

December 12, 1980

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									
Nominal GNP		Real GNP		Total		Excluding food and energy		Unemployment rate (percent)	
11/12/80	12/12/80	11/12/80	12/12/80	11/12/80	12/12/80	11/12/80	12/12/80	11/12/80	12/12/80
Annual changes:									
1979 ^{1/}	11.3	11.3	2.3	2.3	9.5	9.5	8.1	8.1	5.8
1980	8.7	8.9	-7	-6	10.2	10.2	8.5	8.5	7.2
1981	9.8	9.9	-2	-6	10.1	10.4	7.3	9.0	8.2
1982		8.9		.4		8.4		7.7	9.2
Quarterly changes:									
1980-Q1 ^{1/}	10.8	10.8	1.2	1.2	11.2	11.2	8.5	8.5	6.1
1980-Q2 ^{1/}	.1	.1	-9.6	-9.6	10.4	10.4	9.7	9.7	7.5
1980-Q3 ^{1/}	10.2	10.8	1.0	.9	10.4	10.2	10.5	10.2	7.6
1980-Q4	15.0	17.9	2.3	4.5	10.3	10.4	9.1	9.1	7.6
1981-Q1	8.2	8.0	-1.6	-2.7	10.4	11.5	8.5	8.6	7.9
1981-Q2	9.6	7.4	.7	-2.0	9.8	10.4	8.1	8.3	8.2
1981-Q3	9.9	9.7	1.2	.4	9.4	9.6	8.0	8.2	8.3
1981-Q4	10.4	10.6	.9	1.2	9.3	8.7	7.9	8.0	8.4
1982-Q1		9.0		.7		8.0		7.6	9.0
1982-Q2		7.9		.0		7.8		7.4	9.2
1982-Q3		8.0		.2		7.7		7.3	9.2
1982-Q4		8.7		.4		7.5		7.1	9.3
Two-quarter changes: ^{2/}									
1980-Q2 ^{1/}	5.3	5.3	-4.4	-4.4	10.9	10.9	9.1	9.1	1.6
1980-Q4	12.6	14.3	1.6	2.6	10.4	10.3	7.8	10.0	.1
1981-Q2	8.9	7.7	-5	-2.3	10.1	10.9	8.2	8.5	.6
1981-Q4	10.1	10.2	1.0	.8	9.3	9.1	7.9	8.1	.2
1982-Q2		8.5		.4		7.9		7.5	.4
1982-Q4		8.3		2.8		7.6		7.2	.1
Four-quarter changes: ^{3/}									
1979-Q4 ^{1/}	9.9	9.9	1.0	1.0	9.7	9.7	7.5	7.5	.1
1980-Q4	8.9	9.7	-1.4	-.9	10.6	10.6	9.5	9.6	1.7
1981-Q4	9.5	8.9	.3	-.8	9.7	10.0	8.1	8.3	.8
1982-Q4		8.4		.3		7.7		7.4	.5

^{1/} Actual.^{2/} Percent change from two quarters earlier.^{3/} Percent change from four quarters earlier.

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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.)

	1979				1980			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Projected Q4
Gross national product	2292.1	2329.8	2396.5	2456.9	2520.8	2521.3	2586.5	2695.5
Final purchases	2272.9	2296.4	2381.9	2451.4	2516.1	2509.9	2603.3	2687.1
Private	1812.8	1829.8	1904.1	1950.2	1998.9	1981.6	2069.7	2130.5
Excluding net exports	1808.8	1837.9	1906.4	1962.1	2012.5	1983.8	2048.4	2114.1
Personal consumption expenditures	1454.2	1475.9	1528.6	1580.4	1629.5	1626.6	1683.3	1735.8
Goods	784.9	789.9	818.1	846.9	872.2	849.8	874.3	902.1
Services	669.3	686.0	710.6	733.5	757.3	776.9	808.9	833.7
Gross private domestic investment	373.8	395.4	392.3	387.2	387.7	368.5	348.4	386.7
Residential construction	111.2	112.9	116.0	116.4	110.4	88.9	94.2	103.5
Business fixed investment	243.4	249.1	261.8	265.2	272.6	268.2	270.9	274.8
Change in business inventories	19.1	33.4	14.5	5.6	4.7	11.4	-16.8	8.4
Nonfarm	18.8	32.6	12.6	2.1	4.4	12.3	-10.7	8.4
Net exports of goods and services ^{1/}	4.0	-8.1	-2.3	-11.9	-13.6	-2.2	21.3	16.4
Exports	238.5	243.7	267.3	280.4	308.1	307.0	313.2	323.7
Imports	234.4	251.9	269.5	292.4	321.7	309.2	291.9	307.3
Gov't. purchases of goods and services	460.1	466.6	477.8	501.2	517.2	528.3	533.6	556.6
Federal ^{2/}	163.6	161.7	162.9	178.4	186.2	193.3	191.4	206.4
State and local	296.5	304.9	314.9	322.8	331.0	335.0	342.2	350.2
Gross national product in constant (1972) dollar	1430.6	1422.3	1433.3	1440.3	1444.7	1408.6	1411.7	1427.2
Personal income	1852.6	1892.5	1946.6	2005.0	2057.4	2080.5	2144.6	2223.5
Wage and salary disbursements	1189.3	1212.4	1238.1	1270.5	1303.7	1310.4	1329.2	1384.1
Disposable personal income	1572.2	1601.7	1640.0	1683.1	1737.4	1755.9	1810.7	1870.1
Saving rate (percent)	5.0	5.4	4.3	3.5	3.7	4.9	4.7	4.8
Corporate profits with I.V.A. and C.C. Adj.	178.9	176.6	180.8	176.4	175.0	152.8	158.3	172.4
Corporate profits before tax	233.3	227.9	242.3	243.0	260.4	204.8	222.4	239.4
Federal government surplus or deficit (-) (N.I.A. basis)	-11.7	-7.0	-11.3	-15.7	-22.9	-49.2	-58.4	-48.3
High employment surplus or deficit (-)	-1.7	13.2	9.0	7.0	3.3	6.1	8.5	19.3
State and local government surplus or deficit (-) (N.I.A. basis)	27.6	19.7	25.3	25.8	24.6	19.5	23.9	26.9
Excluding social insurance funds	2.6	-6.3	-1.8	-2.2	-4.2	-10.4	-8.3	-6.0
Civilian labor force (millions)	102.3	102.4	103.2	103.7	104.2	104.7	105.1	105.4
Unemployment rate (percent)	5.7	5.8	5.8	5.9	6.1	7.5	7.6	7.6
Nonfarm payroll employment (millions)	89.1	89.7	90.2	90.6	91.1	90.5	90.1	90.9
Manufacturing	21.1	21.1	21.1	21.0	21.0	20.3	19.9	20.2
Industrial production (1967=100)	152.7	152.3	152.6	152.5	152.5	144.6	142.0	148.1
Capacity utilization: all mfg. (percent)	86.9	85.9	85.3	84.4	83.4	77.9	75.6	78.3
Materials (percent)	88.4	87.5	87.2	86.3	85.5	78.7	74.8	77.2
Housing starts, private (million units, A.R.)	1.67	1.82	1.81	1.59	1.26	1.05	1.41	1.40
New autos sales, (millions, A.R.)	11.56	10.65	10.79	9.80	10.65	7.68	8.80	8.95
Domestic models	9.30	8.16	8.63	7.43	7.87	5.53	6.51	6.60
Foreign models	2.25	2.49	2.16	2.37	2.77	2.14	2.29	2.35

^{1/} Balance of payments data and details underlying these estimates are shown in the International Development 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
(Annual rates compounded quarterly)

	1979				1980			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Projected Q4
<u>Constant (1972) dollars</u>								
Gross national product	1.1	-2.3	3.1	2.0	1.2	-9.6	.9	4.5
Final purchases	1.1	-3.9	6.4	3.6	1.5	-10.2	3.4	1.4
Private	1.8	-4.1	7.8	3.1	.9	-12.8	5.3	1.4
Excluding net exports	.4	-2.9	5.3	3.1	-.8	-14.1	4.0	3.2
Personal consumption expenditures	.6	-2.9	4.9	4.1	.5	-10.6	5.0	3.0
Goods	-4.4	-7.3	6.0	4.7	-1.8	-18.1	4.1	3.1
Services	7.1	2.5	3.6	3.5	3.2	-1.3	6.0	2.8
Gross private domestic investment	-.5	8.5	-12.8	-11.6	-8.3	-25.9	-17.8	30.4
Residential structures	-14.3	-7.2	-1.5	-4.5	-26.2	-61.8	16.1	32.9
Business fixed investment	4.8	-.8	10.7	-.3	1.7	-14.6	-4.9	-3.1
Gov't. purchases of goods and services	-1.8	-3.3	1.0	6.0	4.2	1.4	-4.1	1.6
Federal	7.2	-11.3	-2.6	16.0	13.1	9.5	-10.0	3.9
State and local	-6.6	1.6	3.1	.8	-.7	-3.2	-.4	.3
Disposable personal income	2.1	-1.4	.2	1.1	.9	-6.0	3.5	3.6
<u>Current dollars</u>								
Gross national product	10.6	6.7	11.9	10.5	10.8	.1	10.8	17.9
Final purchases	11.0	4.2	15.8	12.2	11.0	-1.0	15.7	13.5
Private	12.4	3.8	17.3	10.0	10.4	-3.4	19.0	12.3
Excluding net exports	10.3	6.6	15.8	12.2	10.7	-5.6	13.7	13.5
Personal consumption expenditures	11.4	6.1	15.0	14.3	13.0	-.7	14.7	13.1
Goods	7.9	2.6	15.1	14.8	12.5	-9.9	12.0	13.3
Services	15.8	10.4	15.1	13.5	13.6	10.8	17.6	12.8
Gross private domestic investment	3.6	25.2	-3.0	-5.1	.5	-18.4	-20.1	51.8
Residential structures	-8.5	6.1	11.7	1.4	-19.3	-57.8	26.2	45.5
Business fixed investment	12.9	9.6	22.0	5.4	11.6	-6.3	4.1	5.8
Gov't. purchases of goods and services	5.6	5.8	10.0	21.1	13.4	8.9	4.0	18.4
Federal	12.1	-4.6	3.1	43.8	18.7	16.1	-4.0	35.2
State and local	2.3	11.9	13.8	10.4	10.5	5.0	8.9	9.7
Disposable personal income	13.0	7.7	9.9	10.9	13.5	4.3	13.1	13.8
Personal income	11.4	8.9	11.9	12.6	10.9	4.6	12.9	15.6
Wage and salary disbursements	12.7	8.0	8.8	10.9	10.9	2.1	5.9	17.6
Corporate profits with IVA & C.C. Adj.	-12.2	-5.0	9.9	-9.4	-3.1	-41.9	15.2	40.7
Corporate profits before tax	10.8	-8.9	27.8	1.2	31.9	-61.7	39.1	34.5
Nonfarm payroll employment	4.3	2.4	2.3	1.7	2.5	-2.7	-1.6	3.3
Manufacturing	4.6	.6	-.6	-1.7	-.8	-11.7	-7.2	6.2
Nonfarm business sector								
Output per hour	-3.3	-3.9	-1.5	.8	-1.1	-3.7	1.5	-1.0
Compensation per hour	10.2	8.1	8.5	9.5	10.7	10.8	8.8	10.3
Unit labor costs	14.0	12.5	10.1	8.6	12.0	15.0	7.2	11.4
GNP implicit deflator ^{1/}	9.3	9.3	8.5	8.4	9.5	10.7	9.8	12.9
Gross domestic business product								
fixed-weighted price index ^{2/}	10.0	10.1	10.4	8.4	11.2	10.4	10.2	10.4
Excluding food and energy	7.7	7.9	7.6	7.7	8.8	8.7	10.5	9.8
Consumer price index (all urban)	11.1	13.6	12.9	13.2	17.2	13.8	7.2	12.4
Industrial production	5.4	-1.0	.8	-.3	.0	-19.2	-7.0	18.3

^{1/} Excluding Federal pay increases, rates of change were: 1979-Q1, 9.3 percent; 1979-Q4, 8.0 percent; 1980-Q1, 9.4 percent; 1980-Q4, 12.3 percent.^{2/} Uses expenditures in 1972 as weights.

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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.)

	1981				1982			
	Projected							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	2747.8	2797.0	2862.5	2935.6	2999.8	3057.2	3116.5	3182.2
Final purchases	2740.8	2804.4	2873.3	2939.6	2999.7	3057.1	3116.0	3182.0
Private	2174.1	2225.9	2282.9	2332.4	2380.8	2426.3	2472.9	2521.5
Excluding net exports	2155.3	2203.3	2254.8	2299.7	2345.6	2390.2	2435.8	2481.2
Personal consumption expenditures	1778.0	1830.4	1879.1	1920.1	1961.7	2001.8	2040.8	2077.7
Goods	923.5	951.1	975.5	995.4	1015.7	1034.9	1053.6	1070.8
Services	854.5	879.3	903.6	924.7	946.0	966.9	987.2	1006.9
Gross private domestic investment	384.3	365.5	364.9	375.6	384.0	388.5	395.5	403.7
Residential construction	100.6	94.7	95.2	95.7	95.7	95.2	96.2	98.7
Business fixed investment	276.7	278.2	280.5	283.9	288.2	293.2	298.8	304.8
Change in business inventories	7.0	-7.4	-10.8	-4.0	.1	.1	.5	.2
Nonfarm	7.0	-7.4	-10.8	-4.0	.1	.1	.5	.2
Net exports of goods and services ^{1/}	18.8	22.6	28.1	32.7	35.2	36.1	37.1	40.3
Exports	344.8	355.6	364.0	373.5	383.8	392.1	399.1	407.6
Imports	326.0	333.0	335.9	340.8	348.6	356.0	362.0	367.3
Gov't. purchases of goods and services	566.7	578.5	590.4	607.2	618.9	630.8	643.1	660.5
Federal ^{2/}	210.4	215.9	221.4	231.8	238.0	244.3	250.9	262.6
State and local	356.3	362.6	369.0	375.4	380.9	386.5	392.2	397.9
Gross national product in constant (1972) dollars	1417.6	1410.4	1411.8	1416.1	1418.7	1418.9	1419.7	1420.9
Personal income	2262.6	2306.3	2368.4	2421.9	2468.8	2516.7	2579.6	2632.9
Wage and salary disbursements	1404.0	1423.4	1447.5	1479.2	1505.2	1530.5	1556.0	1587.1
Disposable personal income	1899.7	1962.3	2014.4	2055.8	2105.9	2143.4	2181.7	2222.8
Saving rate (percent)	4.0	4.3	4.3	4.2	4.4	4.2	4.0	4.1
Corporate profits with I.V.A. and C.C. Adj.	163.4	158.1	163.8	172.1	173.8	172.5	172.4	173.8
Corporate profits before tax	229.6	225.5	232.4	241.9	246.2	247.1	249.2	252.8
Federal government surplus or deficit (-) (N.I.A. basis)	-38.3	-70.2	-81.1	-81.3	-89.1	-88.6	-88.2	-88.6
High employment surplus or deficit (-) ^{3/}	45.6	24.3	23.1	30.5	28.5	39.5	53.3	64.1
State and local government surplus or deficit (-) (N.I.A. basis)	24.2	24.5	24.8	26.3	27.5	28.0	28.7	28.8
Excluding social insurance funds	-9.3	-9.6	-9.9	-9.0	-6.1	-8.8	-8.9	-9.6
Civilian labor force (millions)	105.7	106.0	106.3	106.6	106.8	107.1	107.4	107.6
Unemployment rate (percent)	7.9	8.4	8.6	8.8	9.0	9.2	9.2	9.3
Nonfarm payroll employment (millions)	90.7	90.4	90.4	90.3	90.3	90.4	90.6	90.7
Manufacturing	20.1	19.9	19.8	19.7	19.7	19.7	19.7	19.8
Industrial production (1967=100)	145.8	143.8	143.0	143.4	143.7	143.7	143.8	143.9
Capacity utilization: all mfg. (percent)	76.3	74.9	74.7	74.7	74.6	74.5	74.4	74.2
Materials (percent)	76.0	75.1	74.6	74.7	74.5	74.3	74.2	74.1
Housing starts, private (million units, A.R.)	1.10	1.10	1.15	1.15	1.10	1.10	1.10	1.10
New autos sales, (millions, A.R.)	8.40	8.50	8.60	8.50	8.50	8.50	8.40	8.30
Domestic models	6.20	6.40	6.50	6.50	6.50	6.50	6.40	6.30
Foreign models	2.20	2.10	2.10	2.00	2.00	2.00	2.00	2.00

^{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.

^{3/} Estimates in table are evaluated at a 5.1 percent high employment unemployment rate. Evaluated at a 6.1 percent unemployment rate, the high employment budget would show a deficit of \$8 billion in 1980-Q4 and a surplus of \$1 billion in 1981-Q4, and a surplus of \$31 billion in 1982-Q4.

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

	1981				1982			
	Q1	Q2	Q3	Projected Q4	Q1	Q2	Q3	Q4
<u>Constant (1972) dollars</u>								
Gross national product	-2.7	-2.0	.4	1.2	.7	.0	.2	.4
Final purchases	-2.5	.0	.9	.3	.1	.0	.2	.4
Private	-3.1	-1	.9	.1	.1	-.1	.0	.3
Excluding net exports	-3.1	-.8	.1	-.4	.3	.1	.2	.2
Personal consumption expenditures	-1.9	1.5	1.2	.3	.9	.6	.4	.1
Goods	-4.0	1.0	.3	.0	.6	.3	.1	-.5
Services	.4	2.2	2.1	.7	1.1	1.0	.7	.7
Gross private domestic investment	-10.0	-24.9	-9.2	3.8	1.7	-2.8	-.5	.2
Residential structures	-18.5	-28.3	-6.3	-6.3	-7.8	-9.7	-3.9	2.1
Business fixed investment	-5.6	-6.3	-5.1	-3.5	-1.6	-.8	-.1	.2
Gov't. purchases of goods and services	.1	.6	.8	.8	.5	.7	.8	.8
Federal	3.6	3.8	3.9	3.9	4.1	4.3	4.5	4.5
State and local	-2.1	-1.3	-1.1	-1.0	-1.8	-1.7	-1.5	-1.6
Disposable personal income	-5.1	2.9	1.2	-.2	2.0	-.4	-.3	.4
<u>Current dollars</u>								
Gross national product	8.0	7.4	9.7	10.6	9.0	7.9	8.0	8.7
Final purchases	8.2	9.6	10.2	9.6	8.4	7.9	7.9	8.7
Private	8.4	9.9	10.6	9.0	8.6	7.9	7.9	8.1
Excluding net exports	8.0	9.2	9.7	8.2	8.2	7.8	7.9	7.7
Personal consumption expenditures	10.1	12.3	11.1	9.0	9.0	8.4	8.0	7.4
Goods	9.8	12.5	10.7	8.4	8.4	7.8	7.4	6.7
Services	10.4	12.1	11.5	9.7	9.5	9.1	8.7	8.2
Gross private domestic investment	-2.5	-18.2	-.7	12.3	9.2	4.8	7.4	8.6
Residential structures	-10.7	-21.5	2.1	2.1	.0	-2.1	4.3	10.8
Business fixed investment	2.8	2.2	3.3	4.9	6.2	7.1	7.9	8.3
Gov't. purchases of goods and services	7.5	8.6	8.5	11.9	7.9	7.9	8.0	11.3
Federal	8.0	10.9	10.6	20.2	11.1	11.0	11.3	20.0
State and local	7.2	7.3	7.2	7.1	6.0	6.0	6.9	5.9
Disposable personal income	6.5	13.8	11.1	8.5	10.1	7.3	7.3	7.8
Personal income	7.2	7.9	11.2	9.3	8.0	8.0	10.4	8.5
Wage and salary disbursements	5.9	5.6	6.9	9.1	7.2	6.9	6.8	8.2
Corporate profits with IVA & C.C. Adj.	-19.3	-12.4	15.2	21.9	4.0	-3.0	-.2	3.3
Corporate profits before tax	-15.5	-6.8	12.8	17.3	7.4	1.4	3.5	5.9
Nonfarm payroll employment	-.6	-1.3	-.3	-.3	-.1	.5	.6	.6
Manufacturing	-3.0	-4.5	-1.5	-.9	-.7	.2	.5	.6
Nonfarm business sector								
Output per hour	-2.1	-1.0	.6	1.0	1.0	.2	.2	.3
Compensation per hour	11.8	9.0	8.8	8.5	9.2	7.9	7.7	7.6
Unit labor costs	14.2	10.1	8.2	7.4	8.1	7.7	7.5	7.3
GNP implicit deflator 1/ Gross domestic business product	10.9	9.6	9.3	9.3	8.2	7.8	7.7	8.3
fixed-weighted price index 2/ Excluding food and energy	11.5	10.4	9.6	8.7	8.0	7.8	7.7	7.5
Consumer price index (all urban)	8.6	8.3	8.2	8.0	7.6	7.4	7.3	7.1
	15.1	13.3	10.3	9.4	8.7	8.5	8.3	8.2
Industrial production	-6.1	-5.4	-2.2	1.1	.8	.0	.3	.3

1/ Excluding Federal pay increases, the rates of change are: 1981-Q1, 10.9 percent; 1981-Q4, 8.7 percent; 1982-Q1, 8.2 percent; 1982-Q4, 8.3 percent.

2/ Uses expenditures in 1972 as weights.

December 12, 1980

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

	1975	1976	1977	1978	1979	1980	Projected	
							1981	1982
Gross national product	1528.8	1702.2	1899.5	2127.6	2368.8	2581.0	2835.7	3088.9
Final purchases	1539.6	1692.1	1877.6	2105.2	2350.6	2579.1	2839.5	3088.7
Private	1201.2	1330.8	1481.4	1669.6	1874.2	2045.2	2253.8	2450.4
Excluding net exports	1180.8	1322.8	1491.3	1679.9	1878.8	2039.7	2228.3	2413.2
Personal consumption expenditures	979.1	1089.9	1210.0	1350.8	1509.8	1668.8	1851.9	2020.5
Goods	541.5	601.3	660.1	730.9	809.9	874.6	961.4	1043.7
Services	437.5	488.5	549.8	619.8	699.8	794.2	890.5	976.7
Gross private domestic investment	190.9	243.0	303.3	351.5	387.2	372.8	372.6	392.9
Residential construction	51.5	68.1	91.9	108.0	114.1	99.3	96.5	96.4
Business fixed investment	150.2	164.9	189.4	221.1	254.9	271.6	279.8	296.2
Change in business inventories	-10.7	10.0	21.9	22.3	18.2	1.9	-3.8	.2
Nonfarm	-14.3	12.1	20.7	21.3	16.5	3.6	-3.8	.2
Net exports of goods and services ^{1/}	20.4	8.0	-9.9	-10.3	-4.6	5.5	25.5	37.2
Exports	147.3	163.3	175.9	207.2	257.5	313.0	359.5	395.6
Imports	126.9	155.4	185.8	217.5	262.1	307.5	333.9	358.5
Gov't. purchases of goods and services	338.4	361.3	396.2	435.6	476.4	533.9	585.7	638.3
Federal ^{2/}	123.1	129.7	144.4	152.6	166.6	194.3	219.9	248.9
State and local	215.4	231.6	251.8	283.0	309.8	339.6	365.8	389.4
Gross national product in constant (1972) dollars	1202.3	1273.0	1340.5	1399.2	1431.6	1423.1	1414.0	1419.5
Personal income	1255.5	1381.6	1531.6	1717.4	1924.2	2126.5	2339.8	2549.5
Wage and salary disbursements	805.9	890.0	984.0	1103.3	1227.6	1331.8	1438.5	1544.7
Disposable personal income	1086.7	1184.5	1305.1	1458.4	1624.3	1793.5	1983.0	2163.5
Saving rate (percent)	7.7	5.8	5.0	4.9	4.5	4.5	4.2	4.2
Corporate profits with I.V.A. and C.C. Adj.	95.9	126.8	150.0	167.7	178.2	164.6	164.4	173.2
Corporate profits before tax	120.4	156.0	177.1	206.0	236.6	231.8	232.4	248.9
Federal government surplus or deficit (N.I.A. basis)	-70.6	-53.6	-46.3	-27.7	-11.4	-44.7	-67.7	-88.6
High employment surplus or deficit (-)	-21.5	-17.8	-22.1	-13.4	6.9	9.3	30.9	46.4
State and local government surplus or deficit (-) (N.I.A. basis)	6.2	17.9	26.8	27.4	24.6	23.7	25.0	28.3
Excluding social insurance funds	-6.2	2.3	7.3	4.2	-1.9	-7.2	-9.4	-8.3
Civilian labor force (millions)	92.6	94.8	97.4	100.4	102.9	104.8	106.1	107.2
Unemployment rate (percent)	8.5	7.7	7.0	6.0	5.8	7.2	8.4	9.2
Nonfarm payroll employment (millions)	77.0	79.4	82.5	86.7	89.9	90.6	90.5	90.5
Manufacturing	18.3	19.0	19.7	20.5	21.1	20.4	19.9	19.7
Industrial production (1967=100)	117.8	130.5	138.2	146.1	152.5	146.8	144.0	143.8
Capacity utilization: all manufacturing (percent)	72.9	79.5	81.9	84.4	85.6	78.8	75.2	74.4
Materials (percent)	73.4	81.1	82.7	85.6	87.4	79.1	75.1	74.3
Housing starts, private (million units, A.R.)	1.16	1.54	1.99	2.02	1.75	1.28	1.12	1.10
New auto sales, (millions, A.R.)	8.66	10.12	11.13	11.28	10.70	9.02	8.50	8.42
Domestic models	7.08	8.63	9.07	9.29	8.38	6.63	6.40	6.42
Foreign models	1.58	1.50	2.06	1.99	2.32	2.39	2.10	2.00

^{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.

December 12, 1980

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

	1975	1976	1977	1978	1979	Projected		
						1980	1981	1982
<u>Constant (1972) dollars</u>								
Gross national product	-1.3	5.9	5.3	4.4	2.3	-.6	-.6	.4
Final purchases	.2	4.5	4.8	4.4	2.7	.1	-.5	.3
Private	-.3	5.6	5.6	5.0	3.2	-.4	-.6	.1
Excluding net exports	-1.0	6.5	6.2	5.0	2.6	-1.3	-.8	.0
Personal consumption expenditures	1.8	5.9	5.0	4.5	2.6	.0	.4	.7
Goods	.7	6.9	5.1	4.1	1.3	-2.3	-1.0	.3
Services	3.2	4.8	4.9	5.1	4.3	2.7	2.0	1.1
Gross private domestic investment	-22.3	21.6	15.4	7.1	.4	-11.3	-8.0	-2.5
Residential structures	-13.9	23.3	20.7	4.2	-5.7	-20.6	-11.1	-8.2
Business fixed investment	-13.0	4.8	8.6	8.4	6.2	-2.2	-5.6	-2.3
Gov't. purchases of goods and services	1.9	.2	2.0	1.8	.4	1.9	.1	.7
Federal	.7	-.2	4.4	-2.0	.9	5.5	2.3	4.1
State and local	2.6	.5	.6	4.0	.2	-.2	-1.2	-1.5
Disposable personal income	2.1	3.7	4.2	4.6	2.3	-.1	.1	.7
<u>Current dollars</u>								
Gross national product	8.2	11.3	11.6	12.0	11.3	9.0	9.9	8.9
Final purchases	9.7	9.9	11.0	12.1	11.7	9.7	10.1	8.8
Private	9.1	10.8	11.3	12.7	12.3	9.1	10.2	8.7
Excluding net exports	7.8	12.0	12.7	12.6	11.8	8.6	9.2	8.3
Personal consumption expenditures	10.1	11.3	11.0	11.6	11.8	10.5	11.0	9.1
Goods	8.7	11.0	9.8	10.7	10.8	8.0	9.9	8.6
Services	11.8	11.7	12.5	12.7	12.9	13.5	12.1	9.7
Gross private domestic investment	-11.0	27.3	24.8	15.9	10.2	-3.7	-.1	5.5
Residential structures	-6.5	32.3	35.0	17.5	5.7	-13.0	-2.7	-.1
Business fixed investment	-.3	9.8	14.9	16.7	15.2	6.6	3.0	5.9
Gov't. purchases of goods and services	11.8	6.8	9.7	9.9	9.4	12.1	9.7	9.0
Federal	10.7	5.4	11.3	5.7	9.2	16.6	13.1	13.2
State and local	12.5	7.5	8.7	12.4	9.5	9.6	7.7	6.4
Disposable personal income	10.4	9.0	10.2	11.7	11.4	10.4	10.6	9.1
Personal income	8.7	10.0	10.9	12.1	12.0	10.5	10.0	9.0
Wage and salary disbursements	5.4	10.4	10.6	12.1	11.3	8.5	8.0	7.4
Corporate profits with IVA & C.C. Adj.	14.7	32.2	18.3	11.8	6.3	-7.6	-.1	5.4
Corporate profits before tax	-5.1	29.6	13.5	16.3	14.9	-2.0	.3	7.1
Nonfarm payroll employment	-1.7	3.1	3.9	5.1	3.7	.8	-.1	.0
Manufacturing	-8.7	3.7	3.6	4.2	2.8	-3.2	-2.5	-1.0
Nonfarm business sector								
Output per hour	1.9	3.5	1.5	.5	-1.1	-1.1	-.8	.5
Compensation per hour	9.9	8.3	7.9	8.6	9.0	9.8	10.0	8.5
Unit labor costs	7.9	4.7	6.3	8.0	10.2	11.1	10.9	7.9
GNP implicit deflator	9.6	5.2	6.0	7.3	8.8	9.6	10.6	8.5
Gross domestic business product								
fixed-weighted price index ^{1/}	9.4	5.3	6.2	7.6	9.5	10.2	10.4	8.4
Excluding food and energy	9.5	5.8	6.3	7.2	8.1	8.5	9.0	7.7
Consumer price index (all urban)	9.1	5.8	6.5	7.7	11.3	13.4	12.2	9.2
Industrial production	-8.9	10.8	5.9	5.7	4.4	-3.8	-1.9	-.2

^{1/} Uses expenditures in 1972 weights.

FEDERAL SECTOR ACCOUNTS
(billions of dollars)

December 12, 1980

	Fiscal Year 1980	FY 1981 e/ Admin. F.R. 1/ Board		FY 1982 e/ F.R. Board	CY80e/ F.R. Board	CY81e/ F.R. Board	Calendar quarters; unadjusted data							
							1980				1981			
							I*	II*	III*	IV	I	II	III	IV
Unified budget receipts	520.0	600.1	587.7	635.8	533.0	601.4	114.6	156.2	135.2	127.0	135.1	173.6	152.0	140.7
Unified budget outlays	579.0	636.5	649.4	714.0	599.2	662.2	141.8	148.1	150.5	158.9	161.4	163.3	165.8	171.7
Surplus(+)/deficit(-), unified budget	-59.0	-36.4	-61.7	-78.2	-66.2	-60.8	-27.2	8.2	-15.4	-31.9	-26.3	10.3	-13.8	-31.0
Surplus(+)/deficit(-), off-budget agencies 2/	-14.2	-21.7	-21.6	-22.0	-15.0	-20.9	-3.8	-4.4	-4.9	-1.8	-6.0	-7.4	-6.3	-1.2
Combined deficit to be financed	-73.2	-58.1	-83.3	-100.2	-81.2	-81.7	-31.0	3.8	-20.3	-33.7	-32.3	2.9	-20.1	-32.2
Means of financing combined deficits:														
Net borrowing from public	70.5	52.4	72.7	95.7	73.6	84.4	19.1	5.4	27.1	22.0	27.0	3.1	20.6	33.7
Decrease in cash operating balance	3.2	5.0	6.0	0.0	5.6	-4.7	7.7	-5.9	-6.9	10.7	2.3	-4.0	-3.0	0.0
Other 3/	-0.6	0.7	4.6		2.0	2.0	4.1	-3.1	0.1	1.0	3.0	-2.0	2.5	-1.5
Cash operating balance, end of period	21.0	15.0	15.0	15.0	10.3	15.0	8.2	14.1	21.0	10.3	8.0	12.0	15.0	15.0
Memo: Sponsored agency borrowing 4/	24.1	16.7	25.5	20.0	22.6	22.8	7.7	5.3	3.2	7.7	-5.5	6.8	5.5	5.0
<u>NIA Budget</u>							<u>Seasonally adjusted annual rates</u>							
Receipts 5/	531.6	605.0	594.2	634.9	550.2	604.2	538.4	529.9	549.9	582.7	606.6	587.5	603.1	619.4
Expenditures	572.3	647.1	654.4	721.7	595.0	671.9	561.3	579.1	608.5	631.0	644.9	657.7	684.2	700.7
Purchases (total)	187.3	211.3	213.5	241.3	194.3	219.9	186.2	193.3	191.4	206.4	210.4	215.9	221.4	231.8
Defense	121.9	143.1	145.4	167.8	127.8	151.1	119.6	124.1	129.1	138.3	142.7	147.9	152.7	161.0
Nondefense	65.5	68.2	68.1	73.4	66.6	68.8	66.6	69.2	62.3	68.1	67.7	68.0	68.7	70.8
All other expenditures	385.0	435.8	440.9	480.4	400.7	452.0	375.1	385.8	417.1	424.6	434.5	441.8	462.8	468.9
Surplus(+)/deficit(-) 5/	-40.7	-42.1	-60.2	-86.8	-44.8	-67.7	-22.9	-49.2	-58.6	-48.3	-38.3	-70.2	-81.1	-81.3
High employment (H.E.) surplus(+)/deficit(-) evaluated at H.E. unemployment rate of:														
5.1 percent	6.2	n.a.	28.1	38.0	9.3	30.9	3.3	6.1	8.5	19.3	45.6	24.3	23.1	30.5
6.1 percent	-18.5	n.a.	-0.2	7.0	-16.4	2.0	-20.7	-19.3	-17.6	-8.0	17.0	-3.9	-5.9	0.6

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- *--actual e--estimated n.a.--not available
- OMB/BEA Mid-Session Review estimates adjusted by FRB staff for the effects of Administration's revitalization program. In its report on the Second Concurrent Resolution, the Congress recommended receipts of \$606.7 billion and outlays of \$631.7 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 (NIPA) 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.

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

December 12, 1980

	1980 ANN.	1981 ANN.	1982 ANN.	1980 Q IV	1981 Q I	1981 Q II	1981 Q III	1981 Q IV	1982 Q I	1982 Q II	1982 Q III	1982 Q IV
1. GNP NET EXPORTS												
CURRENT \$, NET	5.5	25.5	37.2	16.4	18.8	22.6	28.1	32.7	35.2	36.0	37.2	40.3
EXPORTS OF G&S	313.0	359.5	395.7	323.7	344.8	355.6	364.0	373.5	383.8	392.1	399.1	407.6
IMPORTS OF G&S	307.5	333.9	358.5	307.3	326.0	333.0	335.9	340.8	348.6	356.1	362.0	367.3
CONSTANT 72 \$, NET	28.3	30.0	31.5	27.6	27.3	29.1	31.2	32.6	32.1	31.4	31.1	31.5
EXPORTS OF G&S	128.4	130.3	133.7	125.9	128.6	129.2	130.6	132.8	133.7	133.8	133.5	133.6
IMPORTS OF G&S	100.1	100.3	102.1	98.3	101.3	100.1	99.4	100.2	101.7	102.4	102.4	102.1
TERMS OF TRADE (1972=100) 1/	79.4	82.8	84.3	82.3	83.3	82.8	82.5	82.7	83.7	84.3	84.6	84.8
2. U.S. MERCHANDISE TRADE BALANCE 2/	-25.2	-12.5	-10.6	-16.1	-16.8	-14.5	-10.6	-8.2	-8.6	-10.7	-11.8	-11.4
EXPORTS (EXCL. MILITARY)	223.4	251.3	268.0	230.5	241.6	249.6	255.2	258.6	262.7	266.1	269.4	273.8
AGRICULTURAL	42.0	50.7	54.4	43.7	49.3	51.6	51.7	50.3	52.1	53.5	55.2	56.9
NONAGRICULTURAL	181.4	200.5	213.6	186.8	192.3	198.0	203.6	208.3	210.7	212.6	214.3	216.9
IMPORTS	248.6	263.8	278.6	246.6	258.4	264.1	265.8	266.8	271.4	276.7	281.3	285.2
PETROLEUM AND PRODUCTS	79.6	92.5	95.2	78.9	87.8	93.1	95.1	93.9	94.2	95.3	95.7	95.8
NONPETROLEUM	169.0	171.3	183.4	167.7	170.6	170.9	170.8	172.9	177.2	181.5	185.6	189.4
3. U.S. CURRENT ACCOUNT BALANCE	4.4	21.1	29.9	15.7	15.3	18.9	23.9	26.2	27.2	28.7	30.3	33.4
OF WHICH: NET INVESTMENT INCOME	34.9	38.5	45.9	36.9	37.4	38.0	39.0	39.9	41.4	44.3	47.1	50.8
4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/												
REAL GNP, % CHANGE, ANNUAL RATES	1.8	0.5	2.3	1.0	0.3	0.8	1.7	1.9	2.5	2.6	2.9	3.0
CONSUMER PRICES 4/, % CHANGE, ANNUAL RATES	11.4	8.3	7.2	7.6	8.7	7.9	7.5	7.4	7.4	6.9	6.7	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.

December 12, 1980

RECENT DEVELOPMENTS

Prepared for the Federal Open Market Committee

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

III-8

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

	1980				
	Q2	Q3	Oct. ^p	Nov. ^p	Dec. ^f
----- Seasonally adjusted -----					
Corporate securities--total	7,725	6,575	4,850	3,925	4,300
Publicly offered bonds	5,780	3,945	2,300	1,300	2,300
Privately placed bonds	660	710	800	800	800
Stocks	1,285	1,920	1,750	1,825	1,200
----- Not seasonally adjusted -----					
Publicly offered bonds--total	6,062	3,873	2,600	1,300	1,800
By quality ¹					
Aaa and Aa	3,230	1,710	625	600	--
Less than Aa ²	2,832	2,163	1,975	700	--
By type of borrower					
Utility	1,305	1,060	1,400	440	--
Industrial ³	3,132	2,203	800	520	--
Financial	1,625	610	400	340	--
Memo: convertible bonds	316	369	729	380	--
Stocks--total	1,332	1,569	2,000	1,500	1,400
By type of borrower					
Utility	512	655	650	450	--
Industrial	593	704	1,100	900	--
Financial	227	210	250	150	--

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, offerings basis, billions of dollars)

	Q2	Q3	Oct.	Nov. ^{e/}	Dec. ^{f/}
----- Seasonally adjusted -----					
State and local government securities, gross offerings					
Total	6.64	7.15	6.51	5.20	6.90
Long-term	4.69	4.83	4.26	2.85	3.90
Short-term	1.95	2.32	2.25	2.35	3.00
U.S. government securities, net offerings					
U.S. Treasury ¹	4.87	8.39	2.62	8.95	5.93
Sponsored agencies	1.60	2.97	4.88	0.69	3.35
----- Not seasonally adjusted ----					
State and local government securities, gross offerings					
Total	7.94	6.52	6.10	4.90	5.40
Long-term	5.12	4.32	4.60	3.00	3.40
Housing revenue bonds	1.38	0.67	0.40	0.76	2.50
Single-family	1.32	0.48	0.38	0.76	2.40
Multi-family	0.06	0.19	0.02	0.00	0.10
Short-term	2.82	2.20	1.50	1.90	2.00
U.S. government securities, net offerings					
U.S. Treasury ¹	0.98	8.87	4.77	10.90	8.12
Bills	-4.18	4.55	2.34	6.13	3.42
Coupons	5.16	4.32	2.43	4.77	4.70
Sponsored agencies	1.78	2.12	5.27	0.30	2.79

e--estimate. f--forecast.

1. Marketable issues only.

IIIA-2

GROSS ISSUANCE OF TAX-EXEMPT SECURITIES
(In millions of dollars)

Calendar year	Mortgage Bonds			Total All Bonds
	Single-family ¹	Multifamily ²	Total	
1975	565	871	1,436	30,531
1976	1,300	1,441	2,741	35,180
1977	1,543	2,874	4,417	46,697
1978	4,566	2,483	7,049	48,512
1979	12,072	9,414	12,072	43,365
1980 ^e	12,197	1,168	13,365	47,125

e--estimate.

1. Includes state and local government general obligation bonds issued for veterans and revenue bonds.

2. Includes state and local government revenue bonds.