

CONFIDENTIAL - FR
CLASS II FOMC

CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

April 12, 1978

	1977		1978				1979	
	III	IV	I	II	III	IV	I	II
----- Billions of dollars -----								
Gross National Product	46.0	45.9	41.5	69.2	56.5	61.1	62.2	58.5
Inventory change	1.9	-10.1	6.5	4.5	1.0	1.5	3.3	1.2
Final purchases	44.0	56.0	35.0	64.7	55.5	59.6	58.9	57.3
Private	33.7	43.1	29.3	53.7	44.0	45.7	48.4	46.2
Net exports	2.2	-10.7	-1.3	5.1	3.2	-1.8	.7	-.4
Excluding net exports	31.5	53.8	30.6	48.6	40.8	47.5	47.7	46.6
Personal consumption expenditures	24.9	40.6	24.6	35.7	32.8	39.7	39.2	37.4
Goods	6.4	26.5	5.5	19.2	18.1	22.4	20.2	18.3
Services	18.4	14.2	19.0	16.5	14.7	17.3	19.0	19.1
Residential fixed investment	1.7	7.2	1.0	5.0	1.0	.5	1.0	1.5
Business fixed investment	5.1	6.0	5.0	7.9	7.0	7.3	7.5	7.7
Government	10.3	12.9	5.7	11.0	11.5	13.9	10.5	11.1
Federal	4.5	5.7	.8	2.1	4.2	6.6	3.4	4.0
State and local	5.9	7.1	4.9	8.9	7.3	7.3	7.1	7.1
GNP in constant (1972) dollars	16.7	12.8	4.8	22.2	14.9	15.9	16.0	14.6
Final purchases	14.3	19.7	.6	19.3	14.1	15.1	14.1	13.3
Private	10.3	16.7	.9	16.2	10.8	12.4	11.9	10.6
----- In Per Cent Per Year ^{1/} -----								
Gross National Product	10.2	9.9	8.7	14.5	11.4	12.0	11.9	10.8
Final purchases	9.9	12.4	7.4	13.7	11.3	11.8	11.3	10.7
Private	9.6	12.1	7.9	14.5	11.3	11.5	11.8	10.9
Personal consumption expenditures	8.6	14.0	8.0	11.6	10.3	12.3	11.7	10.9
Goods	4.0	17.0	3.3	11.6	10.6	12.9	11.2	9.8
Services	14.3	10.5	14.0	11.6	10.0	11.6	12.4	12.1
Gross private domestic investment	12.4	4.1	17.3	23.7	11.1	11.2	14.0	11.8
Residential structures	7.7	35.0	4.1	21.4	3.8	1.9	3.8	5.7
Business fixed investment	11.6	13.4	10.7	16.9	14.3	14.4	14.3	14.2
Gov't. purchases of goods and services	11.0	13.5	5.6	10.9	11.1	13.2	9.5	9.9
Federal	12.9	16.3	2.1	5.5	11.2	17.4	8.4	9.7
State and local	9.9	11.8	7.8	14.1	11.1	10.8	10.2	10.0
GNP in constant (1972) dollars	5.1	3.8	1.4	6.7	4.4	4.6	4.6	4.1
Final purchases	4.4	6.1	.2	5.8	4.2	4.4	4.1	3.8
Private	4.0	6.5	.3	6.2	4.0	4.6	4.4	3.8
GNP implicit deflator ^{2/}	4.8	5.9	7.2	7.4	6.7	7.1	6.9	6.4
Gross business product fixed-weight price index ^{3/}	5.0	5.4	7.4	7.3	6.8	6.8	7.4	7.0
Personal income	8.9	14.5	8.9	12.0	12.0	11.3	10.3	10.1
Wage and salary disbursements	7.5	12.7	10.9	11.3	9.9	11.0	11.8	10.1
Disposable income	10.0	14.1	9.5	11.2	11.1	15.4	10.9	9.5
Corporate profits before tax	-2.7	12.6	5.1	30.3	6.5	23.3	-.1	7.6
Nonfarm payroll employment	3.3	3.2	4.4	4.0	2.2	2.9	2.8	2.9
Manufacturing	1.3	2.7	6.4	4.2	4.4	4.5	4.4	4.1
Nonfarm business sector								
Output per hour	3.8	.5	-.3	3.1	2.6	2.4	2.4	2.0
Compensation per hour	7.5	7.3	11.5	7.9	8.2	8.3	11.6	8.2
Unit labor costs	3.5	6.8	11.8	4.8	5.6	5.9	9.2	6.2
Industrial production	4.2	2.6	1.2	10.1	6.9	7.6	7.5	6.0
Housing starts, private	22.1	22.3	-55.8	88.3	-33.7	-10.4	.0	.0
Sales new autos	-24.1	-6.2	2.0	1.8	1.9	5.6	1.8	-5.3
domestic models	-18.4	-4.8	1.4	-2.4	7.0	9.3	2.2	-2.2
foreign models	-43.9	-12.3	4.7	21.6	-17.7	-9.6	.0	-19.0

^{1/} Percentage rates are annual rates compounded quarterly.

^{2/} Excluding Federal pay increases rates of change are: 1977-IV, 5.1 per cent; 1978-I, 7.2 per cent; 1978-IV, 6.5 per cent; 1979-I, 6.9 per cent.

^{3/} Using expenditures in 1972 as weights.

CONFIDENTIAL - FR
CLASS II FOMC

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GROSS NATIONAL PRODUCT AND RELATED ITEMS
(Expenditures and income figures are billions of dollars)

	1971	1972	1973	1974	1975	1976	1977	Projected 1978
Gross National Product	1063.4	1171.1	1306.6	1412.9	1528.8	1706.5	1889.6	2098.7
Final purchases	1057.1	1161.7	1288.6	1404.0	1540.3	1693.1	1871.4	2074.5
Private	823.4	908.6	1019.1	1101.3	1201.4	1331.7	1476.4	1637.5
Excluding net exports	821.8	911.9	1012.0	1095.3	1181.0	1323.9	1487.3	1652.0
Personal consumption expenditures	668.2	733.0	809.9	889.6	980.4	1094.0	1211.2	1337.2
Goods	374.8	410.5	457.5	498.3	542.2	601.6	660.5	720.4
Services	293.4	322.4	352.3	391.3	438.2	492.3	550.7	616.7
Gross private domestic investment	160.0	188.3	220.0	214.6	189.1	243.3	294.2	339.1
Residential construction	49.6	62.0	66.1	55.1	51.5	68.0	91.0	105.1
Business fixed investment	104.1	116.8	136.0	150.6	149.1	161.9	185.1	209.7
Change in business inventories	6.4	9.4	17.9	8.9	-11.5	13.3	18.2	24.2
Nonfarm	5.1	8.8	14.7	10.8	-15.1	14.9	17.1	23.5
Net exports of goods and services	1.6	-3.3	7.1	6.0	20.4	7.8	-10.9	-14.5
Exports	65.6	72.7	101.6	137.9	147.3	162.9	174.7	194.8
Imports	64.0	75.9	94.4	131.9	126.9	155.1	185.6	209.3
Gov't. purchases of goods and services	233.7	253.1	269.5	302.7	338.9	361.4	395.0	437.0
Federal	96.2	102.1	102.2	111.1	123.3	130.1	145.4	159.9
State and local	137.5	151.0	167.3	191.5	215.6	231.2	249.6	277.0
Gross national product in constant (1972) dollars	1107.5	1171.1	1235.0	1217.8	1202.1	1274.7	1337.3	1393.1
Personal income	859.1	942.5	1052.4	1154.9	1253.4	1382.7	1536.7	1708.6
Age and salary disbursements	579.4	633.8	701.3	764.6	805.7	891.8	990.0	1097.9
Disposable income	742.8	801.3	901.7	984.6	1084.4	1185.8	1309.2	1460.6
Saving rate (per cent)	7.7	6.2	7.8	7.3	7.4	5.6	5.1	6.0
Corporate profits with I.V.A. and C.C. Adj.	77.2	92.1	99.1	83.6	99.3	128.1	139.8	154.8
Corporate profits before tax	82.0	96.2	115.8	126.9	123.5	156.9	171.6	193.7
Federal government surplus or deficit (-) (N.I.A. basis)	-22.0	-17.3	-6.7	-10.7	-70.2	-54.0	-49.5	-52.9
High employment surplus or deficit (-)	-5.3	-5.9	-7	17.1	-20.3	-10.4	-8.7	-15.3
State and local government surplus or deficit (-) (N.I.A. basis)	3.7	13.7	13.0	7.5	5.9	18.4	29.2	28.6
Excluding social insurance funds	-3.8	5.6	4.1	-2.9	-6.2	3.9	13.7	10.3
Civilian labor force (millions)	84.1	86.5	88.7	91.0	92.6	94.8	97.4	100.0
Unemployment rate (per cent)	5.9	5.6	4.9	5.6	8.5	7.7	7.0	6.0
Nonfarm payroll employment (millions)	71.2	73.7	76.9	78.4	77.1	79.4	82.1	85.1
Manufacturing	18.6	19.1	20.1	20.0	18.3	19.0	19.6	20.4
Industrial production (1967=100)	109.6	119.7	129.8	129.3	117.8	129.8	137.0	144.1
Capacity utilization: all manufacturing (per cent)	78.0	83.1	87.5	84.2	73.6	80.2	82.4	83.8
Materials (per cent)	83.1	88.0	92.4	87.7	73.6	80.4	81.9	83.5
Housing starts, private (millions, A.R.)	2.05	2.36	2.05	1.34	1.16	1.54	1.19	1.86
Sales new autos (millions, A.R.)	10.24	10.93	11.42	8.91	8.66	10.12	11.13	10.90
Domestic models	8.68	9.32	9.65	7.49	7.08	8.63	9.07	8.89
Foreign models	1.56	1.61	1.77	1.42	1.58	1.50	2.06	2.01

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CLASS II FOMCCHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1971	1972	1973	1974	1975	1976	1977	Projected 1978
-----Billions of Dollars-----								
Gross National Product	81.0	107.7	135.5	106.3	115.9	177.7	183.1	209.1
Inventory change	2.6	3.0	8.5	-9.0	-20.4	24.8	4.9	6.0
Final purchases	78.5	104.6	126.9	115.4	136.3	152.8	178.3	203.1
Private	63.7	85.2	110.5	82.2	100.1	130.3	144.7	161.1
Net exports	-2.3	-4.9	10.4	-1.1	14.4	-12.6	-18.7	-3.6
Excluding net exports	66.0	90.1	100.1	83.3	85.7	142.9	163.4	164.7
Personal consumption expenditures	49.4	64.8	76.9	79.7	90.8	133.6	117.2	126.0
Goods	25.2	35.7	47.0	40.8	43.9	59.4	58.9	59.9
Services	24.3	29.0	29.9	39.0	46.9	54.1	58.4	66.0
Residential fixed investment	13.0	12.4	4.1	-11.0	-3.6	16.5	23.0	14.1
Business fixed investment	3.6	12.7	19.2	14.6	-1.5	12.8	23.2	24.6
Government	14.8	19.4	16.4	33.2	36.2	22.5	33.6	42.0
Federal	.6	5.9	.1	8.9	12.2	6.8	15.3	14.5
State and local	14.3	13.5	16.3	24.2	24.1	15.6	18.4	27.4
GNP in constant (1972) dollars	32.2	63.6	63.9	-17.2	-15.7	72.6	62.6	55.8
Final purchases	29.9	60.8	56.8	-8.6	2.1	54.2	59.3	51.9
Private	30.7	57.1	57.4	-13.8	-3.2	52.8	52.6	41.7
-----In Per Cent Per Year-----								
Gross National Product	8.2	10.1	11.6	8.1	8.2	11.6	10.7	11.1
Final purchases	8.0	9.9	10.9	8.9	9.7	9.9	10.5	10.9
Private	8.4	10.3	12.2	8.1	9.1	10.8	10.9	10.9
Personal consumption expenditures	8.0	9.7	10.5	9.8	10.2	11.6	10.7	10.4
Goods	7.2	9.5	11.4	8.9	8.8	11.0	9.8	9.1
Services	9.0	9.9	9.3	11.1	12.0	12.4	11.9	12.0
Gross private domestic investment	13.6	17.7	16.8	-2.5	-11.9	28.7	20.9	15.3
Residential structures	35.5	25.1	6.6	-16.7	-6.5	32.2	33.7	15.5
Business fixed investment	3.6	12.3	16.4	10.8	-1.0	8.6	14.3	13.3
Gov't. purchases of goods and services	6.8	8.3	6.5	12.3	12.0	6.6	9.3	10.6
Federal	.6	6.1	.1	8.7	11.0	5.5	11.8	10.0
State and local	11.6	9.8	10.8	14.5	12.6	7.2	7.9	11.0
GNP in constant (1972) dollars	3.0	5.7	5.5	-1.4	-1.3	6.0	4.9	4.2
Final purchases	2.8	5.5	4.9	-.7	.2	4.5	4.7	3.9
Private	3.7	6.7	6.3	-1.4	-.3	5.6	5.3	3.9
GNP implicit deflator	5.1	4.1	5.8	9.7	9.6	5.3	5.5	6.6
Gross business product fixed-weighted index ^{1/}	4.4	3.3	5.7	10.4	9.5	5.4	6.0	6.6
Personal income	7.2	9.7	11.7	9.7	8.5	10.3	11.1	11.2
Wage and salary disbursements	6.0	9.4	10.7	9.0	5.4	10.7	11.0	10.9
Disposable income	8.3	7.9	12.5	9.2	10.1	9.4	10.4	11.6
Corporate profits before tax	14.7	17.3	20.4	9.6	-2.7	27.0	9.4	12.9
Nonfarm payroll employment	.4	3.5	4.3	2.0	-1.7	3.1	3.4	3.6
Manufacturing	-4.0	2.8	5.1	-.1	-8.5	3.3	3.2	4.3
Nonfarm business sector								
Output per hour	2.9	3.0	1.7	-2.9	1.6	4.1	2.1	1.6
Compensation per hour	6.6	5.8	7.8	9.4	9.6	8.7	8.7	8.7
Unit labor costs	3.5	2.7	6.0	12.7	7.9	4.5	6.4	7.0
Industrial production	1.7	9.2	8.4	-.4	-8.9	10.2	5.5	5.2
Housing starts	43.1	14.9	-13.2	-34.6	-13.3	32.5	29.3	-6.4
Sales new autos	21.9	6.8	-4.7	-14.5	-2.8	16.9	9.9	-2.0
Domestic models	21.9	7.4	3.5	-22.4	-5.5	21.9	5.1	-2.0
Foreign models	21.8	3.1	9.7	-19.9	11.4	-5.1	37.2	-2.1

^{1/} Using expenditures in 1972 as weights.

FEDERAL SECTOR ACCOUNTS
(billions of dollars)

April 12, 1978

	F.R. Staff Estimates															
	Calendar quarters; unadjusted data															
	FY 1977*	FY 1978 e/		FY 1979 e/		CY77*	CY78e/	1977								1979
		Admin. 1/ 2/	F.R. Board	Admin. 1/	F.R. Board	F.R. Board	F.R. Board	III*	IV*	I	II	III	IV	I	II	
Unified budget receipts	356.9	400.5	399.0	439.8	441.0	365.2	409.3	91.3	84.5	85.2	123.5	105.8	94.8	96.9	133.4	115.9
Unified budget outlays	401.9	453.5	454.6	499.4	500.4	416.1	464.3	103.4	113.3	109.8	113.9	117.6	123.0	121.5	125.6	130.3
Surplus (+)/Deficit(-), unified budget	-45.0	-53.0	-55.6	-59.6	-59.4	-50.9	-55.0	-12.2	-28.8	-24.6	9.6	-11.8	-28.2	-24.6	7.8	-14.4
Surplus(+)/Deficit(-), off-budget agencies 3/	-8.7	-11.5	-9.9	-12.5	-11.5	-10.4	-10.4	-4.9	-1.3	-3.3	-1.4	-4.0	-1.7	-3.9	-1.3	-4.6
Means of financing combined deficits:																
Net borrowing from public	53.5	58.8	55.3	74.7	72.9	56.8	62.9	19.6 ^{8/}	20.7 ^{8/}	20.8	1.3	12.5	28.3	27.5	-4.6	21.7
Decrease in cash operating balance	-1.7	n.a.	7.1	0.0	0.0	-0.6	0.3	-2.8 ^{8/}	6.8 ^{8/}	5.9	-9.6	4.0	0	0	0	0
Other 4/	1.9	n.a.	3.1	-2.6	-2.0	5.3	2.1	0.4	2.6	1.2	0	-0.7	1.6	1.0	-1.9	-2.7
Cash operating balance, end of period	19.1	12.0	12.0	12.0	12.0	12.3	12.0	19.1 ^{8/}	12.3	6.4	16.0	12.0	12.0	12.0	12.0	12.0
Memo: Sponsored agency borrowing 5/	5.2	n.a.	17.9	n.a.	12.9	6.8	18.3	1.1	2.0	4.5	5.4	6.0	2.4	2.5	3.5	4.5
<u>NIA Budget</u>																
								Seasonally adjusted annual rates								
Receipts	361.8 ^{6/}	n.a.	404.4 ^{6/}	n.a.	n.e.	373.9	417.3	373.2	386.1	395.8	411.6	431.1	430.6	445.2	458.7	n.e.
Outlays	411.9	n.a.	458.5	n.a.	504.8	423.4	470.2	432.1	446.3	451.1	460.0	476.6	492.9	500.0	507.4	518.9
Purchases (total)	140.6	n.a.	156.5	n.a.	172.6	145.5	159.9	148.1	153.8	154.6	156.7	160.9	167.5	170.9	174.9	177.2
Defense	91.8	n.a.	99.7	n.a.	107.8	94.3	101.1	95.6	98.5	99.4	100.0	100.9	104.2	106.4	109.0	111.7
Non-defense	48.8	n.a.	56.8	n.a.	64.8	51.2	58.8	52.5	55.3	55.2	56.7	60.0	63.3	64.5	65.9	65.5
All other outlays	271.4 ^{6/}	n.a.	302.0 ^{6/}	n.a.	332.2	278.0	310.3	284.0	292.5	296.5	303.3	315.7	325.4	329.1	332.5	341.7
Surplus(+)/Deficit (-)	-50.0 ^{6/}	n.a.	-54.1 ^{6/}	n.a.	n.e.	-49.5	-52.9	-58.9	-60.2	-55.3	-48.4	-45.5	-62.3	-54.8	-48.7	n.e.
High Employment Surplus(+)/Deficit(-) (NIA basis) 7/	-5.0	n.a.	-13.8	n.a.	-15.8	-8.7	-15.3	-20.4	-22.1	-13.5	-11.5	-8.1	-28.2	-19.7	-13.0	-2.1
	*actual	e--estimated	r--revised	n.e.--not estimated				n.a.--not available				p--preliminary				

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- 1/ The Budget of the United States Government, Fiscal Year 1979, January 1978 and OMB Current Budget Estimates, March 1978.
2/ The Second Concurrent Resolution on the Budget (September 15, 1977) set the Congressional receipt and outlay targets at \$397 and \$458.3 billion, respectively.
3/ Includes Federal Financing Bank, Postal Service, U.S. Railway Association, Rural Electrification and Telephone Revolving fund, Housing for the Elderly or Handicapped Fund (until October 1977), and Pension Benefit Guaranty Corporation.
4/ Checks issued less checks paid, accrued items and other transactions.
5/ Includes Federal Home Loan Banks, FNMA, Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives.
6/ Quarterly average exceeds fiscal year total by \$1.7 billion for FY 1977 and by \$1.8 billion for FY 1978 due to spreading of wage base effect over calendar year.
7/ Estimated by F.R.B. staff.
8/ Includes \$2.5 billion of borrowing from the Federal Reserve on September 30 which was repaid October 4.