

March 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)		
1/30/80	3/14/80	1/30/80	3/14/80	1/30/80	3/14/80	1/30/80	3/14/80	1/30/80	3/14/80	
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	11.4	2.3	2.3	9.6	9.6	8.2	8.1	5.8	5.8
1980	8.1	9.4	-7	.1	10.0	10.2	7.9	7.9	6.9	6.7
1981	8.1	7.3	-1.0	-1.8	8.9	9.2	7.9	7.9	8.4	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>	10.3	10.9	1.4	2.1	9.2	8.9	7.7	7.2	5.9	5.9
1980-Q1	7.2	11.3	-8	1.9	10.3	11.2	7.6	8.0	6.2	6.1
1980-Q2	6.5	8.2	-2.2	-1.6	10.5	10.8	7.9	8.2	6.5	6.4
1980-Q3	6.2	5.6	-3.1	-3.6	9.8	9.7	8.8	8.3	7.1	7.0
1980-Q4	7.9	5.9	-2.4	-3.8	9.2	9.6	8.2	8.3	7.7	7.5
1981-Q1	7.9	6.8	-1.3	-2.5	9.0	9.2	8.1	8.1	8.0	8.0
1981-Q2	9.0	7.8	.4	-.8	8.5	8.8	7.5	7.6	8.4	8.3
1981-Q3	9.2	9.5	1.4	1.6	8.0	8.2	7.0	7.1	8.6	8.4
1981-Q4	10.0	10.2	1.9	1.8	7.9	8.1	6.9	7.0	8.7	8.5
Two-quarter changes:										
1979-Q4 <u>1/</u>	11.1	11.4	2.3	2.6	9.7	9.6	7.7	7.4	.1	.1
1980-Q2	6.8	9.8	-1.5	.2	10.4	11.0	7.7	8.1	.6	.5
1980-Q4	7.1	5.7	-2.8	-3.7	9.5	9.6	8.4	8.3	1.2	1.1
1981-Q2	8.5	7.3	-.5	-1.7	8.7	8.9	8.0	7.8	.7	.8
1981-Q4	9.6	9.9	1.6	1.7	8.0	8.1	7.1	7.1	.3	.2
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	10.0	.8	1.0	9.9	9.8	7.7	7.6	.1	.1
1980-Q4	7.0	7.7	-2.2	-1.8	9.9	10.3	8.1	8.2	1.8	1.6
1981-Q4	9.0	8.6	.6	.0	8.3	8.6	7.4	7.5	1.0	1.0

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

March 14, 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	2526.3	2576.8	2611.8	2649.7	2693.5	2744.3	2807.6	2876.9
Final purchases	2525.9	2571.9	2605.9	2654.8	2697.6	2745.9	2803.6	2868.9
Private	2010.7	2046.4	2070.5	2105.2	2137.3	2174.8	2221.7	2271.5
Excluding net exports	2024.6	2059.2	2080.0	2107.2	2132.5	2167.4	2214.6	2267.1
Personal consumption expenditures	1638.8	1678.7	1700.2	1721.7	1743.5	1772.5	1809.7	1850.2
Goods	882.3	900.2	901.7	903.2	905.7	914.2	930.7	949.7
Services	756.5	778.5	798.5	818.5	837.8	858.3	879.0	900.5
Gross private domestic investment	386.2	385.4	385.7	380.4	384.9	393.3	408.9	424.9
Residential construction	111.4	98.9	95.9	100.4	105.4	110.4	117.9	125.9
Business fixed investment	274.4	281.6	283.9	285.1	283.6	284.5	287.0	291.0
Change in business inventories	.4	4.9	5.9	-5.1	-4.1	-1.6	4.0	8.0
Nonfarm	.5	5.0	6.0	-5.0	-4.0	-1.5	4.1	8.1
Net exports of goods and services ^{1/}	-13.9	-12.8	-9.5	-2.0	4.8	7.4	7.1	4.4
Exports	294.0	304.9	312.4	318.8	326.3	334.7	343.6	352.4
Imports	307.9	317.8	321.9	320.8	321.5	327.3	336.5	348.0
Gov't. purchases of goods and services	515.2	525.5	535.4	549.6	560.3	571.1	581.9	597.4
Federal ^{2/}	185.8	189.6	192.7	200.3	204.7	209.1	213.2	221.9
State and local	329.4	335.9	342.7	349.3	355.6	362.0	368.7	375.5
Gross national product in constant (1972) dollars	1447.6	1441.8	1428.7	1415.0	1406.0	1403.2	1408.6	1414.9
Personal income	2055.9	2114.4	2166.3	2208.7	2241.8	2281.9	2339.8	2390.8
Wage and salary disbursements	1296.4	1320.3	1337.8	1357.6	1378.6	1400.7	1427.4	1459.5
Disposable personal income	1736.0	1781.2	1825.5	1860.1	1885.3	1917.1	1965.2	2004.5
Saving rate (percent)	3.1	3.2	4.3	4.8	4.9	4.9	5.2	5.0
Corporate profits with I.V.A. and C.C. Adj.	186.9	172.4	162.9	151.8	139.9	141.8	150.1	158.2
Corporate profits before tax	257.5	239.8	228.1	215.7	203.5	205.1	212.8	219.6
Federal government surplus or deficit (-) (N.I.A. basis)	-21.0	-21.9	-42.7	-51.4	-40.5	-38.0	-44.8	-42.3
High employment surplus or deficit (-)	4.4	14.2	12.3	23.1	55.4	69.6	68.9	76.9
State and local government surplus or deficit (-) (N.I.A. basis)	24.9	24.9	26.5	24.5	22.4	21.6	22.0	23.5
Excluding social insurance funds	-4.0	-4.6	-3.5	-6.1	-8.8	-10.2	-10.4	-9.5
Civilian labor force (millions)	104.3	104.8	105.3	105.6	106.0	106.3	106.5	106.8
Unemployment rate (percent)	6.1	6.4	7.0	7.5	8.0	8.3	8.4	8.5
Nonfarm payroll employment (millions)	90.7	90.7	90.4	90.0	89.7	89.6	89.6	89.8
Manufacturing	20.9	20.8	20.7	20.3	20.0	19.8	19.8	19.9
Industrial production (1967=100)	153.0	153.4	152.5	150.2	148.4	147.7	148.1	148.6
Capacity utilization: all mfg. (percent)	84.1	83.7	81.9	79.6	77.8	76.9	76.5	76.4
Materials (percent)	86.1	85.1	83.0	80.2	78.2	77.1	76.7	76.5
Housing starts, private (million units, A.R.)	1.25	1.00	1.05	1.15	1.20	1.25	1.35	1.40
New autos sales, (millions, A.R.)	10.80	9.80	9.55	9.40	9.25	9.30	9.45	9.65
Domestic models	7.90	7.00	6.80	6.70	6.60	6.70	6.80	6.90
Foreign models	2.90	2.80	2.75	2.70	2.65	2.60	2.65	2.75

^{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.

March 14, 1980

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

	1980				1981			
	Q1	Q2	Q3	Q4	Projected Q1	Q2	Q3	Q4
<u>Constant (1972) dollars</u>								
Gross national product	1.9	-1.6	-3.6	-3.8	-2.5	-.8	1.6	1.8
Final purchases	2.6	-2.2	-3.7	-2.4	-2.6	-1.1	.8	1.3
Private	2.4	-2.8	-4.7	-3.0	-3.4	-1.6	.8	1.3
Excluding net exports	1.3	-3.3	-5.1	-4.1	-4.2	-1.9	.8	1.6
Personal consumption expenditures	2.2	-1.3	-4.3	-4.3	-3.9	-1.8	.6	1.2
Goods	2.6	-4.0	-8.7	-8.6	-7.8	-4.5	-.4	.4
Services	1.9	2.0	.9	.7	.3	1.1	1.7	1.9
Gross private domestic investment	-7.3	-8.5	-7.7	-13.0	-4.5	.0	7.4	7.5
Residential structures	-24.0	-43.3	-19.6	9.2	10.9	10.4	19.9	19.8
Business fixed investment	5.4	.9	-5.2	-6.6	-9.9	-6.2	-3.9	-1.8
Gov't. purchases of goods and services	3.2	.5	.2	.3	.5	.7	.8	1.1
Federal	10.7	2.7	.9	1.6	2.2	2.9	2.3	3.0
State and local	-.9	-7	-1.1	-.4	-.5	-.6	-.1	-.1
Disposable personal income	.8	-.6	.3	-1.9	-3.6	-1.7	2.2	.2
<u>Current dollars</u>								
Gross national product	11.3	8.2	5.6	5.9	6.8	7.8	9.5	10.2
Final purchases	12.5	7.5	5.4	7.7	6.6	7.4	8.7	9.7
Private	12.7	7.3	4.8	6.9	6.2	7.2	8.9	9.3
Excluding net exports	13.4	7.0	4.1	5.3	4.9	6.7	9.0	9.8
Personal consumption expenditures	15.4	10.1	5.2	5.2	5.2	6.8	8.7	9.3
Goods	17.7	8.4	.7	.7	1.1	3.8	7.4	8.4
Services	12.8	12.1	10.7	10.4	9.8	10.2	10.0	10.1
Gross private domestic investment	-1.3	-.8	.3	-5.4	4.8	9.0	16.8	16.6
Residential structures	-16.7	-37.9	-11.6	20.1	21.5	20.4	30.1	30.0
Business fixed investment	16.4	10.9	3.3	1.7	-2.1	1.3	3.6	5.7
Gov't. purchases of goods and services	11.7	8.2	7.8	11.0	8.0	7.9	7.8	11.1
Federal	17.7	8.4	6.7	16.7	9.1	8.9	8.1	17.3
State and local	8.4	8.1	8.3	7.9	7.4	7.4	7.6	7.6
Disposable personal income	13.7	10.8	10.3	7.8	5.5	6.9	10.4	8.2
Personal income	11.0	11.9	10.2	8.1	6.1	7.3	10.5	9.0
Wage and salary disbursements	8.4	7.6	5.4	6.1	6.3	6.6	7.8	9.3
Corporate profits with IVA & C.C. Adj.	6.9	-27.6	-20.3	-24.6	-27.9	5.5	25.6	23.4
Corporate profits before tax	11.1	-24.8	-18.2	-20.0	-20.8	3.2	15.8	13.5
Nonfarm payroll employment	2.4	.1	-1.1	-2.0	-1.1	-.8	.3	.7
Manufacturing	.5	-1.0	-3.5	-6.2	-6.3	-3.9	.8	2.0
Nonfarm business sector								
Output per hour	1.2	-1.6	-1.7	-1.5	-1.0	.2	1.6	1.5
Compensation per hour	10.0	9.2	8.9	8.6	11.9	8.6	8.7	8.6
Unit labor costs	8.7	11.0	10.8	10.3	13.0	8.4	7.0	7.0
GNP implicit deflator 1/	9.2	10.0	9.5	10.1	9.5	8.6	7.9	8.3
Gross domestic business product								
fixed-weighted price index 2/	11.2	10.8	9.7	9.6	9.2	8.8	8.2	8.1
Excluding food and energy	8.0	8.2	8.3	8.3	8.1	7.6	7.1	7.0
Consumer price index (all urban)	16.9	14.3	12.0	8.8	8.2	9.3	8.1	8.7
Industrial production	2.1	1.0	-2.3	-5.9	-4.7	-1.9	1.1	1.4

1/ Excluding Federal pay increases, the rates of change are: 1980-Q1, 9.2 percent; 1980-Q4, 9.4 percent; 1981-Q1, 9.5 percent; 1981-Q4, 7.7 percent.

2/ Uses expenditures in 1972 as weights.

March 14, 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	2459.4
Final purchases	1988.5	2078.4	2139.5	2214.5	2272.9	2296.4	2381.9	2452.7
Private	1569.1	1650.1	1698.6	1760.7	1812.8	1829.8	1904.1	1951.5
Excluding net exports	1591.3	1657.7	1705.4	1765.2	1808.8	1837.9	1906.4	1962.0
Personal consumption expenditures	1287.2	1331.2	1369.3	1415.4	1454.2	1475.9	1528.6	1581.2
Goods	691.2	722.1	740.2	770.2	784.9	789.9	818.1	847.1
Services	596.0	609.1	629.1	645.1	669.3	686.0	710.6	734.1
Gross private domestic investment	327.0	352.3	356.2	370.5	373.8	395.4	392.3	387.5
Residential construction	100.5	107.7	110.2	113.7	111.2	112.9	116.0	116.6
Business fixed investment	203.7	218.8	225.9	236.1	243.4	249.1	261.8	264.2
Change in business inventories	22.8	25.8	20.0	20.6	19.1	33.4	14.5	6.7
Nonfarm	22.0	25.3	18.5	19.3	18.8	32.6	12.6	3.2
Net exports of goods and services ^{1/}	-22.2	-7.6	-6.8	-4.5	4.0	-8.1	-2.3	-10.5
Exports	184.4	205.7	213.8	224.9	238.5	243.7	267.3	281.8
Imports	206.6	213.3	220.6	229.4	234.4	251.9	269.5	292.3
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	1440.7
Personal income	1634.8	1689.3	1742.5	1803.1	1852.6	1892.5	1946.6	2003.1
Wage and salary disbursements	1052.0	1090.0	1116.8	1154.3	1189.3	1212.4	1238.1	1270.4
Disposable personal income	1395.0	1437.3	1476.5	1524.8	1572.2	1601.7	1640.0	1681.0
Saving rate (percent)	5.3	5.0	4.8	4.7	5.0	5.4	4.3	3.4
Corporate profits with I.V.A. and C.C. Adj.	141.2	169.4	175.2	184.8	178.9	176.6	180.8	183.8
Corporate profits before tax	177.5	207.2	212.0	227.4	233.3	227.9	242.3	250.8
Federal government surplus or deficit (-) (N.I.A. basis)	-49.4	-24.6	-20.4	-16.3	-11.7	-7.0	-11.3	-13.1
High employment surplus or deficit (-)	-24.9	-8.0	-6.8	-6.6	-9	13.8	10.8	9.5
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	27.0
Excluding social insurance funds	7.9	6.5	-9	3.3	2.6	-6.3	-1.8	-1.3
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)	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	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	1.58
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

^{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.

March 14, 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	2.1
Final purchases	.4	8.7	4.6	5.7	1.1	-3.9	6.4	3.4
Private	.8	10.7	4.4	6.7	1.8	-4.1	7.8	2.9
Excluding net exports	1.0	7.9	4.1	6.9	.4	-2.9	5.3	3.0
Personal consumption expenditures	.8	5.6	4.8	6.8	.6	-2.9	4.9	4.4
Goods	-4.7	9.2	4.2	9.9	-4.4	-7.3	6.0	4.9
Services	7.9	1.4	5.5	3.2	7.1	2.5	3.6	3.7
Gross private domestic investment	12.3	15.7	-5.0	6.6	-.5	8.5	-12.8	-10.9
Residential structures	-4.7	11.0	-4.9	-1.1	-14.3	-7.2	-1.5	-4.2
Business fixed investment	4.6	23.2	3.9	11.3	4.8	-.8	10.7	-2.3
Gov't. purchases of goods and services	-1.2	.9	5.0	1.8	-1.8	-3.3	1.0	5.7
Federal	-7.4	-12.3	8.2	3.2	7.2	-11.3	-2.6	14.9
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	.6
<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	12.4
Private	7.7	22.3	12.3	15.4	12.4	3.8	17.3	10.3
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	14.5
Goods	3.3	19.1	10.4	17.2	7.9	2.6	15.1	15.0
Services	16.1	9.1	13.8	10.6	15.8	10.4	15.1	13.9
Gross private domestic investment	13.3	34.8	4.5	17.1	3.6	25.2	-3.0	-4.8
Residential structures	2.4	32.0	9.5	13.5	-8.5	6.1	11.7	1.8
Business fixed investment	10.6	33.3	13.7	19.3	12.9	9.6	22.0	3.8
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	10.4
Personal income	10.0	14.0	13.2	14.7	11.4	8.9	11.9	12.1
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	6.8
Corporate profits before tax	-11.5	85.7	9.6	32.4	10.8	-8.9	27.8	14.8
Nonfarm payroll employment	4.6	7.1	2.8	4.4	4.3	2.9	1.8	1.6
Manufacturing	5.8	3.8	1.3	5.5	5.0	.8	-1.3	-2.3
Nonfarm business sector								
Output per hour	-.9	1.9	2.7	.8	-3.2	-4.1	-1.4	.5
Compensation per hour	11.4	7.5	8.8	8.8	10.4	7.9	8.5	9.2
Unit labor costs	12.4	5.4	6.0	8.0	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	8.7
Gross domestic business product								
fixed-weighted price index 2/	6.6	10.5	8.8	8.7	10.0	10.1	10.4	8.9
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.

March 14, 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	2369.4	2591.2	2780.6
Final purchases	1404.0	1539.6	1692.1	1877.6	2105.2	2351.0	2589.6	2779.0
Private	1101.3	1201.2	1330.8	1481.4	1669.6	1874.6	2058.2	2201.3
Excluding net exports	1095.3	1180.8	1322.8	1491.3	1679.9	1878.8	2067.7	2195.4
Personal consumption expenditures	889.6	979.1	1089.9	1210.0	1350.8	1510.0	1684.8	1794.0
Goods	498.3	541.5	601.3	660.1	730.9	810.0	896.8	925.1
Services	391.3	437.5	488.5	549.8	619.8	700.0	788.0	868.9
Gross private domestic investment	214.6	190.9	243.0	303.3	351.5	387.2	384.4	403.0
Residential construction	55.1	51.5	68.1	91.9	108.0	114.2	101.6	114.9
Business fixed investment	150.6	150.2	164.9	189.4	221.1	254.6	281.2	286.5
Change in business inventories	8.9	-10.7	10.0	21.9	22.3	18.5	1.5	1.6
Nonfarm	10.8	-14.3	12.1	20.7	21.3	16.8	1.6	1.7
Net exports of goods and services ^{1/}	6.0	20.4	8.0	-9.9	-10.3	-4.2	-9.5	5.9
Exports	137.9	147.3	163.3	175.9	207.2	257.8	307.6	339.2
Imports	131.9	126.9	155.4	185.8	217.5	262.0	317.1	333.3
Gov't. purchases of goods and services	302.7	338.4	361.3	396.2	435.6	476.4	531.4	577.7
Federal ^{2/}	111.1	123.1	129.7	144.4	152.6	166.6	192.1	212.2
State and local	191.5	215.4	231.6	251.8	283.0	309.8	339.3	365.4
Gross national product in constant (1972) dollars	1217.8	1202.3	1273.0	1340.5	1399.2	1431.7	1433.3	1408.2
Personal income	1154.9	1255.5	1381.6	1531.6	1717.4	1923.7	2136.3	2313.6
Wage and salary disbursements	764.6	805.9	890.0	984.0	1103.3	1227.6	1328.0	1416.5
Disposable personal income	984.6	1086.7	1184.5	1305.1	1458.4	1623.7	1800.7	1943.0
Saving rate (percent)	7.3	7.7	5.8	5.0	4.9	4.5	3.9	5.0
Corporate profits with I.V.A. and C.C. Adj.	83.6	95.9	126.8	150.0	167.7	178.7	168.5	147.5
Corporate profits before tax	126.9	120.4	156.0	177.1	206.0	237.3	235.3	210.2
Federal government surplus or deficit (N.I.A. basis)	-10.7	-70.6	-53.6	-46.3	-27.7	-11.0	-34.2	-41.4
High employment surplus or deficit (-)	9.0	-19.2	-14.3	-19.3	-11.5	8.3	13.5	67.7
State and local government surplus or deficit (-) (N.I.A. basis)	7.6	6.2	17.9	26.8	27.4	24.8	25.2	22.4
Excluding social insurance funds	-2.9	-6.2	2.3	7.3	4.2	-1.8	-4.5	-9.7
Civilian labor force (millions)	91.0	92.6	94.8	97.4	100.4	102.9	105.0	106.4
Unemployment rate (percent)	5.6	8.5	7.7	7.0	6.0	5.8	6.8	8.3
Nonfarm payroll employment (millions)	78.3	77.0	79.4	82.4	86.4	89.5	90.4	89.7
Manufacturing	20.1	18.3	19.0	19.7	20.5	21.0	20.7	19.9
Industrial production (1967=100)	129.3	117.8	130.5	138.2	146.1	152.2	152.3	148.2
Capacity utilization: all manufacturing (percent)	83.8	72.9	79.5	81.9	84.4	85.7	82.3	76.9
Materials (percent)	87.1	73.4	81.1	82.7	85.6	87.2	83.6	77.1
Housing starts, private (million units, A.R.)	1.34	1.16	1.54	1.99	2.02	1.74	1.11	1.30
New auto sales, (millions, A.R.)	8.91	3.66	10.12	11.13	11.28	10.70	9.89	9.41
Domestic models	7.49	7.08	8.63	9.07	9.29	8.38	7.10	6.75
Foreign models	1.42	1.58	1.50	2.06	1.99	2.32	2.79	2.66

^{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.

March 14, 1980

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	-1.8
Final purchases	-.7	.2	4.5	4.8	4.4	2.6	.8	-1.8
Private	-1.4	-.3	5.6	5.6	5.0	3.2	.5	-2.3
Excluding net exports	-2.3	-1.0	6.5	6.2	5.0	2.6	-.2	-2.9
Personal consumption expenditures	-.9	1.8	5.9	5.0	4.5	2.6	.7	-2.6
Goods	-3.4	.7	6.9	5.1	4.1	1.3	-.6	-5.8
Services	2.3	3.2	4.8	4.9	5.1	4.3	2.3	1.0
Gross private domestic investment	-11.4	-22.3	21.6	15.4	7.1	.5	-8.4	-3.9
Residential structures	-24.6	-13.9	23.3	20.7	4.2	-5.7	-18.7	3.1
Business fixed investment	-.3	-13.0	4.8	8.6	8.4	6.1	1.2	-6.1
Gov't. purchases of goods and services	2.1	1.9	.2	2.0	1.8	.4	1.9	.6
Federal	-.8	.7	-.2	4.4	-2.0	.8	4.8	2.2
State and local	3.8	2.6	.5	.6	4.0	.2	.2	-.4
Disposable personal income	-1.5	2.1	3.7	4.2	4.6	2.3	.0	-1.3
<u>Current dollars</u>								
Gross national product	8.1	8.2	11.3	11.6	12.0	11.4	9.4	7.3
Final purchases	8.9	9.7	9.9	11.0	12.1	11.7	10.1	7.3
Private	8.1	9.1	10.8	11.3	12.7	12.3	9.8	7.0
Excluding net exports	8.2	7.8	12.0	12.7	12.6	11.8	10.1	6.2
Personal consumption expenditures	9.8	10.1	11.3	11.0	11.6	11.8	11.6	6.5
Goods	8.9	8.7	11.0	9.8	10.7	10.8	10.7	3.1
Services	11.1	11.8	11.7	12.5	12.7	12.9	12.6	10.3
Gross private domestic investment	-2.5	-11.0	27.3	24.8	15.9	10.2	-.7	4.8
Residential structures	-16.7	-6.5	32.3	35.0	17.5	5.7	-11.0	13.0
Business fixed investment	10.8	-.3	9.8	14.9	16.7	15.1	10.4	1.9
Gov't. purchases of goods and services	12.3	11.8	6.8	9.7	9.9	9.4	11.5	8.7
Federal	8.7	10.7	5.4	11.3	5.7	9.2	15.3	10.5
State and local	14.5	12.5	7.5	8.7	12.4	9.5	9.5	7.7
Disposable personal income	9.2	10.4	9.0	10.2	11.7	11.3	10.9	7.9
Personal income	9.7	8.7	10.0	10.9	12.1	12.0	11.1	8.3
Wage and salary disbursements	9.0	5.4	10.4	10.6	12.1	11.3	8.2	6.7
Corporate profits with IVA & C.C. Adj.	-15.6	14.7	32.2	18.3	11.8	6.6	-5.7	-12.5
Corporate profits before tax	9.6	-5.1	29.6	13.5	16.3	15.2	-.8	-10.6
Nonfarm payroll employment	2.0	-1.7	3.1	3.8	4.9	3.5	1.1	-.8
Manufacturing	-.4	-8.7	3.7	3.6	4.0	2.5	-1.4	-3.8
Nonfarm business sector								
Output per hour	-2.9	1.9	3.5	1.8	.5	-1.1	-.7	-.5
Compensation per hour	9.4	9.9	8.3	8.0	8.6	8.9	9.1	9.5
Unit labor costs	12.7	7.8	4.7	6.3	8.0	10.2	9.9	10.1
GNP implicit deflator	9.7	9.6	5.2	6.0	7.3	8.8	9.3	9.2
Gross domestic business product								
fixed-weighted price index 1/	10.4	9.4	5.3	6.2	7.6	9.6	10.2	9.2
Excluding food and energy	8.1	9.5	5.8	6.3	7.2	8.2	7.9	7.9
Consumer price index (all urban)	11.0	9.1	5.8	6.5	7.7	11.3	14.0	9.4
Industrial production	-.4	-8.9	10.8	5.9	5.7	4.2	.1	-2.7

1/ Uses expenditures in 1972 weights.

FEDERAL SECTOR ACCOUNTS
(Billions of dollars)

March 14, 1980

	FRB Staff Estimates															
	Calendar quarters; unadjusted data															
	1979															
	1980															
Fiscal Year 1979*	FY 1980 e/2/ Admin. 1/	F.R. Board	FY 1981 e/ Admin. 1/	F.R. Board	CY 1979*	CY80e/ F.R. Board	III*	IV*	I	II	III	IV	I	II	III	
Unified budget receipts	465.9	523.8	526.6	600.0	590.6	480.5	542.3	119.9	114.0	116.2	155.8	140.5	129.8	131.0	173.5	156.3
Unified budget outlays	493.7	563.6	566.0	615.8	629.5	508.7	581.1	124.4	138.6	140.6	141.9	144.8	153.8	154.3	158.3	163.1
Surplus(+)/deficit(-), unified budget	-27.7	-39.8	-39.4	-15.8	-38.9	-28.2	-38.8	-4.5	-24.6	-24.4	13.9	-4.3	-24.0	-23.3	15.2	-6.8
Surplus(+)/deficit(-), off-budget agencies 3/	-12.4	-16.8	-17.0	-18.1	-19.5	-13.2	-17.2	-4.1	-1.0	-3.9	-7.0	-5.1	-1.2	-6.8	-6.5	-5.0
Combined deficit to be financed	-40.2	-56.5	-56.4	-33.9	-58.4	-41.4	-56.0	-8.6	-25.6	-28.3	6.9	-9.4	-25.2	-30.1	8.7	-11.8
Means of financing combined deficits:																
Net borrowing from public	33.7	44.3	43.2	33.1	56.9	37.3	51.5	12.4	18.9	15.1	1.8	7.4	27.2	27.1	-6.7	9.3
Decrease in cash operating balance	-1.8	9.2	9.2	0.0	0.0	0.4	0.9	-6.7	8.3	7.6	-6.7	0.0	0.0	0.0	0.0	0.0
Other 4/	8.3	3.0	3.9	0.8	1.5	3.5	3.6	2.9	-1.7	5.6	-2.0	2.0	-2.0	3.0	-2.0	2.5
Cash operating balance, end of period	24.2	15.0	15.0	15.0	15.0	15.9	15.0	24.2	15.9	8.3	15.0	15.0	15.0	15.0	15.0	15.0
Memo: Sponsored agency borrowing 5/	19.1	16.2	26.4	16.7	15.0	25.5	22.9	4.8	7.5	5.8	7.1	6.0	4.0	3.0	4.0	4.0
NIA Budget								Seasonally adjusted annual rates								
Receipts 6/	483.7	530.6	538.7	607.7	594.8	497.8	553.1	504.8	526.0	534.9	550.0	559.2	568.1	592.1	604.4	620.9
Expenditures 6/	493.6	564.2	567.5	626.3	640.0	508.7	587.3	516.1	539.2	555.9	571.9	601.9	619.5	632.6	642.4	665.7
Purchases (total)	162.4	185.6	186.6	202.9	206.8	166.6	192.1	162.9	178.4	185.8	189.6	192.7	200.3	204.7	209.1	213.2
Defense	105.9	118.7	119.6	132.1	135.3	108.3	123.6	109.0	114.6	117.9	121.2	124.6	130.7	133.7	136.9	139.9
Nondefense	56.5	66.9	67.0	70.8	71.5	58.4	68.5	53.9	63.8	67.9	68.4	68.1	69.6	71.0	72.2	73.3
All other expenditures	331.2	378.6	380.9	423.4	433.2	342.1	395.2	353.2	360.8	370.1	382.3	409.2	419.2	427.9	433.3	452.5
Surplus(+)/deficit(-) 6/	-9.9	-33.6	-28.8	-18.6	-45.2	-11.0	-34.2	-11.3	-13.1	-21.0	-21.9	-42.7	-51.4	-40.5	-38.0	-44.8
High Employment Surplus(+)/ Deficit(-) (NIA basis)	4.3	n.a.	10.1	n.a.	54.2	8.3	13.5	10.8	9.5	4.4	14.2	12.3	23.1	55.4	69.6	68.9
	*--actual				e--estimated				n.a.--not available							

1. The Budget of the United States Government, Fiscal Year 1981, January 1980.

2. In the Second Concurrent Resolution on the Budget, Fiscal Year 1980, (November 28, 1979), the Congress approved receipts of \$517.8 billion and outlays of \$547.6 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. The fiscal year totals as published by the BEA "Fiscal Year 1981 Budget Translation," January 1980, 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)

March 14, 1980

	1979 ANN.	1980 ANN. ^f	1981 ANN. ^f	1980 Q I ^f	1980 Q II ^f	1980 Q III ^f	1980 Q IV ^f	1981 Q I ^f	1981 Q II ^f	1981 Q III ^f	1981 Q IV ^f
1. GNP NET EXPORTS											
CURRENT \$, NET	-4.2	-9.5	5.9	-13.9	-12.8	-9.5	-2.0	4.8	7.4	7.1	4.4
EXPORTS OF G&S	257.8	307.6	339.2	294.0	305.0	312.4	318.8	326.3	334.7	343.6	352.4
IMPORTS OF G&S	262.0	317.1	333.3	307.9	317.8	321.9	320.8	321.5	327.3	336.5	348.0
CONSTANT 72 \$, NET	17.5	25.4	30.9	23.3	24.5	25.4	28.3	30.3	31.1	31.3	30.7
EXPORTS OF G&S	120.0	125.8	127.2	125.2	126.1	125.9	125.9	126.1	126.8	127.6	128.2
IMPORTS OF G&S	102.5	100.4	96.3	102.0	101.6	100.5	97.7	95.8	95.6	96.3	97.5
TERMS OF TRADE (1972=100) 1/	84.0	77.4	77.1	77.8	77.3	77.5	77.1	77.1	77.2	77.1	77.0
2. U.S. MERCHANDISE TRADE BALANCE 2/	-29.1	-42.3	-28.9	-47.9	-44.3	-42.1	-35.0	-28.8	-27.1	-28.2	-31.5
EXPORTS (EXCL. MILITARY)	182.4	213.5	236.4	204.5	211.8	216.1	221.7	227.3	233.0	239.4	245.9
AGRICULTURAL	35.4	38.2	42.2	38.3	38.3	37.5	38.6	40.5	41.6	42.8	44.1
NONAGRICULTURAL	147.1	175.4	194.2	166.2	173.6	178.6	183.1	186.9	191.4	196.6	201.8
IMPORTS	211.6	255.8	265.3	252.5	256.1	258.1	256.7	256.2	260.1	267.6	277.4
PETROLEUM AND PRODUCTS	60.0	88.9	95.3	85.1	89.4	90.7	90.5	91.6	93.3	96.4	99.9
NONPETROLEUM	151.5	166.9	170.0	167.4	166.7	167.4	166.2	164.6	166.8	171.2	177.5
3. U.S. CURRENT ACCOUNT BALANCE	-0.4	-13.1	3.9	-19.6	-15.8	-12.7	-4.3	2.7	5.4	5.0	2.3
OF WHICH: NET INVESTMENT INCOME	31.3	31.1	34.5	30.5	30.5	31.2	32.3	33.2	34.1	34.9	35.8
4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/											
REAL GNP, % CHANGE, ANNUAL RATES	3.6	1.8	1.8	0.9	0.5	0.7	0.9	2.1	2.5	3.0	3.2
CONSUMER PRICES, 4/, % CHANGE, ANNUAL RATES	7.8	10.7	8.0	12.8	10.4	8.7	8.3	8.0	7.6	7.1	7.0

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.

123

March 12, 1980

RECENT DEVELOPMENTS

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)

	1979		1980		
	H1	H2	Jan. ^p	Feb. ^p	Mar. ^f
----- Seasonally adjusted -----					
Corporate securities--total	4,370	4,285	5,150	4,150	3,600
Publicly offered bonds	2,190	2,090	2,620	1,675	1,400
Privately placed bonds	1,460	1,065	900	900	900
Stocks	720	1,130	1,630	1,575	1,300
----- Not seasonally adjusted -----					
Publicly offered bonds--total	2,280	2,005	2,400	1,400	1,600
By quality ¹					
Aaa and Aa ²	1,225	1,120	1,800	475	--
Less than Aa ²	1,055	885	600	925	--
By type of borrower					
Utility ³	700	825	1,315	815	--
Industrial ³	635	735	435	435	--
Financial	945	445	650	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.

PUBLIC OFFERINGS OF NOTES AND BONDS BY NONFINANCIAL CORPORATIONS
(Billions of dollars)

	Public Utilities		Industrials ¹		Less than 10 years as a percent of total nonfinancial
	Total	Less than 10 years	Total	Less than 10 years	
1974	11.3	3.4	9.0	2.0	26.6
1975	12.9	2.8	19.9	2.5	16.2
1976	8.1	--	9.9	1.5	8.3
1977	8.2	0.2	6.1	0.4	4.2
1978	7.2	--	4.9	0.3	2.5
1979	9.0	0.8	7.6	1.6	14.5
1979-Q1	1.8	0.1	0.8	0.0	3.9
Q2	2.6	0.4	2.3	0.4	16.3
Q3	1.4	--	2.8	0.7	16.7
Q4	3.3	0.3	1.7	0.6	18.0
1980-Jan.	1.3	0.2	0.2	0.2	26.7
Feb.	0.8	0.3	0.4	--	25.0

1. Excludes equipment trust certificates.

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

	1979			1980			
	H1	QIII	QIV	Jan. ^e	Feb. ^e	Mar. ^f	Apr. ^f
<u>Seasonally adjusted</u>							
State and local government securities, gross offerings							
Total	5.01	5.53	5.77	4.91	4.82	4.95	5.22
Long-term	3.41	3.64	4.00	3.06	2.77	3.05	3.50
Short-term	1.60	1.89	1.77	1.85	2.05	1.90	1.72
U.S. government securities, net offerings							
U.S. Treasury ¹	3.28	1.69	4.05	5.34	4.08	10.77	-5.67
Sponsored agencies	2.22	0.73	2.70	2.70	1.61	3.07	1.86
<u>Not seasonally adjusted</u>							
State and local government securities, gross offerings							
Total	5.43	5.26	5.26	4.40	4.10	5.10	7.20
Long-term	3.55	3.38	3.98	3.00	2.40	3.40	3.20
Short-term	1.88	1.88	1.28	1.40	1.70	1.70	4.00
U.S. government securities, net offerings							
U.S. Treasury ¹	1.97	2.17	6.14	4.43	7.55	12.00	-12.10
Sponsored agencies	2.09	1.31	2.48	2.31	0.62	2.92	1.69

e--estimate. f--forecast.

1. Marketable issues only.