

CONFIDENTIAL (FR)

July 3, 1979

SUMMARY AND OUTLOOK

By the Staff
Board of Governors
of the Federal Reserve System

SUMMARY AND OUTLOOK

STAFF GNP PROJECTIONS

	Per cent changes, annual rate							
	Nominal GNP		Real GNP		Gross business product fixed-weight price index		Unemployment rate (per cent)	
	5/16/79	7/3/79	5/16/79	7/3/79	5/16/79	7/3/79	5/16/79	7/3/79
1976 <u>1/</u>	11.2	11.2	5.7	5.7	5.4	5.4	7.7	7.7
1977 <u>1/</u>	11.0	11.0	4.9	4.9	6.2	6.2	7.0	7.0
1978 <u>1/</u>	11.7	11.7	4.0	4.0	7.7	7.7	6.0	6.0
1979	11.6	10.6	2.9	1.6	9.2	9.7	6.0	6.2
1980	9.5	9.0	1.2	-.5	8.3	9.7	6.8	7.6
1978-III <u>1/</u>	9.6	9.6	2.6	2.6	8.0	8.0	6.0	6.0
1978-IV <u>1/</u>	15.6	15.6	6.9	6.9	8.0	8.0	5.8	5.8
1979-I <u>1/</u>	9.5	9.8	.7	.8	9.8	9.9	5.7	5.7
1979-II	12.0	7.9	2.2	-1.5	10.3	10.9	5.9	5.8
1979-III	8.4	6.3	.8	-2.4	8.3	10.6	6.1	6.3
1979-IV	9.8	8.6	1.0	-2.0	8.3	10.1	6.3	6.9
1980-I	9.3	9.8	1.1	-.1	8.5	9.7	6.5	7.3
1980-II	9.4	9.3	1.2	.2	8.2	9.5	6.7	7.5
1980-III	9.2	9.9	1.4	1.5	7.7	8.8	6.9	7.7
1980-IV	9.6	10.2	1.4	1.5	7.7	8.7	7.1	7.9
Change:								
77-IV to								
78-IV <u>1/</u>	13.1	13.1	4.4	4.4	8.7	8.7	-.8	-.8
78-IV to								
79-IV	9.9	8.2	1.2	-1.3	9.2	10.4	.5	1.1
79-IV to								
80-IV	9.4	9.8	1.3	.8	8.0	9.2	.8	1.0
Memo:								
Growth Over Annual Policy Period:								
78-IV to								
79 IV	9.9	8.2	1.2	-1.3	9.2	10.4	.5	1.1

1/ Actual.

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ASS II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS
(Quarterly figures are seasonally adjusted. Expenditures and income
figures are billions of current dollars at annual rates.)

	1979				1980			
	I	II	III	IV	Projected I	II	III	IV
Gross national product	2267.3	2311.1	2346.7	2395.4	2452.1	2507.0	2566.9	2630.0
Final purchases	2252.0	2285.0	2332.4	2390.6	2450.9	2508.1	2565.4	2626.3
Private	1793.6	1818.7	1854.0	1899.9	1950.7	1998.5	2046.3	2094.0
Excluding net exports	1797.3	1826.3	1867.5	1904.4	1942.9	1987.1	2033.5	2082.1
Personal consumption expenditures	1442.2	1465.8	1502.8	1539.1	1676.4	1514.6	1653.0	1693.3
Goods	779.2	786.3	806.0	824.1	841.7	859.9	878.7	898.1
Services	663.1	679.5	696.8	715.0	734.7	754.7	774.3	795.2
Gross private domestic investment	370.4	386.6	379.0	370.1	367.7	371.4	382.0	392.5
Residential construction	111.1	111.6	109.1	107.6	107.0	108.3	110.1	112.1
Business fixed investment	244.0	248.9	255.6	257.7	259.5	264.2	270.4	276.7
Change in business inventories	15.3	26.1	14.3	4.8	1.2	-1.1	1.5	3.7
Nonfarm	16.5	26.1	14.3	4.8	1.2	-1.1	1.5	3.7
Net exports of goods and services ^{1/}	-3.7	-7.6	-13.5	-4.5	7.8	11.4	12.8	11.9
Exports	235.0	238.6	254.1	266.4	276.4	285.7	292.5	298.6
Imports	238.7	246.2	267.6	270.9	268.6	274.3	279.7	286.7
Gov't. purchases of goods and services	458.4	466.3	478.4	490.7	500.2	509.6	519.1	532.3
Federal ^{2/}	164.5	163.4	168.0	173.9	176.9	179.8	182.2	188.2
State and local	293.9	302.9	310.4	316.8	323.3	329.8	336.9	344.1
Gross national product in constant (1972) dollars	1417.6	1412.2	1403.5	1396.6	1396.3	1396.9	1402.2	1407.3
Personal income	1836.0	1879.5	1933.1	1974.9	2016.0	2063.9	2122.1	2175.1
Wage and salary disbursements	1185.3	1210.0	1229.5	1248.6	1270.6	1295.9	1323.8	1355.4
Disposable personal income	1563.3	1596.9	1641.7	1675.2	1709.5	1748.4	1796.9	1838.7
Saving rate (per cent)	5.3	5.7	6.0	5.6	5.2	5.1	5.4	5.3
Corporate profits with I.V.A. and C.C. Adj.	168.7	168.3	159.3	164.2	170.9	171.8	175.5	178.6
Corporate profits before tax	229.8	227.1	211.2	216.3	224.4	225.6	227.6	231.9
Federal government surplus or deficit (-) (N.I.A. basis)	-16.9	-14.1	-34.6	-39.1	-34.2	-32.6	-37.5	-35.0
High employment surplus or deficit (-)	6.4	13.8	6.4	11.8	24.8	34.0	34.3	41.0
State and local government surplus or deficit (-) (N.I.A. basis)	27.5	22.3	19.9	19.9	19.8	19.5	18.9	18.5
Excluding social insurance funds	3.8	-2.0	-5.0	-5.6	-6.3	-7.2	-8.3	-9.3
Civilian labor force (millions)	102.5	102.3	103.1	103.7	104.1	104.5	104.9	105.3
Unemployment rate (per cent)	5.7	5.8	6.3	6.9	7.3	7.5	7.7	7.9
Nonfarm payroll employment (millions)	87.9	88.4	88.4	88.2	88.0	88.1	88.2	88.4
Manufacturing	20.9	20.9	20.7	20.3	20.1	20.0	20.0	20.0
Industrial production (1967=100)	151.5	151.7	149.7	147.6	146.7	146.4	147.1	147.8
Capacity utilization: all mfg. (percent)	86.1	85.4	83.3	81.1	79.8	78.9	78.6	78.3
Materials (per cent)	87.4	87.2	84.8	82.5	81.2	80.4	80.3	80.2
Housing starts, private (million units, A.R.)	1.62	1.75	1.60	1.50	1.50	1.55	1.60	1.60
New autos sales, (millions, A.R.)	11.55	10.83	10.50	10.10	9.90	9.90	10.00	10.05
Domestic models	9.13	8.13	8.00	7.90	7.90	7.95	8.10	8.15
Foreign models	2.42	2.70	2.50	2.20	2.00	1.95	1.90	1.90

^{1/} Balance of payments data and details underlying these estimates are shown in the International Developments section of this part of the Greenbook.^{2/} Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

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CLASS II FOMCPER CENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS
(Annual rates compounded quarterly)

	1979				1980			
		Projected						
	I	II	III	IV	I	II	III	IV
<u>Constant (1972) dollars</u>								
Gross national product	.8	-1.5	-2.4	-2.0	-.1	.2	1.5	1.5
Final purchases	.7	-3.6	-.1	-.1	.7	.6	1.0	1.0
Private	1.2	-4.4	-.9	-.4	.6	.5	1.0	1.0
Excluding net exports	.4	-4.1	-1.2	-1.7	-.9	.2	.9	1.2
Personal consumption expenditures	.7	-3.9	-.5	-.3	.6	.7	1.1	1.3
Goods	-3.6	-8.5	-2.9	-2.6	-.9	-.5	.3	.4
Services	6.3	1.9	2.2	2.3	2.3	2.1	1.9	2.3
Gross private domestic investment	3.7	9.3	-17.3	-18.8	-11.8	-5.5	3.9	3.8
Residential structures	-14.4	-9.9	-17.7	-14.8	-11.9	-5.5	-2.9	-1.4
Business fixed investment	4.9	-3.0	1.8	-5.3	-5.6	-1.2	1.2	1.3
Gov't. purchases of goods and services	-4.3	-.4	2.9	.9	.8	.9	1.0	1.2
Federal	-2.2	-7.3	5.3	1.4	1.3	1.3	.2	.8
State and local	-5.5	3.8	1.5	.6	.5	.7	1.5	1.4
Disposable personal income	2.8	-1.9	.5	-1.7	-.9	.1	2.6	.9
<u>Current dollars</u>								
Gross national product	9.8	7.9	6.3	8.6	9.8	9.3	9.9	10.2
Final purchases	9.5	6.0	8.6	10.4	10.5	9.7	9.5	9.8
Private	11.2	5.7	8.0	10.3	11.1	10.2	9.9	9.7
Excluding net exports	10.1	6.6	9.3	8.1	8.3	9.4	9.7	9.9
Personal consumption expenditures	11.4	6.7	10.5	10.0	10.1	10.1	9.9	10.1
Goods	9.1	3.7	10.4	9.3	8.8	8.9	9.0	9.1
Services	14.2	10.3	10.6	10.9	11.5	11.3	10.8	11.2
Gross private domestic investment	7.2	18.6	-7.6	-9.1	-2.6	4.1	11.9	11.5
Residential structures	-7.9	1.8	-8.7	-5.4	-2.2	4.9	6.8	7.5
Business fixed investment	12.2	8.2	11.2	3.3	2.8	7.4	9.7	9.7
Gov't. purchases of goods and services	3.4	7.1	10.8	10.7	8.0	7.7	7.7	10.6
Federal	5.1	-2.6	11.7	14.8	7.1	6.7	5.4	13.8
State and local	2.5	12.8	10.3	8.5	8.5	8.3	8.9	8.8
Disposable personal income	13.7	8.9	11.7	8.4	8.4	9.4	11.6	9.6
Personal income	10.9	9.8	11.9	8.9	8.6	9.8	11.8	10.4
Wage and salary disbursements	13.1	8.7	6.6	6.4	7.2	8.2	8.9	9.9
Corporate profits with IVA & C.C. Adj.	-16.7	-.9	-19.7	12.9	17.3	2.1	8.9	7.3
Corporate profits before tax	9.0	-4.6	-25.2	10.1	15.9	2.2	3.7	7.7
Nonfarm payroll employment	4.2	2.5	-.2	-.9	-.5	.1	.8	.8
Manufacturing	6.1	.2	-4.4	-6.3	-5.0	-1.9	.3	.0
Nonfarm business sector								
Output per hour	-4.3	-2.9	-1.0	.2	1.7	1.0	1.3	1.4
Compensation per hour	10.2	8.0	9.0	9.2	10.7	9.6	9.7	9.4
Unit labor costs	15.2	11.2	10.1	9.0	8.9	8.5	8.4	8.0
GNP implicit deflator <u>1/</u>	8.9	9.6	9.0	10.7	9.9	9.1	8.3	8.6
Gross business product fixed-weight price index <u>2/</u>	9.9	10.9	10.6	10.1	9.7	9.5	8.8	8.7
Industrial production	4.9	.5	-5.1	-5.7	-2.4	-.8	2.1	2.0

Excluding Federal pay increases, the rates of change are: 1979 QI, 8.9 per cent; 1979 QIV, 10.2 per cent; 1980 QI, 9.9 per cent; 1980 QIV, 8.1 per cent.

^{2/} Uses expenditures in 1972 as weights.

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CLASS II FOMC

GROSS NATIONAL PRODUCT AND RELATED ITEMS
(Quarterly figures are seasonally adjusted. Expenditures and income
figures are billions of current dollars at annual rates.)

	1977				1978			
	I	II	III	IV	I	II	III	IV
Gross national product	1806.8	1867.0	1916.8	1958.1	1992.0	2087.5	2136.1	2214.8
Final purchases	1796.5	1850.0	1894.9	1945.0	1975.3	2067.4	2122.5	2201.3
Private	1421.5	1461.2	1495.4	1532.5	1558.6	1642.7	1682.7	1746.8
Excluding net exports	1430.0	1467.1	1502.4	1555.7	1582.7	1648.2	1693.4	1754.4
Personal consumption expenditures	1167.7	1188.6	1214.5	1255.2	1276.7	1322.9	1356.9	1403.9
Goods	639.1	649.2	657.1	684.1	684.9	717.1	731.2	762.5
Services	528.6	539.4	557.5	571.1	591.8	605.8	625.8	641.4
Gross private domestic investment	272.5	295.6	309.7	313.5	322.7	345.4	350.1	364.0
Residential construction	81.6	91.4	94.3	100.2	100.3	105.3	109.0	113.4
Business fixed investment	180.6	187.2	193.5	200.3	205.6	220.1	227.5	237.1
Change in business inventories	10.3	17.0	21.9	13.1	16.7	20.1	13.6	13.5
Nonfarm	11.1	16.5	22.0	10.4	16.9	22.1	14.6	13.4
Net exports of goods and services ^{1/}	-8.5	-5.9	-7.0	-23.2	-24.1	-5.5	-10.7	-7.6
Exports	170.9	178.1	180.8	172.1	181.7	205.4	210.1	221.9
Imports	179.4	184.0	187.8	195.2	205.8	210.9	220.8	229.5
Gov't. purchases of goods and services	375.0	388.8	399.5	412.5	416.7	424.7	439.8	454.5
Federal ^{2/}	138.3	142.9	146.8	152.2	151.5	147.2	154.0	162.5
State and local	236.7	245.9	252.7	260.3	265.2	277.6	285.8	292.0
Gross national product in constant (1972) dollar	1306.7	1325.5	1343.9	1354.5	1354.2	1382.6	1391.4	1414.7
Personal income	1470.7	1508.6	1543.7	1593.0	1628.9	1682.4	1731.7	1789.0
Wage and salary disbursements	946.4	973.4	993.6	1021.2	1050.8	1090.2	1113.2	1149.4
Disposable personal income	1248.0	1285.3	1319.1	1359.6	1391.6	1433.3	1468.4	1513.9
Saving rate (per cent)	4.2	5.3	5.6	5.4	5.9	5.3	5.2	4.8
Corporate profits with I.V.A. and C.C. Adj.	129.9	143.7	154.8	148.2	132.6	163.4	165.2	176.6
Corporate profits before tax	164.8	175.1	177.5	178.3	172.1	205.5	205.4	224.9
Federal government surplus or deficit (-) (N.I.A. basis)	-37.3	-40.3	-56.4	-58.6	-52.6	-23.6	-22.8	-20.8
High employment surplus or deficit (-)	-2.9	-10.8	-29.9	-31.6	-19.5	-5	1.8	-1.0
State and local government surplus or deficit (-) (N.I.A. basis)	29.5	28.5	31.2	29.0	31.5	29.8	23.4	28.8
Excluding social insurance funds	12.5	10.8	12.8	9.9	11.5	9.3	1.8	5.9
Civilian labor force (millions)	96.2	97.1	97.6	98.5	99.3	100.1	100.8	101.5
Unemployment rate (per cent)	7.4	7.2	6.9	6.6	6.2	6.0	6.0	5.8
Nonfarm payroll employment (millions)	80.8	82.0	82.7	83.5	84.3	85.7	86.1	87.0
Manufacturing	19.4	19.6	19.7	19.9	20.1	20.3	20.3	20.6
Industrial production (1967=100)	133.6	137.0	138.4	139.3	139.6	144.0	147.0	149.7
Capacity utilization: all mfg. (per cent)	81.2	82.7	83.0	82.9	82.1	84.0	85.0	85.9
Materials (per cent)	80.4	82.6	82.3	82.2	81.7	84.5	86.0	87.6
Housing starts, private (million units, A.R.)	1.81	1.93	2.02	2.09	1.80	2.10	2.04	2.08
New autos sales, (millions, A.R.)	11.12	11.70	10.92	10.75	10.80	12.12	11.16	11.07
Domestic models	9.28	9.34	8.88	8.77	8.80	10.01	9.19	9.06
Foreign models	1.84	2.36	2.04	1.98	2.00	2.11	1.98	2.00

^{1/} Balance of payments data and details underlying these estimates are shown in the International Developments section of this part of the Greenbook.

^{2/} Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

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PER CENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS
(Annual rates compounded quarterly)

	1977				1978			
	I	II	III	IV	I	II	III	IV
<u>Constant (1972) dollars</u>								
Gross national product	7.3	5.9	5.7	3.2	-1.1	8.7	2.6	6.9
Final purchases	5.3	4.6	5.0	4.7	-1.6	8.6	3.7	7.2
Private	6.1	3.7	4.8	4.8	-1.1	11.0	2.8	8.0
Excluding net exports	6.9	3.8	4.3	8.7	-1.0	7.7	3.7	7.7
Personal consumption expenditures	5.1	1.4	4.1	9.0	-1.4	6.0	4.1	7.6
Goods	5.2	1.2	2.4	13.5	-8.1	9.7	2.6	11.5
Services	4.9	1.5	6.1	3.9	7.0	1.9	5.9	3.1
Gross private domestic investment	32.8	25.7	9.7	-2.9	11.3	15.2	-5.1	5.8
Residential structures	10.2	37.8	5.2	11.1	-5.2	2.7	-1.6	4.0
Business fixed investment	19.0	7.5	5.3	5.3	4.2	21.3	3.5	9.5
Gov't. purchases of goods and services	2.4	8.0	5.8	4.2	-3.5	-2.2	7.2	4.0
Federal	5.1	10.7	6.4	2.9	-8.9	-15.3	14.3	8.8
State and local	.7	6.3	5.4	5.1	-1.1	9.6	3.4	1.3
Disposable personal income	1.7	6.2	5.9	7.8	1.1	3.5	3.6	6.1
<u>Current dollars</u>								
Gross national product	13.7	14.0	11.1	8.9	7.1	20.6	9.6	15.6
Final purchases	11.0	12.5	10.1	11.0	6.4	20.0	11.1	15.7
Private	11.3	11.6	9.7	10.3	7.0	23.4	10.1	16.1
Excluding net exports	14.9	10.8	10.0	15.0	7.1	17.6	11.4	15.2
Personal consumption expenditures	12.5	7.3	9.0	14.1	7.0	15.3	10.7	14.6
Goods	12.1	6.5	5.0	17.5	.5	20.2	8.1	30.7
Services	13.1	8.4	14.1	10.1	15.3	9.8	13.9	10.3
Gross private domestic investment	48.0	38.5	20.5	5.1	12.2	31.3	5.5	16.9
Residential structures	25.1	57.8	13.5	27.3	.5	21.0	14.9	17.3
Business fixed investment	25.9	15.3	14.1	14.8	11.1	31.2	14.3	18.0
Gov't. purchases of goods and services	9.9	15.5	11.5	13.7	4.1	7.9	15.0	14.1
Federal	11.5	14.0	11.3	15.7	-2.0	-10.9	20.0	23.9
State and local	9.0	16.4	11.6	12.5	7.8	19.9	12.4	9.0
Disposable personal income	9.0	12.5	10.9	12.9	9.8	12.5	10.2	13.0
Personal income	11.7	10.7	9.6	13.4	9.3	13.8	12.2	13.9
Wage and salary disbursements	12.0	11.9	8.6	11.6	12.1	15.9	8.7	13.7
Corporate profits with IVA & C.C. Adj.	26.4	49.8	34.7	-16.0	-35.9	130.6	4.5	30.6
Corporate profits before tax	29.1	27.5	5.6	1.8	-13.2	103.3	-2.2	43.7
Nonfarm payroll employment	3.9	5.6	3.6	4.0	3.8	6.9	2.1	4.0
Manufacturing	5.2	5.7	1.5	3.2	5.7	3.1	-2.2	6.0
Nonfarm business sector								
Output per hour	2.4	-1.4	3.7	.5	-3.1	1.7	2.3	1.9
Compensation per hour	8.3	6.5	8.1	7.6	12.2	8.2	9.6	9.1
Unit labor costs	5.8	8.0	4.2	7.1	15.7	6.4	7.1	7.0
GNP implicit deflator <u>1/</u>	6.0	7.7	5.1	5.5	7.2	11.0	6.9	8.2
Gross business product fixed-weight price index <u>2/</u>	6.7	7.9	4.7	6.3	6.7	12.1	8.0	8.0
Industrial production	6.2	10.6	4.2	2.6	.9	13.2	8.6	7.6

1/ Excluding Federal pay increases, rates of change were: 1977:QI, 5.9 per cent; 1977:QIV, 4.8 per cent; 1978:QI, 7.2 per cent; 1978:QIV, 7.6 per cent.

2/ Uses expenditures in 1972 as weights.

July 3, 1979

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SS II FOMC

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

	1973	1974	1975	1976	1977	1978	Projected	
							1979	1980
Gross national product	1306.6	1412.9	1528.8	1700.1	1887.2	2107.6	2330.1	2539.0
Final purchases	1288.6	1404.0	1539.6	1689.9	1871.6	2091.6	2315.0	2537.7
Private	1019.1	1101.3	1201.2	1330.4	1477.6	1657.7	1841.6	2022.4
Excluding net exports	1012.0	1095.3	1180.8	1323.0	1488.7	1669.7	1848.9	2011.4
Personal consumption expenditures	809.9	889.6	979.1	1090.2	1206.5	1340.1	1487.5	1634.3
Goods	457.5	498.3	541.5	599.2	657.4	724.0	798.9	869.6
Services	352.3	391.3	437.5	491.0	549.2	616.2	688.6	764.7
Gross private domestic investment	220.0	214.6	190.9	243.0	297.8	345.6	376.5	378.4
Residential construction	66.1	55.1	51.5	68.2	91.9	107.0	109.8	109.4
Business fixed investment	136.0	150.6	150.2	164.6	190.4	222.6	251.6	267.7
Change in business inventories	17.9	8.9	-10.7	10.2	15.6	16.0	15.1	1.3
Nonfarm	14.7	10.8	-14.3	12.2	15.0	16.7	15.4	1.3
Net exports of goods and services ^{1/}	7.1	6.0	20.4	7.4	-11.1	-12.0	-7.3	11.0
Exports	101.6	137.9	147.3	163.2	175.5	204.8	248.5	288.3
Imports	94.4	131.9	126.9	155.7	186.6	216.8	255.8	277.3
Gov't. purchases of goods and services	269.5	302.7	338.4	359.5	394.0	433.9	473.4	515.3
Federal ^{2/}	102.2	111.1	123.1	129.9	145.1	153.8	167.4	181.8
State and local	167.3	191.5	215.4	229.6	248.9	280.2	306.0	333.5
Gross national product in constant (1972) dollars	1235.0	1217.8	1202.3	1271.0	1332.7	1385.7	1407.5	1400.7
Personal income	1052.4	1154.9	1255.5	1380.9	1529.0	1708.0	1905.9	2094.3
Wage and salary disbursements	701.3	764.6	805.9	890.1	983.6	1100.9	1218.3	1311.4
Disposable personal income	901.7	984.6	1086.7	1184.4	1303.0	1451.8	1619.3	1773.4
Saving rate (per cent)	7.8	7.3	7.7	5.7	5.1	5.3	5.7	5.2
Corporate profits with I.V.A. and C.C. Adj.	99.1	83.6	95.9	127.0	144.2	159.5	165.1	174.2
Corporate profits before tax	115.8	126.9	120.4	155.9	173.9	202.0	221.1	227.4
Federal government surplus or deficit (N.I.A. basis)	-6.7	-10.7	-70.6	-53.8	-48.1	29.9	-26.2	-34.8
High employment surplus or deficit (-)	-1.3	14.9	-27.4	-20.2	-19.6	-5.7	9.6	33.5
State and local government surplus or deficit (-) (N.I.A. basis)	13.0	7.6	6.2	20.7	29.6	28.3	22.4	19.2
Excluding social insurance funds	4.1	-2.9	-6.2	5.5	11.5	7.1	-2.2	-7.8
Civilian labor force (millions)	88.7	91.0	92.6	94.8	97.4	100.4	102.9	104.7
Unemployment rate (per cent)	4.9	5.6	8.5	7.7	7.0	6.0	6.2	7.6
Nonfarm payroll employment (millions)	76.8	78.3	76.9	79.4	82.3	85.8	88.2	88.2
Manufacturing	20.2	20.1	18.3	19.0	19.6	20.3	20.7	20.0
Industrial production (1967=100)	129.8	129.3	117.8	129.8	137.1	145.2	150.1	147.0
Capacity utilization: all manufacturing (per cent)	87.5	84.2	73.6	80.2	82.5	84.3	84.0	78.9
Materials (per cent)	92.4	87.7	73.6	80.4	81.9	85.0	85.5	80.5
Housing starts, private (million units, A.R.)	2.05	1.34	1.16	1.54	1.99	2.02	1.62	1.56
New auto sales, (millions, A.R.)	11.42	8.91	8.66	10.12	11.13	11.29	10.75	9.96
Domestic models	9.65	7.49	7.08	8.63	9.07	9.27	8.29	8.02
Foreign models	1.77	1.42	1.58	1.50	2.06	2.02	2.46	1.94

- ^{1/} Balance of payments data underlying these estimates are shown in the International Developments section of this part of the Greenbook.
- ^{2/} Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

July 3, 1979

CONFIDENTIAL - FR
ASS II FOMCPER CENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1973	1974	1975	1976	1977	1978	Projected	
							1979	1980
<u>Constant (1972) dollars</u>								
Gross national product	5.5	-1.4	-1.3	5.7	4.9	4.0	1.6	-.5
Final purchases	4.9	-.7	.2	4.3	4.7	3.9	1.6	.2
Private	6.3	-1.4	-.3	5.5	5.3	4.3	1.8	.0
Excluding net exports	5.1	-2.3	-1.0	6.4	6.0	4.5	1.4	-.7
Personal consumption expenditures	4.7	-.9	1.8	5.8	4.7	4.0	1.6	.1
Goods	5.0	-3.4	.7	6.4	5.0	3.4	-.2	-1.7
Services	4.4	2.3	3.2	5.0	4.4	4.6	3.8	2.2
Gross private domestic investment	10.0	-11.4	-22.3	21.6	13.2	7.3	.3	-8.9
Residential structures	-3.7	-24.6	-13.9	23.4	20.5	3.8	-8.0	-10.3
Business fixed investment	12.2	-.3	-13.0	4.7	9.1	8.1	3.9	-2.4
Gov't. purchases of goods and services	-.2	2.1	1.9	.1	2.4	2.2	.8	1.1
Federal	-5.4	-.8	.7	.1	5.2	-1.3	1.0	1.1
State and local	3.2	3.8	2.6	.1	.8	4.2	.7	1.1
Disposable personal income	6.7	-1.5	2.1	3.5	4.1	4.3	2.1	-.2
<u>Current dollars</u>								
Gross national product	11.6	8.1	8.2	11.2	11.0	11.7	10.6	9.0
Final purchases	10.9	8.9	9.7	9.8	10.8	11.8	10.7	9.6
Private	12.2	8.1	9.1	10.8	11.1	12.2	11.1	9.8
Excluding net exports	11.0	8.2	7.8	12.0	12.5	12.2	10.7	8.8
Personal consumption expenditures	10.5	9.8	10.1	11.4	10.7	11.1	11.0	9.9
Goods	11.4	8.9	8.7	10.7	9.7	10.1	10.3	8.9
Services	9.3	11.1	11.8	12.2	11.8	12.2	11.7	11.1
Gross private domestic investment	16.8	-2.5	-11.0	27.3	22.6	16.0	8.9	.5
Residential structures	6.6	-16.7	-6.5	32.5	34.8	16.4	2.6	-.4
Business fixed investment	16.4	10.8	-.3	9.6	15.7	16.9	13.0	6.4
Gov't. purchases of goods and services	6.5	12.3	11.8	6.2	9.6	10.1	9.1	8.8
Federal	.1	8.7	10.7	5.5	11.7	6.0	8.8	8.6
State and local	10.8	14.5	12.5	6.6	8.4	12.6	9.2	9.0
Disposable personal income	12.5	9.2	10.4	9.0	10.0	11.4	11.5	9.5
Personal income	11.7	9.7	8.7	10.0	10.7	11.7	11.6	9.9
Wage and salary disbursements	10.6	9.0	5.4	10.4	10.5	11.9	10.7	7.6
Corporate profits with IVA & C.C. Adj.	7.6	-15.6	14.7	32.4	13.5	10.6	3.5	5.5
Corporate profits before tax	20.4	9.6	-5.1	29.5	11.5	16.2	9.5	2.8
Nonfarm payroll employment	4.3	1.9	-1.7	3.2	3.6	4.3	2.8	.0
Manufacturing	5.2	-.4	-8.7	3.7	3.4	3.5	1.8	-3.3
Nonfarm business sector								
Output per hour	1.7	-2.9	1.9	3.5	1.3	.5	-1.0	.6
Compensation per hour	7.8	9.4	9.9	8.4	8.1	9.3	9.2	9.6
Unit labor costs	6.0	12.7	7.8	4.7	6.7	8.8	10.3	9.0
GNP implicit deflator	5.9	9.7	9.6	5.2	5.9	7.4	8.9	9.5
Gross business product fixed-weighted price index <u>1/</u>	5.7	10.4	9.4	5.4	6.2	7.7	9.7	9.7
Industrial production	8.4	-.4	-8.9	10.2	5.6	5.9	3.4	-2.0

1/ Uses expenditures in 1972 as weights.

FEDERAL SECTOR ACCOUNTS
(billions of dollars)

July 3, 1979

	FRB Staff Estimates														
	Calendar quarters; unadjusted data														
	Fiscal Year 1978*	FY 1979 e/2/ Admin. 1/ F.R. Board	FY 1980 e/2/ Admin. 1/ F.R. Board	CY 1978*	CY79e/ F.R. Board	1978 IV*	1979 I*	1979 II	1979 III	1979 IV	1980 I	1980 II	1980 III	1980 IV	1980 V
Unified budget receipts	402.0	461.8	465.7	503.9	509.0	416.9	475.9	99.5	102.1	143.8	120.3	109.6	111.2	153.2	135.0
Unified budget outlays	450.8	495.0	494.2	532.3	542.0	460.6	505.3	123.2	122.6	123.3	125.1	134.3	134.1	136.0	137.6
Surplus(+)/Deficit(-), unified budget	-48.8	-33.2	-28.5	-28.4	-33.0	-43.7	-29.4	-23.7	-20.5	20.5	-4.8	-24.8	-22.9	17.2	-2.6
Surplus(+)/Deficit(-), off-budget agencies <u>3/</u>	-10.3	-12.0	-12.1	-12.0	-10.9	-9.1	-13.5	-0.1	-3.0	-4.7	-4.3	-1.5	-3.3	-3.5	-2.6
Combined deficit to be financed	-59.1	-45.2	-40.6	-40.4	-43.9	-52.8	-42.9	-23.8	-23.5	15.8	-9.1	-26.3	-26.2	13.7	-5.2
Means of financing combined deficits:															
Net borrowing from public	59.1	35.8	27.3	38.4	42.5	53.6	33.2	15.3	10.6	-4.7	6.1	21.2	19.6	-3.7	5.4
Decrease in cash operating balance	-3.3	7.4	7.4	0.0	0.0	-4.0	4.3	6.1	8.6	-9.8	2.5	3.0	4.0	-8.0	1.0
Other <u>4/</u>	3.2	2.0	5.8	2.0	1.4	3.2	5.3	2.5	4.2	-1.4	0.5	2.0	2.6	-2.0	-1.2
Cash operating balance, end of period	22.4	15.0	15.0	15.0	15.0	16.3	12.0	16.3	7.7	17.5	15.0	12.0	8.0	16.0	15.0
Memo: Sponsored agency borrowing <u>5/</u>	19.1	n.a.	22.9	n.a.	14.6	22.0	21.6	4.9	6.4	5.8	5.8	3.6	3.0	4.0	4.0
NIA Budget								Seasonally adjusted annual rates							
Receipts <u>6/</u>	413.8	470.1	471.3	515.9	514.2	431.5	482.2	463.1	470.7	481.0	483.5	493.4	507.3	518.8	531.7
Expenditures <u>6/</u>	450.6	496.3	496.2	540.8	548.6	461.4	508.4	483.8	487.7	495.1	518.1	532.5	541.5	551.4	569.2
Purchases (total)	151.1	166.2	164.6	178.8	178.2	153.8	167.5	162.5	164.5	163.4	168.0	173.9	176.9	179.8	182.2
Defense	98.1	105.3	104.9	116.0	114.5	99.5	107.2	102.1	103.9	105.7	107.8	111.5	113.4	115.5	117.6
Non-defense	53.0	60.9	59.7	62.8	63.7	54.3	60.2	60.4	60.6	57.7	60.2	62.4	63.5	64.3	64.6
All other expenditures	299.5	330.1	331.6	362.0	370.4	307.6	340.9	321.3	323.2	331.7	350.1	358.6	364.6	371.6	387.0
Surplus(+)/Deficit(-) <u>6/</u>	-36.8	-26.2	-24.9	-24.9	-34.4	-29.9	-26.2	-20.8	-17.0	-14.1	-34.6	-39.1	-34.2	-32.6	-37.5
High Employment Surplus(+)/ Deficit(-) (NIA basis) <u>7/</u>	-13.3	n.a.	6.2	n.a.	26.2	-5.7	9.6	-1.9	6.4	13.8	6.4	11.8	24.8	34.0	34.3

- *--actual e--estimated r--revised n.a.--not available
- 1/ The Budget of the United States Government; Fiscal Year 1980, January 1979, and Current Budget Estimates; March 1979, Office of Management and Budget.
 - 2/ In the First Concurrent Resolution on the Budget Fiscal Year 1980, May 21, 1979, Congress projects FY 1979 receipts of \$461.0 billion and outlays of \$494.5 billion; and FY 1980 receipts of \$509.0 billion and outlays of \$532.0 billion.
 - 3/ Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank, 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 marketable debt on an offerings basis.
 - 6/ The fiscal year totals as published by the BEA "Fiscal Year 1980 Budget Translation," January 1979, are based on unadjusted data and do not conform to the average of four seasonally adjusted quarters. The FRB staff estimates, therefore, have been adjusted in order to make the BEA and staff estimates comparable.
 - 7/ FRB staff estimates are consistent with the Council's new potential GNP series as reported in the Economic Report of the President, January 1979.

	1978 ^r	1979 ^p	1980 ^p	1978 ^r		1979				1980 ^p			
				III	IV	I	II ^r	III ^r	IV ^r	I	II	III	IV
1. <u>U.S. Current Account Balance</u>	-13.9	-4.8	13.8	-12.9	-1.3	0.6	-5.9	-11.4	-2.4	10.4	14.5	15.6	14.3
2. <u>GNP Net Exports of Goods & Services 1/</u>	-10.3	-1.0	17.3	-6.4	-1.5	2.6	-1.2	-7.4	1.9	14.2	17.8	19.2	18.1
3. (using GNP account data) 2/	(-12.0)	(-7.3)	(11.0)	(-10.7)	(-7.6)	(-3.7)	(-7.6)	(-13.5)	(-4.5)	(7.8)	(11.4)	(12.8)	(11.9)
4. a) Merchandise Trade Balance	-34.2	-29.4	-17.0	-32.0	-25.5	-24.4	-28.4	-36.2	-28.6	-17.8	-15.9	-16.2	-18.3
5. Exports (excl. military)	141.9	176.0	204.8	146.0	157.3	165.0 ^e	168.0	180.6	190.1	197.6	203.5	207.3	210.9
6. Agricultural	29.9	32.4	36.3	31.7	31.3	30.6	30.7	33.3	35.0	36.5	36.8	36.1	35.7
7. Nonagricultural	112.0	143.6	168.5	114.2	126.0	134.8	137.3	147.4	155.1	161.1	166.7	171.2	175.2
8. Imports	176.1	205.4	221.9	178.0	182.7	189.8	196.4	216.8	218.7	215.3	219.4	223.5	229.2
9. Petroleum and petrol. products	42.3	55.7	65.5	43.5	43.2	46.6	48.9	62.3	65.1	63.8	65.0	65.8	67.3
10. Nonpetroleum	133.8	149.7	156.4	134.5	139.5	143.2	147.5	154.6	153.6	151.6	154.4	157.7	161.9
11. b) Other Transactions, net	23.9	28.4	34.3	25.6	24.0	27.0	27.2	28.8	30.5	32.0	33.7	35.4	36.4
12. Selected Invest. Income, net 3/	20.6	24.7	27.9	20.7	21.2	24.2	24.1	24.6	25.5	26.4	27.5	28.4	29.4
13. Other, net 4/	3.3	3.7	6.4	4.9	2.8	2.8	3.1	4.2	5.0	5.6	6.2	7.0	7.0
<u>Merchandise Trade in 1972 \$</u>													
14. Merchandise exports (excl. military)	73.6	81.3	84.8	75.0	78.3	80.4	79.1	82.1	83.6	84.5	84.9	84.9	84.8
15. (% change, annual rates)	(8.8)	(10.5)	(4.2)	(2.8)	(18.8)	(11.2)	(-6.6)	(16.1)	(7.4)	(4.5)	(2.0)	(0)	(-0.8)
16. Merchandise imports	75.9	76.4	73.3	76.3	76.7	77.2	76.1	77.1	75.3	73.0	73.1	73.3	74.0
17. (% change, annual rates)	(7.0)	(0.7)	(-4.0)	(10.0)	(2.4)	(2.0)	(-5.7)	(5.7)	(-9.5)	(-13.0)	(0.4)	(1.2)	(4.1)
<u>Foreign Outlook - Ten Industrial Countries 5/</u>													
18. Real GNP, % change, annual rates	3.2	3.4	2.8	2.5	4.4	1.9	4.4	3.6	3.1	2.4	2.3	2.4	2.5
19. Consumer Prices, 6/ % change, A.R.	5.4	7.7	8.5	4.2	4.2	8.7	10.2	11.1	9.0	8.1	7.7	7.3	7.1

- 1/ Using data from the international accounts.
2/ Lines 2 and 3 are defined identically but, data in line 3 differ from Int'l. Acct. data (line 2) in that they usually lag the Int'l Acct. data in publication of revisions and new information.
3/ Excluding U.S. Govt. interest payments to foreigners, and reinvested earnings of incorporated affiliates.
4/ Includes travel, transportation, fees and royalties, miscellaneous other service transactions, and military transactions.
5/ Geometric weights used to aggregate foreign real GNP and consumer prices - per cent share in ten-country total multilateral trade. Canada (9.1%), Japan (13.6%), United Kingdom (11.9%), Germany (20.8%), France (13.1%), Italy (9.0%), Belgium (6.4%), the Netherlands (8.3%), Switzerland (3.6%), Sweden (4.2%).

6/ Wholesale prices for Japan.

- p/ Projected.
e/ Estimated.
*/ Published data.

NOTE: A revised methodology for seasonally adjusting merchandise exports and imports was introduced with the January data. Data for 1978 have been revised accordingly. The new seasonal pattern results in a smaller 1978-IV trade deficit and a larger 1978-I deficit; there is no change in the annual figures. These changes will be incorporated in the published GNP data in July 1979.

CONFIDENTIAL (FR)

July 3, 1979

CURRENT-ECONOMIC AND FINANCIAL CONDITIONS

By the Staff
Board of Governors
of the Federal Reserve System

GROSS OFFERINGS OF CORPORATE AND FOREIGN SECURITIES
(Monthly totals or monthly averages, in millions of dollars)

	<u>1978</u>	<u>1979</u>					
	<u>Year</u>	<u>QI^{e/}</u>	<u>QII^{e/}</u>	<u>May^{e/}</u>	<u>June^{e/}</u>	<u>July^{f/}</u>	<u>Aug.</u>
<u>Seasonally adjusted</u>							
Corporate securities--total	3,938	3,607	4,165	3,450	5,150	3,050	3,400
Publicly offered bonds	1,651	1,359	2,615	2,000	3,650	1,650	2,000
Privately placed bonds	1,424	1,645	1,100	1,100	1,100	1,000	1,000
Stocks	863	603	450	350	400	400	400
<u>Not seasonally adjusted</u>							
Publicly offered bonds	1,651	1,473	2,767	1,800	3,900	1,800	1,600
By quality <u>1/</u>							
Aaa and Aa	853	950	1,542	775	1,750	--	--
Less than Aa <u>2/</u>	798	523	1,225	1,025	2,150	--	--
By type of borrower							
Utility	610	605	785	450	1,075	--	--
Industrial <u>3/</u>	526	378	840	575	1,525	--	--
Financial	515	490	1,142	775	1,300	--	--
Foreign securities--total ^{4/}	504	513	274	300	300	300	200

1/ Bonds categorized according to Moody's bond ratings.

2/ Includes issues not rated by Moody's.

3/ Includes equipment trust certificates.

4/ Includes both publicly offered and privately placed issues.

e/ Estimated.

f/ Forecast.

GOVERNMENT SECURITY OFFERINGS
(Monthly totals or monthly averages, in millions of dollars)

	<u>1978</u>	<u>1979</u>					
	Year	QI	QII	May ^{e/}	June ^{f/}	July ^{f/}	Aug. ^{f/}
<u>Seasonally Adjusted</u>							
State and local government securities, gross offerings							
Total		4,853	4,869	3,085	4,700	5,600	4,300
Long-term		3,138	3,254	2,510	3,800	4,100	3,000
Short-term		1,715	1,615	575	900	1,500	1,300
U.S. Government securities, net offerings							
U.S. Treasury ^{1/}		1,732	4,824	9,030	-1,255	1,585	3,253
Sponsored agencies		2,608	1,656	374	2,237	851	2,360
<u>Not Seasonally Adjusted</u>							
State and local government securities, gross offerings							
Total	5,851	4,765	5,055	3,803	5,600	5,200	4,100
Long-term	4,042	3,266	3,514	3,087	4,400	4,000	2,900
Short-term	1,809	1,499	1,541	716	1,200	1,200	1,200
U.S. Government securities, net offerings							
U.S. Treasury ^{1/}	2,337	2,998	933	7,230	-4,700	0	6,700
Sponsored agencies	1,930	2,120	1,887	617	2,450	1,185	2,794

^{1/} Marketable issues only.

^{e/} Estimated.

^{f/} Forecasted.

CONFIDENTIAL (FR)
CLASS II - FOMC

July 6, 1979

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

The Domestic Financial Economy

Commercial paper outstanding rose by a record \$5.0 billion in June, as all major categories posted sharp gains (see Table). Nonbank-related financial issuers that directly place their paper increased their outstandings by \$1.8 billion, reflecting in large part the further rise in automobile dealer inventories during June. Dealer-placed nonbank financial paper increased sharply also, and commercial paper dealers reported that this gain was broadly based. Nonfinancial paper outstanding climbed by \$1.1 billion, due to heavy issuance by both public utilities and industrial corporations. Bank-related issuers boosted their outstandings by \$800 million in June; this category has increased by almost \$2.9 billion since the end of last year.

International Developments:

Errata: Part I, page I-25, line 13, should read "\$185 billion" instead of \$180 billion".



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

October 12, 1979

CONFIDENTIAL (FR)
CLASS II - FOMC

TO: Federal Open Market Committee
FROM: Murray Altmann

Attached for your information is a brief review of recent and prospective economic and financial developments and of the latest GNP projections, prepared by the staff of the Board.

Attachment

CONFIDENTIAL (FR)

October 12, 1979

**CURRENT AND PROSPECTIVE ECONOMIC
AND FINANCIAL CONDITIONS**

**By the Staff
Board of Governors
of the Federal Reserve System**

October 12, 1979

SELECTED DOMESTIC NONFINANCIAL DATA
AVAILABLE SINCE PRECEDING GREENBOOK
(Seasonally adjusted)

	Latest Data			Percent Change from		
	Period	Release Date	Data	Preceding Period	Three Periods Earlier	Year earlier
(At annual rate)						
Civilian labor force	Sept.	10-5-79	103.5	5.2	3.8	2.5
Unemployment rate (%) <u>1/</u>	Sept.	10-5-79	5.8	6.0	5.6	5.9
Insured unemployment rate (%) <u>1/</u>	Sept.	10-5-79	3.0	3.1	2.8	3.4
Nonfarm employment, payroll (mil.)	Sept.	10-5-79	89.9	1.8	1.0	3.2
Manufacturing	Sept.	10-5-79	21.0	1.4	-1.5	2.3
Nonmanufacturing	Sept.	10-5-79	68.9	1.9	1.8	3.5
Private nonfarm:						
Average weekly hours (hr.) <u>1/</u>	Sept.	10-5-79	35.6	35.6	35.6	35.8
Hourly earnings (\$) <u>1/</u>	Sept.	10-5-79	6.25	6.22	6.13	5.78
Manufacturing:						
Average weekly hours (hr.) <u>1/</u>	Sept.	10-5-79	40.0	40.1	40.1	40.5
Unit labor cost (1967=100)	Aug.	9-28-79	176.5	8.9	7.4	8.2
Industrial production (1967=100)	Aug.	9-14-79	150.9	-13.4	-3.9	2.0
Consumer goods	Aug.	9-14-79	147.7	-25.4	-11.3	-1.9
Business equipment	Aug.	9-14-79	170.3	-9.1	-2.6	4.2
Defense & space equipment	Aug.	9-14-79	92.9	6.5	1.7	5.7
Materials	Aug.	9-14-79	155.3	-12.2	-1.0	3.4
Consumer prices all items (1967=100)	Aug.	9-25-79	220.7	12.6	12.1	11.7
All items, excluding food & energy	Aug.	9-25-79	209.4	12.2	10.4	9.9
Food	Aug.	9-25-79	235.0	.0	1.2	9.5
Producer prices: (1967=100)						
Finished goods	Sept.	10-4-79	221.0	17.1	14.8	11.8
Intermediate materials, nonfood	Sept.	10-4-79	251.5	18.4	18.5	14.8
Crude foodstuffs & feedstuffs	Sept.	10-4-79	249.9	17.5	13.2	13.8
Personal income (\$ bil.) <u>2/</u>	Aug.	9-18-79	1938.1	5.2	9.8	11.3
(Not at annual rates)						
Mfrs. new orders dur. goods (\$ bil.)	Aug.	10-3-79	74.6	2.9	-3.2	5.6
Capital goods industries	Aug.	10-3-79	24.5	8.6	-.4	13.5
Nondefense	Aug.	10-3-79	21.5	6.1	2.4	16.9
Defense	Aug.	10-3-79	3.0	30.8	-16.7	-6.3
Inventories to sales ratio: <u>1/</u>						
Manufacturing and trade, total	July	10-3-79	1.44	1.43	1.44	1.44
Manufacturing	Aug.	10-3-79	1.54	1.54	1.48	1.51
Trade	July	10-3-79	1.34	1.33	1.33	1.33
Ratio: Mfrs.' durable goods inventories to unfilled orders <u>1/</u>	Aug.	10-3-79	.563	.557	.546	.600
Retail sales, total (\$ bil.)	Aug.	9-10-79	72.8	.7	1.2	8.1
GAF <u>3/</u>	Aug.	9-10-79	16.1	.7	2.7	9.0
Auto sales, total (mil. units.) <u>2/</u>	Sept.	10-3-79	10.7	-2.4	12.3	.9
Domestic models	Sept.	10-3-79	8.5	-2.6	19.2	-1.9
Foreign models	Sept.	10-3-79	2.2	-1.7	-8.3	13.7
Housing starts, private (thous.) <u>2/</u>	Aug.	9-19-79	1,783	-.4	-2.8	-11.0
Leading indicators (1967=100)	Aug.	9-28-79	139.1	.0	-.5	-2.0

1/ Actual data used in lieu of percent changes for earlier periods.

2/ At annual rate.

3/ Excludes mail order houses.

STAFF GNP PROJECTIONS

Percent changes, annual rate								
	Nominal GNP		Real GNP		Gross business product fixed-weight price index		Unemployment rate (percent)	
	9/12/79	10/12/79	9/12/79	10/12/79	9/12/79	10/12/79	9/12/79	10/12/79
1976 1/	11.3	11.3	5.9	5.9	5.3	5.3	7.7	7.7
1977 1/	11.6	11.6	5.3	5.3	6.2	6.2	7.0	7.0
1978 1/	12.0	12.0	4.4	4.4	7.6	7.6	6.0	6.0
1979	10.8	10.9	1.7	1.7	9.6	9.7	6.1	5.9
1980	8.5	8.0	-7	-1.2	9.5	9.6	7.8	7.9
1978-III 1/	10.9	10.9	3.5	3.5	8.8	8.8	6.0	6.0
1978-IV 1/	14.8	14.8	5.6	5.6	8.7	8.7	5.8	5.8
1979-I 1/	10.6	10.6	1.1	1.1	10.0	10.0	5.7	5.7
1979-II 1/	6.7	6.7	-2.4	-2.3	9.8	10.1	5.7	5.7
1979-III	9.5	10.6	.7	1.6	10.0	10.3	6.0	5.8
79-IV	7.3	5.8	-2.7	-4.0	9.8	10.1	6.9	6.7
1980-I	8.5	7.5	-9	-1.9	9.7	9.8	7.4	7.4
1980-II	8.7	8.0	-4	-1.0	9.5	9.4	7.7	7.9
1980-III	9.4	9.1	.9	.6	8.7	8.6	7.9	8.1
1980-IV	9.9	9.7	1.1	.9	8.5	8.4	8.1	8.3
Change:								
77-IV to								
78-IV 1/	13.4	13.4	4.8	4.8	8.6	8.6	-8	-8
78-IV to								
79-IV	8.5	8.4	-8	-9	9.9	10.1	1.1	.9
79-IV to								
80-IV	9.1	8.6	.2	-4	9.1	9.0	1.2	1.6
Memo:								
Growth Over Annual Policy Period:								
78-IV to								
79 IV	8.5	8.4	-8	-9	9.9	10.1	1.1	.9

1/ Actual.

CONFIDENTIAL - FR
CLASS II FOMC

GROSS NATIONAL PRODUCT AND RELATED ITEMS
(Quarterly figures are seasonally adjusted. Expenditures and income
figures are billions of current dollars at annual rates.)

	1979				1980			
	I	II	III	IV	Projected I	Projected II	Projected III	Projected IV
Gross national product	2292.1	2329.8	2389.1	2422.9	2467.3	2515.5	2570.7	2631.1
Final purchases	2272.9	2296.4	2366.6	2414.4	2465.9	2516.5	2570.9	2629.3
Private	1812.8	1829.8	1890.5	1921.6	1963.0	2003.8	2048.0	2092.9
Excluding net exports	1808.8	1837.9	1896.3	1924.4	1953.6	1986.8	2028.1	2073.0
Personal consumption expenditures	1454.2	1475.9	1522.9	1550.5	1580.7	1613.0	1647.1	1682.8
Goods	784.9	789.9	815.6	828.8	843.5	856.8	872.3	889.0
Services	669.3	686.0	707.3	721.7	737.2	756.2	774.8	793.8
Gross private domestic investment	373.8	395.4	395.9	382.4	374.3	372.8	380.8	392.0
Residential construction	111.2	112.9	115.9	115.4	113.4	110.9	113.4	117.4
Business fixed investment	243.4	249.1	257.5	258.5	259.5	262.9	267.6	272.8
Change in business inventories	19.1	33.4	22.5	8.5	1.4	-1.0	-.2	1.8
Nonfarm	18.8	32.6	22.5	8.5	1.4	-1.0	-.2	1.8
Net exports of goods and services ^{1/}	4.0	-8.1	-5.8	-2.8	9.4	17.0	19.9	19.9
Exports	238.5	243.7	263.6	270.4	280.5	289.3	295.6	301.9
Imports	234.4	251.9	269.5	273.3	271.2	272.4	275.8	282.1
Gov't. purchases of goods and services	460.1	466.6	476.1	492.8	502.9	512.7	522.9	536.4
Federal ^{2/}	163.6	161.7	163.0	173.0	176.7	180.1	183.3	189.7
State and local	296.5	304.9	313.1	319.8	326.2	332.6	339.6	346.7
Gross national product in constant (1972) dollars	1430.6	1422.3	1427.9	1413.5	1406.6	1403.1	1405.2	1408.3
Personal income	1852.6	1892.5	1943.3	1984.8	2021.1	2065.1	2121.1	2170.4
Wage and salary disbursements	1189.3	1212.4	1236.2	1252.4	1269.6	1290.9	1316.2	1345.4
Disposable personal income	1572.2	1601.7	1639.8	1674.0	1708.3	1743.6	1789.8	1828.2
Saving rate (percent)	5.0	5.4	4.6	4.8	4.9	4.9	5.3	5.3
Corporate profits with I.V.A. and C.C. Adj	178.9	176.6	187.7	181.8	181.8	181.3	183.4	186.6
Corporate profits before tax	233.3	227.9	243.0	232.9	229.9	227.9	229.7	232.7
Federal government surplus or deficit (-) (N.I.A. basis)	-11.7	-7.0	-9.5	-25.3	-29.9	-31.6	-39.5	-38.4
High employment surplus or deficit (-)	7.9	20.1	9.9	10.4	23.2	32.0	31.2	38.7
State and local government surplus or deficit (-) (N.I.A. basis)	27.6	19.7	21.7	19.4	18.1	17.6	17.4	17.1
Excluding social insurance funds	2.6	-6.3	-4.9	-7.8	-9.7	-10.8	-11.5	-12.4
Civilian labor force (millions)	102.5	102.3	103.2	103.9	104.3	104.6	105.0	105.3
Unemployment rate (percent)	5.7	5.7	5.8	6.7	7.4	7.9	8.1	8.3
Nonfarm payroll employment (millions)	88.7	89.4	89.8	89.1	88.7	88.6	88.6	88.7
Manufacturing	21.0	21.1	21.0	20.6	20.1	19.9	19.9	19.8
Industrial production (1967=100)	152.2	151.9	150.5	147.7	145.7	145.1	145.2	145.5
Capacity utilization: all mfg. (percent)	86.7	85.9	84.4	82.0	80.1	79.0	78.2	77.6
Materials (percent)	88.0	87.2	87.4	84.4	82.4	81.1	80.5	80.0
Housing starts, private (million units, A.R.)	1.62	1.83	1.76	1.55	1.40	1.45	1.55	1.60
New autos sales, (millions, A.R.)	11.55	10.66	10.77	9.70	9.80	9.60	9.70	9.80
Domestic models	9.13	8.00	8.49	7.50	7.70	7.70	7.80	7.90
Foreign models	2.42	2.66	2.28	2.20	2.10	1.90	1.90	1.90

^{1/} Balance of payments data and details underlying these estimates are shown in the International Developments section of this part of the Greenbook.

^{2/} Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

October 12, 1979

CONFIDENTIAL - FR
CLASS II FOMCPERCENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS
(Annual rates compounded quarterly)

	1979				1980			
	I	II	III	IV	Projected I	Projected II	III	IV
<u>Constant (1972) dollars</u>								
Gross national product	1.1	-2.3	1.6	-4.0	-1.9	-1.0	.6	.9
Final purchases	1.1	-3.9	3.4	-2.0	-.9	-.6	.5	.6
Private	1.8	-4.1	4.1	-3.2	-1.3	-1.0	.2	.4
Excluding net exports	.4	-2.9	2.4	-3.8	-2.8	-1.8	.0	.5
Personal consumption expenditures	.6	-2.9	2.2	-2.8	-1.3	-.7	.1	.4
Goods	-4.4	-7.3	2.0	-5.1	-2.4	-2.5	-1.0	-.4
Services	7.1	2.5	2.5	-.2	-.1	1.5	1.3	1.4
Gross private domestic investment	-.5	8.5	-8.1	-19.6	-15.5	-9.3	.1	3.5
Residential structures	-14.3	-7.2	-1.3	-11.5	-16.0	-17.4	-.6	5.4
Business fixed investment	4.8	-.9	4.9	-6.4	-6.4	-2.8	-.8	-.2
Gov't. purchases of goods and services	-1.8	-3.3	.4	3.6	.9	.8	1.3	1.2
Federal	7.2	-11.3	-3.0	9.3	2.2	1.8	1.5	1.2
State and local	-6.6	1.6	2.3	.5	.2	.3	1.2	1.2
Disposable personal income	2.1	-1.4	-1.0	-1.8	-.9	-.6	2.2	.3
<u>Current dollars</u>								
Gross national product	10.6	6.7	10.6	5.8	7.5	8.0	9.1	9.7
Final purchases	11.0	4.2	12.8	8.3	8.8	8.5	8.9	9.4
Private	12.4	3.8	13.9	6.7	8.9	8.6	9.1	9.1
Excluding net exports	10.3	6.6	13.3	6.1	6.2	7.0	8.6	9.2
Personal consumption expenditures	11.4	6.1	13.4	7.4	8.0	8.4	8.7	9.0
Goods	7.9	2.6	13.7	6.6	7.3	6.5	7.4	7.9
Services	15.8	10.4	13.0	8.4	8.9	10.7	10.2	10.2
Gross private domestic investment	3.6	25.2	.5	-13.0	-8.2	-1.6	8.9	12.3
Residential structures	-8.5	6.1	11.1	-1.7	-6.8	-8.5	9.3	14.9
Business fixed investment	12.9	9.6	14.2	1.6	1.6	5.3	7.3	8.0
Gov't. purchases of goods and services	5.6	5.8	8.4	14.8	8.5	8.0	8.2	10.7
Federal	12.1	-4.6	3.3	26.9	8.8	7.9	7.3	14.7
State and local	2.3	11.7	11.2	8.8	8.2	8.1	8.7	8.6
Disposable personal income	13.0	7.7	9.9	8.6	8.5	8.5	11.0	8.9
Personal income	11.4	8.9	11.2	8.8	7.5	9.0	11.3	9.6
Wage and salary disbursements	12.7	8.0	8.1	5.3	5.6	6.9	8.1	9.2
Corporate profits with IVA & C.C. Adj.	-12.2	-5.0	27.6	-12.0	.0	-1.1	4.7	7.2
Corporate profits before tax	10.8	-8.9	29.3	-15.7	-5.0	-3.4	3.2	5.4
Nonfarm payroll employment	4.3	2.9	1.8	-3.0	-1.5	-.7	.2	.3
Manufacturing	5.0	.8	-1.0	-8.2	-7.9	-3.8	-2.0	-1.6
Nonfarm business sector								
Output per hour	-3.0	-4.3	-.2	-.4	1.2	.6	1.0	1.3
Compensation per hour	10.7	7.8	9.0	9.6	10.6	9.6	9.7	9.4
Unit labor costs	14.1	12.7	9.2	10.0	9.3	8.9	8.6	8.0
GNP implicit deflator ^{1/}	9.3	9.3	8.9	10.2	9.6	9.1	8.4	8.8
Gross business product fixed-weight price index ^{2/}	10.0	10.1	10.3	10.1	9.8	9.4	8.6	8.4
Consumer price index (all urban)	11.1	13.6	13.0	12.4	10.9	9.9	8.9	8.9
Industrial production	4.0	-.8	-3.6	-7.1	-5.4	-1.6	.2	.9

^{1/} Excluding Federal pay increases, the rates of change are: 1979 QI, 9.3 percent; 1979 QIV, 9.4 percent; 1980 QI, 9.6 percent; 1980 QIV, 8.2 percent.

^{2/} Uses expenditures in 1972 as weights.

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CLASS II FOMC

GROSS NATIONAL PRODUCT AND RELATED ITEMS
(Quarterly figures are seasonally adjusted. Expenditures and income
figures are billions of current dollars at annual rates.)

	1977				1978			
	I	II	III	IV	I	II	III	IV
Gross national product	1820.2	1876.0	1930.5	1971.3	2011.3	2104.2	2159.6	2235.2
Final purchases	1800.9	1853.6	1902.9	1952.9	1988.5	2078.4	2139.5	2214.5
Private	1420.9	1462.0	1502.4	1540.1	1569.1	1650.1	1698.6	1760.7
Excluding net exports	1430.1	1468.0	1508.7	1558.2	1591.3	1657.7	1705.4	1765.2
Personal consumption expenditures	1169.1	1190.5	1220.6	1259.7	1287.2	1331.2	1369.3	1415.4
Goods	642.0	651.2	661.9	685.6	691.2	722.1	740.2	770.2
Services	527.1	539.3	558.7	574.1	596.0	609.1	629.1	645.1
Gross private domestic investment	280.4	300.0	315.7	316.9	327.0	352.3	356.2	370.5
Residential construction	81.3	91.4	95.0	99.9	100.5	107.7	110.2	113.7
Business fixed investment	179.8	186.1	193.2	198.6	203.7	218.8	225.9	236.1
Change in business inventories	19.3	22.5	27.5	18.5	22.8	25.8	20.0	20.6
Nonfarm	20.1	21.5	25.6	15.7	22.0	25.3	18.5	19.3
Net exports of goods and services ^{1/}	-9.2	-6.0	-6.3	-18.1	-22.2	-7.6	-6.8	-4.5
Exports	170.5	178.6	180.1	174.2	184.4	205.7	213.8	224.9
Imports	179.8	184.7	186.4	192.3	206.6	213.3	220.6	229.4
Gov't. purchases of goods and services	380.0	391.6	400.5	412.8	419.4	428.3	440.9	453.8
Federal ^{2/}	138.2	142.6	145.6	151.2	150.9	148.2	152.3	159.0
State and local	241.8	249.0	254.9	261.6	268.5	280.1	288.6	294.8
Gross national product in constant (1972) dollar	1315.7	1331.2	1353.9	1361.3	1367.8	1395.2	1407.3	1426.6
Personal income	1472.5	1509.0	1548.5	1596.4	1634.8	1689.3	1742.5	1803.1
Wage and salary disbursements	945.8	971.8	995.0	1023.4	1052.0	1090.0	1116.8	1154.3
Disposable personal income	1250.1	1286.0	1323.2	1361.2	1395.0	1437.3	1476.5	1524.8
Saving rate (percent)	4.2	5.1	5.4	5.1	5.3	5.0	4.8	4.7
Corporate profits with I.V.A. and C.C. Adj.	137.1	148.9	160.8	153.0	141.2	169.4	175.2	184.8
Corporate profits before tax	168.4	176.2	180.9	183.0	177.5	207.2	212.0	227.4
Federal government surplus or deficit (-) (N.I.A. basis)	-37.2	-40.9	-53.6	-53.6	-49.4	-24.6	-20.4	-16.3
High employment surplus or deficit (-)	-5.5	-12.4	-29.8	-28.3	-20.4	-4.7	-1.0	-1.8
State and local government surplus or deficit (-) (N.I.A. basis)	24.2	24.2	30.1	28.8	30.2	29.6	22.7	27.1
Excluding social insurance funds	6.3	5.4	10.0	7.4	7.9	6.5	-9.9	3.3
Civilian labor force (millions)	96.2	97.1	97.6	98.5	99.3	100.1	100.8	101.5
Unemployment rate (percent)	7.4	7.2	6.9	6.6	6.2	6.0	6.0	5.8
Nonfarm payroll employment (millions)	80.9	82.0	82.9	83.9	84.8	86.3	86.9	87.8
Manufacturing	19.4	19.6	19.8	19.9	20.2	20.4	20.5	20.8
Industrial production (1967=100)	134.8	138.0	139.3	140.3	140.8	145.1	147.9	150.7
Capacity utilization: all mfg. (percent)	80.7	82.1	82.4	82.6	82.0	83.9	85.2	86.4
Materials (percent)	81.7	83.2	82.8	83.0	82.6	85.0	86.4	88.2
Housing starts, private (million units, A.R.)	1.81	1.93	2.02	2.09	1.81	2.10	2.04	2.08
New autos sales, (millions, A.R.)	11.12	11.70	10.92	10.75	10.80	12.12	11.16	11.07
Domestic models	9.28	9.34	8.88	8.77	8.80	10.01	9.19	9.06
Foreign models	1.84	2.36	2.04	1.98	2.00	2.11	1.98	2.00

^{1/} Balance of payments data and details underlying these estimates are shown in the International Developments section of this part of the Greenbook.

^{2/} Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

DENTIAL - FR
II FOMC

PERCENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS
(Annual rates compounded quarterly)

	1977				1978			
	I	II	III	IV	I	II	III	IV
<u>Constant (1972) dollars</u>								
Gross national product	8.9	4.8	7.0	2.2	1.9	8.3	3.5	5.6
Final purchases	5.5	4.2	6.0	3.9	.4	8.7	4.6	5.7
Private	6.2	4.0	6.6	4.4	.8	10.7	4.4	6.7
Excluding net exports	7.2	4.1	5.7	7.4	1.0	7.9	4.1	6.9
Personal consumption expenditures	6.2	1.9	5.0	8.2	.8	5.6	4.8	6.8
Goods	7.8	1.3	3.6	10.7	-4.7	9.2	4.2	9.9
Services	4.4	2.6	6.8	5.3	7.9	1.4	5.5	3.2
Gross private domestic investment	39.6	19.2	15.0	-6.9	12.3	15.7	-5.0	6.6
Residential structures	11.1	37.6	10.2	5.3	-4.7	11.0	-4.9	-1.1
Business fixed investment	12.6	6.8	7.8	2.7	4.6	23.2	3.9	11.3
Gov't. purchases of goods and services	2.8	4.8	4.2	1.8	-1.2	.9	5.0	1.8
Federal	5.4	7.9	6.2	-1	-7.4	-12.3	8.2	3.2
State and local	1.3	3.0	3.0	3.0	2.7	9.3	3.3	1.0
Disposable personal income	2.1	6.1	5.6	6.6	2.0	4.0	4.2	6.4
<u>Current dollars</u>								
Gross national product	15.4	12.8	12.1	8.7	8.4	19.8	10.9	14.8
Final purchases	11.0	12.2	11.1	10.9	7.5	19.3	12.3	14.8
Private	11.0	12.1	11.5	10.4	7.7	22.3	12.3	15.4
Excluding net exports	15.0	11.0	11.6	13.8	8.8	17.8	12.0	14.8
Personal consumption expenditures	13.8	7.5	10.5	13.5	9.0	14.4	11.9	14.2
Goods	14.2	5.9	6.7	15.1	3.3	19.1	10.4	17.2
Services	13.2	9.6	15.2	11.6	16.1	9.1	13.8	10.6
Gross private domestic investment	56.5	31.0	22.7	1.6	13.3	34.8	4.5	17.1
Residential structures	25.7	59.1	16.8	22.3	2.4	32.0	9.5	13.5
Business fixed investment	18.8	15.0	16.1	11.6	10.6	33.3	13.7	19.3
Gov't. purchases of goods and services	10.9	12.8	9.4	12.9	6.5	8.8	12.3	12.2
Federal	11.0	13.3	8.7	16.5	-9	-7.0	11.7	18.7
State and local	10.8	12.5	9.8	10.8	11.1	18.5	12.6	8.9
Disposable personal income	9.3	12.0	12.1	12.0	10.3	12.7	11.4	13.8
Personal income	11.8	10.3	10.9	13.0	10.0	14.0	13.2	14.7
Wage and salary disbursements	11.4	11.5	9.9	11.9	11.7	15.3	10.2	14.1
Corporate profits with IVA & C.C. Adj.	46.6	39.1	36.0	-18.0	-27.5	107.2	14.4	23.8
Corporate profits before tax	35.4	19.9	11.1	4.7	-11.5	85.7	9.6	32.4
Nonfarm payroll employment	4.0	5.7	4.6	4.6	4.6	7.1	2.8	4.4
Manufacturing	4.9	6.3	2.8	3.3	5.8	3.8	1.3	5.5
Nonfarm business sector								
Output per hour	5.1	-1.5	3.8	-8	-2	2.4	2.9	1.3
Compensation per hour	8.7	6.9	8.5	7.9	12.3	8.0	9.1	9.4
Unit labor costs	3.4	8.5	4.5	8.7	12.5	5.5	6.0	8.0
GNP implicit deflator <u>1/</u>	6.0	7.7	4.8	6.4	6.3	10.6	7.2	8.7
Gross business product fixed-weight price index <u>2/</u>	6.9	7.1	5.2	6.5	6.6	10.5	8.8	8.7
Consumer price index (all urban)	8.1	8.1	5.2	5.4	7.8	10.2	8.8	9.1
Industrial production	7.1	9.8	3.8	2.9	1.4	12.8	7.9	7.8

1/ Excluding Federal pay increases, rates of change were: 1977:QI, 5.9 percent; 1977:QIV, 5.6 percent; 1978:QI, 6.3 percent; 1978:QIV, 8.1 percent.

2/ Uses expenditures in 1972 as weights.

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CONFIDENTIAL - FR
CLASS II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS
(Expenditures and income figures are billions of current dollars.)

	1973	1974	1975	1976	1977	1978	Projected	
							1979	1980
Gross national product	1306.6	1412.9	1528.8	1702.2	1899.5	2127.6	2358.4	2546.1
Final purchases	1288.6	1404.0	1539.6	1692.1	1877.6	2105.2	2337.6	2545.6
Private	1019.1	1101.3	1201.2	1330.8	1481.4	1669.6	1863.7	2026.9
Excluding net exports	1012.0	1095.3	1180.8	1322.8	1491.3	1679.9	1866.9	2010.4
Personal consumption expenditures	809.9	889.6	979.1	1089.9	1210.0	1350.8	1500.9	1630.9
Goods	457.5	498.3	541.5	601.3	660.1	730.9	804.8	865.4
Services	352.3	391.3	437.5	488.5	549.8	619.8	696.1	765.5
Gross private domestic investment	220.0	214.6	190.9	243.0	303.3	351.5	386.9	380.0
Residential construction	66.1	55.1	51.5	68.1	91.9	108.0	113.9	113.8
Business fixed investment	136.0	150.6	150.2	164.9	189.4	221.1	252.1	265.7
Change in business inventories	17.9	8.9	-10.7	10.0	21.9	22.3	20.9	.5
Nonfarm	14.7	10.8	-14.3	12.1	20.7	21.3	20.6	.5
Net exports of goods and services ^{1/}	7.1	6.0	20.4	8.0	-9.9	-10.3	-3.2	16.5
Exports	101.6	137.9	147.3	163.3	175.9	207.2	254.1	291.9
Imports	94.4	131.9	126.9	155.4	185.8	217.5	257.3	275.4
Gov't. purchases of goods and services	269.5	302.7	338.4	361.3	396.2	435.6	473.9	518.7
Federal 2/	102.2	111.1	123.1	129.7	144.4	152.6	165.3	182.4
State and local	167.3	191.5	215.4	231.6	251.8	283.0	308.6	336.3
Gross national product in constant (1972) dollars	1235.0	1217.8	1202.3	1273.0	1340.5	1399.2	1423.6	1405.8
Personal income	1052.4	1154.9	1255.5	1381.6	1531.6	1717.4	1918.3	2094.4
Wage and salary disbursements	701.3	764.6	805.9	890.0	984.0	1103.3	1222.6	1305.5
Disposable personal income	901.7	984.6	1086.7	1184.5	1305.1	1458.4	1621.9	1767.5
Saving rate (percent)	7.8	7.3	7.7	5.8	5.0	4.9	5.0	5.1
Corporate profits with I.V.A. and C.C. Adj.	99.1	83.6	95.9	126.8	150.0	167.7	181.3	183.3
Corporate profits before tax	115.8	126.9	120.4	156.0	177.1	206.0	234.3	230.1
Federal government surplus or deficit (N.I.A. basis)	-6.7	-10.7	-70.6	-53.6	-46.3	-27.7	-13.4	-34.8
High employment surplus or deficit (-)	-1.3	14.9	-27.4	-20.2	-19.0	-6.7	12.1	31.3
State and local government surplus or deficit (-) (N.I.A. basis)	13.0	7.6	6.2	17.9	26.8	27.4	22.1	17.6
Excluding social insurance funds	4.1	-2.9	-6.2	2.3	7.3	4.2	-4.1	-11.1
Civilian labor force (millions)	88.7	91.0	92.6	94.8	97.4	100.4	103.0	104.8
Unemployment rate (percent)	4.9	5.6	8.5	7.7	7.0	6.0	5.9	7.9
Nonfarm payroll employment (millions)	76.8	78.3	77.0	79.4	82.4	86.4	89.2	88.7
Manufacturing	20.2	20.1	18.3	19.0	19.7	20.5	20.9	19.9
Industrial production (1967=100)	129.8	129.3	117.8	130.5	138.2	146.1	150.6	145.4
Capacity utilization: all manufacturing (percent)	87.6	83.8	72.9	79.5	81.9	84.4	84.7	78.7
Materials (percent)	91.8	87.1	73.4	81.1	82.7	85.6	86.8	81.0
Housing starts, private (million units, A.R.)	2.05	1.34	1.16	1.54	1.99	2.02	1.69	1.50
New auto sales, (millions, A.R.)	11.42	8.91	8.66	10.12	11.13	11.29	10.67	9.72
Domestic models	9.65	7.49	7.08	8.63	9.07	9.27	8.28	7.77
Foreign models	1.77	1.42	1.58	1.50	2.06	2.02	2.39	1.95

^{1/} Balance of payments data underlying these estimates are shown in the International Developments section of this part of the Greenbook.

^{2/} Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

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CONFIDENTIAL - FR
CLASS II FOMCPERCENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1973	1974	1975	1976	1977	1978	Projected	
							1979	1980
<u>Constant (1972) dollars</u>								
Gross national product	5.5	-1.4	-1.3	5.9	5.3	4.4	1.7	-1.2
Final purchases	..9	-.7	.2	4.5	4.8	4.4	1.9	-.4
Private	6.3	-1.4	-.3	5.6	5.6	5.0	2.4	-.8
Excluding net exports	5.1	-2.3	-1.0	6.5	6.2	5.0	1.8	-1.6
Personal consumption expenditures	4.7	-.9	1.8	5.9	5.0	4.5	1.9	-.9
Goods	5.0	-3.4	.7	6.9	5.1	4.1	.2	-2.4
Services	4.4	2.3	3.2	4.8	4.9	5.1	4.0	.9
Gross private domestic investment	10.0	-11.4	-22.3	21.6	15.4	7.1	.5	-10.0
Residential structures	-3.7	-24.6	-13.9	23.3	20.7	4.2	-6.2	-10.0
Business fixed investment	12.2	-.3	-13.0	4.8	8.6	8.4	5.1	-3.0
Gov't. purchases of goods and services	-.2	2.1	1.9	.2	2.0	1.8	.2	1.1
Federal	-5.4	-.8	.7	-.2	4.4	-2.0	.4	1.7
State and local	3.2	3.8	2.6	.5	.6	4.0	.1	.8
Disposable personal income	6.7	-1.5	2.1	3.7	4.2	4.6	2.0	-.6
<u>Current dollars</u>								
Gross national product	11.6	8.1	8.2	11.3	11.6	12.0	10.8	8.0
Final purchases	10.9	8.9	9.7	9.9	11.0	12.1	11.0	8.9
Private	12.2	8.1	9.1	10.8	11.3	12.7	11.6	8.8
Excluding net exports	11.0	8.2	7.8	12.0	12.7	12.6	11.1	7.7
Personal consumption expenditures	10.5	9.8	10.1	11.3	11.0	11.6	11.1	8.7
Goods	11.4	8.9	8.7	11.0	9.8	10.7	10.1	7.5
Services	9.3	11.1	11.8	11.7	12.5	12.7	12.3	10.0
Gross private domestic investment	16.8	-2.5	-11.0	27.3	24.8	15.9	10.1	-1.8
Residential structures	6.6	-16.7	-6.5	32.3	35.0	17.5	5.5	-.1
Business fixed investment	16.4	10.8	-.3	9.8	14.9	16.7	14.0	5.4
Gov't. purchases of goods and services	6.5	12.3	11.8	6.8	9.7	9.9	8.8	9.5
Federal	.1	8.7	10.7	5.4	11.3	5.7	8.3	10.4
State and local	10.8	14.5	12.5	7.5	8.7	12.4	9.0	9.0
Disposable personal income	12.5	9.2	10.4	9.0	10.2	11.7	11.2	9.0
Personal income	11.7	9.7	8.7	10.0	10.9	12.1	11.7	9.2
Wage and salary disbursements	10.6	9.0	5.4	10.4	10.6	12.1	10.8	6.8
Corporate profits with IVA & C.C. Adj.	7.6	-15.6	14.7	32.2	18.3	11.8	8.1	1.1
Corporate profits before tax	20.4	9.6	-5.1	29.6	13.5	16.3	13.7	-1.8
Nonfarm payroll employment	4.2	2.0	-1.7	3.1	3.8	4.9	3.2	-.6
Manufacturing	5.2	-.4	-8.7	3.7	3.6	4.0	2.1	-4.7
Nonfarm business sector								
Output per hour	1.7	-2.9	1.9	3.5	1.8	1.1	-.8	.3
Compensation per hour	7.8	9.4	9.9	8.3	8.2	9.3	9.2	9.7
Unit labor costs	6.0	12.7	7.8	4.7	6.3	8.1	10.3	9.4
GNP implicit deflator	5.9	9.7	9.6	5.2	6.0	7.3	9.0	9.3
Gross business product fixed-weighted price index ^{1/}	5.7	10.4	9.4	5.3	6.2	7.6	9.7	9.6
Consumer price index (all urban)	6.2	11.0	9.1	5.8	6.5	7.7	11.2	11.0
Industrial production	8.4	-.4	-8.9	10.8	5.9	5.7	3.1	-3.5

^{1/} Uses expenditures in 1972 weights.

FEDERAL SECTOR ACCOUNTS
(billions of dollars)

October 12, 1979

	Fiscal Year 1978*	FY 1979 Admin. 1/	e/2/ F.R. Board	FY 1980 Admin. 1/	e/2/ F.R. Board	CY 1978*	CY79e/ F.R. Board	FRB Staff Estimates Calendar quarters; unadjusted data								
								1978 IV*	1979 I*	1979 II*	1979 III	1979 IV	1980 I	1980 II	1980 III	
Unified budget receipts	402.0	466.5	466.2	513.8	505.2	416.9	478.0	99.5	102.1	144.4	120.1	111.3	110.7	149.7	133.5	
Unified budget outlays	450.8	496.2	494.0	542.4	544.5	460.6	506.7	123.2	122.6	123.1	125.2	136.0	133.9	136.4	138.3	
Surplus(+)/Deficit(-), unified budget	-48.8	-29.7	-27.8	-28.7	-39.3	-43.7	-28.7	-23.7	-20.5	21.4	-5.1	-24.7	-23.2	13.3	-4.8	
Surplus(+)/Deficit(-), off-budget agencies 3/	-10.3	-12.4	-12.0	-11.6 ^{9/}	-18.0	-9.1	-13.9	-0.1	-3.0	-5.1	-3.7	-2.0	-5.8	-5.8	-4.4	
Combined deficit to be financed	-59.1	-42.1	-39.8	-40.3	-57.3	-52.8	-42.6	-23.8	-23.5	16.3	-8.8	-26.7	-29.0	7.5	-9.2	
Means of financing combined deficits:																
Net borrowing from public	59.1	29.8	33.6	29.1	45.6	53.6	30.6	15.3	10.6	-4.6	12.3	12.3	22.0	2.2	9.2	
Decrease in cash operating balance	-3.3	7.4	-1.8	9.2	9.2	-4.0	4.3	6.1	8.6	-9.8	-6.7	12.2	4.0	-8.0	1.0	
Other 4/	3.2	4.9	8.0	2.0	2.5	3.2	7.7	2.5	4.2	-1.9	3.2	2.2	3.0	-1.7	-1.0	
Cash operating balance, end of period	22.4	15.0	24.2	15.0	15.0	16.3	12.0	16.3	7.7	17.5	24.2	12.0	8.0	16.0	15.0	
Memo: Sponsored agency borrowing 5/	19.1	n.a.	22.1	n.a.	24.0	22.0	23.2	4.9	6.4	6.0	4.8	6.0	6.0	6.0	6.0	
NIA Budget 6/								Seasonally adjusted annual rates								
Receipts	414.9	480.6	478.8	525.3	519.9	432.1	493.0	463.5	475.0	485.8	504.0	507.2	511.8	521.3	533.7	
Expenditures	449.5	496.4	493.2	546.9	550.1	459.8	506.4	479.7	486.8	492.9	513.5	532.5	541.7	552.9	573.2	
Purchases (total)	150.6	164.5	161.8	178.7	178.3	152.6	165.3	159.0	163.6	161.7	163.0	173.0	176.7	180.1	183.3	
Defense	97.8	105.6	104.8	116.0	116.2	99.0	107.7	101.2	103.4	106.0	108.5	113.0	115.0	117.3	119.4	
Non-defense	52.8	58.9	57.0	62.7	62.1	53.6	57.6	57.8	60.2	55.7	54.5	60.0	61.7	62.8	63.9	
All other expenditures	298.9	331.9	331.4	368.2	371.8	307.2	341.1	320.7	323.2	331.2	350.5	359.5	365.0	372.8	389.9	
Surplus(+)/Deficit(-) 7/	-34.6	-15.8	-14.4	-21.6	-30.2	-27.7	-13.4	-16.3	-11.7	-7.0	-9.5	-25.3	-29.9	-31.6	-39.5	
High Employment Surplus(+)/ Deficit(-) (NIA basis) 8/	-13.6	n.a.	9.3	n.a.	24.2	-6.7	12.1	-0.8	7.9	20.1	9.9	10.4	23.2	32.0	31.2	
	*--actual	e--estimated					r--revised	n.a.--not available								

1/ OMB Mid-Session Review of the 1980 Budget, July 12, 1979.

2/ In the First Concurrent Resolution on the Budget Fiscal Year 1980, May 21, 1979, Congress expects FY 1979 receipts of \$461.0 billion and outlays of \$494.5 billion; and FY 1980 receipts of \$509.0 billion and outlays of \$532.0 billion.

3/ Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank, 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 marketable debt on an offerings basis.

6/ All NIA data incorporate the Department of Commerce's July 1979 GNP revisions.

7/ The fiscal year totals are translations of the OMB Mid-Session Review of the 1980 Budget, July 1979; the translations are based on unadjusted data and do not conform to the average of four seasonally adjusted quarters. The FRB staff estimates, therefore, have been adjusted in order to make the BEA and staff estimates comparable.

8/ FRB staff estimates are consistent with the Council's new potential GNP series as reported in the Economic Report of the President, January 1979.

9/ Reflects recent re-estimate by OMB of Federal Financing Bank loan activity.

October 12, 1979

	1978	1979 ^P	1980 ^P	1978 IV	1 9 7 9				1 9 8 0 ^P			
					I	II	III ^P	IV ^P	I	II	III	IV
1. <u>GNP Net Exports</u>												
Current \$, Net	-10.3	-3.2	16.5	-4.5	4.0	-8.1	-5.8	-2.8	9.4	17.0	19.9	19.9
Exports of G&S	207.2	254.1	291.9	224.9	238.5	243.7	263.6	270.4	280.5	289.3	295.6	301.9
Imports of G&S	217.5	257.3	275.4	229.4	234.4	251.9	269.5	273.3	271.2	272.4	275.8	282.1
Constant 72 \$, Net	11.0	16.9	25.5	12.9	17.0	13.2	18.1	19.4	23.5	25.7	26.5	26.2
Exports of G&S	108.9	117.6	120.2	113.8	117.0	116.0	119.3	118.0	119.2	120.2	120.5	120.9
Imports of G&S	97.9	100.6	94.7	101.0	100.0	102.9	101.2	98.5	95.8	94.5	94.1	94.6
Terms of trade (1972=100) ^{2/}	85.7	84.5	83.5	87.0	86.9	85.8	83.0	82.6	83.1	83.5	83.6	83.8
2. <u>U.S. Merchandise Trade Balance ^{1/}</u>	-34.2	-28.7	-12.4	-25.5	-24.5	-30.9	-31.2	-28.4	-17.9	-11.5	-9.8	-10.5
Exports (excl. military)	141.9	179.6	208.4	157.3	165.4	171.2	188.5	193.5	200.8	207.0	210.8	215.0
Agricultural	29.9	34.1	37.9	31.3	30.6	30.9	37.4	37.4	38.5	38.8	37.6	36.8
Nonagricultural	112.0	145.6	170.5	126.0	134.8	140.2	151.0	156.2	162.3	168.2	173.3	178.2
Imports	176.1	208.4	220.8	182.7	189.9	202.0	219.6	222.0	218.7	218.5	220.6	225.5
Petroleum and Products	42.3	57.3	67.3	43.2	46.6	51.6	64.7	66.4	66.6	67.0	67.3	68.4
Nonpetroleum	133.8	151.1	153.5	139.5	143.3	150.4	154.9	155.6	152.1	151.5	153.3	157.1
3. <u>U.S. Current Account Balance</u>	-13.9	-1.2	19.6	-1.3	1.7	-3.9	-3.1	.2	12.0	20.1	23.3	23.0
of which: Net Investment Income	21.6	29.1	31.5	26.4	27.5	29.6	29.4	29.8	30.6	31.3	31.9	32.2
4. <u>Foreign Outlook - Ten Industrial Countries ^{3/}</u>												
Real GNP, % change, annual rates	3.3	3.3	2.4	4.6	2.1	3.7	3.6	2.6	1.9	1.9	2.2	2.2
Consumer Prices, ^{4/} , % change, annual rates	5.4	7.8	8.6	4.2	8.7	10.1	11.6	9.1	8.2	7.9	7.2	6.9

^{1/} International accounts basis.

^{2/} GNP export implicit deflator ÷ GNP import implicit deflator.

^{3/} Geometric weights used to aggregate foreign real GNP and consumer prices -- per cent share in ten-country total multilateral trade. Canada (9.1%), Japan (13.6%), United Kingdom (11.9%), Germany (20.8%), France (13.1%), Italy (9.0%), Belgium (6.4%), the Netherlands (8.3%), Switzerland (3.6%), Sweden (4.2%).

^{4/} Wholesale prices for Japan.

^{P/} Projected.



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

October 16, 1979

CONFIDENTIAL (FR)
CLASS II - FOMC

TO: Federal Open Market Committee

FROM: Murray Altmann.

The attached note shows corrections made in "Current and Prospective Economic and Financial Conditions," prepared by the staff of the Board. The document was dated October 12, 1979, and was transmitted to you on the same day.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date October 15, 1979

Murray Altmann

Subject: Erratum to October 12 Memo

From Helmut Wendel

to FOMC

Page I - 10	1979		1980			
	QIII	QIV	QI	QII	QIII	QIV
Industrial Production	151.7	148.9	146.9	146.2	146.4	146.7
Capacity Utilization						
All Mfg. (percent)	85.1	82.7	80.8	79.7	78.9	78.3
Materials (percent)	86.7	83.7	81.7	80.4	79.8	79.3

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Industrial Production

Change at annual rate -0.8

(No Change)

NOTE: The corrected figures do not reflect information that has become available since Friday morning. Industrial production was stronger for the third quarter of 1979 than indicated above. The first column now appears as follows:

	1979
	QIII
Industrial Production	152.2
Capacity Utilization	
All Mfg. (percent)	85.3
Materials (percent)	87.0
Change in Industrial Production	+0.8

PLANT AND EQUIPMENT EXPENDITURES
(Per cent change from preceding year)

	Anticipated for 1978			
	Commerce ^{1/} Feb. Survey	McGraw-Hill		
		Oct. Survey	Special ^{2/} Check-up	April Survey
All Business	10.9	11.1	14.1	17.3
Manufacturing	11.7	10.0	15.2	18.9
Durables	12.0	14.2	17.4	22.9
Nondurables	11.5	8.2	13.3	15.4
Nonmanufacturing	10.4	11.3	13.2	16.0

1/ Results are adjusted for systematic bias. Without this adjustment the February Commerce survey showed a 13.9 per cent increase.

2/ Conducted in late January and early February.

RECENT PLANT AND EQUIPMENT SURVEY PERFORMANCE
(Per cent change from preceding year)

Year	McGraw-Hill April Survey	Commerce May Survey	Actual
1972	14.5	10.3	8.9
1973	19.3	13.2	12.8
1974	19.5	12.3	12.7
1975	5.5	1.6	.3
1976	12.9	7.3	6.8
1977	17.5	12.3	12.7

SECURITY OFFERINGS
(Monthly totals or monthly averages, in millions of dollars)

	1977			1978			
	Year	QIV	QI	Mar. ^{e/}	Apr. ^{e/}	May ^{f/}	June ^{f/}
	Gross offerings						
Corporate securities--total	4,518	5,361	3,088	3,700	3,300	3,200	3,800
Publicly offered bonds	2,016	1,955	1,527	1,900	2,000	1,700	1,800
By quality <u>1/</u>							
Aaa and Aa	1,089	1,010	755	650	1,125	--	--
Less than Aa <u>2/</u>	927	945	772	1,250	875	--	--
By type of borrower							
Utility	692	660	472	675	425	--	--
Industrial <u>3/</u>	700	490	514	525	675	--	--
Financial	624	805	541	700	900	--	--
Privately placed bonds	1,501	2,000	933	1,000	800	800	1,200
Stocks	1,001	1,406	628	800	500	700	800
Foreign securities--total	621	482	728	1,130	554	--	--
Publicly offered <u>4/</u>	437	342	425	950	550	375	300
Privately placed	184	140	303	180	4	--	--
State and local govt. securities--total	5,771	4,812	4,988	5,904	8,300	6,000	5,300
Long-term	3,891	3,595	3,433	4,300	3,500	4,000	3,300
Short-term	1,880	1,217	1,555	1,604	4,800	2,000	2,000
	Net offerings						
U.S. Treasury	3,433	7,167	7,200	12,760	-11,445	4,600	-3,600
Sponsored Federal agencies	604	703	1,804	2,687	1,071	3,142	1,582

^{1/} Bonds categorized according to Moody's bond ratings.

^{2/} Includes issues not rated by Moody's.

^{3/} Includes equipment trust certificates.

^{4/} Classified by original offering date.

^{e/} Estimated.

^{f/} Forecast.