

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

DIVISION OF RESEARCH AND STATISTICS

Date: October 4, 2013
To: Federal Open Market Committee
From: David Wilcox
Subject: Aspects of the Current Fiscal Situation

Attached for your information is a note that speculates about the potential effects of a federal debt-ceiling event on economic activity; it was prepared by Eric Engen, Glenn Follette, and Jean-Philippe Laforte. We are also including in this package two notes that were provided earlier to the Board of Governors. The first, prepared by Glenn Follette, describes the effects that the government shutdown will have on our GDP projection, and the second, prepared by Tomaz Cajner, outlines the effects that the shutdown will have on the labor market and discusses the impact of the shutdown on the collection of data by the BLS. Please feel free to contact either me or any of the authors directly if you have any questions. Of course, we will be tracking these events closely, and will update the Committee as appropriate.