

drawn back into the market by the rapid fall in rates since mid-August. On the basis of current schedulings, the staff expects a slight decline in long-term tax-exempt volume in October.

STATE AND LOCAL GOVERNMENT OFFERINGS  
(Monthly or monthly averages, in millions of dollars)

	Long-term	Net Short-term
1970 - Year	1,514	393
First half	1,306	291
1971 - First half <u>e/</u>	2,123	481
QI	2,229	540
QII <u>e/</u>	2,017	421
QIII <u>e/</u>	1,809	261
August <u>e/</u>	1,828	265
September <u>e/</u>	1,900	200
October <u>e/</u>	1,700	n.a.

e/ Estimated.

NOTE: Long-term offerings are gross. Short-term offerings are Federal Reserve Board estimates of net sales.

Net additions to short-term tax-exempt debt in recent months have been at their lowest level in almost a year. Legal restraints on roll-over of bond anticipation notes, as well as the lower level of long-term interest rates in 1971, have encouraged State and local units to fund much of the short-term debt incurred in 1970.

Table 1  
FEDERAL BUDGET AND FEDERAL SECTOR IN NATIONAL INCOME ACCOUNTS<sup>1/</sup>  
(In billions of dollars)

	Fiscal Year 1971*	Calendar Year 1971 F.R. Board	Fiscal Year 1972e/ Adm. Estimate <sup>2/</sup>	F.R. Board	F. R. Board Staff estimates Calendar Quarters				
					1971			1972	
					II*	III	IV	I	II
<u>Federal Budget</u>									
(Quarterly data, unadjusted)									
Surplus/deficit	-23.2	-26.6	-27.5	-27.6	1.6	-8.7	-11.3	-10.6	3.1
Receipts	188.3	193.5	204.5	202.9	56.7	48.9	43.8	48.5	61.7
Outlays	211.6	220.0	232.0	230.5	55.1	57.6	55.1	59.1	58.6
Means of financing:									
Net borrowing from the public	19.4	20.3	n.a.	24.2	1.6	8.5	8.6	8.1	-1.0
Decrease in cash operating balance	-.8	2.8	n.a.	2.6	-4.3	.2	3.2	.8	-1.7
Other <sup>3/</sup>	4.5	3.4	n.a.	.7	1.1	-.1	-.5	1.7	-.4
Cash operating balance, end of period	8.8	5.3	n.a.	6.2	8.8	8.5	5.3	4.5	6.2
Memo: Net agency borrowing <sup>4/</sup>	1.1	1.6	n.a.	n.e.	-.9	1.5	2.0	n.e.	n.e.
<u>National Income Sector</u>									
(Seasonally adjusted annual rate)									
Surplus/deficit	-19.0	-23.1	n.a.	-26.8	-22.6	-25.1	-27.2	-29.4	-25.6
Receipts	193.6	198.8	n.a.	205.6	198.3	199.4	202.0	207.6	213.3
Expenditures	212.7	222.0	n.a.	232.4	220.9	224.5	229.2	237.0	238.9
High employment surplus/deficit (NIA basis) <sup>5/</sup>	1.3	1.7	n.a.	-.1	.9	2.4	1.1	-3.4	-.7

\* Actual e--projected n.e.--not estimated n.a.--not available

<sup>1/</sup> Reflects effects of total additional depreciation allowable under Treasury's newly-approved "accelerated depreciation range" guidelines, which are effective as of the beginning of 1971.

<sup>2/</sup> In testimony before the House Ways & Means Committee on Sept. 8, 1971, Secretary Connally disclosed the current Administration budget deficit estimate of \$27.0--28.0 billion and the updated outlays estimate of \$232.0 billion. These figures would imply a receipts estimate ranging from \$204.0--205.0 billion.

Footnotes  
continued

FEDERAL BUDGET AND FEDERAL SECTOR IN NATIONAL INCOME ACCOUNTS<sup>1/</sup>  
(In billions of dollars)

- 3/ Includes such items as deposit fund accounts and clearing accounts.
- 4/ Federally-sponsored credit agencies, i.e., Federal Home Loan Banks, Federal National Mortgage Assn., Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives.
- 5/ Estimated by F.R. Board staff.