

**Transcript of the Federal Open Market Committee Meeting on
September 20, 2006**

CHAIRMAN BERNANKE. Good morning, everybody.

ALL. Good morning.

CHAIRMAN BERNANKE. We have two milestones to note today. First, we'd like to welcome new Governor Rick Mishkin. Welcome, Rick. Rick attended FOMC meetings from '94 to '97 when he was on the New York Fed staff, but this is the first time he has gotten to sit at the big table. [Laughter]

MR. MISHKIN. I wanted to sit right back there, but they wouldn't let me. [Laughter]

VICE CHAIRMAN GEITHNER. New York's view is that they work for Rick.
[Laughter]

CHAIRMAN BERNANKE. On a sadder note, today is President Guynn's last meeting. He has been Bank president and FOMC member for ten years and has served the Atlanta Fed for a mere forty-two years. We congratulate you. We will have a lunch in your honor after the December meeting and will have a lot more to say then.

MR. GUYNN. Thanks.

CHAIRMAN BERNANKE. Thank you for outstanding service for an extended period of time. Let's begin, then, with Mr. Kos.

MR. KOS.¹ Thank you, Mr. Chairman. Among market participants, September has a reputation for being difficult on portfolios, for sudden bursts of volatility that lead to risk aversion and wider spreads, and for sometimes spectacular blowups in the speculative community. The ERM crisis in 1992, Long-Term Capital Management in 1998, and the aftermath of the terrorist attacks in 2001 are three of the more notable examples.

Until Monday, this year looked different. Spreads were and they continue to be narrow. Volatility has generally been low, with the notable exception of energy. Yields are benign, and equity prices, if anything, have been rising in recent weeks.

¹ The materials used by Mr. Kos are appended to this transcript (appendix 1).