

Part 1

August 6, 1980

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Summary and Outlook

Prepared for the Federal Open Market Committee
By the staff of the Board of Governors of the Federal Reserve System

STAFF GNP PROJECTIONS

Percent changes, annual rate										
		Gross domestic business product fixed-weighted price index				Unemployment rate (percent)				
		Total		Excluding food and energy						
		Nominal GNP		Real GNP						
		7/2/80	8/6/80	7/2/80	8/6/80	7/2/80	8/6/80	7/2/80	8/6/80	7/2/80 8/6/80
Annual changes:										
1978 1/		12.0	12.0	4.4	4.4	7.6	7.6	7.2	7.2	6.0 6.0
1979 1/		11.3	11.3	2.3	2.3	9.5	9.5	8.1	8.1	5.8 5.8
1980		7.1	7.6	-1.7	-1.4	9.9	9.9	7.9	7.9	7.8 7.5
1981		9.1	9.4	-.2	.1	9.4	9.4	7.8	7.8	8.8 8.6
Quarterly changes:										
1979-Q1 1/		10.6	10.6	1.1	1.1	10.0	10.0	7.7	7.7	5.7 5.7
1979-Q2 1/		6.7	6.7	-2.3	-2.3	10.1	10.1	7.9	7.9	5.8 5.8
1979-Q3 1/		11.9	11.9	3.1	3.1	10.4	10.4	7.6	7.6	5.8 5.8
1979-Q4 1/		10.5	10.5	2.0	2.0	8.4	8.4	6.6	6.6	5.9 5.9
1980-Q1 1/		10.8	10.8	1.2	1.2	11.2	11.2	8.8	8.8	6.1 6.1
1980-Q2 1/		-.4	.4	-8.8	-9.1	9.5	9.4	8.6	8.7	7.6 7.5
1980-Q3		2.1	3.1	-6.1	-4.1	9.5	9.6	7.8	8.0	8.6 8.1
1980-Q4		8.2	9.9	-2.1	-1.0	9.8	9.8	7.7	7.7	8.9 8.5
1981-Q1		12.0	12.0	1.9	1.9	9.7	9.9	8.0	8.1	9.0 8.8
1981-Q2		12.6	11.8	3.6	3.0	9.3	9.4	7.7	7.7	8.9 8.7
1981-Q3		10.3	10.2	2.2	2.1	8.4	8.4	7.2	7.3	8.8 8.6
1981-Q4		10.9	10.8	2.2	2.0	8.4	8.5	7.2	7.2	8.7 8.5
Two-quarter changes: 2/										
1979-Q4 1/		11.2	11.2	2.5	2.5	9.3	9.3	7.1	7.1	.1 .1
1980-Q2 1/		5.1	5.5	-3.9	-4.1	10.4	10.4	8.6	8.6	1.7 1.6
1980-Q4		5.1	6.4	-4.1	-2.6	9.6	9.7	7.7	7.9	1.3 1.0
1981-Q2		12.3	11.9	2.8	2.5	9.5	9.6	7.9	7.9	.0 .2
1981-Q4		10.6	10.5	2.2	2.0	8.4	8.5	7.3	7.2	-.2 -.2
Four-quarter changes: 3/										
1978-Q4 1/		13.4	13.4	4.8	4.8	8.6	8.6	8.1	8.1	-.7 -.7
1979-Q4 1/		9.9	9.9	1.0	1.0	9.7	9.7	7.5	7.5	.1 .1
1980-Q4		5.1	6.0	-4.0	-3.3	10.0	10.0	8.1	8.2	3.0 2.6
1981-Q4		11.4	11.2	2.5	2.2	8.9	9.0	7.6	7.6	-.2 .0

1/ Actual.

2/ Percent change from two quarters earlier.

3/ Percent change from four quarters earlier.

August 6, 1980

CONFIDENTIAL - FR
CLASS II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS
(Quarterly figures are seasonally adjusted. Expenditures and income
figures are billions of current dollars at annual rates.)

	1980				1981			
	Q1	Q2	Q3	Q4	Projection Q1	Q2	Q3	Q4
Gross national product	2520.8	2523.4	2542.9	2603.4	2678.2	2753.8	2821.2	2894.5
Final purchases	2516.1	2511.7	2551.9	2618.7	2687.5	2747.6	2809.2	2879.3
Private	1998.9	1984.7	2016.6	2068.1	2126.2	2175.7	2225.1	2277.6
Excluding net exports	2012.5	1983.4	2015.6	2059.2	2113.9	2168.5	2221.0	2276.8
Personal consumption expenditures	1629.5	1628.2	1658.5	1693.9	1740.7	1786.9	1829.7	1872.9
Goods	872.2	851.4	860.8	876.4	899.4	922.6	943.6	965.7
Services	757.3	776.8	797.7	817.5	841.3	864.3	886.1	907.2
Gross private domestic investment	387.7	366.9	348.1	350.0	363.9	387.8	403.3	419.1
Residential construction	110.4	89.3	89.3	96.8	102.8	108.3	114.8	122.3
Business fixed investment	272.6	265.9	267.8	268.5	270.4	273.3	276.5	281.6
Change in business inventories	4.7	11.7	-9.0	-15.3	-9.3	6.2	12.0	15.2
Nonfarm	4.4	12.4	-9.0	-15.3	-9.3	6.2	12.0	15.2
Net exports of goods and services ^{1/}	-13.6	1.3	1.0	8.9	12.3	7.2	4.1	.8
Exports	308.1	307.3	310.1	316.3	326.2	336.0	346.0	355.6
Imports	321.7	306.0	309.1	307.3	313.9	328.9	341.8	354.7
Gov't. purchases of goods and services	517.2	527.0	535.3	550.6	561.3	571.9	584.1	601.7
Federal ^{2/}	186.2	192.5	195.0	204.1	208.5	212.6	216.8	226.4
State and local	331.0	334.5	340.3	346.5	352.8	359.3	367.3	375.3
Gross national product in constant (1972) dollars	1444.7	1410.8	1396.0	1392.5	1398.9	1409.5	1416.7	1423.7
Personal income	2057.4	2078.3	2129.9	2175.6	2214.5	2268.6	2328.2	2386.7
Wage and salary disbursements	1303.7	1309.3	1319.0	1344.1	1370.1	1401.0	1428.8	1464.4
Disposable personal income	1737.4	1754.0	1800.1	1837.5	1886.9	1929.3	1980.4	2025.9
Saving rate (percent)	3.7	4.7	5.4	5.3	5.2	4.8	5.0	5.0
Corporate profits with I.V.A. and C.C. Adj.	175.0	151.5	133.7	138.2	146.9	154.4	162.1	165.3
Corporate profits before tax	260.4	203.9	197.0	203.8	212.0	219.0	226.2	232.9
Federal government surplus or deficit (-) (N.I.A. basis)	-22.9	-47.6	-74.7	-72.9	-77.2	-67.4	-74.8	-71.8
High employment surplus or deficit (-)	4.2	10.4	9.3	23.8	24.8	34.7	30.0	36.7
State and local government surplus or deficit (-) (N.I.A. basis)	24.6	21.1	21.7	21.9	23.7	25.3	25.1	24.9
Excluding social insurance funds	-4.2	-9.0	-8.9	-9.3	-8.1	-7.1	-7.9	-8.7
Civilian labor force (millions)	104.2	104.7	105.3	105.5	105.8	106.2	106.5	106.8
Unemployment rate (percent)	6.1	7.5	8.1	8.5	8.8	8.7	8.6	8.5
Nonfarm payroll employment (millions)	91.1	90.5	89.7	89.6	89.6	90.0	90.3	90.7
Manufacturing	21.0	20.3	19.7	19.4	19.4	19.6	19.7	19.8
Industrial production (1967=100)	152.2	144.7	140.4	138.7	138.9	140.3	140.8	141.4
Capacity utilization: all mfg. (percent)	83.8	78.4	75.2	73.7	73.4	73.6	73.3	73.2
Materials (percent)	85.4	79.5	74.4	72.7	72.2	72.5	72.4	72.4
Housing starts, private (million units, A.R.)	1.26	1.05	1.20	1.25	1.30	1.35	1.35	1.40
New autos sales, (millions, A.R.)	10.65	7.67	8.45	8.95	9.10	9.30	9.45	9.80
Domestic models	7.87	5.53	6.10	6.60	6.70	6.85	6.95	7.30
Foreign models	2.77	2.14	2.35	2.35	2.40	2.45	2.50	2.50

^{1/} Balance of payments data and details underlying these estimates are shown in the International Developments section of this part of the Greenbook.^{2/} Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

August 6, 1980

CONFIDENTIAL - FR
CLASS II FOMCPERCENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS
(Annual rates compounded quarterly)

	1980				1981			
	Q1	Q2	Q3	Q4	Projection		Q3	Q4
<u>Constant (1972) dollars</u>								
Gross national product	1.2	-9.1	-4.1	-1.0	1.9	3.0	2.1	2.0
Final purchases	1.5	-9.6	-2.2	-.1	1.0	.8	1.2	1.5
Private	.9	-12.0	-2.4	-.1	1.2	.9	1.2	1.5
Excluding net exports	-.8	-13.6	-2.9	-1.1	1.1	1.3	1.4	1.8
Personal consumption expenditures	.5	-9.4	-2.1	-1.3	1.4	1.4	1.4	1.3
Goods	-1.8	-16.6	-4.7	-3.3	.3	.8	.7	1.1
Services	3.2	-.6	.7	.8	2.5	2.1	2.1	1.5
Gross private domestic investment	-8.3	-27.9	-19.6	-7.0	6.9	19.2	8.1	7.7
Residential structures	-26.2	-60.3	-8.4	27.3	17.2	13.5	15.8	18.2
Business fixed investment	1.7	-17.8	-6.1	-6.9	-5.1	-3.5	-2.9	-.3
Gov't. purchases of goods and services	4.2	.9	-1.6	-.2	-.0	.3	1.3	1.6
Federal	13.1	8.9	-2.4	.8	1.0	1.5	1.4	2.0
State and local	-.7	-3.6	-1.1	-.7	-.7	-.5	1.2	1.3
Disposable personal income	.9	-5.6	.9	-1.5	1.1	-.2	2.4	1.0
<u>Current dollars</u>								
Gross national product	10.8	.4	3.1	9.9	12.0	11.8	10.2	10.8
Final purchases	11.0	-.7	6.6	10.9	10.9	9.2	9.3	10.4
Private	10.4	-2.8	6.6	10.6	11.7	9.6	9.4	9.8
Excluding net exports	10.7	-5.7	6.7	8.9	11.1	10.7	10.0	10.4
Personal consumption expenditures	13.0	-.3	7.7	8.8	11.5	11.0	9.9	9.8
Goods	12.5	-9.2	4.5	7.4	10.9	10.7	9.4	9.7
Services	13.6	10.7	11.2	10.3	12.2	11.4	10.5	9.9
Gross private domestic investment	.5	-19.8	-19.0	2.2	16.9	28.9	17.0	16.6
Residential structures	-19.3	-57.0	-.2	38.1	27.2	23.2	26.3	28.8
Business fixed investment	11.6	-9.5	2.9	1.0	2.9	4.4	4.8	7.6
Gov't. purchases of goods and services	13.4	7.8	6.4	11.9	8.0	7.8	8.8	12.6
Federal	18.7	14.3	5.2	20.0	8.9	8.1	8.1	18.9
State and local	10.5	4.2	7.1	7.5	7.5	7.6	9.2	9.0
Disposable personal income	13.5	3.9	10.9	8.6	11.2	9.3	11.0	9.5
Personal income	10.9	4.1	10.3	8.9	7.4	10.1	10.9	10.4
Wage and salary disbursements	10.9	1.7	3.0	7.8	8.0	9.3	8.2	10.3
Corporate profits with IVA & C.C. Adj.	-3.1	-43.8	-39.3	14.2	27.7	22.0	21.5	8.1
Corporate profits before tax	31.9	-62.5	-12.8	14.6	17.0	13.8	13.7	12.4
Nonfarm payroll employment	2.5	-2.8	-3.5	-.3	.2	1.8	1.5	1.7
Manufacturing	-.8	-11.8	-11.5	-6.1	.2	4.6	2.3	2.0
Nonfarm business sector								
Output per hour	-1.1	-4.1	-.8	-.8	1.9	1.6	.9	.5
Compensation per hour	10.7	10.8	9.4	9.0	11.6	8.2	8.1	8.3
Unit labor costs	12.0	15.6	10.3	9.9	9.5	6.5	7.1	7.8
GNP implicit deflator 1/	9.5	10.4	7.5	11.0	10.0	8.5	7.9	8.7
Gross domestic business product								
fixed-weighted price index 2/	11.2	9.4	9.6	9.8	9.9	9.4	8.4	8.5
Excluding food and energy	8.8	8.7	8.1	7.7	8.0	7.7	7.2	7.2
Consumer price index (all urban)	17.2	13.8	8.2	9.8	10.8	10.4	9.5	9.0
Industrial production	.0	-18.3	-11.4	-4.7	.6	4.0	1.5	1.7

1/ Excluding Federal pay increases, the rates of change are: 1980-Q1, 9.4 percent; 1980-Q4, 10.3 percent; 1981-Q1, 9.9 percent; 1981-Q4, 8.1 percent.

2/ Uses expenditures in 1972 as weights.

August 6, 1980

CONFIDENTIAL - FR
CLASS II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS
(Quarterly figures are seasonally adjusted. Expenditures and income
figures are billions of current dollars at annual rates.)

	1978				1979			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	2011.3	2104.2	2159.6	2235.2	2292.1	2329.8	2396.5	2456.9
Final purchases	1988.5	2078.4	2139.5	2214.5	2272.9	2296.4	2381.9	2451.4
Private	1569.1	1630.1	1698.6	1760.7	1812.8	1829.8	1904.1	1950.2
Excluding net exports	1591.3	1657.7	1705.4	1765.2	1808.8	1837.9	1906.4	1962.1
Personal consumption expenditures	1287.2	1331.2	1369.3	1415.4	1454.2	1475.9	1528.6	1580.4
Goods	691.2	722.1	740.2	770.2	784.9	789.9	818.1	846.9
Services	596.0	609.1	629.1	645.1	669.3	686.0	710.6	733.5
Gross private domestic investment	327.0	352.3	356.2	370.5	373.8	395.4	392.3	387.2
Residential construction	100.5	107.7	110.2	113.7	111.2	112.9	116.0	116.4
Business fixed investment	203.7	218.8	225.9	236.1	243.4	249.1	261.8	265.2
Change in business inventories	22.8	25.8	20.0	20.6	19.1	33.4	14.5	5.6
Nonfarm	22.0	25.3	18.5	19.3	18.8	32.6	12.6	2.1
Net exports of goods and services ^{1/}	-22.2	-7.6	-6.8	-4.5	4.0	-8.1	-2.3	-11.9
Exports	184.4	205.7	213.8	224.9	238.5	243.7	267.3	280.4
Imports	206.6	213.3	220.6	229.4	234.4	251.9	269.5	292.4
Gov't. purchases of goods and services	419.4	428.3	440.9	453.8	460.1	466.6	477.8	501.2
Federal ^{2/}	150.9	148.2	152.3	159.0	163.6	161.7	162.9	178.4
State and local	268.5	280.1	288.6	294.8	296.5	304.9	314.9	322.8
Gross national product in constant (1972) dollar	1367.8	1395.2	1407.3	1426.6	1430.6	1422.3	1433.3	1440.3
Personal income	1634.8	1689.3	1742.5	1803.1	1852.6	1892.5	1946.6	2005.0
Wage and salary disbursements	1052.0	1090.0	1116.8	1154.3	1189.3	1212.4	1238.1	1270.5
Disposable personal income	1395.0	1437.3	1476.5	1524.8	1572.2	1601.7	1640.0	1683.1
Saving rate (percent)	5.3	5.0	4.8	4.7	5.0	5.4	4.3	3.5
Corporate profits with I.V.A. and C.C. Adj.	141.2	169.4	175.2	184.8	178.9	176.6	180.8	176.4
Corporate profits before tax	177.5	207.2	212.0	227.4	233.3	227.9	242.3	243.0
Federal government surplus or deficit (-) (N.I.A. basis)	-49.4	-24.6	-20.4	-16.3	-11.7	-7.0	-11.3	-15.7
High employment surplus or deficit (-)	-26.3	-9.8	-6.8	-7.8	-1.1	13.7	9.6	7.7
State and local government surplus or deficit (-) (N.I.A. basis)	30.2	29.6	22.7	27.1	27.6	19.7	25.3	25.8
Excluding social insurance funds	7.9	6.5	-9.9	3.3	2.6	-6.3	-1.8	-2.2
Civilian labor force (millions)	99.1	100.2	100.8	101.5	102.3	102.4	103.2	103.7
Unemployment rate (percent)	6.2	6.0	6.0	5.8	5.7	5.8	5.8	5.9
Nonfarm payroll employment (millions)	85.0	86.4	87.2	88.2	89.1	89.7	90.2	90.6
Manufacturing	20.2	20.4	20.5	20.9	21.1	21.1	21.1	21.0
Industrial production (1967=100)	140.8	145.1	147.9	150.7	152.2	151.9	152.3	152.2
Capacity utilization: all mfg. (percent)	82.0	83.9	85.2	86.4	86.7	85.9	85.4	84.6
Materials (percent)	82.6	85.0	86.4	88.2	88.0	87.3	87.2	86.3
Housing starts, private (million units, A.R.)	1.86	2.10	2.03	2.06	1.67	1.82	1.81	1.59
New autos sales, (millions, A.R.)	10.80	12.09	11.16	11.06	11.56	10.65	10.79	9.80
Domestic models	8.80	10.01	9.21	9.14	9.30	8.16	8.63	7.43
Foreign models	2.00	2.09	1.96	1.92	2.25	2.49	2.16	2.37

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August 6, 1980

CONFIDENTIAL - FR
CLASS II FOMCPERCENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS
(Annual rates compounded quarterly)

	1978				1979			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Constant (1972) dollars</u>								
Gross national product	1.9	8.3	3.5	5.6	1.1	-2.3	3.1	2.0
Final purchases	.4	8.7	4.6	5.7	1.1	-3.9	6.4	3.6
Private	.8	10.7	4.4	6.7	1.8	-4.1	7.8	3.1
Excluding net exports	1.0	7.9	4.1	6.9	.4	-2.9	5.3	3.1
Personal consumption expenditures	.8	5.6	4.8	6.8	.6	-2.9	4.9	4.1
Goods	-4.7	9.2	4.2	9.9	-4.4	-7.3	6.0	4.7
Services	7.9	1.4	5.5	3.2	7.1	2.5	3.6	3.5
Gross private domestic investment	12.3	15.7	-5.0	6.6	-5	8.5	-12.8	-11.6
Residential structures	-4.7	11.0	-4.9	-1.1	-14.3	-7.2	-1.5	-4.5
Business fixed investment	4.6	23.2	3.9	11.3	4.8	-.8	10.7	-.3
Gov't. purchases of goods and services	-1.2	.9	5.0	1.8	-1.8	-3.3	1.0	6.0
Federal	-7.4	-12.3	8.2	3.2	7.2	-11.3	-2.6	16.0
State and local	2.7	9.3	3.3	1.0	-6.6	1.6	3.1	.8
Disposable personal income	2.0	4.0	4.2	6.4	2.1	-1.4	.2	1.1
<u>Current dollars</u>								
Gross national product	8.4	19.8	10.9	14.8	10.6	6.7	11.9	10.5
Final purchases	7.5	19.3	12.3	14.8	11.0	4.2	15.8	12.2
Private	7.7	22.3	12.3	15.4	12.4	3.8	17.3	10.0
Excluding net exports	8.8	17.8	12.0	14.8	10.3	6.6	15.8	12.2
Personal consumption expenditures	9.0	14.4	11.9	14.2	11.4	6.1	15.0	14.3
Goods	3.3	19.1	10.4	17.2	7.9	2.6	15.1	14.8
Services	16.1	9.1	13.8	10.6	15.8	10.4	15.1	13.5
Gross private domestic investment	13.3	34.8	4.5	17.1	3.6	25.2	-3.0	-5.1
Residential structures	2.4	32.0	9.5	13.5	-8.5	6.1	11.7	1.4
Business fixed investment	10.6	33.3	13.7	19.3	12.9	9.6	22.0	5.4
Gov't. purchases of goods and services	6.5	8.8	12.3	12.2	5.6	5.8	10.0	21.1
Federal	-.9	-7.0	11.7	18.7	12.1	-4.6	3.1	43.8
State and local	11.1	18.5	12.6	8.9	2.3	11.9	13.8	10.4
Disposable personal income	10.3	12.7	11.4	13.8	13.0	7.7	9.9	10.9
Personal income	10.0	14.0	13.2	14.7	11.4	8.9	11.9	12.6
Wage and salary disbursements	11.7	15.3	10.2	14.1	12.7	8.0	8.8	10.9
Corporate profits with IVA & C.C. Adj.	-27.5	107.2	14.4	23.8	-12.2	-5.0	9.9	-9.4
Corporate profits before tax	-11.5	85.7	9.6	32.4	10.8	-8.9	27.8	1.2
Nonfarm payroll employment	4.7	7.0	3.7	4.7	4.3	2.4	2.3	1.7
Manufacturing	5.4	3.5	2.6	6.3	4.6	.6	-.6	-1.7
Nonfarm business sector								
Output per hour	-.9	1.8	2.4	.7	-3.3	-3.9	-1.5	.8
Compensation per hour	11.4	7.3	8.5	8.7	10.2	8.1	8.5	9.5
Unit labor costs	12.4	5.4	5.9	7.9	14.0	12.5	10.1	8.6
GNP implicit deflator 1/	6.3	10.6	7.2	8.7	9.3	9.3	8.5	8.4
Gross domestic business product								
fixed-weighted price index 2/	6.6	10.5	8.8	8.7	10.0	10.1	10.4	8.4
Excluding food and energy	5.5	9.4	8.9	8.7	7.7	7.9	7.6	7.7
Consumer price index (all urban)	7.8	10.2	8.8	9.1	11.1	13.6	12.9	13.2
Industrial production	1.4	12.8	7.9	7.8	4.0	-.8	1.1	-.3

1/ Excluding Federal pay increases, rates of change were: 1978-Q1, 6.3 percent; 1978-Q4, 8.1 percent; 1979-Q1, 9.3 percent; 1979-Q4, 8.0 percent.

2/ Uses expenditures in 1972 as weights.

August 6, 1980

CONFIDENTIAL - FR
CLASS II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS
(Expenditures and income figures are billions of current dollars.)

	1974	1975	1976	1977	1978	1979	Projected	
							1980	1981
Gross national product	1412.9	1528.8	1702.2	1899.5	2127.6	2368.8	2547.7	2786.9
Final purchases	1404.0	1539.6	1692.1	1877.6	2105.2	2350.6	2549.6	2780.9
Private	1101.3	1201.2	1330.8	1481.4	1669.6	1874.2	2017.1	2201.2
Excluding net exports	1095.3	1180.8	1322.8	1491.3	1679.9	1878.8	2017.7	2195.0
Personal consumption expenditures	889.6	979.1	1089.9	1210.0	1350.8	1509.8	1652.5	1807.5
Goods	498.3	541.5	601.3	660.1	730.9	809.9	865.2	932.8
Services	391.3	437.5	488.5	549.8	619.8	699.8	787.3	874.7
Gross private domestic investment	214.6	190.9	243.0	303.3	351.5	387.2	363.2	393.5
Residential construction	55.1	51.5	68.1	91.9	108.0	114.1	96.5	112.0
Business fixed investment	150.6	150.2	164.9	189.4	221.1	254.9	268.7	275.4
Change in business inventories	8.9	-10.7	10.0	21.9	22.3	18.2	-2.0	6.0
Nonfarm	10.8	-14.3	12.1	20.7	21.3	16.5	-1.9	6.0
Net exports of goods and services ^{1/}	6.0	20.4	8.0	-9.9	-10.3	-4.6	-.6	6.1
Exports	137.9	147.3	163.3	175.9	207.2	257.5	310.4	340.9
Imports	131.9	126.9	155.4	185.8	217.5	262.1	311.0	334.8
Gov't. purchases of goods and services	302.7	338.4	361.3	396.2	435.6	476.4	532.5	579.7
Federal ^{2/}	111.1	123.1	129.7	144.4	152.6	166.6	194.5	216.1
State and local	191.5	215.4	231.6	251.8	283.0	309.8	338.1	363.7
Gross national product in constant (1972) dollars	1217.8	1202.3	1273.0	1340.5	1399.2	1431.6	1411.0	1412.2
Personal income	1154.9	1255.5	1381.6	1531.6	1717.4	1924.2	2110.3	2299.5
Wage and salary disbursements	764.6	805.9	890.0	984.0	1103.3	1227.6	1319.0	1416.1
Disposable personal income	984.6	1086.7	1184.5	1305.1	1458.4	1624.3	1782.3	1955.6
Saving rate (percent)	7.3	7.7	5.8	5.0	4.9	4.5	4.8	5.0
Corporate profits with I.V.A. and C.C. Adj.	83.6	95.9	126.8	150.0	167.7	178.2	149.6	157.2
Corporate profits before tax	126.9	120.4	156.0	177.1	206.0	236.6	216.3	222.5
Federal government surplus or deficit (N.I.A. basis)	-10.7	-70.6	-53.6	-46.3	-27.7	-11.4	-54.5	-72.8
High employment surplus or deficit (-)	9.1	-20.5	-16.2	-20.7	-12.7	7.5	11.9	31.5
State and local government surplus or deficit (-) (N.I.A. basis)	7.6	6.2	17.9	26.8	27.4	24.6	22.3	24.7
Excluding social insurance funds	-2.9	-6.2	2.3	7.3	4.2	-1.9	-7.8	-8.0
Civilian labor force (millions)	91.0	92.6	94.8	97.4	100.4	102.9	104.9	106.3
Unemployment rate (percent)	5.6	8.5	7.7	7.0	6.0	5.8	7.5	8.6
Nonfarm payroll employment (millions)	78.3	77.0	79.4	82.5	86.7	89.9	90.2	90.2
Manufacturing	20.1	18.3	19.0	19.7	20.5	21.1	20.1	19.6
Industrial production (1967=100)	129.3	117.8	130.5	138.2	146.1	152.2	144.0	140.4
Capacity utilization: all manufacturing (percent)	83.8	72.9	79.5	81.9	84.4	85.7	77.8	73.4
Materials (percent)	87.1	73.4	81.1	82.7	85.6	87.2	78.0	72.4
Housing starts, private (million units, A.R.)	1.34	1.16	1.54	1.99	2.02	1.75	1.19	1.35
New auto sales, (millions, A.R.)	8.91	8.66	10.12	11.13	11.28	10.70	8.93	9.41
Domestic models	7.49	7.08	8.63	9.07	9.29	8.38	6.53	6.95
Foreign models	1.42	1.58	1.50	2.06	1.99	2.32	2.40	2.46

^{1/} Balance of payments data underlying these estimates are shown in the International Developments section of this part of the Greenbook.

^{2/} Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

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

	1974	1975	1976	1977	1978	1979	Projected	
							1980	1981
<u>Constant (1972) dollars</u>								
Gross national product	-1.4	-1.3	5.9	5.3	4.4	2.3	-1.4	.1
Final purchases	-.7	.2	4.5	4.8	4.4	2.7	-.6	-.3
Private	-1.4	-.3	5.6	5.6	5.0	3.2	-1.2	-.4
Excluding net exports	-2.3	-1.0	6.5	6.2	5.0	2.6	-2.3	-.7
Personal consumption expenditures	-.9	1.8	5.9	5.0	4.5	2.6	-.9	-.3
Goods	-3.4	.7	6.9	5.1	4.1	1.3	-3.4	-2.0
Services	2.3	3.2	4.8	4.9	5.1	4.3	2.1	1.6
Gross private domestic investment	-11.4	-22.3	21.6	15.4	7.1	.4	-13.8	.1
Residential structures	-24.6	-13.9	23.3	20.7	4.2	-5.7	-22.6	6.7
Business fixed investment	-.3	-13.0	4.8	8.6	8.4	6.2	-3.2	-5.6
Gov't. purchases of goods and services	2.1	1.9	.2	2.0	1.8	.4	2.0	.1
Federal	-.8	.7	-.2	4.4	-2.0	.9	6.3	1.2
State and local	3.8	2.6	.5	.6	4.0	.2	-.5	-.5
Disposable personal income	-1.5	2.1	3.7	4.2	4.6	2.3	-.7	.1
<u>Current dollars</u>								
Gross national product	8.1	8.2	11.3	11.6	12.0	11.3	7.6	9.4
Final purchases	8.9	9.7	9.9	11.0	12.1	11.7	8.5	9.1
Private	8.1	9.1	10.8	11.3	12.7	12.3	7.6	9.1
Excluding net exports	8.2	7.8	12.0	12.7	12.6	11.8	7.4	8.8
Personal consumption expenditures	9.8	10.1	11.3	11.0	11.6	11.8	9.5	9.4
Goods	8.9	8.7	11.0	9.8	10.7	10.8	6.8	7.8
Services	11.1	11.8	11.7	12.5	12.7	12.9	12.5	11.1
Gross private domestic investment	-2.5	-11.0	27.3	24.8	15.9	10.2	-6.2	8.4
Residential structures	-16.7	-6.5	32.3	35.0	17.5	5.7	-15.4	16.2
Business fixed investment	10.8	-.3	9.8	14.9	16.7	15.2	5.4	2.5
Gov't. purchases of goods and services	12.3	11.8	6.8	9.7	9.9	9.4	11.8	8.9
Federal	8.7	10.7	5.4	11.3	5.7	9.2	16.7	11.1
State and local	14.5	12.5	7.5	8.7	12.4	9.5	9.1	7.6
Disposable personal income	9.2	10.4	9.0	10.2	11.7	11.4	9.7	9.7
Personal income	9.7	8.7	10.0	10.9	12.1	12.0	9.7	9.0
Wage and salary disbursements	9.0	5.4	10.4	10.6	12.1	11.3	7.4	7.4
Corporate profits with IVA & C.C. Adj.	-15.6	14.7	32.2	18.3	11.8	6.3	-16.0	5.1
Corporate profits before tax	9.6	-5.1	29.6	13.5	16.3	14.9	-8.6	2.9
Nonfarm payroll employment	2.0	-1.7	3.1	3.9	5.1	3.7	.3	.0
Manufacturing	-.4	-8.7	3.7	3.6	4.2	2.8	-4.7	-2.2
Nonfarm business sector								
Output per hour	-3.1	1.9	3.5	1.5	.5	-1.1	-1.5	.4
Compensation per hour	9.1	9.9	8.3	7.9	8.6	9.0	9.8	9.5
Unit labor costs	12.7	7.9	4.7	6.3	8.0	10.2	11.5	9.0
GNP implicit deflator	9.7	9.6	5.2	6.0	7.3	8.8	9.2	9.2
Gross domestic business product								
fixed-weighted price index 1/	10.4	9.4	5.3	6.2	7.6	9.5	9.9	9.4
Excluding food and energy	8.1	9.5	5.8	6.3	7.2	8.1	7.9	7.8
Consumer price index (all urban)	11.0	9.1	5.8	6.5	7.7	11.3	13.4	10.1
Industrial production	-.4	-8.9	10.8	5.9	5.7	4.2	-5.4	-2.5

1/ Uses expenditures in 1972 weights.

FEDERAL SECTOR ACCOUNTS
(Billions of dollars)

August 6, 1980

	Fiscal Year 1979*	FY 1980 e/ Admin. F.R. 1/ Board		FY 1981 e/2/ Admin. F.R. 1/ Board		CY 1979*	CY80e/ F.R. Board	Calendar quarters; unadjusted data									FRB Staff Estimates		
								1979				1980		1981					
								IV*	I*	II*	III	IV	I	II	III				
Unified budget receipts	465.9	517.9	519.8	604.0	572.2	480.5	529.8	114.0	114.6	156.2	134.9	124.0	126.7	172.2	149.2				
Unified budget outlays	493.7	578.8	578.0	633.8	633.1	508.7	595.2	138.6	141.8	148.1	149.5	155.8	156.5	157.8	163.0				
Surplus(+)/deficit(-), unified budget	-27.7	-60.9	-58.2	-29.8	-60.9	-28.2	-65.4	-24.6	-27.2	8.2	-14.6	-31.8	-29.8	14.4	-13.8				
Surplus(+)/deficit(-), off-budget agencies 3/	-12.4	-16.1	-15.8	-21.7	-20.0	-13.2	-16.2	-1.0	-3.8	-4.4	-6.7	-1.3	-6.9	-6.6	-5.2				
Combined deficit to be financed	-40.2	-77.0	-73.9	-51.5	-80.9	-41.4	-81.6	-25.6	-31.0	3.8	-21.3	-33.1	-36.7	7.8	-19.0				
Means of financing combined deficits:																			
Net borrowing from public	33.7	69.7	67.2	45.8	74.5	37.3	79.4	18.9	19.1	5.4	23.8	31.1	25.7	-1.8	19.5				
Decrease in cash operating balance	-1.8	4.2	4.2	5.0	5.0	0.4	-0.1	8.3	7.7	-5.9	-5.9	4.0	8.0	-4.0	-3.0				
Other 4/	8.3	3.1	2.7	0.7	1.5	3.5	2.4	-1.7	4.1	-3.1	3.4	-2.0	3.0	-2.0	2.5				
Cash operating balance, end of period	24.2	20.0	20.0	15.0	15.0	15.9	16.0	15.9	8.2	14.1	20.0	16.0	8.0	12.0	15.0				
Memo: Sponsored agency borrowing 5/	19.1	16.2	22.4	16.7	14.2	25.5	18.2	7.5	7.7	5.3	1.9	3.3	2.9	4.0	4.0				
NIA Budget								Seasonally adjusted annual rates											
Receipts 6/	483.7	532.1	528.6	612.3	567.4	497.6	538.8	524.7	538.4	531.4	535.2	550.0	557.1	575.7	590.8				
Expenditures 6/	493.6	572.9	572.7	642.0	641.6	509.0	593.3	540.4	561.3	579.0	609.9	622.9	634.3	643.1	665.6				
Purchases (total)	162.4	188.4	188.0	211.3	210.5	166.6	194.5	178.4	186.2	192.5	195.0	204.1	208.5	212.6	216.8				
Defense	105.9	121.6	121.4	143.1	141.5	108.3	126.8	114.6	119.6	123.6	127.9	135.9	139.7	143.5	147.1				
Nondefense	56.5	66.8	66.6	68.2	68.9	58.4	67.7	63.8	66.6	68.9	67.1	68.2	68.8	69.1	69.7				
All other expenditures	331.2	384.5	384.7	430.7	431.1	342.4	398.8	362.0	375.1	386.5	414.9	418.8	425.8	430.5	448.8				
Surplus(+)/deficit(-) 6/	-9.9	-40.8	-44.1	-29.7	-74.2	-11.4	-54.5	-15.7	-22.9	-47.7	-74.7	-72.9	-77.3	-67.4	-74.8				
High employment surplus(+)/deficit(-) (NIA basis)	3.6	n.a.	7.9	n.a.	28.3	7.5	11.9	7.7	4.2	10.4	9.3	23.8	24.8	34.7	30.0				
		*--actual		e--estimated			n.a.--not available												

1. OMB Mid-Session Review of the 1981 Budget, July 1980 and BEA NIA translations, July 1980.

2. In the First Concurrent Resolution on the Budget, Fiscal Year 1981, June 1980, the Congress called for receipts of \$613.8 billion and outlays of \$613.6 billion.

3. Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank, and Pension Benefit Guaranty Corporation.

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

5. FRB staff estimates include Federal Home Loan Banks, FNMA, Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives marketable debt on an offerings basis.

6. BEA NIA translations, July 1980. The fiscal year totals are based on unadjusted data and do not conform to the average of four seasonally adjusted quarters. The FRB staff estimates, therefore, have been adjusted in order to make the BEA and the staff estimates comparable.

CONFIDENTIAL (FR)
CLASS II FOMC

OUTLOOK FOR U.S. NET EXPORTS AND RELATED ITEMS
(BILLIONS OF DOLLARS, SEASONALLY ADJUSTED ANNUAL RATES)

	1979 ANN.	1980 ANN.	1981 ANN.	1980 Q I	1980 Q II	1980 Q III	1980 Q IV	1981 Q I	1981 Q II	1981 Q III	1981 Q IV
1. GNP NET EXPORTS											
CURRENT \$, NET	-4.6	-0.6	6.1	-13.6	1.3	1.0	8.9	12.3	7.2	4.1	0.9
EXPORTS OF G&S	257.5	310.4	341.0	308.1	307.3	310.1	316.3	326.2	336.0	346.0	355.6
IMPORTS OF G&S	262.1	311.0	334.8	321.7	306.0	309.1	307.3	313.9	328.9	341.9	354.7
CONSTANT 72 \$, NET	17.6	29.5	32.7	25.0	29.3	30.5	33.3	33.7	32.9	32.5	31.9
EXPORTS OF G&S	119.9	128.0	128.0	131.7	128.7	126.0	125.5	126.0	127.2	128.8	129.9
IMPORTS OF G&S	102.3	98.5	95.3	106.7	99.4	95.6	92.2	92.3	94.4	96.3	98.0
TERMS OF TRADE (1972=100) 1/	83.8	76.8	75.8	77.6	77.6	76.1	75.6	76.1	75.8	75.7	75.7
2. U.S. MERCHANDISE TRADE BALANCE 2/	-29.5	-33.0	-30.3	-43.5	-31.1	-32.8	-24.5	-22.1	-28.5	-33.2	-37.3
EXPORTS (EXCL. MILITARY)	182.1	221.9	242.7	218.8	218.7	222.0	228.2	234.4	239.8	245.3	251.3
AGRICULTURAL	35.4	40.6	45.4	41.5	38.8	39.9	42.2	44.1	45.0	45.7	46.7
NONAGRICULTURAL	146.6	181.3	197.3	177.3	179.9	182.1	186.0	190.3	194.8	199.6	204.7
IMPORTS	211.5	254.9	273.0	262.3	249.8	254.8	252.7	256.5	268.4	278.4	288.6
PETROLEUM AND PRODUCTS	60.0	89.0	104.3	86.4	84.0	91.8	93.6	86.7	102.8	106.5	111.3
NONPETROLEUM	151.5	165.9	168.7	175.9	165.8	163.1	158.9	159.7	165.5	172.0	177.4
3. U.S. CURRENT ACCOUNT BALANCE	-0.8	0.0	4.3	-10.3	0.2	0.9	9.3	12.0	6.0	1.6	-2.3
OF WHICH: NET INVESTMENT INCOME	32.5	38.5	38.9	40.5	36.7	38.5	38.2	38.2	38.8	39.1	39.3
4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/											
REAL GNP, % CHANGE, ANNUAL RATES	3.7	2.0	1.0	3.1	-0.9	0.4	0.3	1.0	1.5	2.2	2.4
CONSUMER PRICES, 4/, % CHANGE, ANNUAL RATES	7.8	11.7	8.7	14.5	12.5	9.8	9.2	8.6	7.9	7.2	6.8

1/ GNP EXPORT IMPLICIT DEFLATOR DIVIDED BY GNP IMPORT IMPLICIT DEFLATOR.

2/ INTERNATIONAL ACCOUNTS BASIS.

3/ GEOMETRIC WEIGHTS USED TO AGGREGATE FOREIGN REAL GNP AND CONSUMER PRICES -- PER CENT SHARE IN TEN-COUNTRY TOTAL MULTILATERAL TRADE. CANADA (9.1%), JAPAN (13.6%), UNITED KINGDOM (11.9%), GERMANY (20.8%), FRANCE (13.1%), ITALY (9.0%), BELGIUM (6.4%), THE NETHERLANDS (8.3%), SWITZERLAND (3.6%), SWEDEN (4.2%).

4/ WHOLESALE PRICES FOR JAPAN.

P/ PROJECTED.

August 6, 1980

RECENT DEVELOPMENTS

Prepared for the Federal Open Market Committee

By the staff of the Board of Governors of the Federal Reserve System

Table 1
HISTORY OF ADMINISTRATION BUDGET ESTIMATES
(Fiscal years; billions of dollars)

	1980			1981		
	January ¹ est.	March ² est.	July ³ est.	January ¹ est.	March ² est.	July ³ est.
Receipts	523.8	523.4	517.9	600.0	628.0	604.0
Outlays	563.6	568.9	578.8	615.8	611.5	633.8
Deficit(-)	-39.8	-36.5	-60.9	-15.8	+16.5	-29.8

1. The Budget of the United States Government, Fiscal Year 1980,
January 1980.

2. 1981 Budget Revisions, March 1980.

3. Mid-Session Review of 1981 Budget, July 21, 1980

Table 2
COMPARISON OF ADMINISTRATION'S ECONOMIC FORECASTS
(Calendar years; billions of dollars)

	1980		1981	
	March Estimates	Current Estimates	March Estimates	Current Estimates
Gross National Product				
Current Dollars:				
Amount				
Percent change	2,621	2,557	2,885	2,821
(fourth quarter over	10.0	6.7	11.4	12.6
fourth quarter)				
Constant (1972) dollars:				
Amount	1,442	1,412	1,449	1,416
Percent change	-0.4	-3.1	2.2	2.6
(fourth quarter over				
fourth quarter)				
Prices (percent change)				
GNP deflator (fourth	10.4	10.1	9.1	9.7
quarter over fourth				
quarter)				
CPI (Dec. over December)	12.8	12.0	9.0	9.8
Unemployment rate (percent)				
Total:				
Yearly average	6.7	7.6	7.3	8.5
Fourth quarter	7.2	8.5	7.3	8.5
Interest rate, 91-day Treasury				
bills ¹	13.1	9.2	9.5	9.0

1. Average rate of new issues within period.

budget deficit which contains both automatic and discretionary changes in the budget and the high employment budget which measures only discretionary fiscal policy initiatives. As can be seen in table 3, the FY-1980 movement in this difference--the automatic response of the budget to the recession--now is estimated to be \$33 billion.¹

Fiscal Year 1980

As indicated earlier, the Administration is now anticipating a much sharper decline in economic activity during 1980 than was anticipated in the March Budget Update. Partly because of this, the OMB now estimates that fiscal year 1980 receipts will be \$517.9 billion, down \$14-1/2 billion from the level predicted in March. The new estimate for outlays is \$578.8 billion--\$10 billion above the March estimate. As Table 4 shows, approximately two-thirds or \$10.7 billion of the receipts revision is due to revised income projections. The most significant tax policy change was Congressional repeal of the President's \$4.62 per barrel oil import fee. This action lowered fiscal 1980 receipts by \$3.4 billion.

On the outlay side, the recession and the resulting rise in unemployment increased fiscal year 1980 income security payments by \$3.8 billion. (See Table 5.) Other factors which affected the spending total included:

- (1) Loans to ailing financial institutions by the FSLIC and the FDIC and slower asset sales by GNMA (\$2.0 billion).
- (2) Higher defense spending because of a rise in fuel costs and an increase in progress payments on outstanding contracts (\$1.6 billion.)
- (3) Increased disaster and refugee relief resulting from the Mount Saint Helens volcano, the new Cuban/Haitian entrants and the Miami civil disorders (\$0.9 billion).

The Administration's fiscal year 1980 spending forecast (\$579 billion) is just slightly above the \$578 billion total that now is projected by the FRB staff. As can be seen in Table 6, the Mid-Session Review over-estimated actual outlays in seven out of the last eight years and these errors have averaged around \$2 billion. The July review for fiscal year 1975, however, understated actual outlays by more than \$1 billion and this was due to the unexpected severity of the decline in economic activity associated with the 1974-1975 recession.

1. High employment, in this case, is assumed to be consistent with a 5.1 percent unemployment rate.

Table 3
EFFECT OF THE RECESSION ON THE FISCAL YEAR 1980 BUDGET¹

Item	FY'79 to FY'80
Increase in NIA budget deficit	-28.6 ²
<u>Less</u>	
Change in high employment budget (discretionary fiscal actions)	4.3
<u>Equals</u>	
Automatic change in budget due to slowdown in economic activity	<u>32.9</u>

1. August Greenbook estimate.

2. The negative refers to an increase in the deficit.

Given this past history of over-estimating outlays, the FRB staff projects some small shortfall (\$1 billion) from the Administration's July estimates during the remainder of this fiscal year.

Fiscal Year 1981

The Administration's current estimate of fiscal year 1981 receipts is \$604 billion, \$24 billion below the March forecast (See Table 4). Downward revised estimates of individual and corporate incomes reduced receipts by \$18-1/2 billion. In addition, Congressional rejection of the oil import fee lowered fiscal 1981 receipts by \$12.6 billion but some of this loss is offset by the Administration's proposal to impose a 10 cent per gallon tax on gasoline and diesel fuels effective June 1, 1981, and by technical re-estimates.

Fiscal year 1981 outlays are now estimated by the Administration to be \$633.8 billion, up \$22 billion from the "March Update". A glance at Table 5 reveals that many of the same programs whose estimates were revised upward for fiscal year 1980 continue to be revised higher in the coming fiscal year, most notably, unemployment compensation, defense, and disaster assistance.

Comparison of Administration's Fiscal Year 1981 Budget Totals with Recent CBO Re-estimates

Finally, OMB and CBO budget estimates are compared in Table 7. The CBO projects the fiscal year 1980 deficit at \$63 billion, about \$2 billion higher than the Administration's outlook and \$16 billion higher than the revised second concurrent resolution. This later difference is due primarily to the effect of the recession on the CBO budget estimates. In the CBO's outlook, the unemployment rate may average around 9 percent at the end of both 1980 and 1981. (See Table 8.) Specifically, the CBO now estimates that, with the policies of the first resolution (no tax cut), the 1981 budget would be in deficit by about \$30 billion. Hence, the Administration and the CBO estimates for fiscal 1981 are essentially the same.

Table 4
CHANGES IN REVENUE PROJECTIONS AND PROPOSED INITIATIVES

	1980	1981
Administration's March revenue forecast ¹ (including initiatives)	\$532.4	\$628.0
Revisions for the July budget due to latest income forecast	-10.7	-18.4
Technical re-estimates	0.6	2.8
New initiatives:		
Oil import fee (rejected by Congress)	-3.4	-12.6
Gasoline diesel fuels tax effective 6/1/81	--	3.4
Other initiatives ²	<u>-1.0</u>	<u>0.8</u>
Administration's July revenue forecast (including initiatives) ³	517.9	604.0

1. Fiscal Year 1980 Budget Revisions, March 1980.

2. Delay in enactment date of foreign tax credit on oil and natural gas.

3. Mid-Session Review of the 1980 Budget, July 1981.

Table 5
COMPARISON OF SUCCESSIVE ADMINISTRATION OUTLAY ESTIMATES: MARCH AND JULY
(Fiscal years; billion of dollars)

	1980	1981
<u>March</u> budget estimate including proposed reductions	568.9	611.5
July revisions due to economic assumptions:	5.8	10.1
Income security (mainly unemployment benefits)	(3.8)	(10.0)
Mortgage credit and thrift insurance	(2.0)	(0.1)
July revisions due to reestimates	4.1	12.2
Defense	(1.6)	(6.9)
Disaster and refugee assistance	(0.9)	(1.1)
Other	<u>(1.6)</u>	<u>(4.2)</u>
<u>July</u> Update budget estimates: Grand Total	578.8	633.8

Table 6
COMPARISON OF MID-SESSION FORECAST WITH ACTUAL BUDGET OUTLAYS
(Fiscal years; billions of dollars)

Fiscal Year*	Mid-Session Forecast	Actual	Error in \$ Billions	Error in Percent
1972	233.1	232.0	-1.1	-.5
1973	250.4	247.1	-3.3	-1.3
1974	270.7	269.6	-1.1	-.4
1975	325.1	326.2	1.1	+.3
1976	369.1	366.4	-2.7	-0.7
1977	407.3	402.8	-4.5	-1.1
1978	452.3	450.8	-1.5	-0.2
1979	496.2	493.7	<u>-2.5</u>	<u>-0.5</u>
Avg. error			-1.9	-0.6

* Transition quarter omitted.

Table 7
COMPARISON OF PROJECTED FEDERAL BUDGET TOTALS: CBO AND OMB
(Billions of dollars, fiscal years)

	1980			1981		
	Revised second res.	CBO est. based on action to date	Admin. July est.	First con- current res.	CBO est. with policies of first con- current res.	Admin. July est.
Receipts	525.7	517	517.9	613.8	602.5	604.0
Outlays	572.7	580	578.8	613.6	632.5	633.8
Deficit (-) or surplus (+)	-47.0	-63	-60.9	+0.2	-30.0	-29.8

* Mid-point of CBO range.

SOURCE: Congressional Budget Office.

Table 8
CBO ECONOMIC PROJECTIONS FOR CALENDAR YEARS 1980 AND
1981, BASED ON POLICIES OF THE FIRST BUDGET RESOLUTION FOR
FISCAL YEAR 1981

	1978:4 to 1979:4 (actual)	1979:4 to 1980:4*	1980:4 to 1981:4*
Nominal GNP (percent change)	9.9	5.75	12.5
Real GNP (1972 dollars, percent change)	1.0	-3.3	3.5
General Price Index, GNP Deflator (percent change)	8.9	9.3	8.7
Unemployment Rate; End of Period (percent)	5.9	8.9	8.9

* Mid-point of CBO range.

SOURCE: Congressional Budget Office.

GROSS OFFERINGS OF CORPORATE SECURITIES
(Monthly totals or monthly averages, in millions of dollars)

	1980				
	Q1	Q2 ^P	June ^P	July ^P	Aug. ^F
----- Seasonally adjusted -----					
Corporate securities--total	5,220	7,555	8,075	6,700	7,575
Publicly offered bonds	1,895	5,570	6,350	4,700	5,575
Privately placed bonds	1,740	925	800	800	800
Stocks	1,585	1,060	925	1,200	1,200
----- Not seasonally adjusted -----					
Publicly offered bonds--total	1,954	5,843	7,000	5,300	5,000
By quality (Moody's)					
Aaa and Aa	1,020	3,230	4,000	2,700	--
Less than Aa (or unrated)	934	2,613	3,000	2,600	--
By type of borrower					
Utility	1,175	1,305	1,375	900	--
Industrial	440	2,963	3,575	3,500	--
Financial	339	1,575	2,050	900	--

p--preliminary. f--forecast.

COMPOSITION OF FINANCING BY NONFINANCIAL CORPORATIONS
(Seasonally adjusted annual rates, in billions of dollars)

	1978	1979		1980	
	Year	H1	H2	Q1	Q2 ^P
Capital expenditures	196	223	225	232	221
Gross internal funds	149	157	160	152	152
Financing gap	47	66	65	80	69
Net funds raised in markets	95	120	109	124	67
Commercial paper	3	8	10	24	28
Acceptances	1	1	1	5	1
Finance co. loans ¹	8	12	2	-1	-2
Bank loans n.e.c. ¹	33	46	45	47	-24
Notes and bonds	24	26	23	22	49
Mortgages	23	24	24	20	8
Equity issues	3	3	4	8	6
Financial uses of funds, net	48	54	44	44	-2
Liquid assets	10	17	21	44	-28
Other ²	38	37	23	--	26

1. Includes a small amount of loans from U.S. Government.

2. Includes consumer credit, net trade credit, and miscellaneous assets less taxes payable and miscellaneous liabilities.

GOVERNMENT SECURITY OFFERINGS
(Monthly totals or monthly averages, in billions of dollars)

	Q1	Q2	June	July ^{e/}	Aug. ^{f/}
----- Seasonally adjusted -----					
State and local government securities, gross offerings					
Total	4.85	6.71	6.52	7.85	6.65
Long-term	2.73	4.76	4.72	5.00	3.80
Short-Term	2.12	1.95	1.80	2.85	2.85
U.S. government securities, net offerings					
U.S. Treasury ¹	9.55	4.87	0.06	12.75	5.85
Sponsored agencies	3.06	1.60	-0.19	1.25	0.18
----- Not seasonally adjusted -----					
State and local government securities, gross offerings					
Total	4.30	8.02	7.90	7.00	6.50
Long-term	2.55	5.20	5.80	4.60	4.00
Housing revenue bonds	0.85	1.38	1.63	1.00	1.00
Single-family	0.75	1.33	1.55	0.70	0.80
Multi-family	0.10	0.05	0.08	0.30	0.20
Short-term	1.75	2.82	2.10	2.40	2.50
U.S. government securities, net offerings					
U.S. Treasury ¹	10.82	0.98	-3.39	11.16	9.30
Bills	7.91	-4.18	-10.13	8.46	5.60
Coupons	2.91	5.16	6.74	2.70	3.70
Sponsored agencies	2.57	1.78	0.28	1.58	0.61

e--estimate, f--forecast.

1. Marketable issues only.