Economic Advisory Panel Meeting
November 21, 2008

Agenda:

Overview of FRBNY Central Scenario
(Dick Peach)

Policy Responses to the Crisis
(Jamie McAndrews)

Risks to Central Scenario
(Simon Potter)

Go-round on economic policy
Overview of FRBNY Central Scenario

Dick Peach
## FRBNY Outlook

### November ’08 (April ’08)

<table>
<thead>
<tr>
<th></th>
<th>2008H1 (AR)</th>
<th>2008H2 (AR)</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q4/Q4 growth rate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GDP</strong></td>
<td>1.8 (-0.8)</td>
<td>-2.0 (2.8)</td>
<td>-0.1 (1.0)</td>
<td>0.2 (3.0)</td>
<td>2.5 --</td>
</tr>
<tr>
<td><strong>Total PCE Inflation</strong></td>
<td>3.9 (3.4)</td>
<td>1.6 (2.0)</td>
<td>2.8 (2.7)</td>
<td>1.4 (1.7)</td>
<td>1.7 --</td>
</tr>
<tr>
<td><strong>Core PCE Inflation</strong></td>
<td>2.2 (2.0)</td>
<td>2.1 (1.8)</td>
<td>2.2 (1.9)</td>
<td>1.5 (1.8)</td>
<td>1.5 --</td>
</tr>
<tr>
<td><strong>Unemployment (end of period level)</strong></td>
<td>5.3 (5.6)</td>
<td>6.6 (6.0)</td>
<td>6.6 (6.0)</td>
<td>8.1 (5.6)</td>
<td>8.3 --</td>
</tr>
</tbody>
</table>
## FRBNY Outlook: Contributions to GDP Growth

<table>
<thead>
<tr>
<th></th>
<th>November '08</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(April '08)</td>
<td>2008</td>
<td>2009</td>
</tr>
<tr>
<td><strong>Q4/Q4 growth rate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP</td>
<td></td>
<td>-0.1</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1.0)</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Consumption</td>
<td></td>
<td>-1.0</td>
<td>0.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1.2)</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Residential Investment</td>
<td></td>
<td>-0.8</td>
<td>-0.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(-0.9)</td>
<td>(-0.3)</td>
</tr>
<tr>
<td>Business Fixed Investment</td>
<td></td>
<td>0.1</td>
<td>-1.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.1)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Inventory Investment</td>
<td></td>
<td>-0.5</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(-0.1)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Net Exports</td>
<td></td>
<td>1.5</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.4)</td>
<td>(-0.1)</td>
</tr>
</tbody>
</table>
Key Features of the Forecast

- Unemployment Rate
- Housing Construction and Prices
- Consumer Spending
- Fiscal Policy
Unemployment Rate
(Series Set to 1.0 at NBER Peak)

1973 Cycle

Current Cycle

1990 Cycle

1981 Cycle

Quarters Since NBER Peak

Source: Bureau of Labor Statistics

Note: Dashed line represents FRBNY forecast
Labor Force Participation Rate

Source: Bureau of Labor Statistics

Note: Shading represents NBER recession.
Housing Completions

Source: Census Bureau

Note: Trend demand for housing completions based on current population growth and 250,000 units per year of replacement demand. Shading represents NBER recession.
 Measures of Excess Supply of Housing

Based on completions relative to trend demand

Source: Census Bureau

Note: Forecast based on housing completions relative to trend demand. Shading represents NBER recession.
90+ Day Delinquencies and FHFA Price Index

Source: Mortgage Banker’s Association and FHFA

Note: Shading represents NBER recessions.
90+ Day Delinquencies

Predicted vs Actual

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>T-statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacancy, lagged</td>
<td>0.02</td>
<td>2.69</td>
</tr>
<tr>
<td>Delinquency, lagged</td>
<td>0.72</td>
<td>54.27</td>
</tr>
<tr>
<td>Foreclosure started, lagged</td>
<td>0.17</td>
<td>4.65</td>
</tr>
<tr>
<td>Conforming mortgage spread</td>
<td>-0.01</td>
<td>-0.89</td>
</tr>
<tr>
<td>OFHEO positive</td>
<td>0.00</td>
<td>1.15</td>
</tr>
<tr>
<td>OFHEO negative</td>
<td>0.01</td>
<td>5.21</td>
</tr>
<tr>
<td>FFR</td>
<td>0.02</td>
<td>2.83</td>
</tr>
<tr>
<td>DPI</td>
<td>-0.02</td>
<td>-10.47</td>
</tr>
</tbody>
</table>

Source: MBA & Author's Calculations

Note: Shading represents NBER recession.
Measures of Excess Supply of Housing

Based on vacant units relative to estimate of equilibrium vacancies

Source: Census Bureau

Note: Red line based on construction data; blue line based on vacant homes relative to their equilibrium rate. Shading represents NBER recession.
Actual and Projected House Price Indices

Index, 2000 = 100

FHFA (formerly OFHEO)

Peak to Trough  | 2007 | 2008 | 2009 | 2010
---|---|---|---|---
Current Forecast  | -18% | -1.3 | -5.5 | -7.8 | -2.7
April Forecast  | -11% | -1.3 | -1.5 | -5.1 | n/a

*Q4/Q4

Source: FHFA, FRBNY Calculations

Note: Dots represent forecasted values. Shading represents NBER recession.
Fiscal Policy Assumptions

- Some blend of HR 7110/S 3689 is enacted in 2009Q1.

<table>
<thead>
<tr>
<th>Estimated Effects on Outlays / Revenues</th>
<th>2009</th>
<th>2010</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>House</td>
<td>Senate</td>
<td>House</td>
<td>Senate</td>
</tr>
<tr>
<td>Outlays</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>9.8</td>
<td>12.3</td>
<td>10.6</td>
<td>13.2</td>
</tr>
<tr>
<td>State Fiscal Relief (Medicaid)</td>
<td>12.2</td>
<td>2.5</td>
<td>29.7</td>
<td>9.2</td>
</tr>
<tr>
<td>Extended Unemployment Benefits</td>
<td>6.2</td>
<td>-</td>
<td>5.7</td>
<td>-</td>
</tr>
<tr>
<td>Food Stamps</td>
<td>2.6</td>
<td>-</td>
<td>4.3</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>30.8</td>
<td>14.8</td>
<td>51.6</td>
<td>25.8</td>
</tr>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auto Sales Tax / Interest Deductions</td>
<td>-</td>
<td>-</td>
<td>-1.3</td>
<td>-3.4</td>
</tr>
<tr>
<td>Total</td>
<td>30.8</td>
<td>14.8</td>
<td>51.6</td>
<td>25.8</td>
</tr>
<tr>
<td></td>
<td>0.2%</td>
<td>0.4%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Policy Responses to Financial Crisis

Jamie McAndrews
Policy Responses to Financial Market Run

- Both economic and financial conditions deteriorated markedly in September 2008.

- Failures and near-failures of large financial firms including investment banks, the world’s largest insurance company, and the nation’s fourth largest bank, imperiled the stability of the global financial system.

- Policy actions have been extraordinarily broad and responsive to the threat of global run on the financial system.

- Policy pushed capital into the largest banks simultaneously, guaranteed a broad set of bank liabilities, and vastly expanded lender of last resort actions.
Financial Turmoil Timeline (March-May)

- **11-Mar** Term Securities Lending Facility (TSLF) is introduced and swap lines with the ECB and SNB are increased.
- **13-Mar** Bear Stearns reports a $15b (88%) drop in liquid assets.
- **14-Mar** Fed approves purchase of Bear Stearns by JPMorgan.
- **16-Mar** The spread between the primary credit rate and target fed funds rate is cut to 25 bp.
- **16-Mar** Primary Dealer Credit Facility (PDCF) is created.
- **18-Mar** Target fed funds rate is lowered 75 bp to 2.25%.
- **14-Mar** Bear Stearns receives emergency lending from the Fed via JPMorgan.
- **16-Mar** JPMorgan announces it will purchase Bear Stearns for $2 per share.
- **24-Mar** JPMorgan’s purchase price for Bear Stearns increases to $10/share.
- **14-Mar** Fannie Mae and Freddie Mac capital requirements are eased to allow for increases in lending.
- **16-Mar** The spread between the primary credit rate and target fed funds rate is cut to 25 bp.
- **2-May** TSLF eligible collateral expands to include AAA rated ABS.
- **2-May** TAF and swap lines increase.
- **30-Apr** Target fed funds rate is lowered 25 bp to 2%.

**Fed Policy Actions**

- **11-Mar** Term Securities Lending Facility (TSLF) is introduced and swap lines with the ECB and SNB are increased.
- **14-Mar** Fed approves purchase of Bear Stearns by JPMorgan.
- **16-Mar** The spread between the primary credit rate and target fed funds rate is cut to 25 bp.
- **16-Mar** Primary Dealer Credit Facility (PDCF) is created.
- **18-Mar** Target fed funds rate is lowered 75 bp to 2.25%.
- **14-Mar** Bear Stearns receives emergency lending from the Fed via JPMorgan.
- **16-Mar** JPMorgan announces it will purchase Bear Stearns for $2 per share.
- **24-Mar** JPMorgan’s purchase price for Bear Stearns increases to $10/share.
- **2-May** TSLF eligible collateral expands to include AAA rated ABS.
- **2-May** TAF and swap lines increase.

**Market Events**

- **11-Mar** Term Securities Lending Facility (TSLF) is introduced and swap lines with the ECB and SNB are increased.
- **14-Mar** Fed approves purchase of Bear Stearns by JPMorgan.
- **16-Mar** The spread between the primary credit rate and target fed funds rate is cut to 25 bp.
- **16-Mar** Primary Dealer Credit Facility (PDCF) is created.
- **18-Mar** Target fed funds rate is lowered 75 bp to 2.25%.
- **14-Mar** Bear Stearns receives emergency lending from the Fed via JPMorgan.
- **16-Mar** JPMorgan announces it will purchase Bear Stearns for $2 per share.
- **24-Mar** JPMorgan’s purchase price for Bear Stearns increases to $10/share.
- **2-May** TSLF eligible collateral expands to include AAA rated ABS.
- **2-May** TAF and swap lines increase.

**Other Policy Actions**

- **7-Mar** SEC proposes a ban on naked short selling.
- **14-Mar** Fannie Mae and Freddie Mac capital requirements are eased to allow for increases in lending.

**Timeline Details**

- **7-Mar** SEC proposes a ban on naked short selling.
- **14-Mar** Fannie Mae and Freddie Mac capital requirements are eased to allow for increases in lending.
- **18-Mar** Target fed funds rate is lowered 75 bp to 2.25%.
- **30-Apr** Target fed funds rate is lowered 25 bp to 2%.
- **2-May** Target fed funds rate is lowered 25 bp to 2%.
**Financial Turmoil Timeline (June-August)**

- **5-Jun**
  - Bank of America’s purchase of Countrywide is approved

- **6-Jun**
  - S&P downgrades the two largest monoline bond insurers from AAA to AA

- **11-Jun**
  - Lehman reports a loss of $2.8b in the second quarter

- **13-Jul**
  - Lending to Fannie Mae and Freddie Mac at the primary credit rate is authorized

- **15-Jul**
  - Treasury Secretary Paulson requests government funds to potentially support Fannie Mae and Freddie Mac

- **16-Jul**
  - After FDIC take-over, IndyMac experiences a run on deposits

- **30-Jul**
  - 84-day TAF auctions are introduced and the ECB swap line is increased

- **11-Jul**
  - The FDIC takes over IndyMac

- **11-Jul**
  - The FDIC takes over IndyMac

- **15-Jul**
  - Treasury Secretary Paulson requests government funds to potentially support Fannie Mae and Freddie Mac

- **16-Jun**
  - Lehman reports a loss of $2.8b in the second quarter

- **13-Jul**
  - Lending to Fannie Mae and Freddie Mac at the primary credit rate is authorized

- **30-Jul**
  - 84-day TAF auctions are introduced and the ECB swap line is increased
Financial Turmoil Timeline (Sept - Nov)

**Fed Policy Actions**
- **18-Sep** Swap lines increased by $180b
- **16-Sep** $85b loan given to AIG
- **22-Sep** 5 day waiting period to become bank holding companies is waived for Goldman Sachs and Morgan Stanley
- **21-Sep** G2 and MS approved as bank holding companies
- **24-Sep** New swap lines opened with Bank of Australia, Sveriges Riksbank, Danmarks Nationalbank, and Norges Bank
- **29-Sep** Fed agrees to provide Citigroup with liquidity to aid in Wachovia purchase
- **7-Oct** Commercial Paper Funding Facility (CPFF) established
- **29-Oct** Fed Funds rate cut 50 bp to 1%

**Market Events**
- **10-Sep** Lehman announces $3.9b loss in third quarter
- **15-Sep** Lehman files for bankruptcy
- **15-Sep** AIG debt downgraded by all three major ratings agencies
- **16-Sep** Money market fund “breaks the buck”
- **29-Sep** Systemic risk exception allows open bank assistance to Wachovia
- **10-Oct** Tier I capital definition changed to include stock purchased by Treasury
- **22-Oct** Rate paid on excess reserves increases by 40 bp

**Other Policy Actions**
- **7-Sep** Fannie Mae and Freddie Mac are placed in Federal conservatorship
- **10-Sep** Paulson calls for government plan to purchase troubled assets from financial institutions
- **19-Sep** Treasury establishes the money market guarantee program
- **30-Sep** SEC bars short-selling on 799 financial stocks
- **2-Oct** Revised Treasury plan passes the House along with new clauses raising FDIC insurance limits to $250,000
- **19-Sep** Ireland guarantees the deposits of the 6 largest Irish banks
- **8-Oct** Central banks in England, China, Canada, Sweden, Switzerland, and the ECB join the Fed in cutting interest rates
- **29-Oct** USD Swap lines established with Brasil, Mexico, Korea, and Singapore for $30b each

**Other Policy Actions**
- **23-Oct** Alan Greenspan testifies before the House Committee of Government Oversight and Reform
- **28-Oct** Consumer confidence hits lowest point on record
- **3-Oct** Revised Treasury plan passes the House along with new clauses raising FDIC insurance limits to $250,000

**Market Events**
- **3-Oct** Revised Treasury plan passes the House along with new clauses raising FDIC insurance limits to $250,000
- **23-Oct** Alan Greenspan testifies before the House Committee of Government Oversight and Reform
- **28-Oct** Consumer confidence hits lowest point on record

**Other Policy Actions**
- **3-Oct** Revised Treasury plan passes the House along with new clauses raising FDIC insurance limits to $250,000
- **23-Oct** Alan Greenspan testifies before the House Committee of Government Oversight and Reform
- **28-Oct** Consumer confidence hits lowest point on record
- **3-Oct** Revised Treasury plan passes the House along with new clauses raising FDIC insurance limits to $250,000
- **23-Oct** Alan Greenspan testifies before the House Committee of Government Oversight and Reform
- **28-Oct** Consumer confidence hits lowest point on record
Time-Out Policy Options in early October

In the event of a run on the financial system, there are three broad options

- *Lender of last resort actions*: assists the economy in adjusting to the run
- *Guarantees*: assists in keeping liability holders in place
- *Capital injections*: assists in strengthening existing intermediaries

Broadly complementary, but each option comes with its own problems, including

- Boundary problems, namely, who is included and who is excluded?
- Performance problems, reflecting the credibility and efficient operation of the policy
- Exit problems, how to extract the government from these policies that result in inefficient allocations in normal times

Some escalation on *all three fronts* was needed in the U.S. in early October and alternative combinations of the policies were examined.
Time-out Strategy Considerations

Call a credible time out. But how could the limited and disparate powers of UST, FDIC and Fed be used?

Solution: Credibility from the combination of a broad guarantee of bank liabilities (FDIC) combined with a large simultaneous capital injection into a wide range of banks (UST) with a massive provision of liquidity (Fed).

Incentive compatibility problem: “Coercion” not allowed in US system. Both the guarantee and capital injection could be viewed as stigmatizing by strong banks.

Solution: “sign up” 9 major financial institutions to both the capital injection and the guarantee at the launch of the time out on terms also applicable to 1000s of other FI.

Implementation Problem: Plan needed to be implemented with utmost speed (i.e., over a weekend). How do you get 9 CEOs from a diverse set of FI to all agree to sign up in one day?

Solution: standardize amounts across classes of institution, take it or leave it offer
Standardization and Simultaneity

- **Voluntary capital purchase program**
  - $125 billion preferred stock injection into nine large banks
  - Split 9 large systemically important banks into 3 classes
    - 4 big “Banks” JPMC, BoA, Citi and Wells $25 billion each
    - 3 I-Banks: GS, MS, $10 billion each, ML included with BoA
    - 1 Clearing Bank BONY $3 billion, 1 custodian State Street $2 billion
  - Another $125 billion injected more broadly into banks
  - Smaller and regional banks receiving capital now

- **Simultaneity is vital**
  - Recent events indicate complexity of all aspects of financial system
  - Inter-bank markets are as important as bank deposit markets and the bank loan market…
  - Thus, capital needs to be injected into individual banks and more importantly into their counterparties (i.e., other banks)
Other Elements of Time-Out Policies

- Initial injection is reinforced by the announcement of a quickly deployable capital injection reserve to meet any unforeseen developments
  - Credibility of this announcement itself reinforced by the fairness of the initial injection
  - $40 billion deployed to AIG
- Additional $450 billion to allocate under TARP
- Critical that the capital plan be accompanied a credible guarantee of the liabilities of the banking system
- Temporary Liability Guarantee Program of senior debt of FDIC-insured institutions c. $1.5 trillion
- Federal Reserve Commercial Paper Funding Facility
Outflows from Money Market Mutual Funds

Source: Federal Reserve
Commercial Paper Market Issuance

Commercial Paper Issuance by Maturity

Source: Federal Reserve Board

Amount (USD Billions)

Jun−08 Jul−08 Aug−08 Sep−08 Oct−08

1−9 Days
10−40 Days
Over 40 Days

Source: Federal Reserve Board
Commercial Paper Market Spreads Widen

90 Commercial Paper – OIS Spread

Source: Federal Reserve Board, Bloomberg
Term Inter-bank Lending Crisis

30 Day LIBOR−OIS Spread

Source: Bloomberg
Fed Liquidity Escalation

- The Fed provided expanded access to liquidity in nearly all of its new facilities.

- In September it expanded its swap facilities by adding other central banks and increasing the sizes of outstanding swap lines. It engaged in an internationally coordinated rate cut on October 8th, 2008. On October 13th, in conjunction with the ECB, SNB, and BoE, it offered full allocation, fixed-rate tenders at the OIS + 100 basis points.

- On September 19th, it announced the creation of the AMLF, a facility to provide loans against asset backed commercial paper. And on October 14th it announced the creation of the CPFF, a facility to finance the purchase, directly from issuers, of A1-P1 rated commercial paper.
Fed Liquidity Escalation

Outstanding Amounts Under FX Swap Agreements, AMLF, and CPFF
Inter-bank Money Market Rates Retreat

30 Day LIBOR–OIS Spread

Source: Bloomberg
Commercial Paper Issuance Normalizes

Commercial Paper Issuance by Maturity

Source: Federal Reserve Board
**Financial Turmoil Timeline Summary (Sept - Nov)**

**Fed Policy Actions**
- **16-Sep** $85b loan given to AIG
- **19-Sep** Asset-Backed Commercial Paper Money Market Mutual Fund Lending Facility (AMLF) established
- **29-Sep** Fed agrees to provide Citigroup with liquidity to aid in Wachovia purchase
- **12-Oct** Wells Fargo’s purchase of Wachovia is approved
- **21-Oct** Money Market Investor Funding Facility (MMIFF) is established
- **27-Oct** CPFF begins funding purchases

**Market Events**
- **15-Sep** Lehman files for bankruptcy
- **16-Sep** Money market mutual funds (MMMF) come under pressure as RMC “breaks the buck”
- **19-Sep** AIG debt downgraded by all three major ratings agencies
- **29-Sep** Systemic risk exemption allows open bank assistance to Wachovia
- **14-Oct** 9 Large banks agree to capital injection from the Treasury

**Other Policy Actions**
- **19-Sep** Paulson calls for government plan to purchase troubled assets from financial institutions
- **25-Sep** WaMu closed by OTS
- **3-Oct** Revised Treasury plan passes the House along with new clauses raising FDIC insurance limits to $250,000
- **14-Oct** Treasury announce $250b capital injection plan
- **14-Oct** FIDC Temporary Liquidity Guarantee Program begins
- **9-Nov** Treasury statement on assistance to consumerABS
Risks to Central Scenario

Simon Potter
# Main Risks to Central Scenario

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Evidence in Favor</th>
<th>Effect on Forecast</th>
</tr>
</thead>
</table>
| **Global Credit Crunch: temp misallocation+demand shock** | Financial market panic, global slowdown | **Output**: Down Sharply, strong rebound  
**Inflation**: Down |
| **Credit Repricing:**  
**US Economy over consumed**                  | Global imbalances  
Recent sharp drop in consumption | **Output**: Down  
**Inflation**: down in short run/up in medium run |
| **Policy Stance too Accomodative**            | Increase in deficit  
Increase in Fed balance sheet | **Output**: Up in short run, down in medium run  
**Inflation**: Up, potentially large |
Change from April ’08 to Nov ’08

Core PCE Inflation

% Change – Year to Year

Released Data

5th Percentile

95th Percentile

Real GDP Growth

% Change – Year to Year
Depth of Recession

Maximum 4-Quarter Drop in Real GDP

-12 -10 -8 -6 -4 -2 0 2

Percent

100 90 80 70 60 50 40 30 20 10 0

Apr. 25 (80% probability of recession)

Severe
(expected depth of severe recession = -4.7)

Mild

1937-1938 -10%

1981-1982 -2.7%

1990-1991 -1.0%

2001 0.2%

1990-1991

Moderate

Percent
Depth of Recession

- Aug. 1 (46% probability of recession)
- Apr. 25 (80% probability of recession)

Minimum 4-Quarter Change in Real GDP

Severe (expected depth of severe recession = -4.5)

Mild

Moderate
Depth of Recession

Severe
(expected depth of severe recession = -5.1)

Moderate
Central Forecast
-2.0%
Exp. Value
-2.7%

Mild

1937-1938
-10.0%
(1% Probability)

Nov. 20 (97% probability of recession)
Aug. 1 (46% probability of recession)
2009Q4/Q4 Core PCE Inflation Probabilities

Percent

FRBNY

SPF

Percent

< 0.0

0.0 to

0.5 to

1.0 to

1.5 to

2.0 to

2.5 to

3.0 to

3.5 to

> 4.0

Percent

0.5

1.0

1.5

2.0

2.5

3.0

3.5

4.0
2009/2008 Real GDP Growth Probabilities

FRBNY

SPF
Some Measures of the Current Stance of Monetary Policy

<table>
<thead>
<tr>
<th>Policy Rule</th>
<th>Rate Prescription</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contemporaneous Feedback</td>
<td>1.0 to 2.5</td>
</tr>
<tr>
<td>Forecast Based</td>
<td>0.0 to 1.5</td>
</tr>
<tr>
<td>Forecast Based with Risks</td>
<td>-1.0 to 0.5</td>
</tr>
<tr>
<td>DSGE Var Counterfactual</td>
<td>0.5 to 2.0</td>
</tr>
<tr>
<td>DSGE Var Counterfactual with Global Credit Crunch scenario</td>
<td>-1.5 to 1.5</td>
</tr>
</tbody>
</table>