

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
DIVISION OF RESEARCH AND STATISTICS

Date: August 28, 2012
To: Federal Open Market Committee
From: William Wascher
Subject: Staff memo on estimating economic slack

The attached memo by Bruce Fallick and Jeremy Rudd, “The Staff’s Assessment of Economic Slack,” summarizes the range of analyses and evidence that the staff considers in forming the judgmental estimates of economic slack that are presented in the Tealbook. The memo also discusses the role of economic slack in the staff’s inflation projections and highlights the substantial uncertainty that attends estimates of the natural rate of unemployment and potential output.