



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

January 14, 1986

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

TO: Federal Open Market Committee

FROM: Normand Bernard *N.B.*

In preparation for the Committee's discussion at the February meeting and for use in the related Humphrey-Hawkins report, Chairman Volcker is requesting that you forward the following information to Mr. Kichline by close of business, Tuesday, February 4: (1) projections of percent change for nominal GNP, real GNP, and the implicit price deflator for the period from the fourth quarter of 1985 to the fourth quarter of 1986; and (2) projection of the average unemployment rate in the fourth quarter of 1986.

With regard to assumptions for the projections, it is suggested that members individually assume a monetary policy that they believe will be appropriate for 1986. For the dollar, you should assume that any movements during 1986 will not be sufficient to influence the projections significantly. Members will be given an opportunity to amend their projections immediately following the February 11-12 meeting.