

**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**

**January 26, 1966**

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

	1964	1965 <sup>1/</sup>	1965				1966
			I	II	III	IV <sup>1/</sup>	I Proj.
Gross National Product	628.7	675.6	657.6	668.8	681.5	694.6	709.0
Personal consumption expenditures	398.9	428.5	416.9	424.5	432.5	440.1	446.7
Durable goods	58.7	64.8	64.6	63.5	65.4	65.7	66.0
Nondurable goods	177.5	189.0	182.8	187.9	190.5	194.8	198.3
Services	162.6	174.7	169.5	173.1	176.7	179.6	182.4
Gross private domestic investment	92.9	104.9	103.4	102.8	106.2	107.5	110.6
Residential construction	27.5	27.6	27.7	28.0	27.7	27.2	27.9
Business fixed investment	60.5	69.8	66.9	68.4	70.9	73.2	75.2
Change in business inventories	4.8	7.4	8.8	6.4	7.6	7.0	7.3
Nonfarm	5.4	7.1	9.2	6.6	7.0	5.8	6.5
Net exports	8.6	7.2	6.0	8.0	7.4	7.4	7.9
Gov. purchases of goods and services	128.4	135.0	131.3	133.5	135.4	139.6	143.8
Federal	65.3	66.7	64.9	65.7	66.5	69.7	72.5
Defense	49.9	49.9	48.8	49.2	49.8	52.0	54.5
Other	15.4	16.8	16.1	16.5	16.7	17.7	18.0
State and local	63.1	68.2	66.4	67.8	68.9	69.9	71.3
Gross National Product in Constant (1958) Dollars	577.6	609.0	597.7	603.5	613.0	621.7	631.6
Personal income	495.0	530.7	516.2	524.7	536.0	546.0	554.0
Wages and salaries	333.5	357.4	348.9	353.6	359.0	368.1	375.7
Farm income	12.0	14.3	12.0	14.5	15.0	15.5	15.5
Personal contributions for social insurance (deduction)	12.4	13.2	12.9	13.0	13.3	13.6	16.6
Disposable personal income	435.8	465.3	451.4	458.5	471.2	480.3	487.0
Personal saving	26.3	25.1	23.3	22.4	26.8	28.0	27.9
Saving rate (per cent)	6.0	5.4	5.2	4.9	5.7	5.8	5.7
Total labor force (millions)	77.0	78.4	77.7	78.2	78.5	78.9	79.5
Armed forces	2.7	2.7	2.7	2.7	2.7	2.8	2.9
Civilian labor force	74.2	75.6	75.0	75.5	75.8	76.1	76.6
Employed	70.4	72.2	71.3	71.9	72.4	72.9	73.7
Unemployed	3.9	3.5	3.6	3.6	3.4	3.2	2.9
Unemployment rate (per cent)	5.2	4.6	4.8	4.7	4.4	4.2	3.8

<sup>1/</sup> Income and product figures are Department of Commerce preliminary estimates.

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SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the  
Federal Open Market Committee

By the Staff  
Board of Governors  
of the Federal Reserve System

January 28, 1966

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Table 1

Estimated Treasury Cash Transactions and Balances  
(In billions of dollars)

	Half Year						Fiscal Year			Calendar Year	
	1964	1965		1966		1967	1965	1966	1967	1965	1966
	July-Dec.	Jan. - June	July-Dec.	Jan. - June	July-Dec.	Jan. - June					
Cash deficit (-) or surplus (+)	-10.2	+ 7.5	-12.0	+ 5.1	-11.4	+11.9	-2.7	-6.9	+0.5	-4.6	-6.3
Increase (+) or decrease (-) in total cash balances	- 3.4	+ 5.1	- 6.6	+ 2.5	- 1.1	+ 1.1	+1.7	-4.1	--	-1.4	+1.4
Seigniorage	--	+ 0.1	+ 0.2	+ 0.7	+ 0.8	+ 0.8	+0.1	+0.9	+1.6	+0.2	+1.5
Net cash borrowing (+) or repayment (-) of debt	+ 6.7	- 2.4	+ 5.3	- 3.4	+ 9.9	-12.0	+4.3	+1.9	-2.1	+2.8	+6.5
Cash operating balance outstanding (end of period)	6.4	11.5	5.2	7.6	6.5	7.6	11.5	7.6	7.6	5.2	6.5
Addendum:											
Domestic credit transactions <sup>1/</sup> net, contained in cash payments <sup>1/</sup>							- .9	- .5	3.1		
Participation sales	.8	0	.9	1.7	1.5	2.7	.8	2.6	4.2	.9	3.2
Other domestic credit transactions <sup>2/</sup>							-1.7	-3.1	-1.1		

<sup>1/</sup> Asset sales and repayments of loans made by the Government are indicated by a plus sign; asset purchases and loans extended by a minus. All credit transactions with foreign borrowers are excluded.

<sup>2/</sup> Includes asset purchases, such as mortgage purchases by FNMA, and net extensions or repayment of loans made by the Federal Government (other than loans to foreigners).

Note: Breakdown of credit transactions, other than participation sales, not readily available except on a fiscal year basis. Distribution by half-years are Federal Reserve estimates based on totals shown in the Budget document. Data are not seasonally adjusted.

Table 2  
Various Federal Budgets by Half Years  
(In billions of dollars)

	1964	1965		1966		1967	Fiscal Years			Calendar Years	
	II	I	II	I	II	I	1965	1966	1967	1965	1966
	<u>Actual</u>			<u>Estimated</u>							
Cash: Not Seasonally Adjusted											
Receipts	51.4	68.3	55.0	73.1	61.8	83.7	119.7	128.2	145.5	123.4	135.0
Payments	61.5	60.9	67.0	68.0	73.2	71.8	122.4	135.0	145.0	127.9	141.2
Surplus/Deficit	-10.2	7.5	-12.0	5.1	-11.4	11.9	- 2.7	- 6.9	.5	- 4.6	- 6.3
National Income Accounts				<u>Seasonally Adjusted at Annual Rates</u>							
Receipts	115.7	124.0	124.0	133.5	139.5	144.9	119.6	128.8	142.2	124.0	136.5
Expenditures	118.1	120.3	126.6	135.3	141.5	144.0	118.3	131.0	142.7	123.5	138.4
Purchases of Goods & Services	64.6	65.3	68.1	73.3	74.7	74.2	65.0	70.7	74.5	66.7	74.0
Surplus/Deficit	- 2.4	3.7	- 2.6	- 1.8	- 2.0	.9	1.2	- 2.2	- .5	.5	- 1.9
High-Employment											
Receipts	123.8	127.2	126.5	135.0	140.8	144.6	125.5	130.8	142.7	126.9	137.9
Expenditures	118.1	120.0	126.3	135.3	141.6	144.2	119.1	130.8	142.9	123.2	138.5
Surplus/Deficit	5.7	7.2	.2	- .3	- .8	.4	6.4	--	- .2	3.7	- .6