

March 15, 1978

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CONFIDENTIAL - FR  
CLASS II FOMCCHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

	1971	1972	1973	1974	1975	1976	1977	Projected 1978
----- Billions of Dollars -----								
Gross National Product	81.0	107.7	135.5	106.3	115.9	177.7	183.6	209.8
Inventory change	2.6	3.0	8.5	-9.0	-20.4	24.8	4.1	4.1
Final purchases	78.5	104.6	126.9	115.4	136.3	152.8	179.5	205.8
Private	63.7	85.2	110.5	82.2	100.1	130.3	146.0	163.2
Net exports	-2.3	-4.9	10.4	-1.1	14.4	-12.6	-17.9	-7
Excluding net exports	66.0	90.1	100.1	83.3	85.7	142.9	163.9	163.9
Personal consumption expenditures	49.4	64.8	76.9	79.7	90.8	113.6	117.4	122.5
Goods	25.2	35.7	47.0	40.8	43.9	59.4	59.0	59.2
Services	24.3	29.0	29.9	39.0	46.9	54.1	58.5	63.3
Residential fixed investment	13.0	12.4	4.1	-11.0	-3.6	16.5	23.0	15.5
Business fixed investment	3.6	12.7	19.2	14.6	-1.5	12.8	23.6	25.8
Government	14.8	19.4	16.4	33.2	36.2	22.5	33.5	42.6
Federal	.6	5.9	.1	8.9	12.2	6.8	15.4	15.1
State and local	14.3	13.5	16.3	24.2	24.1	15.6	18.3	27.4
GNP in constant (1972) dollars	32.2	63.6	63.9	-17.2	-15.7	72.6	62.8	59.0
Final purchases	29.9	60.8	56.8	-8.6	2.1	54.2	59.9	56.7
Private	30.7	57.1	57.4	-13.8	-3.2	52.8	53.3	45.8
----- In Per Cent Per Year -----								
Gross National Product	8.2	10.1	11.6	8.1	8.2	11.6	10.8	11.1
Final purchases	8.0	9.9	10.9	8.9	9.7	9.9	10.6	11.0
Private	8.4	10.3	12.2	8.1	9.1	10.8	11.0	11.0
Personal consumption expenditures	8.0	9.7	10.5	9.8	10.2	11.6	10.7	10.1
Goods	7.2	9.5	11.4	8.9	8.8	11.0	9.8	9.0
Services	9.0	9.9	9.3	11.1	12.0	12.4	11.9	11.5
Gross private domestic investment	13.6	17.7	16.8	-2.5	-11.9	28.7	20.8	15.4
Residential structures	35.5	25.1	6.6	-16.7	-6.5	32.2	33.7	17.0
Business fixed investment	3.6	12.3	16.4	10.8	-1.0	8.6	14.5	13.9
Gov't. purchases of goods and services	6.8	8.3	6.5	12.3	12.0	6.6	9.3	10.8
Federal	.6	6.1	.1	8.7	11.0	5.5	11.8	10.4
State and local	11.6	9.8	10.8	14.5	12.6	7.2	7.9	11.0
GNP in constant (1972) dollars	3.0	5.7	5.5	-1.4	-1.3	6.0	4.9	4.4
Final purchases	2.8	5.5	4.9	-.7	.2	4.5	4.7	4.3
Private	3.7	6.7	6.3	-1.4	-.3	5.6	5.3	4.3
GNP implicit deflator	5.1	4.1	5.8	9.7	9.6	5.3	5.6	6.4
Gross business product fixed-weighted index <sup>1/</sup>	4.4	3.3	5.7	10.4	9.5	5.4	6.0	6.4
Personal income	7.2	9.7	11.7	9.7	8.5	10.3	11.1	11.1
Wage and salary disbursements	6.0	9.4	10.7	9.0	5.4	10.7	11.0	10.4
Disposable income	8.3	7.9	12.5	9.2	10.1	9.4	10.4	11.4
Corporate profits before tax	14.7	17.3	20.4	9.6	-2.7	27.0	9.1	12.0
Nonfarm payroll employment	.4	3.5	4.3	2.0	-1.7	3.1	3.4	3.3
Manufacturing	-4.0	2.8	5.1	-.1	-8.5	3.3	3.2	4.3
Nonfarm business sector								
Output per hour	2.9	3.0	1.7	-2.9	1.6	4.1	2.1	2.1
Compensation per hour	6.6	5.8	7.8	9.4	9.6	8.7	8.7	8.5
Unit labor costs	3.5	2.7	6.0	12.7	7.9	4.5	6.4	6.3
Industrial production	1.7	9.2	8.4	-.4	-8.9	10.2	5.5	5.0
Housing starts	43.1	14.9	-13.2	-34.6	-13.3	32.5	29.2	-5.9
Sales new autos	21.9	6.8	-4.7	-14.5	-2.8	16.9	9.9	-2.8
Domestic models	21.9	7.4	3.5	-22.4	-5.5	21.9	5.1	-3.1
Foreign models	21.8	3.1	9.7	-19.9	11.4	-5.1	37.2	-.8

<sup>1/</sup>Using expenditures in 1972 as weights.

FEDERAL SECTOR ACCOUNTS  
(billions of dollars)

March 15, 1978

	F.R. Staff Estimates															
	Calendar quarters; unadjusted data								1979							
	1977				1978				1979				1979			
	FY 1977*	FY 1978 e/ Admin. 1/ F.R. 2/ Board	FY 1979 e/ Admin. 1/ F.R. Board	FY 1979 e/ Admin. 1/ F.R. Board	CY77* F.R. Board	CY78e/ F.R. Board	III*	IV*	I	II	III	IV	I	II	III	
Unified budget receipts	356.9	400.5	398.7	439.8	438.5	365.2	407.5	91.3	84.5	86.1	122.5	105.7	93.2	97.0	132.7	115.6
Unified budget outlays	401.9	453.5	455.0	499.4	499.0	416.1	463.6	103.4	113.3	110.0	113.7	117.9	122.0	121.0	126.0	130.0
Surplus(+)/Deficit(-), unified budget	-45.0	-53.0	-56.3	-59.6	-60.5	-50.9	-56.1	-12.2	-28.8	-23.9	8.8	-12.2	-28.8	-24.0	6.7	-14.4
Surplus(+)/Deficit(-), off-budget agencies 3/	-8.7	-11.5	-10.4	-12.5	-11.5	-10.4	-10.7	-4.9	-1.3	-3.6	-1.1	-4.3	-1.7	-3.9	-1.3	-4.6
Means of financing combined deficits:																
Net borrowing from public	53.5	57.1	56.7	72.0	71.3	56.8	64.8	19.6 <sup>8/</sup>	20.7 <sup>8/</sup>	21.3	1.5	13.2	28.9	25.4	-3.5	20.5
Decrease in cash operating balance	-1.7	7.1	7.1	0.0	0.0	-0.6	0.3	-2.8 <sup>8/</sup>	6.8 <sup>8/</sup>	5.5	-9.2	4.0	0.0	0.0	0.0	0.0
Other 4/	1.9	0.3	2.6	0.1	0.7	5.3	1.6	0.4	2.6	0.7	0.0	-0.7	1.6	2.5	-1.9	-1.5
Cash operating balance, end of period	19.1	12.0	12.0	12.0	12.0	12.3	12.0	19.1 <sup>8/</sup>	12.3	6.8	16.0	12.0	12.0	12.0	12.0	12.0
Memo: Sponsored agency borrowing 5/	5.2	n.a.	18.4	n.a.	13.6	6.8	19.5	1.1	2.0	4.1	5.0	7.3	3.1	2.5	3.5	4.5
<b>NIA Budget</b>								<b>Seasonally adjusted annual rates</b>								
Receipts	361.9 <sup>6/</sup>	n.a.	403.4 <sup>6/</sup>	n.a.	n.e.	373.7	415.8	373.2	385.3	396.9	409.7	428.5	427.9	442.1	455.5	n.e.
Outlays	411.9	n.a.	458.5	n.a.	503.0	423.5	469.5	432.1	446.7	453.2	459.3	474.9	490.7	498.0	504.6	518.7
Purchases (total)	140.6	n.a.	157.3	n.a.	172.4	145.5	160.6	148.1	153.8	155.9	158.3	161.3	166.9	170.5	174.1	178.0
Defense	91.8	n.a.	99.5	n.a.	107.9	94.3	100.9	95.6	98.5	99.1	99.7	100.6	104.1	106.6	109.2	111.9
Non-defense	48.8	n.a.	57.8	n.a.	64.4	51.2	59.7	52.5	55.3	56.8	58.6	60.7	62.8	63.9	64.9	66.1
All other outlays	271.4	n.a.	301.2 <sup>6/</sup>	n.a.	330.6	278.0	308.9	284.0	292.9	297.3	301.0	313.6	323.8	327.5	330.5	340.7
Surplus(+)/Deficit(-)	-50.0 <sup>6/</sup>	n.a.	-55.1 <sup>6/</sup>	n.a.	n.e.	-49.8	-53.7	-58.9	-61.4	-56.3	-49.6	-46.4	-62.8	-55.9	-49.1	n.e.
High Employment Surplus(+)/Deficit(-) (NEA basis) 7/	-5.0	n.a.	-14.9	n.a.	-17.2	-8.6	-16.4	-20.4	-21.7	-17.5	-12.2	-7.9	-28.1	-20.5	-13.8	-6.3
	*actual	e--estimated	r--revised	n.e.--not estimated	n.a.--not available	p--preliminary										

1/ The Budget of the United States Government, Fiscal Year 1979, January 1978 and OMB Current Budget Estimates, March 1978.

2/ The Second Concurrent Resolution on the Budget (September 15, 1977) set the Congressional receipt and outlay targets at \$397 and \$458.3 billion, respectively.

3/ Includes Federal Financing Bank, Postal Service, U.S. Railway Association, Rural Electrification and Telephone Revolving fund, Housing for the Elderly or Handicapped Fund (until October 1977), and Pension Benefit Guaranty Corporation.

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

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

6/ Quarterly average exceeds fiscal year total by \$1.6 billion for FY 1977 and by \$1.7 billion for FY 1978 due to spreading of wage base effect over calendar year.

7/ Estimated by F.R.B. staff.

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

	1976	1977 <sup>P</sup>	1978 <sup>P</sup>	1977				1978 <sup>P</sup>				1979 <sup>P</sup>	
				I	II	III	IV <sup>P</sup>	I	II	III	IV	I	II
1. <u>GNP NET EXPORTS</u> - Intl Acct. data	7.7	-9.0	-8.1	-7.6	-9.1	-6.9	-12.5	-7.3	-8.1	-8.7	-8.6	-7.7	-6.4
2. (GNP net exports - GNP Acct. data) <u>1/</u>	(7.8)	(-10.1)	(-10.8)	(-8.2)	(-9.7)	(-7.5)	(-15.1*)	(-9.9)	(-10.7)	(-11.3)	(-11.2)	(-10.3)	(-9.0)
3. a) Merchandise Trade Balance	-9.3	-31.4*	-32.9	-28.6	-31.2	-30.2	-35.5*	-31.2	-32.4	-33.9	-34.4	-34.6	-33.7
4. Exports (excl. military)	114.7	120.4*	135.2	117.8	122.4	123.5	118.0*	126.5	132.6	138.1	143.4	149.1	154.5
5. Agricultural	23.4	24.3*	23.6	24.4	26.7	24.0	22.2*	23.5	23.4	23.6	23.9	24.1	24.3
6. Nonagricultural	91.3	96.1*	111.6	93.4	95.6	99.4	95.8*	103.0	109.2	114.5	119.5	125.0	130.2
7. Imports	124.0	151.8*	168.1	146.4	153.6	153.7	153.5*	157.7	165.0	172.0	177.8	183.7	188.2
8. Petroleum and petrol. products	34.6	44.8*	45.9	44.1	47.7	45.8	41.5*	41.7	44.8	47.9	49.4	51.0	51.3
9. Nonpetroleum	89.4	107.0*	122.2	102.4	105.9	107.9	112.0*	116.0	120.2	124.1	128.4	132.7	136.9
10. b) Military transactions, net <u>2/</u>	--	1.6	2.0	1.7	.8	1.9	1.8	2.0	2.0	2.0	2.0	2.0	2.0
11. c) Investment income, net <u>3/</u>	14.3	18.5	20.2	17.9	19.1	18.4	18.5	19.6	19.9	20.5	20.8	21.8	22.2
12. d) Other services, net <u>4/</u>	2.7	2.3	2.6	1.4	2.1	3.1	2.7	2.3	2.4	2.7	3.0	3.1	3.1
13. <u>U.S. CURRENT ACCOUNT BALANCE</u>	-1.4	-19.0	-20.7	-16.9	-18.6	-17.4	-23.5	-19.3	-20.7	-21.4	-21.7	-21.6	-20.5
14. a) GNP net exports (line 1.)	7.7	-9.0	-8.1	-7.6	-9.1	-6.9	-12.5	-7.3	-8.1	-8.7	-8.6	-7.7	-6.4
15. b) U.S. Govt & private transfers <u>5/</u>	-9.1	-10.0	-12.6	-9.3	-9.5	-10.5	-11.0	-12.0	-12.6	-12.7	-13.1	-13.9	-14.1
<u>Constant (1972) dollars</u>													
16. Merchandise exports (excl. military)	66.7	66.9	71.7	66.1	67.6	68.7	65.1	68.9	71.1	72.7	74.2	75.9	77.3
17. (% change, annual rates)	(3.4)	(0.3)	(7.2)	(-7.4)	(9.5)	(6.1)	(-22.5)	(25.8)	(13.0)	(9.5)	(8.7)	(9.1)	(7.8)
18. Merchandise imports	62.8	71.1	73.3	70.3	72.0	71.2	70.9	70.9	72.5	74.3	75.6	76.7	77.4
19. (% change, annual rates)	(22.5)	(13.2)	(3.1)	(28.2)	(10.0)	(-4.9)	(-1.6)	(0)	(10.0)	(10.0)	(7.4)	(5.7)	(3.7)
<u>Foreign Outlook - Major Industrial Countries 6/</u>													
20. Real GNP, % change, annual rates	5.2	2.8	3.8	5.7	-0.4	1.2	3.7	4.9	4.9	4.5	4.5	4.5	4.5
21. Wholesale Prices, % change, A.R. <u>7/</u>	9.4	8.7	5.1	10.4	7.4	3.7	2.8	5.3	6.6	6.1	6.1	5.7	5.7

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, 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.

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.