



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

**STRICTLY CONFIDENTIAL (FR)**  
**CLASS II - FOMC**

**TO:** Federal Open Market Committee

**DATE:** January 25, 1989

**FROM:** Gary Gillum *GG*

In preparation for the FOMC's discussion of its monetary growth objectives at the February meeting and the related Humphrey-Hawkins report, Chairman Greenspan requests that you forward the following to Mr. Prell: (1) your projections of the percent change in nominal GNP, real GNP, and the CPI for the period from the fourth quarter of 1988 to the fourth quarter of 1989 and (2) your projection of the average unemployment rate in the fourth quarter of 1989.

The projections should be based on your judgment as to an appropriate monetary policy for 1989 and should incorporate an allowance of 0.7 percent for added real output associated with a return to normal crop yields. Also, it should be assumed that fluctuations in the value of the dollar this year will not be of sufficient magnitude to have a significant effect on economic developments within the year. There will be an opportunity to amend your projections immediately following the February meeting.

Mr. Prell would appreciate receiving your projections by February 1.