

September 10, 1980

## **SUMMARY AND OUTLOOK**

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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										
Nominal GNP		Real GNP		Gross domestic business product fixed-weighted price index				Unemployment rate (percent)		
				Total		Excluding food and energy				
8/6/80	9/10/80	8/6/80	9/10/80	8/6/80	9/10/80	8/6/80	9/10/80	8/6/80	9/10/80	
Annual changes:										
1978 <u>1/</u>	12.0	12.0	4.4	4.4	7.6	7.6	7.2	7.2	6.0	6.0
1979 <u>1/</u>	11.3	11.3	2.3	2.3	9.5	9.5	8.1	8.1	5.8	5.8
1980 <u>1/</u>	7.6	7.9	-1.4	-1.2	9.9	10.1	7.9	8.3	7.5	7.4
1981	9.4	9.7	.1	.1	9.4	9.7	7.8	8.2	8.6	8.3
Quarterly changes:										
1979-Q1 <u>1/</u>	10.6	10.6	1.1	1.1	10.0	10.0	7.7	7.7	5.7	5.7
1979-Q2 <u>1/</u>	6.7	6.7	-2.3	-2.3	10.1	10.1	7.9	7.9	5.8	5.8
1979-Q3 <u>1/</u>	11.9	11.9	3.1	3.1	10.4	10.4	7.6	7.6	5.8	5.8
1979-Q4 <u>1/</u>	10.5	10.5	2.0	2.0	8.4	8.4	6.6	6.6	5.9	5.9
1980-Q1 <u>1/</u>	10.8	10.8	1.2	1.2	11.2	11.2	8.8	8.5	6.1	6.1
1980-Q2 <u>1/</u>	.4	.6	-9.1	-9.0	9.4	10.4	8.7	9.8	7.5	7.5
1980-Q3 <u>1/</u>	3.1	5.3	-4.1	-2.9	9.6	9.7	8.0	8.9	8.1	7.8
1980-Q4	9.9	10.9	-1.0	-.5	9.8	10.3	7.7	8.2	8.5	8.1
1981-Q1	12.0	11.6	1.9	1.2	9.9	10.3	8.1	8.4	8.8	8.4
1981-Q2	11.8	11.6	3.0	2.5	9.4	9.5	7.7	8.0	8.7	8.4
1981-Q3	10.2	9.9	2.1	2.0	8.4	8.5	7.3	7.4	8.6	8.3
1981-Q4	10.8	10.9	2.0	1.9	8.5	8.6	7.2	7.4	8.5	8.3
<u>2/</u>										
Two-quarter changes:										
1979-Q4 <u>1/</u>	11.2	11.2	2.5	2.5	9.3	9.3	7.1	7.1	.1	.1
1980-Q2 <u>1/</u>	5.5	5.6	-4.1	-4.0	10.4	10.9	8.6	9.2	1.6	1.6
1980-Q4	6.4	8.1	-2.6	-1.7	9.7	10.0	7.9	8.5	1.0	.6
1981-Q2	11.9	11.6	2.5	1.9	9.6	9.9	7.9	8.2	.2	.3
1981-Q4	10.5	10.4	2.0	2.0	8.5	8.5	7.2	7.4	-.2	-.1
<u>3/</u>										
Four-quarter changes:										
1978-Q4 <u>1/</u>	13.4	13.4	4.8	4.8	8.6	8.6	8.1	8.1	-.7	-.7
1979-Q4 <u>1/</u>	9.9	9.9	1.0	1.0	9.7	9.7	7.5	7.5	.1	.1
1980-Q4	6.0	6.8	-3.3	-2.9	10.0	10.4	8.2	8.9	2.6	2.2
1981-Q4	11.2	11.0	2.2	1.9	9.0	9.2	7.6	7.8	.0	.2

<sup>1/</sup> Actual.<sup>2/</sup> Percent change from two quarters earlier.<sup>3/</sup> Percent change from four quarters earlier.

September 10, 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			
Gross national product	2522.8	2524.6	2557.7	2625.0	2697.9	2773.1	2839.6	2914.0
Final purchases	2516.1	2511.0	2567.7	2640.0	2705.7	2768.1	2829.6	2901.0
Private	1998.9	1982.7	2030.8	2086.7	2141.3	2192.7	2242.1	2295.9
Excluding net exports	2012.5	1985.2	2025.1	2076.4	2129.5	2183.0	2235.0	2291.1
Personal consumption expenditures	1629.5	1628.6	1664.5	1705.8	1752.4	1798.4	1841.0	1885.1
Goods	872.2	850.5	865.5	884.1	906.4	930.2	951.2	973.8
Services	757.3	778.0	799.0	821.7	846.0	868.2	889.8	911.3
Gross private domestic investment	387.7	370.3	350.6	355.6	369.3	389.6	404.0	419.0
Residential construction	110.4	89.0	91.5	100.5	105.5	110.5	117.0	124.0
Business fixed investment	272.6	267.7	269.1	270.1	271.6	274.1	277.0	282.0
Change in business inventories	4.7	13.6	-10.0	-15.0	-7.8	5.0	10.0	13.0
Nonfarm	4.4	14.2	-10.0	-15.0	-7.8	5.0	10.0	13.0
Net exports of goods and services <sup>1/</sup>	-13.6	-2.5	5.7	10.3	11.8	9.7	7.1	4.8
Exports	308.1	307.1	307.2	312.9	325.4	336.1	346.2	355.9
Imports	321.7	309.7	301.5	302.6	313.6	326.3	339.1	351.1
Gov't. purchases of goods and services	517.2	528.3	536.9	553.3	564.4	575.4	587.5	605.1
Federal <sup>2/</sup>	186.2	193.3	196.5	206.5	211.1	215.3	219.5	229.1
State and local	331.0	335.0	340.4	346.8	353.3	360.1	368.0	376.0
Gross national product in constant (1972) dollars	1444.7	1410.9	1400.6	1398.7	1402.9	1411.8	1418.7	1425.5
Personal income	2057.4	2079.5	2139.5	2189.5	2229.3	2282.3	2344.5	2403.4
Wage and salary disbursements	1303.7	1310.4	1326.6	1356.1	1381.9	1411.0	1439.6	1474.7
Disposable personal income	1737.4	1755.0	1808.1	1847.7	1897.3	1938.4	1991.2	2036.5
Saving rate (percent)	3.7	4.8	5.5	5.2	5.1	4.7	5.0	4.9
Corporate profits with I.V.A. and C.C. Adj.	175.0	156.0	144.5	148.1	153.5	161.8	165.9	170.5
Corporate profits before tax	260.4	208.8	210.5	215.1	220.5	228.8	232.9	241.5
Federal government surplus or deficit (-) (N.I.A. basis)	-22.9	-48.0	-69.4	-67.3	-72.5	-62.2	-70.0	-66.1
High employment surplus or deficit (-)	3.4	5.8	4.8	19.0	20.1	32.3	27.7	35.4
State and local government surplus or deficit (-) (N.I.A. basis)	24.6	20.2	22.8	23.8	25.3	26.6	26.5	26.5
Excluding social insurance funds	-4.2	-9.7	-7.6	-7.2	-6.3	-5.6	-6.3	-6.9
Civilian labor force (millions)	104.2	104.7	105.2	105.5	105.8	106.2	106.5	106.8
Unemployment rate (percent)	6.1	7.5	7.8	8.1	8.4	8.4	8.3	8.3
Nonfarm payroll employment (millions)	91.1	90.5	90.0	90.0	89.9	90.2	90.5	90.8
Manufacturing	21.0	20.3	19.8	19.7	19.6	19.8	19.9	20.0
Industrial production (1967=100)	152.2	144.5	139.5	138.3	138.5	139.4	139.7	140.2
Capacity utilization: all mfg. (percent)	83.8	78.2	74.4	73.3	72.9	72.8	72.5	72.3
Materials (percent)	85.4	78.9	74.0	72.5	72.0	72.1	72.0	71.9
Housing starts, private (million units, A.R.)	1.26	1.05	1.30	1.30	1.30	1.35	1.35	1.35
New autos sales, (millions, A.R.)	10.65	7.68	8.80	8.90	9.00	9.20	9.40	9.70
Domestic models	7.87	5.53	6.50	6.55	6.60	6.70	6.85	7.10
Foreign models	2.77	2.14	2.30	2.35	2.40	2.50	2.55	2.60

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

CONFIDENTIAL - FR  
CLASS II FOMC

PERCENT CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS  
(Annual rates compounded quarterly)

	1980				1981			
	Q1	Q2	Q3	Q4	Projection			
<u>Constant (1972) dollars</u>								
Gross national product	1.2	-9.0	-2.9	-.5	1.2	2.5	2.0	1.9
Final purchases	1.5	-9.8	-.6	.2	.2	.7	1.2	1.5
Private	.9	-12.5	-.5	.2	.2	.8	1.2	1.6
Excluding net exports	-.8	-13.7	-1.1	.2	.5	.9	1.2	1.7
Personal consumption expenditures	.5	-9.8	-.3	-.1	1.0	1.2	1.3	1.3
Goods	-1.8	-17.2	-1.0	-1.9	-.5	.8	.8	1.2
Services	3.2	-.9	.5	2.0	2.5	1.6	1.9	1.5
Gross private domestic investment	-8.3	-25.2	-20.9	-4.1	6.3	14.1	6.5	6.7
Residential structures	-26.2	-61.8	2.0	33.5	11.4	9.9	14.8	15.2
Business fixed investment	1.7	-15.3	-7.1	-6.7	-5.9	-4.3	-3.4	-.4
Gov't. purchases of goods and services	4.2	1.9	-.7	-.1	-.1	.3	1.3	1.4
Federal	13.1	10.6	.7	.6	.6	1.1	1.7	1.5
State and local	-.7	-3.0	-1.6	-.5	-.5	-.2	1.1	1.3
Disposable personal income	.9	-5.9	2.9	-1.2	.8	-.6	2.7	.8
<u>Current dollars</u>								
Gross national product	10.8	.6	5.3	10.9	11.6	11.6	9.9	10.9
Final purchases	11.0	-.8	9.3	11.7	10.3	9.6	9.2	10.5
Private	10.4	-3.2	10.1	11.5	10.9	10.0	9.3	10.0
Excluding net exports	10.7	-5.3	8.3	10.5	10.6	10.4	9.9	10.4
Personal consumption expenditures	13.0	-.2	9.1	10.3	11.4	10.9	9.8	9.9
Goods	12.5	-9.6	7.2	8.9	10.5	10.9	9.3	9.8
Services	13.6	11.4	11.2	11.9	12.4	10.9	10.3	10.0
Gross private domestic investment	.5	-16.8	-19.6	5.8	16.3	23.9	15.6	15.7
Residential structures	-19.3	-57.8	11.7	45.5	21.4	20.3	25.7	26.2
Business fixed investment	11.6	-7.0	2.1	1.5	2.2	3.7	4.3	7.4
Gov't. purchases of goods and services	13.4	8.9	6.7	12.8	8.3	8.0	8.7	12.5
Federal	18.7	16.1	6.8	22.0	9.2	8.2	8.0	18.7
State and local	10.5	4.9	6.6	7.7	7.7	7.9	9.1	9.0
Disposable personal income	13.5	4.1	12.7	9.1	11.2	9.0	11.4	9.4
Personal income	10.9	4.4	12.0	9.7	7.5	9.8	11.4	10.4
Wage and salary disbursements	10.9	2.1	5.0	9.2	7.8	8.7	8.4	10.1
Corporate profits with IVA & C.C. Adj.	-3.1	-36.9	-26.4	10.3	15.4	23.4	10.5	11.6
Corporate profits before tax	31.9	-58.7	3.2	9.1	10.4	15.9	7.4	15.6
Nonfarm payroll employment	2.5	-2.8	-2.1	-.2	.0	1.2	1.4	1.4
Manufacturing	-.8	-11.8	-8.8	-3.6	-1.4	3.3	2.1	2.1
Nonfarm business sector								
Output per hour	-1.1	-2.9	-1.9	-.8	1.0	1.3	.8	.7
Compensation per hour	10.7	10.7	9.4	9.0	11.6	8.4	8.2	8.4
Unit labor costs	12.0	14.1	11.5	9.8	10.5	7.0	7.3	7.6
GNP implicit deflator <sup>1/</sup>	9.5	10.6	8.5	11.5	10.3	8.9	7.8	8.8
Gross domestic business product								
fixed-weighted price index <sup>2/</sup>	11.2	10.4	9.7	10.3	10.3	9.5	8.5	8.6
Excluding food and energy	8.8	8.7	8.9	8.2	8.4	8.0	7.4	7.4
Consumer price index (all urban)	17.2	13.8	7.0	11.4	11.8	10.7	9.6	9.3
Industrial production	.0	-18.8	-13.1	-3.4	.6	2.6	.9	1.4

<sup>1/</sup> Excluding Federal pay increases, the rates of change are: 1980-Q1, 9.4 percent; 1980-Q4, 10.9 percent; 1981-Q1, 10.2 percent; 1981-Q4, 8.2 percent.

<sup>2/</sup> Uses expenditures in 1972 as weights.

CONFIDENTIAL - FR  
CLASS II FOMC

GROSS 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	1650.1	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 <sup>1/</sup>	-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 <sup>2/</sup>	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 (-)	-27.2	-10.6	-7.4	-8.3	-1.7	13.2	9.0	7.0
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	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

<sup>1/</sup> Balance of payments data and details underlying these estimates are shown in the International Developments section of this part of the Greenbook.

<sup>2/</sup> Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

CONFIDENTIAL - FR  
CLASS II FOMC

PERCENT 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.

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GROSS 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	2557.0	2806.1
Final purchases	1404.0	1539.6	1692.1	1877.6	2105.2	2350.6	2558.7	2801.1
Private	1101.3	1201.2	1330.8	1481.4	1669.6	1874.2	2024.8	2218.0
Excluding net exports	1095.3	1180.8	1322.8	1491.3	1679.9	1878.8	2024.8	2209.6
Personal consumption expenditures	889.6	979.1	1089.9	1210.0	1350.8	1509.8	1657.1	1819.2
Goods	498.3	541.5	601.3	660.1	730.9	809.9	868.1	940.4
Services	391.3	437.5	488.5	549.8	619.8	699.8	789.0	878.8
Gross private domestic investment	214.6	190.9	243.0	303.3	351.5	387.2	366.0	395.5
Residential construction	55.1	51.5	68.1	91.9	108.0	114.1	97.8	114.2
Business fixed investment	150.6	150.2	164.9	189.4	221.1	254.9	269.9	276.2
Change in business inventories	8.9	-10.7	10.0	21.9	22.3	18.2	-1.7	5.0
Nonfarm	10.8	-14.3	12.1	20.7	21.3	16.5	-1.6	5.0
Net exports of goods and services <sup>1/</sup>	6.0	20.4	8.0	-9.9	-10.3	-4.6	.0	8.3
Exports	137.9	147.3	163.3	175.9	207.2	257.5	308.8	340.9
Imports	131.9	126.9	155.4	185.8	217.5	262.1	308.9	332.6
Gov't. purchases of goods and services	302.7	338.4	361.3	396.2	435.6	476.4	533.9	583.1
Federal <sup>2/</sup>	111.1	123.1	129.7	144.4	152.6	166.6	195.6	218.7
State and local	191.5	215.4	231.6	251.8	283.0	309.8	338.3	364.3
Gross national product in constant (1972) dollars	1217.8	1202.3	1273.0	1340.5	1399.2	1431.6	1413.7	1414.7
Personal income	1154.9	1255.5	1381.6	1531.6	1717.4	1924.2	2116.5	2314.9
Wage and salary disbursements	764.6	805.9	890.0	984.0	1103.3	1227.6	1324.2	1426.8
Disposable personal income	984.6	1086.7	1184.5	1305.1	1458.4	1624.3	1787.1	1965.9
Saving rate (percent)	7.3	7.7	5.8	5.0	4.9	4.5	4.8	4.9
Corporate profits with I.V.A. and C.C. Adj.	83.6	95.9	126.8	150.0	167.7	178.2	155.9	162.9
Corporate profits before tax	126.9	120.4	156.0	177.1	206.0	236.6	223.7	230.9
Federal government surplus or deficit (N.I.A. basis)	-10.7	-70.6	-53.6	-46.3	-27.7	-11.4	-51.9	-67.7
High employment surplus or deficit (-)	8.9	-21.5	-17.8	-22.1	-13.4	6.9	8.2	28.9
State and local government surplus or deficit (-) (N.I.A. basis)	7.6	6.2	17.9	26.8	27.4	24.6	22.9	26.2
Excluding social insurance funds	-2.9	-6.2	2.3	7.3	4.2	-1.9	-7.2	-6.3
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	7.4	8.3
Nonfarm payroll employment (millions)	78.3	77.0	79.4	82.5	86.7	89.9	90.4	90.4
Manufacturing	20.1	18.3	19.0	19.7	20.5	21.1	20.2	19.8
Industrial production (1967=100)	129.3	117.8	130.5	138.2	146.1	152.2	143.6	139.4
Capacity utilization: all manufacturing (percent)	83.8	72.9	79.5	81.9	84.4	85.7	77.4	72.6
Materials (percent)	87.1	73.4	81.1	82.7	85.6	87.2	77.7	72.0
Housing starts, private (million units, A.R.)	1.34	1.16	1.54	1.99	2.02	1.75	1.23	1.34
New auto sales, (millions, A.R.)	8.91	8.66	10.12	11.13	11.28	10.70	9.01	9.32
Domestic models	7.49	7.08	8.63	9.07	9.29	8.38	6.61	6.81
Foreign models	1.42	1.58	1.50	2.06	1.99	2.32	2.39	2.51

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

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PERCENT 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	-1.3	.1
Final purchases	-.7	.2	4.5	4.8	4.4	2.7	-.4	-.3
Private	-1.4	-.3	5.6	5.6	5.0	3.2	-1.1	-.4
Excluding net exports	-2.3	-1.0	6.5	6.2	5.0	2.6	-2.0	-.5
Personal consumption expenditures	-.9	1.8	5.9	5.0	4.5	2.6	-.7	.0
Goods	-3.4	.7	6.9	5.1	4.1	1.3	-3.1	-1.5
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	-13.2	-.5
Residential structures	-24.6	-13.9	23.3	20.7	4.2	-5.7	-21.9	6.5
Business fixed investment	-.3	-13.0	4.8	8.6	8.4	6.2	-2.8	-5.9
Gov't. purchases of goods and services	2.1	1.9	.2	2.0	1.8	.4	2.3	.3
Federal	-.8	.7	-.2	4.4	-2.0	.9	7.0	1.5
State and local	3.8	2.6	.5	.6	4.0	.2	-.3	-.4
Disposable personal income	-1.5	2.1	3.7	4.2	4.6	2.3	-.5	.2
<u>Current dollars</u>								
Gross national product	8.1	8.2	11.3	11.6	12.0	11.3	7.9	9.7
Final purchases	8.9	9.7	9.9	11.0	12.1	11.7	8.9	9.5
Private	8.1	9.1	10.8	11.3	12.7	12.3	8.0	9.5
Excluding net exports	8.2	7.8	12.0	12.7	12.6	11.8	7.8	9.1
Personal consumption expenditures	9.8	10.1	11.3	11.0	11.6	11.8	9.8	9.8
Goods	8.9	8.7	11.0	9.8	10.7	10.8	7.2	8.3
Services	11.1	11.8	11.7	12.5	12.7	12.9	12.7	11.4
Gross private domestic investment	-2.5	-11.0	27.3	24.8	15.9	10.2	-5.5	8.0
Residential structures	-16.7	-6.5	32.3	35.0	17.5	5.7	-14.3	16.8
Business fixed investment	10.8	-.3	9.8	14.9	16.7	15.2	5.9	2.3
Gov't. purchases of goods and services	12.3	11.8	6.8	9.7	9.9	9.4	12.1	9.2
Federal	8.7	10.7	-5.4	11.3	5.7	9.2	17.4	11.8
State and local	14.5	12.5	7.5	8.7	12.4	9.5	9.2	7.7
Disposable personal income	9.2	10.4	9.0	10.2	11.7	11.4	10.0	10.0
Personal income	9.7	8.7	10.0	10.9	12.1	12.0	10.0	9.4
Wage and salary disbursements	9.0	5.4	10.4	10.6	12.1	11.3	7.9	7.7
Corporate profits with IVA & C.C. Adj.	-15.6	14.7	32.2	18.3	11.8	6.3	-12.5	4.5
Corporate profits before tax	9.6	-5.1	29.6	13.5	16.3	14.9	-5.5	3.2
Nonfarm payroll employment	2.0	-1.7	3.1	3.9	5.1	3.7	.6	.0
Manufacturing	-.4	-8.7	3.7	3.6	4.2	2.8	-4.2	-2.0
Nonfarm business sector								
Output per hour	-3.1	1.9	3.5	1.5	.5	-1.1	-1.7	.9
Compensation per hour	9.1	9.9	8.3	7.9	8.6	9.0	9.9	9.2
Unit labor costs	12.7	7.9	4.7	6.3	8.0	10.2	11.8	8.1
GNP implicit deflator	9.7	9.6	5.2	6.0	7.3	8.8	9.4	9.6
Gross domestic business product								
fixed-weighted price index <sup>1/</sup>	10.4	9.4	5.3	6.2	7.6	9.5	10.1	9.7
Excluding food and energy	8.1	9.5	5.8	6.3	7.2	8.1	8.3	8.2
Consumer price index (all urban)	11.0	9.1	5.8	6.5	7.7	11.3	13.4	10.6
Industrial production	-.4	-8.9	10.8	5.9	5.7	4.2	-5.6	-2.9

<sup>1/</sup> Uses expenditures in 1972 weights.



FEDERAL SECTOR ACCOUNTS  
(Billions of dollars)

September 10, 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	FRB Staff Estimates Calendar quarters; unadjusted data									
								1979				1980			1981		
								IV*	I*	II*	III	IV	I	II	III		
Unified budget receipts	465.9	517.9	519.1	604.0	574.2	480.5	531.6	114.0	114.6	156.2	134.2	126.5	126.8	171.3	149.5		
Unified budget outlays	493.7	578.8	578.6	633.8	637.1	508.7	595.6	138.6	141.8	148.1	150.1	155.6	154.7	160.6	166.2		
Surplus(+)/deficit(-), unified budget	-27.7	-60.9	-59.5	-29.8	-62.9	-28.2	-64.0	-24.6	-27.2	8.2	-15.9	-29.1	-27.9	10.7	-16.7		
Surplus(+)/deficit(-), off-budget agencies 3/	-12.4	-16.1	-13.7	-21.7	-20.0	-13.2	-14.0	-1.0	-3.8	-4.4	-4.5	-1.3	-6.9	-6.6	-5.2		
Combined deficit to be financed	-40.2	-77.0	-73.2	-51.5	-82.9	-41.4	-78.0	-25.6	-31.0	3.8	-20.4	-30.4	-34.8	4.1	-21.9		
Means of financing combined deficits:																	
Net borrowing from public	33.7	69.7	68.1	45.8	76.5	37.3	77.6	18.9	19.1	5.4	24.7	28.4	23.8	1.9	22.4		
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	0.9	0.7	1.5	3.5	0.6	-1.7	4.1	-3.1	1.6	-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	21.9	16.7	19.7	25.5	19.7	7.5	7.7	5.3	1.4	5.2	3.7	5.8	5.0		
NIA Budget																	
Receipts 6/	483.7	532.1	530.7	612.3	577.2	497.6	543.2	Seasonally adjusted annual rates									
Expenditures	493.6	572.9	573.4	642.0	646.2	509.0	595.2	524.7	538.4	531.4	543.3	559.8	566.6	585.6	600.7		
Purchases (total)	162.4	188.4	188.6	211.3	213.1	166.6	195.6	540.4	561.3	579.5	612.7	627.1	639.1	647.8	670.7		
Defense	105.9	121.6	121.7	143.1	143.1	108.3	127.4	178.4	186.2	193.3	196.5	206.5	211.1	215.3	219.5		
Nondefense	56.5	66.8	66.9	68.2	70.0	58.4	68.3	114.6	119.6	124.1	128.4	137.3	141.2	145.1	148.7		
All other expenditures	331.2	384.5	384.8	430.7	433.1	342.4	399.6	63.8	66.6	69.2	68.1	69.2	69.9	70.2	70.8		
Surplus(+)/deficit(-) 6/	-9.9	-40.8	-42.7	-29.7	-69.0	-11.4	-52.0	362.0	375.1	386.2	416.2	420.6	428.0	432.5	451.2		
High employment surplus(+)/deficit(-) (NIA basis)	3.0	n.a.	5.2	n.a.	24.8	6.9	8.2	-15.7	-22.9	-48.0	-69.4	-67.3	-72.5	-62.2	-70.0		
	*--actual	e--estimated		n.a.--not available													

- OMB Mid-Session Review of the 1981 Budget, July 1980 and BEA NIA translations, July 1980.
- 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.
- Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank, and Pension Benefit Guaranty Corporation.
- Checks issued less checks paid, accrued items and other transactions.
- 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.
- 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.

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

September 10, 1980

	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	0.0	8.4	-13.6	-2.5	5.7	10.3	11.8	9.7	7.1	4.8
EXPORTS OF G&S	257.5	308.8	340.9	308.1	307.1	307.2	312.9	325.4	336.1	346.2	355.9
IMPORTS OF G&S	262.1	308.9	332.6	321.7	309.7	301.5	302.6	313.6	326.4	339.1	351.1
CONSTANT 72 \$, NET	17.6	28.2	29.2	25.0	28.0	29.7	29.9	29.3	29.2	29.3	29.1
EXPORTS OF G&S	119.9	126.7	126.0	131.7	128.4	123.9	122.6	123.6	125.2	127.0	128.3
IMPORTS OF G&S	102.3	98.5	96.8	106.7	100.4	94.2	92.7	94.2	96.0	97.7	99.3
TERMS OF TRADE (1972=100) 1/	83.8	77.8	78.7	77.6	77.5	77.5	78.1	79.1	79.0	78.5	78.4
2. U.S. MERCHANDISE TRADE BALANCE 2/	-29.5	-29.0	-23.7	-43.5	-30.1	-23.4	-19.1	-18.8	-21.5	-25.4	-29.1
EXPORTS (EXCL. MILITARY)	182.1	220.3	241.8	218.8	219.2	219.4	223.8	232.1	239.1	245.2	250.9
AGRICULTURAL	35.4	41.3	47.4	41.5	38.8	42.1	42.8	45.9	47.3	47.9	48.5
NONAGRICULTURAL	146.6	179.0	194.4	177.3	180.4	177.3	181.0	186.1	191.8	197.2	202.4
IMPORTS	211.5	249.3	265.5	262.3	249.3	242.7	242.9	250.8	260.6	270.6	280.0
PETROLEUM AND PRODUCTS	60.0	84.0	97.9	86.4	84.0	79.9	85.8	92.4	96.0	99.4	103.8
NONPETROLEUM	151.5	165.3	167.6	175.9	165.3	162.8	157.1	158.4	164.6	171.2	176.2
3. U.S. CURRENT ACCOUNT BALANCE	-0.8	4.5	10.9	-10.3	2.4	11.0	14.8	15.5	12.6	9.2	6.3
OF WHICH: NET INVESTMENT INCOME	32.5	39.0	38.8	40.5	37.9	39.2	38.3	38.4	38.4	38.9	39.7
4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/											
REAL GNP, % CHANGE, ANNUAL RATES	3.7	1.9	1.0	3.1	-1.8	0.6	0.2	1.1	1.7	2.2	2.5
CONSUMER PRICES, 4/, % CHANGE, ANNUAL RATES	7.8	11.6	8.4	14.5	12.6	9.1	8.9	8.4	7.7	7.0	6.7

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.

September 10, 1980

## **RECENT DEVELOPMENTS**

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Prepared for the Federal Open Market Committee

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

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

	1980				
	Q1	Q2 <sup>P</sup>	July <sup>P</sup>	Aug. <sup>P</sup>	Sept. <sup>f</sup>
----- Seasonally adjusted -----					
Corporate securities--total	5,220	7,650	7,525	6,625	5,600
Publicly offered bonds	1,895	5,600	5,325	4,350	3,650
Privately placed bonds	1,740	825	800	800	800
Stocks	1,585	1,225	1,300	1,475	1,200
----- Not seasonally adjusted -----					
Publicly offered bonds--total	1,954	5,879	5,300	3,900	3,600
By quality <sup>1</sup>					
Aaa and Aa <sup>2</sup>	1,020	3,230	2,675	1,300	--
Less than Aa <sup>2</sup>	934	2,649	2,625	2,600	--
By type of borrower					
Utility <sup>3</sup>	1,175	1,305	900	1,600	--
Industrial <sup>3</sup>	440	2,989	3,525	1,900	--
Financial	339	1,585	875	400	--
Stocks--total	1,518	1,278	1,200	1,300	1,200
By type of borrower					
Utility	549	506	700	500	--
Industrial	866	565	400	600	--
Financial	103	207	100	200	--

p--preliminary. f--forecast.

1. Bonds categorized according to Moody's bond ratings.

2. Includes issues not rated by Moody's.

3. Includes equipment trust certificates.

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

	Q1	Q2	July	Aug. <sup>e/</sup>	Sept. <sup>f/</sup>
----- Seasonally adjusted -----					
State and local government securities, gross offerings					
Total	4.71	6.55	7.81	6.63	6.45
Long-term	2.73	4.63	4.96	3.78	5.24
Short-term	1.98	1.92	2.85	2.85	1.21
U.S. government securities, net offerings					
U.S. Treasury <sup>1</sup>	9.55	4.87	12.84	8.92	9.42
Sponsored agencies	3.06	1.60	1.21	-1.05	0.11
----- Not seasonally adjusted -----					
State and local government securities, gross offerings					
Total	4.26	7.89	7.00	6.50	5.50
Long-term	2.60	5.07	4.60	4.00	4.00
Housing revenue bonds	0.85	1.38	0.91	0.81	1.10
Single-family	0.75	1.32	0.65	0.62	0.85
Multi-family	0.10	0.06	0.26	0.19	0.25
Short-term	1.66	2.82	2.40	2.50	1.50
U.S. government securities, net offerings					
U.S. Treasury <sup>1</sup>	10.82	0.98	11.25	12.37	0.00
Bills	7.91	-4.18	8.66	4.76	-0.60
Coupons	2.91	5.16	2.59	7.61	0.60
Sponsored agencies	2.57	1.78	1.55	-0.61	0.80

e--estimate. f--forecast.

1. Marketable issues only.