

CONFIDENTIAL (FR)

February 9, 1977

SUMMARY AND OUTLOOK

By the Staff
Board of Governors
of the Federal Reserve System

SUMMARY AND OUTLOOK

STAFF GNP PROJECTIONS

	Per cent change, annual rate				Gross business product fixed-weighted price index		Unemployment rate (per cent)	
	Nominal GNP		Real GNP		1/12/77	2/9/77	1/12/77	2/9/77
	1/12/77	2/9/77	1/12/77	2/9/77				
1973- ^{1/}	11.6	11.6	5.5	5.5	5.7	5.7	4.9	4.9
1974- ^{1/}	8.2	8.2	-1.7	-1.7	10.2	10.2	5.6	5.6
1975- ^{1/}	7.3	7.3	-1.8	-1.8	9.3	9.3	8.5	8.5
1976- ^{1/}	11.6	11.6	6.1	6.2	4.6	5.2	7.7	7.7
1977	10.6	10.7	4.9	4.9	5.2	5.3	7.5	7.3
1976-III- ^{1/}	8.5	8.5	3.9	3.9	4.3	4.3	7.8	7.8
1976-IV- ^{1/}	8.8	9.4	2.8	3.0	5.2	5.0	8.0	7.9
1977-I	11.1	9.2	5.0	3.8	5.5	5.7	7.9	7.7
1977-II	11.9	14.1	6.5	7.8	5.4	5.5	7.6	7.4
1977-III	11.9	11.9	6.1	6.0	5.0	5.0	7.3	7.2
1977-IV	12.1	12.4	5.7	5.8	5.0	5.0	7.1	7.1
1978-I		11.3		5.5		5.2		6.9
1978-II		11.2		5.5		5.3		6.7
Change:								
75-IV to 76-IV ^{1/}	9.9	10.1	5.1	5.1	4.6	4.6	-.5	-.5
76-II to 77-II	10.1	10.3	4.6	4.6	5.1	5.3	.2	.0
76-IV to 77-IV	11.8	11.9	5.8	5.9	5.2	5.3	-.9	-.8
77-II to 78-II		11.7		5.7		5.0		-.7

^{1/} Actual

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GROSS NATIONAL PRODUCT AND RELATED ITEMS
 (Quarterly figures are seasonally adjusted. Expenditures and income
 figures are billions of dollars, with quarter figures at annual rates.)

	1976		1977				Projected		1978	
	III	IV	I	II	III	IV	I	II	I	II
Gross National Product	1709.8	1748.5	1787.5	1847.5	1900.2	1956.5	2009.5	2063.4		
Final purchases	1694.7	1740.6	1782.1	1839.1	1887.3	1939.1	1987.1	2036.0		
Private	1325.1	1363.8	1397.6	1444.3	1480.4	1519.4	1559.6	1600.1		
Excluding net exports	1320.4	1358.6	1398.9	1441.8	1477.6	1515.1	1554.6	1595.6		
Personal consumption expenditures	1088.5	1117.5	1147.6	1180.8	1206.3	1233.0	1262.5	1293.0		
Goods	599.4	616.7	630.7	650.6	663.6	677.8	693.8	710.8		
Services	489.1	500.8	516.9	530.2	542.7	555.2	568.7	582.2		
Gross private domestic investment	247.0	249.0	256.7	269.4	284.2	299.5	314.5	330.0		
Residential construction	68.9	75.6	81.1	86.1	90.4	94.7	97.7	100.7		
Business fixed investment	163.0	165.5	170.2	174.9	180.9	187.4	194.4	201.9		
Change in business inventories	15.1	7.9	5.4	8.4	12.9	17.4	22.4	27.4		
Nonfarm	15.6	8.9	5.9	8.4	12.9	17.4	22.4	27.4		
Net exports of goods and services ^{1/}	4.7	5.2	-1.3	2.5	2.8	4.3	5.0	4.5		
Exports	167.7	165.6	168.5	174.7	180.4	186.1	190.9	196.4		
Imports	163.0	160.4	169.8	172.2	177.6	181.8	185.9	191.9		
Gov't. purchases of goods and services	369.6	376.8	384.5	394.8	406.9	419.7	427.5	435.9		
Federal ^{2/}	134.5	138.9	141.3	144.2	149.0	155.1	156.8	159.1		
State and local	235.0	238.0	243.2	250.6	257.9	264.6	270.7	276.8		
Gross national product in constant (1972) dollars	1272.2	1281.5	1293.5	1318.2	1337.7	1356.8	1375.2	1393.7		
Personal income	1386.0	1422.1	1457.0	1508.2	1533.4	1574.2	1612.2	1650.3		
Wage and salary disbursements	897.8	921.0	939.2	965.3	989.3	1018.3	1044.1	1069.9		
Disposable income	1190.2	1216.9	1245.6	1324.2	1314.2	1347.8	1382.2	1413.8		
Saving rate (per cent)	6.4	6.0	5.7	8.7	6.1	6.4	6.5	6.4		
Corporate profits with I.V.A. and C.C. Adj.	122.0	121.4	121.4	134.8	145.6	155.4	158.7	167.7		
Corporate profits before tax	150.2	157.8	155.4	166.8	175.1	182.4	183.7	191.7		
Federal government surplus or deficit (-) (N.I.A. basis)	-57.4	-58.3	-58.2	-103.6	-64.8	-65.8	-62.8	-58.6		
High employment surplus or deficit (-)	-9.9	-8.6	-4.6	-53.4	-16.1	-18.3	-15.9	-12.6		
State and local government surplus or deficit (-) (N.I.A. basis)	12.7	21.4	20.7	23.2	23.8	24.5	25.8	26.2		
Excluding social insurance funds	-.6	7.9	6.9	9.1	9.4	9.8	10.8	10.9		
Civilian labor force (millions)	95.3	95.7	95.7	96.3	96.9	97.4	97.9	98.5		
Unemployment rate (per cent)	7.8	7.9	7.7	7.4	7.2	7.1	6.9	6.7		
Nonfarm payroll employment (millions)	79.7	80.1	80.4	81.0	81.8	82.3	83.0	83.8		
Manufacturing	19.0	19.0	19.1	19.4	19.6	19.9	20.2	20.5		
Industrial production (1967=100)	130.9	131.7	131.9	135.2	138.0	140.8	143.7	146.8		
Capacity utilization: all manufacturing (per cent)	80.8	80.5	80.0	81.4	82.5	83.6	84.7	85.9		
Materials (per cent)	81.3	80.4	79.1	80.4	81.5	82.6	83.7	84.9		
Housing starts, private (millions, A.R.)	1.59	1.82	1.65	1.85	1.95	2.00	2.00	2.00		
Sales new autos, (millions, A.R.)	10.23	9.93	10.25	10.85	11.20	11.35	11.45	11.60		
Domestic models	8.61	8.32	8.60	9.15	9.50	9.60	9.70	9.80		
Foreign models	1.62	1.62	1.65	1.70	1.70	1.75	1.75	1.80		

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

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

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**CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS**

	1976		1977				1978	
			Projected					
	III	IV	I	II	III	IV	I	II
-----Billions of Dollars-----								
Gross National Product	34.6	38.7	39.0	60.0	52.7	56.3	53.0	53.9
Inventory change	-.9	-7.2	-2.5	3.0	4.5	4.5	5.0	5.0
Final purchases	35.5	45.9	41.5	57.0	48.2	51.8	48.0	48.9
Private	27.9	38.7	33.8	46.7	36.1	39.0	40.2	40.5
Net exports	-4.6	.5	-6.5	3.8	.3	1.5	.7	-.5
Excluding net exports	32.5	38.2	40.3	42.9	35.8	37.5	39.5	41.0
Personal consumption expenditures	23.8	29.0	30.1	33.2	25.5	26.7	29.5	30.5
Goods	9.6	17.3	14.0	19.9	13.0	14.2	16.0	17.0
Services	14.2	11.7	16.1	13.3	12.5	12.5	13.5	13.5
Residential fixed investment	3.6	6.7	5.5	5.0	4.3	4.3	3.0	3.0
Business fixed investment	5.1	2.5	4.7	4.7	6.0	6.5	7.0	7.5
Government	7.6	7.2	7.7	10.3	12.1	12.8	7.8	8.4
Federal	3.3	4.4	2.4	2.9	4.8	6.1	1.7	2.3
State and local	4.1	3.0	5.2	7.4	7.3	6.7	6.1	6.1
GNP in constant (1972) dollars	12.2	9.3	12.0	24.7	19.5	19.1	18.4	18.5
Final purchases	13.2	14.8	13.5	23.0	17.0	16.6	15.5	15.9
Private	11.3	14.5	12.3	19.4	12.7	13.9	14.2	14.2
-----1/ In Per Cent Per Year-----								
Gross National Product	8.5	9.4	9.2	14.1	11.9	12.4	11.3	11.2
Final purchases	8.8	11.3	9.9	13.4	10.9	11.4	10.3	10.2
Private	8.9	12.2	10.3	14.1	10.4	11.0	11.0	10.8
Personal consumption expenditures	9.2	11.1	11.2	12.1	8.9	9.2	9.9	10.0
Goods	6.7	12.1	9.4	13.2	8.2	8.8	9.8	10.2
Services	12.5	9.9	13.5	10.7	9.8	9.5	10.1	9.8
Gross private domestic investment	13.8	3.2	13.0	21.3	23.9	23.3	21.6	21.2
Residential structures	24.3	44.9	32.4	27.0	21.5	20.4	13.3	12.9
Business fixed investment	13.5	6.2	11.9	11.5	14.4	15.2	15.8	16.3
Gov't. purchases of goods & services	8.6	8.1	8.4	11.2	12.8	13.2	7.6	8.1
Federal	10.7	13.6	7.2	8.5	14.0	17.4	4.5	6.0
State and local	7.4	5.1	9.1	12.7	12.2	10.8	9.5	9.3
GNP in constant (1972) dollars	3.9	3.0	3.8	7.8	6.0	5.8	5.5	5.5
Final purchases	4.3	4.8	4.3	7.3	5.3	5.1	4.7	4.7
Private	4.7	5.9	4.9	7.8	5.0	5.4	5.4	5.3
GNP implicit deflator ^{2/}	4.4	6.2	5.2	5.8	5.5	6.2	5.5	5.4
Gross business product fixed-weight price index ^{3/}	4.3	5.0	5.7	5.5	5.0	5.0	5.2	5.3
Personal income	7.2	10.8	10.2	14.8	6.9	11.1	10.0	9.8
Wage and salary disbursements	7.8	10.7	8.1	11.6	10.3	12.3	10.5	10.3
Disposable income	6.2	9.3	9.8	27.7	-3.0	10.6	10.6	9.5
Corporate profits before tax	11.4	21.8	-6.2	32.7	21.5	17.8	2.8	18.5
Nonfarm payroll employment	2.0	2.0	1.5	3.0	4.0	2.5	3.4	3.9
Manufacturing	.0	.0	2.1	6.4	4.2	6.3	6.2	6.1
Industrial production	4.7	2.5	.6	10.4	8.6	8.4	8.4	8.9
Housing starts, private	52.8	71.7	-32.4	58.0	23.4	10.7	.0	.0
Sales new autos	-4.2	-11.2	13.5	25.6	13.5	5.5	3.6	5.3
Domestic models	-12.4	-12.8	14.2	28.1	16.2	4.3	4.2	4.2
Foreign models	55.8	.0	7.6	12.7	.0	12.3	.0	11.9

^{1/} Percentage rates are annual rates compounded quarterly.

^{2/} Excluding Federal pay increases rates of change are: 1976-IV, 5.7 per cent; 1977-I, 5.1 per cent; 1977-IV, 5.6 per cent; 1978-I, 5.4 per cent.

^{3/} Using expenditures in 1972 as weights.

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CLASS II FOMC

GROSS NATIONAL PRODUCT AND RELATED ITEMS
 (Expenditures and income figures are billions of dollars)

	1970	1971	1972	1973	1974	1975	1976	Projected 1977
Gross National Product	982.4	1063.4	1171.1	1306.6	1413.2	1516.3	1692.4	1872.9
Final purchases	978.6	1057.1	1161.7	1288.6	1402.5	1531.0	1679.0	1861.9
Private	759.7	823.4	908.6	1019.1	1099.2	1192.0	1313.2	1460.4
Excluding net exports	755.8	821.8	911.9	1012.0	1091.7	1171.5	1306.3	1458.3
Personal consumption expenditures	618.8	668.2	733.0	809.9	887.5	973.2	1078.6	1191.9
Goods	349.6	374.8	410.5	457.5	497.8	540.8	596.6	655.7
Services	269.1	293.4	322.4	352.3	389.6	432.4	482.0	536.2
Gross private domestic investment	140.8	160.0	188.3	220.0	215.0	183.7	241.2	277.4
Residential construction	36.6	49.6	62.0	66.1	55.1	51.2	67.8	88.1
Business fixed investment	100.5	104.1	116.8	136.0	149.2	147.1	160.0	178.3
Change in business inventories	3.8	6.4	9.4	17.9	10.7	-14.6	13.5	11.0
Nonfarm	3.7	5.1	8.8	14.7	12.2	-17.6	13.6	11.1
Net exports of goods and services	3.9	1.6	-3.3	7.1	7.5	20.5	6.9	2.1
Exports	62.5	65.6	72.7	101.6	144.4	148.1	161.9	177.4
Imports	58.5	64.0	75.9	94.4	136.9	127.6	155.1	175.3
Gov't. purchases of goods and services	218.9	233.7	253.1	269.5	303.3	339.0	365.8	401.5
Federal	95.6	96.2	102.1	102.2	111.6	124.4	133.4	147.4
State and local	123.2	137.5	151.0	167.3	191.6	214.5	232.3	254.1
Gross national product in constant (1972) dollars	1075.3	1107.5	1171.1	1235.0	1214.0	1191.7	1265.0	1326.5
Personal income	801.3	859.1	942.5	1052.4	1153.3	1249.7	1375.4	1518.2
Wage and salary disbursements	546.5	579.4	633.8	701.3	765.0	806.7	890.4	978.0
Disposable income	685.9	742.8	801.3	901.7	982.9	1080.9	1181.8	1307.9
Saving rate (per cent)	7.4	7.7	6.2	7.8	7.3	7.8	6.6	6.7
Corporate profits with I.V.A. and C.C. Adj.	67.9	77.2	92.1	99.1	84.8	91.6	118.7	139.3
Corporate profits before tax	71.5	82.0	96.2	115.8	127.6	114.5	148.8	169.9
Federal government surplus or deficit (-)								
(N.I.A. basis)	-12.1	-22.0	-17.3	-6.7	-11.5	-71.2	-58.3	-73.1
High employment surplus or deficit (-)	3.0	-5.3	-5.9	-.7	16.8	-17.2	-11.3	-23.1
State and local government surplus or deficit (-) (N.I.A. basis)	2.8	3.7	13.7	13.0	7.3	6.9	13.9	23.0
Excluding social insurance funds	-4.0	-3.8	5.6	4.1	-2.8	-5.1	.8	8.8
Civilian labor force (millions)	82.8	84.1	86.5	88.7	91.0	92.6	94.8	96.6
Unemployment rate (per cent)	5.0	6.0	5.6	4.9	5.6	8.5	7.7	7.3
Nonfarm payroll employment (millions)	70.9	71.2	73.7	76.9	78.4	77.0	79.4	81.4
Manufacturing	19.3	18.6	19.1	20.1	20.0	18.3	19.0	19.5
Industrial production (1967=100)	107.8	109.6	119.7	129.8	129.3	117.8	129.8	136.5
Capacity utilization: all manufacturing (per cent)	79.2	78.0	83.1	87.5	84.2	73.6	80.1	81.9
Materials (per cent)	84.3	83.1	88.0	92.4	87.7	73.6	80.3	80.9
Housing starts, private (millions, A.R.)	1.43	2.05	2.36	2.05	1.34	1.16	1.56	1.86
Sales new autos (millions, A.R.)	8.40	10.24	10.93	11.42	8.91	8.66	10.12	10.91
Domestic models	7.12	8.68	9.32	9.65	7.49	7.08	8.63	9.21
Foreign models	1.28	1.56	1.61	1.77	1.42	1.58	1.50	1.70

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CLASS II FOMCCHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1970	1971	1972	1973	1974	1975	1976	Projected 1977
Billions of Dollars								
Gross National Product	46.9	81.0	107.7	135.5	106.6	103.1	176.1	180.5
Inventory change	-5.6	2.6	3.0	8.5	-7.2	-25.3	28.1	-2.5
Final purchases	52.4	78.5	104.6	126.9	113.9	128.5	148.0	182.9
Private	41.4	63.7	85.2	110.5	80.1	92.8	121.2	147.2
Net exports	2.1	-2.3	-4.9	10.4	.4	13.0	-13.6	-4.8
Excluding net exports	39.3	66.0	90.1	100.1	79.7	79.8	134.8	152.0
Personal consumption expenditures	39.1	49.4	64.8	76.9	77.6	85.7	105.4	113.3
Goods	17.1	25.2	35.7	47.0	40.3	43.0	55.8	59.1
Services	21.9	24.3	29.0	29.9	37.3	42.8	49.6	54.2
Residential fixed investment	-1.3	13.0	12.4	4.1	-11.0	-3.9	16.6	20.3
Business fixed investment	1.6	3.6	12.7	19.2	13.2	-2.1	12.9	18.3
Government	11.0	14.8	19.4	16.4	33.8	35.7	26.8	35.7
Federal	-1.9	.6	5.9	.1	9.4	12.8	9.0	14.0
State and local	12.8	14.3	13.5	16.3	24.3	22.9	17.8	21.8
GNP in constant (1972) dollars	-3.5	32.2	63.6	63.9	-21.0	-22.3	73.3	61.5
Final purchases	2.8	29.9	60.8	56.8	-13.0	-1.8	52.2	64.3
Private	9.3	30.7	57.1	57.4	-16.9	-6.4	49.0	56.0
In Per Cent Per Year								
Gross National Product	5.0	8.2	10.1	11.6	8.2	7.3	11.6	10.7
Final purchases	5.7	8.0	9.9	10.9	8.8	9.2	9.7	10.9
Private	5.8	8.4	10.3	12.2	7.9	8.4	10.2	11.2
Personal consumption expenditures	6.7	8.0	9.7	10.5	9.6	9.7	10.8	10.5
Goods	5.1	7.2	9.5	11.4	8.8	8.6	10.3	9.9
Services	8.9	9.0	9.9	9.3	10.6	11.0	11.5	11.2
Gross private domestic investment	-3.7	13.6	17.7	16.8	-2.3	-14.6	31.3	15.0
Residential structures	-3.4	35.5	25.1	6.6	-16.7	-7.1	32.5	29.9
Business fixed investment	1.6	3.6	12.3	16.4	9.7	-1.4	8.7	11.4
Gov't. purchases of goods & services	5.3	6.8	8.3	6.5	12.5	11.8	7.9	9.8
Federal	-1.9	.6	6.1	.1	9.2	11.5	7.2	10.5
State and local	11.6	11.6	9.8	10.8	14.5	11.9	8.3	9.4
GNP in constant (1972) dollars	-.3	3.0	5.7	5.5	-1.7	-1.8	6.2	4.9
Final purchases	.3	2.8	5.5	4.9	-1.1	-.1	4.3	5.1
Private	1.1	3.7	6.7	6.3	-1.7	-.7	5.2	5.7
GNP implicit deflator	5.4	5.1	4.1	5.8	10.0	9.3	5.1	5.5
Gross business product fixed weighted price index ^{1/}	4.4	4.4	3.3	5.7	10.2	9.3	5.2	5.3
Personal income	7.4	7.2	9.7	11.7	9.6	8.4	10.1	10.4
Wage and salary disbursements	6.2	6.0	9.4	10.7	9.1	5.5	10.4	9.8
Disposable income	8.8	8.3	7.9	12.5	9.0	10.0	9.3	10.7
Corporate profits before tax	-14.3	14.7	17.3	20.4	10.2	-10.3	30.0	14.2
Nonfarm payroll employment	.7	.4	3.5	4.3	2.0	-1.8	3.1	2.5
Manufacturing	-4.5	-3.6	2.7	5.2	-.5	-8.5	3.8	2.6
Industrial production	-3.0	1.7	9.2	8.4	-.4	-8.9	10.2	5.2
Housing starts, private	-2.7	43.4	15.1	-13.1	-34.6	-13.4	34.5	19.2
Sales new autos	-12.2	21.9	6.7	4.5	-22.0	-2.8	16.9	7.8
Domestic models	-15.8	21.9	7.4	3.5	-22.4	-5.5	21.9	6.7
Foreign models	15.3	21.9	3.2	9.9	-19.8	11.3	-5.1	13.3

^{1/} Using expenditures in 1972 as weights.

FEDERAL SECTOR ACCOUNTS
(Billions of dollars)

	Fiscal Year	F.R.B. staff estimates										Calendar quarters; unadjusted data						
		FY 1977 e/ 2/			FY 1978 e/			CY 1976*	CY 1977			1976	1977	I	II	III	IV	1978
		Admin.	F.R.	Board	Admin.	F.R.	Board	1976* 4/	F.R.	Board	1976	1977	I	II	III	IV	I	II
Unified budget receipts	300.0	354.0	345.0	393.0	395.0	318.5	353.7	76.2	77.7	99.0	92.1	84.8	87.2	118.7				
Unified budget outlays	366.5	411.2	415.0	440.0	459.0	374.9	427.2	99.0	97.7	107.0	111.3	111.2	111.8	116.4				
Surplus(+) / Deficit(-), unified budget	-66.5	-57.2	-70.0	-47.0	-64.0	-56.4	-73.5	-22.8	-20.0	-8.0	-19.2	-26.4	-24.6	2.3				
Surplus(+) / Deficit(-), off-budget agencies <u>5/</u>	-7.2	-10.8	-10.7	-9.2	-8.6	-5.7	-10.5	.4	-3.9	-1.7	-5.5	.6	-3.7	-1.6				
Means of financing combined deficits:																		
Net borrowing from public	83.4	62.0	75.1	55.5	71.6	68.9	84.0	17.4	24.1	11.3	22.3	26.3	25.8	2.3				
Decrease in cash operating balance	-7.2	n.a.	7.4	n.a.	-.5	-3.2	1.7	5.7	-.2	-.1	2.0	--	1.0	-1.5				
Other <u>6/</u>	-2.5	n.a.	-1.8	n.a.	-.5	-3.5	-1.6	-.8	--	-1.6	.5	-.5	1.5	-1.5				
Cash operating balance, end of period	14.8	n.a.	10.0	n.a.	10.5	11.7	10.0	11.7	11.9	12.0	10.0	10.0	9.0	10.5				
Memo: Sponsored agency borrowing <u>7/</u>	3.4	n.a.	3.3	n.a.	n.a.	2.9	n.a.	.3	.8	1.2	.9	n.a.	n.a.	n.a.				
<u>NIA Budget</u>								Seasonally adjusted, annual rates										
Receipts	313.6	360.7	351.3	^{8/} 405.7	n.a.	330.6	361.7	347.3	354.8	332.9	373.5	385.7	401.0	413.0				
Outlays	373.0	419.9	423.4	447.1	n.a.	388.9	434.8	405.6	413.0	436.5	438.3	451.5	463.8	471.6				
Purchases	127.2	144.8	143.4	160.0	n.a.	133.5	147.4	138.9	141.3	144.2	149.0	155.1	156.8	159.1				
Defense	85.8	94.8	94.3	105.4	n.a.	88.2	97.1	91.3	92.8	94.7	98.3	102.6	103.7	105.1				
Non-defense	41.4	50.0	49.1	54.6	n.a.	45.2	50.3	47.6	48.5	49.5	50.7	52.5	53.1	54.0				
All other expenditures	245.8	275.1	280.0	287.1	n.a.	255.4	287.4	266.7	271.7	292.3	289.3	296.4	307.0	312.5				
Surplus(+) / Deficit(-)	-59.4	-59.2	-72.0	^{8/} -41.4	n.a.	-58.3	-73.1	-58.3	-58.2	-103.6	-64.8	-65.8	-62.8	-58.6				
High Employment Surplus(+) / Deficit(-) (NIA basis) <u>9/</u>	-14.7	n.a.	-20.7	n.a.	n.a.	-11.3	-23.1	-8.6	-4.6	-53.4	-16.1	-18.3	-15.9	-12.6				

*actual e--estimated r--revised n.e.--not estimated n.a.--not available p--preliminary

1/ Revised to include the Export-Import Bank in the unified budget instead of with the off-budget entities. Revised NIA data from The Budget of the U. S. Government, Fiscal Year 1978.

2/ Congress' Second Concurrent Resolution on the Budget (September 10, 1976) set receipts at 362.5, outlays at 413.1 and unified deficit at -50.6.

3/ The Budget of the U. S. Government, Fiscal Year 1978. 4/ NIA data are preliminary.

5/ Includes Federal Financing Bank, Postal Service, U. S. Railway Association, Rural Electrification and Telephone Revolving fund, Housing for the Elderly or Handicapped Funds, and Pension Benefit Guaranty Corporation.

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

7/ Includes Federal Home Loan Banks, FNMA, Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives.

8/ Quarterly average exceeds fiscal year total by \$.8 billion for FY 1977 due to spreading of wage base effect over calendar year.

9/ Estimated by F.R.B. staff. The high employment budget forecast incorporates the Council of Economic Advisors revised estimates of potential GNP and also fully incorporates taxes on inventory profits beginning 1973.

For calendar year 1977, the staff continues to project a \$12 billion increase in the full employment deficit (to a level of \$23 billion), reflecting in part the policy proposals that have been incorporated into the forecast.

**Reconciliation of the January Budget's Current Services
Estimates with the Staff's Forecast
(billions of dollars; fiscal years)**

	1977	1978
<u>January Budget Receipts</u>		
Under current law, extended	\$360.9	\$407.6
Proposed Reductions (-)--Carter Adm. Total	-10.6	-8.2
Tax Rebate	(-8.2)	(--)
Personal Tax Reform	(-1.5)	(-5.5)
Corporate Tax Cuts	(-0.9)	(-2.7)
Differences due to economic assumptions and tax rates	<u>-5.3</u>	<u>-4.4</u>
<u>Staff Estimate</u>	<u>\$345.0</u>	<u>\$395.0</u>
<hr/>		
<u>January Budget Outlays</u>		
Current programs, unchanged	\$411.2	\$445.2
Proposed increases--Carter Adm. Total	4.9	7.6
Payments to OASDI and non-taxpayers	(3.2)	(--)
Expenditure increases for:		
Counter Cyclical Revenue Sharing	(.5)	(.6)
Public Service Jobs	(.7)	(3.4)
Public Works	(.2)	(2.0)
Job Training	(.3)	(1.6)
Higher Interest Payments	0.4	4.6
Other Changes in Expenditure, net	<u>-1.5</u>	<u>1.6</u>
<u>Staff Estimate</u>	<u>\$415.0</u>	<u>\$459.0</u>

	1975	1976	1977 ^P	1976				1977 ^P				1978 ^P	
				I	II	III	IV	I	II	III	IV	I	II
<u>Billions of dollars</u>													
Net Exports of Goods and Services (GNP basis of net exports) <u>1/</u>	16.3 (20.5)	4.3 ^e (6.9)	-.1 (2.1)	3.8 (8.4)	6.6 (9.3)	3.1 (4.7)	3.7 ^e (5.2)	-2.9 (-1.3)	.5 (2.5)	.3 (2.8)	1.5 (4.3)	2.1 (5.0)	1.5 (4.5)
Merchandise Trade Balance (excl. military)	9.0	-9.6	-16.8	-7.0	-5.7	-12.4	-13.0	-19.7	-16.3	-16.3	-15.0	-14.5	-15.1
Exports (excl. military)	107.1	114.5	127.5	107.1	113.5	118.1	119.3	120.9	125.4	129.6	133.9	137.7	142.3
Agricultural	22.2	23.4	22.9	21.2	23.3	25.3	23.7	21.8	22.7	23.3	23.8	23.8	24.3
Nonagricultural	84.8	91.2	104.6	85.9	90.2	92.9	95.6	99.1	102.7	106.3	110.1	113.9	118.0
Imports	98.1	124.1	144.3	114.2	119.2	130.6	132.3	140.6	141.7	145.9	148.9	152.2	157.4
Fuels	28.5	37.0	43.4	31.6	36.4	39.8	40.3	45.6	42.5	43.1	42.2	41.8	43.2
Nonfuels	69.5	87.0	100.9	82.6	82.8	90.8	92.0	95.0	99.2	102.8	106.7	110.4	114.2
Military and Service Transactions, net	7.3	13.9 ^e	16.7	10.9	12.3	15.6	16.7 ^e	16.8	16.8	16.6	16.5	16.6	16.6
Military transactions, net	-.9	.6 ^e	1.5	--	-.6	1.5	1.4 ^e	1.4	1.5	1.5	1.6	1.6	1.7
Investment income, net	6.0	10.4 ^e	11.7	9.1	9.8	10.8	11.9 ^e	11.9	11.9	11.6	11.5	11.6	11.6
Other services, net	2.1	2.9 ^e	3.5	1.8	3.1	3.3	3.4	3.5	3.4	3.5	3.4	3.4	3.3
U.S. Current Account Balance <u>2/</u>	11.7	-.8	-5.1	-.5	3.0	-4.5	-.8 ^e	-7.8	-4.3	-4.8	-3.5	-3.0	-3.6
<u>Constant (1972) dollars</u>													
Merchandise exports (excl. military) (% change, annual rates)	64.6 (-2.4)	66.4 (2.8)	70.1 (5.6)	63.2 (19.7)	66.4 (22.5)	68.3 (11.7)	67.6 (-4.5)	68.2 (3.2)	69.5 (7.8)	70.6 (6.6)	71.9 (7.8)	72.9 (5.3)	74.2 (7.3)
Merchandise imports (% change, annual rates)	51.3 (-12.5)	62.7 (22.2)	68.4 (9.1)	59.1 (45.9)	60.6 (10.4)	65.4 (35.5)	65.6 (1.4)	68.4 (18.0)	67.5 (-5.3)	68.4 (5.7)	68.8 (2.4)	69.4 (3.6)	70.9 (8.6)
<u>Foreign Outlook - Major Industrial Countries <u>3/</u></u>													
Real GNP, % change, annual rate	-1.1	4.7 ^e	3.2	8.1	3.2	1.6	2.9 ^e	2.7	3.6	4.8	5.2	5.3	5.1
Wholesale Prices, % change, A.R. <u>4/</u>	5.9	9.5 ^e	9.2	11.3	17.0	11.9	6.4 ^e	8.4	8.7	7.8	6.7	6.7	6.3

1/ The GNP account excludes from service imports, U.S. Government interest payments to foreigners (\$4.5 billion in 1975), and excludes from exports, military shipments to Israel under cash grant programs (\$340 million in 1975).

2/ Includes goods and services plus private and official remittances and pensions and U.S. Government grants.

3/ Weighted by the shares of Canada, France, Germany, Italy, Japan and the United Kingdom in the sum of the real GNP of the six countries in dollar terms.

4/ Data are largely manufactured goods prices.

5/ Projected

e/ Estimated

CONFIDENTIAL (FR)

February 9, 1977

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

By the Staff
Board of Governors
of the Federal Reserve System

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

	1976				1977		
	H1	QIII	QIV e/	Dec. e/	Jan. e/	Feb. f/	Mar. f/
<u>Gross offerings</u>							
Corporate securities--							
Total	4,666	3,495	4,367	5,200	4,700	3,600	4,500
Publicly offered bonds	2,499	1,568	2,183	2,550	2,800	1,600	2,500
By quality 1/							
Aaa and Aa	1,354	700	792	700	2,075	--	--
Less than Aa 2/	1,145	868	1,308	1,850	725	--	--
By type of borrower							
Utility	720	575	735	530	660	--	--
Industrial	1,055	515	865	1,270	1,100	--	--
Other	724	478	500	750	1,040	--	--
Privately placed bonds	1,055	1,293	1,467	2,000	1,200	1,200	1,200
Stocks	1,112	634	717	650	700	800	800
Foreign securities--							
Total	928	702	812	680	450	--	--
Publicly offered 3/	530	422	598	250	300	233	300
Privately offered	398	280	214	430	150	--	--
State and local gov't. securities							
Total	5,032	4,416	4,245	3,550	4,800	4,600	4,700
Long-term	2,886	2,735	3,040	2,350	3,400	3,500	3,500
Short-term	2,146	1,681	1,205	1,200	1,400	1,100	1,200
<u>Net offerings</u>							
U.S. Treasury	5,128	5,215	4,646	5,984	2,837	8,250	10,800
Sponsored Federal	207	383	171	135	684	-107	1,530
agencies							

e/ Estimated.

f/ Forecast.

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

2/ Includes issues not rated by Moody's.

3/ Classified by original offering date.

CONFIDENTIAL (FR)
CLASS II - FOMC

February 11, 1977

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

The Domestic Financial Economy

No textual addendums to the Greenbook were required, but the usual updating of interest rate developments is contained in the table on page 6.

ERRATA - PART II:

II-14: Section 235 in the heading and footnote of the table on page II-14 should read Section 236.

III-T-1 Table: Selected Domestic Financial Data

	line 24: Business Loans at Commercial Banks	<u>Current Month</u>		<u>Year to Date</u>
		1977	1977	1977
		.8		.8
	line 25: Total of Above Credits	25.0		91.3

III-6 Table: Commercial Bank Credit

	line 5: Business loans	<u>January</u>	<u>December-</u>	<u>12 months</u>
		January	January	ending January
	line 5: Business loans	5.4	1.0	1.0
	line 9: Business loans less bankers acceptances	12.5	3.8	.2
	line 10: Business loans less bankers acceptances plus nonfinancial commercial paper	14.2	7.1	1.3
	line 11: Business loans (includ- ing bankers accep- tances) plus non- financial paper	7.5	4.4	2.0

IV-18: parallel increases in their volume of foreign trade (4th line)

Change to: parallel movements in their volume of foreign trade.

IV-20 Table 2: Italy - Current Account (NSA) 1976 was -2.2e

Change to: -3.0e

IV-20 Table 2: Italy - Current Account (NSA) 1976-IV (last column)

was -3.0e.

Change to: -3.8e