

CONFIDENTIAL - FR

April 28, 1971

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.)

	1970	1971 Proj.	1970		Ip	1971 Projection		
			III	IV		II	III	IV
Gross National Product	976.5	1048.7	985.5	989.9	1018.4	1037.4	1056.4	1082.4
Final purchases	973.1	1045.4	980.0	986.3	1016.0	1032.4	1055.4	1076.4
Private	752.6	810.9	759.0	763.1	788.0	802.8	818.0	833.1
Excluding net exports	749.0	808.3	754.8	760.5	785.2	800.3	815.5	830.6
Personal consumption expenditures	616.7	663.8	622.1	627.0	644.7	657.0	670.4	683.3
Durable goods	89.4	98.7	91.2	85.3	96.1	97.7	99.5	101.5
Nondurable goods	264.7	280.5	265.8	271.5	272.5	277.8	283.4	288.3
Services	262.6	284.6	265.1	270.2	276.0	281.5	287.5	293.5
Gross private domestic investment	135.7	147.7	138.3	137.1	142.9	148.3	146.1	153.3
Residential construction	29.7	37.3	29.2	32.2	35.4	37.2	38.0	38.7
Business fixed investment	102.6	106.7	103.6	101.3	105.1	106.1	107.1	108.6
Change in business inventories	3.5	3.6	5.5	3.6	2.4	5.0	1.0	6.0
Nonfarm	2.9	3.6	5.0	3.0	2.2	5.0	1.0	6.0
Net exports of goods and services	3.6	2.6	4.2	2.6	2.8	2.5	2.5	2.5
Gov't. purchases of goods & services	220.5	234.6	221.0	223.2	228.0	229.6	237.4	243.3
Federal	99.7	98.8	98.6	98.2	98.1	96.0	99.6	101.3
Defense	76.6	73.5	75.8	74.6	73.9	71.7	74.0	74.2
Other	23.1	25.3	22.9	23.5	24.1	24.3	25.6	27.1
State & local	120.9	135.8	122.4	125.0	129.9	133.6	137.8	142.0
Gross national product in constant (1958) dollars	724.1	740.9	727.4	720.3	731.6	737.3	741.7	752.8
GNP implicit deflator (1958 = 100)	134.9	141.5	135.5	137.4	139.2	140.7	142.4	143.8
Personal income	801.0	857.7	807.2	813.3	831.4	851.8	864.4	883.2
Wage and salary disbursements	540.1	577.4	543.8	545.2	560.2	571.7	582.0	595.7
Disposable income	684.8	735.1	693.0	697.2	714.9	731.8	740.9	752.9
Personal saving	50.2	51.5	52.7	51.8	51.3	55.1	50.4	49.1
Saving rate (per cent)	7.3	7.0	7.6	7.4	7.2	7.5	6.8	6.5
Corporate profits before tax	81.3	85.4	84.4	76.3	81.0	84.0	85.5	91.0
Corporate cash flow, net of dividends	69.9	74.3	70.7	67.7	71.1	73.2	74.7	78.3
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	194.8	206.5	194.9	191.7	198.8	203.4	207.4	216.4
Expenditures	206.3	223.0	206.7	209.9	214.0	221.0	224.2	232.9
Surplus or deficit (-)	-11.5	-16.5	-11.8	-18.1	-15.2	-17.6	-16.8	-16.5
High employment surplus or deficit (-)	-0.8	0.5	-1.7	1.3	1.4	-0.2	1.9	-0.9
Total labor force (millions)	85.9	87.0	86.0	86.5	86.5	86.8	87.1	87.5
Armed forces "	3.2	2.8	3.1	3.0	3.0	2.9	2.8	2.7
Civilian labor force "	82.7	84.2	82.8	83.5	83.6	84.0	84.3	84.8
Unemployment rate (per cent)	4.9	6.2	5.2	5.9	5.9	6.2	6.4	6.4
Nonfarm payroll employment (millions)	70.7	70.9	70.5	70.2	70.6	70.8	70.9	71.1
Manufacturing	19.4	18.8	19.3	18.7	18.7	18.8	18.7	18.9
Industrial production (1957-59=100)	168.2	167.8	167.9	162.7	165.2	167.5	167.8	170.8
Capacity utilization, manufacturing (per cent)	76.6	73.2	76.2	72.4	73.1	73.4	72.9	73.5
Housing starts, private (millions A. R.)	1.43	1.85	1.51	1.78	1.79	1.83	1.88	1.90
Sales new domestic autos (millions, A. R.)	7.12	8.30	7.99	5.38	8.13	8.30	8.30	8.50

NOTE: Projection of related items such as employment and industrial production index are based on projection of deflated GNP. Federal budget high employment surplus or deficit (N.I.A. basis) are staff estimates and projections by method suggested by Okun and Teeters.

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CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1970	1971 Proj.	1970		1971 Projection			
			III	IV	Ip	II	III	IV
	-----Billions of dollars-----							
Gross National Product	45.1	72.5	14.4	4.4	28.5	19.0	19.0	26.0
Inventory change	-5.0	0.1	2.4	-1.9	-1.2	2.6	-4.0	5.0
Final purchases	50.2	72.3	11.9	6.3	29.7	16.4	23.0	21.0
Private	41.9	58.3	9.3	4.1	24.9	14.8	15.2	15.1
Excluding net exports	40.2	59.3	9.2	5.7	24.7	15.1	15.2	15.1
Net exports	1.7	-1.0	0.1	-1.6	0.2	-0.3	0.0	0.0
Government	8.3	14.1	2.6	2.2	4.8	1.6	7.8	5.9
GNP in constant (1958) dollars	-3.0	16.8	2.5	-7.1	11.3	5.7	4.4	11.1
Final purchases	1.2	17.9	0.9	-5.7	12.4	3.6	7.4	7.0
Private	7.2	25.4	1.6	-5.4	13.0	4.5	6.1	5.1
	-----In Per Cent Per Year-----							
Gross National Product	4.8	7.4	5.9	1.8	11.5	7.5	7.3	9.8
Final purchases	5.4	7.4	4.9	2.6	12.0	6.5	8.9	8.0
Private	5.9	7.7	5.0	2.2	13.1	7.5	7.6	7.4
Personal consumption expenditures	6.8	7.6	5.0	3.1	11.3	7.6	8.2	7.7
Durable goods	-0.7	10.4	-3.0	-25.9	50.6	6.7	7.4	8.0
Nondurable goods	7.7	6.0	4.9	8.6	1.5	7.8	8.1	6.9
Services	8.7	8.4	8.0	7.7	8.6	8.0	8.5	8.3
Gross private domestic investment	-2.9	8.8	11.9	-3.5	16.9	15.1	-5.9	19.7
Residential construction	-7.2	25.6	11.3	41.1	39.7	20.3	8.6	7.4
Business fixed investment	3.3	4.0	3.1	-8.9	15.0	3.8	3.8	5.6
Gov't. purchases of goods & services	3.9	6.4	4.8	4.0	8.6	2.8	13.6	9.9
Federal	-1.6	-0.9	-4.4	-1.6	-0.4	-8.6	15.0	6.8
Defense	-2.8	-4.0	-5.2	-6.3	-3.8	-11.9	12.8	1.1
Other	2.2	9.5	0.0	10.5	10.2	3.3	21.4	23.4
State & local	9.1	12.3	12.5	8.5	15.7	11.4	12.6	12.2
GNP in constant (1958) dollars	-0.4	2.3	1.4	-3.9	6.5	3.1	2.4	6.0
Final purchases	0.2	2.5	0.5	-3.2	6.9	2.0	4.2	3.8
Private	1.3	4.4	1.1	-3.7	9.0 ^{1/}	3.1	4.1 ^{1/}	3.4
GNP implicit deflator	5.3	4.9	4.6	5.9	5.2 ^{1/}	4.3	4.9 ^{1/}	3.8
Fixed weight index <u>2/</u>	5.1	4.5	4.6	4.9	4.7	4.2	3.9	3.8
Personal income	7.0	7.1	2.9	3.0	8.9	9.8	5.9	8.7
Wage and salary disbursements	6.1	6.9	3.2	1.0	11.0	8.2	7.2	9.4
Disposable income	8.4	7.3	5.5	2.4	10.2	9.5	5.0	6.5
Corporate profits before tax	-10.9	5.0	14.6	-38.4	24.6	14.8	7.1	25.7
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	-2.9	6.0	-2.4	-6.6	14.8	9.3	7.9	17.4
Expenditures	7.8	8.1	11.5	6.2	7.8	13.1	5.8	15.5
Nonfarm payroll employment	0.6	0.3	-2.0	-1.8	2.3	1.1	0.6	1.1
Manufacturing	-3.9	-3.1	-6.0	-13.1	0.8	2.1	-2.1	4.3
Industrial production	-2.7	-0.2	-3.3	-12.4	6.1	5.5	0.7	7.2
Housing starts, private	-2.6	28.9	70.3	70.1	2.7	8.0	11.0	5.3
Sales new domestic autos	-15.8	16.7	2.0	-130.5	204.4	8.3	0.0	9.6

^{1/} Excluding effects of Federal pay increase, 4.2 per cent in 71-I and 4.0 per cent in 71-III.

^{2/} Based on 1970-IV weights and excluding effects of Federal pay increases.

A major factor in the tapering of the recent and prospective pace of public bond offerings appears to be the reduced number of very large individual issues by industrial corporations. In March, 50 per cent of the dollar volume had been accounted for by issues of \$100 million or more, whereas such issues amount to only about one-third of the lower April and estimated May volume. The industrial composition of the public bond offerings in April and May also is more typical of the 1970 pattern, with issues by manufacturing firms accounting for about one-quarter of the volume, instead of one-half, as in March.

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

	Bonds		Stocks	Total
	Public Offerings	Private Placements		
1969 - Year	1,061	468	700	2,229
1970 - Year	2,099	403	713	3,245
1970 - QIII	1,995	304	553	2,853
QIV	2,609	473	897	3,979
1971 - QI	2,789e	519e	737e	4,046e
March	4,150e	800e	1,200e	6,150e
April	2,300e	450e	1,100e	3,850e
May	2,700e	500e	700e	3,900e

e/ Estimated.