

CONFIDENTIAL (FR)

January 3, 1980

SUMMARY AND OUTLOOK

By the Staff
Board of Governors
of the Federal Reserve System

SUMMARY AND OUTLOOK

STAFF GNP PROJECTIONS

Percent changes, annual rate											
	Gross domestic business product fixed-weighted price index										Unemployment rate (percent)
	Nominal GNP		Real GNP		Total		Excluding food and energy				
	11/14/79	1/3/80	11/14/79	1/3/80	11/14/79	1/3/80	11/14/79	1/3/80	11/14/79	1/3/80	
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	11.0	11.4	1.9	2.3	9.7	9.7	9.1	8.2	5.9	5.8	
1980	7.5	7.8	-1.7	-1.3	9.9	10.2	7.7	8.1	7.9	7.4	
1981		9.3		.2		9.1		8.1		8.6	
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	5.7	5.7	
1979-Q3 <u>1/</u>	11.0	12.0	2.4	3.1	10.0	10.4	7.0	7.6	5.8	5.8	
1979-Q4	7.0	10.7	-2.7	1.5	10.0	9.6	7.7	8.1	6.3	5.9	
1980-Q1	5.7	4.7	-3.8	-3.7	10.2	10.5	7.7	7.8	7.1	6.6	
1980-Q2	6.7	6.0	-2.5	-3.4	10.1	11.0	8.1	8.6	7.9	7.2	
1980-Q3	8.8	8.0	.0	-1.6	9.0	9.5	7.9	8.4	8.2	7.8	
1980-Q4	10.1	9.4	.8	-.3	8.9	9.3	7.7	8.3	8.4	8.1	
1981-Q1		9.5		.4		9.3		8.3		8.3	
1981-Q2		10.0		1.2		8.9		7.9		8.5	
1981-Q3		10.0		1.6		8.3		7.3		8.7	
1981-Q4		10.8		2.0		8.3		7.3		8.8	
<u>2/</u>											
Half-year changes:											
1979-Q4	9.0	11.4	-.2	2.3	10.0	9.9	7.3	7.9	.6	.2	
1980-Q2	6.2	5.4	-3.1	-3.5	10.1	10.7	7.9	8.2	1.6	1.3	
1980-Q4	9.4	8.7	.4	-1.0	8.9	9.4	7.8	8.4	.5	.9	
1981-Q2		9.8		.8		9.1		8.1		.4	
1981-Q4		10.4		1.8		8.2		7.3		.3	
<u>3/</u>											
Yearly changes:											
1979-Q4 <u>1/</u>	13.4	13.4	4.8	4.8	8.6	8.6	8.1	8.1	-.8	-.8	
1979-Q4	8.3	10.0	-.4	.9	10.0	10.0	7.6	7.8	.5	.1	
1980-Q4	7.8	7.0	-1.4	-2.3	9.5	10.0	7.8	8.3	2.1	2.2	
1981-Q4		10.1		1.3		8.7		7.7		.7	

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

January 3, 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			
	Projected							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	2488.0	2524.8	2574.0	2632.3	2692.9	2758.0	2824.5	2898.1
Final purchases	2486.5	2529.3	2577.5	2634.3	2689.9	2752.0	2815.5	2888.1
Private	1974.7	2006.5	2043.7	2085.9	2129.9	2179.7	2230.9	2287.4
Excluding net exports	1980.2	2006.9	2039.2	2081.1	2126.8	2177.5	2229.5	2286.4
Personal consumption expenditures	1604.5	1632.1	1657.1	1688.1	1721.4	1757.2	1794.4	1836.1
Goods	845.3	852.1	857.1	868.1	880.4	894.7	909.9	928.6
Services	759.2	780.0	800.0	820.0	841.0	862.5	884.5	907.5
Gross private domestic investment	377.2	370.3	378.6	391.0	408.4	426.3	444.1	460.3
Residential construction	110.0	107.0	111.0	117.5	125.0	134.5	143.5	152.5
Business fixed investment	265.7	267.8	271.1	275.5	280.4	285.8	291.6	297.8
Change in business inventories	1.5	-4.5	-3.5	-2.0	3.0	6.0	9.0	10.0
Nonfarm	1.5	-4.5	-3.5	-2.0	3.0	6.0	9.0	10.0
Net exports of goods and services ^{1/}	-5.5	-4.4	4.5	4.9	3.1	2.2	1.4	1.0
Exports	292.8	297.1	301.0	305.7	311.5	318.3	326.7	336.5
Imports	298.3	297.5	296.4	300.9	308.4	316.1	325.3	335.5
Gov't. purchases of goods and services	511.8	522.8	533.8	548.4	560.0	572.3	584.6	600.7
Federal ^{2/}	181.4	185.4	189.5	197.0	201.5	206.0	210.3	218.5
State and local	330.4	337.4	344.3	351.4	358.5	366.3	374.3	382.2
Gross national product in constant (1972) dollars	1425.4	1413.2	1407.6	1406.4	1407.7	1411.8	1417.5	1424.6
Personal income	2046.0	2085.0	2132.7	2182.2	2223.0	2270.3	2330.3	2384.7
Wage and salary disbursements	1287.4	1303.1	1317.1	1345.5	1374.4	1401.3	1430.6	1464.3
Disposable personal income	1720.6	1752.3	1792.2	1830.8	1858.2	1894.8	1942.6	1982.9
Saving rate (percent)	4.2	4.3	4.9	5.1	4.7	4.5	4.9	4.7
Corporate profits with I.V.A. and C.C. Adj.	161.3	155.1	163.6	166.0	159.1	167.5	174.3	182.5
Corporate profits before tax	222.9	212.9	219.8	221.7	214.5	222.6	229.1	235.0
Federal government surplus or deficit (-) (N.I.A. basis)	-23.3	-30.5	-41.6	-42.2	-21.9	-14.3	-15.7	-8.8
High employment surplus or deficit (-)	33.3	42.8	44.2	52.9	84.2	98.7	102.6	113.5
State and local government surplus or deficit (-) (N.I.A. basis)	20.1	17.9	15.7	14.6	13.2	11.4	10.0	9.6
Excluding social insurance funds	-8.2	-11.0	-13.7	-15.4	-17.4	-19.8	-21.8	-22.8
Civilian labor force (millions)	104.2	104.6	104.9	105.2	105.5	105.8	106.1	106.4
Unemployment rate (percent)	6.6	7.2	7.8	8.1	8.3	8.5	8.7	8.8
Nonfarm payroll employment (millions)	89.8	89.4	89.0	88.8	88.7	88.8	88.9	89.0
Manufacturing	20.5	20.2	19.9	19.7	19.6	19.5	19.4	19.4
Industrial production (1967=100)	150.8	149.3	148.8	148.7	149.0	149.4	150.1	150.8
Capacity utilization: all mfg. (percent)	83.1	81.6	80.5	79.9	79.5	79.2	79.0	78.9
Materials (percent)	83.8	81.4	79.9	79.1	78.6	78.2	77.9	77.8
Housing starts, private (million units, A.R.)	1.30	1.40	1.55	1.65	1.75	1.80	1.90	2.00
New autos sales, (millions, A.R.)	9.20	9.10	9.20	9.20	9.30	9.40	9.60	9.90
Domestic models	7.00	7.00	7.10	7.05	7.10	7.15	7.30	7.50
Foreign models	2.20	2.10	2.10	2.15	2.20	2.25	2.30	2.40

^{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.

January 3, 1980

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

	1980				1981			
				Projected				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Constant (1972) dollars</u>								
Gross national product	-3.7	-3.4	-1.6	-.3	.4	1.2	1.6	2.0
Final purchases	-3.2	-2.6	-1.7	-.5	-.3	.7	1.2	1.9
Private	-4.2	-3.3	-2.4	-.9	-.6	.5	1.1	2.0
Excluding net exports	-5.0	-4.3	-2.7	-.8	-.3	.7	1.3	2.1
Personal consumption expenditures	-3.7	-3.3	-3.0	-1.4	-1.1	-.3	.4	1.3
Goods	-7.7	-7.3	-6.4	-3.3	-3.0	-1.8	-1.2	.4
Services	1.1	1.3	.8	.8	.9	1.3	2.0	2.2
Gross private domestic investment	-14.2	-14.2	-.3	3.6	8.6	8.9	8.3	6.3
Residential structures	-27.2	-19.0	4.8	13.6	17.0	23.0	19.4	17.6
Business fixed investment	-4.2	-5.1	-3.3	-1.7	-1.3	-.1	.3	1.1
Gov't. purchases of goods and services	1.2	.8	1.0	1.1	.9	1.6	1.4	1.3
Federal	3.1	2.2	2.8	2.6	2.4	3.2	2.3	2.4
State and local	.2	.0	.0	.2	.0	.6	.9	.7
Disposable personal income	-1.3	-3.4	.5	-.5	-2.9	-.8	2.0	.3
<u>Current dollars</u>								
Gross national product	4.7	6.0	8.0	9.4	9.5	10.0	10.0	10.8
Final purchases	5.4	7.1	7.9	9.1	8.7	9.6	9.6	10.7
Private	4.3	6.6	7.6	8.5	8.7	9.7	9.7	10.5
Excluding net exports	5.1	5.5	6.6	8.5	9.1	9.9	9.9	10.6
Personal consumption expenditures	7.2	7.1	6.3	7.7	8.1	8.6	8.7	9.6
Goods	2.6	3.3	2.4	5.2	5.8	6.7	7.0	8.5
Services	12.6	11.4	10.7	10.4	10.6	10.6	10.6	10.8
Gross private domestic investment	-7.3	-7.1	9.3	13.8	19.0	18.7	17.8	15.4
Residential structures	-19.1	-10.5	15.8	25.6	28.1	34.0	29.6	27.5
Business fixed investment	4.3	3.2	5.0	6.7	7.3	7.9	8.4	8.8
Gov't. purchases of goods and services	9.7	8.9	8.7	11.4	8.7	9.1	8.9	11.5
Federal	10.1	9.1	9.1	16.8	9.5	9.2	8.6	16.5
State and local	9.5	8.7	8.4	8.5	8.3	9.0	9.0	8.7
Disposable personal income	9.7	7.6	9.4	8.9	6.1	8.1	10.5	8.6
Personal income	8.8	7.8	9.5	9.6	7.7	8.8	11.0	9.7
Wage and salary disbursements	5.8	5.0	4.4	8.9	8.9	8.1	8.6	9.9
Corporate profits with IVA & C.C. Adj.	-42.1	-14.5	23.8	6.0	-15.6	22.9	17.3	20.2
Corporate profits before tax	-36.8	-16.8	13.6	3.5	-12.4	16.0	12.3	10.6
Nonfarm payroll employment	-1.3	-2.0	-1.9	-.9	-.1	.4	.3	.5
Manufacturing	-7.2	-6.2	-4.5	-4.2	-2.4	-2.0	-.9	-.6
Nonfarm business sector	-1.6	-.5	1.0	.8	.7	1.0	1.1	1.4
Output per hour	10.3	9.0	9.3	9.3	12.0	8.3	9.0	9.0
Compensation per hour	12.1	9.5	8.2	8.4	11.2	7.2	7.8	7.5
Unit labor costs								
GNP implicit deflator ^{1/}	8.7	9.7	9.8	9.7	9.1	8.8	8.3	8.6
Gross domestic business product								
fixed-weighted price index ^{2/}	10.5	11.0	9.5	9.3	9.3	8.9	8.3	8.3
Excluding food and energy	7.8	8.6	8.4	8.3	8.3	7.9	7.3	7.3
Consumer price index (all urban)	15.6	11.5	8.3	9.2	9.5	9.4	9.0	9.0
Industrial production	-2.2	-3.8	-1.4	-.4	.9	1.2	1.9	1.8

^{1/} Excluding Federal pay increases, the rates of change are: 1980-Q1, 3.7 percent; 1980-Q4, 9.2 percent; 1981-Q1, 9.1 percent; 1981-Q4, 8.1 percent.^{2/} Uses expenditures in 1972 as weights.

January 3, 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	Projected Q4
Gross national product	2011.3	2104.2	2159.6	2235.2	2292.1	2329.3	2396.5	2459.5
Final purchases	1988.5	2078.4	2139.5	2214.5	2272.9	2296.4	2381.9	2454.0
Private	1569.1	1650.1	1698.6	1760.7	1812.8	1829.8	1904.1	1953.9
Excluding net exports	1591.3	1657.7	1705.4	1765.2	1808.8	1837.9	1906.4	1955.7
Personal consumption expenditures	1287.2	1331.2	1369.3	1415.4	1454.2	1475.9	1528.6	1576.8
Goods	691.2	722.1	740.2	770.2	784.9	789.9	818.1	839.8
Services	596.0	609.1	629.1	645.1	669.3	686.0	710.6	737.0
Gross private domestic investment	327.0	352.3	356.2	370.5	373.8	395.4	392.3	384.4
Residential construction	100.5	107.7	110.2	113.7	111.2	112.9	116.0	116.0
Business fixed investment	203.7	218.8	225.9	236.1	243.4	249.1	261.8	262.9
Change in business inventories	22.8	25.8	20.0	20.6	19.1	33.4	14.5	5.5
Nonfarm	22.0	25.3	18.5	19.3	18.8	32.6	12.6	2.0
Net exports of goods and services ^{1/}	-22.2	-7.6	-6.8	-4.5	4.0	-8.1	-2.3	-1.8
Exports	184.4	205.7	213.8	224.9	238.5	243.7	267.3	285.6
Imports	206.6	213.3	220.6	229.4	234.4	251.9	269.5	287.4
Gov't. purchases of goods and services	419.4	428.3	440.9	453.8	460.1	466.6	477.8	500.1
Federal ^{2/}	150.9	148.2	152.3	159.0	163.6	161.7	162.9	177.1
State and local	268.5	280.1	288.6	294.8	296.5	304.9	314.9	323.0
Gross national product in constant (1972) dollar	1367.8	1395.2	1407.3	1426.6	1430.6	1422.3	1433.3	1438.8
Personal income	1634.8	1689.3	1742.5	1803.1	1852.6	1892.5	1946.6	2003.5
Wage and salary disbursements	1052.0	1090.0	1116.8	1154.3	1189.3	1212.4	1238.1	1269.4
Disposable personal income	1395.0	1437.3	1476.5	1524.8	1572.2	1601.7	1640.0	1681.2
Saving rate (percent)	5.3	5.0	4.8	4.7	5.0	5.4	4.3	3.7
Corporate profits with I.V.A. and G.C. Adj.	141.2	169.4	175.2	184.8	178.9	176.6	180.8	184.9
Corporate profits before tax	177.5	207.2	212.0	227.4	233.3	227.9	242.3	250.0
Federal government surplus or deficit (-) (N.I.A. basis)	-49.4	-24.6	-20.4	-16.3	-11.7	-7.0	-11.3	-10.4
High employment surplus or deficit (-)	-20.4	-4.7	-1.0	-0.8	7.9	20.2	18.7	26.7
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	23.6
Excluding social insurance funds	7.9	6.5	-0.9	3.3	2.6	-6.3	-1.8	-4.1
Civilian labor force (millions)	99.3	100.1	100.8	101.5	102.5	102.3	103.2	103.7
Unemployment rate (percent)	6.2	6.0	6.0	5.8	5.7	5.7	5.8	5.9
Nonfarm payroll employment (millions)	84.8	86.3	86.9	87.8	88.7	89.4	89.8	90.1
Manufacturing	20.2	20.4	20.5	20.8	21.0	21.1	21.0	20.9
Industrial production (1967=100)	140.8	145.1	147.9	150.7	152.2	151.9	152.3	151.6
Capacity utilization: all mfg. (percent)	82.0	83.9	85.2	86.4	86.7	85.9	85.4	84.3
Materials (percent)	82.6	85.0	86.4	88.2	88.0	87.3	87.1	85.9
Housing starts, private (million units, A.R.)	1.81	2.10	2.04	2.08	1.62	1.83	1.83	1.56
New autos sales, (millions, A.R.)	10.80	12.12	11.16	11.07	11.55	10.66	10.77	9.40
Domestic models	8.80	10.01	9.19	9.06	9.13	8.00	8.49	7.20
Foreign models	2.00	2.11	1.98	2.00	2.42	2.66	2.28	2.20

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AND RELATED ITEMS
(Annual rates compounded quarterly)

	1978				1979			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Projected Q4
<u>Constant (1972) dollars</u>								
Gross national product	1.9	8.3	3.5	5.6	1.1	-2.3	3.1	1.3
Final purchases	.4	8.7	4.6	5.7	1.1	-3.9	6.4	2.8
Private	.8	10.7	4.4	6.7	1.8	-4.1	7.8	2.2
Excluding net exports	1.0	7.9	4.1	6.9	.4	-2.9	5.3	1.1
Personal consumption expenditures	.8	5.6	4.8	6.8	.6	-2.9	4.9	2.9
Goods	-4.7	9.2	4.2	9.9	-4.4	-7.3	6.0	1.2
Services	7.9	1.4	5.5	3.2	7.1	2.5	3.6	4.8
Gross private domestic investment	12.3	15.7	-5.0	6.6	-5	8.5	-12.8	-14.2
Residential structures	-4.7	11.0	-4.9	-1.1	-14.3	-7.2	-1.5	-9.1
Business fixed investment	4.6	23.2	3.9	11.3	4.8	-8	10.7	-6.1
Gov't. purchases of goods and services	-1.2	.9	5.0	1.8	-1.8	-3.3	1.0	5.4
Federal	-7.4	-12.3	8.2	3.2	7.2	-11.3	-2.6	14.3
State and local	2.7	9.3	3.3	1.0	-6.6	1.6	3.1	.7
Disposable personal income	2.0	4.0	4.2	6.4	2.1	-1.4	.2	.4
<u>Current dollars</u>								
Gross national product	8.4	19.8	10.9	14.8	10.6	6.7	11.9	10.9
Final purchases	7.5	19.3	12.3	14.8	11.0	4.2	15.8	12.7
Private	7.7	22.3	12.3	15.4	12.4	3.8	17.3	10.9
Excluding net exports	8.8	17.8	12.0	14.8	10.3	6.6	15.8	10.7
Personal consumption expenditures	9.0	14.4	11.9	14.2	11.4	6.1	15.0	13.2
Goods	3.3	19.1	10.4	17.2	7.9	2.6	13.1	11.1
Services	16.1	9.1	13.8	10.6	15.8	10.4	15.1	15.7
Gross private domestic investment	13.3	34.8	4.5	17.1	3.6	25.2	-3.0	-7.8
Residential structures	2.4	32.0	9.5	13.5	-8.5	6.1	11.7	.0
Business fixed investment	10.6	33.3	13.7	19.3	12.9	9.6	22.0	1.8
Gov't. purchases of goods and services	6.5	8.8	12.3	12.2	5.6	5.8	10.0	20.0
Federal	-9	-7.0	11.7	18.7	12.1	-4.6	3.1	39.7
State and local	11.1	18.5	12.6	8.9	2.3	11.8	13.8	10.7
Disposable personal income	10.3	12.7	11.4	13.8	13.0	7.7	9.9	10.4
Personal income	10.0	14.0	13.2	14.7	11.4	9.9	11.9	12.2
Wage and salary disbursements	11.7	15.3	10.2	14.1	12.7	8.0	8.8	10.5
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	13.6
Nonfarm payroll employment	4.6	7.1	2.8	4.4	4.3	2.9	1.8	1.7
Manufacturing	5.8	3.8	1.3	5.5	5.0	.8	-1.3	-2.5
Nonfarm business sector								
Output per hour	-9	1.9	2.7	.8	-3.2	-4.1	-7	1.0
Compensation per hour	11.4	7.5	8.8	8.8	10.4	7.9	8.5	8.4
Unit labor costs	12.4	5.4	6.0	8.0	14.0	12.5	9.3	7.3
GNP implicit deflator ^{1/}	6.3	10.6	7.2	8.7	9.3	9.3	8.5	9.3
Gross domestic business product								
fixed-weighted price index ^{2/}	6.6	10.5	8.8	8.7	10.0	10.1	10.4	9.6
Excluding food and energy	5.5	9.4	8.9	8.7	7.7	7.9	7.6	8.1
Consumer price index (all urban)	7.8	10.2	8.8	9.1	11.1	13.6	12.9	13.0
Industrial production	1.4	12.8	7.9	7.8	4.0	-8	1.1	-1.8

^{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, 8.6 percent.^{2/} Uses expenditures in 1972 as weights.

January 3, 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	Projected		
						1979	1980	1981
Gross national product	1412.9	1528.8	1702.2	1899.5	2127.6	2369.5	2554.8	2793.4
Final purchases	1404.0	1539.6	1692.1	1877.6	2105.2	2351.3	2556.9	2786.4
Private	1101.3	1201.2	1330.8	1481.4	1669.6	1875.2	2027.7	2207.0
Excluding net exports	1095.3	1186.8	1322.8	1491.3	1679.9	1877.2	2026.8	2205.0
Personal consumption expenditures	889.6	979.1	1089.9	1210.0	1350.8	1508.9	1645.4	1777.3
Goods	498.3	541.5	601.3	660.1	730.9	808.2	855.6	903.4
Services	391.3	437.5	488.5	549.8	619.8	700.7	789.8	873.9
Gross private domestic investment	214.6	190.9	243.0	303.3	351.5	386.5	379.3	434.8
Residential construction	55.1	51.5	68.1	91.9	108.0	114.0	111.4	138.9
Business fixed investment	150.6	150.2	164.9	189.4	221.1	254.3	270.0	288.9
Change in business inventories	8.9	-10.7	10.0	21.9	22.3	18.1	-2.1	7.0
Nonfarm	10.8	-14.3	12.1	20.7	21.3	16.5	-2.1	7.0
Net exports of goods and services ^{1/}	6.0	20.4	8.0	-9.9	-10.3	-2.0	.9	1.9
Exports	137.9	147.3	163.3	175.9	207.2	258.8	299.2	232.2
Imports	131.9	126.9	155.4	185.8	217.5	260.8	298.3	321.3
Gov't. purchases of goods and services	302.7	338.4	361.3	396.2	435.6	476.1	529.2	579.4
Federal ^{2/}	111.1	123.1	129.7	144.4	152.6	166.3	188.3	209.1
State and local	191.5	215.4	231.6	251.8	283.0	309.8	340.9	370.3
Gross national product in constant (1972) dollars	1217.8	1202.3	1273.0	1340.5	1399.2	1413.3	1413.2	1415.4
Personal income	1154.9	1255.5	1381.6	1531.6	1717.4	1923.8	2111.5	2302.1
Wage and salary disbursements	764.6	805.9	890.0	984.0	1103.3	1227.3	1313.3	1417.8
Disposable personal income	984.6	1086.7	1184.5	1305.1	1458.4	1623.8	1774.0	1919.6
Saving rate (percent)	7.3	7.7	5.8	5.0	4.9	4.6	4.6	4.7
Corporate profits with I.V.A. and C.C. Adj.	83.6	95.9	126.8	150.0	167.7	180.3	161.3	170.8
Corporate profits before tax	126.9	120.4	156.0	177.1	206.0	238.4	219.3	225.3
Federal government surplus or deficit (N.I.A. basis)	-10.7	-70.6	-53.6	-46.3	-27.7	-10.1	-34.4	-15.2
High employment surplus or deficit (-)	14.9	-27.4	-20.2	-19.0	-6.7	18.4	43.3	99.7
State and local government surplus or deficit (-) (N.I.A. basis)	7.6	6.2	17.9	26.8	27.4	24.1	17.1	11.1
Excluding social insurance funds	-2.9	-6.2	2.3	7.3	4.2	-2.4	-12.1	-20.4
Civilian labor force (millions)	91.0	92.6	94.8	97.4	100.4	102.9	104.8	106.0
Unemployment rate (percent)	5.6	8.5	7.7	7.0	6.0	5.8	7.4	8.6
Nonfarm payroll employment (millions)	78.3	77.0	79.4	82.4	86.4	89.5	89.2	88.9
Manufacturing	20.1	18.3	19.0	19.7	20.5	21.0	20.1	19.5
Industrial production (1967=100)	129.3	117.8	130.5	138.2	146.1	152.0	149.4	149.8
Capacity utilization: all manufacturing (percent)	83.8	72.9	79.5	81.9	84.4	85.6	81.3	79.1
Materials (percent)	87.1	73.4	81.1	82.7	85.6	87.1	81.0	78.1
Housing starts, private (million units, A.R.)	1.34	1.16	1.54	1.99	2.02	1.71	1.47	1.86
New auto sales, (millions, A.R.)	8.91	8.66	10.12	11.13	11.29	10.59	9.17	9.55
Domestic models	7.49	7.08	8.63	9.07	9.27	8.20	7.04	7.26
Foreign models	1.42	1.58	1.50	2.06	2.02	2.39	2.14	2.29

^{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.

January 3, 1980

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

	1974	1975	1976	1977	1978	Projected		
						1979	1980	1981
<u>Constant (1972) dollars</u>								
Gross national product	-1.4	-1.3	5.9	5.3	4.4	2.3	-1.3	-.2
Final purchases	-.7	.2	4.5	4.8	4.4	2.6	-.5	-.2
Private	-1.4	-.3	5.6	5.6	5.0	3.2	-1.0	-.5
Excluding net exports	-2.3	-1.0	6.5	6.2	5.0	2.5	-1.8	-.4
Personal consumption expenditures	-.9	1.8	5.9	5.0	4.5	2.6	-1.1	-1.1
Goods	-3.4	.7	6.9	5.1	4.1	1.1	-3.9	-3.2
Services	2.3	3.2	4.8	4.9	5.1	4.3	2.2	1.2
Gross private domestic investment	-11.4	-22.3	21.6	15.4	7.1	.2	-10.1	4.9
Residential structures	-24.6	-13.9	23.3	20.7	4.2	-6.0	-12.1	13.7
Business fixed investment	-.3	-13.0	4.8	8.6	8.4	5.9	-2.5	-1.3
Gov't. purchases of goods and services	2.1	1.9	.2	2.0	1.8	.4	1.6	1.2
Federal	-.8	.7	-.2	4.4	-2.0	.7	3.1	2.6
State and local	3.8	2.6	.5	.6	4.0	.2	.7	.3
Disposable personal income	-1.5	2.1	3.7	4.2	4.6	2.2	-.9	-.9
<u>Current dollars</u>								
Gross national product	8.1	8.2	11.3	11.6	12.0	11.4	7.8	9.3
Final purchases	8.9	9.7	9.9	11.0	12.1	11.7	8.7	9.0
Private	8.1	9.1	10.8	11.3	12.7	12.3	8.1	8.8
Excluding net exports	8.2	7.8	12.0	12.7	12.6	11.7	8.0	8.8
Personal consumption expenditures	9.8	10.1	11.3	11.0	11.6	11.7	9.1	8.0
Goods	8.9	8.7	11.0	9.8	10.7	10.6	5.9	5.6
Services	11.1	11.8	11.7	12.5	12.7	13.1	12.7	10.6
Gross private domestic investment	-2.5	-11.0	27.3	24.8	15.9	10.0	-1.9	14.6
Residential structures	-16.7	-6.5	32.3	35.0	17.5	5.6	-2.3	24.7
Business fixed investment	10.8	-.3	9.8	14.9	16.7	15.0	6.2	7.0
Gov't. purchases of goods and services	12.3	11.8	6.8	9.7	9.9	9.3	11.1	9.5
Federal	8.7	10.7	5.4	11.3	5.7	9.0	13.2	11.0
State and local	14.5	12.5	7.5	8.7	12.4	9.5	10.0	8.6
Disposable personal income	9.2	10.4	9.0	10.2	11.7	11.3	9.2	8.2
Personal income	9.7	8.7	10.0	10.9	12.1	12.0	9.8	9.0
Wage and salary disbursements	9.0	5.4	10.4	10.6	12.1	11.2	7.0	8.0
Corporate profits with IVA & C.C. Adj.	-15.6	14.7	32.2	18.3	11.8	7.5	-10.4	5.8
Corporate profits before tax	9.6	-5.1	29.6	13.5	16.3	15.7	-8.0	2.7
Nonfarm payroll employment	2.0	-1.7	3.1	3.8	4.9	3.5	-.3	-.4
Manufacturing	-.4	-8.7	3.7	3.6	4.0	2.5	-4.4	-2.9
Nonfarm business sector								
Output per hour	-2.9	1.9	3.5	1.8	.5	-1.0	-.5	.8
Compensation per hour	9.4	9.9	8.3	8.0	8.6	8.9	9.1	9.7
Unit labor costs	12.7	7.8	4.7	6.3	8.0	10.0	9.7	8.8
GNP implicit deflator	9.7	9.6	5.2	6.0	7.3	8.9	9.2	9.1
Gross domestic business product								
fixed-weighted price index ^{1/}	10.4	9.4	5.3	6.2	7.6	9.7	10.2	9.1
Excluding food and energy	8.1	9.5	5.8	6.3	7.2	8.2	8.1	8.1
Consumer price index (all urban)	11.0	9.1	5.8	6.5	7.7	11.2	12.5	9.3
Industrial production	-.4	-8.9	10.8	5.9	5.7	4.0	-1.7	.3

^{1/} Uses expenditures in 1972 weights.

FEDERAL SECTOR ACCOUNTS
(billions of dollars)

January 3, 1980

	Fiscal Year 1979*	FY 1980 e/3/ Admin. 1/2/	FY 1980 e/3/ F.R. Board	FY 1981e/ F.R. Board	Cy79e/ F.R. Board	Cy80e/ F.R. Board	Calendar quarters; unadjusted data												FRB Staff Estimates			
							1978				1979				1980							
							IV*	I*	II*	III*	IV	I	II	III	IV							
Unified budget receipts	465.9	513.9	514.2	581.5	480.4	526.5	99.5	102.1	144.4	119.9	114.0	112.3	152.0	135.8	126.4							
Unified budget outlays	493.2 ^{4/}	547.1	552.0	612.0	509.2	566.9	123.2	122.6	123.1	124.4	139.1	134.6	137.7	140.6	154.0							
Surplus(+)/Deficit(-), unified budget	-27.3	-33.2	-37.8	-30.5	-28.8	-40.4	-23.7	-20.5	21.4	-4.5	-25.1	-22.3	14.3	-4.8	-27.6							
Surplus(+)/Deficit(-), off-budget agencies ^{7/}	-12.4	-20.0 ^{5/}	-17.8	n.a.	-14.1	-17.0	-0.1	-3.0	-5.1	-4.1	-1.9	-5.8	-5.7	-4.3	-1.2							
Combined deficit to be financed	-39.7	-53.2	-55.6	n.a.	-42.9	-57.4	-23.8	-23.5	16.3	-8.6	-27.0	-28.1	8.6	-9.1	-28.8							
Means of financing combined deficits:																						
Net borrowing from public	33.7	42.0	42.3	n.a.	36.4	48.1	15.3	10.6	-4.6	12.4	18.0	17.2	1.3	5.8	23.8							
Decrease in cash operating balance	-1.8	9.2 ^{6/}	9.2	n.a.	0.4	3.9	6.1	8.6	-9.8	-6.7	8.3	7.9	-8.0	1.0	3.0							
Other ^{8/}	7.7	2.0 ^{6/}	4.2	n.a.	5.9	5.5	2.5	4.2	-1.9	2.9	0.7	3.0	-2.0	2.5	2.0							
Cash operating balance, end of period	24.2	15.0	15.0	n.a.	15.9	12.0	16.3	7.7	17.5	24.2	15.9	8.0	16.0	15.0	12.0							
Memo: Sponsored agency borrowing ^{9/}	22.1	n.a.	24.3	n.a.	24.5	21.0	4.9	6.4	6.0	4.8	7.3	5.0	6.0	6.0	4.0							
<u>NIA Budget ^{10/}</u>							<u>Seasonally adjusted annual rates</u>															
Receipts	479.0	525.3	533.3	594.2	497.7	539.8	463.5	475.0	485.8	504.8	525.1	527.2	532.0	543.1	556.9							
Expenditures	493.9	546.9	558.3	617.7	507.0	574.2	479.7	486.8	492.9	516.1	535.4	550.5	562.6	584.6	599.1							
Purchases (total)	161.8	178.7	183.3	203.7	166.3	188.3	159.0	163.6	161.7	162.9	177.1	181.4	185.4	189.5	197.0							
Defense	104.9	116.0	118.7	131.5	108.3	121.9	101.2	103.4	106.0	109.0	114.8	117.3	120.0	122.7	127.6							
Nondefense	56.9	62.7	64.6	72.1	58.0	66.4	57.8	60.2	55.7	53.9	62.3	64.1	65.4	66.8	69.4							
All other expenditures	332.1	368.2	375.0	414.0	341.5	385.9	320.7	323.2	331.2	353.2	358.3	369.1	377.2	395.1	402.1							
Surplus(+)/Deficit(-) ^{11/}	-14.9	-21.6	-25.1	-23.5	-10.1	-34.4	-16.3	-11.7	-7.0	-11.3	-10.3	-23.3	-30.6	-41.5	-42.2							
High Employment Surplus(+)/ Deficit(-) (NTA basis) ^{12/}	11.5	n.a.	36.8	84.6	18.4	43.3	-0.8	7.9	20.2	18.7	26.7	33.3	42.8	44.2	52.9							
		*--actual		e--estimated			n.a.--not available															

- Administration estimates as of October 11, 1979, except as noted.
- Administration NIA estimates are from OMB Mid-Session Review of the 1980 Budget, July 12, 1979.
- In the Second Concurrent Resolution on the Budget, Fiscal Year 1980, (November 28, 1979), Congress approved receipts of \$517.8 billion and outlays of \$547.6 billion.
- Excludes \$0.4 billion of outlays for the Exchange Stabilization Fund in order to be consistent with all historical data and Treasury reporting practices.
- Confidential administration estimate as of September 4, 1979.
- Estimate from OMB Mid-Session Review of the 1980 Budget, July 12, 1979.
- 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.
- Includes Federal Home Loan Banks, FNMA, Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives marketable debt on an offerings basis.
- All NIA data incorporate the Department of Commerce's July 1979 GNP revisions.
- The fiscal year totals are translations of the OMB Mid-Session Review of the 1980 Budget, July 1979; the translations 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 staff estimates comparable.
- FRB staff estimates are consistent with the Council's new potential GNP series as reported in the Economic Report of the President, January 1979.

CONFIDENTIAL (FR)
CLASS 11 FORC

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

January 3, 1979

	1979 ANN.	1980 ANN.	1981 ANN.	1979 Q I	1979 Q II	1979 Q III	1979 Q IV	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	-2.0	0.9	1.9	4.0	-8.1	-2.3	-1.8	-5.5	-0.4	4.5	4.9	3.1	2.2	1.4	1.0
EXPORTS OF G&S	258.8	299.2	323.2	238.5	243.7	267.3	285.6	292.8	297.1	301.0	305.7	311.5	318.3	326.7	336.5
IMPORTS OF G&S	260.8	298.3	321.3	234.4	251.9	269.5	287.4	298.3	297.5	296.4	300.9	308.4	316.1	325.3	335.5
CONSTANT 72 \$, NET	18.4	27.8	27.1	17.0	13.1	20.1	23.4	25.6	28.2	28.9	28.4	27.6	27.2	26.7	26.8
EXPORTS OF G&S	120.1	122.9	121.8	117.0	116.0	122.2	125.3	124.2	123.3	122.3	121.8	121.4	121.4	121.8	122.7
IMPORTS OF G&S	101.7	95.1	94.7	100.0	102.9	102.1	101.9	98.6	95.1	93.4	93.4	93.8	94.2	95.0	95.9
TERMS OF TRADE (1972=100) 1/	84.0	77.6	78.2	87.0	85.8	82.8	80.8	77.9	77.0	77.5	77.9	78.0	78.2	78.4	78.4
2. U.S. MERCHANDISE TRADE BALANCE 2/	-28.1	-27.8	-30.9	-24.5	-30.9	-29.1	-28.0	-33.2	-28.3	-25.2	-24.7	-27.2	-29.3	-32.2	-35.0
EXPORTS (EXCL. MILITARY)	182.7	213.7	229.8	165.4	171.2	189.3	205.0	208.7	213.0	214.8	218.4	222.4	226.8	231.9	238.3
AGRICULTURAL	35.2	38.7	41.1	30.6	30.9	38.4	41.0	39.3	39.3	37.9	38.2	39.2	40.4	41.7	43.1
NONAGRICULTURAL	147.5	175.0	188.7	134.8	140.2	150.9	164.0	169.4	173.7	176.9	180.1	183.2	186.4	190.2	195.2
IMPORTS	210.8	241.6	260.7	189.9	202.0	218.5	232.9	241.9	241.3	240.0	243.0	249.6	256.1	264.1	273.3
PETROLEUM AND PRODUCTS	59.4	83.8	89.0	46.6	51.6	66.5	72.9	82.7	84.6	83.9	84.2	85.9	87.8	89.8	92.4
NONPETROLEUM	151.4	157.7	171.7	143.3	150.4	152.0	160.0	159.2	156.7	156.1	158.9	163.6	168.2	174.3	180.8
3. U.S. CURRENT ACCOUNT BALANCE	0.5	4.6	8.2	1.7	-4.2	3.0	1.6	-2.8	3.3	8.6	9.1	7.4	7.3	8.4	9.8
OF WHICH: NET INVESTMENT INCOME	30.9	32.4	38.2	27.5	29.9	35.2	31.0	31.4	31.8	33.2	33.1	33.8	35.8	39.7	43.7
4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/															
REAL GNP % CHANGE, ANNUAL RATES	3.3	1.7	2.0	1.9	3.8	2.4	3.5	0.8	0.5	1.3	1.7	2.1	2.5	2.7	2.8
CONSUMER PRICES, 4/, % CHANGE, ANNUAL RATES	7.9	9.7	7.8	8.7	10.1	11.8	10.2	9.7	9.1	8.4	8.0	7.8	7.6	7.0	7.2

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.

CONFIDENTIAL (FR)

January 3, 1980

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

By the Staff
Board of Governors
of the Federal Reserve System

PLANT AND EQUIPMENT EXPENDITURES
(Percentage change from period indicated)

	Anticipated for 1979 from 1978: ¹					Anticipated for 1980-Q2 from 1979-Q4 ²
	Survey taken					Survey taken
	Dec. 1978	Feb. 1979	May 1979	Aug. 1979	Nov. 1979	Nov. 1979
All Business	11.2	11.3	12.7	13.2	14.7	12.8
Manufacturing	13.8	14.7	14.8	14.7	15.8	15.2
Durables	16.2	19.5	16.9	18.5	19.7	22.5
Nondurables	11.7	10.4	12.9	11.2	12.4	8.6
Nonmanufacturing	9.1	8.6	11.1	12.1	13.8	10.9

1. Results are adjusted for systematic bias. Without this adjustment, the 1979 increase would have been 11.6 percent in December, 13.5 percent in February, 14.1 percent in May, 15.2 percent in August, and 15.1 percent in November.

2. Annual rate of change.

NOVEMBER ANTICIPATED AND ACTUAL PLANT AND EQUIPMENT EXPENDITURES
(Percentage change at annual rates)

Percentage change over two quarters ending in:	Survey	Actual	Error
1970:Q2	10.2	6.2	4.0
1971:Q2	1.2	7.7	-6.5
1972:Q2	10.9	9.7	1.2
1973:Q2	12.4	13.1	-.7
1974:Q2	13.7	15.3	-1.6
1975:Q2	9.1	-6.4	15.5
1976:Q2	10.9	12.9	-2.0
1977:Q2	5.4	14.9	-9.5
1978:Q2	10.8	19.2	-8.4
1979:Q2	8.3	11.9	-3.6
1980:Q2	12.8		

III-11

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

	1979					1980	
	H1	Q3 ^P	Q4 ^P	Nov. ^P	Dec. ^P	Jan. ^f	Feb. ^f
<u>Seasonally adjusted</u>							
Corporate securities--total	4,335	4,275	3,450	3,200	3,175	3,525	3,100
Publicly offered bonds	2,125	2,350	1,800	1,400	1,650	1,750	1,600
Privately placed bonds	1,555	900	1,000	1,000	1,000	1,000	900
Stocks	655	1,025	650	800	525	775	600
<u>Not seasonally adjusted</u>							
Publicly offered bonds--total	2,280	2,075	1,850	1,450	1,400	1,900	1,500
By quality ¹							
Aaa and Aa	1,225	1,250	950	650	650	--	--
Less than Aa ²	1,055	825	900	800	750	--	--
By type of borrower							
Utility	700	575	1,080	1,325	670	--	--
Industrial ³	635	850	575	125	300	--	--
Financial	945	650	195	0	430	--	--
Foreign securities--total ⁴	408	517	435	375	0	300	300

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

2. Includes issues not rated by Moody's.

3. Includes equipment trust certificates.

4. Includes both publicly offered and privately placed issues.

p. Preliminary.

f. Forecast.

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

	1979					1980	
	H1	Q3	Q4 ^e	Nov. ^e	Dec. ^a	Jan. ^f	Feb. ^f
<u>Seasonally adjusted</u>							
State and local government securities, gross offerings							
Total	5,057	5,486	5,700	6,200	5,668	5,100	4,800
Long-term	3,337	3,586	4,300	4,250	4,018	3,000	2,700
Short-term	1,720	1,900	1,400	1,950	1,650	2,100	2,100
U.S. government securities, net offerings							
U.S. Treasury ¹	3,278	1,688	3,892	8,105	3,237	3,705	10,927
Sponsored agencies	2,219	734	2,767	2,315	3,035	1,935	2,942
<u>Not seasonally adjusted</u>							
State and local government securities, gross offerings							
Total	5,409	5,266	5,200	6,000	4,600	4,600	4,600
Long-term	3,527	3,381	4,000	4,200	3,300	3,000	2,300
Short-term	1,882	1,885	1,200	1,800	1,300	1,600	1,300
U.S. government securities, net offerings							
U.S. Treasury ¹	1,966	2,168	5,989	10,060	5,425	2,300	14,400
Sponsored agencies	2,090	1,308	2,468	1,894	2,058	1,550	2,025

1. Marketable issues only.

a = estimate.

f = forecast.