

**CONFIDENTIAL (FR)**

# **CURRENT ECONOMIC and FINANCIAL CONDITIONS**

**Prepared for the  
Federal Open Market Committee**

*By the Staff*

**BOARD OF GOVERNORS  
OF THE FEDERAL RESERVE SYSTEM**

**December 7, 1966**

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GROSS NATIONAL PRODUCT AND RELATED ITEMS  
(Expenditures and income figures are billions of dollars  
seasonally adjusted annual rates)

	1964	1965	1966 Proj.	1966			1967 Projected	
				I	II	III*	IV	I
Gross National Product	631.7	681.2	738.6	721.2	732.3	744.5*	756.5	768.0
Final sales	627.0	672.1	728.6	712.3	720.0	734.6*	747.5	760.2
Personal consumption expenditures	401.4	431.5	466.0	455.6	460.1	469.9	478.3	485.7
Durable goods	59.4	66.1	69.5	70.3	67.1	70.2	70.2	70.2
Nondurable goods	178.9	190.6	206.9	201.9	205.6	208.1	212.1	215.5
Services	163.1	174.8	189.6	183.4	187.4	191.5	186.0	200.0
Gross private domestic investment	93.0	106.6	115.2	114.5	118.5	114.9*	112.7	112.1
Residential construction	27.6	27.8	26.1	28.6	28.0	25.2*	22.4	22.0
Business fixed investment	60.7	69.7	79.1	77.0	78.2	79.8*	81.3	82.3
Change in business inventories	4.7	9.1	10.0	8.9	12.3	9.9	9.0	7.8
Nonfarm	5.3	8.1	10.1	8.5	12.1	10.4	9.5	8.0
Net exports	8.5	7.0	4.8	6.0	4.7	4.2	4.5	4.8
Gov't purchases of goods & services	128.9	136.2	152.6	145.0	149.0	155.5	161.0	165.4
Federal	65.2	66.8	76.5	71.9	74.0	78.3	82.0	84.6**
Defense	50.0	50.1	59.4	54.6	57.1	61.3	64.8	67.3**
Other	15.2	16.7	17.1	17.4	16.9	17.0	17.2	17.3**
State & local	63.7	69.4	76.1	73.1	75.0	77.2	79.0	80.8
Gross National Product in constant (1958) dollars	580.0	614.4	647.0	640.5	643.5	649.1*	655.0	660.4
GNP Implicit deflator(1958=100)	108.9	110.9	114.2	112.6	113.8	114.7	115.5	116.3
Per cent change, annual rate								
GNP current dollars	7.0	7.8	8.4	9.5	6.2	6.7	6.4	6.1
GNP constant dollars	5.3	5.9	5.3	5.9	1.9	3.5	3.6	3.3
Implicit deflator	1.6	1.8	3.0	3.6	4.3	3.2	2.8	2.8
Personal income	496.0	535.1	580.6	564.6	573.5	585.2	599.0	611.0
Wage and salaries	333.6	358.4	392.4	380.0	387.4	396.7	405.5	413.0
Disposable income	436.6	469.1	505.4	495.1	499.9	507.8	518.9	530.0
Personal saving	24.5	25.7	26.2	26.7	26.6	24.5	26.8	30.2
Saving rate (per cent)	5.6	5.5	5.2	5.4	5.3	4.8	5.2	5.7
Total labor force (millions)	77.0	78.4	80.1	79.4	79.7	80.4	80.9	81.3
Armed forces "	2.7	2.7	3.1	2.9	3.1	3.2	3.3	3.4
Civilian labor force "	74.2	75.6	77.0	76.5	76.7	77.2	77.5	77.9
Unemployment rate (per cent)	5.2	4.6	3.8	3.8	3.9	3.9	3.8	3.8
Nonfarm payroll employment (millions)	58.3	60.8	63.8	62.8	63.6	64.1	64.7	65.3

\* Incorporates changes in published figures because of revisions in data underlying GNP estimates.

\*\* Not to be used externally, but also harmful if swallowed.

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SUPPLEMENT

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A little less than 70 per cent of the CD's sold in November mature within 2 months after the survey date--6 percentage points above September and October. These data suggest that the lower level of market yields on very short-term instruments--such as the 30-day Treasury bill--permitted banks to reduce their outflow by selling CD's in the under 90-day, and mainly under 60-day, market. Regulation Q ceilings and market yields on 90-day instruments continued to make it difficult for banks to sell longer-term CD's in any volume. Also, demand for December paper for tax and dividend purposes increased bank sales of short-term CD's.

New York banks continued to sell relatively more shorter-term CD's than other banks, but relatively no more than the previous 2 months. On a preliminary basis, the average maturity of outstanding CD's is expected to change little in November at all reporting banks. About 68 per cent of outstandings at all banks--and 73 per cent at New York banks--will mature in 3 months after the survey date (February), little different than the maturity structure indicated in the October survey for a similar period.

Corrections and notes:

1. Page I-4, line 6 under Bank credit and deposits, delete "than".
2. Page II-5, personal consumption services projected for the Q IV should read \$196.0 billion, not \$186.0.