

Part 1

September 10, 1975

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Summary and Outlook

Prepared for the Federal Open Market Committee
By the staff of the Board of Governors of the Federal Reserve System

CONFIDENTIAL (FR)

September 10, 1975

SUMMARY AND OUTLOOK

By the Staff
Board of Governors
of the Federal Reserve System

STAFF GNP PROJECTIONS

| | Changes in nominal GNP (\$ billions) | | Per cent change, annual rate | | | | Unemployment rate (per cent) | |
|------------------|---|---------|------------------------------|---------|---|---------|---------------------------------|---------|
| | | | Real GNP | | Gross private product fixed weighted price index | | | |
| | 8/13/75 | 9/10/75 | 8/13/75 | 9/10/75 | 8/13/75 | 9/10/75 | 8/13/75 | 9/10/75 |
| 1972 <u>1/</u> | 103.1 | 103.1 | 6.2 | 6.2 | 3.3 | 3.3 | 5.6 | 5.6 |
| 1973 <u>1/</u> | 136.9 | 136.9 | 5.9 | 5.9 | 6.3 | 6.3 | 4.9 | 4.9 |
| 1974 <u>1/</u> | 102.5 | 102.5 | - 2.1 | - 2.1 | 11.4 | 11.4 | 5.6 | 5.6 |
| 1975 | 72.3 | 72.2 | - 3.8 | - 3.4 | 9.4 | 9.3 | 8.5 | 8.4 |
| 1976 | 194.1 | 193.6 | 6.0 | 5.9 | 6.7 | 6.6 | 7.3 | 7.7 |
| 1974-I <u>1/</u> | 14.8 | 14.8 | - 7.0 | - 7.0 | 14.1 | 14.1 | 5.2 | 5.2 |
| II <u>1/</u> | 25.0 | 25.0 | - 1.6 | - 1.6 | 12.3 | 12.3 | 5.1 | 5.1 |
| III <u>1/</u> | 32.5 | 32.5 | - 1.9 | - 1.9 | 13.8 | 13.8 | 5.5 | 5.5 |
| IV <u>1/</u> | 14.6 | 14.6 | - 9.0 | - 9.0 | 12.6 | 12.6 | 6.6 | 6.6 |
| 1975-I <u>1/</u> | -14.3 | -14.3 | -11.4 | -11.4 | 7.7 | 7.7 | 8.3 | 8.3 |
| II <u>1/</u> | 16.8 | 23.1 | - .3 | 1.6 | 6.0 | 5.5 | 8.9 | 8.9 |
| III | 50.8 | 54.3 | 7.0 | 8.0 | 7.4 | 7.4 | 8.6 | 8.4 |
| IV | 60.4 | 58.0 | 2.5 | 7.8 | 7.4 | 7.4 | 8.3 | 8.1 |
| 1976-I | 53.3 | 53.0 | 6.2 | 6.1 | 7.7 | 7.7 | 8.1 | 7.9 |
| II | 45.7 | 44.5 | 5.7 | 5.4 | 5.8 | 5.8 | 7.9 | 7.7 |
| III | 42.2 | 41.5 | 5.0 | 4.8 | 5.4 | 5.4 | 7.8 | 7.6 |
| IV | 42.1 | 40.0 | 4.5 | 4.0 | 4.9 | 4.9 | 7.6 | 7.5 |
| Change: | | | | | | | | |
| 74-II to | | | | | | | | |
| 75-II | 49.6 | 55.9 | - 5.2 | - 5.3 | 9.9 | 9.8 | 3.8 | 3.8 |
| 74-IV to | | | | | | | | |
| 75-IV | 113.7 | 121.1 | .6 | 1.2 | 7.1 | 7.0 | 1.7 | 1.5 |
| 75-II to | | | | | | | | |
| 76-II | 210.2 | 209.6 | 6.9 | 6.8 | 7.1 | 7.1 | - 1.0 | -1.2 |
| 75-IV to | | | | | | | | |
| 76-IV | 183.3 | 179.0 | 5.4 | 5.1 | 5.9 | 5.9 | - .7 | - .6 |

1/ Actual.

CLASS II FOMC

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.)

| | 1975 | | | | 1976 | | | |
|---|--------|--------|--------|--------|----------------|--------|--------|--------|
| | I | II | III | IV | Projected I | II | III | IV |
| Gross National Product | 1416.6 | 1439.7 | 1494.0 | 1552.0 | 1605.0 | 1649.5 | 1691.0 | 1731.0 |
| Final purchases | 1435.8 | 1470.7 | 1512.0 | 1557.0 | 1598.0 | 1634.5 | 1673.5 | 1711.5 |
| Private | 1104.2 | 1132.6 | 1166.8 | 1200.3 | 1233.5 | 1267.7 | 1294.3 | 1321.0 |
| Excluding net exports | 1095.4 | 1117.6 | 1154.2 | 1192.6 | 1231.4 | 1263.3 | 1296.0 | 1323.1 |
| Personal consumption expenditures | 913.7 | 938.6 | 968.5 | 999.7 | 1079.9 | 1052.2 | 1075.2 | 1095.3 |
| Durable goods | 124.9 | 130.6 | 138.0 | 143.0 | 149.0 | 152.5 | 156.0 | 159.0 |
| Nondurable goods | 398.8 | 410.1 | 422.5 | 436.2 | 448.4 | 455.7 | 464.7 | 472.3 |
| Services | 389.5 | 397.9 | 408.0 | 420.0 | 432.5 | 444.0 | 454.5 | 464.0 |
| Gross private domestic investment | 163.1 | 148.1 | 167.7 | 188.4 | 208.5 | 226.1 | 238.3 | 247.3 |
| Residential construction | 35.3 | 36.4 | 41.0 | 43.9 | 47.5 | 50.6 | 52.3 | 51.8 |
| Business fixed investment | 146.9 | 147.7 | 144.7 | 149.5 | 154.0 | 160.5 | 168.5 | 176.0 |
| Change in business inventories | -19.2 | -31.0 | -18.0 | -5.0 | 7.0 | 15.0 | 17.5 | 19.5 |
| Nonfarm | -17.8 | -30.6 | -19.0 | -6.5 | 6.5 | 15.0 | 17.5 | 19.5 |
| Net exports of goods and services ^{1/} | 8.8 | 15.0 | 12.6 | 7.7 | 2.1 | -6 | -1.7 | -2.1 |
| Exports | 147.2 | 135.1 | 142.0 | 148.2 | 153.4 | 158.3 | 163.9 | 169.8 |
| Imports | 133.4 | 120.1 | 129.4 | 140.5 | 151.3 | 158.9 | 165.6 | 171.9 |
| Gov't. purchases of goods and services | 331.6 | 338.1 | 345.2 | 356.7 | 364.5 | 371.8 | 379.2 | 390.5 |
| Federal | 126.5 | 128.4 | 130.2 | 135.7 | 137.8 | 139.6 | 141.5 | 147.3 |
| Defense | 84.7 | 84.8 | 85.6 | 89.7 | 91.0 | 92.4 | 93.5 | 97.5 |
| Other | 41.8 | 43.6 | 44.6 | 46.0 | 46.8 | 47.2 | 48.0 | 49.8 |
| State and local | 205.1 | 209.7 | 215.0 | 221.0 | 226.7 | 232.2 | 237.7 | 243.2 |
| Gross national product in constant (1958) dollars | 780.0 | 783.1 | 798.2 | 813.3 | 825.4 | 836.4 | 846.2 | 854.6 |
| GNP implicit deflator (1958=100) | 181.6 | 183.9 | 187.2 | 190.8 | 194.5 | 197.2 | 199.8 | 202.6 |
| Personal income | 1193.4 | 1220.5 | 1255.1 | 1295.3 | 1330.9 | 1362.2 | 1395.0 | 1424.3 |
| Wage and salary disbursements | 765.1 | 773.0 | 794.7 | 818.7 | 841.1 | 862.4 | 883.0 | 905.0 |
| Disposable income | 1015.5 | 1078.5 | 1077.8 | 1123.9 | 1145.3 | 1171.3 | 1197.3 | 1221.0 |
| Personal saving | 75.9 | 113.8 | 82.8 | 97.7 | 87.8 | 91.0 | 93.6 | 96.8 |
| Saving rate (per cent) | 7.5 | 10.6 | 7.7 | 8.7 | 7.7 | 7.8 | 7.8 | 7.9 |
| Corporate profits & inventory val. adj. | 94.3 | 100.5 | 109.8 | 115.4 | 129.1 | 137.5 | 146.8 | 154.7 |
| Corporate profits before tax | 101.2 | 108.9 | 123.0 | 132.5 | 148.5 | 152.5 | 159.0 | 164.5 |
| Federal government receipts and expenditures, (N.I.A. basis) | | | | | | | | |
| Receipts ^{2/} | 284.1 | 250.5 | 297.1 | 301.3 | 324.5 | 333.0 | 343.3 | 352.1 |
| Expenditures | 338.5 | 355.0 | 360.8 | 371.9 | 381.6 | 387.3 | 397.2 | 408.4 |
| Surplus or deficit (-) ^{2/} | -54.4 | -104.6 | -63.7 | -70.6 | -57.1 | -54.3 | -53.9 | -56.3 |
| High employment surplus or deficit (-) | 9.6 | -37.9 | -5.3 | -10.5 | -5.9 | -3.3 | -6.5 | -5.2 |
| State and local government surplus or deficit (-) (N I.A. basis) | -1.6 | -1.1 | .5 | 3.5 | 4.7 | 4.2 | 3.2 | 3.4 |
| Total labor force (millions) | 94.0 | 94.7 | 95.3 | 95.5 | 95.9 | 96.3 | 96.8 | 97.2 |
| Armed forces " | 7.7 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 |
| Civilian labor force" | 91.8 | 92.5 | 93.1 | 93.3 | 93.7 | 94.1 | 94.6 | 95.0 |
| Unemployment rate (per cent) | 8.3 | 8.9 | 8.4 | 8.1 | 7.9 | 7.7 | 7.6 | 7.5 |
| Nonfarm payroll employment (millions) | 76.8 | 76.4 | 77.0 | 77.4 | 77.9 | 78.6 | 79.1 | 79.7 |
| Manufacturing | 18.4 | 18.1 | 18.3 | 18.6 | 18.9 | 19.1 | 19.3 | 19.5 |
| Industrial production (1967=100) | 111.6 | 110.0 | 112.5 | 115.6 | 118.5 | 121.2 | 123.6 | 125.7 |
| Capacity utilization, mfg. (per cent) | 68.2 | 67.2 | 68.1 | 69.5 | 70.9 | 71.8 | 72.5 | 73.4 |
| Major materials (per cent) | 70.0 | 70.4 | 72.8 | 75.5 | 77.6 | 79.0 | 79.9 | 80.5 |
| Housing starts, private (millions, A.R.) | 1.00 | 1.07 | 1.23 | 1.40 | 1.50 | 1.45 | 1.45 | 1.40 |
| Sales new autos (millions, A R) | 8.31 | 7.90 | 9.32 | 9.95 | 10.50 | 10.25 | 10.22 | 9.95 |
| Domestic models | 6.60 | 6.33 | 7.65 | 8.25 | 8.75 | 8.50 | 8.50 | 8.25 |
| Foreign models | 1.71 | 1.57 | 1.67 | 1.70 | 1.75 | 1.75 | 1.72 | 1.70 |

- ^{1/} Net exports of g. & s. (Bal. of paymts) 13.73/ 19.73/ 17.33/ 12.43/ 6.8 4.1 3.0 2.6
Exports 148.73/ 141.53/ 148.43/ 154.63/ 159.8 164.7 170.3 176.2
Imports 135.0 121.8 131.1 142.2 153.0 160.6 167.3 173.6
- ^{2/} Federal government N.I.A. receipts in 1975-II reflect the \$8.1 billion rebate of 1974 individual income taxes and in 1975-III and following quarters the \$9.3 billion reduction in 1975 individual income taxes; this latter reduction, enacted only for 1975, is assumed to be continued in 1976.
- ^{3/} Includes \$.3 billion, annual rate of shipments of military equipment and supplies to Israel which are not included in GNP exports.

CLASS II FOMC

CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

| | 1975 | | | | 1976 | | | |
|---|-------------------|-------|-------|-------------------|-------------------|-------|------|-------------------|
| | I | II | III | IV | Projected | | | |
| | I | II | III | IV | I | II | III | IV |
| Gross National Product | -14.3 | 23.1 | 54.3 | 58.0 | 53.0 | 44.5 | 41.5 | 40.0 |
| Inventory change | -37.0 | -11.8 | 13.0 | 13.0 | 12.0 | 8.0 | 2.5 | 2.0 |
| Final purchases | 22.7 | 34.9 | 41.3 | 45.0 | 41.0 | 36.5 | 39.0 | 38.0 |
| Private | 14.9 | 28.4 | 34.2 | 33.5 | 33.2 | 29.2 | 31.6 | 26.7 |
| Net exports | 6.9 | 6.2 | -2.4 | -4.9 | -5.6 | -2.7 | -1.1 | -.4 |
| Excluding net exports | 8.0 | 22.2 | 36.6 | 38.4 | 38.8 | 31.9 | 32.7 | 27.1 |
| Personal consumption expenditures | 17.4 | 25.4 | 29.9 | 30.7 | 30.7 | 22.3 | 23.0 | 20.1 |
| Durable goods | 4.2 | 5.7 | 7.4 | 5.0 | 6.0 | 3.5 | 3.5 | 3.0 |
| Nondurable goods | 7.1 | 11.3 | 12.4 | 13.7 | 12.2 | 7.3 | 9.0 | 7.6 |
| Services | 6.0 | 8.4 | 10.1 | 12.0 | 12.5 | 11.5 | 10.5 | 9.5 |
| Residential fixed investment | -5.1 | 1.1 | 4.6 | 2.9 | 3.6 | 3.1 | 1.7 | -.5 |
| Business fixed investment | -4.3 | -4.2 | 2.0 | 4.8 | 4.5 | 6.5 | 8.0 | 7.5 |
| Government | 7.8 | 6.5 | 7.1 | 11.5 | 7.8 | 7.3 | 7.4 | 11.3 |
| Federal | 2.0 | 1.9 | 1.8 | 5.5 | 2.1 | 1.8 | 1.9 | 5.8 |
| State and local | 5.8 | 4.6 | 5.3 | 6.0 | 5.7 | 5.5 | 5.5 | 5.5 |
| GNP in constant (1958) dollars | -24.0 | 3.1 | 15.1 | 15.1 | 12.1 | 11.0 | 9.8 | 8.4 |
| Final purchases | -1.3 | 8.4 | 11.0 | 6.5 | 5.3 | 6.0 | 8.6 | 6.3 |
| Private | -2.7 | 6.9 | 8.4 | 8.0 | 8.4 | 6.8 | 8.7 | 6.4 |
| -----In Per Cent Per Year ^{1/} ----- | | | | | | | | |
| Gross national Product | -3.9 | 6.7 | 16.0 | 16.5 | 14.4 | 11.6 | 10.4 | 9.8 |
| Final purchases | 6.6 | 10.1 | 11.7 | 12.4 | 11.0 | 9.5 | 9.9 | 9.4 |
| Private | 5.6 | 10.7 | 12.6 | 12.0 | 11.5 | 9.8 | 10.4 | 8.5 |
| Personal consumption expenditures | 8.0 | 11.6 | 13.4 | 13.3 | 12.9 | 8.9 | 9.0 | 7.7 |
| Durable goods | 14.7 | 19.5 | 24.7 | 15.3 | 17.9 | 9.7 | 9.5 | 7.9 |
| Nondurable goods | 7.4 | 11.8 | 12.7 | 13.6 | 11.7 | 6.7 | 8.1 | 6.7 |
| Services | 6.4 | 8.9 | 10.5 | 12.3 | 12.4 | 11.1 | 9.8 | 8.6 |
| Gross private domestic investment | -63.2 | -32.0 | 64.4 | 59.3 | 50.0 | 38.3 | 23.4 | 16.0 |
| Residential structures | -41.7 | 13.1 | 61.0 | 31.4 | 37.1 | 28.8 | 14.1 | -3.8 |
| Business fixed investment | -10.9 | -11.0 | 5.7 | 13.9 | 12.6 | 18.0 | 21.5 | 19.0 |
| Gov't purchases of goods & services | 10.0 | 8.1 | 8.7 | 14.0 | 9.0 | 8.3 | 8.2 | 12.5 |
| Federal | 6.6 | 6.1 | 5.7 | 18.0 | 6.3 | 5.3 | 5.6 | 17.4 |
| Defense | 3.4 | .5 | 3.8 | 20.6 | 5.9 | 6.3 | 4.8 | 18.2 |
| Other | 12.4 | 18.4 | 9.5 | 13.2 | 7.1 | 3.5 | 7.0 | 15.9 |
| State and local | 12.2 | 9.3 | 10.5 | 11.6 | 10.7 | 10.1 | 9.8 | 9.6 |
| GNP in constant (1958) dollars | -11.4 | 1.6 | 7.9 | 7.8 | 6.1 | 5.4 | 4.8 | 4.0 |
| Final purchases | -.7 | 4.3 | 5.6 | 3.2 | 2.6 | 3.0 | 4.2 | 3.0 |
| Private | -1.7 | 4.4 | 5.3 | 4.9 | 5.2 | 4.1 | 5.2 | 3.8 |
| GNP implicit deflator | 8.4 ^{2/} | 5.0 | 7.4 | 8.1 ^{2/} | 7.8 ^{2/} | 5.8 | 5.4 | 5.6 ^{2/} |
| Private GNP fixed weighted index ^{3/} | 7.7 | 5.5 | 7.4 | 7.4 | 7.7 | 5.8 | 5.4 | 4.9 |
| Personal income | 2.2 | 9.4 | 11.8 | 13.4 | 11.5 | 9.7 | 10.0 | 8.7 |
| Wage and salary disbursements | -2.1 | 4.2 | 11.7 | 12.6 | 11.4 | 10.5 | 9.9 | 10.3 |
| Disposable income | 2.7 | 27.2 | -.3 | 18.2 | 7.8 | 9.4 | 9.2 | 8.2 |
| Corporate profits before tax | -64.9 | 34.1 | 62.7 | 34.7 | 57.8 | 11.2 | 18.2 | 14.6 |
| Federal Government receipts and expenditures (N.I.A. basis) | | | | | | | | |
| Receipts | -13.6 | -39.6 | 97.9 | 5.8 | 34.5 | 10.9 | 13.0 | 10.7 |
| Expenditures | 26.3 | 21.0 | 6.7 | 12.9 | 10.8 | 6.1 | 10.6 | 11.8 |
| Nonfarm payroll employment | -7.7 | -2.1 | 3.4 | 2.1 | 2.6 | 3.6 | 2.6 | 3.1 |
| Manufacturing | -22.3 | -6.2 | 4.5 | 6.7 | 6.6 | 4.3 | 4.3 | 4.2 |
| Industrial production | -28.4 | -5.6 | 9.4 | 11.5 | 10.5 | 9.5 | 7.9 | 7.0 |
| Housing starts, private | -2.4 | 31.7 | 77.3 | 67.8 | 31.8 | -12.7 | .0 | -13.1 |
| Sales new autos | 60.9 | -18.2 | 93.6 | 29.9 | 24.0 | -9.2 | -1.2 | -10.2 |
| Domestic models | 41.8 | -15.3 | 113.3 | 35.3 | 26.5 | -10.9 | .0 | -11.3 |
| Foreign models | 172.4 | -28.8 | 27.7 | 7.4 | 12.3 | .0 | -6.7 | -4.6 |

^{1/} Percentage rates are annual rates compounded quarterly.^{2/} Excluding Federal pay increases rates of change are: 1975-I, 8.3 per cent; 1975-IV, 7.0 per cent, 1976-I, 7.7 per cent; and 1976-IV, 4.9 per cent.^{3/} Using expenditures in 1967 as weights.

CLASS II FOMC

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.)

| | 1973 | | | | 1974 | | | |
|--|--------|--------|--------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | I | II | III | IV | I | II | III | IV |
| Gross National Product | 1248.9 | 1277.9 | 1308.9 | 1344.0 | 1358.8 | 1383.8 | 1416.3 | 1430.9 |
| Final purchases | 1238.9 | 1267.2 | 1297.0 | 1315.1 | 1341.9 | 1370.3 | 1407.6 | 1413.1 |
| Private | 969.9 | 993.9 | 1020.1 | 1028.7 | 1045.6 | 1065.9 | 1095.3 | 1089.3 |
| Excluding net exports | 970.7 | 993.4 | 1013.4 | 1019.4 | 1034.3 | 1067.4 | 1098.4 | 1087.4 |
| Personal consumption expenditures | 781.7 | 799.0 | 816.3 | 823.9 | 840.6 | 869.1 | 901.3 | 895.8 |
| Durable goods | 132.4 | 132.1 | 132.4 | 124.3 | 123.9 | 129.5 | 136.1 | 120.7 |
| Nondurable goods | 323.3 | 332.7 | 343.8 | 352.1 | 364.4 | 375.8 | 389.0 | 391.7 |
| Services | 325.9 | 334.2 | 340.1 | 347.4 | 352.4 | 363.8 | 376.2 | 383.5 |
| Gross private domestic investment | 199.0 | 205.1 | 209.0 | 224.5 | 210.5 | 211.8 | 205.8 | 209.4 |
| Residential construction | 58.5 | 58.7 | 58.1 | 53.6 | 48.4 | 48.8 | 46.2 | 40.4 |
| Business fixed investment | 130.5 | 135.6 | 139.0 | 141.9 | 145.2 | 149.4 | 150.9 | 151.2 |
| Change in business inventories | 10.0 | 10.7 | 11.8 | 28.9 | 16.9 | 13.5 | 8.7 | 17.8 |
| Nonfarm | 6.5 | 7.7 | 7.4 | 24.0 | 13.1 | 10.4 | 6.6 | 17.5 |
| Net exports of goods and services ^{1/} | - .8 | .5 | 6.7 | 9.3 | 11.3 | -1.5 | -3.1 | 1.9 |
| Exports | 88.8 | 95.4 | 103.7 | 113.6 | 131.2 | 138.5 | 143.6 | 147.5 |
| Imports | 89.5 | 94.9 | 96.9 | 104.3 | 119.9 | 140.0 | 146.7 | 145.7 |
| Gov't. purchases of goods and services | 269.0 | 273.3 | 276.9 | 286.4 | 296.3 | 304.4 | 312.3 | 323.8 |
| Federal | 106.4 | 106.2 | 105.3 | 108.4 | 111.5 | 114.3 | 117.2 | 124.5 |
| Defense | 75.0 | 74.0 | 73.3 | 75.3 | 75.8 | 76.6 | 78.4 | 84.0 |
| Other | 31.4 | 32.2 | 32.0 | 33.1 | 35.7 | 37.7 | 38.8 | 40.6 |
| State & local | 162.6 | 167.1 | 171.6 | 177.9 | 184.8 | 190.1 | 195.1 | 199.3 |
| Gross national product in constant (1958) dollars | 832.8 | 837.4 | 840.8 | 845.7 | 830.5 | 827.1 | 823.1 | 804.0 |
| GNP implicit deflator (1958 = 100) | 150.0 | 152.6 | 155.7 | 158.9 | 163.6 | 167.3 | 172.1 | 178.0 |
| Personal income | 1013.6 | 1039.2 | 1068.0 | 1099.3 | 1112.5 | 1134.6 | 1168.2 | 1186.9 |
| Wage and salary disbursements | 667.6 | 683.8 | 698.2 | 717.0 | 727.6 | 745.2 | 763.0 | 769.2 |
| Disposable income | 869.5 | 892.1 | 913.9 | 939.4 | 950.6 | 966.5 | 993.1 | 1008.8 |
| Personal saving | 65.3 | 69.6 | 73.2 | 89.3 | 84.4 | 71.5 | 65.5 | 86.5 |
| Saving rate (per cent) | 7.5 | 7.8 | 8.0 | 9.5 | 8.9 | 7.4 | 6.6 | 8.6 |
| Corporate profits & inventory val. adj. | 103.9 | 105.0 | 105.2 | 106.4 | 107.7 | 105.6 | 105.8 | 103.4 |
| Corporate profits before tax | 120.4 | 124.9 | 122.7 | 122.7 | 135.4 | 139.0 | 157.0 | 131.5 |
| Federal government receipts and expenditures, (N.I.A. basis) | | | | | | | | |
| Receipts | 249.1 | 255.0 | 261.8 | 268.3 | 278.1 | 288.6 | 302.8 | 294.7 |
| Expenditures | 260.2 | 262.4 | 263.4 | 270.6 | 281.0 | 291.6 | 304.7 | 319.3 |
| Surplus or deficit (-) | -11.2 | -7.4 | -1.7 | -2.3 | -2.8 | -3.0 | -1.9 | -24.5 |
| High employment surplus or deficit (-) | -8.5 | -3.4 | 4.6 | 4.8 | 14.0 | 19.6 | 24.7 | 17.8 |
| State and local government surplus or deficit (-), (N.I.A. basis) | 13.2 | 10.4 | 8.4 | 4.6 | 3.2 | 2.0 | 2.1 | -.1 |
| Total labor force (millions) | 90.0 | 90.8 | 91.3 | 92.1 | 92.7 | 92.9 | 93.6 | 94.0 |
| Armed forces " | 2.4 | 2.3 | 2.3 | 2.3 | 2.3 | 2.2 | 2.2 | 2.2 |
| Civilian labor force " | 87.6 | 88.5 | 89.0 | 89.8 | 90.5 | 90.6 | 91.4 | 91.8 |
| Unemployment rate (per cent) | 5.0 | 4.9 | 4.8 | 4.8 | 5.2 | 5.1 | 5.5 | 6.6 |
| Nonfarm payroll employment (millions) | 75.8 | 76.5 | 77.1 | 77.8 | 78.0 | 78.3 | 78.7 | 78.3 |
| Manufacturing | 19.8 | 20.0 | 20.1 | 20.3 | 20.2 | 20.2 | 20.1 | 19.6 |
| Industrial production (1967 = 100) | 123.1 | 124.8 | 126.7 | 127.0 | 124.9 | 125.5 | 125.4 | 121.3 |
| Capacity utilization, mfg. (per cent) | 82.8 | 83.3 | 83.3 | 82.6 | 80.5 | 80.1 | 79.4 | 75.7 |
| Major materials (per cent) | 93.0 | 93.4 | 93.5 | 92.3 | 90.2 | 90.2 | 88.5 | 79.1 |
| Housing starts, private (millions, A.R.) | 2.39 | 2.17 | 2.01 | 1.62 | 1.61 | 1.53 | 1.21 | 1.00 |
| Sales new autos (millions, A.R.) | 12.18 | 12.03 | 11.33 | 10.15 | 9.04 | 9.17 | 10.07 | 7.38 |
| Domestic models | 10.26 | 10.17 | 9.66 | 8.51 | 7.49 | 7.92 | 8.52 | 6.05 |
| Foreign models | 1.92 | 1.85 | 1.67 | 1.64 | 1.55 | 1.25 | 1.55 | 1.33 |
| 1/ Net exports of g. & s. (Bal. of Paymts.) | - .7 | .5 | 6.6 | 10.9 ^{2/} | 11.2 ^{2/} | - .72 ^{2/} | -1.32 ^{2/} | 3.32 ^{2/} |
| Exports | 88.8 | 95.4 | 103.7 | 116.0 ^{2/} | 132.3 ^{2/} | 140.2 ^{2/} | 146.8 ^{2/} | 151.1 ^{2/} |
| Imports | 89.5 | 94.9 | 97.1 | 105.1 | 121.1 | 140.9 | 148.1 | 147.8 |

^{2/} Includes shipments of military equipment and supplies to Israel which are not included in GNP exports; amounts in billions of dollars at annual rates are 1973-IV, \$2.4; 1974-I, \$.3; 1974-II, \$.4, 1974-III, \$.3; and 1974-IV, \$.3.

CLASS II FOMC

CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

| | 1973 | | | | 1974 | | | |
|---|------|-------|-------|-------|-------|-------|-------|-------|
| | I | II | III | IV | I | II | III | IV |
| -----Billions of Dollars----- | | | | | | | | |
| Gross National Product | 44.2 | 29.0 | 31.0 | 35.1 | 14.8 | 25.0 | 32.5 | 14.6 |
| Inventory change | -1.0 | .7 | 1.1 | 17.1 | -12.0 | -3.4 | -4.8 | 9.1 |
| Final purchases | 45.2 | 28.3 | 29.8 | 18.1 | 26.8 | 28.4 | 37.3 | 5.5 |
| Private | 38.8 | 24.0 | 26.2 | 8.6 | 16.9 | 20.3 | 29.4 | -6.0 |
| Net exports | 4.5 | 1.3 | 6.2 | 2.6 | 2.0 | -12.8 | -1.6 | 5.0 |
| Excluding net exports | 34.3 | 22.7 | 20.0 | 6.0 | 14.9 | 33.1 | 31.0 | -11.0 |
| Personal consumption expenditures | 24.5 | 17.3 | 17.3 | 7.6 | 16.7 | 28.5 | 32.2 | -5.5 |
| Durable goods | 8.1 | -.3 | .3 | -8.1 | -.4 | 5.6 | 6.6 | -15.4 |
| Nondurable goods | 12.4 | 9.4 | 11.1 | 8.3 | 12.3 | 11.4 | 13.2 | 2.7 |
| Services | 3.9 | 8.3 | 5.9 | 7.3 | 5.0 | 11.4 | 12.4 | 7.3 |
| Residential fixed investment | 1.8 | .2 | -.6 | -4.5 | -5.2 | .4 | -2.6 | -5.8 |
| Business fixed investment | 8.0 | 5.1 | 3.4 | 2.9 | 3.3 | 4.2 | 1.5 | .3 |
| Government | 6.4 | 4.3 | 3.6 | 9.5 | 9.9 | 8.1 | 7.9 | 11.5 |
| Federal | 1.2 | -.2 | -.9 | 3.1 | 3.1 | 2.8 | 2.9 | 7.3 |
| State and local | 5.2 | 4.5 | 4.5 | 6.3 | 6.9 | 5.3 | 5.0 | 4.2 |
| GNP in constant (1958) dollars | 18.6 | 4.6 | 3.4 | 4.9 | -15.2 | -3.4 | -4.0 | -19.1 |
| Final purchases | 20.2 | 4.1 | 3.1 | -7.0 | -5.8 | -1.0 | -.8 | -25.0 |
| Private | 19.1 | 4.3 | 3.3 | -9.0 | -6.1 | -.8 | -.9 | -25.4 |
| -----In Per Cent Per Year ^{1/} ----- | | | | | | | | |
| Gross National Product | 15.5 | 9.6 | 10.1 | 11.2 | 4.5 | 7.6 | 9.7 | 4.2 |
| Final purchases | 16.0 | 9.5 | 9.7 | 5.7 | 8.4 | 8.7 | 11.3 | 1.6 |
| Private | 17.7 | 10.3 | 11.0 | 3.4 | 6.7 | 8.0 | 11.5 | -2.2 |
| Personal consumption expenditures | 13.6 | 9.2 | 8.9 | 3.8 | 8.4 | 14.3 | 15.7 | -2.4 |
| Durable goods | 28.7 | -.9 | .9 | -22.3 | -1.3 | 19.3 | 22.0 | -38.1 |
| Nondurable goods | 16.9 | 12.1 | 14.0 | 10.0 | 14.7 | 13.1 | 14.8 | 2.8 |
| Services | 4.9 | 10.6 | 7.3 | 8.9 | 5.9 | 13.6 | 14.3 | 8.0 |
| Gross private domestic investment | 19.8 | 12.8 | 7.8 | 33.1 | -22.7 | 2.5 | -10.9 | 7.2 |
| Residential structures | 13.3 | 1.4 | -4.0 | -27.6 | -33.5 | 3.3 | -19.7 | -41.5 |
| Business fixed investment | 28.8 | 16.6 | 10.4 | 8.6 | 9.6 | 12.1 | 4.1 | .8 |
| Gov't. purchases of goods and services | 10.1 | 6.5 | 5.4 | 14.4 | 14.6 | 11.4 | 10.8 | 15.6 |
| Federal | 4.6 | -.7 | -3.3 | 12.3 | 11.9 | 10.4 | 10.5 | 27.3 |
| Defense | 1.6 | -5.2 | -3.7 | 11.4 | 2.7 | 4.3 | 9.7 | 31.8 |
| Other | 12.3 | 10.6 | -2.5 | 14.5 | 35.3 | 24.4 | 12.2 | 19.9 |
| State and local | 13.9 | 11.5 | 11.2 | 15.5 | 16.4 | 12.0 | 10.9 | 8.9 |
| GNP in constant (1958) dollars | 9.5 | 2.2 | 1.6 | 2.4 | -7.0 | -1.6 | -1.9 | -9.0 |
| Final purchases | 10.4 | 2.0 | 1.5 | -3.3 | -2.8 | -.5 | -.4 | -11.7 |
| Private | 12.0 | 2.5 | 1.9 | -5.1 | -3.5 | -.5 | -.5 | -14.3 |
| GNP implicit deflator | 5.5 | 7.3 | 8.3 | 8.6 | 12.3 | 9.4 | 11.9 | 14.4 |
| Private GNP fixed weighted index ^{2/} | 7.4 | 8.1 | 8.4 | 9.1 | 14.1 | 12.3 | 13.8 | 12.6 |
| Personal income | 12.1 | 10.5 | 11.6 | 12.2 | 4.9 | 8.2 | 12.4 | 6.6 |
| Wage and salary disbursements | 13.0 | 10.1 | 8.7 | 11.2 | 6.0 | 10.0 | 9.9 | 3.3 |
| Disposable income | 15.8 | 10.8 | 10.1 | 11.6 | 4.9 | 6.9 | 11.5 | 6.5 |
| Corporate profits before tax | 53.3 | 15.8 | -6.9 | .0 | 48.3 | 11.1 | 62.8 | -50.8 |
| Federal government receipts and expenditures (N.I.A. basis) | | | | | | | | |
| Receipts | 25.0 | 9.8 | 11.1 | 10.3 | 15.4 | 16.0 | 21.2 | -10.3 |
| Expenditures | -1.5 | 3.4 | 1.5 | 11.4 | 16.3 | 16.0 | 19.2 | 20.6 |
| Nonfarm payroll employment | 5.0 | 3.9 | 3.0 | 3.8 | 1.0 | 1.6 | 1.7 | -1.7 |
| Manufacturing | 6.3 | 4.4 | 2.1 | 3.7 | -2.4 | -.3 | -.6 | -10.4 |
| Industrial production | 10.0 | 5.6 | 6.2 | 1.0 | -6.5 | 1.9 | -.3 | -12.5 |
| Housing starts, private | -5.5 | -32.7 | -25.3 | -58.3 | -2.0 | -19.1 | -60.7 | -53.0 |
| Sales new autos | 18.3 | -5.0 | -21.3 | -35.5 | -37.1 | 5.9 | 45.5 | -71.2 |
| Domestic models | 15.4 | -3.5 | -18.6 | -39.8 | -40.0 | 25.1 | 33.8 | -74.6 |
| Foreign models | 35.4 | -12.9 | -35.0 | -5.9 | -20.0 | -57.8 | 138.3 | -46.2 |

^{1/} Percentage rates are annual rates compounded quarterly.^{2/} Using expenditures in 1967 as weights.

CLASS II FORM

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

| | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 |
|---|-------|-------|--------|--------|--------|----------|-----------|--------|
| | | | | | | | Projected | |
| Gross National Product | 930.3 | 977.1 | 1054.9 | 1158.0 | 1294.9 | 1397.4 | 1475.6 | 1669.1 |
| Final purchases | | | | | | | | |
| Private | 922.5 | 972.6 | 1048.6 | 1149.5 | 1279.6 | 1383.2 | 1493.9 | 1654.4 |
| Excluding net exports | 712.5 | 753.1 | 814.4 | 893.8 | 1003.2 | 1074.0 | 1151.0 | 1277.9 |
| Net exports | 710.6 | 749.5 | 814.6 | 899.8 | 999.3 | 1071.9 | 1140.0 | 1278.5 |
| Personal consumption expenditures | 579.5 | 617.6 | 667.1 | 729.0 | 805.2 | 876.7 | 954.9 | 1063.2 |
| Durable goods | 90.8 | 91.3 | 103.9 | 118.4 | 130.3 | 127.5 | 134.1 | 154.1 |
| Nondurable goods | 245.9 | 263.8 | 278.4 | 299.7 | 338.0 | 380.2 | 416.9 | 460.2 |
| Services | 242.7 | 262.6 | 284.8 | 310.9 | 336.9 | 369.0 | 403.9 | 448.8 |
| Gross private domestic investment | 139.0 | 136.3 | 153.7 | 179.3 | 209.4 | 209.4 | 166.8 | 230.1 |
| Residential Construction | 32.6 | 31.2 | 42.8 | 54.0 | 57.2 | 46.0 | 39.2 | 50.6 |
| Business fixed investment | 98.5 | 100.6 | 104.6 | 116.8 | 136.8 | 149.2 | 146.0 | 164.8 |
| Change in business inventories | 7.8 | 4.5 | 6.3 | 8.5 | 15.4 | 14.2 | -18.3 | 14.8 |
| Nonfarm | 7.7 | 4.3 | 4.9 | 7.8 | 11.4 | 11.9 | -18.5 | 14.6 |
| Net exports of goods and services ^{1/} | 1.9 | 3.6 | - .2 | - 6.0 | 3.9 | 2.1 | 11.0 | - .6 |
| Exports | 55.5 | 62.9 | 65.4 | 72.4 | 100.4 | 140.2 | 141.9 | 161.4 |
| Imports | 53.6 | 59.3 | 65.6 | 78.4 | 96.4 | 138.1 | 130.9 | 161.9 |
| Gov't. purchases of goods and services | 210.0 | 219.5 | 234.2 | 255.7 | 276.4 | 309.2 | 342.9 | 376.5 |
| Federal | 98.8 | 96.2 | 97.6 | 104.9 | 106.6 | 116.9 | 130.2 | 141.6 |
| Defense | 78.4 | 74.6 | 71.2 | 74.8 | 74.4 | 78.7 | 86.2 | 93.6 |
| Other | 20.4 | 21.6 | 26.5 | 30.1 | 32.2 | 38.2 | 44.0 | 48.0 |
| State & local | 111.2 | 123.3 | 136.6 | 150.8 | 169.8 | 192.3 | 212.7 | 235.0 |
| Gross national product in constant (1958) dollars | 725.6 | 722.5 | 746.3 | 792.5 | 839.2 | 821.2 | 793.7 | 840.7 |
| GNP implicit deflator (1958=100) | 128.2 | 135.4 | 141.4 | 146.1 | 154.3 | 170.2 | 185.9 | 198.5 |
| Personal income | 750.9 | 808.3 | 864.0 | 944.9 | 1055.0 | 1150.5 | 1241.1 | 1378.1 |
| Wage and salary disbursements | 509.7 | 542.0 | 573.0 | 626.8 | 691.7 | 751.2 | 787.9 | 872.9 |
| Disposable income | 634.4 | 691.7 | 746.4 | 802.5 | 903.7 | 979.7 | 1073.9 | 1183.7 |
| Personal saving | 38.2 | 56.2 | 60.5 | 52.6 | 74.4 | 77.0 | 92.6 | 92.3 |
| Saving rate (per cent) | 6.0 | 8.1 | 8.1 | 6.6 | 8.2 | 7.9 | 8.6 | 7.8 |
| Corporate profits & inventory val. adj. | 79.8 | 69.2 | 78.7 | 92.2 | 105.1 | 105.6 | 105.0 | 142.0 |
| Corporate profits before tax | 84.9 | 74.0 | 83.6 | 99.2 | 122.7 | 140.7 | 116.4 | 156.1 |
| Federal government receipts and expenditures, (N.I.A. basis) | | | | | | | | |
| Receipts | 197.3 | 192.0 | 198.5 | 227.2 | 258.5 | 291.1 | 283.3 | 338.2 |
| Expenditures | 189.2 | 203.9 | 220.3 | 244.7 | 264.2 | 299.1 | 356.6 | 393.6 |
| Surplus or deficit (-) | 8.1 | -11.9 | -21.9 | -17.5 | -5.6 | -8.1 | -73.3 | -55.4 |
| High employment surplus or deficit (-) | 8.8 | 3.7 | -4.7 | -6.7 | - .7 | 19.1 | -11.0 | -5.2 |
| State and local government surplus or deficit (-), (N.I.A. basis) | .7 | 1.8 | 3.4 | 12.3 | 9.2 | 1.8 | .3 | 3.9 |
| Total labor force (millions) | 84.2 | 85.9 | 86.9 | 89.0 | 91.0 | 93.2 | 94.9 | 96.6 |
| Armed forces " | 3.5 | 3.2 | 2.8 | 2.4 | 2.3 | 2.2 | 2.2 | 2.2 |
| Civilian labor force " | 80.7 | 82.7 | 84.1 | 86.5 | 88.7 | 91.0 | 92.7 | 94.4 |
| Unemployment rate (per cent) | 3.5 | 4.9 | 5.9 | 5.6 | 4.9 | 5.6 | 8.4 | 7.7 |
| Nonfarm payroll employment (millions) | 70.4 | 70.9 | 71.2 | 73.7 | 76.8 | 78.3 | 76.9 | 78.8 |
| Manufacturing | 20.2 | 19.3 | 18.6 | 19.1 | 20.1 | 20.0 | 18.3 | 19.2 |
| Industrial production (1967 = 100) | 110.7 | 106.7 | 106.8 | 115.2 | 125.6 | 124.7 | 112.4 | 122.3 |
| Capacity utilization, mfg. (per cent) | 86.5 | 78.3 | 75.0 | 78.6 | 83.0 | 78.9 | 68.2 | 72.1 |
| Major materials (per cent) | 90.0 | 86.2 | 85.3 | 89.6 | 93.0 | 87.0 | 72.2 | 79.3 |
| Housing starts, private (millions, A.R.) | 1.47 | 1.43 | 2.05 | 2.36 | 2.05 | 1.34 | 1.18 | 1.45 |
| Sales new autos (millions, A.R.) | 9.57 | 8.40 | 10.24 | 10.93 | 11.44 | 8.87 | 8.87 | 10.23 |
| Domestic models | 8.46 | 7.12 | 8.68 | 9.32 | 9.67 | 7.45 | 7.21 | 8.50 |
| Foreign models | 1.11 | 1.28 | 1.56 | 1.61 | 1.77 | 1.42 | 1.66 | 1.73 |
| ^{1/} Net exports of g. & s. (Bal. of Paymts.) | 1.3 | 2.9 | - .2 | -6.0 | -4.4 | 2/ 3.32/ | 15.82/ | 4.1 |
| Exports | 55.0 | 62.3 | 65.4 | 72.4 | 101.0 | 142.62/ | 146.32/ | 167.6 |
| Imports | 53.6 | 59.4 | 65.6 | 78.4 | 96.6 | 139.4 | 132.5 | 163.6 |

^{2/} Includes shipments of military equipment and supplies to Israel which are not included in GNP exports; amounts in billions of dollars are: 1973, \$.6; 1974, \$.325; and 1975, \$.150.

September 10, 1975

CLASS II FOMC

CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

| | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | Projected | |
|---|------|-------|-------|-------|-------|-------|-----------|-------|
| | | | | | | | 1975 | 1976 |
| -----Billions of Dollars----- | | | | | | | | |
| Gross National Product | 66.1 | 46.8 | 77.8 | 103.1 | 136.9 | 102.5 | 78.2 | 195.0 |
| Inventory change | .7 | -3.3 | 1.8 | 2.2 | 6.9 | -1.2 | -32.5 | 33.1 |
| Final purchases | 65.4 | 50.1 | 76.0 | 100.9 | 130.1 | 103.6 | 110.7 | 160.5 |
| Private | 55.0 | 40.6 | 61.3 | 79.4 | 109.4 | 70.8 | 77.0 | 126.9 |
| Net exports | - .6 | 1.7 | -3.8 | -5.8 | 9.9 | -1.8 | 8.9 | -11.6 |
| Excluding net exports | 55.6 | 38.9 | 65.1 | 85.2 | 99.5 | 72.6 | 68.1 | 138.5 |
| Personal consumption expenditures | 43.3 | 38.1 | 49.6 | 61.9 | 76.2 | 71.5 | 78.2 | 108.3 |
| Durable goods | 6.8 | .5 | 12.6 | 14.5 | 11.9 | -2.8 | 6.6 | 20.0 |
| Nondurable goods | 15.1 | 17.9 | 14.6 | 21.3 | 38.3 | 42.2 | 36.7 | 43.3 |
| Services | 21.4 | 19.9 | 22.2 | 26.1 | 26.0 | 32.1 | 34.9 | 44.9 |
| Residential fixed investment | 2.5 | -1.4 | 11.6 | 11.2 | 3.2 | -11.2 | -6.8 | 11.4 |
| Business fixed investment | 9.7 | 2.1 | 4.0 | 12.2 | 20.0 | 12.4 | -3.2 | 18.8 |
| Government | 10.4 | 9.5 | 14.7 | 21.5 | 20.7 | 32.8 | 33.7 | 33.6 |
| Federal | .0 | -2.6 | 1.4 | 7.3 | 1.7 | 10.3 | 13.3 | 11.4 |
| State and local | 10.4 | 12.1 | 13.3 | 14.2 | 19.0 | 22.5 | 20.4 | 22.3 |
| GNP in constant (1958) dollars | 19.0 | -3.1 | 23.8 | 46.2 | 46.7 | -18.0 | -27.5 | 47.0 |
| Final purchases | 18.7 | -.4 | -22.5 | -44.4 | 43.0 | -15.9 | -7.3 | 28.1 |
| Private | 20.6 | 6.2 | 18.5 | 46.1 | 45.2 | -17.5 | -11.1 | 31.4 |
| -----Per Cent per Year----- | | | | | | | | |
| Gross National Product | 7.6 | 5.0 | 8.0 | 9.8 | 11.8 | 7.9 | 5.6 | 13.1 |
| Final purchases | 7.6 | 5.4 | 7.8 | 9.6 | 11.3 | 8.1 | 8.0 | 10.7 |
| Private | 8.4 | 5.7 | 8.1 | 9.7 | 12.2 | 7.1 | 7.2 | 11.0 |
| Personal consumption expenditures | 8.1 | 6.6 | 8.0 | 9.3 | 10.5 | 8.9 | 8.9 | 11.3 |
| Durable goods | 8.1 | .6 | 13.8 | 14.0 | 10.1 | -2.1 | 5.2 | 14.9 |
| Nondurable goods | 6.5 | 7.3 | 5.5 | 7.7 | 12.8 | 12.5 | 9.7 | 10.4 |
| Services | 9.7 | 8.2 | 8.5 | 9.2 | 8.4 | 9.5 | 9.5 | 11.1 |
| Gross private domestic investment | 10.3 | -1.9 | 12.8 | 16.7 | 16.8 | .0 | -20.3 | 37.9 |
| Residential structures | 8.3 | -4.3 | 37.2 | 26.2 | 5.9 | -19.6 | -14.8 | 29.1 |
| Business fixed investment | 10.9 | 2.1 | 4.0 | 11.7 | 17.1 | 9.1 | -2.1 | 12.9 |
| Gov't purchases of goods & services | 5.2 | 4.5 | 6.7 | 9.2 | 8.1 | 11.9 | 10.9 | 9.8 |
| Federal | .0 | -2.6 | 1.5 | 7.5 | 1.6 | 9.7 | 11.4 | 8.8 |
| Defense | .1 | -4.8 | -4.6 | 5.1 | -.5 | 5.8 | 9.5 | 8.6 |
| Other | -.5 | 5.9 | 22.7 | 13.6 | 7.0 | 18.6 | 15.2 | 9.1 |
| State and local | 10.3 | 10.9 | 10.8 | 10.4 | 12.6 | 13.3 | 10.6 | 10.5 |
| GNP in constant (1958) dollars | 2.7 | -.4 | 3.3 | 6.2 | 5.9 | -2.1 | -3.4 | 5.9 |
| Final purchases | 2.7 | -.1 | 3.1 | 6.0 | 5.5 | -1.9 | -.9 | 3.5 |
| Private | 3.7 | 1.1 | 3.9 | 6.7 | 6.5 | -2.6 | -1.7 | 4.8 |
| GNP implicit deflator | 4.8 | 5.5 | 4.6 | 3.4 | 5.6 | 10.3 | 9.2 | 6.8 |
| Private GNP fixed weighted index ^{1/} | 4.7 | 4.8 | 4.3 | 3.3 | 6.3 | 11.4 | 9.3 | 6.6 |
| Personal income | 9.0 | 7.6 | 6.9 | 9.4 | 11.7 | 9.1 | 7.9 | 11.0 |
| Wage and salary disbursements | 9.6 | 6.3 | 5.8 | 9.3 | 10.4 | 8.6 | 4.9 | 10.8 |
| Disposable income | 7.3 | 9.0 | 7.9 | 7.5 | 12.6 | 8.4 | 9.6 | 10.2 |
| Corporate profits before tax | -3.1 | -12.8 | 13.0 | 18.7 | 23.7 | 14.7 | -17.3 | 34.1 |
| Federal Government receipts and expenditures (N.I.A. basis) | | | | | | | | |
| Receipts | 12.7 | -2.7 | 3.4 | 14.5 | 13.8 | 12.6 | -2.7 | 19.4 |
| Expenditures | 4.2 | 7.8 | 8.0 | 11.1 | 8.0 | 13.2 | 19.2 | 10.4 |
| Nonfarm payroll employment | 3.7 | .7 | .4 | 3.5 | 4.2 | 2.0 | -1.8 | 2.5 |
| Manufacturing | 2.0 | -4.1 | -4.0 | 2.8 | 5.0 | -.2 | -8.3 | 4.6 |
| Industrial production | 4.7 | -3.6 | .1 | 7.9 | 9.0 | -.7 | -9.9 | 8.7 |
| Housing starts, private | -2.7 | -2.3 | 43.2 | 14.9 | -13.2 | -34.6 | -11.8 | 22.9 |
| Sales new autos | -.6 | -12.3 | 21.9 | 6.7 | 4.7 | -22.5 | .1 | 15.3 |
| Domestic models | -1.8 | -15.9 | 21.9 | 7.4 | 3.7 | -23.0 | -3.2 | 17.9 |
| Foreign models | 9.0 | 15.5 | 21.8 | 3.3 | 9.8 | -20.1 | 17.2 | 4.2 |

^{1/} Using expenditures in 1967 as weights.

Part 2

September 10, 1975

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the Federal Open Market Committee

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

CONFIDENTIAL (FR)

September 10, 1975

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

By the Staff
Board of Governors
of the Federal Reserve System

FEDERAL BUDGET
(In billions of dollars)

| | Fiscal Year 1975* | Fiscal Year 1976 e/ | | | Calendar Years | | F.R.B. Staff Estimates | | | | | |
|--|-------------------------|---------------------|---------------------|---------------------|----------------|--------|-----------------------------------|--------|-------|----------------|-------|-------|
| | | Admin. | Cong. | F.R. | 1974 | 1975 | Calendar Quarters | | | | | |
| | | Est. 1/ | Est. 2/ | Board | Actual | FRB e/ | 1975 | | | 1976 | | |
| | | | | | | | I* | II* | III | IV | I | II |
| Federal Budget--Unified | | | | | | | Unadjusted data | | | | | |
| Surplus/deficit | -43.6 | -59.9 | -68.8 | -66.7 | -10.9 | -71.9 | -18.0 | -12.0 | -17.8 | -24.1 | -23.7 | -1.1 |
| Receipts | 281.0 | 299.0 | 298.2 | 300.3 | 280.5 | 279.9 | 65.1 | 76.1 | 72.6 | 66.1 | 67.1 | 94.5 |
| Outlays | 324.6 | 358.9 | 367.0 | 367.0 | 291.4 | 351.8 | 83.1 | 88.1 | 90.4 | 90.2 | 90.8 | 95.6 |
| Means of financing: | | | | | | | | | | | | |
| Net borrowing from the public | 50.9 | 74.0 | n.a. | 76.0 | 11.8 | 81.6 | 19.4 | 16.6 | 20.9 | 24.7 | 25.3 | 5.1 |
| Decrease in cash operating balance | 1.6 | n.a. ^{4/} | n.a. | 1.6 | 4.5 | -.3 | -.7 | -1.0 | -1.2 | 2.6 | .2 | -- |
| Off-budget deficit ^{3/} | -9.5 | -14.2 ^{4/} | n.a. | -12.7 | -3.6 | -12.0 | -5.3 | -2.5 | -1.1 | -3.1 | -3.9 | -4.6 |
| Other ^{5/} | .6 | n.a. | n.a. | 1.9 | -1.7 | 2.7 | 4.6 | -1.1 | -.8 | -.1 | 2.1 | .6 |
| Cash operating balance, end of period | 7.6 | n.a. | n.a. | 6.0 | 5.9 | 6.2 | 6.6 | 7.6 | 8.8 | 6.2 | 6.0 | 6.0 |
| Memo: Sponsored agency borrowing ^{6/} | 10.8 | n.a. | n.a. | n.e. | 16.6 | 3.7 | .1 | -.3 | 1.2 | 2.7 | n.a. | n.a. |
| NIA Budget | | | | | | | Seasonally adjusted, annual rates | | | | | |
| Surplus/deficit | -47.6 ^{p/} | n.a. | n.a. | -61.4 ^{7/} | -8.1 | -73.3 | -54.4 | -104.6 | -63.7 | -70.6 | -57.1 | -54.3 |
| Receipts | 282.4 ^{p/} | n.a. ^{2/} | n.a. | 314.0 ^{7/} | 291.1 | 283.2 | 284.1 | 250.5 | 297.1 | 301.3 | 324.5 | 333.0 |
| Expenditures | 330.0 ^{p/} | 371.4 ^{2/} | n.a. | 375.4 | 299.1 | 356.6 | 338.5 | 355.0 | 360.8 | 371.9 | 381.6 | 387.3 |
| High Employment Surplus/deficit (NIA basis) ^{8/9/} | 3.5 | n.a. | n.a. | -6.2 | 19.1 | -11.0 | 9.6 | -37.9 | -5.3 | -10.5 | -5.9 | -3.3 |
| | *Actual | e--projected | n.e.--not estimated | | | | n.a.--not available | | | p--preliminary | | |

1/ Mid-Session Review of the 1976 Budget, May 30, 1975.

2/ Concurrent Budget Resolution, May 14, 1975.

3/ Deficit of off-budget Federal agencies, i.e., Federal Financing Bank, Postal Service, Export-Import Bank, Rural Electrification and Telephone revolving fund, Housing for the Elderly or Handicapped Fund, and Pension Benefit Guaranty Corporation.

4/ Unpublished, confidential Q.M.B. estimate consistent with Mid-Session Review.

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

6/ Federally-sponsored credit agencies, i.e., Federal Home Loan Banks, Federal National Mortgage Association, Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives.

7/ Quarterly average exceeds fiscal year total by \$.9 billion for fiscal 1976 due to spreading of wage base effect over calendar year.

8/ Estimated by F.R. Board staff.

9/ The high-employment budget estimates now fully incorporate taxes on inventory profits beginning 1973.

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

| | 1975 | | | | | |
|---------------------------------------|------------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| | QII ^{e/} | QIII ^{f/} | July ^{e/} | Aug. ^{e/} | Sept. ^{f/} | Oct. ^{f/} |
| | <u>Gross Offerings</u> | | | | | |
| Corporate securities - Total | 5,218 | 3,567 | 4,000 | 2,650 | 4,050 | 4,600 |
| Publicly-offered bonds | 3,524 | 2,067 | 2,700 | 1,400 | 2,100 | 2,600 |
| Privately-placed bonds | 587 | 733 | 600 | 600 | 1,000 | 700 |
| Stocks | 1,107 | 767 | 700 | 650 | * 950 | 1,300 |
| Foreign securities ^{1/} | 392 | 408 | 925 | 0 | 235 | 300 |
| State and local government securities | | | | | | |
| Long-term | 2,729 | 2,999 | 3,497 | 2,800 | 2,400 | 2,500 |
| Short-term | 3,100 | 1,953 | 1,558 | 1,800 | 2,500 | 2,100 |
| | <u>Net Offerings</u> | | | | | |
| U.S. Treasury ^{2/} | 5,536 | 6,967 | 7,800 | 7,000 | 6,100 | 6,400 |
| Sponsored Federal agencies | -115 | 393 | 599 | 94 | 487 | 1,366 |

^{e/} Estimated

^{f/} Forecast.

^{1/} Includes issues of foreign private and official institutions.

^{2/} Total Treasury issues, including Federal Financing Bank.