

# BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

DIVISION OF RESEARCH AND STATISTICS

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**Date:** September 9, 2016  
**To:** Federal Open Market Committee  
**From:** David Wilcox  
**Subject:** Adjustments to some long-term parameters of the staff judgmental forecast

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The attached memo, prepared by Cristina Fuentes-Albero and Ashley Wang, describes three key changes to our assumptions regarding longer-term parameters of the staff judgmental projection. In particular, we trimmed our assumptions for all three of the following:

- potential growth of real GDP in the long run;
- the equilibrium funds rate in the long run; and
- the term premium embedded in 10-year Treasury security yields.

The memo describes in greater detail what we did and why we did it; it also discusses the consequences for the forecast. We were interested to bring these changes to your attention well in advance of the upcoming deadline for submission of your SEP projections.