 9/11/2001.

### **Bottom right panel**

**Title:** Continuation of Bottom Left Panel

**Series:** A2 industrial corporates, Fannie Mae, swaps, and Treasuries

**Horizon:** Yield Curves as of 11/02/2001 (comparing to yield curves back on 9/10/2001)

**Description:** Benchmark U.S. yield curves steepened sharply following 9/11/2001.

Sources: Bloomberg

## **Page 7**

### **Top left panel**

**Title:** Commercial Paper Spreads

**Series:** 30-day A2/P2 - A1/P1 spreads

**Horizon:** August through February: 1997-1998, 2000-2001, and 2001-2002

**Description:** 30-day A2/P2 - A1/P1 spreads increased following 9/11/2001.

### **Top right panel**

**Title:** Commercial Paper Spreads

**Series:** 90-day A2/P2 - A1/P1 spreads

**Horizon:** August through February: 1997-1998, 2000-2001, and 2001-2002

**Description:** 90-day A2/P2 - A1/P1 spreads increased following 9/11/2001.

### **Bottom left panel**

**Title:** Commercial Paper Spreads

**Series:** 90-day A1/P1 - 3-month Treasury bill spreads

**Horizon:** August through February: 1997-1998, 2000-2001, and 2001-2002

**Description:** The level of 90-day A1/P1 - 3-month Treasury bill spreads has been comparable to previous periods.

### **Bottom right panel**

**Title:** Commercial Paper Spreads

**Series:** 90-day A2/P2 - 3-month Treasury bill spreads

**Horizon:** August through February: 1997-1998, 2000-2001, and 2001-2002

**Description:** The level of 90-day A2/P2 - 3-month Treasury bill spreads have widened slightly more than comparable periods..

Sources: Bloomberg

## **Page 8**

## Top panel

**Title:** General Collateral Repo Rate, On-the-Run Treasury Specials Rate and Primary Dealer Fails to Deliver: 5-Year On-the-Run Treasury

**Series:** 5-year specials rate (LHS), GC rate (LHS), and 5-year fails (RHS)

**Horizon:** January 1, 2001 through November 2, 2001 <sup>1</sup>

**Description:** 5-year fails in the overnight repo market increased sharply following 9/11/2001.

1. Between Sept. 12 and Sept. 17, there was no specials market trading activity. Under an informal market agreement, all Treasuries traded at the general collateral rate to facilitate settlement and the squaring of positions. [Return to text](#)

## Bottom panel

**Title:** General Collateral Repo Rate, On-the-Run Treasury Specials Rate and Primary Dealer Fails to Deliver: 10-Year On-the-Run Treasury

**Series:** 10-year specials rate (LHS), GC rate (LHS), and 10-year fails (RHS)

**Horizon:** January 1, 2001 through November 2, 2001 <sup>1</sup>

**Description:** 10-year fails in the overnight repo market increased sharply following 9/11/2001.

Sources: Govpx, FR2004

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