

FEDERAL SECTOR ACCOUNTS
(billions of dollars)

November 15, 1978

	Fiscal Year 1978*	FY 1979 ^{e/}			CY 1977*	CY 78 ^{e/} F.R. Board	Calendar quarters; unadjusted data							
		Admin. 1/	F.R. Board	Cong. 2/			F.R. staff estimates							
							1978				1979			
							I*	II*	III*	IV	I	II	III	
Unified budget receipts 3/	402.0	452.7	451.8	448.7	366.1	415.6	85.4	125.3	106.8	98.2	99.3	138.0	116.3	
Unified budget outlays 3/	450.7	491.6	490.5	487.5	417.0	459.9	111.2	111.3	114.9	122.5	121.2	122.5	124.2	
Surplus(+)/Deficit(-), unified budget	-48.7	-38.9	-38.7	-38.8	-50.9	-44.3	-25.8	14.0	-8.1	-24.3	-21.9	15.5	-7.9	
Surplus(+)/Deficit(-), off-budget agencies 4/	-10.3	-12.9	-11.1	n.a.	-10.4	-10.6	-3.6	-2.3	-3.1	-1.6	-3.2	-3.7	-2.7	
Means of financing combined deficits:														
Net borrowing from public	59.1	n.a.	41.4	n.a.	56.8	55.4	20.8	2.5	15.1	17.0	16.9	-6.3	13.8	
Decrease in cash operating balance	-3.3	n.a.	10.4	n.a.	-0.6	-0.2	5.9	-11.1	-4.9	9.9	4.5	-4.0	0	
Other 5/	3.2	n.a.	-2.0	n.a.	5.3	-0.4	2.8	-3.2	1.0	-1.0	3.7	-1.5	-3.2	
Cash operating balance, end of period	22.4	n.a.	12.0	n.a.	12.3	12.5	6.4	17.5	22.4	12.5	8.0	12.0	12.0	
Memo: Sponsored agency borrowing 6/	19.1	n.a.	19.2	n.a.	6.8	21.4	4.5	6.5	6.1	4.3	3.6	5.6	5.7	
NIA Budget														
							Seasonally adjusted annual data							
Receipts	411.8 ^{8/}	n.a.	463.3 ^{8/}	n.a.	374.5	429.1	396.2	424.8	442.0	453.4	457.9	469.0	480.4	
Expenditures	451.8	495.6	495.9	n.a.	422.6	461.1	448.8	448.3	466.1	481.3	489.2	498.4	514.5	
Purchases (total)	151.8	166.8	166.6	n.a.	145.1	154.4	151.5	147.2	156.1	162.8	165.3	167.6	170.7	
Defense	98.4	104.7	105.2	n.a.	94.3	100.0	97.9	98.6	100.2	103.1	104.2	106.0	107.6	
Non-defense	53.3	62.1	61.4	n.a.	50.8	54.4	53.6	48.6	55.9	59.7	61.1	61.6	63.1	
All other outlays	300.0 ^{8/}	328.8	329.3 ^{8/}	n.a.	277.5	306.7	297.3	301.1	310.0	318.5	323.9	330.8	343.8	
Surplus(+)/Deficit(-)	-40.0 ^{8/}	n.a.	-32.6 ^{8/}	n.a.	-48.1	-32.0	-52.6	-23.6	-24.1	-27.9	-31.3	-29.4	-34.1	
High Employment Surplus(+)/Deficit(-) (NIA basis) 7/	3.1	n.a.	13.7	n.a.	-4.6	9.8	-3.0	17.3	14.3	10.4	10.8	16.8	16.9	

* actual e--estimated r--revised n.a.--not available

1/ OMB October Budget Update (October 27, 1978), Mid-Session Review of the 1979 Budget (July 6, 1978) and the Department of Commerce.

2/ Second Concurrent Budget Resolution (September 20, 1978).

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, Rural Telephone Bank, 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/ FRB staff estimates.

8/ Quarterly average exceeds fiscal year total 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. 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 estimates comparable.

Outlook for U.S. Net Exports and Related Items
(billions of dollars, seasonally adjusted annual rates)

November 15, 1978

	1977	1978 ^P	1979 ^P	1978				1979 ^P			
				I	II	III ^P	IV ^P	I	II	III	IV
1. <u>GNP NET EXPORTS</u> - Intl Acct. data	-11.1	-10.2	.2	-23.8	-5.3	-6.0	-5.8	-3.3	-2.4	1.7	4.5
2. (GNP net exports - GNP Acct. data) <u>1/</u>	(-10.9)	(-10.6)	(-.3)	(-24.1)	(-5.5)	(-6.5)*	(-6.3)	(-3.8)	(-2.9)	(1.2)	(4.0)
3. a) Merchandise Trade Balance	-31.1	-35.0	-28.7	-44.8	-31.2	-31.2*	-32.9	-30.6	-30.8	-27.9	-25.6
4. Exports (excl. military)	120.6	140.9	169.7	122.7	140.3	148.7*	151.8	158.7	166.4	173.4	180.4
5. Agricultural	24.4	29.8	30.0	26.0	32.0	31.6*	29.6	30.1	29.9	30.0	30.2
6. Nonagricultural	96.2	111.1	139.7	96.6	108.3	117.2*	122.2	128.6	136.5	143.4	150.2
7. Imports	151.6	175.9	198.4	167.5	171.5	179.9*	184.7	189.3	197.2	201.3	206.0
8. Petroleum and petrol. products	45.0	42.8	48.0	39.8	43.2	43.2*	44.8	44.6	48.4	49.0	50.1
9. Nonpetroleum	106.7	133.1	150.4	127.7	128.2	136.7*	139.9	144.7	148.8	152.3	155.9
10. b) Military transactions, net <u>2/</u>	.9	1.6	3.0	.4	1.9	2.0	2.2	2.4	2.8	3.2	3.6
11. c) Investment income, net <u>3/</u>	17.3	20.5	22.2	18.4	21.3	20.4	21.8	21.5	22.0	22.6	22.6
12. d) Other services, net <u>4/</u>	1.7	2.7	3.7	2.2	2.8	2.8	3.1	3.4	3.6	3.8	3.9
13. <u>U.S. CURRENT ACCOUNT BALANCE</u>	-15.2	-17.0	-9.6	-27.4	-13.0	-13.4	-14.3	-12.9	-12.4	-8.0	-5.2
14. a) GNP net exports (line 1.)	-11.1	-10.2	.2	-24.1	-5.3	-6.0	-5.8	-3.3	-2.4	1.7	4.5
15. b) U.S. Govt & private transfers <u>5/</u>	-4.1	-6.8	-9.8	-3.3	-7.7	-7.4	-8.5	-9.6	-10.4	-9.7	-9.7
16. <u>Constant (1972) dollars</u>	67.0	72.2	79.9	65.7	72.9	74.5*	75.5	77.1	79.2	80.8	82.4
17. Merchandise exports (excl. military)	(0.3)	(7.8)	(10.7)	(4.5)	(51.3)	(9.1)*	(5.7)	(8.7)	(10.8)	(8.2)	(8.7)
18. Merchandise imports	71.0	75.6	78.8	74.4	74.0	77.1*	76.8	76.8	78.6	79.3	80.4
19. (% change, annual rates)	(13.0)	(6.5)	(4.2)	(6.6)	(-2.0)	(17.9)*	(-1.6)	(0)	(9.5)	(4.1)	(5.3)
20. <u>Foreign Outlook - Ten Industrial Countries 6/</u>											
Real GNP, % change, annual rates	3.0	3.7	4.1	5.5	4.1	3.4	3.6	4.5	4.3	4.4	4.4
21. Consumer Prices, <u>7/</u> % change, A.R.	7.9	5.4	6.1	4.9	6.8	4.1	5.6	6.3	6.4	7.3	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, United Kingdom, Netherlands, Sweden, Belgium, and Switzerland in the sum of the real GNP of the ten countries in dollar terms.

7/ Wholesale prices for Japan.

p/ Projected.

e/ Estimated.

*/ Published data.

NOTE: Foreign outlook data have been revised to include 10 countries.

CONFIDENTIAL (FR)

November 15, 1978

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

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

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

	<u>1977</u>	<u>1978</u>					
	Year	H1	QIII ^{e/}	Sept. ^{e/}	Oct. ^{e/}	Nov. ^{f/}	Dec. ^{f/}
<u>Seasonally adjusted</u>							
Corporate securities--total	4,518	3,587	4,510	4,506	3,760	4,175	3,675
Publicly offered bonds	2,016	1,489	2,317	1,969	1,619	2,025	1,750
Privately placed bonds	1,501	1,366	1,307	1,502	1,425	1,325	1,250
Stocks	1,001	732	886	1,035	716	825	675
<u>Not seasonally adjusted</u>							
Publicly offered bonds	2,016	1,695	1,726	1,500	1,800	1,900	1,400
By quality <u>1/</u>							
Aaa and Aa	1,089	820	870	550	950	--	--
Less than Aa <u>2/</u>	927	875	856	950	850	--	--
By type of borrower							
Utility	692	525	770	600	1,100	--	--
Industrial <u>3/</u>	700	578	540	750	400	--	--
Financial	624	592	416	150	300	--	--
Foreign securities--total	621	640	371	400	750	475	--
Publicly offered <u>4/</u>	437	466	183	325	750	425	300
Privately placed	184	174	188	75	0	50	--

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.

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

	1977	1978					
	Year	H1	QIII	Sept.	Oct. ^{e/}	Nov. ^{f/}	Dec. ^{f/}
<u>Seasonally adjusted</u>							
State and local government securities, gross offerings							
Total		5,807	6,321	3,998	5,170	5,400	5,150
Long-term		3,913	4,352	2,468	3,230	4,000	3,600
Short-term		1,894	1,969	1,530	1,940	1,400	1,550
U.S. Government securities, net offerings							
U.S. Treasury ^{1/}		3,654	3,080	2,904	-325	745	3,362
Sponsored agencies		2,320	1,641	1,635	307	1,480	658
<u>Not seasonally adjusted</u>							
State and local government securities, gross offerings							
Total	5,770	6,198	6,012	4,276	4,700	5,100	4,000
Long-term	3,891	4,086	4,183	2,300	3,200	3,800	2,800
Short-term	1,879	2,112	1,829	1,976	1,500	1,300	1,200
U.S. Government securities, net offerings							
U.S. Treasury ^{1/}	3,422	2,382	3,560	2,483	1,823	2,700	5,550
Sponsored agencies	601	2,012	2,130	2,334	647	1,094	97

^{e/} Estimated.

^{f/} Forecast.

^{1/} Marketable issues only.

CONFIDENTIAL (FR)

November 17, 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

REVISIONS

Because of revised sources data, the following changes should be made:

Part 1, page I-22 -- change final sentence of the full paragraph on that page to read: "Bank-reported private capital transactions recorded a moderate net inflow in the third quarter, following a sizable net inflow in the third quarter, following a sizable net inflow in the second quarter."

Part 2, Page IV--T-1, table on U.S. International Transactions-- change items indicated to read as follows:

Line 4: Q3, 824; Sept., 1,826.
Line 5: Q3, 3,701, Sept. 6,581
Line 13: Sept., 622
Line 20: Q3, 3,657; Sept. 872

Part 2, page IV-4 -- change line 7 to read: "and a moderate net inflow of bank-reported private capital, following a sizable".

Part 2, page IV-5 -- table on U.S. International Transactions Summary -- change items indicated to read as follows:

Private capital trans. adj.^{2/}: Q-3, -.1; Sept. 1.5
Private capital as rept. net : Q-3, -.4; Sept. 2.5
All Other ^{4/}: Q-1, 3.3; Q-2, 7.7; Q-3, 4.9; July, .8;
Aug., 2.4; Sept., 1.9.

Part 2, page IV-8 -- In line 19, change "net outflow of \$0.6 billion" to read "net inflow of \$1.1 billion"; and in line 21, change "outflow was more than accounted for "to read" net inflow was reduced".