

December 10, 1986

CONFIDENTIAL - FR  
CLASS II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS  
(seasonally adjusted; annual rate)

	Units	Projection									
		1985		1986				1987			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EXPENDITURES											
Nominal GNP	Billions of \$	4030.5	4087.7	4149.2	4175.6	4241.1	4282.3	4337.3	4395.6	4456.1	4518.1
Real GNP	Billions of 82\$	3603.8	3622.3	3655.9	3661.4	3687.3	3715.9	3737.7	3762.7	3790.0	3818.2
Real GNP	Percent change	4.1	2.1	3.8	.6	2.9	3.1	2.4	2.7	2.9	3.0
Gross domestic product		4.4	1.9	3.7	1.4	2.9	3.4	2.5	2.7	2.9	3.0
Gross domestic purchases		4.6	4.0	3.0	3.6	3.8	.1	1.6	2.0	2.0	2.1
Final sales		6.1	2.7	-1.3	3.4	5.2	.4	2.1	2.7	3.1	3.0
Private dom. final purchases		4.8	3.4	.9	5.6	5.7	-3.5	1.6	2.4	2.4	2.4
Personal consumption expend.		5.3	1.7	3.6	6.2	6.5	-4.0	3.0	2.6	2.2	2.1
Durables		23.8	-11.1	-1.8	14.3	39.7	-26.5	2.2	2.4	2.9	2.0
Nondurables		1.2	1.6	6.5	8.0	-1.1	.1	3.1	2.6	1.9	2.2
Services		3.2	6.0	3.2	2.6	3.4	1.3	3.1	2.6	2.3	2.0
Business fixed investment		.1	12.5	-15.1	-.9	-.1	-2.0	-4.0	4.2	2.7	2.7
Producers' durable equipment		2.6	18.7	-17.0	19.6	3.4	-5.8	-3.6	7.0	4.7	4.7
Nonresidential structures		-4.6	.3	-10.8	-35.2	-8.2	8.1	-5.0	-2.4	-2.3	-2.2
Residential structures		11.7	3.4	11.0	14.5	9.7	-1.3	-2.8	-4.1	3.8	6.0
Exports		-5.8	8.2	7.1	-9.8	9.3	13.4	8.8	7.7	12.3	12.8
Imports		.3	23.3	.2	15.8	14.7	-11.1	1.3	1.3	2.6	3.4
Government purchases		13.9	10.0	-12.3	9.7	7.6	2.0	.6	.5	.9	.7
Federal		26.0	22.7	-27.5	11.0	8.1	1.9	-1.3	-1.7	-.9	-1.8
Defense		15.8	-4.7	-1.0	19.0	16.1	-1.2	.2	-.6	-.8	-1.4
State and local		5.1	.3	2.6	8.7	7.3	2.0	2.1	2.3	2.4	2.6
Change in business inventories	Billions of 82\$	.7	-5.2	39.9	15.1	-5.7	19.5	21.8	22.3	21.0	21.4
Nonfarm	Billions of 82\$	1.4	16.1	37.0	11.0	-9.0	21.2	22.0	23.3	21.4	21.5
Net exports	Billions of 82\$	-113.8	-132.0	-125.9	-153.9	-163.6	-136.4	-130.0	-124.5	-116.2	-108.2
Nominal GNP	Percent change	6.8	5.8	6.2	2.6	6.4	3.9	5.2	5.5	5.6	5.7
EMPLOYMENT AND PRODUCTION											
Nonfarm payroll employment	Millions	97.9	98.7	99.4	99.8	100.3	101.1	101.5	102.0	102.5	103.0
Unemployment rate	Percent*	7.2	7.0	7.1	7.2	6.9	7.0	6.9	6.9	6.8	6.7
Industrial production index	Percent change	1.8	2.0	1.2	-2.1	2.3	2.1	2.0	2.8	3.3	3.3
Capacity utilization rate-mfg.	Percent*	80.1	79.9	80.0	79.5	79.7	79.7	79.6	79.7	79.9	80.1
Housing Starts	Millions	1.69	1.77	2.00	1.91	1.74	1.64	1.65	1.66	1.70	1.72
Auto sales	Millions	12.31	10.24	10.65	11.22	12.91	10.71	10.46	10.70	10.95	10.95
Domestic	Millions	9.40	6.84	7.84	8.18	9.43	7.26	7.37	7.50	7.70	7.70
Foreign	Millions	2.90	3.40	2.81	3.05	3.47	3.44	3.08	3.20	3.25	3.25
INCOME AND SAVING											
Nominal personal income	Percent change	3.0	7.4	6.0	6.0	2.1	7.0	4.8	5.2	5.3	5.7
Real disposable income	Percent change	-4.0	2.6	6.5	7.1	-2.3	2.9	3.6	1.1	1.3	1.5
Personal saving rate	Percent*	4.2	4.4	5.0	5.1	3.0	4.6	4.8	4.4	4.2	4.0
Corp. profits with IVA & CCAdj	Percent change	36.2	-13.7	16.0	-4.4	9.2	-8.8	-2.1	5.5	8.1	9.5
Profit share of GNP	Percent*	7.4	7.0	7.1	7.0	7.1	6.8	6.7	6.7	6.8	6.8
Federal govt. surplus/deficit	Billions of \$	-197.5	-217.6	-201.6	-238.1	-205.8	-195.3	-196.3	-184.5	-176.5	-169.2
State and local govt. surplus		59.5	62.5	70.0	59.0	64.3	52.0	55.2	55.7	57.9	60.8
PRICES AND COSTS											
GNP implicit deflator	Percent change	2.5	3.6	2.5	1.8	3.6	.8	2.8	2.7	2.6	2.6
GNP fixed-weight price index		2.8	4.0	2.5	1.7	2.4	2.1	3.0	3.0	2.8	2.8
Cons. & fixed invest. prices		2.7	4.3	1.6	.2	3.0	3.1	3.5	3.6	3.3	3.2
CPI		2.6	4.3	1.5	-1.7	2.6	3.2	3.9	3.8	3.6	3.5
Exc. food and energy		3.5	4.9	4.3	3.4	3.6	4.1	3.7	3.7	3.9	4.0
Nonfarm business sector											
Output per hour		2.2	-3.5	4.3	.5	.2	.6	1.0	1.0	1.2	1.2
Compensation per hour		3.2	3.7	3.1	2.3	2.3	2.8	3.0	3.2	3.3	3.4
Unit labor costs		1.0	7.4	-1.2	1.8	2.2	2.0	2.0	2.2	2.1	2.2

\* Not at an annual rate.

December 10, 1986

CONFIDENTIAL - FR  
CLASS II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS  
(seasonally adjusted; annual rate)

	Units	1979	1980	1981	1982	1983	1984	1985	Projection	
									1986	1987
EXPENDITURES										
Nominal GNP	Billions of \$	2508.2	2732.0	3052.6	3166.0	3405.7	3765.0	3998.1	4212.0	4426.8
Real GNP	Billions of 82\$	3192.4	3187.1	3248.8	3166.0	3279.1	3489.9	3585.2	3680.1	3777.2
Real GNP	Percent change*	.6	-.1	.6	-1.9	6.5	4.6	2.9	2.6	2.8
Gross domestic product		.2	.3	.3	-1.6	6.6	4.9	3.1	2.9	2.8
Gross domestic purchases		-.4	-1.1	.8	-.8	8.4	5.9	3.9	2.6	1.9
Final sales		2.2	-.2	.1	.3	3.7	4.4	4.0	1.9	2.7
Private dom. final purchases		1.3	-1.7	-.3	.8	7.7	5.3	4.2	2.1	2.2
Personal consumption expend.		1.4	-.1	.2	2.9	5.4	3.6	3.5	3.0	2.5
Durables		-3.8	-5.6	-3.3	9.0	14.7	8.8	6.2	3.6	2.4
Nondurables		.8	-1.4	.5	1.8	4.4	2.2	2.0	3.3	2.4
Services		3.5	2.4	.9	2.3	3.9	3.3	3.9	2.6	2.5
Business fixed investment		5.0	-4.8	5.6	-11.3	10.8	14.7	6.5	-4.7	1.3
Producers' durable equipment		1.6	-6.5	2.2	-12.5	20.9	16.0	8.1	-.8	3.1
Nonresidential structures		12.0	-1.8	11.7	-9.1	-4.8	12.1	3.3	-13.0	-3.0
Residential structures		-7.2	-14.2	-22.4	4.9	38.1	5.3	7.8	8.3	.6
Exports		13.7	.5	2.4	-13.8	5.8	5.5	-3.2	4.6	10.4
Imports		3.4	-8.8	4.9	-5.9	23.8	16.5	5.8	4.3	2.1
Government purchases		.1	1.0	2.9	3.8	-2.7	7.7	8.4	1.4	.7
Federal		-.3	3.1	9.5	8.2	-8.1	14.2	14.3	-2.9	-1.4
Defense		3.3	3.1	7.6	8.8	5.1	6.8	5.9	7.8	-.7
State and local		.4	-.3	-1.3	.6	1.5	3.1	3.7	5.1	2.3
Change in business inventories	Billions of 82\$	15.0	-6.9	23.9	-24.5	-6.4	59.2	9.0	17.2	21.6
Nonfarm	Billions of 82\$	10.4	-2.3	19.0	-23.1	-.1	54.3	10.9	15.1	22.1
Net exports	Billions of 82\$	3.6	57.0	49.4	26.3	-19.9	-83.6	-108.2	-144.9	-119.7
Nominal GNP	Percent change*	9.5	9.9	9.3	3.1	10.4	8.5	6.3	4.8	5.5
EMPLOYMENT AND PRODUCTION										
Nonfarm payroll employment	Millions	89.8	90.4	91.2	89.6	90.2	94.5	97.6	100.2	102.2
Unemployment rate	Percent	5.8	7.1	7.6	9.7	9.6	7.5	7.2	7.0	6.8
Industrial production index	Percent change*	.9	-.8	-1.0	-7.7	14.3	6.6	1.7	.9	2.9
Capacity utilization rate-mfg.	Percent	84.6	79.3	78.3	70.3	74.0	80.5	80.1	79.7	79.8
Housing Starts	Millions	1.72	1.30	1.10	1.06	1.71	1.76	1.74	1.82	1.68
Auto sales	Millions	10.68	9.04	8.56	8.00	9.18	10.43	11.09	11.37	10.76
Domestic	Millions	8.36	6.62	6.24	5.77	6.77	7.97	8.24	8.18	7.57
Foreign	Millions	2.32	2.42	2.32	2.23	2.41	2.46	2.84	3.19	3.20
INCOME AND SAVING										
Nominal personal income	Percent change*	11.4	12.0	9.2	5.3	7.8	8.4	6.1	5.3	5.3
Real disposable income	Percent change*	.5	1.1	.7	1.0	5.1	4.2	1.9	3.5	1.9
Personal saving rate	Percent	6.8	7.1	7.5	6.8	5.4	6.3	5.1	4.4	4.3
Corp. profits with IVA & CCAdj	Percent change*	-10.7	-6.8	2.3	-19.1	70.1	6.6	7.8	2.5	5.1
Profit share of GNP	Percent	8.0	6.5	6.2	4.7	6.3	7.0	7.0	7.0	6.7
Federal govt. surplus/deficit	Billions of \$	-16.1	-61.3	-63.8	-145.9	-176.0	-170.0	-198.0	-210.2	-181.6
State and local govt. surplus		27.6	26.8	34.1	35.1	47.5	68.5	61.7	61.3	57.4
PRICES AND COSTS										
GNP implicit deflator	Percent change*	8.9	9.9	8.7	5.2	3.6	3.6	3.3	2.2	2.7
GNP fixed-weight price index		8.8	9.8	8.5	5.0	3.9	3.9	3.6	2.2	2.9
Cons. & fixed invest. prices		9.5	10.1	8.2	4.4	3.3	3.6	3.4	1.9	3.4
CPI		12.7	12.5	9.6	4.5	3.3	4.1	3.5	1.4	3.7
Exc. food and energy		10.7	12.2	10.2	5.2	4.3	4.8	4.3	3.9	3.8
Nonfarm business sector										
Output per hour		-2.7	1.0	-.6	1.0	3.6	1.0	.2	1.4	1.1
Compensation per hour		9.7	10.9	8.3	7.3	3.3	4.3	3.9	2.6	3.2
Unit labor costs		12.7	9.8	9.0	6.2	-.3	3.2	3.7	1.2	2.1

\* Percent changes are from fourth quarter to fourth quarter.