Appendix 1: Materials used by Mr. Potter and Ms. Logan

Class II FOMC – Restricted (FR)

Material for Briefing on

Financial Developments and Open Market Operations

Simon Potter and Lorie Logan

April 28, 2015

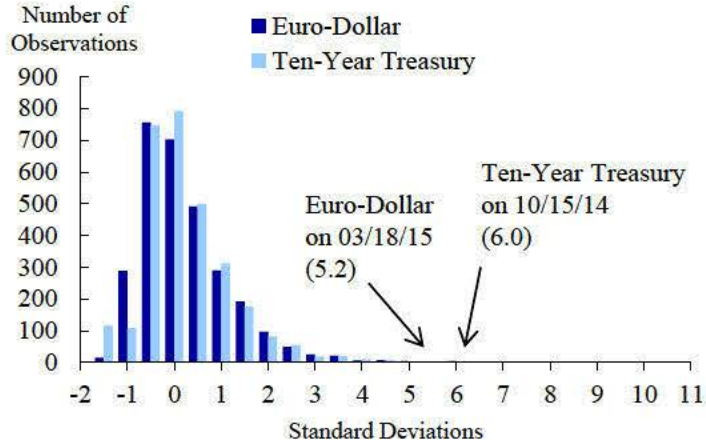
Class II FOMC – Restricted (FR) Exhibit 1

(1) Percentile Rank of March FOMC Price Changes Since January 2004*

Asset	Change	Percentile
2-Year Nominal	-11 bps	90th
10-Year Real	-14 bps	96th
10-Year Breakeven	+6 bps	99th
S&P 500 Index	+1.6%	95th
Euro-Dollar**	+1.1%	97th

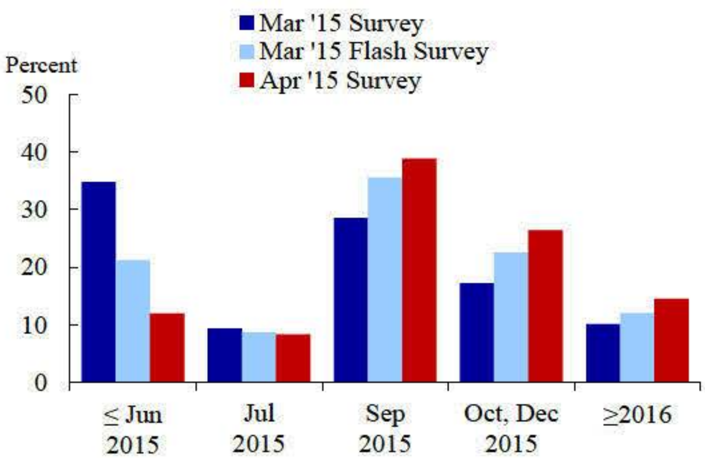
*Percentile rank of absolute changes in one-hour windows around FOMC statement releases (95 observations).
**Positive value indicates dollar depreciation against the euro.
Source: Bloomberg

(2) Standardized Intraday Trading Ranges Since 2004*



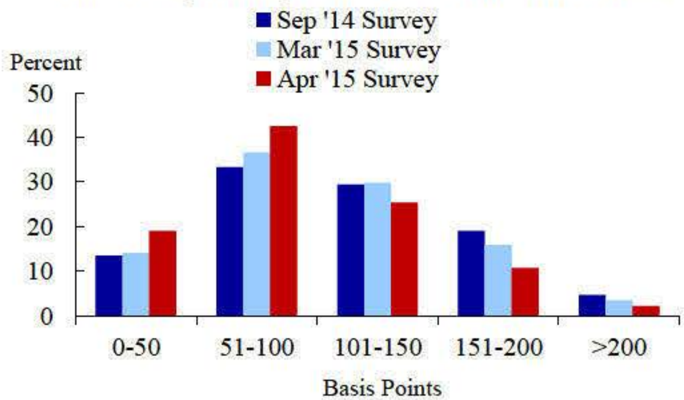
*Standardized using all daily observations since 01/01/04.
Source: Bloomberg

(3) Probability Distribution of the Timing of Liftoff*



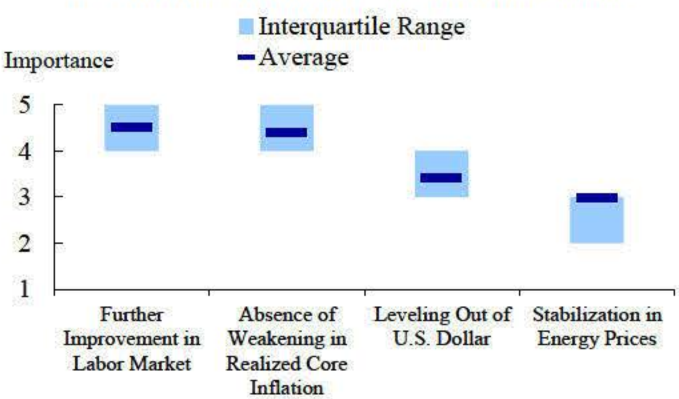
*Average of all responses from the Survey of Primary Dealers and Survey of Market Participants.
Source: Federal Reserve Bank of New York

(4) Probability Distribution of the Pace of Tightening in the First Year After Liftoff*



*Average of all responses from the Survey of Primary Dealers and Survey of Market Participants. Conditional on the target not returning to the zero lower bound. The average probability assigned to this scenario was 80%.
Source: Federal Reserve Bank of New York

(5) Importance of Factors in Committee's "Reasonable Confidence" in Inflation Outlook*



*Based on all responses from the Survey of Primary Dealers and Survey of Market Participants. Expressed in terms of importance of each factor, where 1 is not important and 5 is very important.
Source: Federal Reserve Bank of New York

(6) Inflation Compensation and Commodities*

	Since Mar '15 FOMC	Since End-2013
2y1y Inflation Compensation (1.72%)	+35 bps	-28 bps
5y5y Inflation Compensation (1.98%)	+12 bps	-71 bps
5y5y Survey Expectations** (2.17%)	+1 bps	+0 bps
Front-Month Crude Oil ($65.3)	+22.0%	-41.1%
DXY Dollar Index (96.9)	-2.7%	+21.1%

*Levels as of 04/24/15 in parentheses.
**Average of PDF-implied means for five-year CPI inflation, five years ahead.
Source: Federal Reserve Board of Governors, Federal Reserve Bank of New York, Bloomberg

Class II FOMC – Restricted (FR)

Exhibit 2

(7) Share of Euro-Area Sovereign Debt Trading at Negative Rates*

	0 to 2y	2 to 5y	5 to 7y	7 to 10y	>10y	Total
Germany	100%	100%	100%	14%	0%	69%
France	100%	100%	23%	0%	0%	56%
Spain	29%	0%	0%	0%	0%	9%
Italy	7%	0%	0%	0%	0%	2%
Euro Area	62%	54%	29%	3%	0%	35%

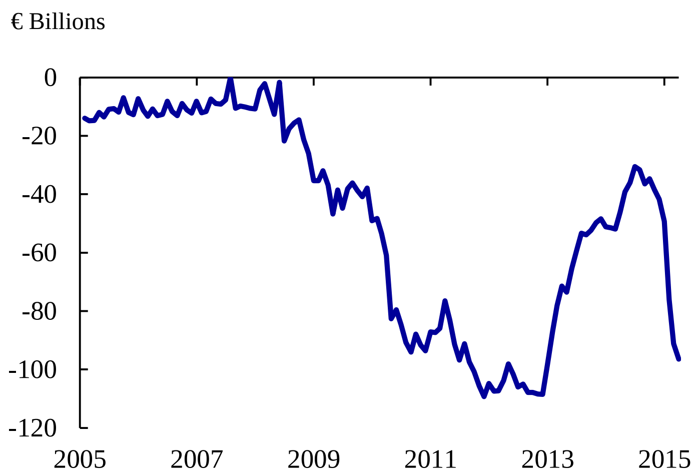
*Based on par value. Excludes inflation-linked securities.
Source: Bloomberg

(8) Comparison of Asset Purchase Program Effects on Market Prices*

	ECB *PSPP*	BoJ *QQE1*	FRB *LSAP3*
Currency**	-17.9%	-21.6%	+0.9%
5y5y Nominal	-137 bps	+8 bps	+44 bps
5y5y Inflation Swaps	-26 bps	+106 bps	+6 bps
Equities	+19.9%	+64.5%	+10.6%

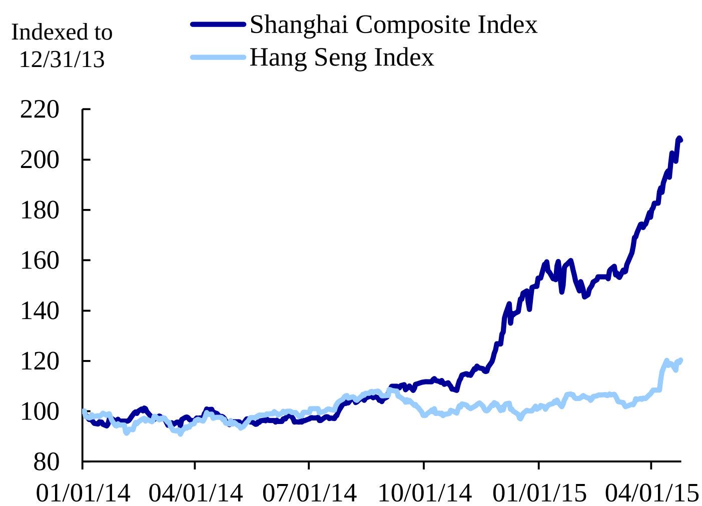
*Change from beginning of expectations (August 2014 Jackson Hole, announcement of Japanese elections in November 2012, and the release of the July 2012 FOMC meeting minutes for the ECB, BoJ, and FRB, respectively) through 92 days following the announcement of the respective programs.
**Positive value indicates currency appreciation.
Source: Bloomberg

(9) Greece TARGET2 Balance*



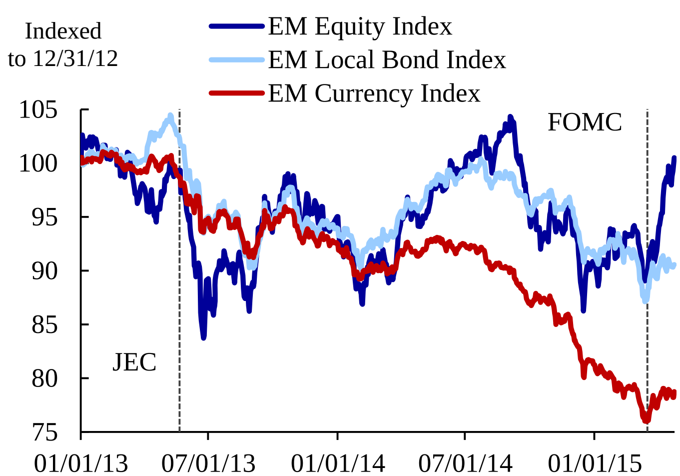
*Monthly data through March 2015.
Source: Haver Analytics, Bank of Greece

(10) Shanghai and Hong Kong Equity Performance



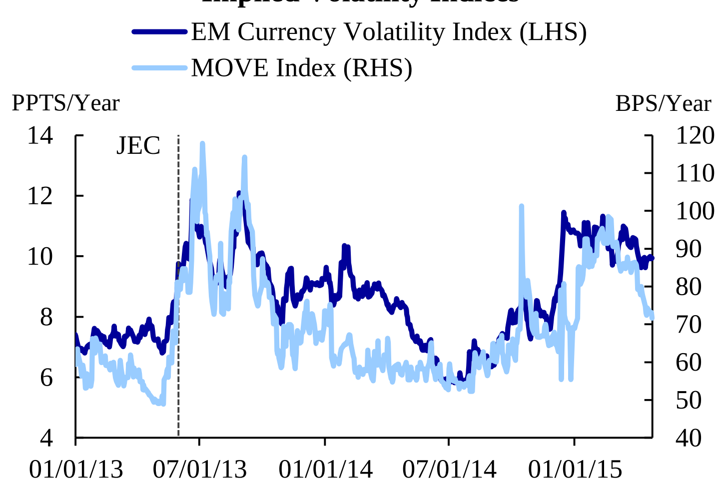
Source: Bloomberg

(11) Emerging Market Asset Returns*



*Indices not hedged for foreign exchange exposure.
Source: Bloomberg, MSCI, Markit, J.P. Morgan

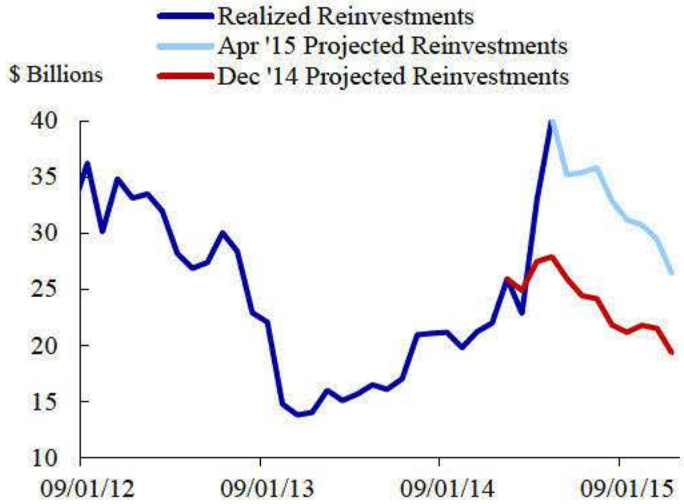
(12) EM Currency and U.S. Rate Implied Volatility Indices



Source: Bloomberg, J.P. Morgan, Merrill Lynch

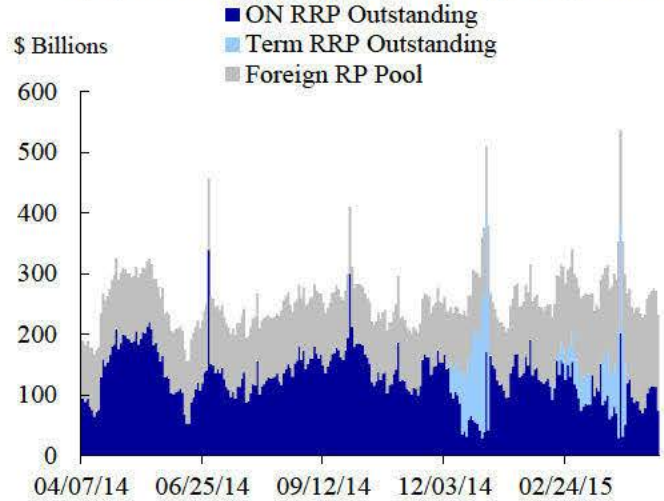
Class II FOMC – Restricted (FR) Exhibit 3

(13) Realized and Projected MBS Reinvestments



Source: Federal Reserve Bank of New York

(14) RRPs Outstanding and Foreign Repo Pool



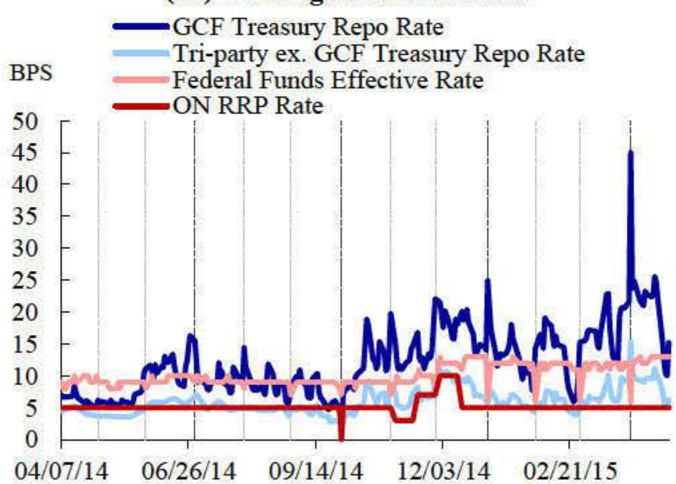
Source: Federal Reserve Bank of New York

(15) Term RRP Results

	03/19/15	03/30/15
Term (Days)	14	7
Offered ($ Billions)	75	125
Bids ($ Billions)		
Accepted	75	101
Submitted	**81**	**101**
Rates (BPS)		
Stop-out	**9**	**10**
High Bid	10	10
Low Bid	5	0
Maximum Bid Rate	10	10

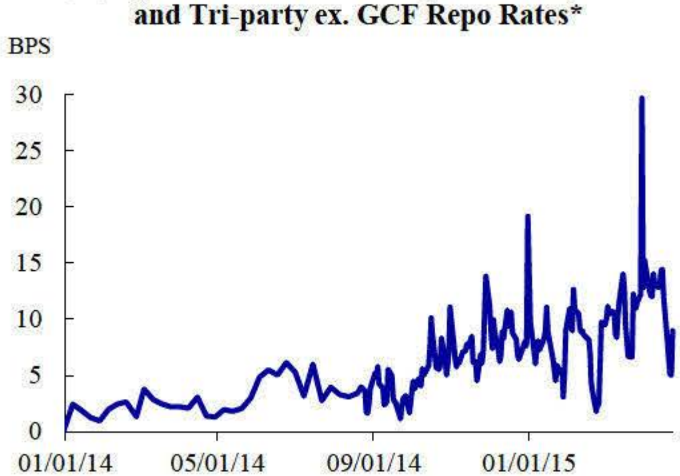
Source: Federal Reserve Bank of New York

(16) Overnight Interest Rates*



*Dark trip wires indicate quarter-ends, light trip wires indicate month-ends.
Source: Federal Reserve Bank of New York

(17) Spread Between Overnight Treasury GCF and Tri-party ex. GCF Repo Rates*



*Weekly data through 08/19/14, daily data from 08/22/14 through 04/24/15.
Source: Federal Reserve Bank of New York

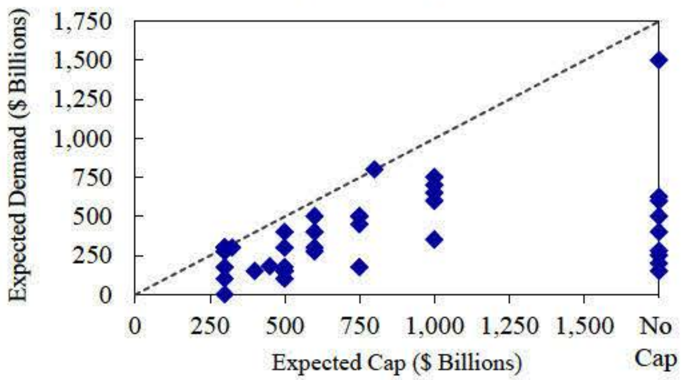
(18) Term RRP Announcement

- The Desk proposes releasing a statement after the April FOMC meeting minutes on May 20 noting:
  - Tentative intention to offer at least $200 billion of term RRP for the June quarter-end

Operation Date	Maturity Date	Term	Amount Offered	Max Rate
June 25	July 02	7 days	TBA	TBA
June 29	July 01	2 days	TBA	TBA

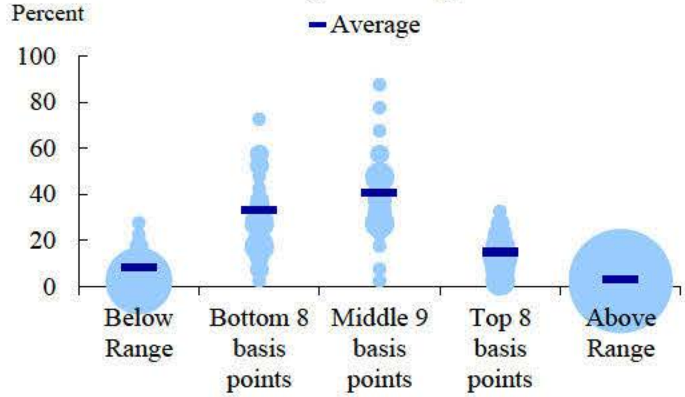
  - Release of the remaining details on June 22

(19) Expected ON RRP Demand and Cap Immediately Following Liftoff*



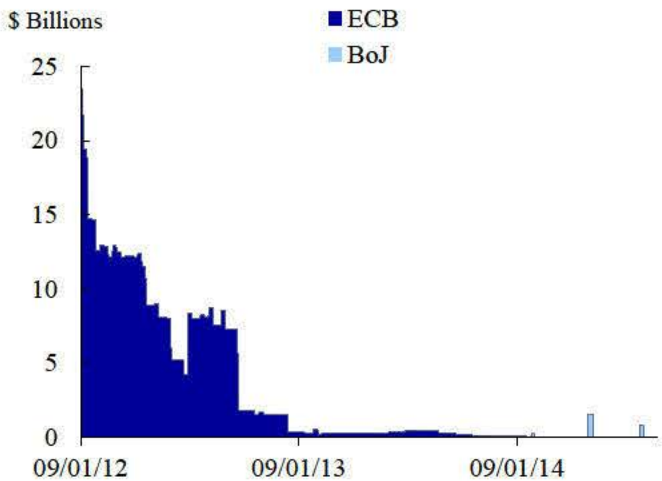
*Based on all responses to the Survey of Primary Dealers and Survey of Market Participants. Ten respondents do not expect a cap to be in place immediately following liftoff.
Source: Federal Reserve Bank of New York

(20) Distribution of Beliefs on Average FFER Immediately Following Liftoff*



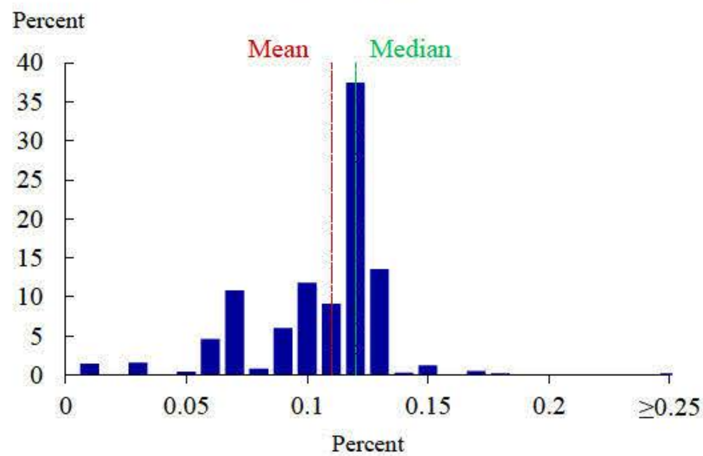
*Average rate, excluding month- or quarter-ends, in the month immediately following liftoff. Based on all responses from the Survey of Primary Dealers and Survey of Market Participants. Dots scaled by number of respondents.
Source: Federal Reserve Bank of New York

(21) Central Bank Liquidity Swaps Outstanding



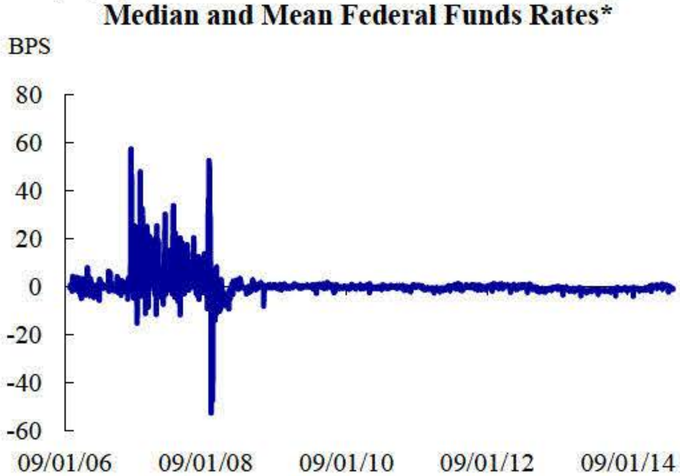
Source: Federal Reserve Bank of New York

(22) FR 2420 Fed Funds Volume by Rate On 01/26/15



Source: Federal Reserve Bank of New York

(23) Spread Between Brokered Volume-Weighted Median and Mean Federal Funds Rates*



*Calculated as median less mean.
Source: Federal Reserve Bank of New York

(24) Work on FFER Calculation Enhancement

- In preparation for the change in the FFER data source to FR 2420, staff has analyzed potential calculation methodologies
- Volume-weighted median has benefits relative to the volume-weighted mean
    - Generates a statistic that is often a better measure of broad money market conditions
    - Can improve resilience to invalid transactions
- Based on feedback, staff will present plan at June meeting

Appendix 2: Materials used by Ms. Meade

Class I FOMC – Restricted Controlled (FR)

Material for Briefing on

Governance Issues Associated with Liftoff

Ellen E. Meade

April 28, 2015

Governance Issues Associated with Liftoff

Decisions at Commencement of Normalization Process

- Stance of policy: New target range for the federal funds rate
- Settings for administered rates: ON RRP and IOER rates

Early Days after Liftoff Announcement

- May take several days for some participants in money markets to assess and adapt to the new market environment
- Pre-arrange staff briefings—daily for perhaps first two weeks following liftoff
  - Participants could ask questions
  - Briefings could be readily converted into joint meetings of the Committee and Board
- If liftoff process does not proceed as planned, scheduled briefings replaced by joint videoconference meetings

Governance Arrangements after the First Two Weeks

- Small operational adjustments to administered rates
- Could be helpful if effective federal funds rate lies persistently outside new target range
- Two possible approaches for governance of decisions

Approach 1: All Decisions by Vote

- Joint videoconference meetings
- All policymakers involved in discussion of changes
- FOMC votes on changes to ON RRP rate and Board approves changes to IOER rate
- Possible alternative format using SDS comments and notation voting
  - Might be most appropriate for relatively straightforward adjustments that had been previously discussed

Approach 2: Delegation of Authority to the Chair

- Subject to limitations established by FOMC and Board
- Ensures Federal Reserve can respond quickly if conditions warrant
- Chair could make adjustments to administered rates if necessary to keep federal funds rate in new target range
  - Perhaps 5 or 10 basis points
- Could help separate decisions on policy stance from small technical adjustments

Questions for Discussion of Governance Issues Associated with Liftoff

1. Are you comfortable with a governance approach in the first two weeks following liftoff that would involve pre-scheduled staff briefings on financial market developments and the effectiveness of policy implementation? These briefings could be cancelled or converted to FOMC and/or Board meetings as appropriate.

2. What are your views regarding the governance approach for possible intermeeting adjustments of the ON RRP rat and/or IOER rate that might become necessary after the first two weeks following liftoff? Would you favor an approach in which such intermeeting adjustments to the ON RRP rate or the IOER rate require a vote of the FOMC or Board, respectively, or would you favor an alternative approach that would delegate to the Chair authority to make modest intermeeting adjustments of the ON RRP rate and/or IOER rate in order to keep the funds rate from moving persistently outside the target range established by the FOMC?

Appendix 3: Materials used by Mr. Wascher

Material for

The U.S. Outlook

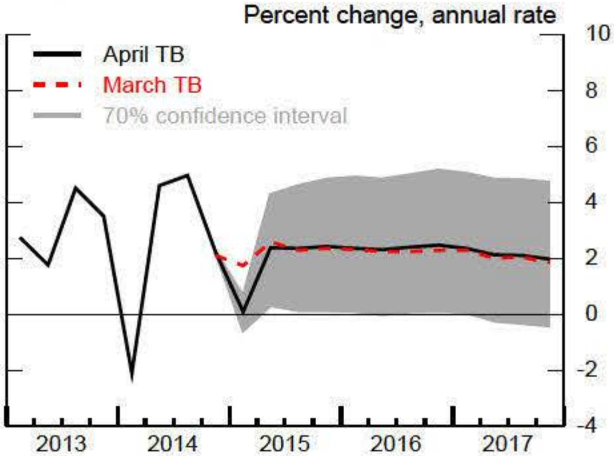
William Wascher

April 28, 2015

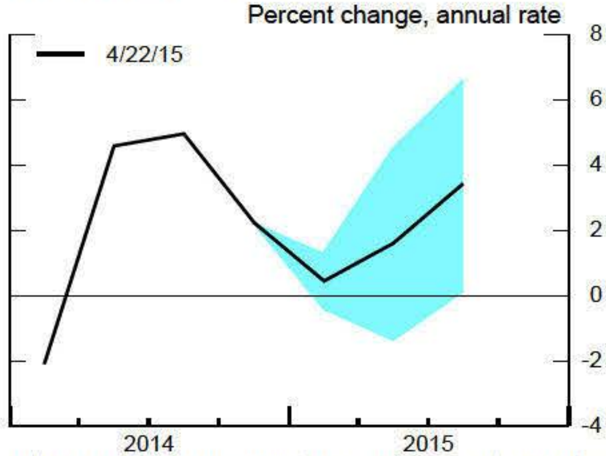
Forecast Summary

Confidence Intervals Based on FRB/US Stochastic Simulations

1. Real GDP

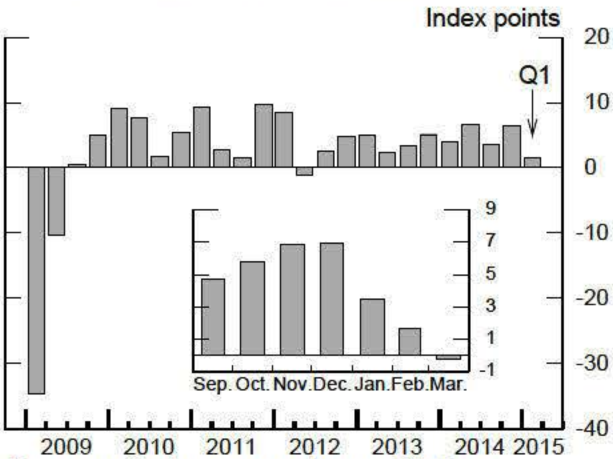


2. Factor Model Forecasts of Real GDP



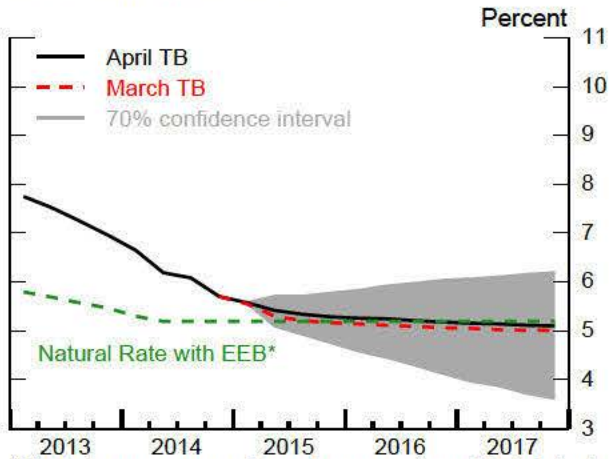
Note: The blue shaded area gives the 68% confidence interval for the factor model forecast.

3. Labor Market Conditions Index*



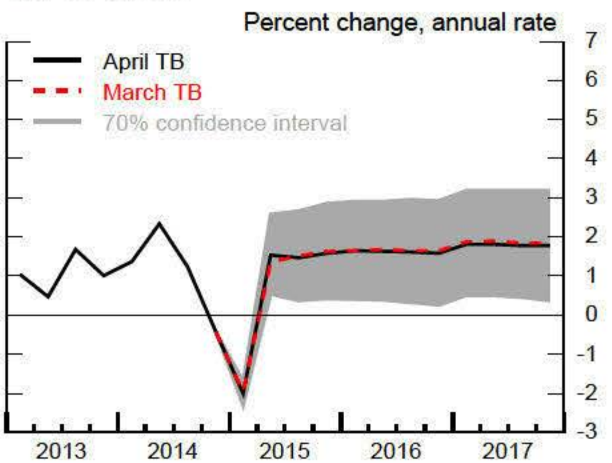
*Average monthly change over quarter or monthly change.

4. Unemployment Rate

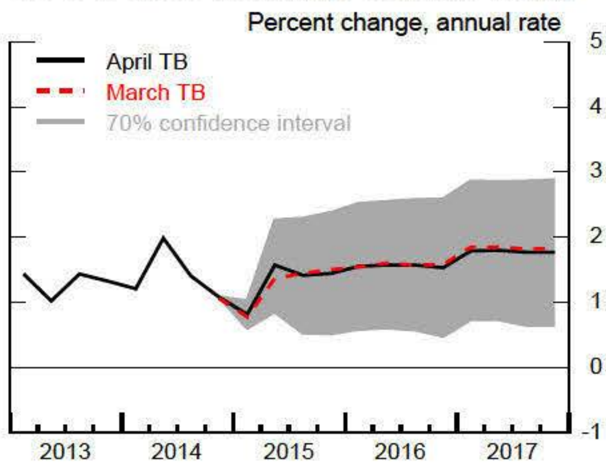


*Effect of emergency unemployment compensation and state-federal extended benefit programs.

5. PCE Prices



6. PCE Prices Excluding Food and Energy



Appendix 4: Materials used by Mr. Kamin

Class II FOMC – Restricted (FR)

Material for

The International Outlook

Steven B. Kamin

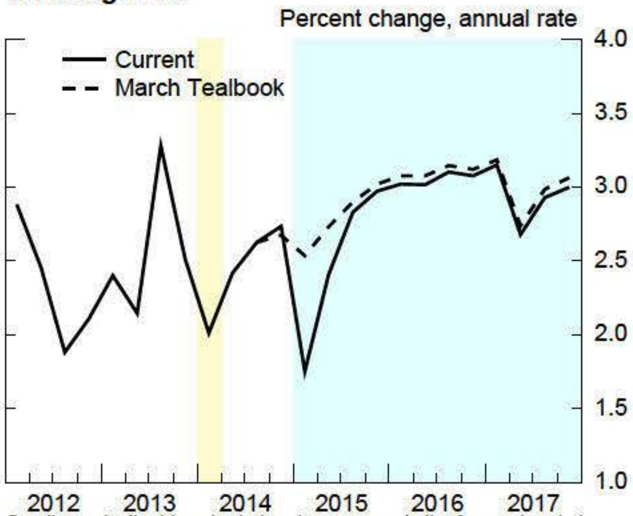
April 28, 2015

Class II FOMC - Restricted (FR)

Exhibit 1

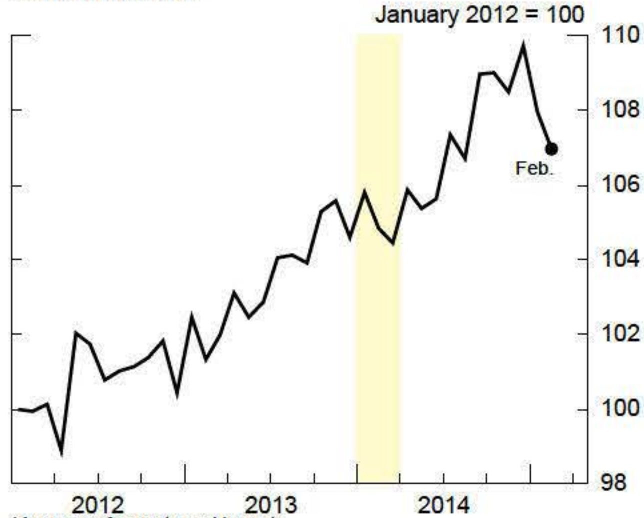
The International Outlook

1. Foreign GDP



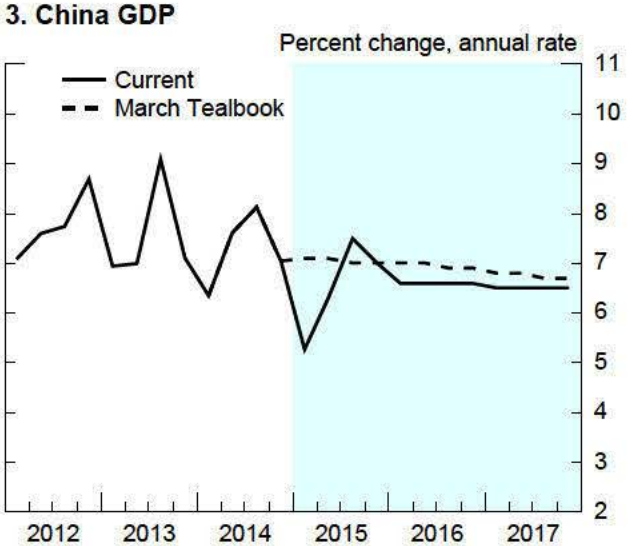
On all panels, the blue shaded region represents the forecast period.
The yellow shaded region represents 2014Q1.

2. World Trade*

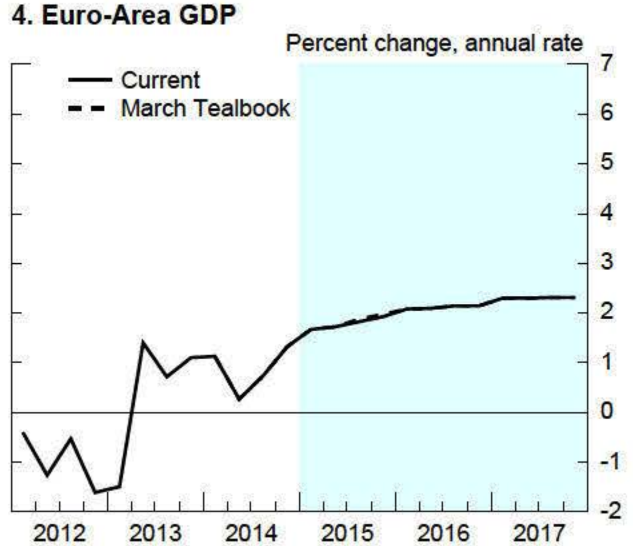


*Average of exports and imports.

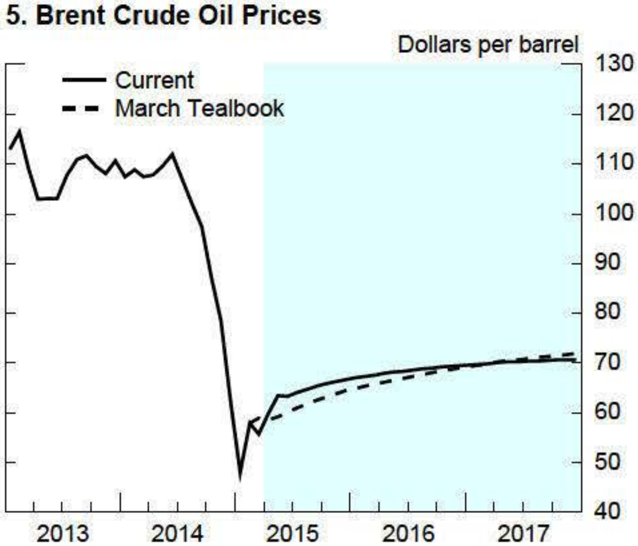
3. China GDP



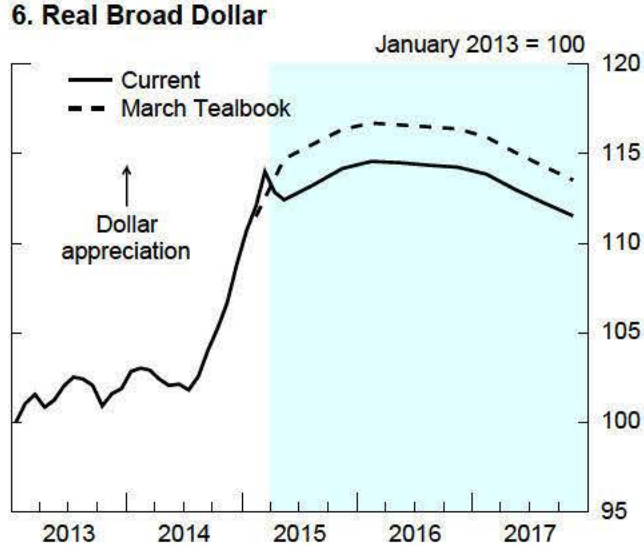
4. Euro-Area GDP



5. Brent Crude Oil Prices



6. Real Broad Dollar

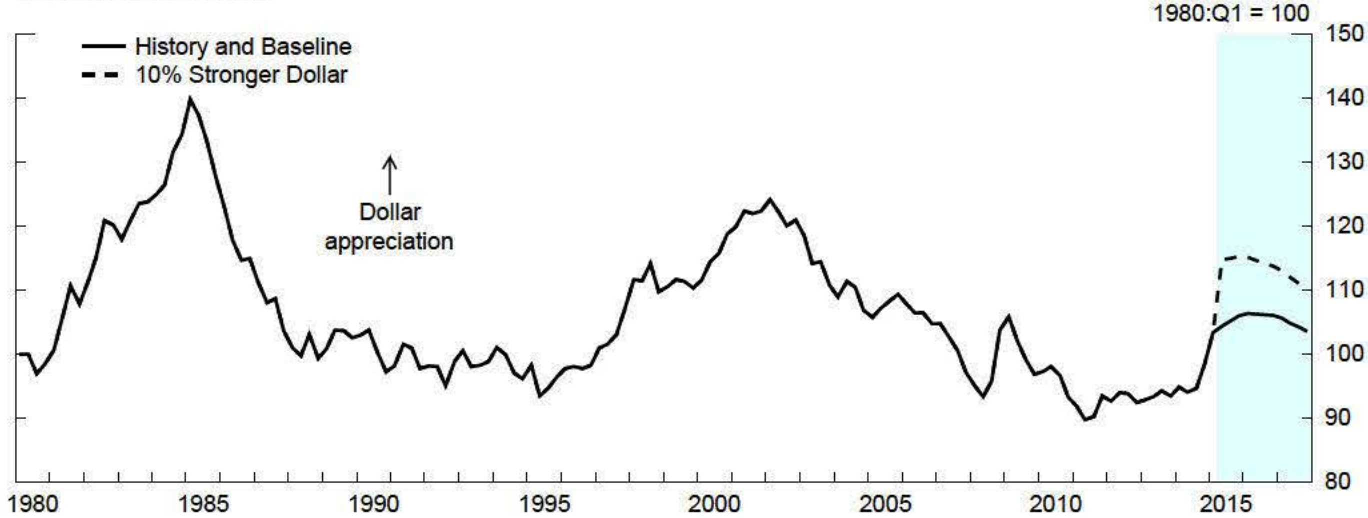


Class II FOMC - Restricted (FR)

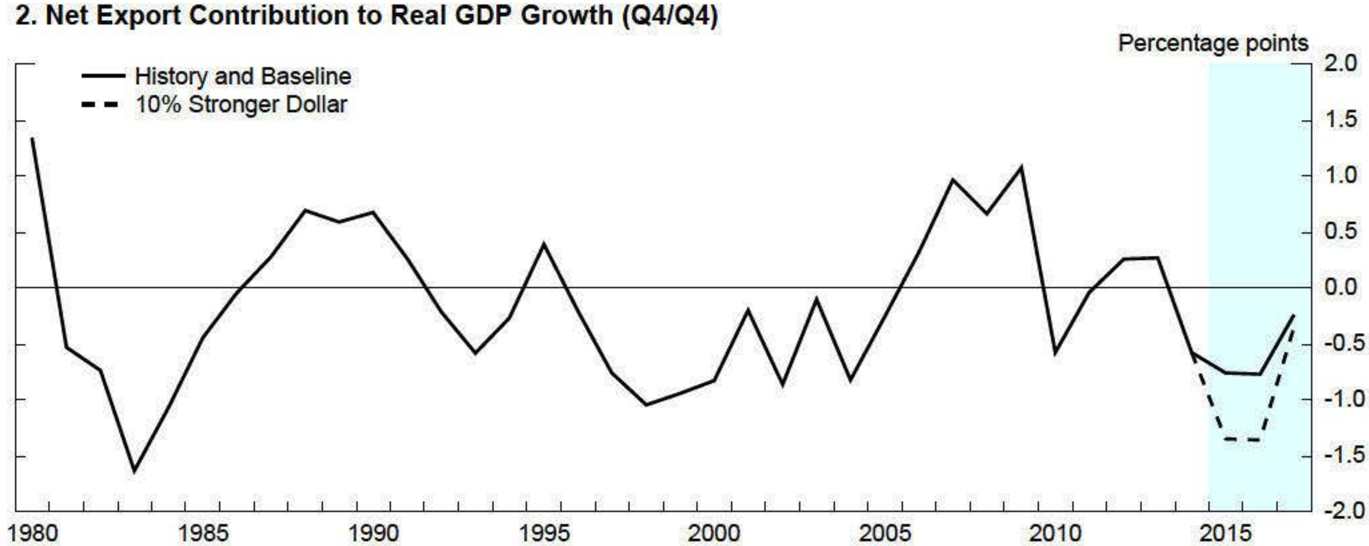
Exhibit 2

Alternative Scenario: Stronger Dollar

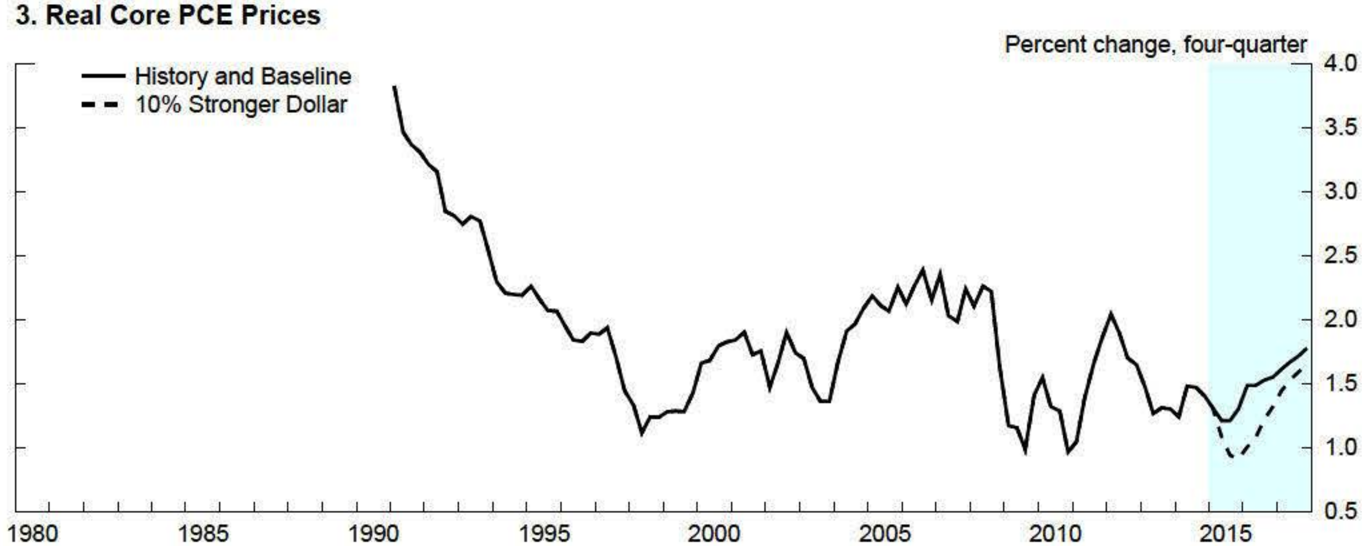
1. Real Broad Dollar



2. Net Export Contribution to Real GDP Growth (Q4/Q4)



3. Real Core PCE Prices



Appendix 5: Materials used by Mr. Gallin

Class II FOMC – Restricted (FR)

Material for Briefing on

Financial Stability Developments

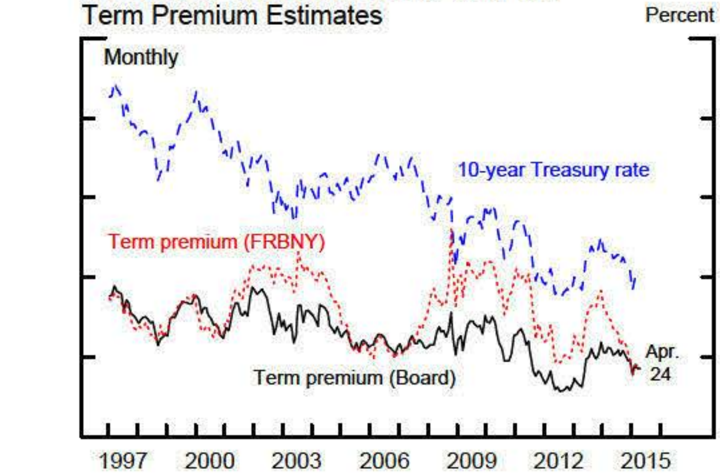
Joshua Gallin

April 28, 2015

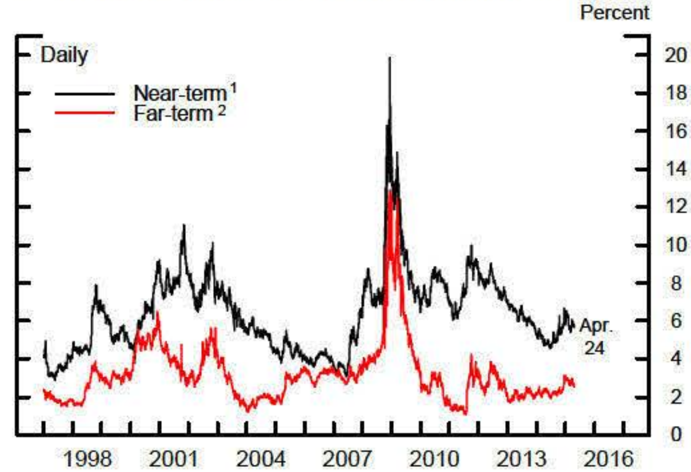
Class II FOMC -- Restricted (FR) Exhibit 1 April 28, 2015

Financial Stability Presentation

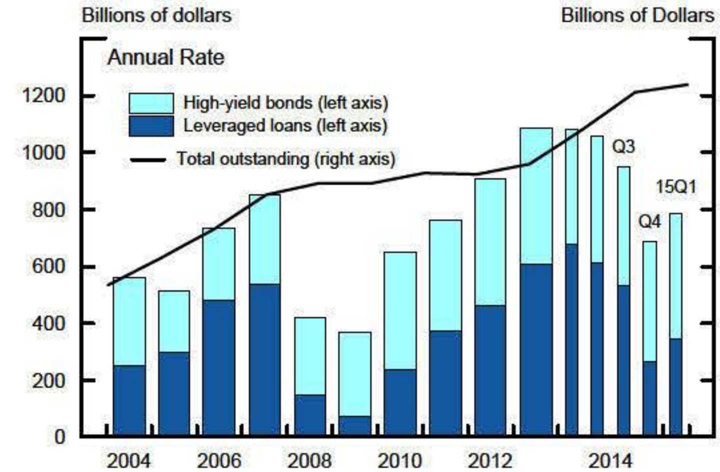
1. Ten-Year Nominal Treasury Yield and Term Premium Estimates



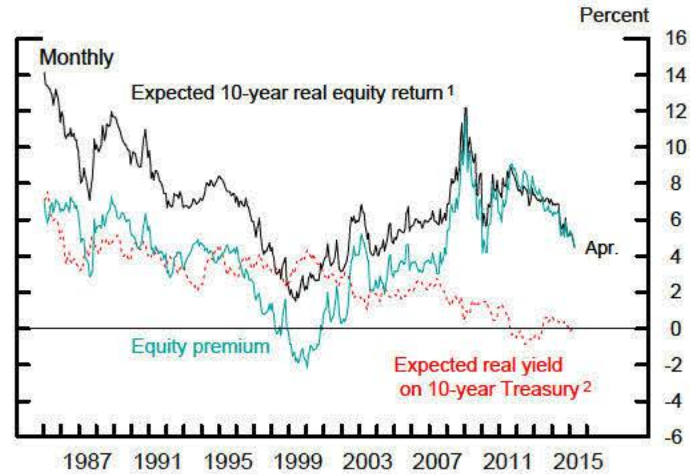
2 . Forward Spreads for High Yield Corporate Bonds



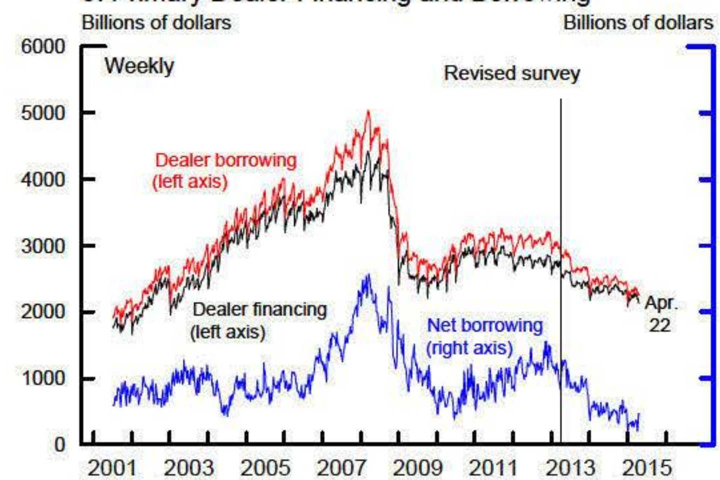
3. Leveraged Loan and High Yield Bond Issuance



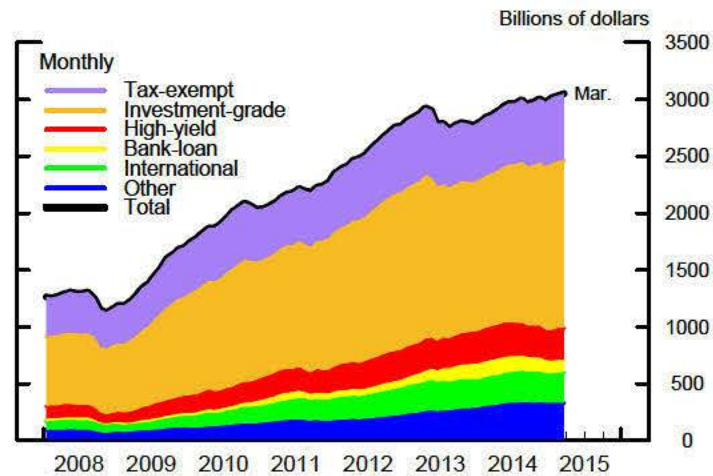
4. Equity Premium



5. Primary Dealer Financing and Borrowing

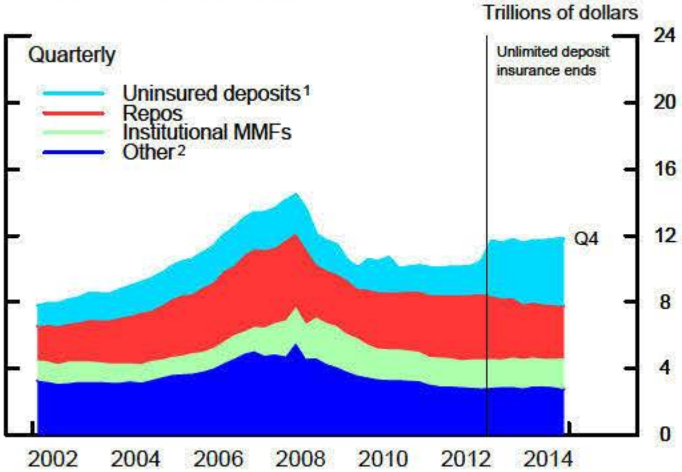


6. Bond Mutual Funds: Total Assets

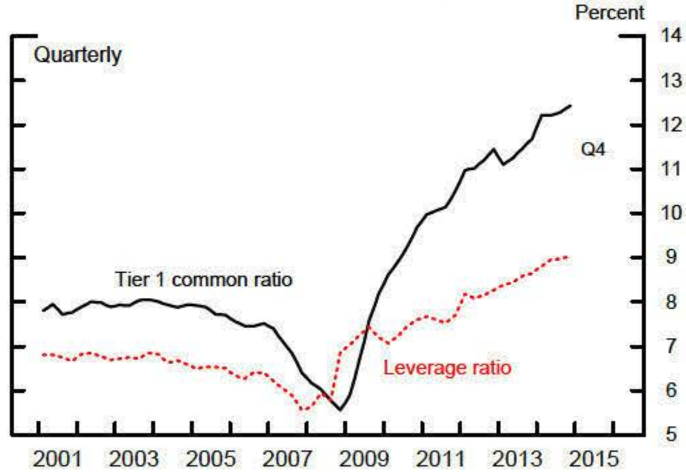


Financial Stability Presentation

7. Runnable Money-Like Liabilities



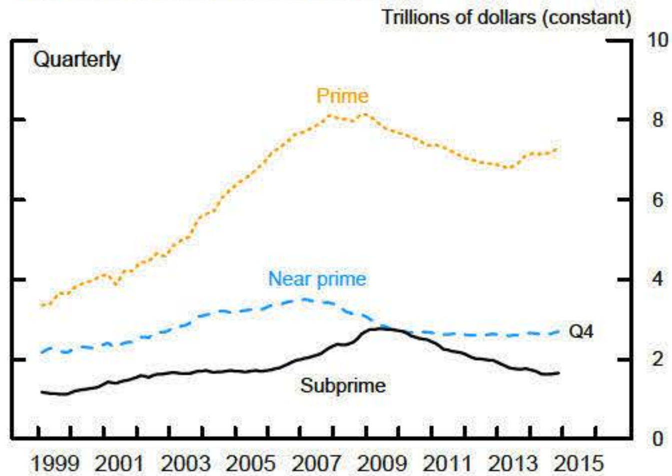
8. Regulatory Capital Ratios, All BHCs



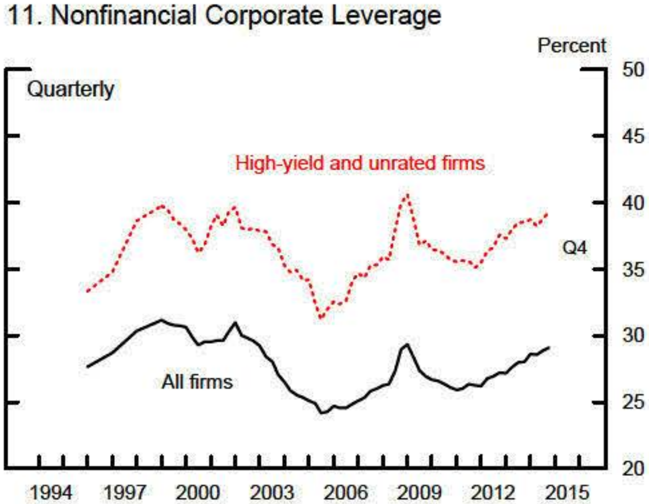
9. Leverage in the Nonbank Financial Sector

- Margin credit has moved down, but remains elevated
- Hedge funds margining to lever up in equity markets
- Some evidence that counterparties have been demanding more leverage
- Leverage embedded in derivatives is hard to measure

10. All Household Loan Balances



11. Nonfinancial Corporate Leverage



12. Shocks

- Sharp increase in term premiums
  - Amplified if liquidity is scarce
  - Bond funds experience large outflows
  - Spillovers to emerging markets
- Greek exit, other significant geopolitical disruption, or distress at a large financial institution

Financial Stability Presentation

13. Policy Initiatives

- Interest-rate risk: Measuring risks and working to manage exposures
- Market liquidity: A variety of projects to better understand changes in the structure of markets
- Growth of asset managers: Evaluating the potential to contribute to systemic risk
- Leveraged loans: Supervisors continue their monitoring efforts

Notes and Sources

Panel 1
Term premia are estimated by a three-factor term structure model combining Treasury yields with SPF interest rate forecasts (Board) and a five-factor term structure model using Treasury yields only (FRBNY).

Source: Staff estimates.

Panel 2
[1] Between years two and three.

[2] Between years nine and ten.

Source: Staff estimates.

Panel 3
Total outstanding is annual data. Data includes bonds and loans to both financial and nonfinancial companies. Data includes unrated bonds and loans.

Source: S&P LCD, Mergent FISD.

Panel 4

[1] Staff estimate using a dividend discount model incorporating private sector earnings growth estimates.

[2] Off-the-run 10-year Treasury yield less Philadelphia Fed 10-year expected inflation.

The equity premium is equal to the difference between the black line and the red line.

Source: Thomson Reuters Financial.

Panel 5
Funds received (borrowing) and funds paid (financing) against Treasury securities, agency and GSE debt, agency and GSE MBS, and corporate debt.

Source: FR 2004C.

Panel 6

Excludes government bond funds.

Source: Morningstar.

Panel 7

[1] Uninsured deposits equals the difference between total deposits and insured deposits.

[2] Includes Fed funds, VRDOs, commercial paper, retail MMFs, and cash collateral pools at securities lending programs.

From 2008:Q4 to 2012:Q4, the FDIC's Transaction Account Guarantee (TAG) Program provided unlimited insurance on non-interest bearing transactions accounts. Uninsured deposits are overstated between 2008:Q4 and 2009:Q2 because the FDIC did not collect data on insured amounts for TAG accounts with balances between $100,000 and $250,000.

Source: Call Reports, DTCC, Financial Accounts of the United States, ICI, JP Morgan Chase, M3 monetary aggregates, Risk Management Association, SIFMA.

Panel 8 Source:
FR Y-9C.

Panel 10
Near prime is defined as a FICO score between 620 and 719, and prime as a score greater than 719. Student loan balances prior to 2004 are estimated. Loan balances are deflated by the PCE deflator and are in 2014 dollars.

Source: FRBNY Consumer Credit Panel/Equifax.

Panel 11
Gross leverage is the ratio of the book value of total debt to the book value of total assets. Data is annual until 1999 and quarterly thereafter.

Source: Compustat.

Appendix 6: Materials used by Mr. Wascher

Material for

Gross Domestic Product Update

William Wascher

April 29, 2015

Real Gross Domestic Product and Related Items

(Percent change at annual rate, except as noted)

	2014:Q4	2015:Q1 advance*
GDP	2.2	0.2
April TB		*0.1*
Final sales	2.3	-0.5
April TB		*-0.3*
Real PCE	4.4	1.9
April TB		*1.9*
Nonres. private fixed investment	4.7	-3.4
April TB		*-4.3*
Residential investment	3.8	1.3
April TB		*1.8*
Government	-1.9	-0.8
April TB		*-2.3*
Net exports**	-471.4	-522.1
April TB		*-497.0*
Change in private inventories**	80.0	110.3
April TB		*95.4*
Addenda		
Total PCE price index	-0.4	-2.0
April TB		*-2.0*
Core PCE price index	1.1	0.9
April TB		*0.8*

* Advance 2015:Q1 estimate released at 8:30 a.m. on April 29, 2015.

** Billions of chained 2009 dollars.

Appendix 7: Materials used by Mr. Laubach

Material for

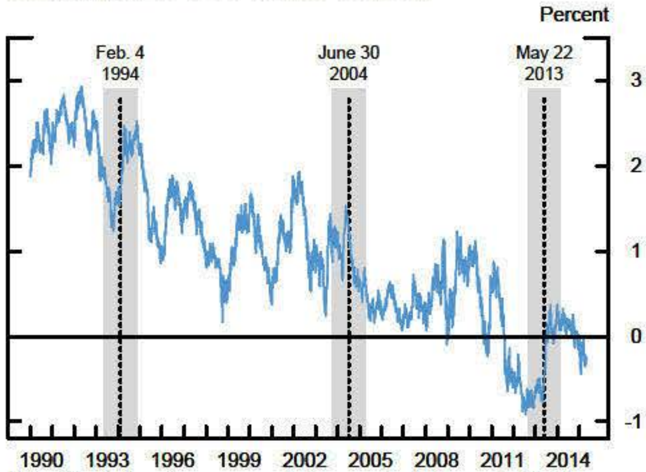
Briefing on Monetary Policy Alternatives

Thomas Laubach

April 28–29, 2015

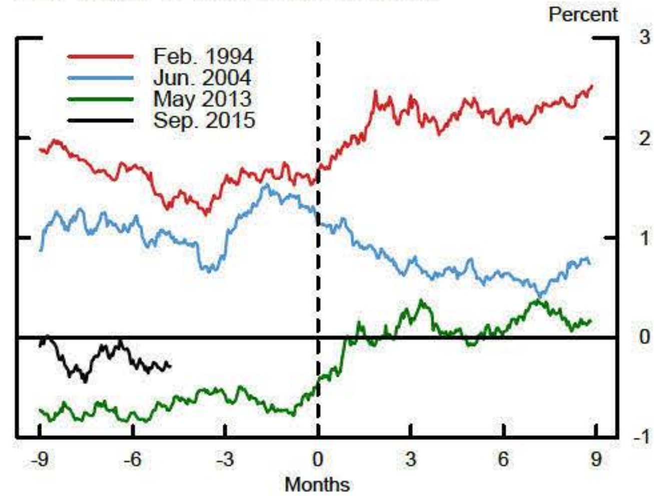
Market Expectations and Policy Issues

Kim-Wright 10-Year Term Premium



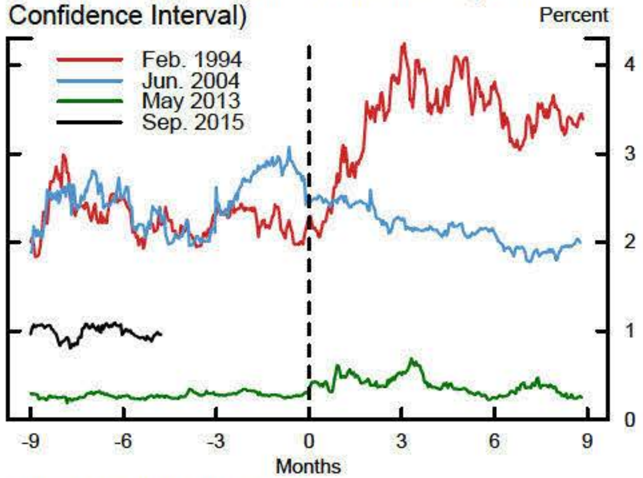
Note: Shaded regions represent nine months before and after the indicated dates.
Source: Blue Chip Financial Forecasts; staff estimates.

Kim-Wright 10-Year Term Premium



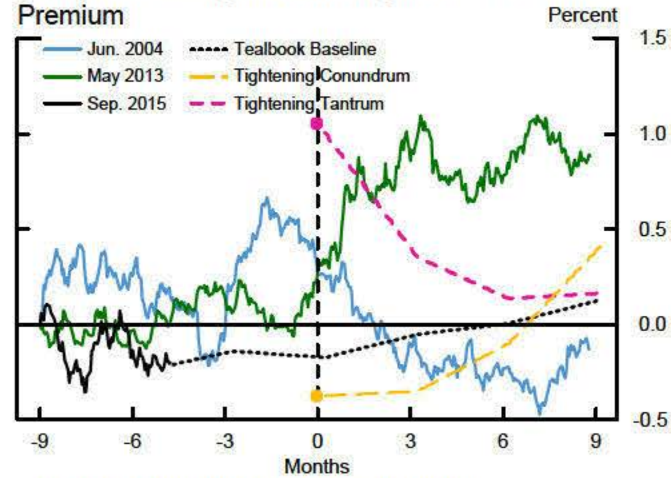
Source: Blue Chip Financial Forecasts; staff estimates.

12-months Ahead Federal Funds Rate (90% Confidence Interval)



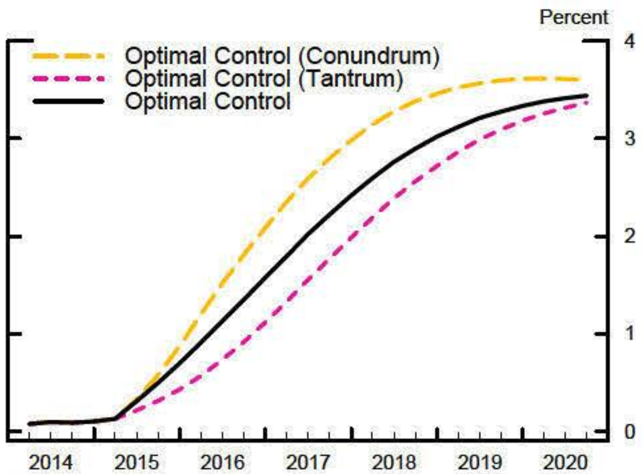
Source: CME Group; staff estimates.

Cumulative Change in Kim-Wright 10-Year Term Premium



Source: Blue Chip Financial Forecasts; staff estimates.

Effective Nominal Federal Funds Rate



Source: April 2015 Tea book.

Caveats

- Tantrum scenario abstracts from the possibility of liquidity or solvency problems.
- The simulations do not address term premium movements associated with other disturbances.
- Policy response depends on the persistence of the departure from baseline path, known only in retrospect.

Market Expectations and Policy Issues (cont.)

Changes to Forward Guidance

- Remove time-based forward guidance.
- Rely on paragraphs 1 and 2 to speak to the Committee's assessment of criteria for liftoff.

Shaping Expectations for the Timing of Liftoff

- Alternative B:
  - Underutilization of labor resources little changed.
  - Retains expectation that inflation will rise gradually toward 2 percent over the medium term.
  - Some, but not all, of the recent weakness is transitory.
  - No time-based guidance.
- Alternative C:
  - Some labor market indicators suggest underutilization continued to improve.
  - Inflation no longer declining.
  - Economic slowdown "largely" due to transitory factors.
  - Economic conditions may or likely will soon warrant an increase in the target range.
- Alternative A:
  - Underutilization of labor resources "little changed."
  - Inflation "continued to run well below the Committee's longer-run objective."
  - Risks to outlook for economic activity and the labor market "tilted to the downside."
  - Inflation could run substantially below 2 percent "for a protracted period."
  - More stringent precondition for the initiation of policy firming.

MARCH 2015 FOMC STATEMENT

1. Information received since the Federal Open Market Committee met in January suggests that economic growth has moderated somewhat. Labor market conditions have improved further, with strong job gains and a lower unemployment rate. A range of labor market indicators suggests that underutilization of labor resources continues to diminish. Household spending is rising moderately; declines in energy prices have boosted household purchasing power. Business fixed investment is advancing, while the recovery in the housing sector remains slow and export growth has weakened. Inflation has declined further below the Committee's longer-run objective, largely reflecting declines in energy prices. Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations have remained stable.
2. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that, with appropriate policy accommodation, economic activity will expand at a moderate pace, with labor market indicators continuing to move toward levels the Committee judges consistent with its dual mandate. The Committee continues to see the risks to the outlook for economic activity and the labor market as nearly balanced. Inflation is anticipated to remain near its recent low level in the near term, but the Committee expects inflation to rise gradually toward 2 percent over the medium term as the labor market improves further and the transitory effects of energy price declines and other factors dissipate. The Committee continues to monitor inflation developments closely.
3. To support continued progress toward maximum employment and price stability, the Committee today reaffirmed its view that the current 0 to ¼ percent target range for the federal funds rate remains appropriate. In determining how long to maintain this target range, the Committee will assess progress—both realized and expected—toward its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. Consistent with its previous statement, the Committee judges that an increase in the target range for the federal funds rate remains unlikely at the April FOMC meeting. The Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen further improvement in the labor market and is reasonably confident that inflation will move back to its 2 percent objective over the medium term. This change in the forward guidance does not indicate that the Committee has decided on the timing of the initial increase in the target range.
4. The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. This policy, by keeping the Committee's holdings of longer-term securities at sizable levels, should help maintain accommodative financial conditions.
5. When the Committee decides to begin to remove policy accommodation, it will take a balanced approach consistent with its longer-run goals of maximum employment and inflation of 2 percent. The Committee currently anticipates that, even after

employment and inflation are near mandate-consistent levels, economic conditions may, for some time, warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run.

FOMC STATEMENT—APRIL 2015 ALTERNATIVE A

1. Information received since the Federal Open Market Committee met in ~~January~~ **March** suggests that economic growth ~~has moderated somewhat~~ **slowed during the winter months**. ~~Labor market conditions have improved further, with strong~~ **The pace of** job gains **moderated,** and ~~a lower~~ **the** unemployment rate **remained steady**. A range of labor market indicators suggests that underutilization of labor resources ~~continues to diminish~~ **was little changed**. **Growth in** household spending ~~is rising moderately~~ **declined**~~; declines in energy prices have boosted household purchasing power~~. Business fixed investment ~~is advancing~~ **softened**, ~~while~~ the recovery in the housing sector ~~remains~~ **remained** slow**,** and export**s** ~~growth has weakened~~ **declined**. Inflation ~~has declined further~~ **continued to run well** below the Committee's longer-run objective, largely reflecting **earlier** declines in energy prices **and decreasing prices of non-energy imports**. Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations have remained stable.

2. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that, with appropriate policy accommodation, economic activity will expand at a moderate pace, with labor market indicators continuing to move toward levels the Committee judges consistent with its dual mandate. The Committee ~~continues to~~ see**s** the risks to the outlook for economic activity and the labor market as ~~nearly balanced~~ **tilted to the downside**. Inflation is anticipated to remain near its recent low level in the near term, ~~but the Committee expects inflation~~ **and** to rise gradually toward 2 percent over the medium term as the labor market improves further and the transitory effects of **declines in** energy **and import** price**s** ~~declines and other factors~~ dissipate. **However,** the Committee ~~continues to monitor inflation developments closely~~ **is concerned [that the pace of improvement in the labor market could remain slow and] that inflation could run substantially below the 2 percent objective for a protracted period**.

3. To support continued progress toward maximum employment and price stability, the Committee today reaffirmed its view that the current 0 to ¼ percent target range for the federal funds rate remains appropriate. In determining how long to maintain this target range, the Committee will assess progress—both realized and expected—toward its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. ~~Consistent with its previous statement, the Committee judges that an increase in the target range for the federal funds rate remains unlikely at the April FOMC meeting.~~ The Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen further improvement in the labor market and ~~is reasonably confident that~~ inflation ~~will move back to its~~ **is clearly moving up toward** 2 percent ~~objective over the medium term~~. ~~This change in the forward guidance does not indicate that the Committee has decided on the timing of the initial increase in the target range.~~ **The Committee is prepared to use all of its tools as necessary to return inflation to 2 percent within one to two years.**

4. The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. This policy, by keeping the Committee's holdings of longer-term securities at sizable levels, should help maintain accommodative financial conditions.
5. When the Committee decides to begin to remove policy accommodation, it will take a balanced approach consistent with its longer-run goals of maximum employment and inflation of 2 percent. The Committee currently anticipates **that the economy will evolve in a manner that warrants a gradual increase in the target federal funds rate and** that, even after employment and inflation are near mandate-consistent levels, economic conditions may, for some time, warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run.

FOMC STATEMENT—APRIL 2015 ALTERNATIVE B

1. Information received since the Federal Open Market Committee met in ~~January~~ **March** suggests that economic growth ~~has moderated somewhat~~ **slowed during the winter months, [at least] in part reflecting transitory factors**. ~~Labor market conditions have improved further, with strong~~ **The pace of** job gains **moderated,** and ~~a lower~~ **the** unemployment rate **remained steady**. A range of labor market indicators suggests that underutilization of labor resources ~~continues to diminish~~ **was little changed**. **Growth in** household spending ~~is rising moderately~~ **declined**; **households' real incomes rose strongly, partly reflecting earlier** declines in energy prices ~~have boosted household purchasing power~~**, and consumer sentiment remains high**. Business fixed investment ~~is advancing~~ **softened**, ~~while~~ the recovery in the housing sector ~~remains~~ **remained** slow**,** and export**s** ~~growth has weakened~~ **declined**. Inflation ~~has declined further~~ **continued to run** below the Committee's longer-run objective, largely reflecting **earlier** declines in energy prices **and decreasing prices of non-energy imports**. Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations have remained stable.

2. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. **Although growth in output and employment slowed during the first quarter,** the Committee ~~expects~~ **continues to expect** that, with appropriate policy accommodation, economic activity will expand at a moderate pace, with labor market indicators continuing to move toward levels the Committee judges consistent with its dual mandate. The Committee continues to see the risks to the outlook for economic activity and the labor market as nearly balanced. Inflation is anticipated to remain near its recent low level in the near term, but the Committee expects inflation to rise gradually toward 2 percent over the medium term as the labor market improves further and the transitory effects of **declines in** energy **and import** prices ~~declines and other factors~~ dissipate. The Committee continues to monitor inflation developments closely.

3. To support continued progress toward maximum employment and price stability, the Committee today reaffirmed its view that the current 0 to ¼ percent target range for the federal funds rate remains appropriate. In determining how long to maintain this target range, the Committee will assess progress—both realized and expected—toward its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. ~~Consistent with its previous statement, the Committee judges that an increase in the target range for the federal funds rate remains unlikely at the April FOMC meeting.~~ The Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen further improvement in the labor market and is reasonably confident that inflation will move back to its 2 percent objective over the medium term. ~~This change in the forward guidance does not indicate that the Committee has decided on the timing of the initial increase in the target range.~~

4. The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. This policy, by keeping the Committee's holdings of longer-term securities at sizable levels, should help maintain accommodative financial conditions.
5. When the Committee decides to begin to remove policy accommodation, it will take a balanced approach consistent with its longer-run goals of maximum employment and inflation of 2 percent. The Committee currently anticipates that, even after employment and inflation are near mandate-consistent levels, economic conditions may, for some time, warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run.

FOMC STATEMENT—APRIL 2015 ALTERNATIVE C

1. Information received since the Federal Open Market Committee met in ~~January~~ **March** suggests that economic growth ~~has moderated somewhat~~ **slowed during the winter months, in large part reflecting transitory factors**. ~~Labor market conditions have improved further, with strong job gains and a lower~~ **Despite a steady** unemployment rate, ~~a range of~~ **some** labor market indicators ~~suggests~~ **suggest** that underutilization of labor resources ~~continues~~ **continued** to diminish. Household spending ~~is rising~~ **rose** moderately; **households' real incomes rose strongly, partly reflecting earlier** declines in energy prices ~~have boosted household purchasing power~~**, and consumer sentiment remains high**. Business fixed investment ~~is advancing~~ **softened**, ~~while~~ the recovery in the housing sector ~~remains~~ **remained** slow**,** and export**s** ~~growth has weakened~~ **declined**. **Although** inflation ~~has declined further~~ **remained** below the Committee's longer-run objective, largely reflecting **earlier** declines in energy prices **and decreasing prices of non-energy imports, it was no longer declining**. Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations have remained stable.

2. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee ~~expects~~ **continues to expect** that, with appropriate policy accommodation, economic activity will expand at a moderate pace, with labor market indicators continuing to move toward levels the Committee judges consistent with its dual mandate. The Committee continues to see the risks to the outlook for economic activity and the labor market as nearly balanced. Inflation is anticipated to remain near its recent low level in the near term, but the Committee ~~expects~~ **has become [somewhat] more confident that** inflation ~~to~~ **will** rise gradually ~~toward~~ **to** 2 percent over the medium term as the labor market improves further and the transitory effects of **declines in** energy **and import** prices ~~declines and other factors~~ dissipate. The Committee continues to monitor inflation developments closely.

3. To support continued progress toward maximum employment and price stability, the Committee today reaffirmed its view that the current 0 to ¼ percent target range for the federal funds rate remains appropriate. **The Committee's current assessment is that economic conditions [may | likely will] soon warrant an increase in the target range for the federal funds rate.** In determining ~~how long to maintain this~~ **when to adjust the** target range, the Committee will assess progress—both realized and expected—toward its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. ~~Consistent with its previous statement, the Committee judges that an increase in the target range for the federal funds rate remains unlikely at the April FOMC meeting. The Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen further improvement in the labor market and is reasonably confident that inflation will move back to its 2 percent objective over the medium term. This change in the forward guidance does not indicate that the Committee has decided on the timing of the initial increase in the target range.~~

4. The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. This policy, by keeping the Committee's holdings of longer-term securities at sizable levels, should help maintain accommodative financial conditions.

5. ~~When the Committee decides to begin to remove policy accommodation, it will take a balanced approach consistent with its longer-run goals of maximum employment and inflation of 2 percent.~~ **In response to economic and financial developments, the Committee will adjust the target federal funds rate to promote the attainment of its objectives of maximum employment and 2 percent inflation. Based on its economic outlook,** the Committee currently anticipates that, even after employment and inflation are near mandate-consistent levels, economic conditions may, for some time, warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run.

March 2015 Directive

Consistent with its statutory mandate, the Federal Open Market Committee seeks monetary and financial conditions that will foster maximum employment and price stability. In particular, the Committee seeks conditions in reserve markets consistent with federal funds trading in a range from 0 to ¼ percent. The Committee directs the Desk to undertake open market operations as necessary to maintain such conditions. The Committee directs the Desk to maintain its policy of rolling over maturing Treasury securities into new issues and its policy of reinvesting principal payments on all agency debt and agency mortgage-backed securities in agency mortgage-backed securities. The Committee also directs the Desk to engage in dollar roll and coupon swap transactions as necessary to facilitate settlement of the Federal Reserve's agency mortgage-backed securities transactions. The System Open Market Account manager and the secretary will keep the Committee informed of ongoing developments regarding the System's balance sheet that could affect the attainment over time of the Committee's objectives of maximum employment and price stability.

Directive for April 2015 Alternatives A, B, and C

Consistent with its statutory mandate, the Federal Open Market Committee seeks monetary and financial conditions that will foster maximum employment and price stability. In particular, the Committee seeks conditions in reserve markets consistent with federal funds trading in a range from 0 to ¼ percent. The Committee directs the Desk to undertake open market operations as necessary to maintain such conditions. The Committee directs the Desk to maintain its policy of rolling over maturing Treasury securities into new issues and its policy of reinvesting principal payments on all agency debt and agency mortgage-backed securities in agency mortgage-backed securities. The Committee also directs the Desk to engage in dollar roll and coupon swap transactions as necessary to facilitate settlement of the Federal Reserve's agency mortgage-backed securities transactions. The System Open Market Account manager and the secretary will keep the Committee informed of ongoing developments regarding the System's balance sheet that could affect the attainment over time of the Committee's objectives of maximum employment and price stability.