

## THE FEDERAL RESERVE SYSTEM

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**Date:** October 30, 2020

**To:** Federal Open Market Committee

**From:** Richard Clarida, Lael Brainard, Rob Kaplan, and Eric Rosengren

**Subject:** Recommended Changes to the Summary of Economic Projections:  
Update

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The updated SEP package (attached) contains amended diffusion graphs, Figures 4.D. and 4.E., in response to feedback from staff at the Federal Reserve Bank of Minneapolis. The diffusion indexes are now proportional measures rather than simple counts, so that changes in the number of FOMC participants over time do not generate misleading movements in the measures. As a result, the indexes now vary from -1 to +1. For example, Figure 4.D. shows the number of participants indicating that uncertainty was “higher” relative to the past 20 years minus those indicating uncertainty was “lower,” divided by the number of FOMC participants submitting answers. The explanation of the new figures in the memo has been revised accordingly.