

APPENDIX 1

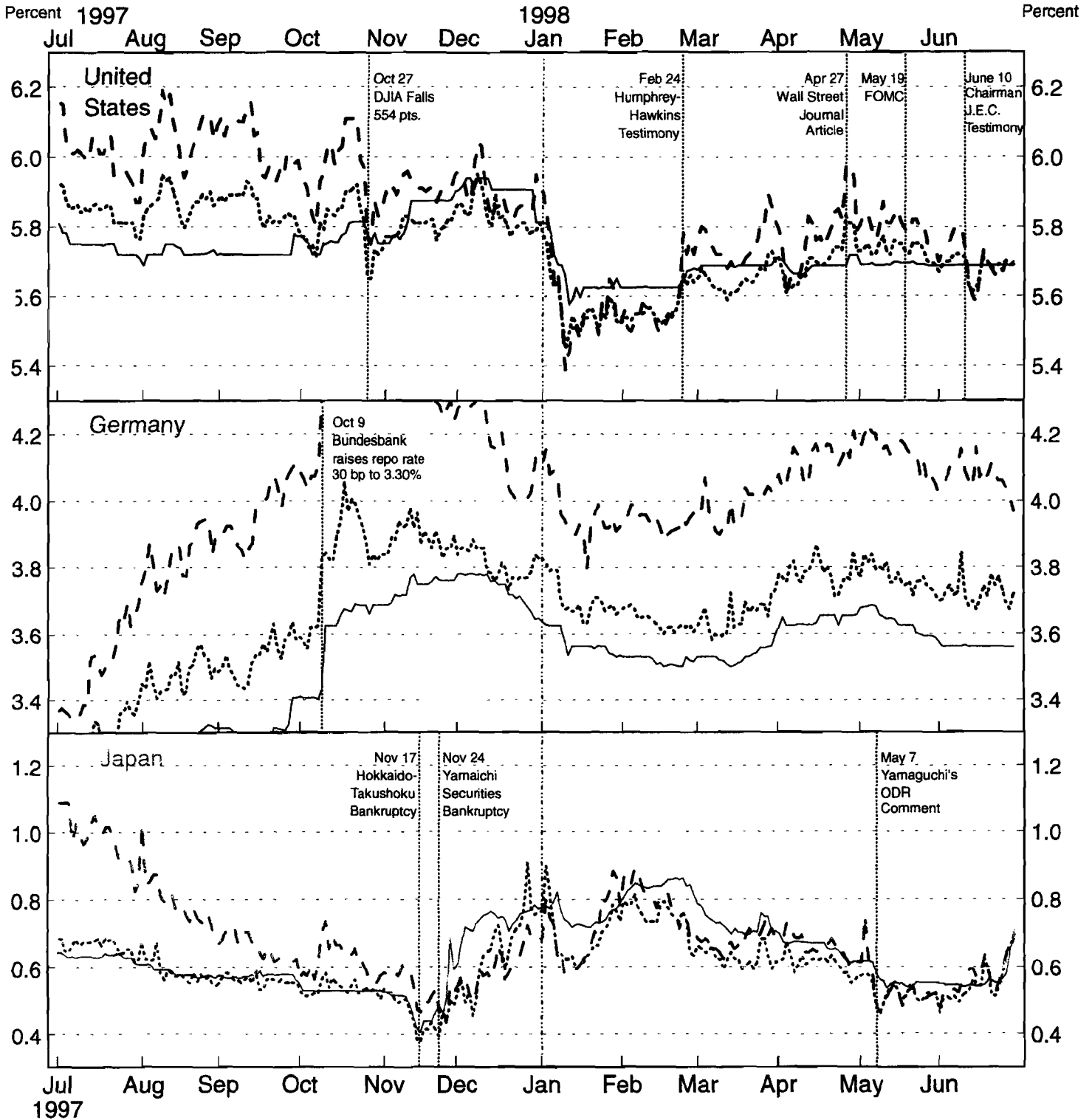
Charts used by Mr. Fisher in his presentation

3-Month Deposit Rates

July 1, 1997 - June 29, 1998

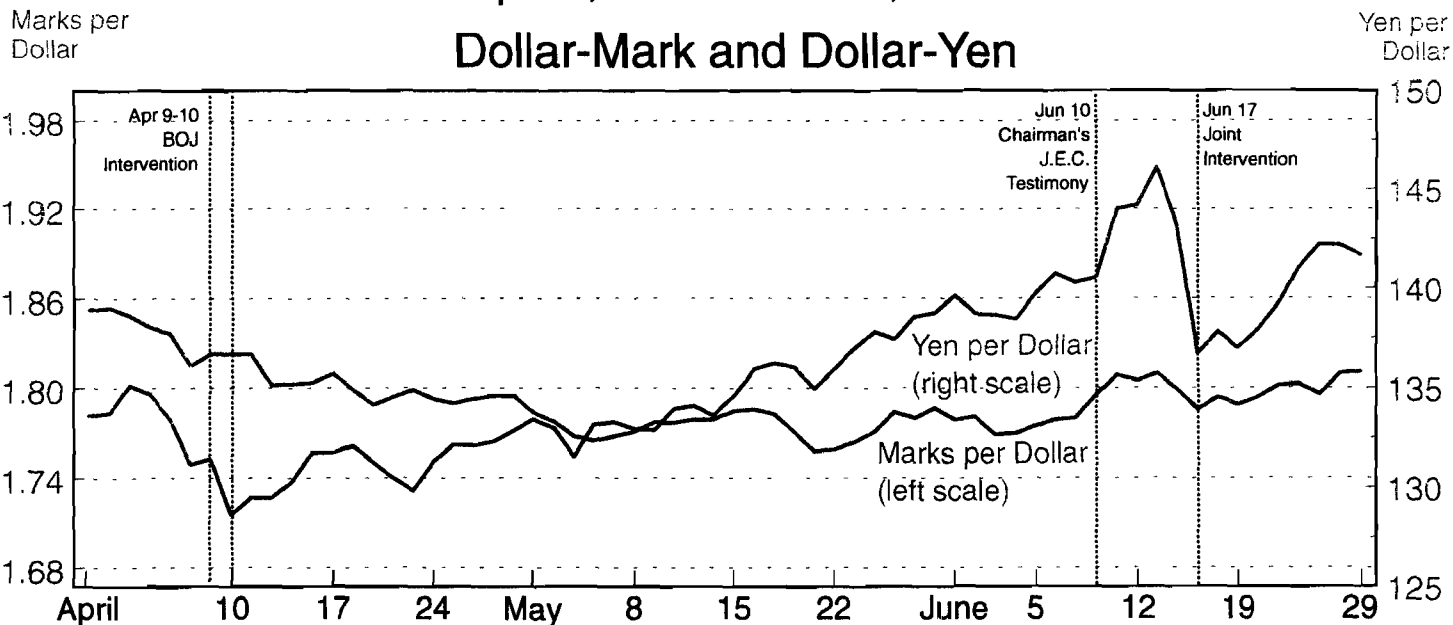
Current Euro-Deposit Rate and Rates Implied by Traded Forward Rate Agreements

	LIBOR Fixing	3-Mo. Forward	9-Mo. Forward
United States	—————	- - - - -
Germany	—————	- - - - -
Japan	—————	- - - - -

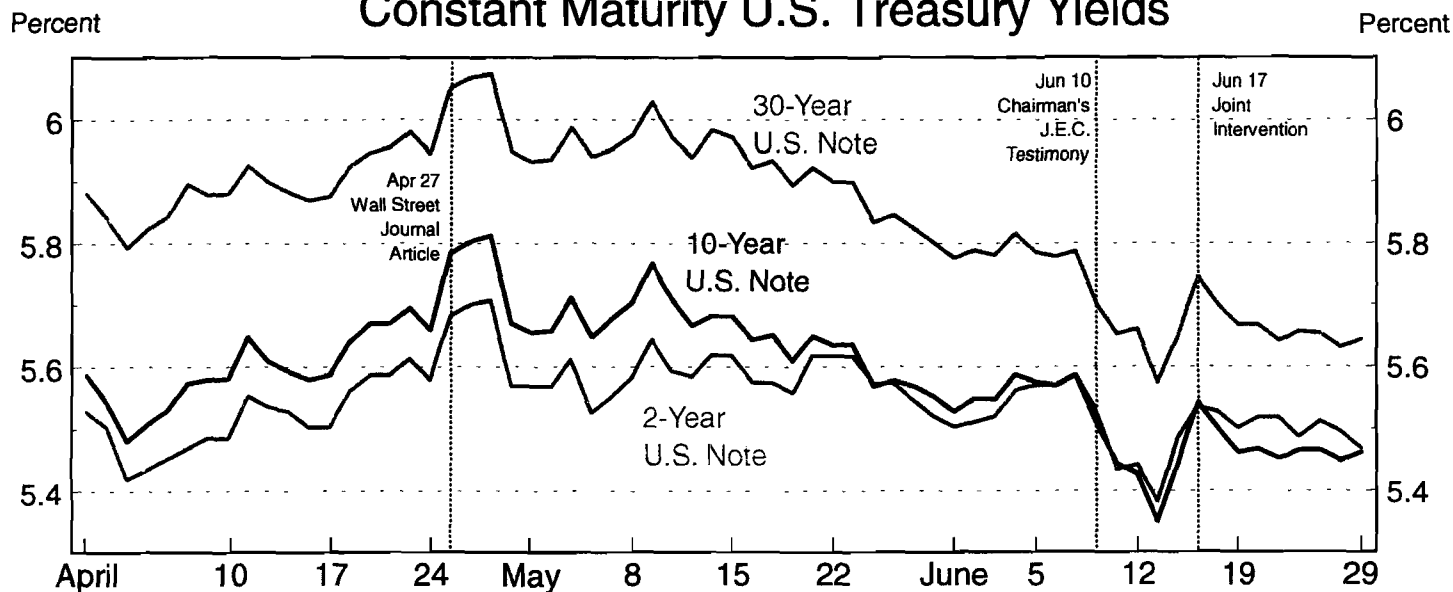


April 1, 1998 - June 29, 1998

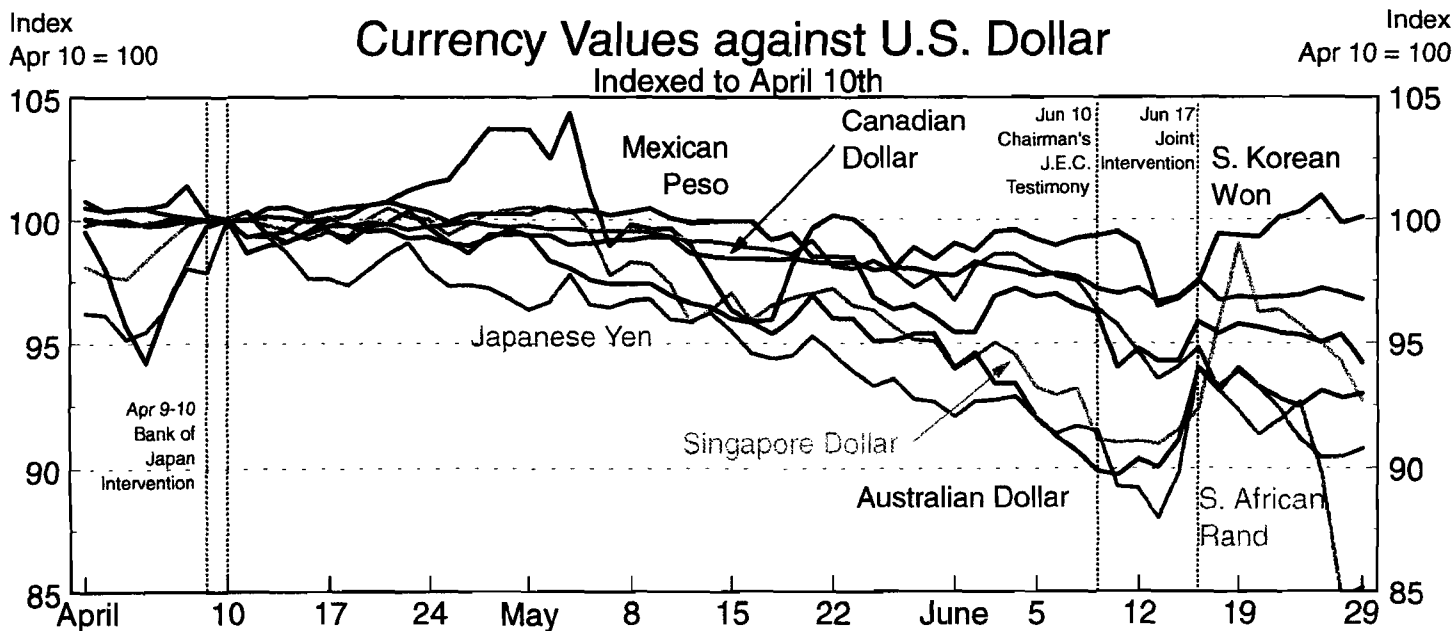
Dollar-Mark and Dollar-Yen



Constant Maturity U.S. Treasury Yields



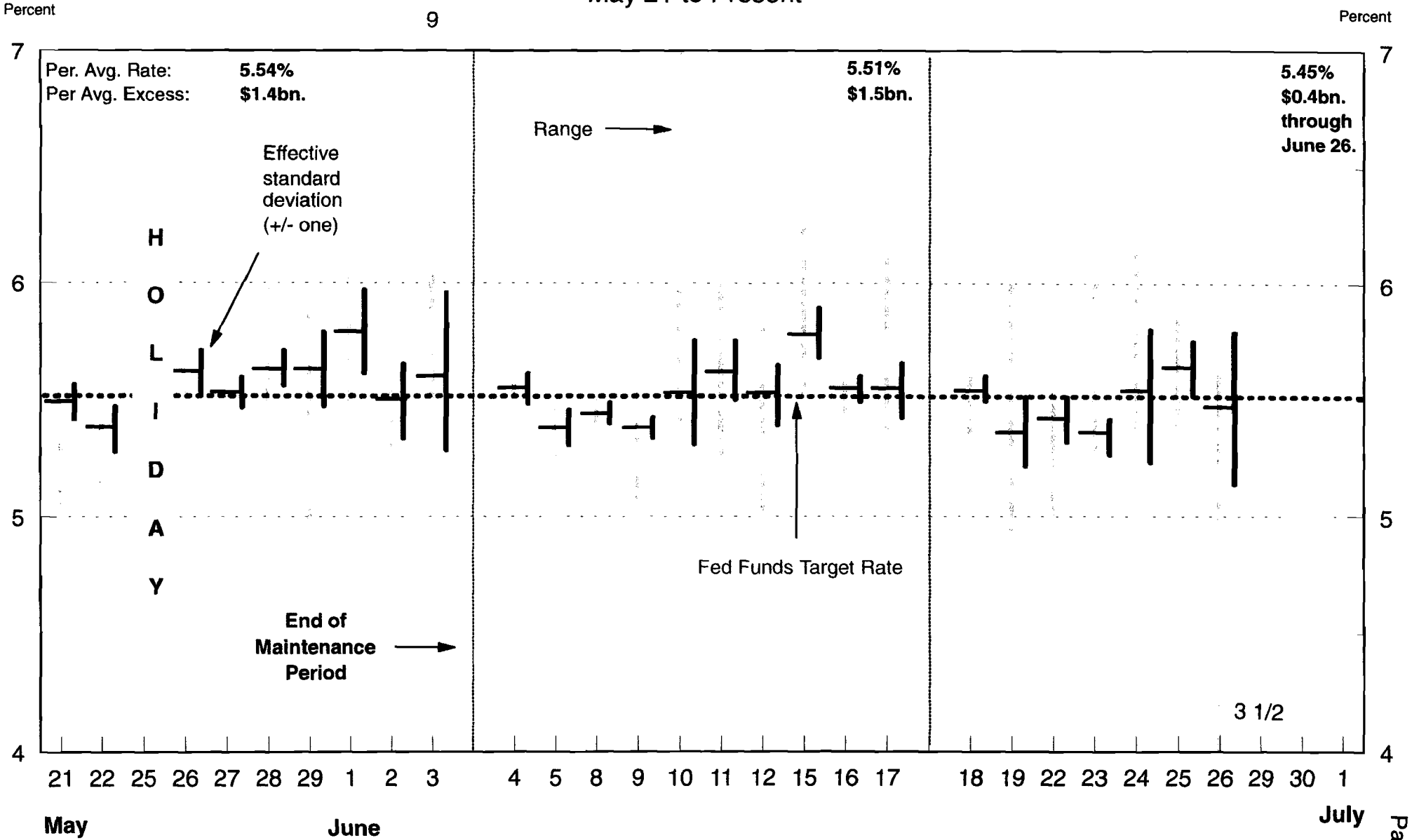
Currency Values against U.S. Dollar



DAILY FEDERAL FUNDS

TRADING RANGE, EFFECTIVE AVERAGE & ONE STANDARD DEVIATION

May 21 to Present



APPENDIX 2

Charts used by Messrs. Prell, Hooper, and Stockton
in their presentation

STRICTLY CONFIDENTIAL (FR) CLASS II-FOMC

Material for

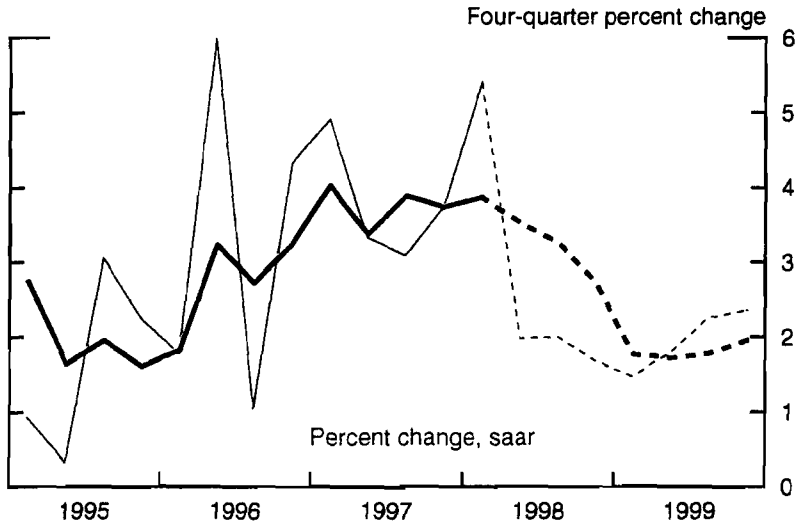
*Staff Presentation on the
Economic Outlook*

June 30, 1998

Chart 1

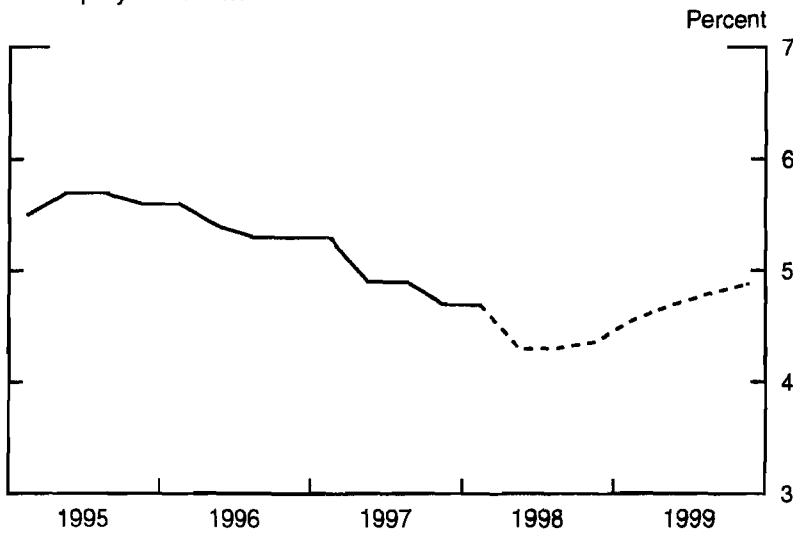
Forecast Summary

Real GDP



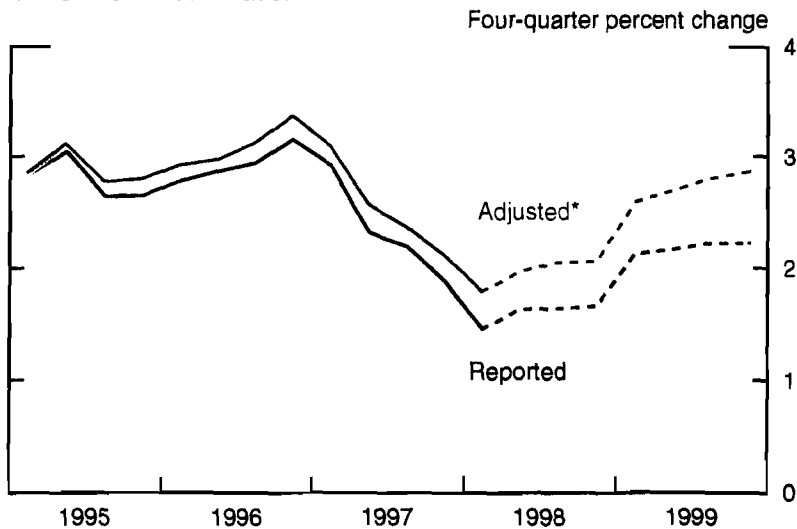
Q4/Q4 percent change	
1995	1.6
1996	3.2
1997	3.7
1998	2.7
1999	2.0

Unemployment Rate



Q4 average	
1995	5.6
1996	5.3
1997	4.7
1998	4.4
1999	4.9

Consumer Price Inflation



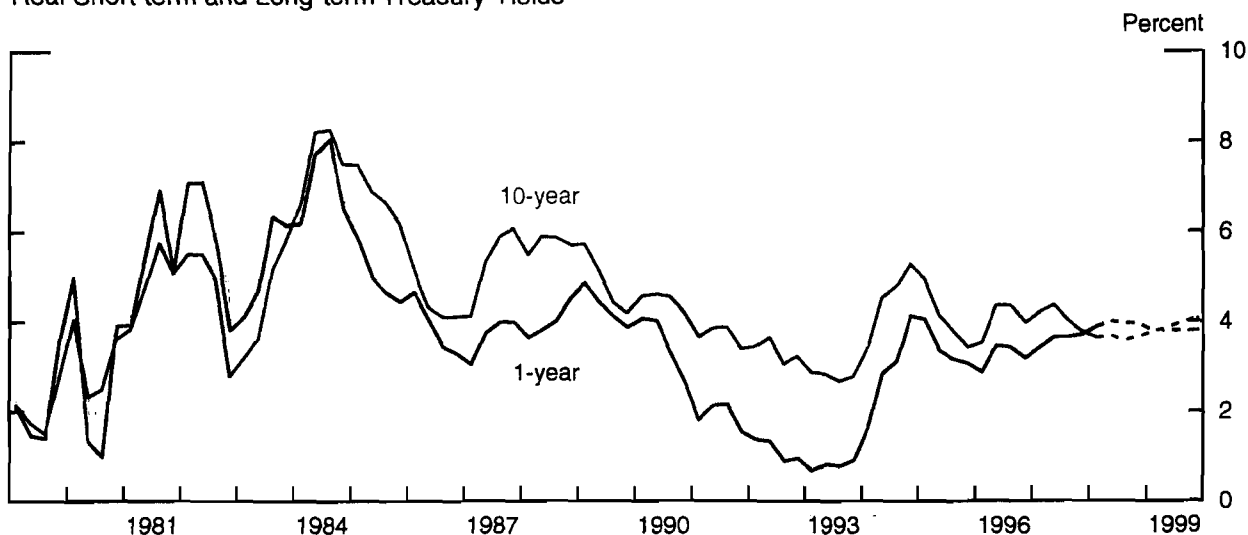
Q4/Q4 percent change		
	Reported	Adjusted
1995	2.6	2.7
1996	3.2	3.4
1997	1.9	2.1
1998	1.7	2.1
1999	2.2	2.8

*Adjusted for effects of technical changes implemented by BLS since 1994.

Chart 2

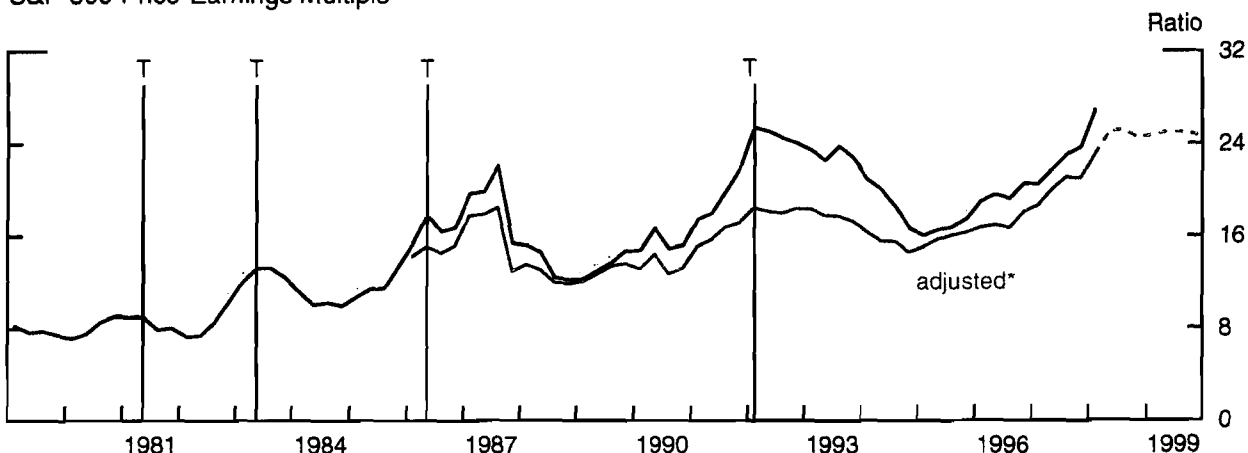
Domestic Financial Conditions

Real Short-term and Long-term Treasury Yields*



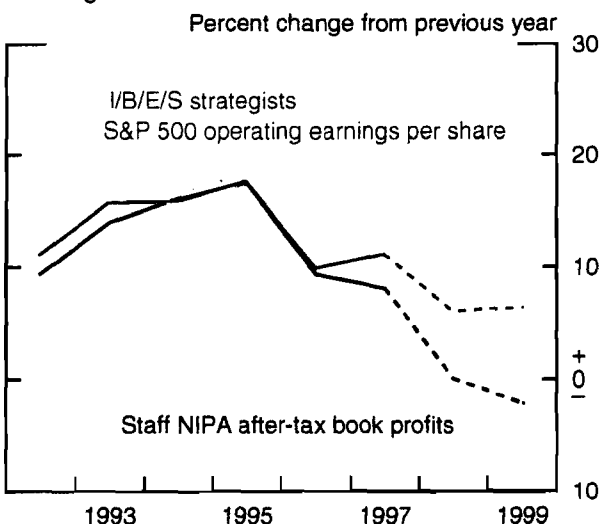
* Nominal 1-year and 10-year rates minus lagged one and three year GDP inflation rates, respectively.

S&P 500 Price-Earnings Multiple



* Based on Goldman Sachs' estimates of S&P 500 earnings excluding special restructuring charges.
Note: T denotes trough of earnings cycle.

Earnings Outlook



Junk Bond Yield Spread

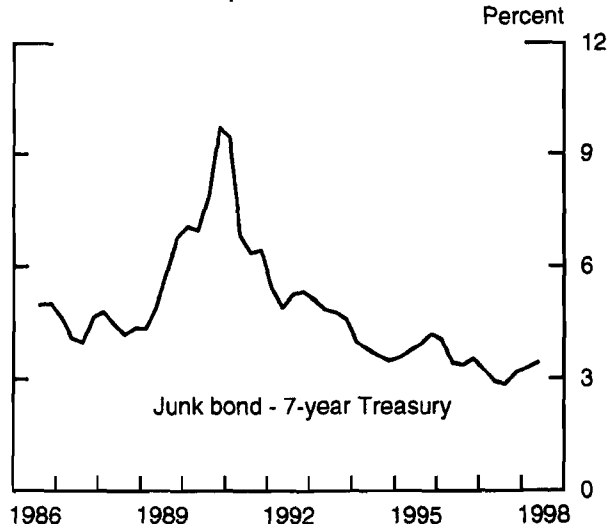
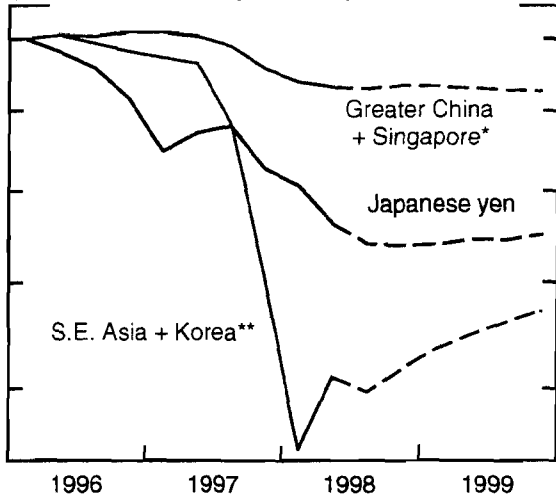


Chart 3

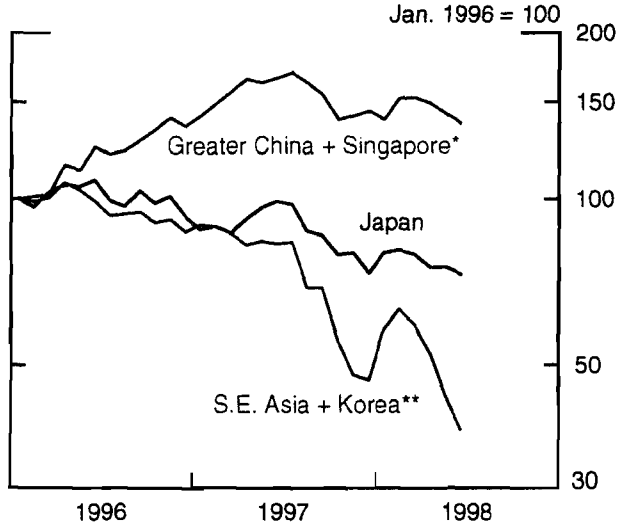
International Financial Markets

(Ratio scales)

Real Exchange Rates
(U.S. dollars per foreign currency) 96Q1 = 100



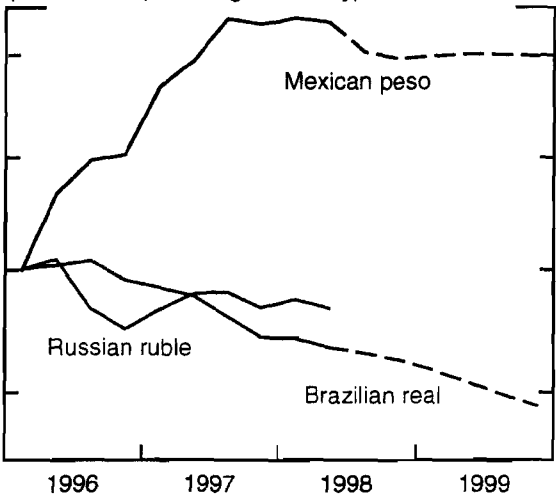
Stock Market Indexes



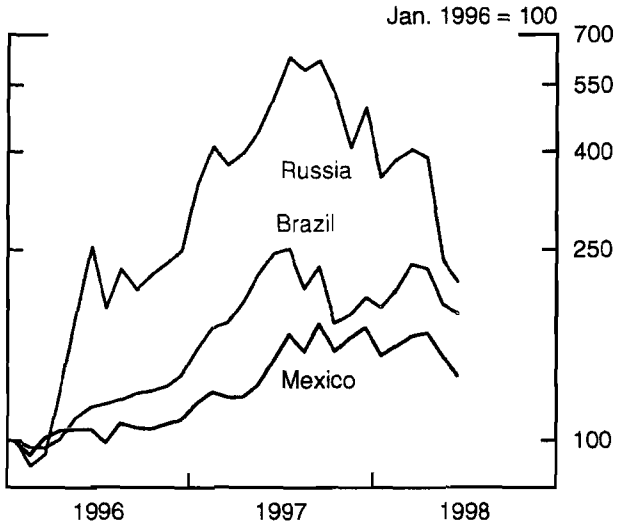
* Trade weighted average of China, Hong Kong, Taiwan, Singapore.

** Trade weighted average of Korea, Indonesia, Malaysia, Philippines, Thailand.

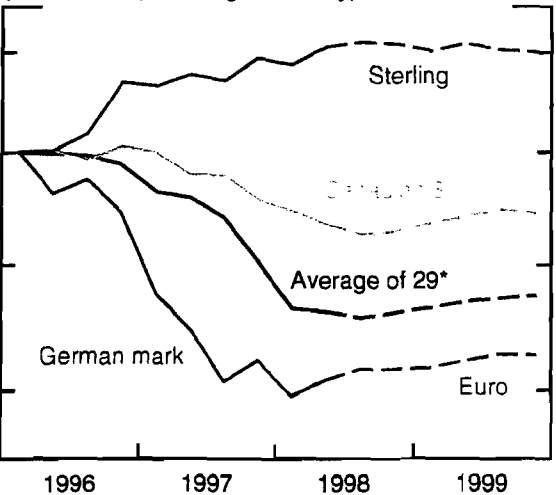
Real Exchange Rates
(U.S. dollars per foreign currency) 96Q1 = 100



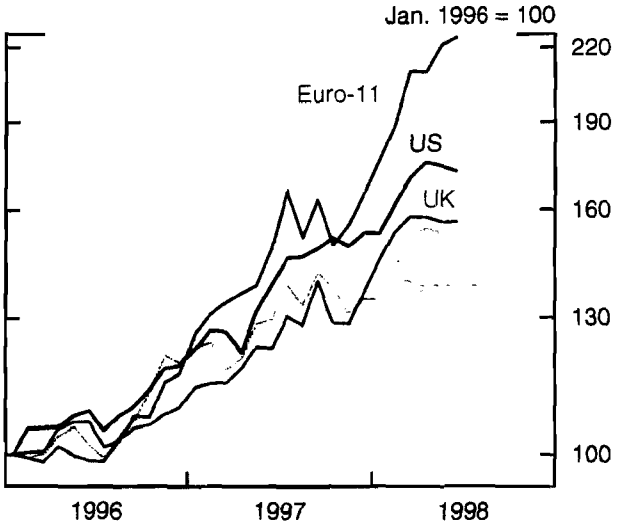
Stock Market Indexes



Real Exchange Rates
(U.S. dollars per foreign currency) 96Q1 = 100



Stock Market Indexes



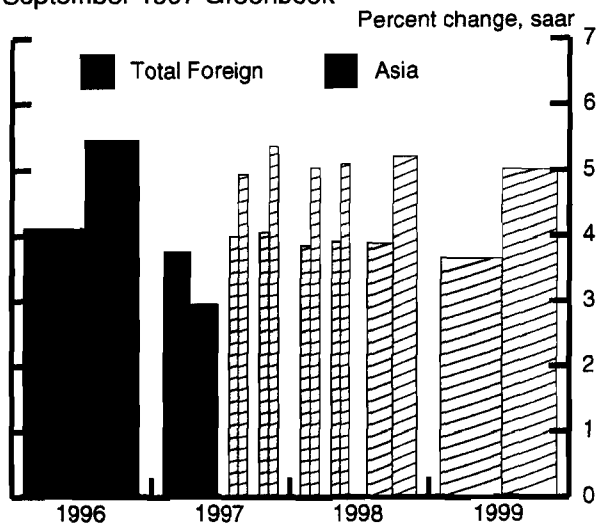
* Trade weighted average of 29-currencies.

Note: Exchange rate data are quarterly; stock market data are monthly.

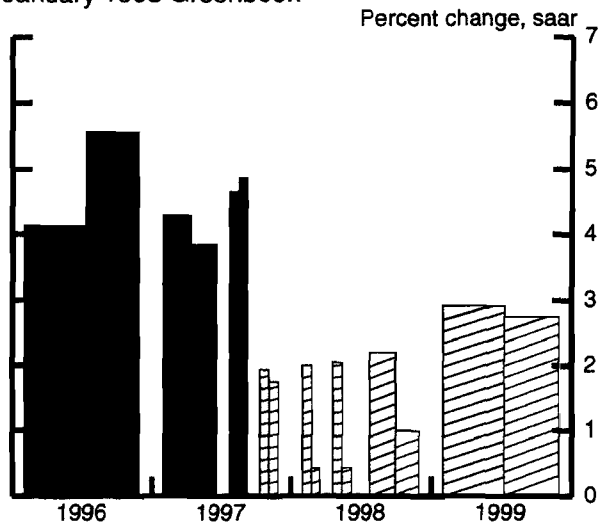
Chart 4

Foreign GDP*

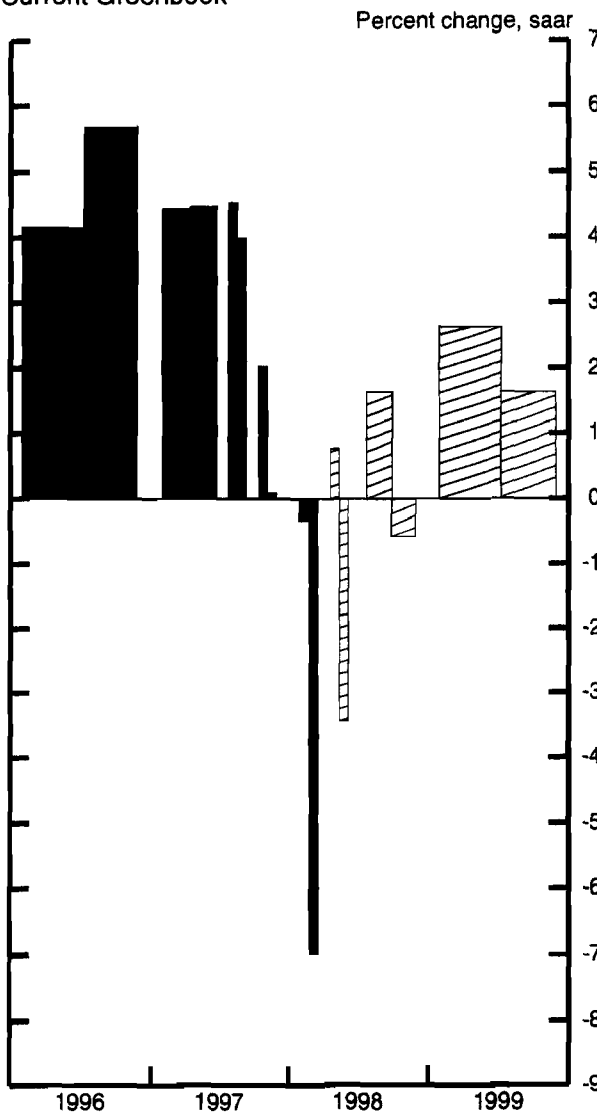
September 1997 Greenbook



January 1998 Greenbook



Current Greenbook



Shares of U.S. Nonag Exports and Foreign GDP

	Percent	
	Exports*	GDP**
Asia	30	43
<i>of which</i>		
<i>Front-line</i>	9	7
Korea	4	2
Indonesia	1	2
Malaysia	2	1
Philippines	1	1
Thailand	1	1
Japan	9	10
<i>Greater China and Singapore</i>	10	16
China	2	14
Hong Kong	2	1/2
Taiwan	3	1
Singapore	3	1/3
Europe	23	34
Canada	22	2
Latin America	20	11
Other	6	10
Total	100	100

* 1996-1997
** 1996

* Weighted by shares in U.S. nonagricultural exports.

Chart 5

Front-line Asia

Real GDP

	Percent change, saar*							
	1996	1997			1998			1999
		H1	Q3	Q4	Q1	Q2	H2	
Korea	7	6	6	-1	-23	-8	-3	2
Indonesia	10	2.7	1	-1	-22	-23	-15	-4
Malaysia	9	8	4	8	-23	-10	-3	0
Philippines	5	8	4	0	-1	-1	-0	2
Thailand	5	-1	-6	-9	-9	-8	-4	-0
Total**	7.0	5.3	2.1	-1.9	-17.7	-8.5	-3.8	0.7

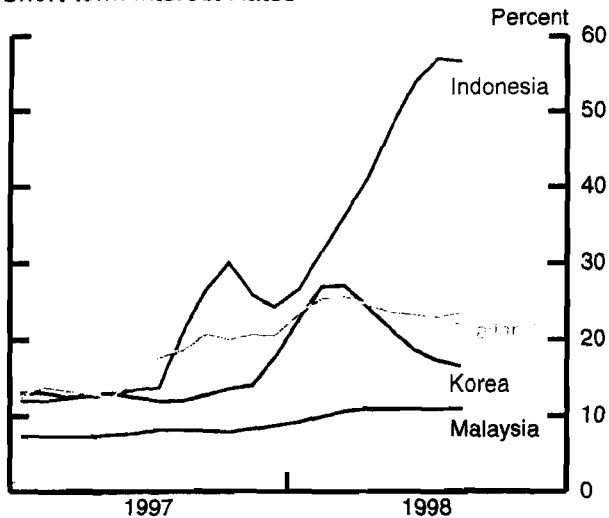
* Change from end of preceding period. ** Weighted by shares in U.S. nonagricultural exports.
 Note: Historical quarterly figures for Indonesia and Thailand are estimates.

Causes of Downturn

Sharp drop in consumption and investment resulting from:

- Massive balance sheet adjustments, drop in wealth
- Uncertainty about future earnings prospects
- Cancellation of projects following overinvestment
- Credit crunch and rising cost of funds

Short-term Interest Rates



Change in Trade 1997Q1 - 1998Q1

(U.S. \$billions, AR)

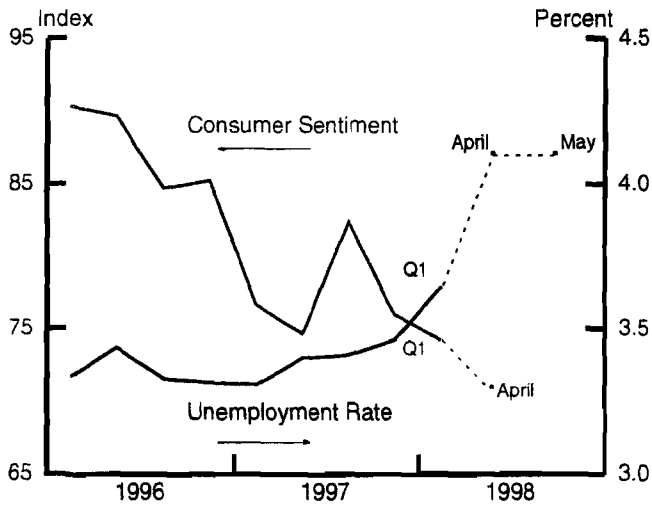
	Imports	Exports	Net
Korea	-53	10	63
Indonesia	-11	0	12
Malaysia	-14	-8	6
Thailand	-27	-1	26
Philippines	-1	5	7
Total	-95	6	102

Japan

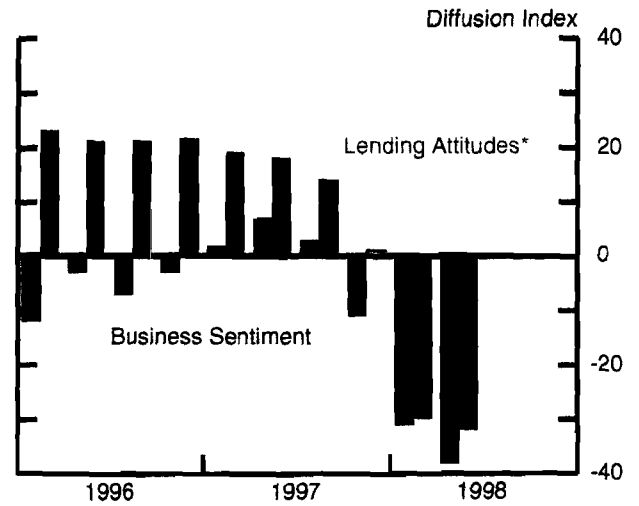
Real GDP

	Percent change, saar					
	1996	1997	1998			1999
			Q1	Q2	H2	
GDP	3.4	-0.4	-5.3	-2.4	1.9	0.4
Consumption	2.4	-0.9	0.4	-5.0	-1.0	0.4
Investment	11.7	-6.1	-14.5	-5.0	-1.0	0.4

Unemployment and Consumer Sentiment

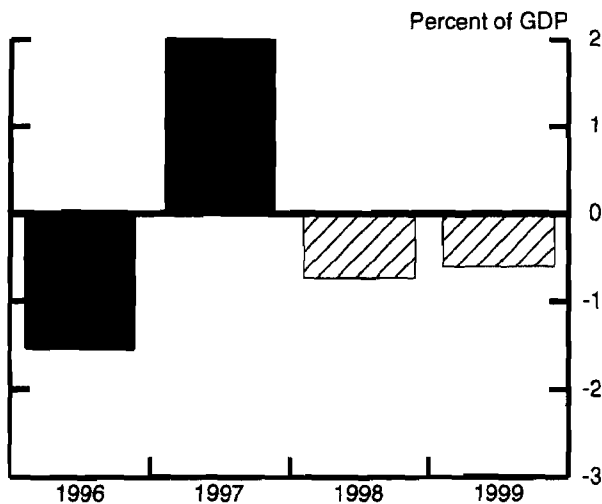


Business Sentiment and Lending Attitudes



*Average of large and small firms.

Change in Structural Budget Balance*



* Year/Year

Imports and Exports

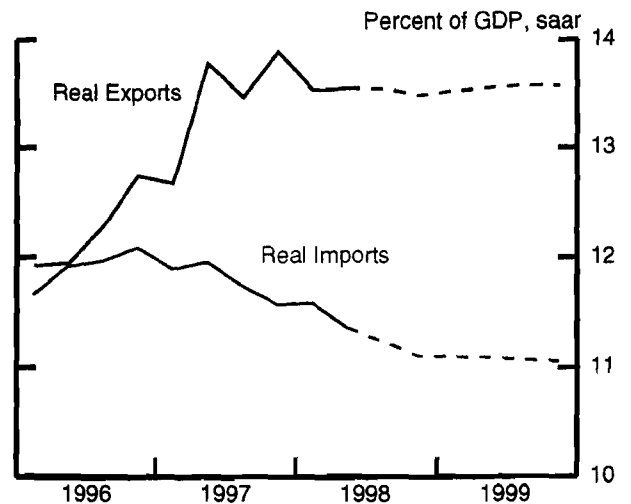


Chart 7

Greater China and Singapore

Real GDP

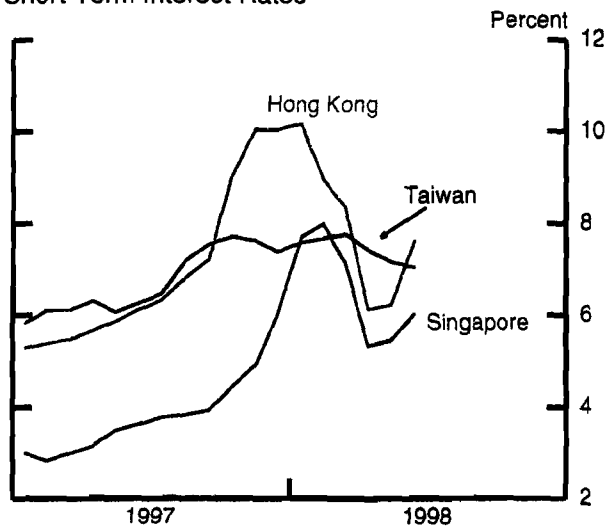
	Percent change, saar*							
	1996	1997			1998			1999
		H1	Q3	Q4	Q1	Q2	H2	
China	10	9	5	3	6	4	4	7
Taiwan	7	6	9	8	2	1	1	2
Hong Kong	6	8	2	-6	-10	-4	-2	1
Singapore	6	12	6	1	1	-1	-0	2
Total**	7.3	8.8	5.6	2.1	0.8	0.7	0.9	3.4

* Change from end of preceding period.

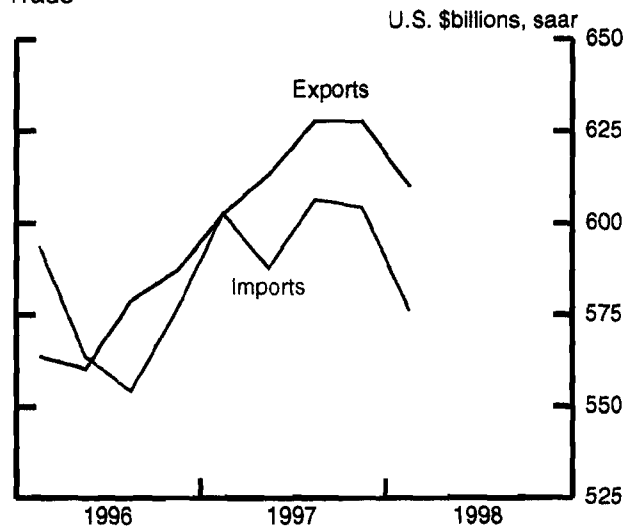
** Weighted by shares in U.S. nonagricultural exports.

Note: Historical quarterly data for China are estimates.

Short-Term Interest Rates

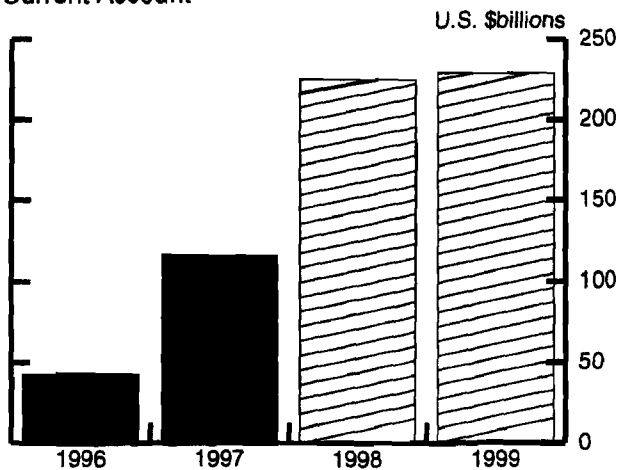


Trade*



10 Asian Economies

Current Account



Trade by Region*

	Change 1997Q1-1998Q1 (U.S. \$billions, AR)		
	Imports	Exports	Net
United States	-17	19	36
Europe	-20	20	40
Asia	-50	-50	0
Other	-54	22	76
Total	-140	11	151

* Excludes Hong Kong and Indonesia.

Chart 8

Europe, Canada and Latin America

Real GDP

Percent change, saar

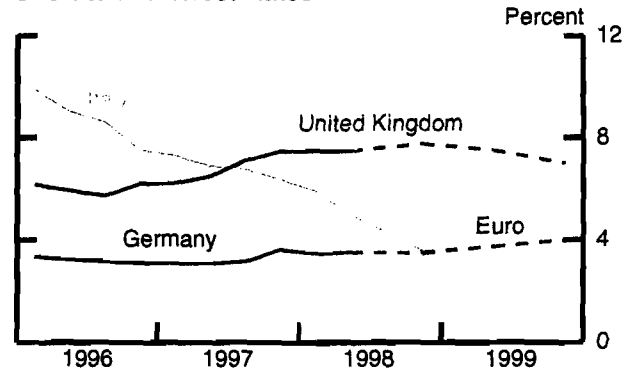
	1996	1997			1998			1999
		H1	Q3	Q4	Q1	Q2	H2	
Euroland	1.9	3.3	3.4	2.1	3.0	2.3	2.8	3.0
United Kingdom	2.9	2.8	3.6	2.5	2.0	2.3	1.8	2.0
Canada	2.0	4.5	4.3	2.8	3.7	3.6	3.0	2.7

Real Net Exports

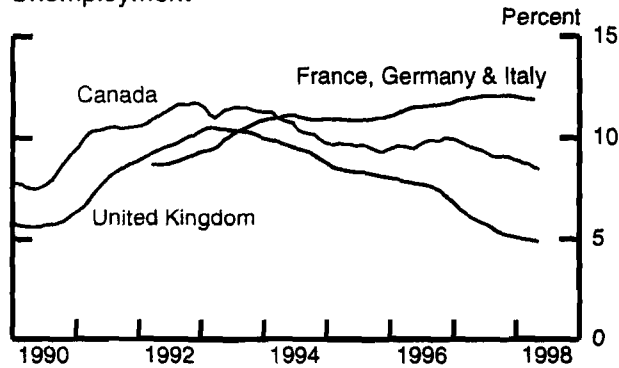
Percent Contribution to GDP Growth

	1998			1999
	Q1	Q2	H2	
France, Germany and Italy	-2.7	-0.4	-0.3	-0.1
United Kingdom	-2.3	-1.1	-0.6	-0.1
Canada	2.5	-0.5	-0.5	-0.1

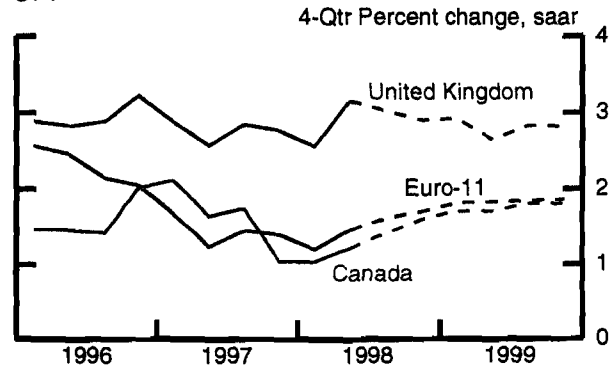
Short-term Interest Rates



Unemployment



CPI



Latin America

Real GDP

Q4/Q4 change, Percent

	1997	1998	1999
Mexico	6.7	3.2	5.1
Argentina	7.0	4.6	5.8
Brazil	2.1	-0.3	0.0

Current Account

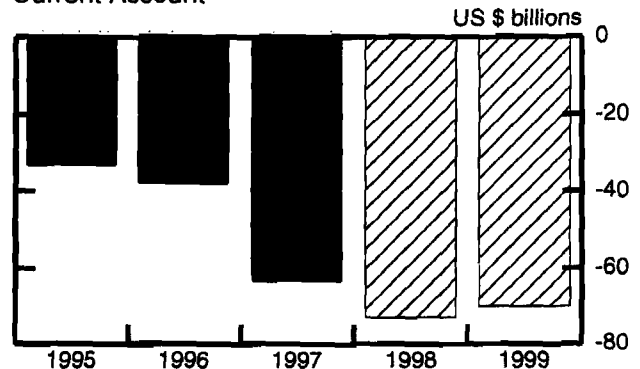
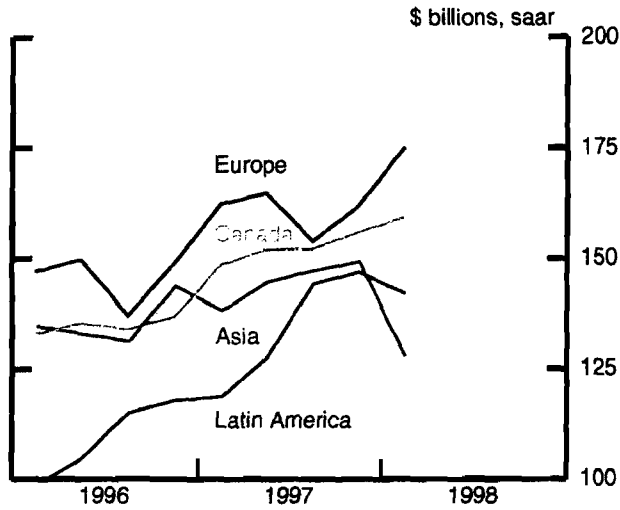


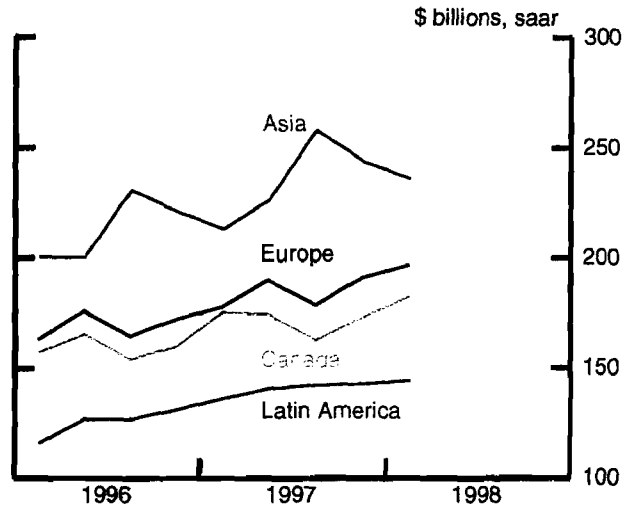
Chart 9

U.S. Exports and Imports

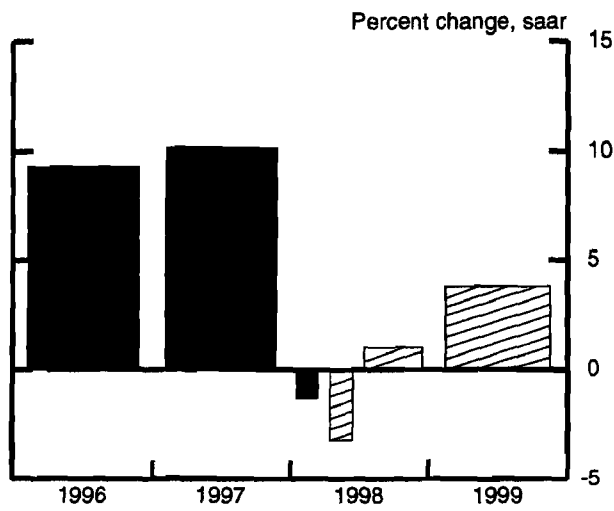
Exports by Region



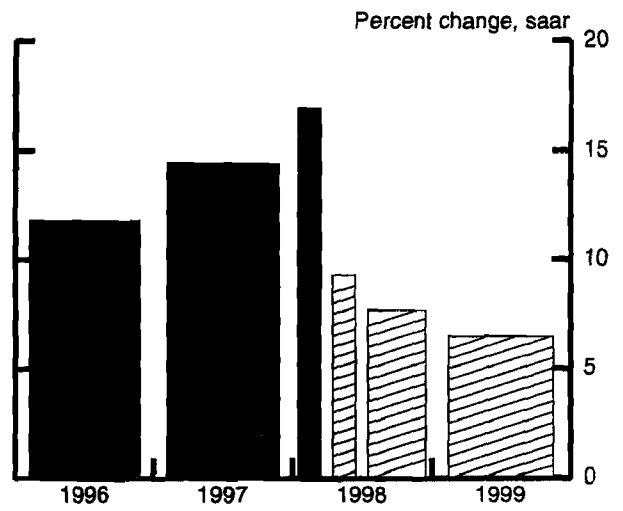
Imports by Region



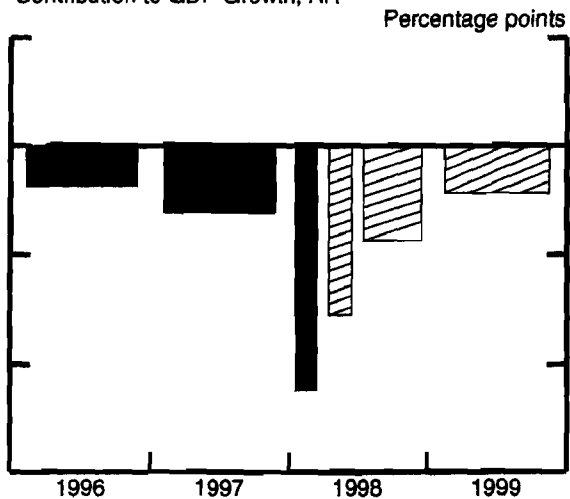
Real Exports



Real Imports



Net Exports
Contribution to GDP Growth, AR



Current Account

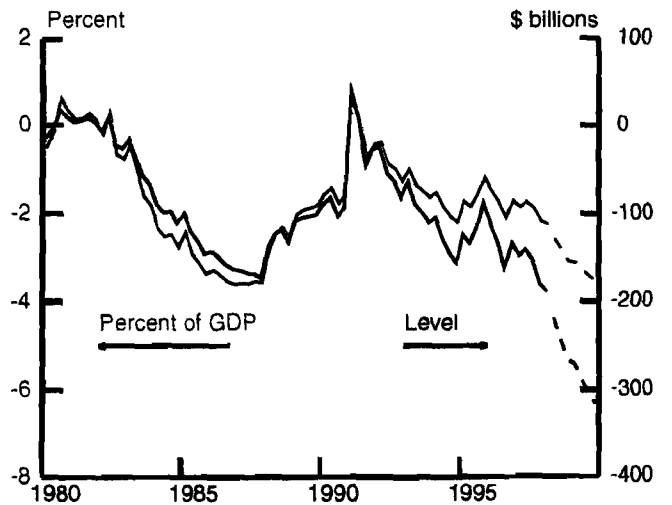
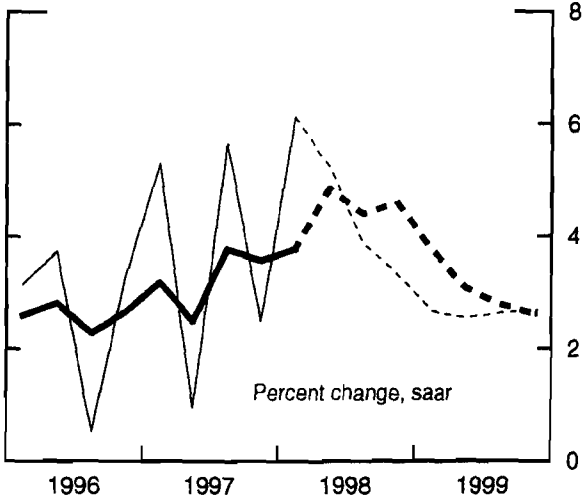


Chart 10

Household Spending

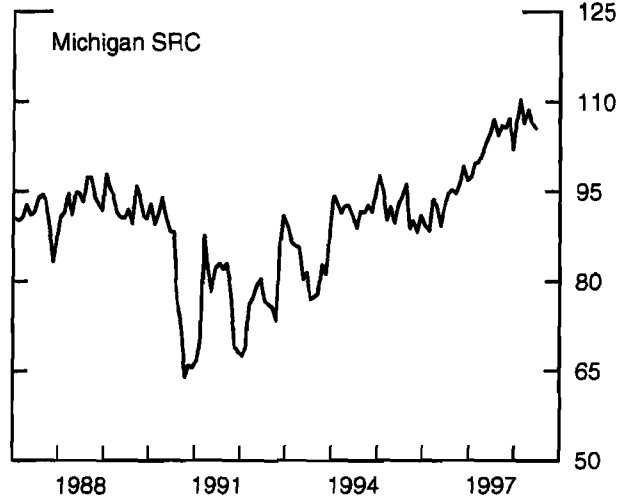
Real Personal Consumption

Four-quarter percent change



Consumer Sentiment

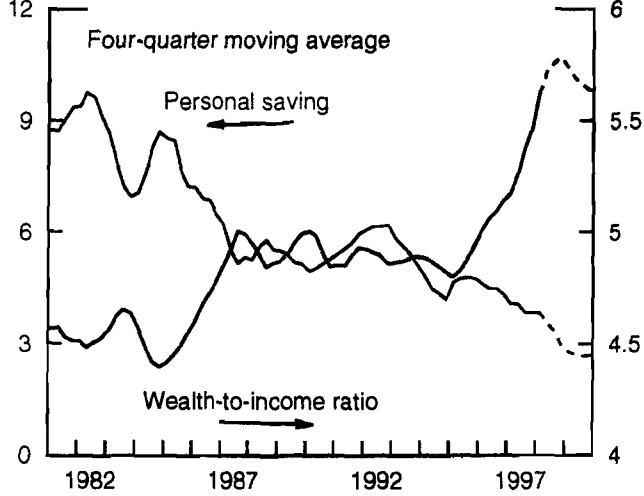
Index, 1966=100



Net Worth and Personal Saving

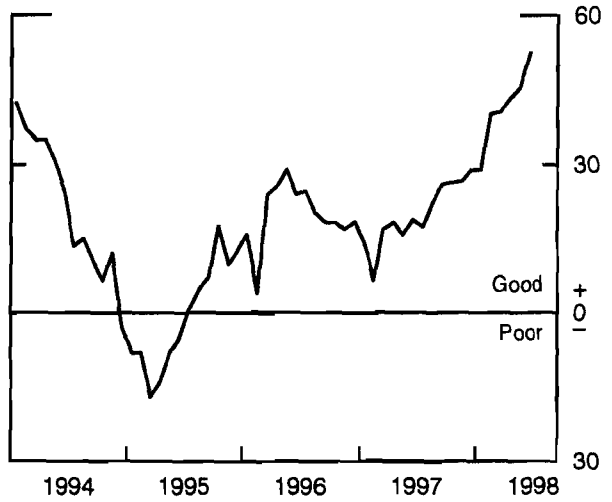
Percent

Ratio



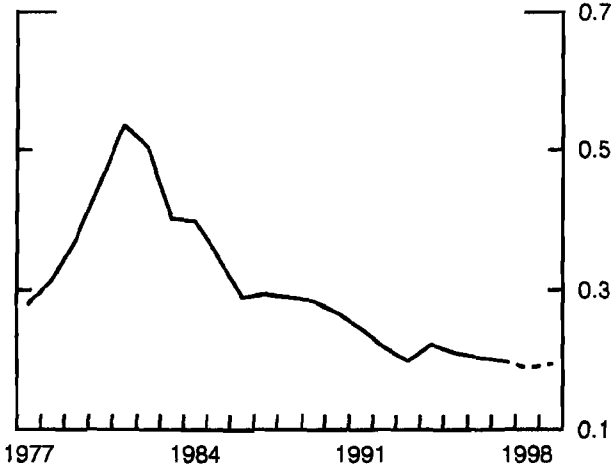
NAHB Sales Index

Diffusion index



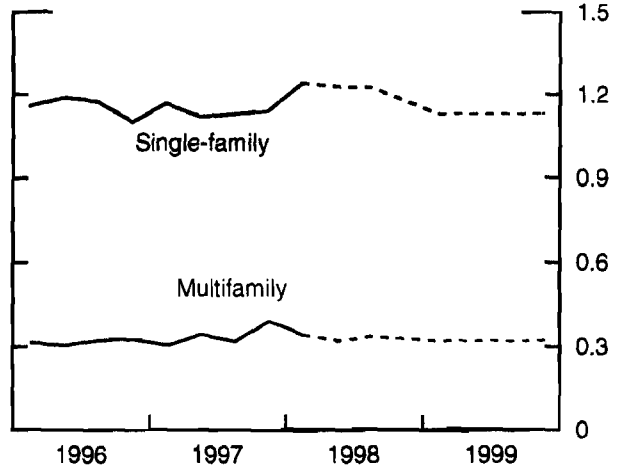
Cash-flow Burden of Homeownership*

Monthly payment/income



Housing Starts

Millions of units, saar

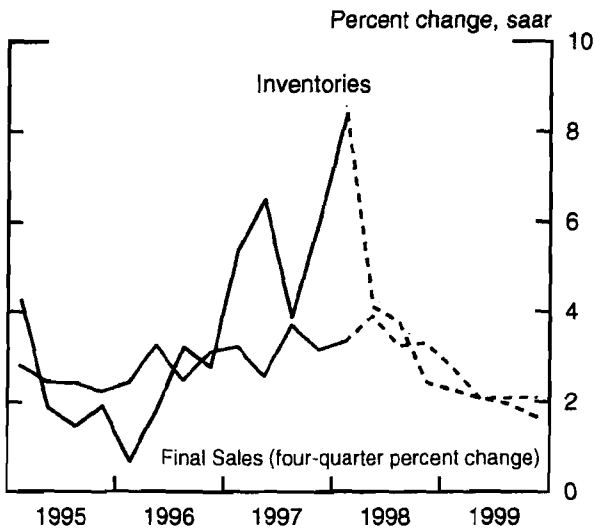


* Based on new home, 30 year FRM.

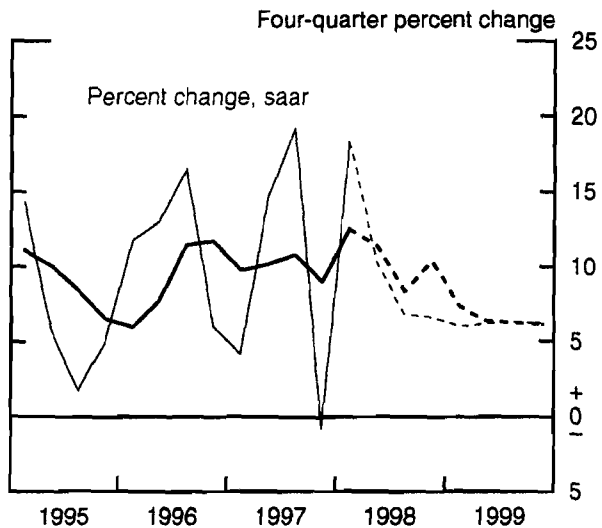
Chart 11

Business Spending

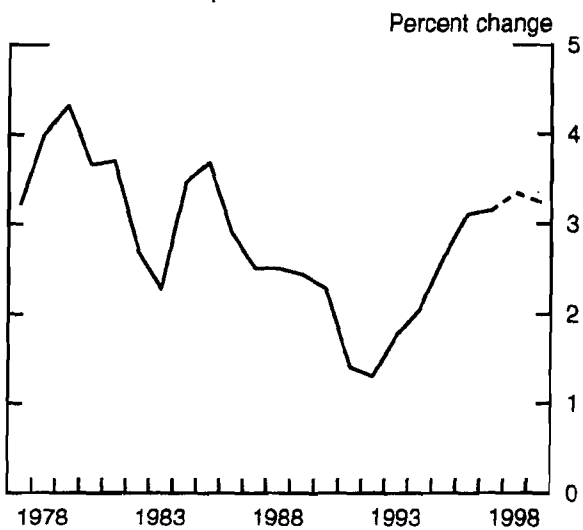
Growth of Inventories and Final Sales



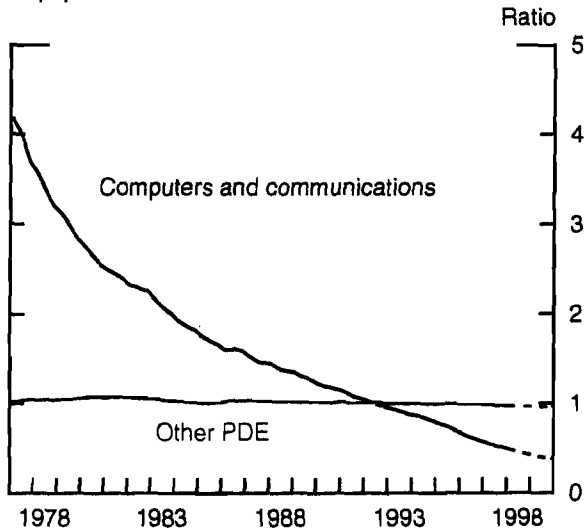
Real Business Fixed Investment



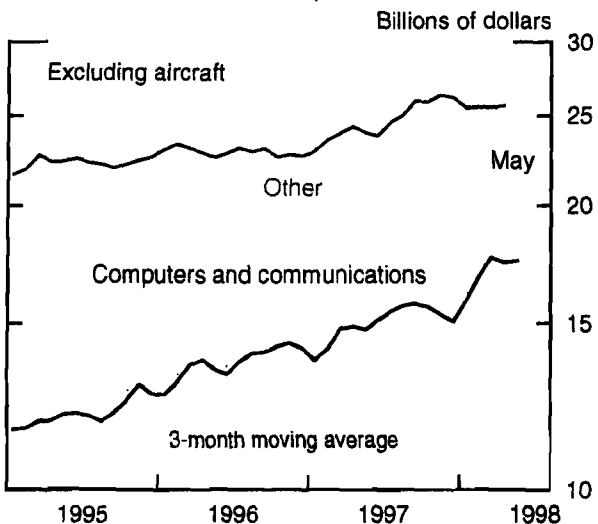
Growth of Net Capital Stock



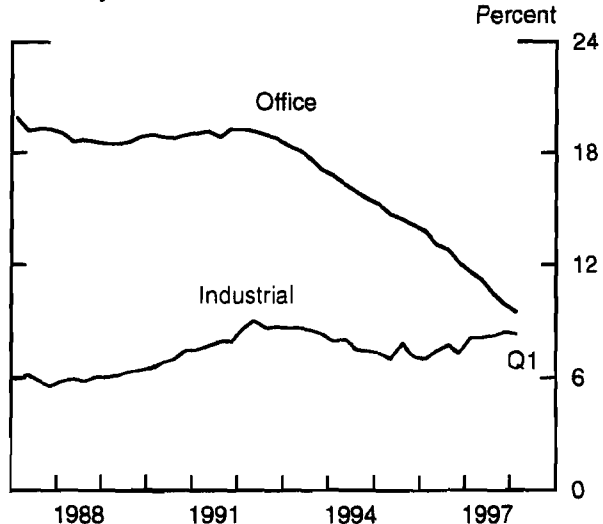
Equipment Prices Relative to GDP Prices



Orders for Nondefense Capital Goods



Vacancy Rates



Source: CB Commercial.

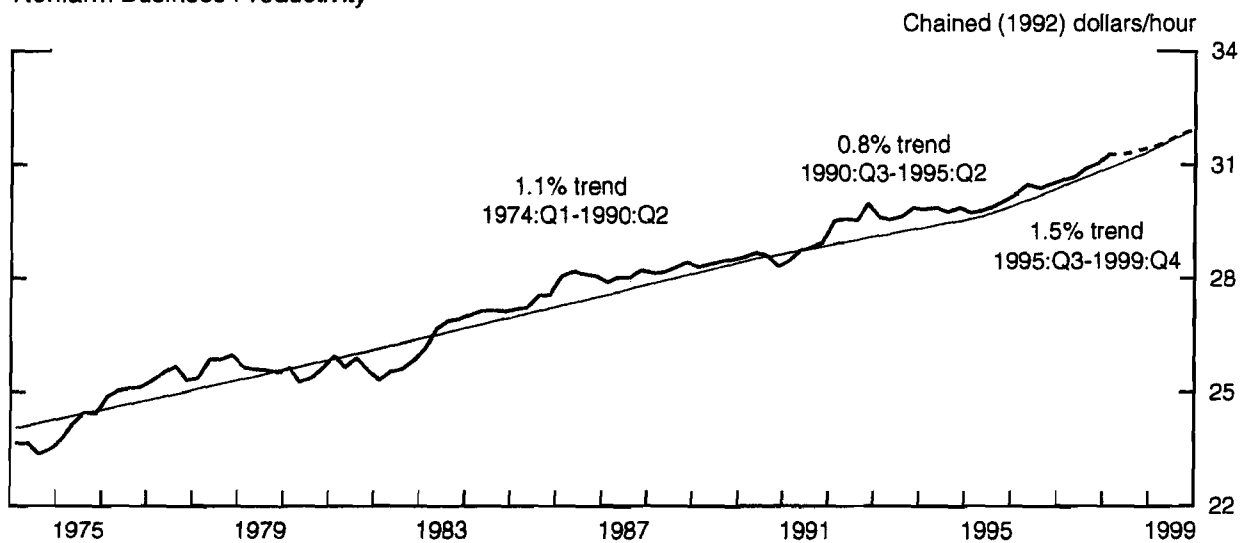
Chart 12

Supply-Side Components of Potential GDP

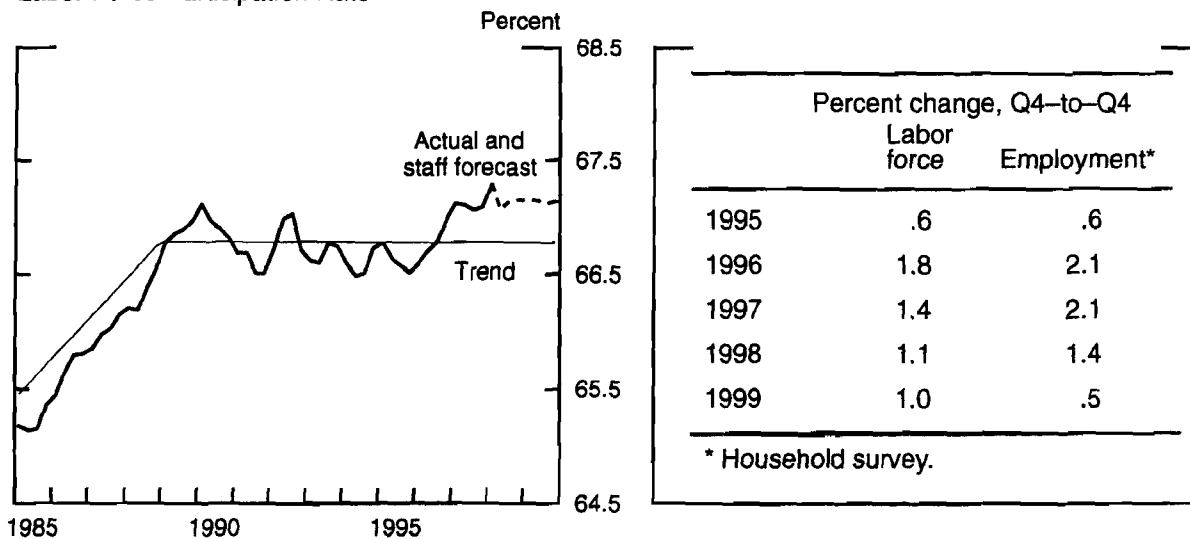
	Long-term trends			Projection
	1973-79	1979-90	1990-95	1995-99
1. Potential GDP	3.3	2.6	1.9	2.5
2. Labor input	2.0	1.6	1.1	1.0
3. Labor productivity	1.1	1.1	.8	1.5
4. Capital deepening	.6	.6	.4	.9
5. Labor quality	.0	.3	.4	.3
6. Multifactor productivity	.5	.2	.0	.3
7. Technical factors	.2	-.1	.0	.0

Note: Adjusted to place on a technically consistent basis.

Nonfarm Business Productivity



Labor Force Participation Rate

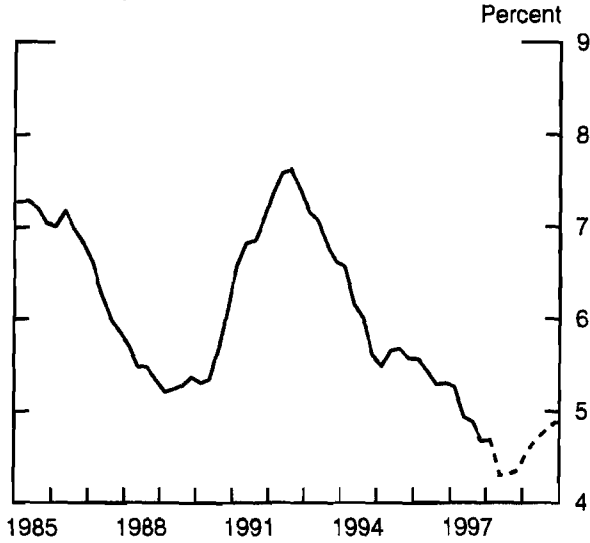


Note: Adjusted for CPS revision.

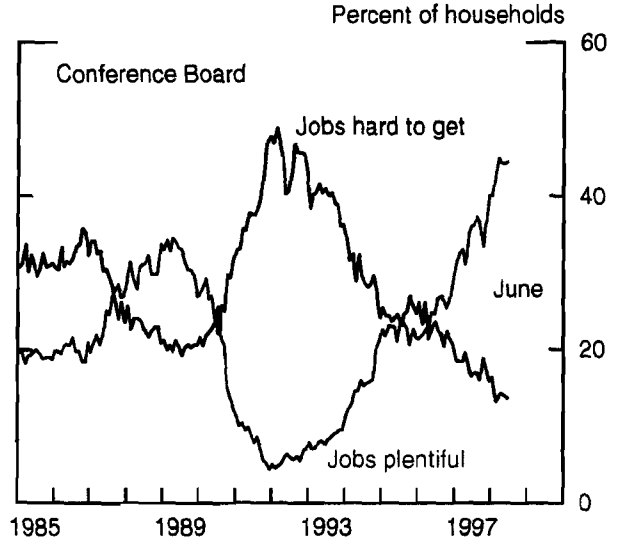
Chart 13

The Labor Market

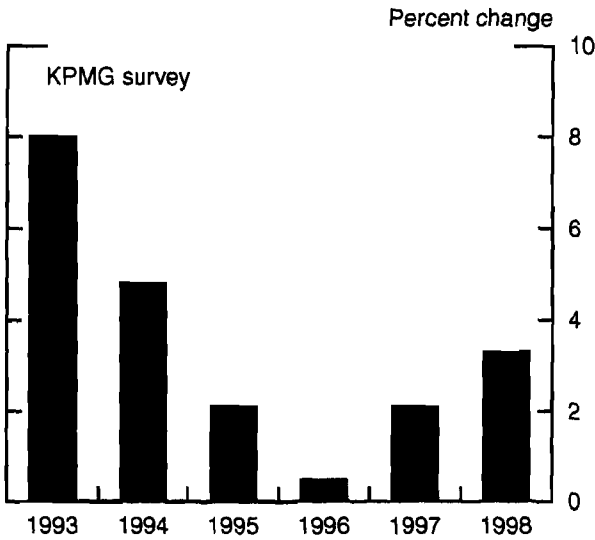
Unemployment Rate



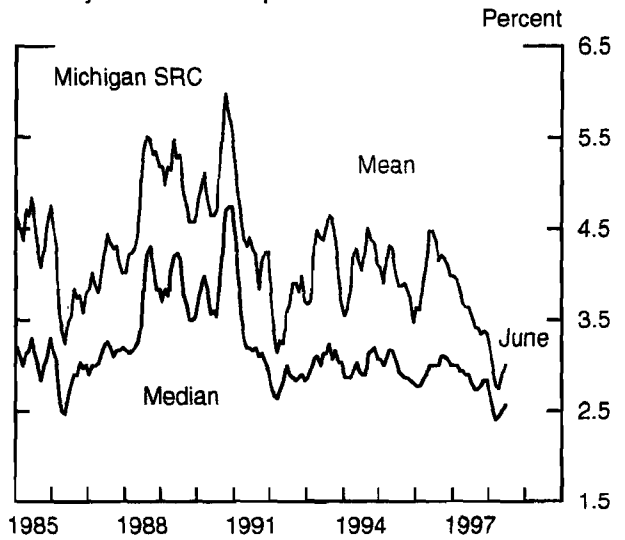
Current Job Availability



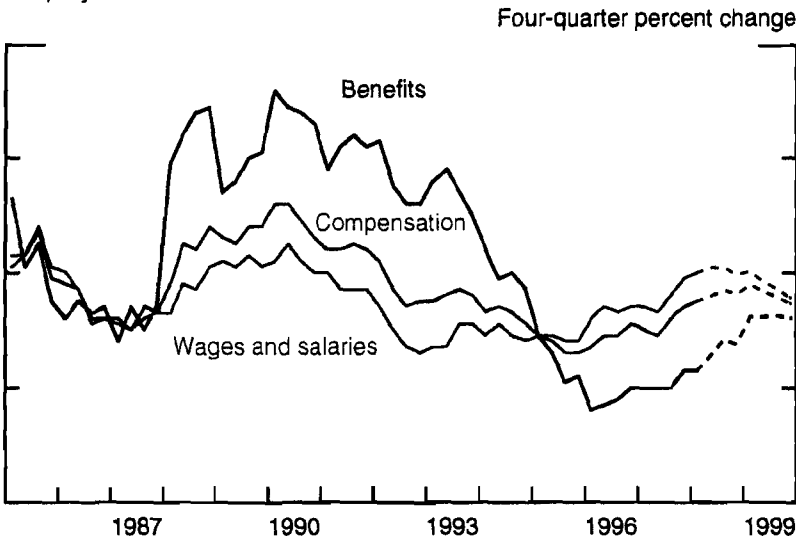
Health Insurance Premiums



Survey of Inflation Expectations



Employment Cost Indexes



Q4-to-Q4 percent changes	
Comp/hr.	
1995	2.6
1996	3.1
1997	3.4
1998	3.6
1999	3.5

Chart 14

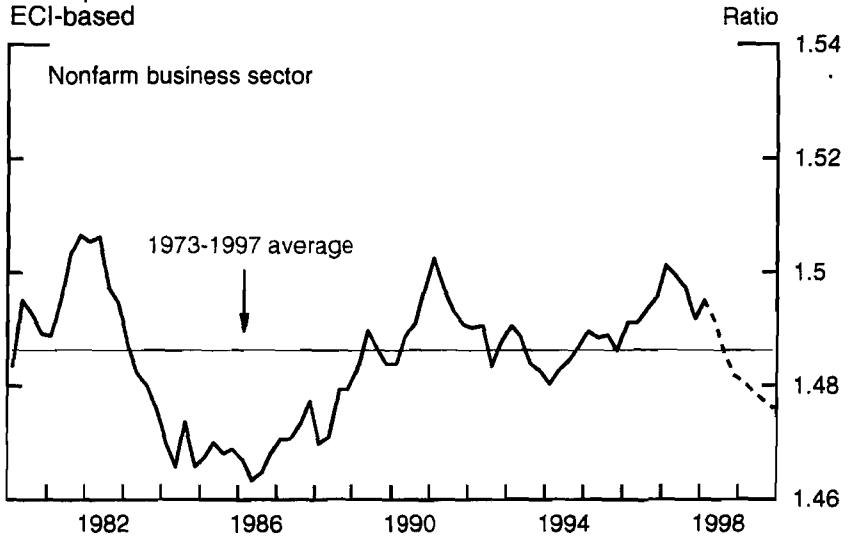
The Product Market

Real Wages

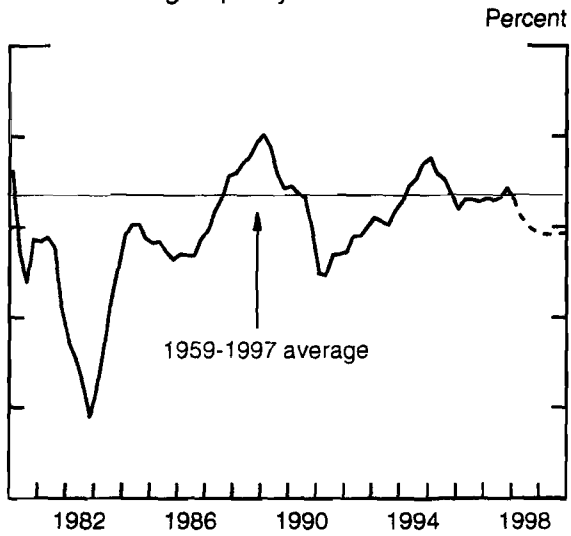
	Q4-to-Q4 percent changes	
	Real Comp/hr. ¹	Trend prod. ¹
1996	.9	1.5
1997	1.9	1.5
1998	2.4	1.5
1999	1.9	1.5

1. Technically consistent basis.

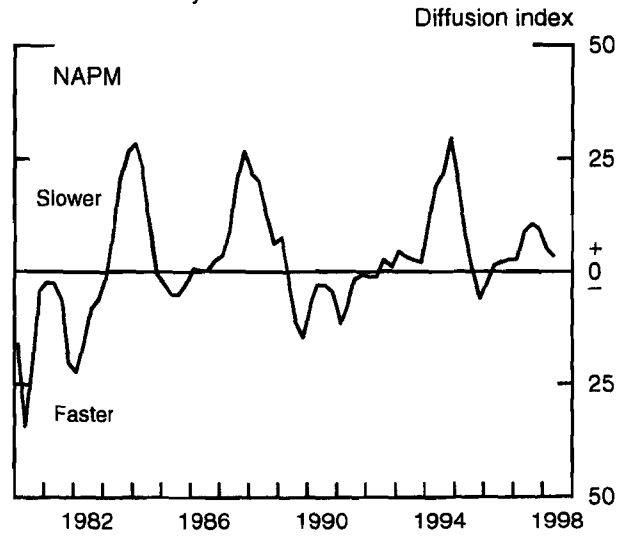
Markup of Prices over Trend Unit Labor Costs
ECI-based



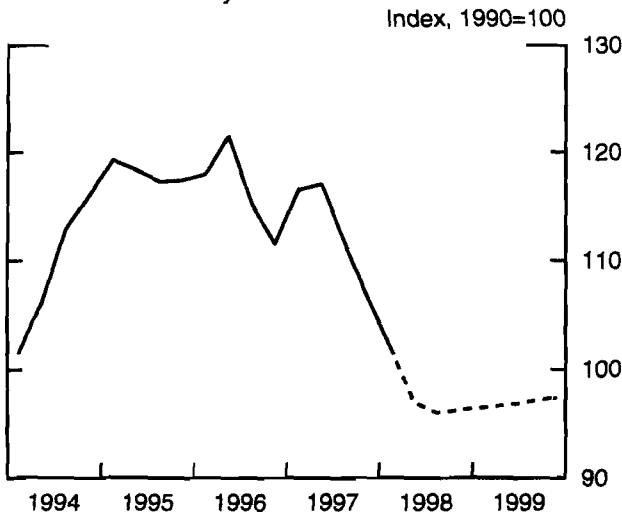
Manufacturing Capacity Utilization



Vendor Delivery Performance



Non-oil Commodity Prices



Oil Prices

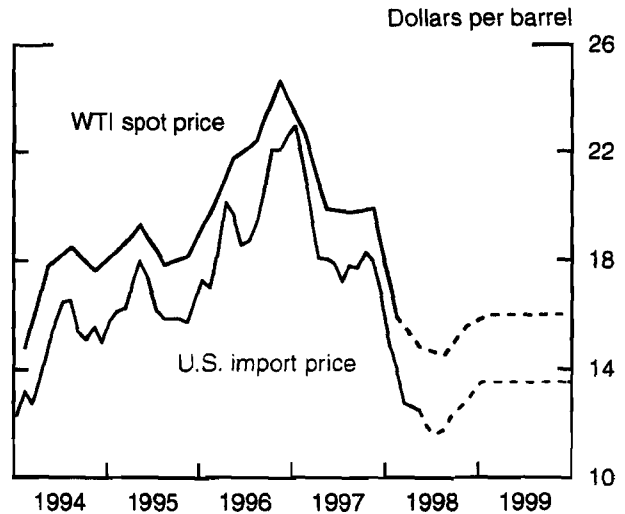
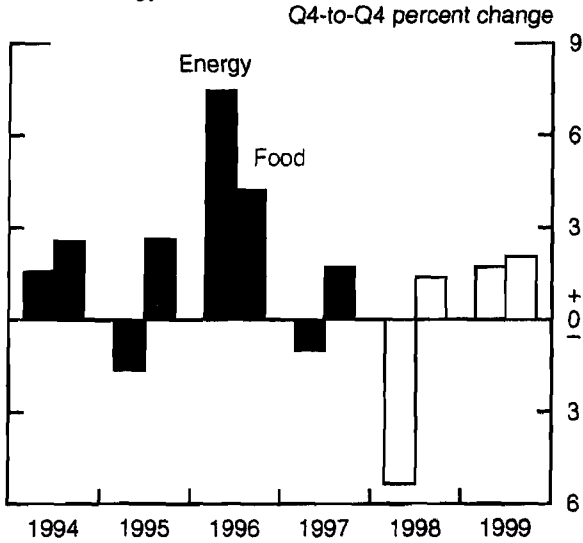


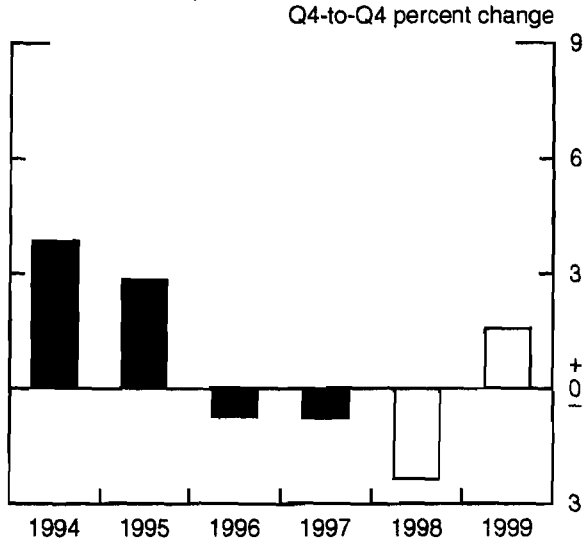
Chart 15

Consumer Prices

CPI - Energy and Food

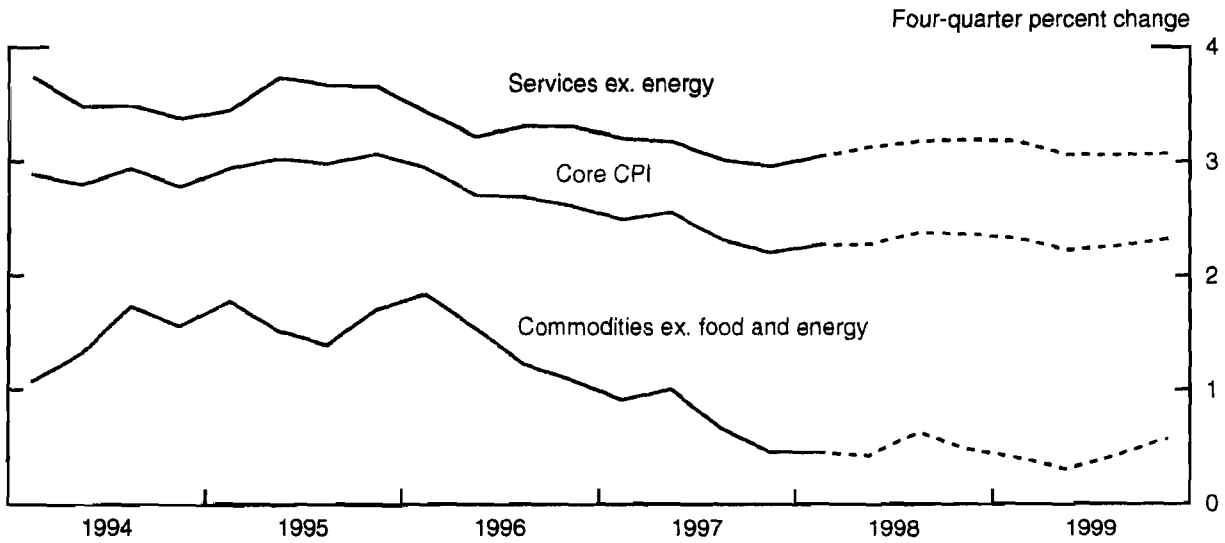


Core Non-oil Import Prices*



* Excludes computers and semiconductors.

Core CPI



Price Projection

	1996	1997	1998	1999
1. CPI	3.2	1.9	1.7	2.2
2. Excluding food and energy	2.6	2.2	2.3	2.3
3. Excluding food and energy (technically consistent)	2.7	2.4	2.7	3.0
MEMO:				
4. "Actual" CPI excluding food and energy*	1.4	1.1	1.4	1.7
5. "Actual" GDP prices*	1.5	1.1	0.8	1.1

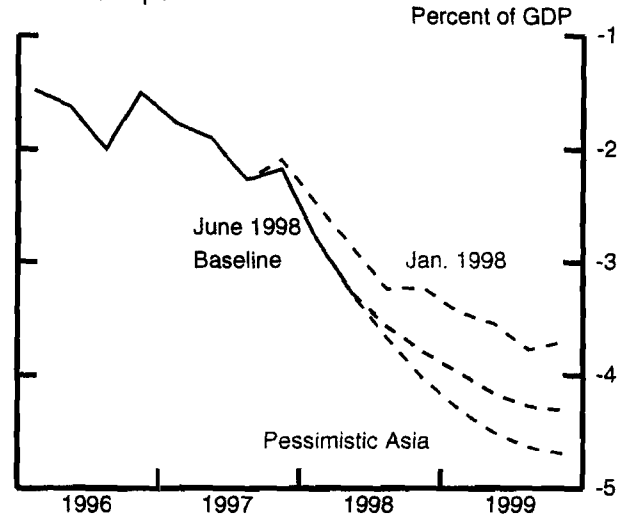
* Adjusted for staff estimate of measurement bias.

Alternative Scenarios

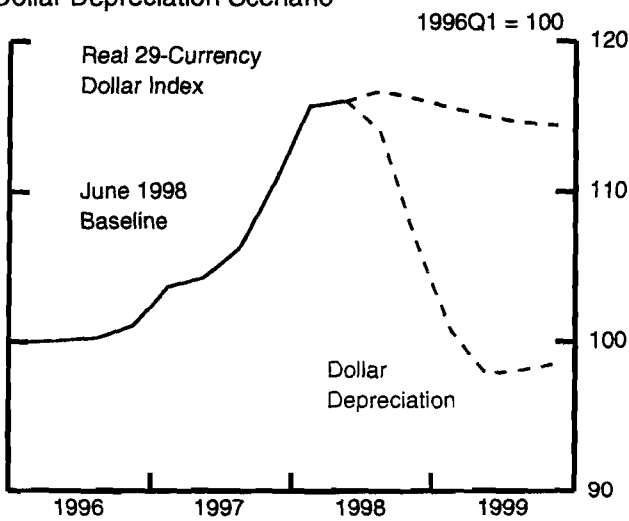
Pessimistic Asia Scenario

- Policy inaction in Japan; yen falls to 175
- Asian GDP falls 7 percent by the end of 1999
- Contagion in Latin America and Eastern Europe
- U.S. stock market falls 20 percent

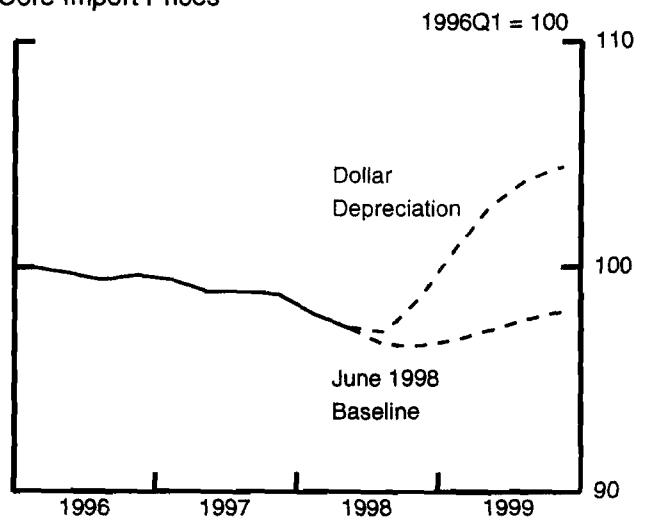
Real Net Exports



Dollar Depreciation Scenario



Core Import Prices



Alternative Scenarios*

	1998H2	1999	2000
US GDP (Percent changes, AR)			
Baseline	1.8	2.0	2.3
Pessimistic Asia	1.3	0.9	1.4
Dollar Depreciation	2.1	3.3	3.1
US CPI (Percent changes, AR)			
Baseline	2.1	2.2	2.4
Pessimistic Asia	1.9	1.3	1.3
Dollar Depreciation	2.2	3.2	3.8

* U.S. federal funds rate held unchanged.

Chart 17

ECONOMIC PROJECTIONS FOR 1998

	FOMC			
	Range	Central Tendency	Administration	Staff
	Percent change, Q4 to Q4			
Nominal GDP	3 ³ / ₄ to 5	4 ¹ / ₂ to 5	4.2	4.3
previous estimate	(3 ¹ / ₂ to 5)	(3 ³ / ₄ to 4 ¹ / ₂)	(4.0)	
Real GDP	2 ³ / ₄ to 3 ¹ / ₄	3 to 3 ¹ / ₄	2.4	2.7
previous estimate	(1 ³ / ₄ to 3)	(2 to 2 ³ / ₄)	(2.0)	
CPI	1 ¹ / ₄ to 2 ¹ / ₄	1 ³ / ₄ to 2	1.6	1.7
previous estimate	(1 ¹ / ₂ to 2 ¹ / ₂)	(1 ³ / ₄ to 2 ¹ / ₄)	(2.2)	
	Average level, Q4, percent			
Unemployment rate	4 ¹ / ₄ to 4 ¹ / ₂	4 ¹ / ₄ to 4 ¹ / ₂	4.8	4.4
previous estimate	(4 ¹ / ₂ to 5)	(~4 ³ / ₄)	(5.0)	

ECONOMIC PROJECTIONS FOR 1999

	FOMC			
	Range	Central Tendency	Administration	Staff
	Percent change, Q4 to Q4			
Nominal GDP	4 to 5 ¹ / ₂	4 ¹ / ₄ to 5	4.1	3.7
Real GDP	1 ³ / ₄ to 3	2 to 2 ¹ / ₂	2.0	2.0
CPI	1 ¹ / ₂ to 3	2 to 2 ¹ / ₂	2.1	2.2
	Average level, Q4, percent			
Unemployment rate	4 ¹ / ₄ to 4 ³ / ₄	4 ¹ / ₂ to 4 ³ / ₄	5.0	4.9

NOTE: Central tendencies constructed by dropping top and bottom three from distribution, and rounding to nearest quarter percent.

APPENDIX 3

Charts used by Mr. Whitesell in his presentation

STRICTLY CONFIDENTIAL (FR) CLASS I - FOMC

Material for the

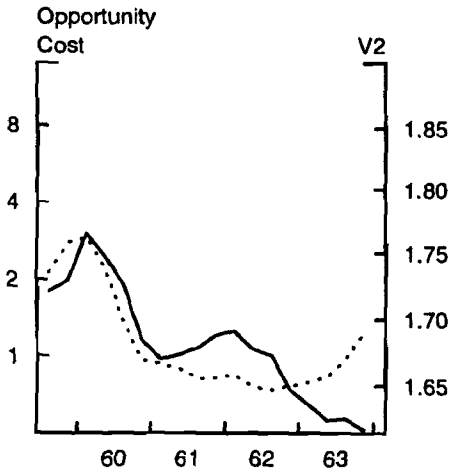
*Staff Presentation on
Money and Debt Ranges*

June 30 - July 1, 1998

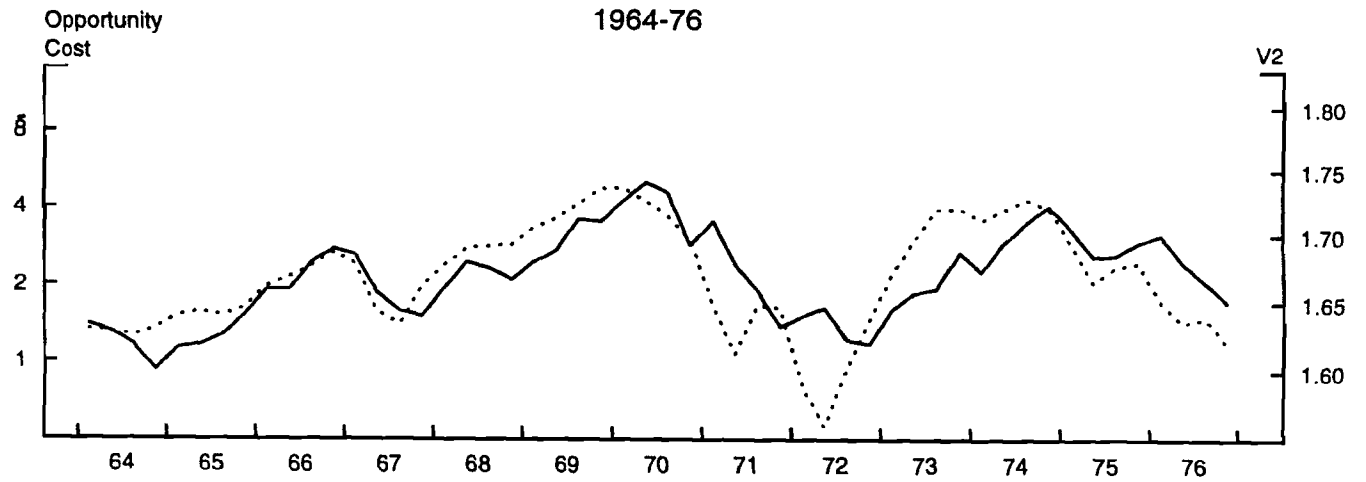
Chart 4
M2 Velocity and Opportunity Cost by Period
(Quarterly, ratio scales)

..... Opportunity Cost*
—— V2

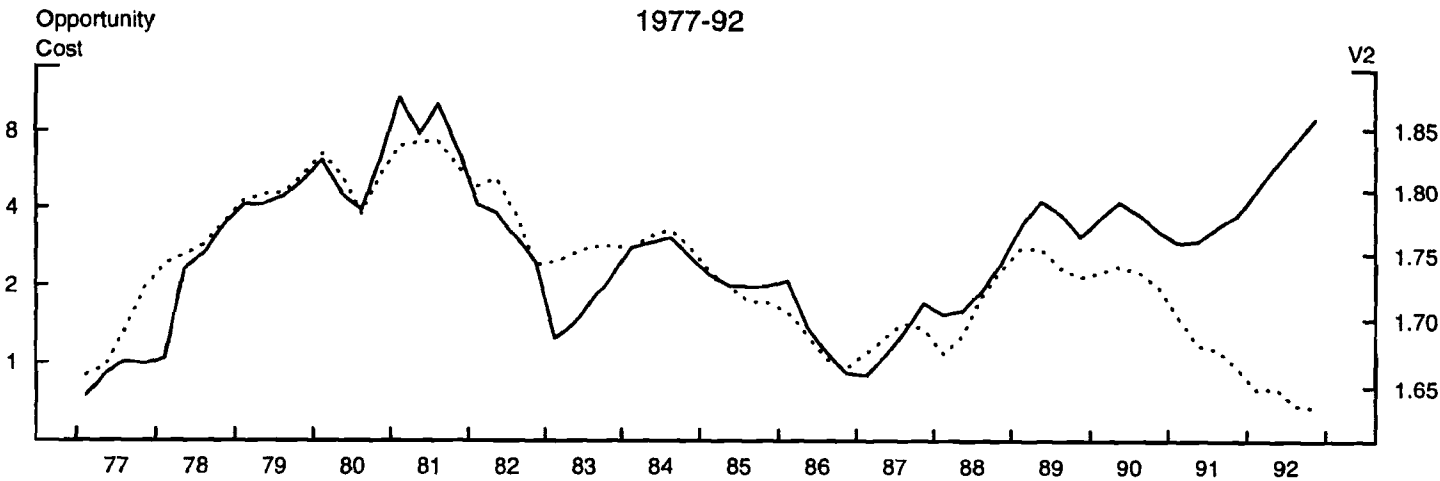
1959Q3-63Q4



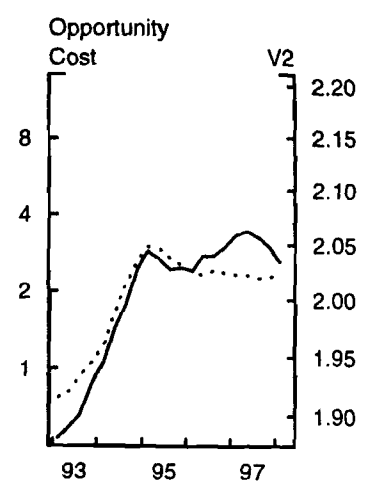
1964-76



1977-92

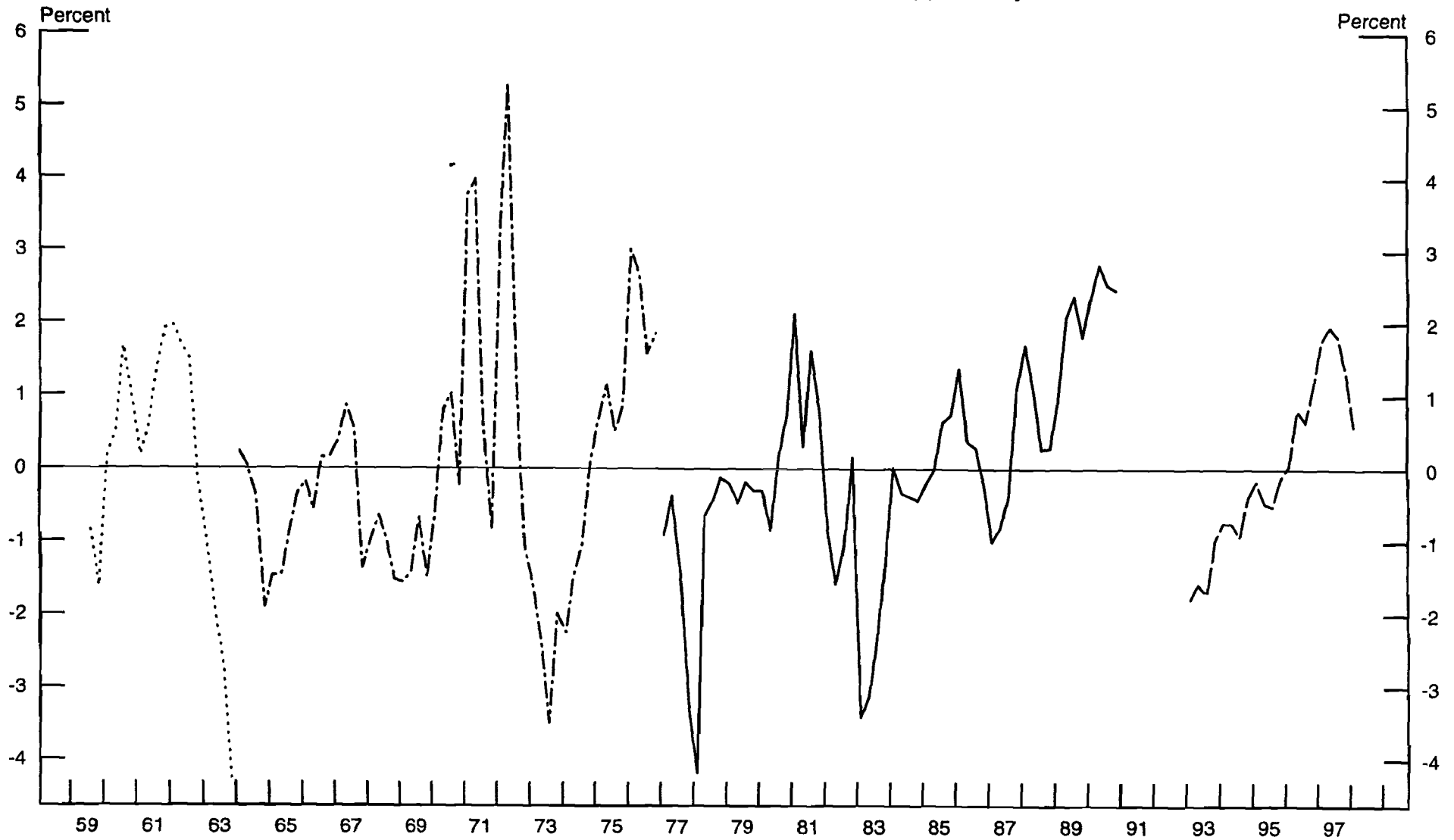


1993-98Q1



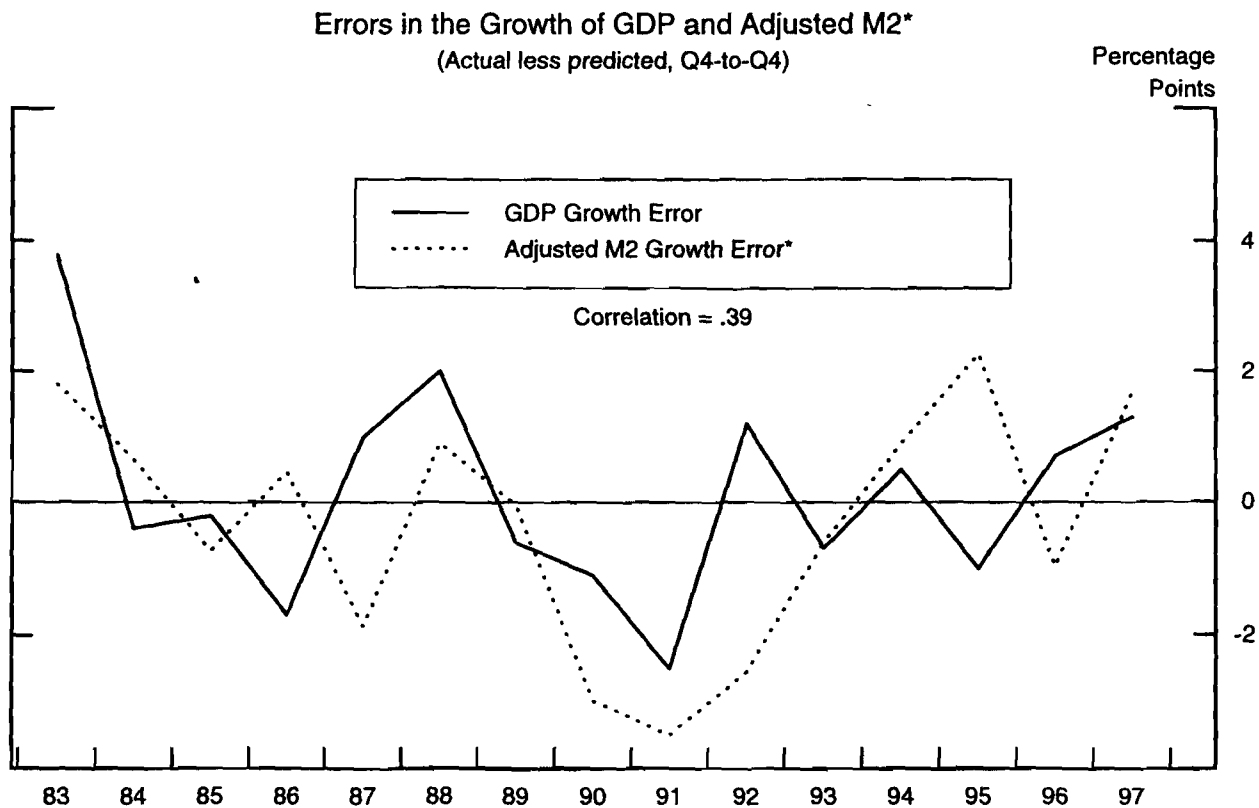
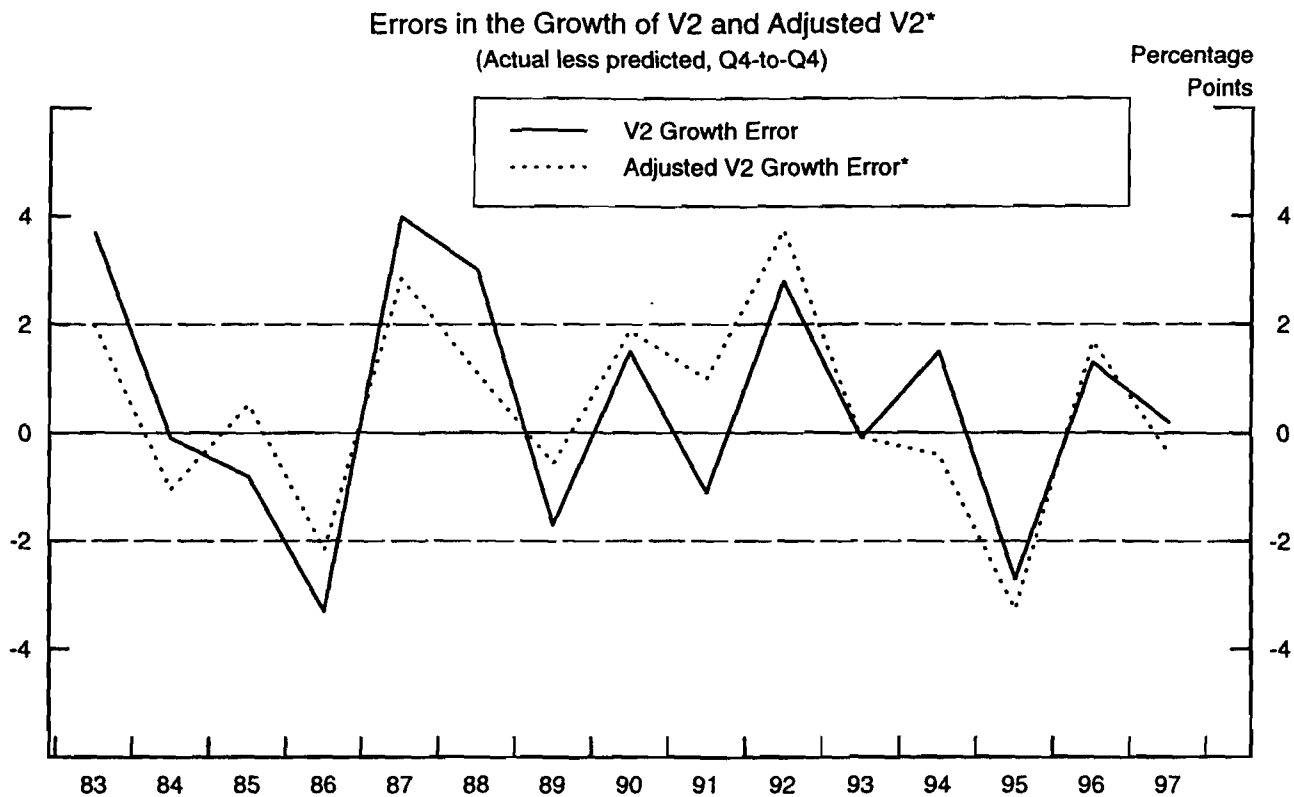
* Opportunity Cost (left scale), in percentage points, the dotted line, is a two-quarter moving average, V2 (right scale), the solid line, is in levels; both are ratio scales.

Chart 5
Deviations of V2 from the Simple Relationship to Opportunity Costs*



* Percentage deviations from actual V2 of estimates based on opportunity costs.
The years 1991 and 1992, when long-run velocity was shifting up sharply, are omitted.

Chart 6
 Analysis of Judgmental Projections of M2 Made in February for the Current Year



* The errors are adjusted for the effects of deviations of the federal funds rate from Greenbook assumptions, based on the semi-elasticity of 1.9 implied by the correlation between the forecast errors of V2 growth and of the funds rate.

**Growth of Money and Debt and Alternative Ranges
(percent)**

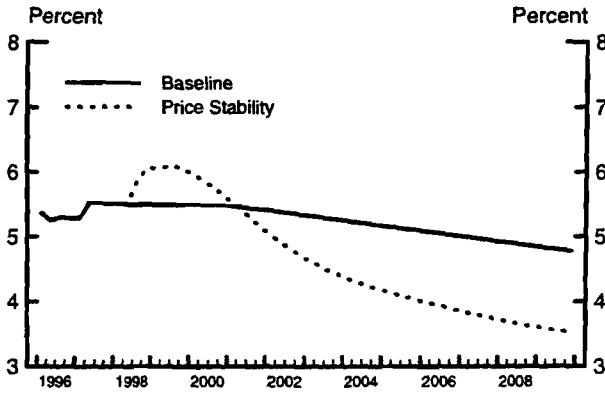
	1998 -----projected-----	1999 -----projected-----	Alt. I (current)	Alt. II	Alt. III
M2	6	4	1 to 5	2 to 6	1 to 5
M3	9	6½	2 to 6	4 to 8	2 to 6
Debt	5½	4½	3 to 7	2 to 6	1 to 5
Memo:					
Nominal GDP	4¼	3¼			

APPENDIX 4

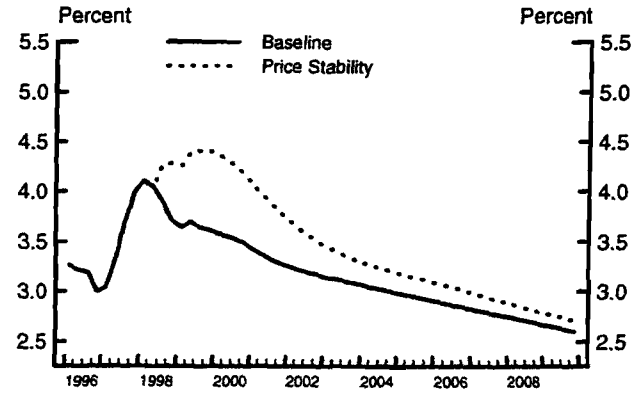
Chart used by Mr. Lindsey in his presentation

Chart 2
Alternative Strategies for Monetary Policy

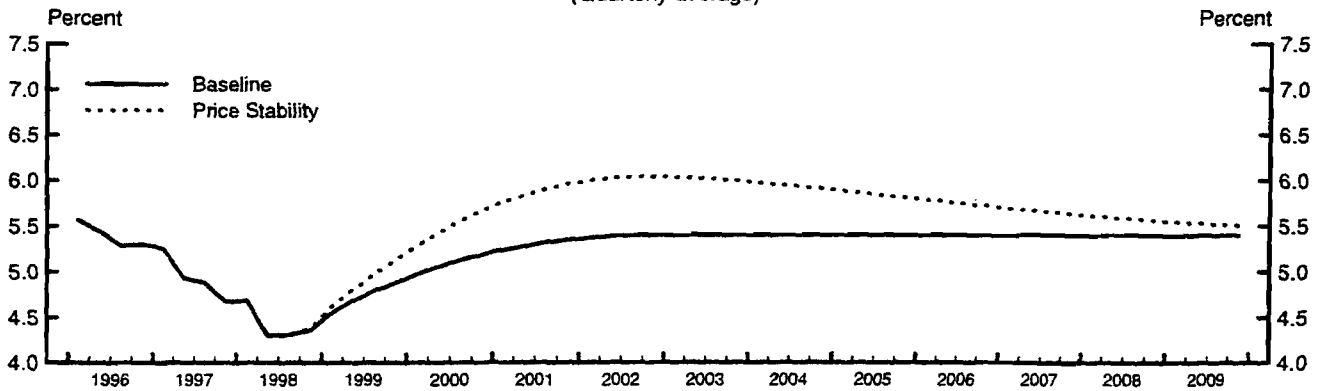
Nominal Federal Funds Rate



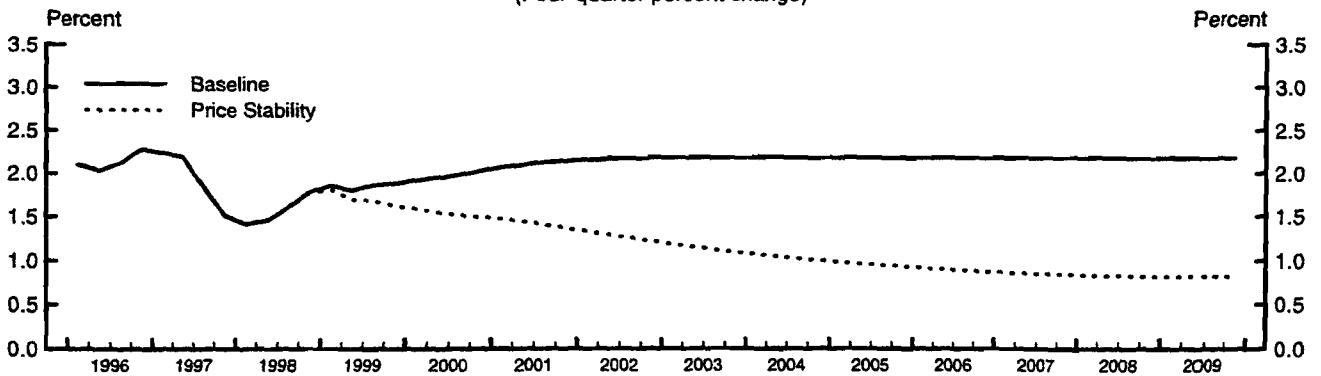
Real Federal Funds Rate¹



Civilian Unemployment Rate
(Quarterly average)



PCE Inflation (ex. food and energy)
(Four-quarter percent change)



1. The real federal funds rate is calculated as the quarterly nominal funds rate minus the four-quarter percent change in the PCE chain-weight price index excluding food and energy.