

FEDERAL SECTOR ACCOUNTS
(billions of dollars)

September 13, 1978

	F.R. Staff Estimates																
	Fiscal Year 1977*	FY 1978 e/ Admin. F.R. 1/ Board		FY 1979 e/ Admin. F.R. 1/ Board		Cong. 2/	CY 1977*	CY78e/ F.R. Board	Calendar quarters; unadjusted data								
									1977 IV*	1978 I* II* III	IV	1979 I II III					
Unified budget receipts <u>3/</u>	357.8	401.2	401.3	448.2	449.1	447.2	366.1	414.1	84.5	85.4	125.3	106.1	97.4	98.6	136.9	116.2	
Unified budget outlays <u>3/</u>	402.8	452.3	449.5	496.6	494.3	489.5	417.0	459.2	113.3	111.2	111.3	113.7	123.0	121.5	123.5	126.3	
Surplus(+)/Deficit(-), unified budget	-45.0	-51.1	-48.2	-48.5	-45.2	-42.3	-50.9	-45.1	-28.8	-25.8	14.0	-7.6	-25.6	-22.9	13.4	-10.1	
Surplus(+)/Deficit(-), off-budget agencies <u>4/</u>	-8.7	-11.0	-10.1	-12.9	-12.8	n.a.	-10.4	-10.0	-1.3	-3.6	-2.3	-2.9	-1.3	-3.6	-4.5	-3.5	
Means of financing combined deficits:																	
Net borrowing from public	53.5	54.9	59.0	62.0	51.6	n.a.	56.8	56.5	20.7 ^{9/}	20.8	2.5	15.0	18.2	22.8	-7.4	18.0	
Decrease in cash operating balance	-1.7	4.0	-1.3	0	8.4	n.a.	-0.6	0.3	6.8 ^{9/}	5.9	-11.1	-2.9	8.4	0	0	0	
Other <u>5/</u>	1.9	3.2	0.4	-0.6	-2.0	n.a.	5.3	-1.9	2.6	2.8	-3.2	-1.8	0.3	3.7	-1.5	-4.5	
Cash operating balance, end of period	19.1	15.1	20.4	15.1	12.0	n.a.	12.3	12.0	12.3	6.4	17.5	20.4	12.0	12.0	12.0	12.0	
Memo: Sponsored agency borrowing <u>6/</u>	5.2	n.a.	18.9	n.a.	15.4	n.a.	6.8	20.5	2.0	4.5	6.5	5.9	3.6	2.6	4.2	5.0	
NIA Budget <u>7/</u>									Seasonally adjusted annual rates								
Receipts	362.7 ^{10/}	411.4 ^{11/}	409.6 ^{10/}	457.7 ^{11/}	458.6 ^{10/}	n.a.	374.5	425.4	385.5	396.2	423.4	434.6	447.5	452.3	464.7	477.5	
Expenditures	411.9	454.7	452.0	499.7	497.4	n.a.	422.6	461.5	444.1	448.8	448.6	466.4	482.2	490.5	500.4	516.7	
Purchases (total)	140.7	153.5	151.2	169.0	165.7	n.a.	145.1	153.6	152.2	151.5	147.2	153.8	161.7	163.5	166.4	171.2	
Defense	92.3	98.5	98.3	105.5	105.0	n.a.	94.3	99.7	97.1	97.9	98.6	99.7	102.7	103.7	105.8	107.9	
Nondefense	48.4	55.0	52.8	63.5	60.7	n.a.	50.8	53.8	55.1	53.6	48.6	54.1	59.0	59.8	60.6	63.3	
All other expenditures	271.2	301.2	300.8	330.7	331.7	n.a.	277.5	307.9	291.9	297.3	301.4	312.6	320.5	327.0	334.0	345.5	
Surplus(+)/Deficit(-)	-49.2 ^{10/}	-43.3	-42.4 ^{10/}	-42.0	-38.8 ^{10/}	n.a.	-48.1	-36.1	-58.6	-52.6	-25.2	-31.8	-34.7	-38.2	-35.7	-39.2	
High Employment Surplus(+)/																	
Deficit(-) (NIA basis) <u>8/</u>	-3.0	n.a.	1.4	n.a.	12.3	n.a.	-4.6	8.1	-16.2	-2.9	14.1	10.8	10.4	9.8	14.8	14.1	
	*actual	e--estimated			r--revised			n.a.--not available			p--preliminary						

1/ OMB Mid-Session Review of the 1979 Budget, (July 6, 1978) and the Department of Commerce, Survey of Current Business, July 1978.

2/ Senate Budget Resolution (September 6, 1978). The House estimates of receipts and outlays are \$450.0 and \$489.8 billion, respectively.

3/ Adjusted for accounting change in earned income credit payments--formerly treated as income tax refunds and now classified as outlays.

4/ Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Housing for the Elderly and Handicapped Fund (until October 1977), and Pension Benefit Guaranty Corporation.

5/ Checks issued less checks paid, accrued items and other transactions.

6/ Includes Federal Home Loan Banks, FNMA, Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives.

7/ All NIA data incorporate the Department of Commerce's July 1978 GNP revisions.

8/ FRB staff estimates.

9/ Includes \$2.5 billion of borrowing from the Federal Reserve on September 30, 1977 which was repaid October 4, 1977.

10/ Quarterly average exceeds fiscal year total by \$1.0 billion for fiscal year 1977, by \$1.0 billion for fiscal year 1978, and by \$3.5 billion for fiscal year 1979, due to spreading of wage base effect over calendar year.

11/ The fiscal year totals as published in the July 1978 Survey of Current Business 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 Commerce Department and the staff's estimates comparable.

	1977 ^r	1978 ^P	1979 ^P	1 9 7 8				1 9 7 9 ^P			
				I	II ^P	III ^P	IV ^P	I	II	III	IV
1. <u>GNP NET EXPORTS</u> - Intl Acct. data	-11.1	-13.8	-6.0	-24.1	-10.2	-10.6	-10.2	-7.1	-7.7	-5.9	-3.4
2. (GNP net exports - GNP Acct. data) <u>1/</u>	(-10.9)	(-13.8)	(-6.0)	(-24.1)	(-10.2*)	(-10.6)	(-10.2)	(-7.1)	(-7.7)	(-5.9)	(-3.4)
3. a) Merchandise Trade Balance	-31.1	-35.9	-32.5	-44.8	-31.3*	-33.5	-33.9	-32.4	-33.9	-32.8	-30.9
4. Exports (excl. military)	120.6	138.2	163.9	122.7	140.6*	142.0	147.4	153.8	160.6	167.0	174.2
5. Agricultural	24.4	28.8	28.3	26.0	32.0*	29.0	28.0	28.1	28.1	28.2	28.9
6. Nonagricultural	96.2	109.4	135.6	96.6	108.7*	113.0	119.4	125.7	132.5	138.8	145.3
7. Imports	151.6	174.1	196.4	167.5	172.0*	175.5	181.3	186.3	194.5	199.8	205.1
8. Petroleum and petrol. products	45.0	42.9	48.1	39.8	43.2*	42.7	46.0	44.6	48.3	49.2	50.1
9. Nonpetroleum	106.7	131.2	148.4	127.7	128.8*	132.8	135.3	141.6	146.2	150.6	155.0
10. b) Military transactions, net <u>2/</u>	.9	1.5	3.1	.8	1.4	1.8	2.1	2.5	2.9	3.3	2.7
11. c) Investment income, net <u>3/</u>	17.3	19.3	21.7	18.2	18.4	20.0	20.4	21.4	21.6	21.8	21.9
12. d) Other services, net <u>4/</u>	1.7	1.8	2.4	1.7	1.9	1.9	1.9	2.1	2.4	2.5	2.6
13. <u>U.S. CURRENT ACCOUNT BALANCE</u>	-15.2	-20.2	-15.9	-27.8	-16.5	-17.7	-18.7	-16.8	-17.6	-15.8	-13.2
14. a) GNP net exports (line 1.)	-11.1	-13.8	-6.0	-24.1	-10.2	-10.6	-10.2	-7.1	-7.7	-5.9	-3.4
15. b) U.S. Govt & private transfers <u>5/</u>	-4.1	-6.4	-9.9	-3.7	-6.3	-7.1	-8.5	-9.7	-9.9	-9.9	-9.8
<u>Constant (1972) dollars</u>											
16. Merchandise exports (excl. military)	67.0	71.5	78.2	65.7	72.9	73.1	74.2	75.9	77.6	78.9	80.8
17. (% change, annual rates)	(0.3)	(6.5)	(9.3)	(4.5)	(51.3)	(1.2)	(6.6)	(9.1)	(9.1)	(7.4)	(9.5)
18. Merchandise imports	71.0	74.9	78.6	74.0	74.9	74.8	76.1	76.7	78.3	79.1	80.2
19. (% change, annual rates)	(13.0)	(5.5)	(4.8)	(6.6)	(4.9)	(-3.2)	(7.0)	(3.2)	(8.7)	(4.5)	(5.7)
<u>Foreign Outlook - Major Industrial Countries <u>6/</u></u>											
20. Real GNP, % change, annual rates	2.9	3.5	4.2	5.7	2.8	4.1	4.1	4.5	4.5	4.1	4.5
21. Wholesale Prices, % change, A.R. <u>7/</u>	8.7	4.9	6.2	5.3	6.1	5.7	5.7	5.7	6.1	7.0	7.4

1/ Differs from Intl. Acct. data (line 1) in the inclusion of revisions and new data.

2/ Excludes grants to Israel under military assistance acts and exports financed by those grants.

3/ Excludes U.S. Govt. interest payments to foreigners, and reinvested earnings of incorporated affiliates which are included in line 15.

4/ Includes travel, transportation, fees and royalties, and miscellaneous other service transactions.

5/ Includes U.S. Govt. grants, U.S. Govt. interest payments to foreigners, remittances and pensions, and exports to Israel financed by U.S. military assistance grants, and reinvested earnings of incorporated affiliates.

6/ Weighted by the shares of Canada, France, Germany, Italy, Japan and the United Kingdom in the sum of the real GNP of the six countries in dollar terms.

7/ Data are largely manufactured goods prices.

P/ Projected.

E/ Estimated.

* Published data.

NOTE: The current account now includes reinvested earnings of incorporated affiliates.

CONFIDENTIAL (FR)

September 13, 1978

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

By the Staff
Board of Governors
of the Federal Reserve System

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

	<u>1977</u>	<u>1978</u>					
	<u>Year</u>	<u>QI</u>	<u>QII^{e/}</u>	<u>July^{e/}</u>	<u>Aug.^{e/}</u>	<u>Sept.^{f/}</u>	<u>Oct.^{f/}</u>
<u>Gross Offerings</u>							
Corporate securities--total	4,518	3,370	3,998	3,400	2,900	3,400	3,700
Publicly offered bonds	2,016	1,582	1,819	2,100	1,500	1,500	1,800
By quality <u>1/</u>							
Aaa and Aa	1,089	765	883	1,025	1,025	--	--
Less than Aa <u>2/</u>	927	817	936	1,075	475	--	--
By type of borrower							
Utility	692	475	575	885	825	--	--
Industrial <u>3/</u>	700	546	619	390	450	--	--
Financial	624	561	625	825	225	--	--
Privately placed bonds	1,501	1,128	1,387	800	800	1,200	1,000
Stocks	1,001	660	791	500	600	700	900
Foreign securities--total	621	537	743	334	125	--	--
Publicly offered <u>4/</u>	437	425	507	100	125	100	100
Privately placed	184	112	236	234	--	--	--
State and local gov't. securities--total	5,771	5,176	7,132	5,344	7,600	5,500	4,500
Long-term	3,891	3,598	4,486	3,716	6,100	3,000	3,000
Short-term	1,880	1,578	2,646	1,628	1,500	2,500	1,500
<u>Net Offerings</u>							

U.S. Treasury
Sponsored Federal agencies

-
- 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.

CONFIDENTIAL (FR)
CLASS II - FOMC

September 15, 1978

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

As expected, inflows in August were substantially weaker than in July, an important reinvestment period at these institutions.

No additional information is available concerning the proportion of money market certificate flows representing new money. However, judging from August deposit flow data, it seems clear that the new certificate did indeed have a significant positive impact on thrift institution deposit growth in August. MSB and S&L combined deposit growth continued at about the same pace as in July measured on an end-of-month basis. This 13.8 per cent seasonally adjusted annual rate of growth is the highest rate experienced since September of last year.

Judging from latest available survey data, roughly 68 per cent of commercial banks, 90 per cent of S&Ls and 70-75 per cent of MSBs are offering the six-month money market certificate.

ERRATUM:

Part II:

Page III-13: Table has been corrected to include omitted figures for U.S. Treasury and sponsored Federal agencies.