

July 11, 1984

SUMMARY AND OUTLOOK

Prepared for the Federal Open Market Committee

By the staff of the Board of Governors of the Federal Reserve System

July 11, 1984

STAFF GNP PROJECTIONS

Percent changes, annual rate										
Nominal GNP		Real GNP		Gross domestic business product fixed-weighted price index				Unemployment rate (percent)		
				Total		Excluding food and energy				
5/16/84	7/11/84	5/16/84	7/11/84	5/16/84	7/11/84	5/16/84	7/11/84	5/16/84	7/11/84	
Annual changes:										
1982 <1>	4.0	4.0	-1.9	-1.9	6.0	6.0	6.9	6.9	9.7	9.7
1983 <1>	7.7	7.7	3.4	3.4	4.2	4.2	5.1	5.1	9.6	9.6
1984	10.6	11.0	6.3	7.0	4.4	4.1	4.5	4.2	7.5	7.2
1985	8.6	8.4	3.3	3.5	5.4	4.9	5.5	5.1	7.0	6.5
Quarterly changes:										
1983 Q1 <1>	8.2	8.2	2.6	2.6	3.6	3.6	6.7	6.7	10.4	10.4
Q2 <1>	13.3	13.3	9.7	9.7	4.1	4.1	3.5	3.5	10.1	10.1
Q3 <1>	11.5	11.5	7.6	7.6	4.7	4.7	5.6	5.6	9.4	9.4
Q4 <1>	9.1	9.1	5.0	5.0	4.1	4.1	4.4	4.4	8.5	8.5
1984 Q1 <1>	12.8	13.9	8.3	9.7	4.1	4.2	3.8	3.7	7.9	7.9
Q2	9.5	9.8	5.0	6.7	4.3	3.1	4.5	3.7	7.6	7.5
Q3	9.8	9.6	4.9	5.3	5.0	4.3	4.9	4.4	7.3	6.9
Q4	8.0	8.2	3.1	3.5	5.2	4.8	5.1	4.8	7.2	6.7
1985 Q1	8.3	8.1	2.7	3.0	5.4	5.1	5.5	5.1	7.1	6.6
Q2	8.3	7.7	2.9	2.8	5.5	5.2	5.8	5.4	7.0	6.5
Q3	8.7	8.2	2.9	2.8	5.8	5.6	6.1	5.9	6.9	6.4
Q4	8.8	8.5	2.8	2.7	6.0	5.9	6.4	6.2	6.8	6.4
Two-quarter changes: <2>										
1983 Q2 <1>	10.7	10.7	6.1	6.1	3.9	3.9	5.1	5.1	-0.5	-0.5
Q4 <1>	10.3	10.3	6.3	6.3	4.4	4.4	5.0	5.0	-1.6	-1.6
1984 Q2	11.1	11.8	6.6	8.2	4.2	3.6	4.2	3.7	-0.9	-1.0
Q4	8.9	8.9	4.0	4.4	5.1	4.5	5.0	4.6	-0.4	-0.8
1985 Q2	8.3	7.9	2.8	2.9	5.5	5.1	5.7	5.2	-0.2	-0.2
Q4	8.8	8.3	2.8	2.7	5.9	5.7	6.3	6.1	-0.2	-0.1
Four-quarter changes: <3>										
1982 Q4 <1>	2.6	2.6	-1.7	-1.7	4.7	4.7	5.4	5.4	2.4	2.4
1983 Q4 <1>	10.5	10.5	6.2	6.2	4.2	4.2	5.1	5.1	-2.1	-2.1
1984 Q4	10.0	10.4	5.3	6.3	4.7	4.1	4.6	4.1	-1.3	-1.8
1985 Q4	8.5	8.1	2.8	2.8	5.7	5.4	6.0	5.6	-0.4	-0.3

<1> Actual.

<2> Percent change from two quarters earlier.

<3> Percent change from four quarters earlier.

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.)

	1982				1983			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	3021.4	3070.2	3090.7	3109.6	3171.5	3272.0	3362.2	3436.2
Final sales	3047.1	3081.4	3095.6	3165.9	3210.9	3286.6	3353.7	3416.6
Private	2417.3	2449.8	2439.9	2486.2	2533.5	2603.2	2655.4	2717.6
Domestic final purchases	2387.4	2416.5	2439.0	2480.6	2516.5	2611.7	2673.7	2743.7
Personal consumption expenditures	1938.9	1972.8	2008.8	2046.9	2073.0	2147.0	2181.1	2230.9
Goods	989.1	997.6	1010.0	1025.1	1035.6	1077.3	1097.6	1123.6
Services	949.7	975.2	998.9	1021.8	1037.4	1069.7	1083.5	1107.3
Gross private domestic investment	422.9	432.5	425.3	377.4	404.1	450.1	501.1	532.5
Residential structures	87.3	91.0	87.9	96.8	111.3	128.4	141.5	138.8
Business fixed investment	361.3	352.7	342.3	337.0	332.1	336.3	351.0	374.0
Change in business inventories	-25.7	-11.2	-4.9	-56.4	-39.4	-14.5	8.5	19.6
Nonfarm	-27.6	-8.8	-2.3	-53.7	-39.0	-10.3	18.4	19.7
Net exports of goods and services <1>	29.9	33.3	.9	5.6	17.0	-8.5	-18.3	-26.1
Exports	358.4	364.5	346.0	321.6	326.9	327.1	341.1	346.5
Imports	328.5	331.2	345.0	316.1	309.9	335.6	359.4	372.6
Gov't. purchases of goods and services	629.8	631.6	655.7	679.7	677.4	683.4	698.3	699.0
Federal <2>	249.7	244.1	261.7	279.2	273.5	273.7	278.1	274.1
State and local	380.0	387.5	394.0	400.5	404.0	409.7	420.2	424.9
Gross national product in constant (1972) dollars	1485.8	1489.3	1485.7	1480.7	1490.1	1525.1	1553.4	1572.5
Personal income	2528.1	2563.2	2591.3	2632.0	2657.7	2713.6	2761.9	2835.2
Wage and salary disbursements	1542.8	1563.8	1579.8	1586.0	1610.7	1648.4	1681.9	1717.3
Disposable personal income	2127.9	2159.0	2191.5	2227.8	2255.9	2301.0	2361.7	2423.9
Saving rate (percent)	6.1	5.9	5.6	5.4	5.4	4.0	4.9	5.2
Corporate profits with I.V.A. and C.C. Adj.	162.0	166.8	168.5	161.9	181.8	218.2	248.4	268.2
Corporate profits before tax	173.2	178.8	177.3	167.5	169.7	203.3	229.1	228.2
Federal government surplus or deficit (-) (N.I.A. basis)	-108.5	-113.2	-158.3	-208.2	-183.3	-166.1	-187.3	-189.8
High employment surplus or deficit (-) <3>	-41.8	-38.2	-71.9	-107.9	-78.7	-73.9	-110.4	-122.2
State and local government surplus or deficit(-) (N.I.A. basis)	28.8	32.0	31.3	32.9	40.4	51.7	55.5	58.1
Excluding social insurance funds	-3.5	-8	-2.1	-1.2	5.5	16.1	18.9	20.8
Civilian labor force (millions)	109.4	110.2	110.5	110.8	110.7	111.3	112.1	112.0
Unemployment rate (percent)	8.8	9.4	10.0	10.6	10.4	10.1	9.4	8.5
Nonfarm payroll employment (millions)	90.4	89.9	89.2	88.7	88.8	89.6	90.4	91.7
Manufacturing	19.4	19.0	18.6	18.1	18.1	18.3	18.6	19.0
Industrial production (1967=100)	141.7	139.4	138.2	135.2	138.5	144.5	151.8	155.5
Capacity utilization: all manufacturing (percent)	72.9	71.6	71.1	69.0	70.7	73.9	77.4	78.9
Materials (percent)	73.0	70.7	69.4	67.2	70.1	73.5	77.5	79.6
Housing starts, private (million units, A.R.)	.88	.96	1.12	1.27	1.64	1.69	1.78	1.70
New auto sales (millions, A.R.)	8.12	7.53	7.78	8.57	8.46	9.10	9.22	9.94
Domestic models	5.90	5.53	5.56	6.08	6.06	6.81	6.92	7.29
Foreign models	2.22	1.99	2.22	2.49	2.40	2.28	2.31	2.65

<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.

<3> Estimates in table are evaluated at a 6 percent high employment unemployment rate.

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

	1982				1983			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Constant (1972) Dollars</u>								
Gross national product	-5.5	1.0	-1.0	-1.3	2.6	9.7	7.6	5.0
Final sales	-1.3	-.8	-1.5	4.5	.6	6.8	5.1	3.7
Private	-1.6	.1	-4.0	3.0	3.0	8.8	5.3	5.5
Domestic final purchases	.0	.8	-.9	3.4	3.9	11.9	5.7	8.5
Personal consumption expenditures	2.4	3.1	.9	3.6	2.9	10.0	2.2	6.5
Goods	2.0	1.5	-.1	5.1	4.4	13.5	3.7	9.0
Services	2.9	4.7	2.1	1.9	1.4	6.4	.6	3.7
Gross private domestic investment	-34.1	3.4	-5.8	-34.6	28.6	49.8	45.1	27.6
Residential structures	-28.5	17.9	-13.0	53.2	57.3	79.5	35.9	-6.9
Business fixed investment	-5.9	-14.3	-8.8	-6.6	-1.5	7.9	18.7	27.2
Gov't. purchases of goods and services	-.2	-5.0	9.4	10.6	-8.8	-1.1	4.4	-3.9
Federal	.2	-14.0	26.3	28.3	-18.0	-2.8	4.6	-8.4
National defense	-1.3	13.0	14.0	5.1	6.5	7.4	.0	7.8
State and local	-.5	1.3	-.4	-.1	-1.8	.0	4.3	-.8
Disposable personal income	-3.4	1.9	-.3	2.6	2.9	3.5	6.5	8.0
<u>Current Dollars</u>								
Gross national product	-1.4	6.6	2.7	2.5	8.2	13.3	11.5	9.1
Final sales	3.9	4.6	1.9	9.4	5.8	9.8	8.4	7.7
Private	3.8	5.5	-1.6	7.8	7.8	11.5	8.3	9.7
Domestic final purchases	3.7	5.0	3.8	7.0	5.9	16.0	9.8	10.9
Personal consumption expenditures	7.5	7.2	7.5	7.8	5.2	15.1	6.5	9.4
Goods	4.4	3.5	5.1	6.1	4.2	17.1	7.8	9.8
Services	10.8	11.2	10.1	9.5	6.3	13.0	5.3	9.1
Gross private domestic investment	-37.8	9.5	-6.5	-38.0	31.5	53.9	53.6	27.5
Residential structures	-26.5	18.2	-13.0	46.9	75.3	76.7	47.5	-7.3
Business fixed investment	-6.7	-9.1	-11.3	-6.0	-5.7	5.1	18.8	28.8
Gov't. purchases of goods and services	4.6	1.2	16.1	15.5	-1.3	3.6	9.0	.4
Federal	2.1	-8.7	32.1	29.5	-8.0	.3	6.6	-5.6
National defense	3.5	18.0	20.8	16.5	7.8	10.7	3.6	10.5
State and local	6.2	8.1	6.8	6.8	3.5	5.8	10.7	4.6
Disposable personal income	1.4	6.0	6.1	6.8	5.1	8.2	11.0	10.9
Personal income	1.8	5.7	4.5	6.4	4.0	8.7	7.3	11.0
Wage and salary disbursements	3.2	5.6	4.2	1.6	6.4	9.7	8.4	8.7
Corporate profits with I.V.A. and C.C. Adj.	-49.3	12.4	4.1	-14.8	59.0	107.5	68.0	35.9
Corporate profits before tax	-59.6	13.6	-3.3	-20.3	5.4	106.0	61.3	-1.6
Nonfarm payroll employment	-2.7	-1.9	-3.1	-2.3	.5	3.4	3.7	5.8
Manufacturing	-9.2	-8.7	-8.9	-9.5	-.9	5.0	7.0	9.1
Nonfarm business sector								
Output per hour	.1	-.4	2.3	1.3	3.5	7.1	2.3	2.7
Compensation per hour	10.0	5.8	7.2	5.8	6.6	4.4	3.8	4.3
Unit labor costs	9.9	6.2	4.7	4.4	3.0	-2.6	1.5	1.0
GNP implicit deflator <1>	4.3	5.6	3.7	3.8	5.5	3.3	3.6	3.9
Gross domestic business product								
fixed-weighted price index <2>	4.9	4.5	5.8	3.8	3.6	4.1	4.7	4.1
Excluding food and energy	5.8	6.4	5.4	3.9	6.7	3.5	5.6	4.4
Consumer price index (all urban)	3.8	5.5	7.3	1.5	.3	4.4	4.1	4.5
Industrial production	-11.8	-6.5	-3.4	-8.2	10.1	18.4	21.8	10.2

<1> Excluding the Federal pay increase, the rate of change in 1982-Q4 was 3.5 percent.

<2> Uses expenditures in 1972 as weights.

July 11, 1984

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

	1984				Projected			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	3550.1	3633.8	3718.3	3792.2	3866.5	3939.4	4017.5	4099.8
Final sales	3479.1	3579.3	3661.3	3744.2	3824.5	3899.4	3981.5	4067.8
Private	2771.5	2837.4	2897.8	2959.6	3017.8	3075.2	3138.7	3206.6
Domestic final purchases	2819.7	2895.2	2964.9	3032.1	3094.0	3152.8	3216.5	3280.4
Personal consumption expenditures	2286.2	2336.0	2389.5	2440.0	2487.1	2533.8	2582.7	2632.8
Goods	1158.3	1185.5	1213.5	1238.0	1258.4	1277.8	1297.5	1317.3
Services	1127.9	1150.5	1176.0	1202.0	1228.7	1256.0	1285.2	1315.5
Gross private domestic investment	604.6	613.7	632.4	640.1	648.9	659.0	669.8	679.6
Residential structures	147.8	151.1	149.4	149.5	149.3	147.5	149.2	150.2
Business fixed investment	385.7	408.1	426.0	442.6	457.6	471.5	484.6	497.4
Change in business inventories	71.0	54.5	57.0	48.0	42.0	40.0	36.0	32.0
Nonfarm	50.1	47.5	50.0	45.0	42.0	40.0	36.0	32.0
Net exports of goods and services <1>	-48.2	-57.7	-67.1	-72.5	-76.1	-77.6	-77.8	-73.8
Exports	358.8	365.8	375.1	386.7	399.1	413.4	428.5	446.3
Imports	407.0	423.5	442.2	459.2	475.3	491.0	506.3	520.1
Gov't. purchases of goods and services	707.6	741.9	763.5	784.6	806.7	824.1	842.8	861.2
Federal <2>	271.9	296.1	307.7	318.9	331.3	338.8	347.3	355.5
State and local	435.7	445.8	455.8	465.7	475.4	485.3	495.5	505.7
Gross national product in constant (1972) dollars	1609.3	1635.7	1656.9	1671.3	1683.6	1695.3	1706.8	1718.4
Personal income	2926.2	2978.7	3048.3	3116.9	3187.8	3249.5	3315.9	3380.7
Wage and salary disbursements	1756.4	1795.5	1834.1	1871.5	1910.4	1947.5	1985.1	2023.1
Disposable personal income	2504.9	2548.1	2604.8	2661.2	2719.4	2769.1	2823.5	2877.5
Saving rate (percent)	5.9	5.5	5.4	5.5	5.7	5.6	5.7	5.7
Corporate profits with I.V.A. and C.C. Adj.	281.6	284.1	295.3	297.4	296.2	298.7	305.6	315.9
Corporate profits before tax	244.3	245.6	254.3	253.4	247.2	245.2	248.1	253.4
Federal government surplus or deficit (-) (N.I.A. basis)	-170.7	-169.1	-173.1	-181.4	-190.4	-190.1	-192.7	-192.2
High employment surplus or deficit (-) <3>	-121.9	-133.3	-148.3	-161.4	-173.2	-174.4	-178.2	-178.4
State and local government surplus or deficit (-) (N.I.A. basis)	60.5	60.9	61.1	59.6	56.8	54.9	52.6	49.5
Excluding social insurance funds	22.3	22.2	21.7	19.6	16.1	13.6	10.6	6.8
Civilian labor force (millions)	112.6	113.6	114.3	114.8	115.4	115.9	116.4	116.9
Unemployment rate (percent)	7.9	7.5	6.9	6.7	6.6	6.5	6.4	6.4
Nonfarm payroll employment (millions)	92.8	93.7	94.7	95.5	96.2	96.9	97.5	98.1
Manufacturing	19.4	19.6	19.8	20.0	20.1	20.3	20.4	20.5
Industrial production (1967=100)	159.8	163.0	165.8	167.7	169.3	170.8	172.2	173.6
Capacity utilization: all manufacturing (percent)	80.7	81.8	82.8	83.2	83.4	83.5	83.6	83.6
Materials (percent)	81.6	83.1	84.2	84.7	85.0	85.2	85.4	85.5
Housing starts, private (million units, A.R.)	1.97	1.84	1.70	1.70	1.65	1.60	1.60	1.60
New auto sales (millions, A.R.)	10.52	10.63	10.85	11.00	10.95	11.15	11.15	11.15
Domestic models	8.22	8.33	8.30	8.35	8.30	8.60	8.50	8.40
Foreign models	2.30	2.30	2.55	2.65	2.45	2.55	2.65	2.75

<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.

<3> Estimates in table are evaluated at a 6 percent high employment unemployment rate.

July 11, 1984

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

	Projected							
	1984				1985			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Constant (1972) Dollars</u>								
Gross national product	9.7	6.7	5.3	3.5	3.0	2.8	2.8	2.7
Final sales	3.9	9.1	5.2	4.6	3.7	3.1	3.2	3.2
Private	5.2	7.6	4.9	4.2	3.4	3.0	3.1	3.1
Domestic final purchases	8.6	8.4	5.7	4.3	3.3	2.6	2.6	2.2
Personal consumption expenditures	6.4	6.5	5.0	3.4	2.6	2.2	2.1	1.9
Goods	10.3	9.3	6.1	3.6	2.3	1.8	1.5	1.3
Services	2.1	3.4	3.7	3.3	2.9	2.8	2.7	2.6
Gross private domestic investment	63.8	2.4	9.1	1.5	1.8	2.2	1.9	1.0
Residential structures	26.3	4.4	-8.1	-4.2	-5.3	-9.3	-3	-2.2
Business fixed investment	16.1	20.8	14.6	11.7	9.4	7.5	5.9	4.9
Gov't. purchases of goods and services	-1.7	15.5	6.4	6.1	4.9	3.5	3.6	3.5
Federal	-8.6	37.0	11.6	10.6	8.0	4.6	4.8	4.7
National defense	6.3	11.4	14.7	9.8	7.3	5.9	6.4	6.1
State and local	3.0	3.1	2.9	2.9	2.7	2.7	2.6	2.6
Disposable personal income	10.0	4.6	4.7	3.6	3.6	2.0	2.2	1.8
<u>Current Dollars</u>								
Gross national product	13.9	9.8	9.6	8.2	8.1	7.7	8.2	8.5
Final sales	7.5	12.0	9.5	9.4	8.9	8.1	8.7	9.0
Private	8.2	9.9	8.8	8.8	8.1	7.8	8.5	8.9
Domestic final purchases	11.5	11.1	10.0	9.4	8.4	7.8	8.3	8.2
Personal consumption expenditures	10.3	9.0	9.3	8.7	7.9	7.7	7.9	8.0
Goods	12.9	9.7	9.8	8.3	6.8	6.3	6.3	6.2
Services	7.7	8.3	9.2	9.1	9.2	9.2	9.6	9.8
Gross private domestic investment	66.2	6.1	12.8	4.9	5.6	6.4	6.7	6.0
Residential structures	28.6	9.2	-4.4	.3	-5	-4.7	4.7	2.7
Business fixed investment	13.1	25.3	18.8	16.5	14.3	12.7	11.6	11.0
Gov't. purchases of goods and services	5.0	20.8	12.2	11.5	11.8	8.9	9.3	9.1
Federal	-3.2	40.6	16.6	15.4	16.5	9.4	10.4	9.8
National defense	13.1	13.4	20.1	15.4	16.7	11.3	12.8	11.6
State and local	10.6	9.6	9.3	9.0	8.6	8.6	8.6	8.6
Disposable personal income	14.1	7.1	9.2	9.0	9.0	7.5	8.1	7.9
Personal income	13.5	7.4	9.7	9.3	9.4	8.0	8.4	8.0
Wage and salary disbursements	9.4	9.2	8.9	8.4	8.6	8.0	7.9	7.9
Corporate profits with I.V.A. and C.C. Adj.	21.5	3.5	16.8	2.9	-1.6	3.4	9.5	14.2
Corporate profits before tax	31.4	2.1	15.1	-1.4	-9.4	-3.2	4.8	8.9
Nonfarm payroll employment	4.8	4.2	4.2	3.6	3.0	2.7	2.4	2.4
Manufacturing	7.5	4.5	4.1	3.7	3.2	2.8	2.4	2.0
Nonfarm business sector								
Output per hour	3.5	1.7	1.3	.2	.4	.4	.7	.7
Compensation per hour	6.0	4.0	4.6	5.0	5.8	5.6	5.9	6.2
Unit labor costs	2.4	2.3	3.2	4.8	5.4	5.2	5.2	5.4
GNP implicit deflator <1>	3.9	2.8	4.1	4.5	4.9	4.8	5.3	5.6
Gross domestic business product								
fixed-weighted price index <2>	4.2	3.1	4.3	4.8	5.1	5.2	5.6	5.9
Excluding food and energy	3.7	3.7	4.4	4.8	5.1	5.4	5.9	6.2
Consumer price index (all urban)	5.0	3.9	4.7	5.1	5.3	5.4	5.8	6.0
Industrial production	11.5	8.3	7.1	4.7	3.9	3.6	3.3	3.3

<1> Excluding Federal pay increase, the rate of change in 1984-Q1 is 3.4 percent and in 1985-Q1 is 4.6 percent.
 <2> Uses expenditures in 1972 as weights.

CONFIDENTIAL - FR
CLASS II FOMC

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

	1978	1979	1980	1981	1982	1983	---Projected---	
							1984	1985
Gross national product	2163.9	2417.8	2631.7	2954.1	3073.0	3310.5	3673.6	3980.8
Final sales	2137.4	2403.5	2641.5	2935.6	3097.5	3316.9	3616.0	3943.3
Private	1705.5	1929.1	2103.7	2339.9	2448.3	2627.4	2866.6	3109.6
Domestic final purchases	1706.6	1915.9	2079.7	2313.6	2430.9	2636.4	2928.0	3185.9
Personal consumption expenditures	1346.5	1507.2	1668.1	1857.2	1991.9	2158.0	2362.9	2559.1
Goods	728.5	813.5	883.5	970.0	1005.5	1083.5	1198.8	1287.7
Services	618.0	693.7	784.5	887.1	986.4	1074.5	1164.1	1271.3
Gross private domestic investment	386.6	423.0	401.9	474.9	414.5	471.9	622.7	664.3
Residential construction	111.2	118.6	102.9	104.3	90.8	130.0	149.4	149.0
Business fixed investment	248.9	290.2	308.8	352.2	348.3	348.4	415.6	477.8
Change in business inventories	26.5	14.3	-9.8	18.5	-24.5	-6.4	57.6	37.5
Nonfarm	25.4	8.6	-4.5	10.9	-23.1	-2.8	48.1	37.5
Net exports of goods and services <1>	-1.1	13.2	23.9	26.3	17.4	-9.0	-61.4	-76.3
Exports	218.7	281.4	338.8	368.8	347.6	335.4	371.6	421.9
Imports	219.8	268.1	314.8	342.5	330.2	344.4	433.0	498.2
Gov't. purchases of goods and services	431.9	474.4	537.8	595.7	649.2	689.5	749.4	833.7
Federal <2>	153.6	168.3	197.0	229.2	258.7	274.8	298.6	343.2
State and local	278.3	306.0	340.8	366.5	390.5	414.7	450.7	490.5
Gross national product in constant (1972) dollars	1438.6	1479.4	1475.0	1513.8	1485.4	1535.3	1643.3	1701.0
Personal income	1732.7	1951.2	2165.3	2435.0	2578.6	2742.1	3017.5	3283.5
Wage and salary disbursements	1106.3	1237.6	1356.7	1493.2	1568.1	1664.6	1814.4	1966.5
Disposable personal income	1474.0	1650.2	1828.9	2047.6	2176.5	2335.6	2579.8	2797.4
Saving rate (percent)	6.1	5.9	6.0	6.6	5.8	4.9	5.6	5.7
Corporate profits with I.V.A. and C.C.Adj.	192.4	194.8	175.4	192.3	164.8	229.1	289.6	304.1
Corporate profits before tax	229.1	252.7	234.6	227.0	174.2	207.5	249.4	248.5
Federal government surplus or deficit(-) (N.I.A. basis)	-29.5	-16.1	-61.2	-62.2	-147.1	-181.6	-173.6	-191.3
High employment surplus or deficit(-)	-33.9	-20.8	-36.4	-30.2	-65.0	-96.3	-141.2	-176.1
State and local government surplus or deficit (-) (N.I.A. basis)	30.3	30.4	30.6	35.3	31.3	51.4	60.5	53.4
Excluding social insurance funds	10.0	6.6	3.5	4.4	-1.9	15.3	21.4	11.8
Civilian labor force (millions)	102.3	105.0	106.9	108.7	110.2	111.6	113.8	116.1
Unemployment rate (percent)	6.1	5.8	7.1	7.6	9.7	9.6	7.2	6.5
Nonfarm payroll employment (millions)	86.7	89.8	90.4	91.2	89.6	90.0	94.2	97.2
Manufacturing	20.5	21.0	20.3	20.2	18.9	18.7	19.7	20.3
Industrial production (1967=100)	146.1	152.5	147.0	150.9	138.6	147.6	164.1	171.5
Capacity utilization: all manufacturing (percent)	84.7	86.0	79.6	79.4	71.1	75.2	82.1	83.5
Materials (percent)	85.6	87.6	80.4	80.7	70.1	75.2	83.4	85.3
Housing starts, private (million units, A.R.)	2.00	1.72	1.30	1.10	1.06	1.70	1.80	1.61
New auto sales (millions, A.R.)	11.29	10.68	9.04	8.56	8.00	9.18	10.77	11.10
Domestic models	9.29	8.36	6.62	6.24	5.77	6.77	8.31	8.50
Foreign models	2.00	2.32	2.42	2.32	2.23	2.41	2.46	2.60

- <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.

CONFIDENTIAL - FR
CLASS II FOMC

PERCENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1978	1979	1980	1981	1982	1983	--Projected--	
							1984	1985
<u>Constant (1972) Dollars</u>								
Gross national product	5.0	2.8	-.3	2.6	-1.9	3.4	7.0	3.5
Final sales	4.9	3.5	.5	1.8	-.7	2.8	5.3	4.1
Private	5.6	4.0	.1	2.0	-1.3	3.4	5.8	3.9
Domestic final purchases	5.5	2.9	-1.0	2.7	-.1	5.0	7.7	3.8
Personal consumption expenditures	4.5	2.7	.5	2.7	1.4	4.2	5.7	3.1
Goods	4.2	1.9	-1.4	2.1	.1	5.6	8.2	3.2
Services	4.8	3.7	2.7	3.3	2.9	2.7	3.0	3.0
Gross private domestic investment	10.5	-.2	-11.8	9.2	-14.5	12.6	28.8	2.7
Residential structures	2.8	-5.3	-20.3	-5.1	-15.4	39.4	11.8	-4.8
Business fixed investment	12.8	7.3	-2.4	5.2	-4.8	1.4	18.3	10.0
Gov't. purchases of goods and services	2.0	1.3	2.2	.8	1.8	.4	3.2	5.4
Federal	-.1	1.8	4.2	3.8	5.6	1.0	4.7	9.2
National defense	.4	2.6	3.9	5.2	7.1	6.9	8.0	8.5
State and local	3.3	1.1	1.0	-1.0	-.5	.1	2.2	2.8
Disposable personal income	4.9	2.7	.6	3.2	.5	3.2	6.7	3.2
<u>Current Dollars</u>								
Gross national product	12.8	11.7	8.8	12.2	4.0	7.7	11.0	8.4
Final sales	12.8	12.4	9.9	11.1	5.5	7.1	9.0	9.1
Private	13.6	13.1	9.0	11.2	4.6	7.3	9.1	8.5
Domestic final purchases	13.4	12.3	8.5	11.2	5.1	8.5	11.1	8.8
Personal consumption expenditures	11.8	11.9	10.7	11.3	7.3	8.3	9.5	8.3
Goods	10.9	11.7	8.6	9.8	3.7	7.8	10.6	7.4
Services	12.9	12.2	13.1	13.1	11.2	8.9	8.3	9.2
Gross private domestic investment	19.3	9.4	-5.0	18.2	-12.7	13.8	31.9	6.7
Residential structures	16.1	6.6	-13.2	1.4	-13.0	43.3	15.0	-.3
Business fixed investment	21.3	16.6	6.4	14.1	-1.1	.0	19.3	15.0
Gov't. purchases of goods and services	9.7	9.8	13.4	10.8	9.0	6.2	8.7	11.3
Federal	7.1	9.6	17.1	16.3	12.9	6.2	8.7	14.9
National defense	8.0	11.5	17.3	17.4	16.5	11.6	12.3	14.8
State and local	11.2	9.9	11.4	7.5	6.6	6.2	8.7	8.8
Disposable personal income	12.2	12.0	10.8	12.0	6.3	7.3	10.5	8.4
Personal income	12.5	12.6	11.0	12.5	5.9	6.3	10.0	8.8
Wage and salary disbursements	12.5	11.9	9.6	10.1	5.0	6.2	9.0	8.4
Corporate profits with I.V.A. and C.C.Adj.	15.0	1.3	-9.9	9.6	-14.3	39.0	26.4	5.0
Corporate profits before tax	17.7	10.3	-7.1	-3.3	-23.2	19.1	20.2	-.4
Nonfarm payroll employment	5.1	3.6	.6	.8	-1.7	.4	4.7	3.2
Manufacturing	4.2	2.6	-3.6	-.6	-6.5	-.9	5.3	3.2
Nonfarm business sector								
Output per hour	.6	-1.5	-.7	1.9	-.1	3.2	2.6	.6
Compensation per hour	8.6	9.0	10.4	9.8	7.8	5.6	4.7	5.4
Unit labor costs	8.0	10.7	11.1	7.7	7.9	2.3	2.1	4.7
GNP implicit deflator	7.4	8.6	9.2	9.4	6.0	4.2	3.7	4.7
Gross domestic business product								
fixed-weighted price index <1>	8.0	9.9	10.0	9.5	6.0	4.2	4.1	4.9
Excluding food and energy	7.8	8.6	8.5	9.3	6.9	5.1	4.2	5.1
Consumer price index (all urban)	7.6	11.3	13.5	10.3	6.1	3.2	4.5	5.2
Industrial production	5.8	4.4	-3.6	2.6	-8.1	6.4	11.2	4.5

<1> Uses expenditures in 1972 as weights.

July 11, 1984

FEDERAL SECTOR ACCOUNTS
(Billions of dollars)

	Fiscal Year 1983*	FY1984 ^a /2/		FY1985 ^a /2/		CY1984 ^a		FRB staff estimates								
		Admin. 1/	FRB Staff	Admin. 1/	FRB Staff	CY 1983*	FRB Staff	Calendar quarters; not seasonally adjusted								
								1983	1984				1985			
									IV*	I*	II	III	IV	I	II	III
Unified budget receipts	601	673	671	753	749	613	690	149	155	188	179	169	171	213	196	
Unified budget outlays	796	851	847	932	938	803	871	213	209	212	214	237	232	235	233	
Surplus/deficit(-), unified budget	-195	-178	-176	-179	-189	-190	-181	-63	-55	-24	-35	-68	-61	-22	-37	
Surplus/deficit(-), off-budget agencies ³	-12	-15	-12	-15	-15	-10	-15	1	-2	-4	-6	-3	-3	-5	-5	
Combined deficit to be financed	-208	-193	-188	-194	-204	-201	-196	-62	-57	-28	-41	-71	-64	-27	-42	
Means of financing combined deficit:																
Net borrowing from public	212	176	170	192	199	187	198	36	49	31	53	65	54	39	41	
Decrease in cash operating balance	-8	17	16	0	3	8	-2	25	-2	1	-7	7	6	-9	-1	
Other ⁴	3	0	3	2	2	6	0	1	10	-3	-5	-2	4	-3	3	
Cash operating balance, end of period	37	20	21	20	18	12	14	12	14	14	21	14	8	17	18	
Memo: Sponsored agency borrowing ⁵	-3	13	18	16	18	1	19	3	5	5	5	4	4	5	5	
NIA Budget																
								Seasonally adjusted annual rates								
Receipts	633	694	693	785	770	645	714	658	688	703	725	741	763	779	796	
Expenditures	820	871	869	954	958	826	888	847	859	872	898	922	953	969	989	
Purchases	276	291	287	342	334	275	299	274	272	296	308	319	331	339	347	
Defense	196	224	217	257	251	200	225	206	213	220	230	238	248	254	262	
Nondefense	80	67	70	85	84	75	74	68	59	77	78	81	84	85	85	
All other expenditures	544	581	582	612	624	551	589	573	587	576	590	603	622	630	641	
Surplus/deficit(-)	-186	-177	-176	-169	-189	-182	-174	-190	-171	-169	-173	-181	-190	-190	-193	
High employment surplus/deficit(-) evaluated at 6 percent unemployment	-93	n.a.	-131	n.a.	-172	-96	-141	-122	-122	-133	-148	-161	-173	-174	-178	
*--actual																

*—actual

a—estimated

n.a.—not available

1. OMB Current Budget Estimates, April 1984 and NIA's NIA translations, April 1984.
2. The CBO baseline budget estimates show revenues of \$663 billion and \$733 billion, outlays of \$852 billion and \$930 billion and deficits of \$189 billion and \$197 billion in fiscal years 1984 and 1985 respectively (An Analysis of the President's Budgetary Proposals, February 1984).

Note: Details may not add to totals due to rounding.

3. Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank and Strategic Petroleum Reserve.
4. Checks issued less checks paid, accrued items and other transactions.
5. Sponsored agency borrowing includes net debt issuance by Federal Home Loan Banks, FHLMC (excluding participation certificates), FNMA (excluding mortgage-backed securities), Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, and Student Loan Marketing Association marketable debt on a payment basis.

JULY 10, 1984

OUTLOOK FOR U.S. NET EXPORTS AND RELATED ITEMS
(BILLIONS OF DOLLARS, SEASONALLY ADJUSTED ANNUAL RATES)

	1983	ANNUAL 1984-P	1985-P	1983 Q3	1983 Q4	1984 Q1	1984 Q2-P	1984 Q3-P	1984 Q4-P	1985 Q1-P	1985 Q2-P	1985 Q3-P	1985 Q4-P
1. GNP EXPORTS AND IMPORTS 1/													
CURRENT \$, NET	-9.0	-61.4	-76.4	-18.3	-26.1	-48.2	-57.6	-67.2	-72.5	-76.2	-77.7	-77.8	-73.8
EXPORTS OF G+S	335.4	371.6	421.8	341.1	346.5	358.8	365.8	375.1	386.7	399.2	413.4	428.5	446.3
IMPORTS OF G+S	344.4	433.0	498.2	359.4	372.6	407.0	423.4	442.3	459.2	475.3	491.0	506.3	520.1
CONSTANT 72 \$, NET	11.8	-10.8	-10.0	11.5	2.8	-7.5	-10.0	-12.6	-13.0	-12.6	-11.3	-9.5	-6.6
EXPORTS OF G+S	138.7	147.3	157.7	140.7	140.6	144.4	145.8	148.0	150.9	153.3	156.0	159.0	162.6
IMPORTS OF G+S	126.9	158.0	167.8	129.2	137.8	151.9	155.7	160.6	163.9	165.9	167.3	168.6	169.3
2. U.S. MERCHANDISE TRADE BALANCE 2/	-61.1	-113.6	-126.5	-70.0	-77.6	-102.6	-110.6	-117.9	-123.3	-126.1	-127.5	-127.7	-124.5
EXPORTS	200.3	221.3	247.7	201.7	207.3	216.7	219.4	222.2	227.0	233.9	242.2	251.4	263.4
AGRICULTURAL	36.6	38.5	39.9	37.2	39.2	41.1	38.9	37.0	36.8	37.9	39.4	40.3	42.1
NONAGRICULTURAL	163.6	182.8	207.8	164.5	168.1	175.5	180.4	185.2	190.2	196.0	202.8	211.0	221.3
IMPORTS	261.3	334.9	374.2	271.8	284.9	319.2	330.0	340.1	350.2	360.0	369.7	379.1	386.0
PETROLEUM AND PRODUCTS	53.8	61.3	69.1	63.7	57.1	55.4	60.4	63.7	65.7	66.5	68.3	70.2	71.4
NONPETROLEUM	207.5	273.6	305.1	208.1	227.8	263.8	269.6	276.4	284.5	293.6	301.4	308.9	316.6
3. U.S. CURRENT ACCOUNT BALANCE	-41.6	-93.4	-113.5	-47.4	-68.8	-77.6	-90.2	-99.8	-106.1	-111.1	-114.1	-115.7	-113.2
OF WHICH: NET INVESTMENT INCOME	23.5	24.6	16.0	28.7	20.5	30.5	24.6	22.3	20.9	18.5	16.7	15.0	14.0
4. FOREIGN OUTLOOK 3/													
REAL GNP--TEN INDUSTRIAL 4/	1.5	2.9	2.6	2.3	4.1	3.9	1.2	2.5	2.7	2.6	2.6	2.7	2.7
REAL GNP--MONOPEC LDC 5/	1.8	3.0	3.6	2.5	2.8	3.0	3.2	3.4	3.5	3.7	3.8	3.9	4.0
CONSUMER PRICES--TEN IND. 4/	5.7	5.2	5.0	5.3	5.4	5.3	5.2	4.7	4.9	4.9	5.2	4.9	4.9

1/ NATIONAL INCOME AND PRODUCT ACCOUNT DATA.

2/ INTERNATIONAL ACCOUNTS BASIS.

3/ PERCENT CHANGE, ANNUAL RATES.

4/ WEIGHTED BY MULTILATERAL TRADE-WEIGHTS OF G-10 COUNTRIES PLUS SWITZERLAND.

5/ WEIGHTED BY SHARE IN MONOPEC LDC GNP.

P/ PROJECTED

July 11, 1984

RECENT DEVELOPMENTS

Prepared for the Federal Open Market Committee

By the staff of the Board of Governors of the Federal Reserve System

FEDERAL DEFICIT FOR THE 1984 FISCAL YEAR TO DATE
 COMPARED TO PREVIOUS YEARS
 (By month, dollar amounts in billions)

Month	Cumulative Deficits			Cumulative Monthly Deficit as a Percentage of the Fiscal Year Total Deficit		
	FY1982	FY1983	FY1984	FY1982	FY1983	FY1984 ¹
October	18.1	26.2	25.1	.16	.13	.14
November	28.7	50.3	46.7	.26	.26	.26
December	48.2	68.3	63.3	.44	.35	.36
January	38.9	77.8	68.8	.35	.40	.39
February	53.7	103.2	89.2	.49	.53	.50
March	71.9	129.2	117.8	.65	.66	.66
April	62.2	132.5	106.3	.56	.68	.60
May	81.1	161.8	140.2	.73	.83	.79
Fiscal Year						
Total	110.7	195.5	177.8 ^P			

1. Fiscal year total for FY1984 is the latest official administration projection.

^P Administration projection, Current Budget Estimates, April 1984

BUDGET IMPACT OF SELECTED REVENUE AND OUTLAY PROVISIONS¹
(Fiscal years, unified budget, billions of dollars)

Provision	1984	1985	1986	1987	1984-1987
Tax Freeze:					
Postponement of finance leasing rules	.1	.3	.9	1.4	2.7
Expensing of personal property	.2	.4	.4	.4	1.4
Repeal of interest exclusion		1.0	2.9	3.1	7.0
Extension of telephone tax			1.2	2.0	3.2
Increase in liquor tax		.1	.3	.5	1.0
Other freeze items		.5	.3	.5	1.3
Sub-total of freeze provisions	<u>.3</u>	<u>2.3</u>	<u>6.0</u>	<u>7.9</u>	<u>16.6</u>
Partnership, Trust and Accounting Changes:					
Limits on premature expense accruals	.1	.4	.5	.5	1.6
Accrual of interest and rents in deferred payment transactions		.5	1.2	1.9	3.6
Other accounting changes	.2	.5	.5	.5	1.7
Trust and partnership provisions	.1	.5	1.1	1.6	3.3
Sub-total of partnership, trust and accounting provisions	<u>.3</u>	<u>2.0</u>	<u>3.4</u>	<u>4.5</u>	<u>10.2</u>
Corporate Provisions	.1	.9	1.4	1.6	3.9
Tax Exempt Entity Leasing	.3	.8	1.6	2.8	5.5
Depreciation of Real Property	.1	.3	.8	1.5	2.6
Income Averaging	.1	2.0	1.9	2.1	6.1
Pension and Employee Benefit Plans		.5	.9	1.1	2.5
Selected Provisions Resulting in Revenue Loss:					
Life insurance	-.1	-.3	-.4	-.5	-1.2
Jobs and earned income credits		-.2	-.8	-.7	-1.6
Capital gains			-.3	-.3	-.5
All Other Revenue Provisions		<u>2.3</u>	<u>2.1</u>	<u>2.5</u>	<u>7.8</u>
Total of Revenue Provisions	<u>1.1</u>	<u>10.6</u>	<u>16.6</u>	<u>22.5</u>	<u>50.9</u>
Spending Provisions:					
Medicare	.1	1.4	2.3	3.1	6.8
Grace Commission recommendations			1.5	1.7	3.2
All other spending provisions		<u>2.7</u>		<u>.3</u>	<u>3.1</u>
Total of Spending Provisions	<u>.1</u>	<u>4.1</u>	<u>3.8</u>	<u>5.1</u>	<u>13.1</u>
Total Deficit Reduction	<u>1.2</u>	<u>14.7</u>	<u>20.4</u>	<u>27.6</u>	<u>64.0</u>

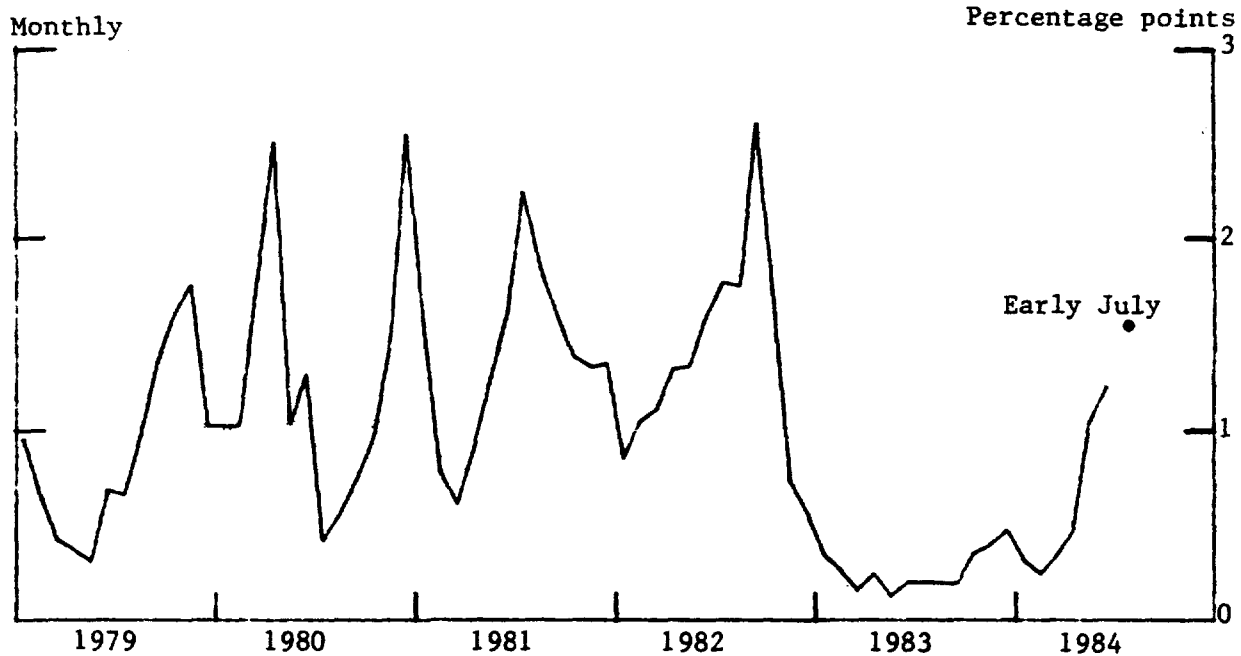
II-A-5

1. Changes reducing the deficit (revenue increases and outlay reductions) are shown with a positive sign.

SOURCE: Joint Committee on Taxation and Congressional Budget Office.

NOTE: Detail may not sum to totals due to rounding.

YIELD SPREAD: CD LESS TREASURY BILL*
(3-Month)



*Rates converted to investment yield basis to provide comparability.

and commercial paper markets, certain money center banks have been paying premium rates compared with other issuers. The prime rate was raised to 13 percent from 12-1/2 percent on June 25, reflecting the higher cost of funds to major banks. Although private long-term bond yields have increased little on balance from May FOMC meeting levels, interest rates posted in the primary market for new home mortgages are up more than one-half percentage point.

Credit demands have continued to swell, reflecting burgeoning private domestic spending in the first half of the year and the continuing large federal deficit. The aggregate debt of private domestic nonfinancial sectors has expanded at double-digit rates since late last year; in the

GROSS OFFERINGS OF SECURITIES BY U.S. CORPORATIONS
(Monthly rates, not seasonally adjusted, billions of dollars)

	1983	1984					
		Q1	Q2 ^P	Apr.	May ^P	June ^P	July ^f
Corporate securities - total ¹	8.91	8.36	6.54	7.80	4.80	7.00	5.70
Public offerings in U.S.	8.21	6.92	5.45	6.04	4.50	5.80	4.70
Stocks--total ²	4.30	2.17	1.63	1.78	1.50	1.60	1.70
Nonfinancial	3.07	1.11	1.15	1.24	1.20	1.00	--
Utility	.80	.22	.35	.34	.30	.40	--
Industrial	2.27	.89	.80	.90	.90	.60	--
Financial	1.23	1.06	.48	.54	.30	.60	--
Bonds--total ¹	3.91	4.75	3.82	4.26	3.00	4.20	3.00
By industry							
Nonfinancial	2.03	1.49	1.88	2.35	1.49	1.80	--
Utility	.95	.64	.45	.56	.10	.70	--
Industrial	1.08	.85	1.43	1.79	1.39	1.10	--
Financial	1.88	3.26	1.94	1.91	1.51	2.40	--
By quality ³							
Aaa and Aa	1.13	.93	1.18	1.36	1.34	.85	--
A and Baa	1.57	1.59	1.28	1.24	.64	1.96	--
Less than Baa	.48	.61	.72	1.23	.53	.39	--
No rating (or unknown)	.37	.36	.13	.12	.18	.10	--
Memo items:							
Equity based bonds ⁴	.75	.28	.38	.76	.12	.26	--
Mortgage-backed bonds	.38	1.26	.52	.31	.20	.70	--
Floating rate or extendible notes	.46	.58	1.35	1.35	.84	1.85	--
Bonds sold abroad - total	.70	1.44	1.09	1.76	.30	1.20	1.00
Nonfinancial	.33	.86	.38	.69	.18	.27	--
Financial	.37	.58	.71	1.07	.12	.93	--

p--preliminary. f--forecast.

1. Securities issued in the private placement market are not included. Total reflects gross proceeds rather than par value of original discount bonds.

2. Includes equity issues associated with debt/equity swaps.

3. Bonds categorized according to Moody's bond ratings. Excludes mortgage-backed bonds.

4. Includes bonds convertible into equity and bonds with warrants attached where the warrants entitle the holder to purchase equity in the future.

TREASURY AND AGENCY FINANCING¹
(Total for period; billions of dollars)

	1984				
	Q2P	Q3 ^f	May	June ^P	July ^f
<u>Treasury financing</u>					
Combined surplus/deficit(-)	-28.3	-41.2	-35.3	-3.8	-18.8
Means of financing deficit:					
Net cash borrowing from the public	31.2	52.8	8.6	5.6	23.2
Marketable borrowings/ repayments(-)	29.7	50.5	7.9	5.2	22.4
Bills	-7.0	12.0	-3.1	-.9	4.1
Coupons	36.7	36.3	11.0	6.1	18.3
Nonmarketable	1.5	2.5	.7	.4	.8
Decrease in the cash balance	.5	-7.1	30.0	-5.4	-7.3
Memo: Cash balance at end of period	13.6	22.7	8.2	13.6	20.9
Other ²	-3.4	-4.5	-3.3	3.6	2.9
<u>Federally sponsored credit agencies, net cash borrowing³</u>					
FHLB	1.9	2.1	.8	.8	.7
FNMA	1.8	1.5	1.2	.5	.5
Farm Credit Banks	.1	.2	.0	.1	.0
FHLMC	.5	.7	.4	.1	.1
SLMA	.5	.3	.1	.2	.0

p--preliminary. f--forecast.

1. Data reported on a not seasonally adjusted, payment basis.

2. Includes checks issued less checks paid, accrued items and other transactions.

3. Excludes mortgage pass-through securities issued by FNMA and FHLMC.

GROSS OFFERINGS OF SECURITIES BY STATE AND LOCAL GOVERNMENTS
 (Monthly totals or monthly averages; billions of dollars)

	1982	1983	Q1	Q2 ^e	1984 May ^e	June ^e	July ^f
-----Seasonally adjusted-----							
Total	10.29	10.39	9.35	7.89	8.20	7.90	10.3
Long-term	6.58	7.20	5.80	4.99	5.40	5.20	8.1
Short-term ¹	3.71	3.19	3.55	2.90	2.80	2.70	2.2
-----Not seasonally adjusted-----							
Total	10.29	10.39	7.77	9.45	7.70	8.90	9.2
Long-term	6.58	7.20	5.01	5.55	5.50	5.90	7.0
Refunding	.36	1.17	.79	.55	.36	.50	--
Total housing ²	1.24	1.48	.44	.27	.11	.57	--
Short-term ¹	3.71	3.19	2.76	3.90	2.20	3.00	2.2

e--estimate. f--forecast.

1. These figures do not include tax-exempt commercial paper.

2. Primarily mortgage revenue bonds for home ownership and multifamily rental structures.

to more than 14-5/8 percent in early July, but still remained below secondary market yields. At large mortgage companies, the effective rate for FHA-insured level payment loans has moved irregularly higher since late May to above 15 percent as of July 6, and the ceiling rate on VA-guaranteed loans was raised on May 29 to 14 percent from 13-1/2 percent. Commitment rates for conventional adjustable-rate mortgages (ARMs) at major originators also have increased; in early June, the average initial contract rate on ARMs without rate caps, which rose for the third straight month, still was about 190 basis points below the rate on fixed-rate loans.¹

1. HUD recently announced plans to insure ARMs on certain 1- to 4-family properties and 1-family condominiums, effective July 30. Interest rates on FHA-insured ARMs would adjust annually, with limits on interest rate changes of 1 percent in any 12-month period and 5 percent during the life of the loan; negative amortization would not be permitted.