Appendix 1: Materials used by Messrs. Kos and Reinhart
Exhibit 1
Treasury Securities Market

Two- and Ten-year Treasury Yields
Percent

Five-minute intervals

03/13 03/14 03/17 03/18 03/19 03/20 03/21 03/24

8:00 Deadline

Two-year (right scale)

Ten-year (left scale)

Note. Treasury yield shown is that of the on-the-run issue.

Treasury Yield Curve

March 24, 2003 4:00 pm

March 19, 2003 4:00 pm

Maturity in Years

1/4 2 5 10 30

Percent

Selected Treasury Yields

| | Today 3/24/03* (1) | Wednesday 3/19/03 (2) | Change (1)-(2) -basis points-
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal</td>
<td></td>
<td></td>
<td>-basis points-</td>
</tr>
<tr>
<td>1. Two-year</td>
<td>1.66</td>
<td>1.72</td>
<td>-6</td>
</tr>
<tr>
<td>2. Five-year</td>
<td>2.94</td>
<td>2.97</td>
<td>-3</td>
</tr>
<tr>
<td>3. Ten-year</td>
<td>3.97</td>
<td>3.98</td>
<td>-1</td>
</tr>
<tr>
<td>Indexed</td>
<td></td>
<td></td>
<td>-basis points-</td>
</tr>
<tr>
<td>4. Ten-year</td>
<td>2.12</td>
<td>2.10</td>
<td>2</td>
</tr>
</tbody>
</table>

* denotes today’s observation (taken at approximately 4:45 pm).

* Quotes taken at approximately 4:00 pm.
Exhibit 2
Equity Market

Major Stock Indexes

Five-minute intervals

Nasdaq
Wilshire 5000
S&P 500

03/13 03/14 03/17 03/18 03/19 03/20 03/21 03/24

S&P 100 Implied Volatility (VIX)

Five-minute intervals

03/13 03/14 03/17 03/18 03/19 03/20 03/21 03/24

Selected Equity Market Quotes

<table>
<thead>
<tr>
<th>Major Indexes</th>
<th>Today 3/24/03</th>
<th>Wednesday 3/19/03</th>
<th>Change (1)-(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Wilshire 5000</td>
<td>8180.39</td>
<td>8258.42</td>
<td>-0.9</td>
</tr>
<tr>
<td>2. S&amp;P 500</td>
<td>864.36</td>
<td>874.02</td>
<td>-1.1</td>
</tr>
<tr>
<td>3. Nasdaq</td>
<td>1370.23</td>
<td>1397.08</td>
<td>-1.9</td>
</tr>
</tbody>
</table>

Option-Implied Volatility

4. S&P 100 (VIX)      | 34.96         | 35.74             | -0.78          |

* Quotes taken at approximately 4:00 pm.
Exhibit 3
Monetary Policy Expectations

1.15
1.16
1.17
1.18
1.19
1.20
1.21
1.22
1.8
2.0
2.2
2.4
2.6

Percent

03/13 03/14 03/17 03/18 03/19 03/20 03/21 03/24

Interest Rate Futures

Five-minute intervals

Mar. 2004 Eurodollar Futures (right scale)

Apr. 2003 Fed Funds Futures (left scale)

2003 2004 2005

0.5
1.0
1.5
2.0
2.5
3.0
3.5
4.0

Percent

March 24, 2003 3:30 pm

Expected Federal Funds Rates*

March 19, 2003 3:30 pm

March 25, 2003

Short-term Eurodollar Implied Volatility*

Percent

Daily


Probability of 1.00% target as opposed to 1.25% target*

Five-minute intervals

March 25, 2003

*Based on May 2003 federal funds futures contract.
+ denotes today's observation (taken at approximately 4:00 pm).
### Exhibit 4
Selected Credit Market Indicators

**Ten-year Swap Spread**

- Five-minute intervals

**Stock Prices and Credit Default Swap Premia for Selected Financial Intermediaries**

<table>
<thead>
<tr>
<th></th>
<th>Stock Prices</th>
<th>CDS Premia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Today 3/24/03</td>
<td>Wednesday 3/19/03</td>
</tr>
<tr>
<td>1. Bank of America</td>
<td>68.82</td>
<td>69.50</td>
</tr>
<tr>
<td>2. Citigroup</td>
<td>35.72</td>
<td>35.46</td>
</tr>
<tr>
<td>3. Goldman Sachs</td>
<td>70.01</td>
<td>70.27</td>
</tr>
<tr>
<td>4. Lehman Brothers</td>
<td>58.20</td>
<td>59.69</td>
</tr>
<tr>
<td>5. Merrill Lynch</td>
<td>36.30</td>
<td>36.74</td>
</tr>
</tbody>
</table>

* Quotes taken at approximately 4:00 pm.

**Swaption Implied Volatility (Ten-year Swap Rate)**

- Daily
- Three-months ahead
- One-year ahead

+ denotes today’s observation (taken at approximately 4:00 pm).
Foreign Exchange Rates

<table>
<thead>
<tr>
<th></th>
<th>Today 3/24/03*</th>
<th>Wednesday 3/19/03</th>
<th>Change (1)-(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dollar/Euro</strong></td>
<td>1.0631</td>
<td>1.0559</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Yen/Dollar</strong></td>
<td>120.8350</td>
<td>120.4700</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Dollar/Pound</strong></td>
<td>1.5734</td>
<td>1.5643</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Swiss Franc/Dollar</strong></td>
<td>1.3859</td>
<td>1.3943</td>
<td>-0.6</td>
</tr>
</tbody>
</table>

* Quotes taken at approximately 4:00 pm.

West Texas Intermediate Crude Oil Spot Price

Gold Spot Price
Appendix 2: Material used by Ms. Johnson
Recent Developments in
International Financial Markets

March 24, 2003
Selected Exchange Rates
(Foreign currency per dollar)

Indexes of Trade-Weighted Value of the Dollar
(Index, March 12, 2003 = 100)
Selected Yield Curves

3-Month Eurocurrency Futures Rates

Yen

- March 24, 2003
- March 17, 2003
- March 12, 2003

1-Year Forward Rates Derived From Swaps

Yen

- March 24, 2003
- March 17, 2003
- March 12, 2003

Euro

- March 24, 2003
- March 17, 2003
- March 12, 2003

Sterling

- March 24, 2003
- March 17, 2003
- March 12, 2003

Dollar

- March 24, 2003
- March 17, 2003
- March 12, 2003
Chart 3

Stock Market Indexes
(Ratio scale, Index, March 12, 2003 = 100, daily data)

Euro Area

- DJ Euro
- DJ Euro Tech
- DJ Euro Bank

United Kingdom

- FTSE-350
- FTSE-techMark
- FTSE-Bank

Japan

- TOPIX
- TOPIX-EM
- TOPIX-Bank

United States

- S&P 500
- NASDAQ
- S&P Banks

Change since 3/12

- DJ Euro 12.6%
- DJ Euro Tech 16.1%
- DJ Euro Bank 13.3%
- FTSE-350 12.9%
- FTSE-tech 7.7%
- FTSE-Bank 14.0%
- TOPIX 6.3%
- TOPIX-EM 8.8%
- TOPIX-Bank 7.3%
- S&P 500 7.3%
- NASDAQ 7.0%
- S&P Bank 11.6%

mem: United States
Chart 4

Crude Oil Futures Prices

Daily

FOMC

March 12

WTI May - $7.63
Brent May - $6.91

Implied Distributions from Oil Futures Options
March 21, 2003

May 2003 WTI

Dec 2003 WTI
Appendix 3: Materials used by Mr. Stockton
NONFINANCIAL DEVELOPMENTS
Chart 1

**Current Indicators**

**UI--Initial Claims**

- 4-week moving average
- Weekly

Note: Seasonally adjusted using FRB seasonals.

**UI--Insured Unemployment**

- 4-week moving average
- Weekly

Note: Seasonally adjusted using FRB seasonals.

**IP Weekly Production Index**

- Monthly aggregate of weekly index
- Weekly Index--total IP points of 16 components

Note: March through June are schedules.

**Production of Domestic Motor Vehicles**

- Quarterly averages
- Schedules (FRB Seasonals)

**Chain Store Sales**

Source: Bank of Tokyo-Mitsubishi.

**Consumer Sentiment**

Index, 1966=100
Chart 2
Domestic Energy Markets

Gasoline and Crude Oil Prices

Retail price (DOE, weekly)
Crude oil price (WTI spot, daily)

Note. Not seasonally adjusted.

Gasoline Inventories

DOE, weekly
5-year monthly average

Note. Not seasonally adjusted.

Natural Gas Spot Price

(Daily Hub, daily)

Natural Gas Inventories*

1997-2000 average
2001
2002
2003

*End of month. Working gas in storage.
### Chart 3

**Housing**

(Seasonally Adjusted)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Housing Starts</td>
<td>Permits Issued</td>
<td>New Home Sales</td>
<td>Existing Home Sales</td>
</tr>
<tr>
<td>2002</td>
<td>1.71</td>
<td>1.73</td>
<td>.976</td>
<td>5.57</td>
</tr>
<tr>
<td>2002 Q2</td>
<td>1.67</td>
<td>1.67</td>
<td>.951</td>
<td>5.50</td>
</tr>
<tr>
<td>Q3</td>
<td>1.70</td>
<td>1.70</td>
<td>1.020</td>
<td>5.40</td>
</tr>
<tr>
<td>Q4</td>
<td>1.75</td>
<td>1.80</td>
<td>1.038</td>
<td>5.77</td>
</tr>
<tr>
<td>2002 Nov.</td>
<td>1.76</td>
<td>1.74</td>
<td>1.035</td>
<td>5.64</td>
</tr>
<tr>
<td>Dec.</td>
<td>1.82</td>
<td>1.89</td>
<td>1.077</td>
<td>5.91</td>
</tr>
<tr>
<td>2003 Jan.</td>
<td>1.82</td>
<td>1.78</td>
<td>.914</td>
<td>6.10</td>
</tr>
<tr>
<td>Feb.</td>
<td>1.62</td>
<td>1.79</td>
<td>n.a.</td>
<td>5.84</td>
</tr>
</tbody>
</table>

---

**New Home Sales and Starts**

(Millions of units, annual rate)

(Seasonally adjusted)

**Existing Home Sales**

(Millions of units, annual rate)

(Seasonally adjusted using FRB seasonals)
## Consumer Price Index

### Chart 4

<table>
<thead>
<tr>
<th>Relative importance</th>
<th>All Items</th>
<th>Energy Items</th>
<th>Food</th>
<th>All items less food and energy</th>
<th>MEMO: Core PCE prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 2003</td>
<td>100.0</td>
<td>7.0</td>
<td>14.5</td>
<td>78.5</td>
<td>22.8</td>
</tr>
</tbody>
</table>

**Twelve-month percent changes, Feb. to Feb.**

<table>
<thead>
<tr>
<th>Year</th>
<th>All Items</th>
<th>Energy Items</th>
<th>Food</th>
<th>Total</th>
<th>Commodities</th>
<th>Services</th>
<th>MEMO: Core PCE prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>1.6</td>
<td>-5.7</td>
<td>2.4</td>
<td>2.1</td>
<td>.7</td>
<td>2.8</td>
<td>1.5</td>
</tr>
<tr>
<td>2000</td>
<td>3.2</td>
<td>19.9</td>
<td>1.8</td>
<td>2.2</td>
<td>.3</td>
<td>2.9</td>
<td>1.7</td>
</tr>
<tr>
<td>2001</td>
<td>3.5</td>
<td>13.1</td>
<td>3.0</td>
<td>2.7</td>
<td>.9</td>
<td>3.6</td>
<td>2.0</td>
</tr>
<tr>
<td>2002</td>
<td>1.1</td>
<td>-15.9</td>
<td>2.7</td>
<td>2.6</td>
<td>-.9</td>
<td>4.0</td>
<td>1.6</td>
</tr>
<tr>
<td>2003</td>
<td>3.0</td>
<td>22.0</td>
<td>1.4</td>
<td>1.7</td>
<td>-1.5</td>
<td>3.2</td>
<td>1.3</td>
</tr>
</tbody>
</table>

**Percent changes from three months earlier at compound annual rates**

<table>
<thead>
<tr>
<th>Month</th>
<th>All Items</th>
<th>Energy Items</th>
<th>Food</th>
<th>Total</th>
<th>Commodities</th>
<th>Services</th>
<th>MEMO: Core PCE prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002 Feb.</td>
<td>1.1</td>
<td>-10.3</td>
<td>2.1</td>
<td>1.9</td>
<td>-2.7</td>
<td>4.2</td>
<td>1.3</td>
</tr>
<tr>
<td>May</td>
<td>3.6</td>
<td>35.8</td>
<td>.2</td>
<td>2.1</td>
<td>-1.1</td>
<td>3.4</td>
<td>1.6</td>
</tr>
<tr>
<td>Aug.</td>
<td>2.2</td>
<td>6.0</td>
<td>.2</td>
<td>2.3</td>
<td>-.3</td>
<td>3.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Nov.</td>
<td>2.0</td>
<td>5.6</td>
<td>2.3</td>
<td>1.5</td>
<td>-2.5</td>
<td>3.1</td>
<td>1.2</td>
</tr>
<tr>
<td>2003 Feb.</td>
<td>4.3</td>
<td>44.9</td>
<td>2.7</td>
<td>1.5</td>
<td>-1.9</td>
<td>2.8</td>
<td>.5</td>
</tr>
</tbody>
</table>

**Monthly percent changes not at annual rates**

<table>
<thead>
<tr>
<th>Month</th>
<th>All Items</th>
<th>Energy Items</th>
<th>Food</th>
<th>Total</th>
<th>Commodities</th>
<th>Services</th>
<th>MEMO: Core PCE prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002 July</td>
<td>.2</td>
<td>.7</td>
<td>.1</td>
<td>.2</td>
<td>-.1</td>
<td>.3</td>
<td>.1</td>
</tr>
<tr>
<td>Aug.</td>
<td>.2</td>
<td>.2</td>
<td>-.1</td>
<td>.3</td>
<td>.2</td>
<td>.3</td>
<td>.2</td>
</tr>
<tr>
<td>Sept.</td>
<td>.2</td>
<td>.4</td>
<td>.2</td>
<td>.2</td>
<td>-.1</td>
<td>.2</td>
<td>.2</td>
</tr>
<tr>
<td>Oct.</td>
<td>.2</td>
<td>1.4</td>
<td>.1</td>
<td>.1</td>
<td>-.1</td>
<td>.3</td>
<td>.1</td>
</tr>
<tr>
<td>Nov.</td>
<td>.1</td>
<td>-.5</td>
<td>.2</td>
<td>.1</td>
<td>-.3</td>
<td>.3</td>
<td>.1</td>
</tr>
<tr>
<td>Dec.</td>
<td>.1</td>
<td>-.4</td>
<td>.2</td>
<td>.2</td>
<td>-.1</td>
<td>.3</td>
<td>.1</td>
</tr>
<tr>
<td>2003 Jan.</td>
<td>.3</td>
<td>4.0</td>
<td>-.2</td>
<td>.1</td>
<td>-.3</td>
<td>.3</td>
<td>.0</td>
</tr>
<tr>
<td>Feb.</td>
<td>.6</td>
<td>5.9</td>
<td>.7</td>
<td>.1</td>
<td>-.1</td>
<td>.1</td>
<td>.1</td>
</tr>
</tbody>
</table>

1. Not seasonally adjusted.
2. Seasonally adjusted.
3. Staff estimate.

### Consumer Price Index -- Current Methods Basis

![Graph showing twelve-month percent change](chart.png)
Unemployment Insurance
(Seasonally adjusted, BLS basis)

Initial Claims

- 4-week moving average
- State programs
  Incl. EUC adjustment

Thousands

Mar. 15
(421)

250 300 350 400 450 500 550 600


Insured Unemployment

State Programs
  Incl. EUC adjustment**

Millions

Mar. 8
(3.55)

1.6 2.1 2.6 3.1 3.6 4.1


*Beginning July 18, 1992, includes initial claims filed under the emergency unemployment benefits program by individuals also eligible to file under regular programs. The EUC program ended on April 30, 1994.

**Includes staff estimate of emergency benefits who are also eligible to file under regular programs.