



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

June 20, 1986

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC

TO: Federal Open Market Committee

FROM: Nancy M. Steele *NMS*

In preparation for the Committee's discussion at the July FOMC meeting and for use in the related Humphrey-Hawkins report, Chairman Volcker requests that you forward the following information to Mr. Kichline by close of business, Tuesday, July 1: (1) your projections of percent change for nominal GNP, real GNP, and the implicit price deflator for the periods (a) from the fourth quarter of 1985 to the fourth quarter of 1986; and (b) from the fourth quarter of 1986 to the fourth quarter of 1987; (2) your projections of the average unemployment rate in the fourth quarters of 1986 and 1987.

With regard to assumptions for the projections, it is suggested that members individually assume a monetary policy that they believe will be appropriate for the remainder of 1986 and for 1987. It should also be assumed that fluctuations in the value of the dollar from this point through the end of the projection period will not be of sufficient magnitude to affect the projections significantly. Members will be given an opportunity to amend their projections immediately following the July 8-9 meeting.

Mr. Kichline would appreciate receiving replies from the Reserve Banks via the System's Administrative Message System. Mr. Kichline's identification code is MLJLK00.