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[1] In some cases, original copies needed to be photocopied before being scanned into electronic format. All scanned images were deskewed (to remove the effects of printer- and scanner-introduced tilting) and lightly cleaned (to remove dark spots caused by staple holes, hole punches, and other blemishes caused after initial printing).

[2] A two-step process was used. An advanced optimal character recognition computer program (OCR) first created electronic text from the document image. Where the OCR results were inconclusive, staff checked and corrected the text as necessary. Please note that the numbers and text in charts and tables were not reliably recognized by the OCR process and were not checked or corrected by staff.

STRICTLY CONFIDENTIAL (FR) CLASS II FOMC

JANUARY 24, 2002

MONETARY POLICY ALTERNATIVES

PREPARED FOR THE FEDERAL OPEN MARKET COMMITTEE
BY THE STAFF OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Strictly Confidential (F.R.) **January 24, 2002**
Class II – FOMC

MONETARY POLICY ALTERNATIVES

Recent Developments

(1) The Committee's actions at its December meeting to reduce the federal funds rate another 25 basis points and to retain an assessment that the balance of risks was weighted toward economic weakness had been widely anticipated, but investors apparently read the announcement as indicating that the FOMC's outlook for economic conditions was softer than had been thought. Although economic data releases over the intermeeting period generally led market participants to mark up their expectation for near-term economic activity, the anticipated growth of aggregate demand going forward was evidently revised down in light of speeches by several Committee members and firms' downbeat guidance on future revenues and capital spending. On net, federal funds futures quotes for the next few months are little changed from their levels at the time of the December meeting and are consistent with only slight odds of a 25 basis point reduction in the federal funds rate at this meeting. Expectations for policy tightening later this year and next, however, were trimmed 25 to 35 basis points, with the funds rate now moving a little above 4 percent by fall 2003 (charts).[1] Yields on nominal Treasury coupon securities were unchanged

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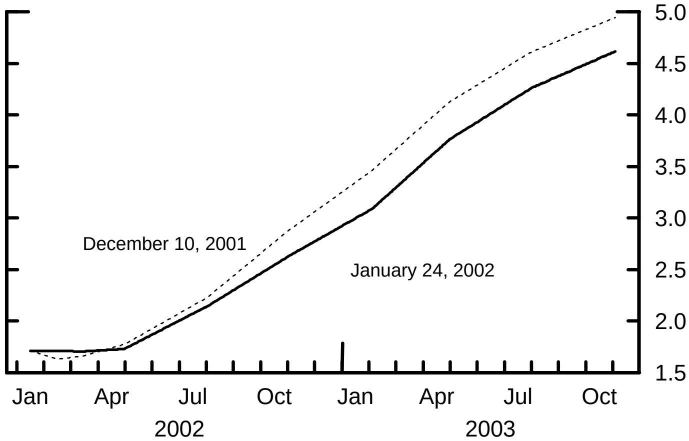
[1] The federal funds rate has averaged close to the 1¾ percent target since the last FOMC meeting. The Desk has purchased $7.2 billion of Treasury securities in outright operations: $6.1 billion of Treasury coupon securities in the market and $1.1 billion of bills from foreign official institutions. With the unwinding of year-end demands for currency, the Desk has reduced the outstanding volume of long-term System RPs by $7 billion, to $21 billion. The Desk moved to arranging only one, rather than two, four-week System RPs per week.

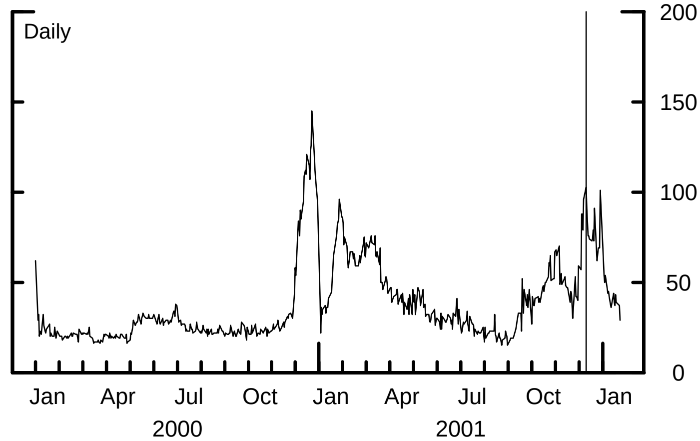
Chart 1
Financial Market Indicators

Expected Federal Funds Rates Estimated from Financial Futures*

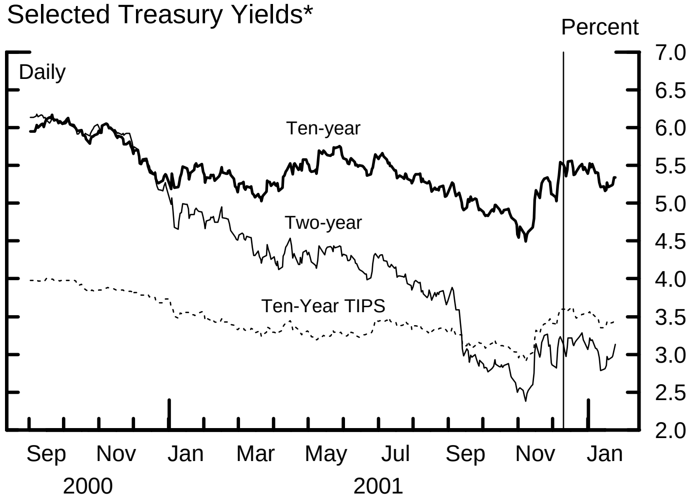


*Estimates from federal funds and eurodollar futures rates with an allowance for term premia and other adjustments.

Commercial Paper Quality Spread (30-Day A2/P2 to A1/P1)

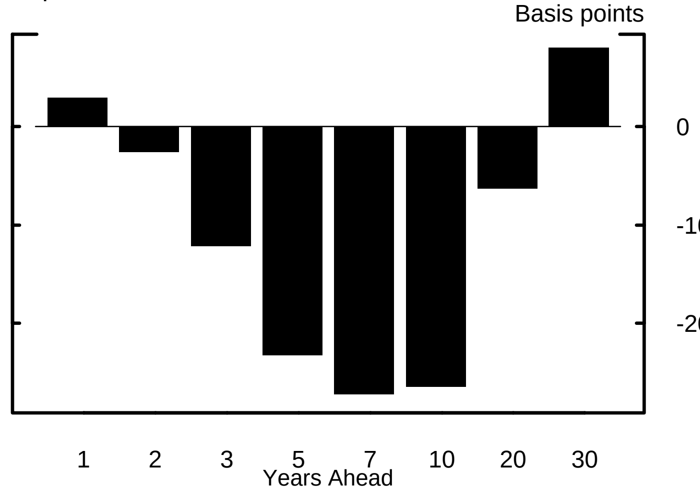


Selected Treasury Yields*



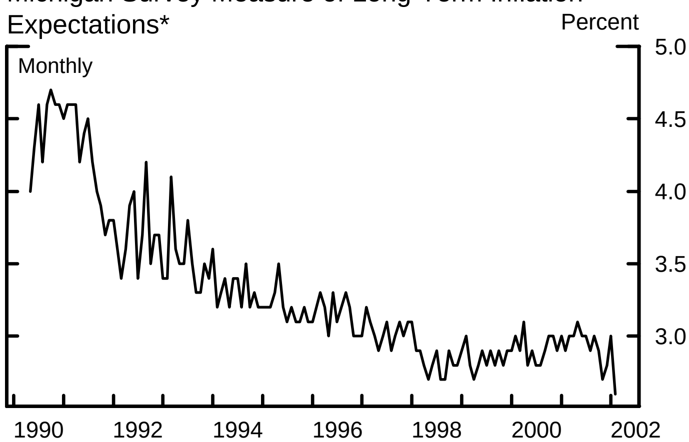
*Nominal Treasury yields are estimated from a smoothed yield curve based on off-the-run securities.

Implied One-Year Forward Rates*



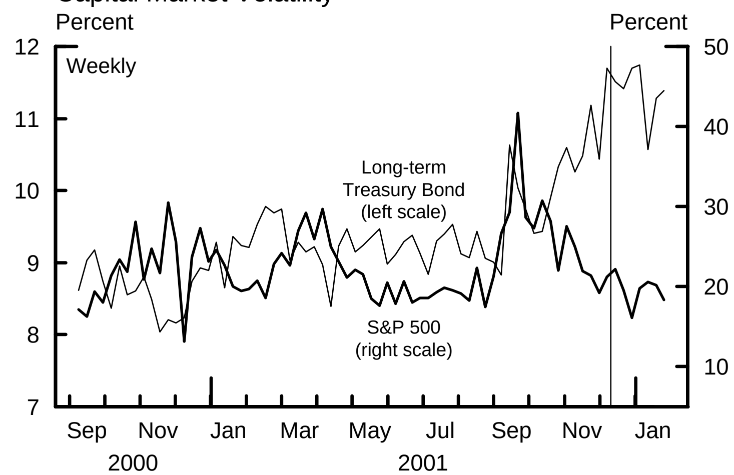
*Change since day before December FOMC Meeting.

Michigan Survey Measure of Long-Term Inflation Expectations*



*Michigan median five-year to ten-year inflation expectations.

Capital Market Volatility*

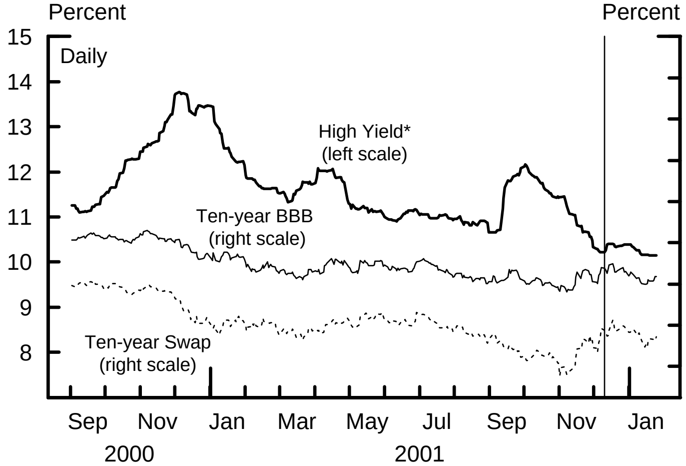


*Implied volatilities calculated from options.

Note: Solid vertical line indicates December 11 FOMC meeting.

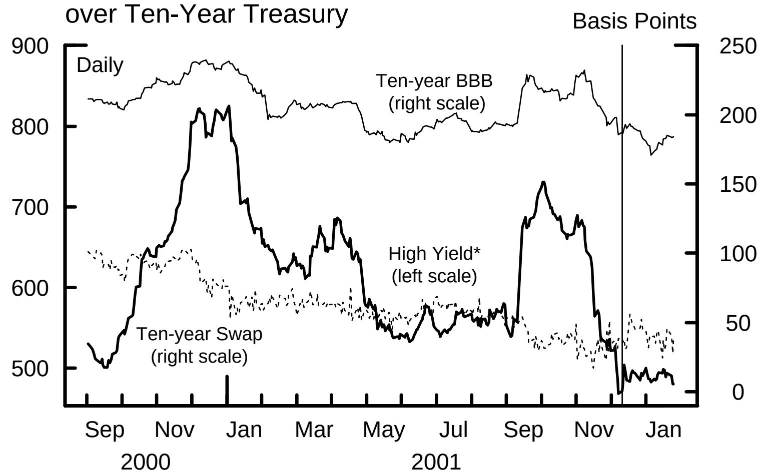
Chart 2
Financial Market Indicators

Selected Private Long-Term Yields



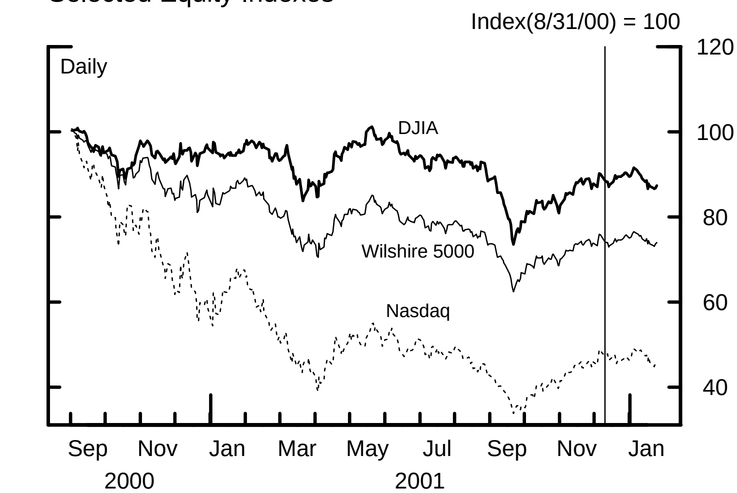
*Source. Merrill Lynch. Median yield of B-rated corporate bonds.

Spreads of Selected Private Long-Term Yields over Ten-Year Treasury

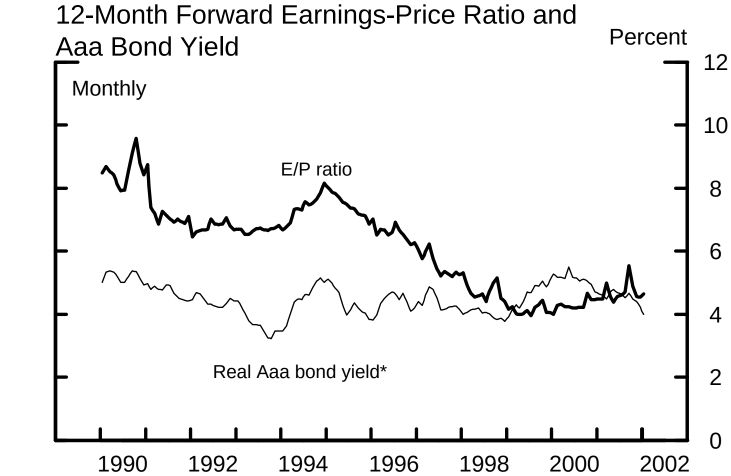


*Source. Merrill Lynch. Median yield of B-rated corporate bonds.

Selected Equity Indexes

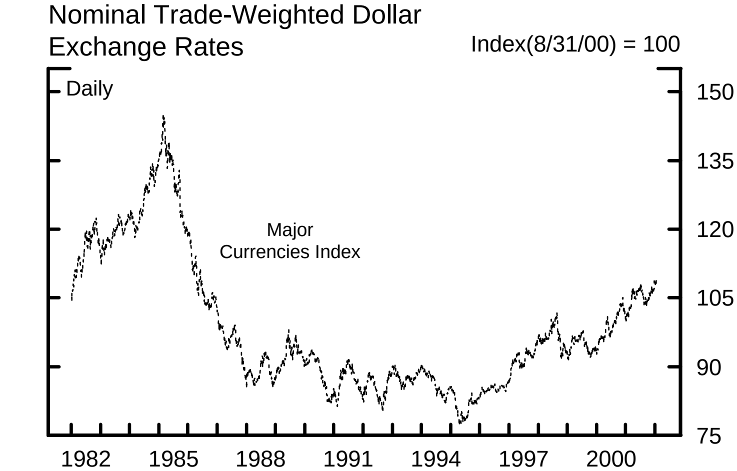


12-Month Forward Earnings-Price Ratio and Aaa Bond Yield

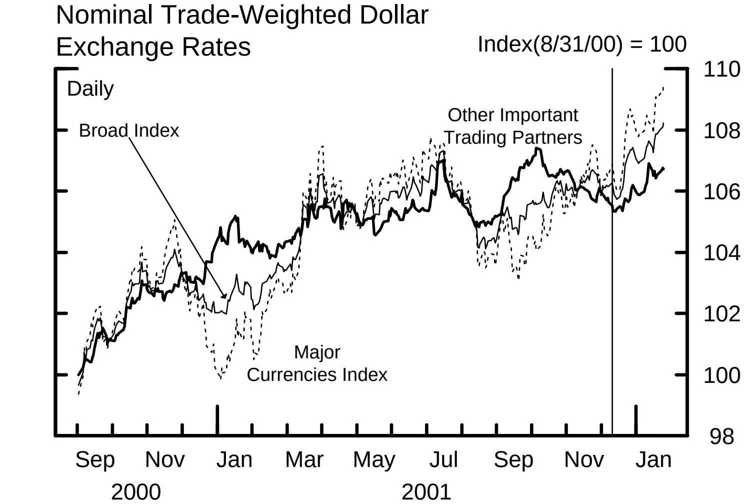


*Aaa bond yield minus Philadelphia Fed 10-year expected inflation.

Nominal Trade-Weighted Dollar Exchange Rates



Nominal Trade-Weighted Dollar Exchange Rates



Note: Solid vertical line indicates December 11 FOMC meeting.

to down 15 basis points over the intermeeting period.[2] Rates on inflation-indexed Treasury securities fell as much as those on their nominal counterparts, suggesting little change in inflation expectations, although a survey measure of households' longer-term inflation expectations dropped considerably. In private markets, risk spreads on corporate bonds were little changed. Broad equity price indexes edged lower, on net, but, with earnings marked down too, still seem to incorporate expectations of rapid growth in profits.

(2) The trade-weighted index of the dollar's exchange value against other major currencies rose 2½ percent over the intermeeting period, reaching its highest level since the mid-1980s, as market attention focused on signs that the U.S. economy would lead the rebound from the global slowdown. The dollar appreciated 6½ percent against the yen, as the Japanese economy sagged further and fitful progress on structural reforms continued to disappoint market participants. Heavy injections of liquidity by the Bank of Japan, as well as comments from Japanese officials indicating little resistance to the weakening of the yen, also may have weighed on that currency. The dollar touched a record high against the Canadian dollar late in the intermeeting period and, on net, increased about 1½ percent. Against the euro, the dollar appreciated about 1 percent. Successful introduction of euro coins and notes at the start of the year gave the euro only a temporary boost. Long-term interest rates in the major industrialized countries generally edged higher on net, but changes in stock prices were mixed.

and U.S. monetary authorities did not intervene.

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[2] The turn of the year passed uneventfully, and short-term risk spreads fell back, albeit to levels above those of late summer. Reports indicate trading conditions in the U.S. Treasury market improved, although implied volatilities on bond futures contracts remain elevated.

(3) The exchange value of the dollar against the currencies of our other important trading partners increased about 1¼ percent during the intermeeting period, with much of that rise stemming from depreciation of the Argentine peso. Under intense domestic economic and political pressure, Argentine authorities abandoned support for one-to-one peso-dollar convertibility in favor of a dual exchange rate system with a new fixed (but devalued) rate for certain transactions and a floating rate for all others. As measured by the floating rate, the peso initially depreciated sharply and has since fluctuated in a wide range amid daily intervention purchases of pesos by the Argentine central bank. Following the default on some official debt, prices of Argentina's bonds, which already had reached distressed levels before the December FOMC meeting, sank further. To date, spillovers to other Latin American financial markets have appeared quite limited. Against the U.S. dollar, the Brazilian *real* depreciated about 2½ percent during the intermeeting period, and the Mexican peso gained nearly ¾ percent. EMBI+ bond spreads narrowed for both countries. The Korean won and the Taiwan dollar depreciated somewhat against the U.S. dollar, but these declines appeared to be related more to the weakness of the yen than spillover from Argentina. Share prices in most of emerging Asia moved higher on net during the period.

(4) Debt of the nonfederal sectors expanded at an estimated 7¼ percent annual rate in December, a bit slower than its average pace over the preceding two months. Net debt financing by businesses moderated in December, and, based on preliminary data for January, has remained light. Some of the proceeds from bond sales have been used to pay off loans at banks, which continued to contract into early January. Credit problems in the business sector remained concentrated among the weakest firms, and markets continued to be receptive to other corporate offerings, while banks, according to the most recent senior loan officer survey, have tightened

their standards and terms on business loans somewhat further. Household borrowing is showing signs of some slowing. The recent rise in mortgage rates has damped mortgage refinancing activity, auto sales have dropped back, and banks have firmed terms and standards on consumer loans somewhat further as household credit quality evidently has deteriorated further, mostly among marginal borrowers. With federal debt up only slightly, total nonfinancial debt grew at an estimated 6¼ percent annual rate from September to December.

(5) M2 grew at a 9 percent annual rate in December, a bit less than in November, and has moderated considerably further in the early weeks of January (Chart 3).[3] M2 growth last month, as has been the case for a while, was supported by the substantial decline in opportunity costs associated with policy easings and lagged effects of mortgage refinancing activity. This aggregate may also have been lifted by some investor preference for stable-value assets, evidenced by outflows from equity mutual funds in December. The currency component of the aggregate was quite brisk, lifted by a pickup in demand for U.S. currency abroad. (See box, "Foreign Demand for U.S. Currency," on page 5.) With nominal GDP apparently about flat in the fourth quarter, M2 velocity is estimated to have fallen at an annual rate of 9 percent. Over the four quarters of 2001, it declined 7½ percent, the largest four-quarter change in the forty-year span of the official U.S. monetary data.

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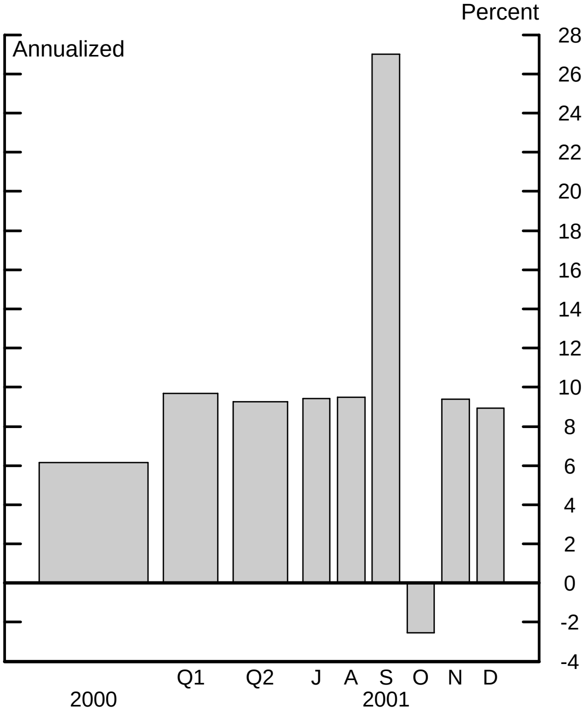
[3] These data incorporate the effects of the annual seasonal review and are confidential until their release that is planned for January 31.

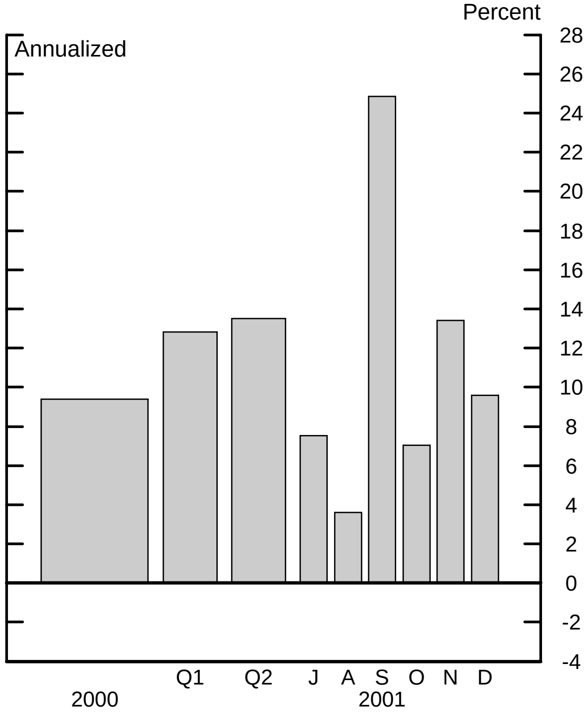
Chart 3
Growth of Money and Debt Aggregates

Growth of M2



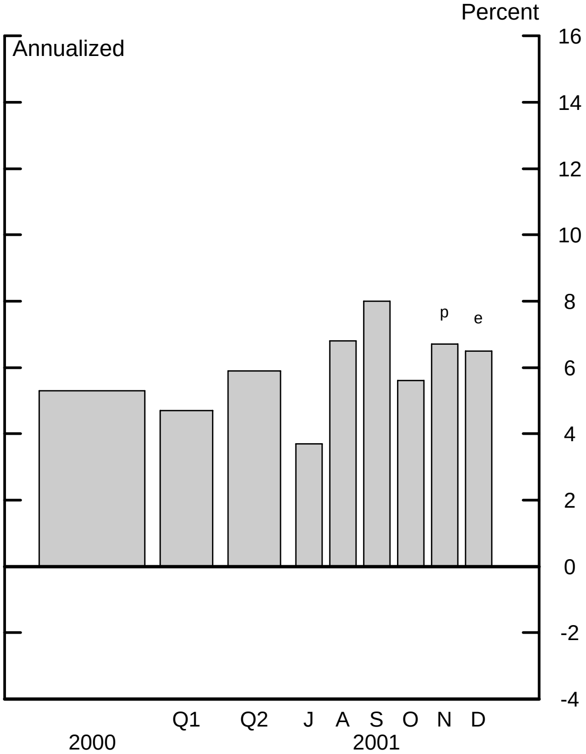
Data incorporate the effects of the annual seasonal review process.

Growth of M3



Data incorporate the effects of the annual seasonal review process.

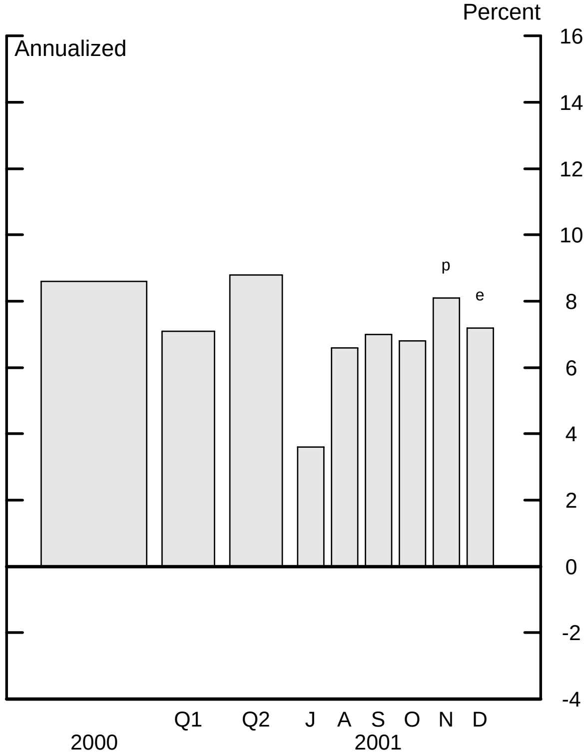
Growth of Total Nonfinancial Debt



p - Preliminary.

e - Estimate.

Growth of Nonfederal Nonfinancial Debt



p - Preliminary.

e - Estimate.

MARA:HM

MONEY AND CREDIT AGGREGATES
(Seasonally adjusted annual percentage rates of growth)

	Sep 2001	Oct 2001	Nov 2001[2]	Dec 2001[3]
Money and Credit Aggregates				
M2	27.0	-2.5	9.4	8.9
M3	24.9	7.0	13.4	9.6
Domestic nonfinancial debt	8.0	5.6	6.7	6.5
Federal	12.3	0.0	-0.1	3.1
Nonfederal	7.0	6.8	8.1	7.2
Bank credit	16.5	-4.1	6.9	-4.2
Adjusted[1]	14.6	-6.8	6.0	2.9
Memo:				
Monetary base	46.7	-17.8	-1.4	9.9
Adjusted for sweeps	44.0	-14.4	-0.8	9.4

1. Removes the effects of mark-to-market accounting rules (FIN 39 and FASB 115).
2. Debt data for November are preliminary.
3. Debt data for December are estimated.

Policy Alternatives

(6) The staff has read the incoming data as indicating stronger-than-expected economic performance in the quarters surrounding year-end, consistent with a recovery starting early this year. Even so, the level of real GDP at the end of the forecast period is little changed, as growth after this quarter has been lowered a touch on the assessment that Congress and the Administration will be unable to strike a deal on substantial fiscal stimulus, in contrast to the package assumed in recent Greenbooks. The stance of monetary policy is assumed to remain unchanged until late this year, and then, as the economic expansion becomes more assured, to firm enough to bring the federal funds rate to 3 percent by late next year. Bond yields, however, are projected to remain around recent trading ranges rather than moving higher as the upturn takes hold, reflecting a slower pace of monetary policy tightening than now incorporated into financial markets; equity prices trend higher with nominal income beginning at about midyear; and the foreign exchange value of the dollar essentially moves sideways. Against this financial backdrop, output growth climbs above that of its potential after midyear, lifted by a resumption of expansion in business investment. The unemployment rate, after plateauing at 6 percent this year, begins to edge lower. The slack in resource use helps bring about a notable decline in the rate of inflation in core consumer prices, measured on either a CPI or PCE basis, over the next two years.

(7) At the end of the Greenbook forecast period in the fourth quarter of 2003, the economy is still seen as operating with unused resources and inflation appears poised to drift lower. But with the lingering effects of the capital overhang dissipating, fiscal policy providing stimulus on net, and the real federal funds rate remaining on the low side of staff estimates of its equilibrium value, aggregate demand is expanding at a faster pace than potential output. To examine longer-term strategies

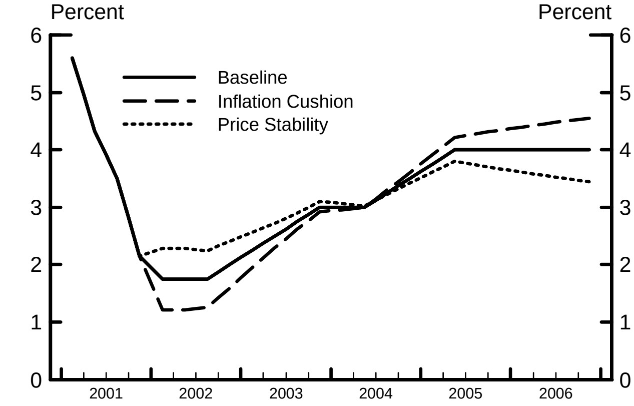
for monetary policy as these dynamic imbalances play out, three scenarios were created with the aid of the FRB/US model. In the baseline, the Greenbook forecast is extended through 2006 by making several judgmental adjustments to the model that preserve the central features of the staff outlook. In particular, trend multifactor productivity is assumed to climb steadily at a little over 1 percent per year, which, combined with a modest pickup in capital deepening from its current pace, implies potential GDP is expanding at a 3½ percent rate by mid-decade. The effective natural rate of unemployment remains close to 5¼ percent–the staff's current long-run estimate. The unified federal budget is projected to return to surplus after 2003, but growing outlays and scheduled tax cuts restrain the rise in federal saving relative to GDP. In the baseline, the demand for U.S. exports is bolstered by a 3 percent annual depreciation of the dollar, as well as the gradual recovery of the world economy, so as to cap the current account deficit as a percent of GDP at a little over 5 percent.

(8) The **baseline strategy** is designed to hold core PCE inflation at 1 percent, about the rate prevailing as the Greenbook projection closes. With the unemployment rate only modestly above its natural rate and the growth in aggregate demand above trend, policy makers might choose to raise the nominal funds rate to 4 percent to elevate the real rate to its equilibrium level of 3 percent, as depicted by the solid line in Chart 4. As a result, the economy edges toward its potential and the inflation rate remains near its long-run goal of 1 percent. Two alternative simulations apply a standard Taylor rule to examine how sensitive these paths are to the Federal Reserve's objectives for inflation.

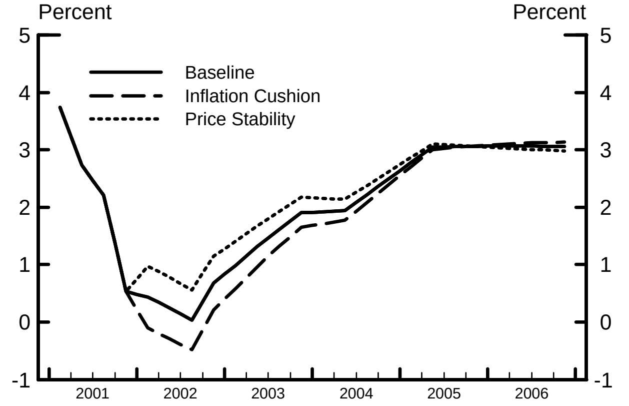
(9) In the **price stability** case (the dotted line), policy tightens sufficiently to point the economy toward an inflation rate of ½ percent as measured by core PCE prices, or about zero after taking account of the bias in this measure of inflation. To achieve this result, policy firms more quickly than in the baseline and then keeps the

Chart 4
Alternative Strategies for Monetary Policy

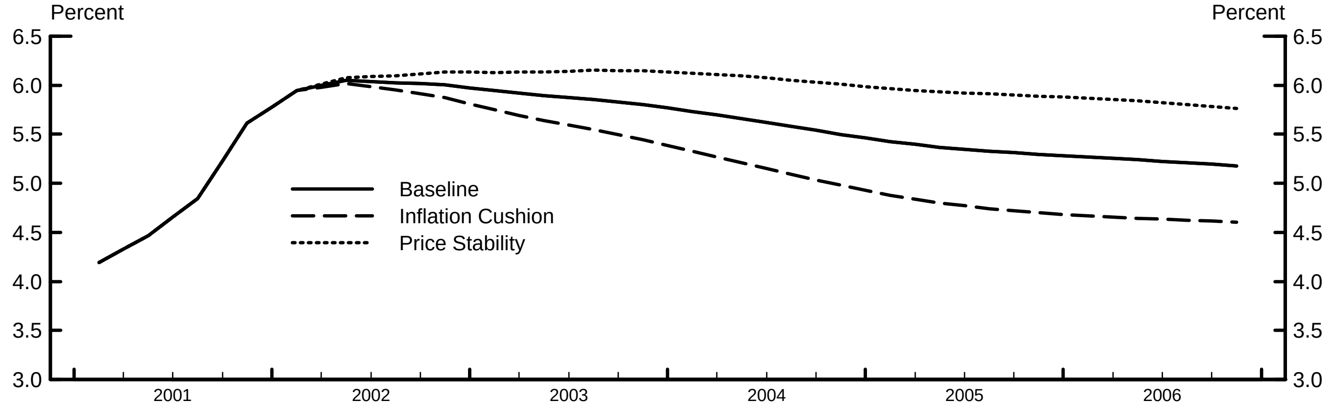
Nominal Federal Funds Rate



Real Federal Funds Rate[1]

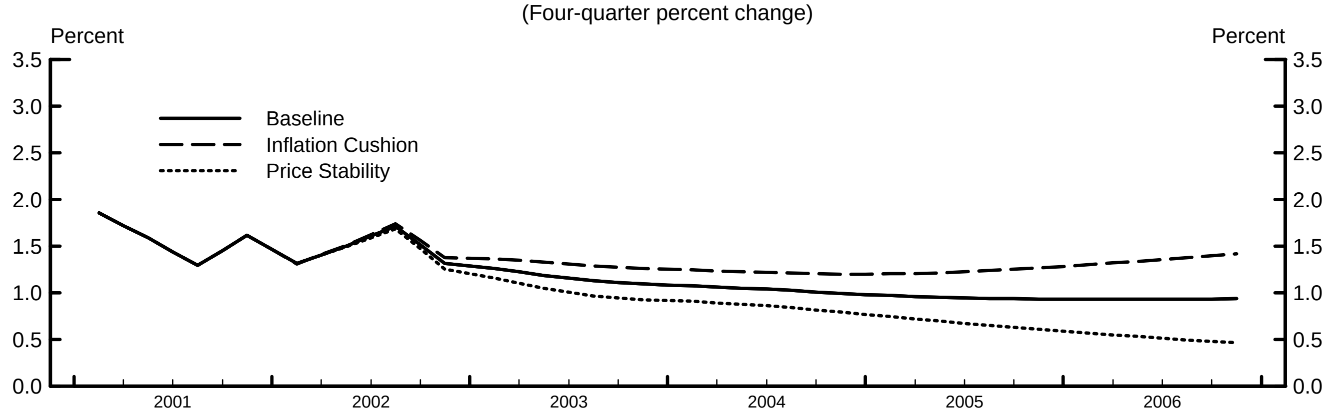


Civilian Unemployment Rate



PCE Inflation (ex. food and energy)

(Four-quarter percent change)



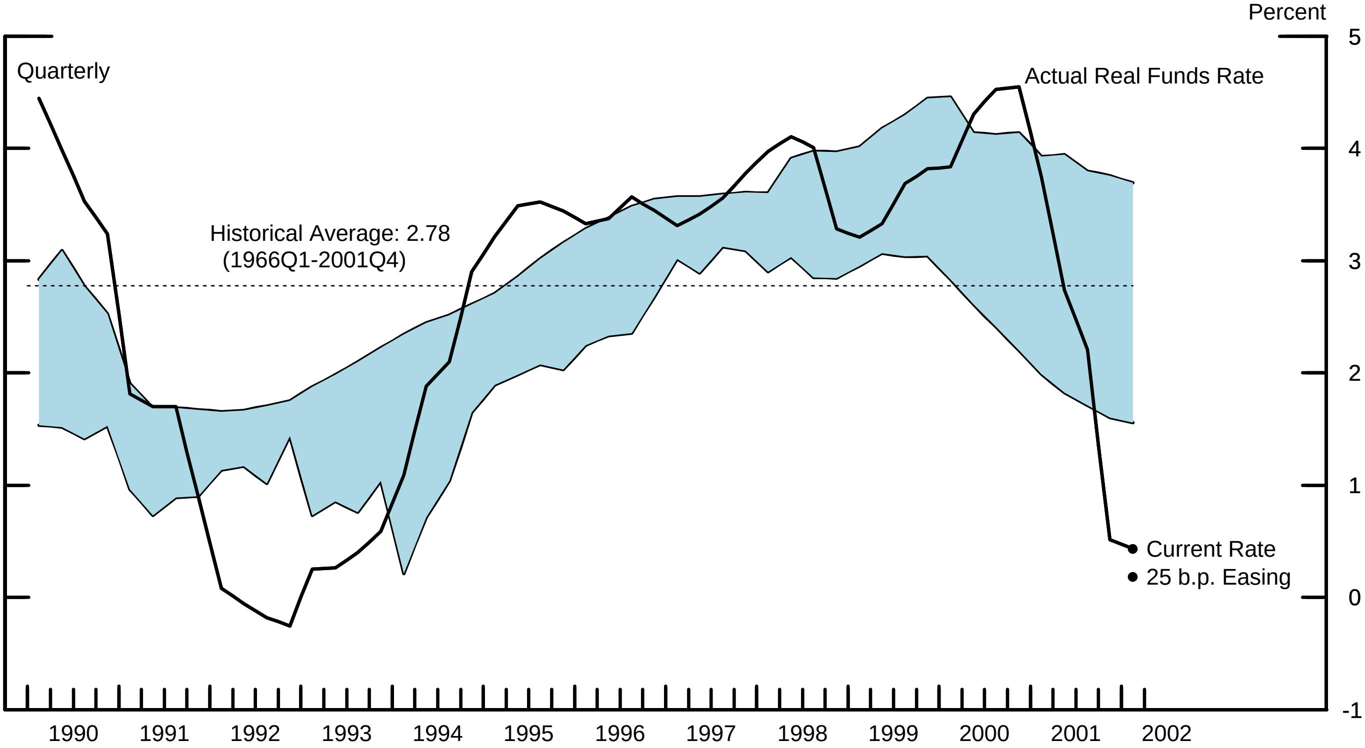
1. The real federal funds rate is calculated as the quarterly nominal funds rate minus the four-quarter percent change in the PCE chain-weight price index excluding food and energy.

funds rate on a slight incline through mid-2005. As in the baseline, the unemployment rate moves up to around 6 percent but, unlike the base case, it holds there through 2003 before dropping slowly. Even this aggressive pursuit of price stability does not produce a funds rate profile as steeply sloped as currently embedded in market prices, supporting the view that market participants are building in considerably stronger aggregate demand than in the staff forecast.

(10) In the **inflation cushion** case (the dashed line), policy is steered to achieve a long-run inflation goal of 1½ percent, which requires the funds rate to drop below 1¼ percent this year. By 2004, however, the unemployment rate crosses below its natural rate and policy firms, with the nominal funds rate gradually moving above its baseline path. Ironically, the policy designed to keep the funds rate the furthest above its zero nominal bound in the long run requires moving the nominal rate closest to zero in the short run.

(11) With regard to policy choice at this meeting, the Committee might elect to leave the federal funds rate target **unchanged** at 1¾ percent if it were reasonably confident that the more positive tone to incoming data signals imminent economic recovery. Last year's implementation of monetary and fiscal stimulus should provide substantial support to spending going forward. Indeed, judging by the gap of the actual real funds rate below staff estimates of its equilibrium value, the stance of monetary policy is already quite stimulative (Chart 5 and table). The resurgence in consumer confidence and the recovery in stock prices over recent months suggest that household outlays will continue to trend higher. With that underlying support to sales and with technological change providing an incentive to buy new capital equipment, a recovery of business investment may be seen as only a matter of time. Under these conditions, the Committee may prefer to stand pat until incoming information sheds additional light on the possible need for a policy adjustment. As the forces restraining

Chart 5
Actual Real Federal Funds Rate and Range of Estimated Equilibrium Real Rates



Note: The shaded range represents the maximum and the minimum values each quarter of five estimates of the equilibrium real federal funds rate. Real federal funds rates employ four-quarter lagged core PCE inflation as a proxy for inflation expectations, with the staff projection used for 2002Q1.

Equilibrium Funds Rate Estimates

Percent

	2000	2001H1	2001H2	2002Q1
Statistical Filter				
-Based on historical data*	*2.7*	*2.4*	*2.3*	*2.3*
December Bluebook	*2.7*	*2.4*	*2.3*	--
-Based on historical data and the staff forecast	*2.5*	*1.9*	*1.7*	*1.6*
December Bluebook	*2.5*	*1.9*	*1.7*	*1.7*
FRB/US Model				
-Based on historical data**	*3.8*	*2.6*	*2.0*	*1.8*
December Bluebook	*3.8*	*2.6*	*1.9*	--
-Based on historical data and the staff forecast	*2.9*	*2.2*	*2.3*	*2.4*
December Bluebook	*2.9*	*2.4*	*2.5*	*2.7*
Treasury Inflation-Indexed Securities	*4.2*	*3.9*	*3.8*	*3.7*
December Bluebook	*4.2*	*3.9*	*3.8*	--

* Also employs the staff projection for the current and next quarters.

** Also employs the staff projection for the current quarter. Backward-looking moving averages, rather than centered moving averages, are used to estimate the persistent and transitory components of shocks to the model.

aggregate demand abate, at some point the Committee will need to move the funds rate up from its current low level to prevent excessive stimulus from taking hold. Additional easing now would raise the amplitude of that ultimate policy adjustment, and put a greater premium on getting the timing of that policy reversal about right, especially if aggregate demand turns out to be stronger than anticipated. Given the uncertainties of forecasting, such fine tuning may run the risk of accentuating the variability of aggregate demand and asset prices.

(12) If the Committee perceived substantial remaining downside risks to the economic outlook, it instead might select a **25 basis point reduction** in the federal funds rate target to 1½ percent. While some recent indicators of capital spending have been encouraging, a sustained revival may be viewed as far from assured. If investors in stock and corporate bond markets came to question the long-term outlook for high-tech industries and the associated trends for economy-wide profit streams and productivity, the resulting downward adjustment in asset prices would set back the recovery of investment and consumption. Moreover, should the news on the labor market remain bad for a while longer, consumer attitudes may turn out to be more fragile than they have seemed of late. While easing policy another notch would not appreciably reduce the risks of such adverse outcomes, it would at least put the economy on a slightly stronger footing should any of them eventuate. With an intensification of inflation unlikely to pose a threat in the next couple of years, the potential costs of such a policy action might be seen as small when compared with the cumulative shortfall of resource utilization in the staff forecast. Indeed, limiting disinflation at this point might be welcomed for strategic reasons: The risks associated with operating policy at very low nominal interest rates might incline the Committee toward slightly higher inflation than in the Greenbook forecast–as in the

"inflation cushion" strategy described above–in order to be able to put in place low real interest rates if need be in the future.

(13) With market participants apparently believing that this easing cycle is drawing to a close, they are beginning to focus on when the Committee will change its assessment of the balance of risks. A majority of them apparently believe that the Committee will choose to retain its assessment that the risks are tilted toward weakness at this meeting, presumably because policy makers' views of the economy are thought to evolve gradually in most circumstances. If that, in fact, describes the Committee's view, it would retain its statement that the balance of risks is weighted toward economic weakness for either policy alternative discussed above. However, if the Committee's outlook has shifted to the point that it now views the recovery as sufficiently assured–either with an unchanged funds rate or after an additional ¼ percentage point ease at this meeting–it might opt for balanced risks.

(14) Given that financial markets place small odds on a reduction in the funds rate target at this meeting, the choice of no change, even with risks weighted toward economic weakness, would induce a slight increase in money market rates and a smaller rise in bond yields. Any tendency for rates to rise presumably would be amplified by a shift to a neutral balance-of-risks statement as market participants move up the anticipated policy tightening and boost its trajectory. Another ¼ percentage point reduction in the federal funds rate, along with a statement that the risks were weighted to the downside, would come as a surprise to market participants, perhaps prompting a sense that the economic outlook was a little weaker than previously perceived. As a result, some immediate reduction in long-term as well as short-term interest rates likely would occur. The adoption of balanced risks would go a long way toward short-circuiting any downward revision to expectations about spending, perhaps even to the point where longer-term yields would rise.

(15) Under the assumption of an unchanged policy stance through mid-year, as in the staff forecast, M2 growth from December to June would step down to a 5½ percent annual rate. The slowing in M2 mainly reflects the waning effects of last year's easings. In addition, the staff expects outflows of currency to Europe and Argentina as well as the effects of mortgage refinancings to diminish in coming months relative to December. Nonetheless, the associated quarterly average rate of expansion of M2 would still be well in excess of the 3¾ percent pace of projected nominal GDP growth, implying a further decline in velocity averaging 2¼ percent over the first half of the year.

(16) Overall debt of domestic nonfinancial sectors is projected to grow at a 4¼ percent pace from December to June, reflecting an edging off of federal debt and a 5¼ percent rise in nonfederal debt. In view of the attractive level of longer-term rates, corporations are expected to continue to tap the bond markets in volume, but with external financing needs picking up as the inventory runoff draws closer to an end, short-term business credit is projected to begin expanding over the spring. In the household sector, borrowing probably will remain concentrated in mortgage markets. Consumer credit could level out, particularly as auto sales tail off.

Directive and Balance-of-Risks Language

(17) Presented below for the members' consideration is draft wording for (1) the directive and (2) the "balance of risks" sentence to be included in the press release issued after the meeting (not part of the directive).

(1) Directive Wording

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. To further its long-run objectives, the Committee in the immediate future seeks conditions in reserve markets consistent with MAINTAINING/ INCREASING/reducing the federal funds rate AT/to an average of around ___~~1-3/4~~ percent.

(2) "Balance of Risks" Sentence

Against the background of its long-run goals of price stability and sustainable economic growth and of the information currently available, the Committee believes that the risks [ARE BALANCED WITH RESPECT TO PROSPECTS FOR BOTH GOALS] [ARE WEIGHTED MAINLY TOWARD CONDITIONS THAT MAY GENERATE HEIGHTENED INFLATION PRESSURES] [continue to be weighted mainly toward conditions that may generate economic weakness] in the foreseeable future.

Alternative Growth Rates for Key Monetary and Credit Aggregates

		M2 No Change	M2 25 bp Ease	M2 Greenbook Forecast*	M3 Greenbook Forecast*	Debt Greenbook Forecast*
Monthly Growth Rates						
Nov-2001		9.4	9.4	9.4	13.4	6.7
Dec-2001		8.9	8.9	8.9	9.6	6.5
Jan-2002		3.1	3.1	3.1	-2.2	3.5
Feb-2002		6.9	7.3	6.9	4.2	4.3
Mar-2002		3.8	4.6	3.8	2.8	5.5
Apr-2002		7.1	7.9	7.1	5.8	3.7
May-2002		5.2	5.9	5.2	5.4	3.3
Jun-2002		6.7	7.2	6.7	7.0	4.7
Quarterly Averages						
2001 Q1		9.7	9.7	9.7	12.9	4.7
2001 Q2		9.3	9.3	9.3	13.5	5.9
2001 Q3		11.3	11.3	11.3	10.7	5.8
2001 Q4		9.3	9.3	9.3	12.4	6.6
2002 Q1		6.0	6.2	6.0	4.1	4.9
2002 Q2		5.9	6.6	5.9	5.0	4.2
Growth Rate						
From	To					
Dec-2000	Dec-2001	10.4	10.4	10.4	12.9	6.0
Dec-2001	Jun-2002	5.5	6.1	5.5	3.9	4.2
2000 Q4	Dec-2001	10.2	10.2	10.2	12.9	6.0
1999 Q4	2000 Q4	6.1	6.1	6.1	9.4	5.3
2000 Q4	2001 Q4	10.3	10.3	10.3	12.9	5.9

* This forecast is consistent with nominal GDP and interest rates in the Greenbook forecast.

Changes in System Holdings of Securities [1]

(Millions of dollars, not seasonally adjusted)

Strictly Confidential

Class II FOMC

January 24, 2002

	Treasury Bills			Treasury Coupons						Federal Agency	Net change	Net RPs [5]		
	Net Purchases [2]	Redemptions (-)	Net Change	Net Purchases [3] < 1	Net Purchases [3] 1-5	Net Purchases [3] 5-10	Net Purchases [3] Over 10	Redemptions (-)	Net Change	Redemptions (-)	total outright holdings [4]	Short-Term [6]	Long-Term [7]	Net Change
1999	---	---	---	11,895	19,731	4,303	9,428	1,429	43,928	157	43,771	2,035	8,347	10,382
2000	8,676	24,522	-15,846	8,809	14,482	5,871	5,833	3,779	31,215	51	15,318	-2,027	7,133	5,106
2001	15,503	10,095	5,408	15,663	22,814	6,003	8,531	16,802	36,208	120	41,496	3,341	636	3,977
2000 QIV	3,795	4,822	-1,027	2,000	3,111	1,281	982	1,567	5,806	---	4,779	1,398	4,067	5,465
2001 QI	3,782	1,076	2,706	1,672	5,792	1,283	1,791	3,951	6,586	120	9,172	1,884	-1,378	506
QII	3,097	7,476	-4,379	6,611	8,592	2,047	3,573	6,656	14,167	---	9,788	639	-2,186	-1,547
QIII	3,965	1,543	2,422	1,619	5,854	1,691	1,535	5,723	4,976	---	7,398	3,775	2,587	6,362
QIV	4,659	---	4,659	5,761	2,577	982	1,632	473	10,479	---	15,138	-4,167	10,847	6,681
2001 May	624	3,939	-3,315	2,174	2,685	657	1,241	2,287	4,469	---	1,154	2,035	1	2,036
Jun	2,165	---	2,165	1,410	1,428	---	1,419	---	4,257	---	6,422	-2,781	-3	-2,783
Jul	718	---	718	235	4,193	756	815	4,668	1,330	---	2,048	1,455	-1	1,454
Aug	2,899	---	2,899	1,385	810	935	720	1,055	2,795	---	5,694	-668	3,421	2,753
Sep	348	1,543	-1,195	---	851	---	---	---	851	---	-344	12,132	983	13,115
Oct	772	---	772	1,411	22	422	1,184	473	2,566	---	3,338	-10,012	5,503	-4,509
Nov	3,075	---	3,075	1,408	1,920	459	---	---	3,787	---	6,862	-4,236	3,360	-876
Dec	812	---	812	2,942	634	101	448	---	4,125	---	4,937	2,088	3,862	5,951
2001 Oct 31	316	---	316	---	---	---	478	---	478	---	794	9,542	-3	9,539
Nov 7	188	---	188	---	---	---	---	---	---	---	188	-10,473	-429	-10,902
Nov 14	169	---	169	1,408	730	---	---	---	2,138	---	2,307	4,127	-286	3,842
Nov 21	2,359	---	2,359	---	247	459	---	---	705	---	3,064	1,589	2,143	3,732
Nov 28	201	---	201	---	944	---	---	---	944	---	1,145	-2,238	2,571	334
Dec 5	416	---	416	1,475	---	---	---	---	1,475	---	1,891	-1,021	---	-1,021
Dec 12	228	---	228	---	---	---	---	---	---	---	228	-3,531	---	-3,531
Dec 19	278	---	278	1,467	634	74	---	---	2,175	---	2,453	6,082	429	6,510
Dec 26	30	---	30	---	---	27	448	---	475	---	505	2,968	2,000	4,968
2002 Jan 2	19	---	19	---	---	---	---	---	---	---	19	6,372	571	6,943
Jan 9	143	---	143	---	1,799	---	---	---	1,799	---	1,942	-9,643	-2,714	-12,357
Jan 16	334	---	334	---	---	---	582	---	582	---	916	-29	-3,000	-3,029
Jan 23	159	---	159	---	1,073	---	---	---	1,073	---	1,232	3,835	-3,000	835
2002 Jan 24	1	---	1	---	---	---	---	---	---	---	1	-20,067	1,000	-19,067
Intermeeting Period														
Dec 11-Jan 24	1,114	---	1,114	1,467	3,506	101	1,030	---	6,104	---	7,218	11,244	-7,000	4,244
Memo: LEVEL (bil. $)														
Jan 24			205.9	83.8	157.7	51.6	79.9		373.0	0.0	578.9	-2.3	21.0	18.7

1. Change from end-of-period to end-of-period.
2. Outright purchases less outright sales (in market and with foreign accounts).
3. Outright purchases less outright sales (in market and with foreign accounts). Includes short-term notes acquired in exchange for maturing bills. Excludes maturity shifts and rollovers of maturing issues.
4. Includes redemptions (-) of Treasury and agency securities.
5. RPs outstanding less matched sale-purchases.
6. Original maturity of 15 days or less.
7. Original maturity of 16 to 90 days.

MRA:SEF