

July 10, 1974

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

	1974 Proj.	1974 Projection				1975	
		I	II	III	IV	I	II
Gross National Product	1392.3	1352.2	1375.3	1404.5	1437.0	1463.5	1488.0
Final purchases	1386.8	1346.7	1372.1	1398.0	1430.5	1457.0	1481.5
Private	1076.6	1048.9	1066.3	1083.8	1107.3	1126.5	1144.2
Excluding net exports	1076.2	1038.0	1065.1	1089.0	1112.8	1134.9	1154.5
Personal consumption expenditures	876.5	844.6	867.2	887.5	906.8	925.1	942.3
Durable goods	132.4	125.0	131.2	135.0	138.5	141.5	143.5
Nondurable goods	374.0	362.3	370.0	378.0	385.8	393.1	400.3
Services	370.1	357.3	366.0	374.5	382.5	390.5	398.5
Gross private domestic investment	205.2	198.9	201.1	208.1	212.5	216.3	218.7
Residential construction	49.2	49.3	49.4	49.1	49.1	49.1	47.9
Business fixed investment	150.5	144.1	148.5	152.5	156.9	160.7	164.3
Change in business inventories	5.4	5.5	3.2	6.5	6.5	6.5	6.5
Nonfarm	4.9	5.0	2.5	6.0	6.0	6.5	6.5
Net exports of goods and services <sup>1/</sup>	.4	10.9 <sup>2/</sup>	1.2	-5.2	-5.4	-8.4	-10.3
Exports	134.2	130.4 <sup>2/</sup>	135.2	134.4	136.7	136.9	138.0
Imports	133.8	119.4	134.0	139.6	142.1	145.3	148.3
Gov't. purchases of goods and services	310.2	297.8	305.8	314.2	323.1	330.5	337.3
Federal	116.0	112.1	114.4	116.8	120.7	122.4	123.9
Defense	78.4	76.3	77.0	78.5	81.9	83.0	84.0
Other	37.6	35.8	37.4	38.3	38.8	39.4	39.9
State & local	194.2	185.7	191.4	197.4	202.4	208.1	213.4
Gross national product in constant (1958) dollars	830.7	831.0	829.4	829.9	832.6	834.3	836.0
GNP implicit deflator (1958 = 100)	167.6	162.7	165.8	169.2	172.6	175.4	178.0
Personal income	1135.7	1094.4	1121.5	1150.5	1176.2	1202.3	1227.2
Wage and salary disbursements	753.3	726.2	744.7	762.7	779.4	796.9	813.5
Disposable income	965.1	931.4	954.1	977.2	997.7	1019.3	1039.5
Personal saving	62.5	61.5	61.2	63.4	63.7	66.0	68.1
Saving rate (per cent)	6.5	6.6	6.4	6.5	6.4	6.5	6.6
Corporate profits & inventory val. adj.	114.0	112.9	110.9	113.7	118.5	117.0	115.5
Corporate profits before tax	144.3	144.0	146.7	143.0	143.5	136.5	132.5
Federal government receipts and expenditures, (N.I.A. basis)							
Receipts	294.5	285.6	292.2	296.9	303.2	307.3	311.4
Expenditures	298.5	282.3	294.4	304.6	312.5	319.1	325.1
Surplus or deficit (-)	-4.0	3.3	-2.2	-7.7	-9.3	-11.8	-13.7
High employment surplus or deficit (-)	3.0	2.4	.3	1.8	7.6	15.2	20.3
State and local government surplus or deficit (-), (N.I.A. basis)	3.7	4.6	4.5	3.1	2.9	1.3	.2
Total labor force (millions)	93.1	92.8	92.9	93.2	93.5	93.8	94.1
Armed forces "	2.3	2.3	2.3	2.2	2.2	2.2	2.2
Civilian labor force "	90.9	90.5	90.6	91.0	91.3	91.6	91.9
Unemployment rate (per cent)	5.4	5.2	5.1	5.5	5.8	6.2	6.5
Nonfarm payroll employment (millions)	77.0	76.7	77.1	77.1	77.1	77.1	77.2
Manufacturing	19.9	19.9	19.9	19.9	19.8	19.8	19.8
Industrial production (1967 = 100)	125.7	124.9	125.2	125.9	126.6	127.3	127.9
Capacity utilization, mfg. (per cent)	80.0	80.5	80.2	79.9	79.6	79.3	78.9
Major materials (per cent)	89.8	90.2	90.5	89.6	88.9	88.0	87.1
Housing starts, private (millions, A.R.)	1.54	1.63	1.51	1.50	1.50	1.45	1.40
Sales new autos (millions, A.R.)	9.22	9.04	9.20	9.25	9.40	9.50	9.50
Domestic models	7.90	7.49	7.95	8.00	8.15	8.25	8.25
Foreign models	1.33	1.55	1.25	1.25	1.25	1.25	1.25
<sup>1/</sup> Net exports of g. & s. (Bal. of Paymts.)	1.0	11.6	1.8	-4.6	-4.8	-7.8	-9.7
Exports	135.2	131.5	136.3	135.5	137.8	138.0	139.1
Imports	134.2	119.9	134.5	140.1	142.6	145.8	148.8

<sup>2/</sup> Includes effects of shipments of military equipment and supplies to Israel; for 1974-I these are now estimated at \$.5 billion, annual rate, and considered as a sale, all from U.S. military stocks and thus reducing defense purchases by that amount.

CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

	1974 Proj.	1974				1975	
		Projection				I	II
		I	II	III	IV		
-----Billions of Dollars-----							
Gross National Product	103.2	14.7	23.1	29.2	32.5	26.5	24.5
Inventory change	-2.6	-12.5	-2.3	3.3	.0	.0	.0
Final purchases	105.7	27.3	25.4	25.9	32.5	26.5	24.5
Private	72.6	15.1	17.4	17.5	23.6	19.1	17.7
Net exports	-5.4	-1.9	-9.7	-6.4	-.2	-3.0	-1.9
Excluding net exports	78.0	17.0	27.1	23.9	23.8	22.1	19.6
Personal consumption expenditures	72.5	19.4	22.6	20.2	19.4	18.3	17.2
Durable goods	1.6	-.6	6.2	3.7	3.6	3.0	2.0
Nondurable goods	38.1	12.7	7.7	8.0	7.8	7.3	7.2
Services	32.8	7.3	8.7	8.5	8.0	8.0	8.0
Residential fixed investment	-8.8	-4.7	.1	-.3	.0	.0	-1.2
Business fixed investment	14.3	2.3	4.4	4.0	4.4	3.8	3.6
Government	33.1	12.2	8.0	8.4	8.9	7.4	6.8
Federal	9.4	5.3	2.3	2.4	3.9	1.7	1.5
State and local	23.7	6.9	5.7	6.0	5.0	5.7	5.3
GNP in constant (1958) dollars	-6.7	-13.6	-1.6	.5	2.7	1.7	1.7
Final purchases	-4.1	-4.6	.7	-2.4	2.6	1.7	1.4
Private	-6.4	-7.3	.7	-2.7	3.2	2.3	1.2
-----Per Cent Per Year <sup>1/</sup> -----							
Gross National Product	8.0	4.5	7.0	8.8	9.6	7.6	6.9
Final purchases	8.3	8.5	7.8	7.8	9.6	7.6	6.9
Private	7.2	6.0	6.8	6.7	9.0	7.1	6.4
Personal consumption expenditures	9.0	9.7	11.1	9.7	9.0	8.3	7.6
Durable goods	1.2	-1.9	21.4	12.1	10.8	8.9	5.8
Nondurable goods	11.3	15.3	8.8	8.9	8.5	7.8	7.5
Services	9.7	8.6	10.1	9.6	8.8	8.6	8.4
Gross private domestic investment	1.5	-25.2	4.5	14.7	8.7	7.3	4.5
Residential structures	-15.2	-30.5	.8	-2.4	.0	.0	-9.4
Business fixed investment	10.5	6.6	12.8	11.2	12.1	10.0	9.3
Gov't. purchases of goods & services	11.9	18.2	11.2	11.4	11.8	9.5	8.5
Federal	8.8	21.4	8.5	8.7	14.0	5.8	5.0
Defense	6.1	19.3	3.7	8.0	18.5	5.5	4.9
Other	15.0	25.9	19.1	10.0	5.3	6.3	5.2
State and local	13.9	16.4	12.9	13.1	10.5	11.7	10.6
GNP in constant (1958) dollars	-.8	-6.3	-.8	.2	1.3	.8	.8
Final purchases	-.5	-2.2	.3	-1.1	1.3	.8	.7
Private	-.9	-4.2 <sup>2/</sup>	.4	-1.6	1.9	1.4	.7
GNP implicit deflator	8.9	11.5 <sup>2/</sup>	7.9	8.5	8.1	6.7	6.0
Private GNP fixed weighted index <sup>3/</sup>	9.7	13.5	9.0	8.8	7.8	6.7	6.0
Personal income	9.7	5.9	10.3	10.8	9.2	9.2	8.5
Wage and salary disbursements	8.9	5.1	10.6	10.0	9.1	9.3	8.6
Disposable income	9.4	6.1	10.1	10.0	8.7	8.9	8.2
Corporate profits before tax	14.3	63.2	7.7	-9.7	1.4	-18.1	-11.2
Federal government receipts and expenditures (N.I.A. basis)							
Receipts	11.1	17.5	9.6	6.6	8.8	5.5	5.4
Expenditures	13.1	20.2	18.3	14.6	10.8	8.7	7.7
Nonfarm payroll employment	1.9	.8	1.9	.0	.0	.0	.5
Manufacturing	.3	-2.9	.1	.0	-1.0	-1.0	.0
Industrial production	.0	-6.5	1.1	2.2	2.0	2.2	2.1
Housing starts, private	-24.5	11.6	-26.0	-2.6	.0	-12.7	-13.1
Sales new autos	-19.4	-35.3	7.2	13.1	6.6	4.3	.0
Domestic models	-18.3	-38.0	27.1	15.3	7.7	5.0	.0
Foreign models	-24.9	-19.8	-58.2	.0	.0	.0	.0

<sup>1/</sup> Percentage rates are annual rates compounded quarterly.<sup>2/</sup> Excluding Federal pay increases rates of change are: 1974-I, 11.4 per cent; 1974-IV, 7.0 per cent; 1975-I, 6.0 per cent.<sup>3/</sup> Using expenditures in 1967 as weights.

Corporate financing in July is expected to be unseasonably heavy although the amount is particularly uncertain at this time. The postponement activity of late June has continued in July. The calendar includes over \$1 billion of long-term issues by Citicorp and Chase Manhattan specifically designed to attract individual investors instead of the institutional buyers which normally dominate the bond market. The interest rate on the issues will change every six months, and will be one percentage point above the average of the 3-month Treasury bill rate in the first three bill auctions the month before the interest payment date. Also, the investor has the option, on each interest payment date, of redeeming the issues at par. If the issues are successful, other institutions may try this form of financing. On the other hand, if they are cancelled because of political or regulatory pressures, several other nonbank companies that are registered for traditional bond financing but do not have definite offering dates could jump in to fill some of the resulting void in the market. Given current and expected schedulings, the August volume of offerings will be slightly less than July, although still quite large for this month.

CORPORATE AND MUNICIPAL LONG-TERM SECURITY OFFERINGS  
(Monthly or monthly averages, in millions of dollars)

	<u>1973</u> Year	QI	QII <u>e/</u>	<u>1974</u> June <u>e/</u>	July <u>f/</u>	Aug. <u>f/</u>
Corporate securities -						
Total	2,779	3,066	3,122	2,960	3,500	2,950
Public bonds	1,125	1,939	2,200	2,000	2,400	2,000
Privately placed bonds	725	534	467	500	400	400
Stock	929	593	455	460	700	550
State and local government securities	1,942	2,037	2,133	2,000	1,900	1,800

e/ Estimated.

f/ Forecast.