

December 15, 1982

## **SUMMARY AND OUTLOOK**

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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		Gross domestic business product fixed-weighted price index				Unemployment rate (percent)		
				Total		Excluding food and energy				
11/10/82	12/15/82	11/10/82	12/15/82	11/10/82	12/15/82	11/10/82	12/15/82	11/10/82	12/15/82	
Annual changes:										
1980 <1>	8.9	8.9	-4	-4	10.1	10.1	8.6	8.6	7.1	7.1
1981 <1>	11.6	11.6	1.9	1.9	9.6	9.6	9.4	9.4	7.6	7.6
1982	4.4	4.1	-1.7	-1.9	6.0	6.0	7.0	6.9	9.7	9.7
1983	6.6	6.1	1.8	1.4	4.8	4.7	4.8	4.5	10.5	11.0
Quarterly changes:										
1981 Q1 <1>	19.6	19.6	7.9	7.9	10.4	10.4	8.4	8.4	7.4	7.4
Q2 <1>	5.3	5.3	-1.5	-1.5	8.6	8.6	9.4	9.4	7.4	7.4
Q3 <1>	11.4	11.4	2.2	2.2	9.3	9.3	11.0	11.0	7.4	7.4
Q4 <1>	3.0	3.0	-5.3	-5.3	7.4	7.4	8.6	8.6	8.3	8.3
1982 Q1 <1>	-1.0	-1.0	-5.1	-5.1	4.4	4.4	5.3	5.3	8.8	8.8
Q2 <1>	6.8	6.8	2.1	2.1	3.8	3.8	5.9	5.9	9.5	9.5
Q3 <1>	6.2	4.7	.8	.0	6.1	5.5	5.8	5.0	9.9	9.9
Q4	5.4	4.0	-6	-1.8	5.4	5.6	5.6	5.7	10.6	10.7
1983 Q1	7.0	6.4	1.9	1.9	4.8	4.3	4.8	4.4	10.6	11.1
Q2	6.2	6.3	2.0	2.0	4.5	4.8	4.2	4.0	10.6	11.1
Q3	8.0	8.0	4.4	3.9	4.2	4.1	3.7	3.4	10.5	11.0
Q4	8.3	8.7	4.3	4.6	4.1	3.9	3.7	3.2	10.3	10.8
Two-quarter changes: <2>										
1981 Q2 <1>	12.2	12.2	3.1	3.1	9.5	9.5	8.9	8.9	-.1	-.1
Q4 <1>	7.1	7.1	-1.6	-1.6	8.3	8.3	9.8	9.8	.9	.9
1982 Q2 <1>	2.8	2.8	-1.6	-1.6	4.2	4.2	5.6	5.6	1.2	1.2
Q4	5.8	4.4	.1	-.9	5.8	5.6	5.7	5.4	1.1	1.2
1983 Q2	6.6	6.4	1.9	1.9	4.6	4.5	4.5	4.2	.0	.4
Q4	8.2	8.4	4.4	4.3	4.2	4.0	3.7	3.3	-.3	-.3
Four-quarter changes: <3>										
1980 Q4 <1>	9.4	9.4	-.7	-.7	10.3	10.3	9.4	9.4	1.5	1.5
1981 Q4 <1>	9.6	9.6	.7	.7	8.9	8.9	9.3	9.3	.8	.8
1982 Q4	4.3	3.6	-.7	-1.2	5.0	4.9	5.7	5.5	2.3	2.4
1983 Q4	7.4	7.4	3.1	3.1	4.4	4.3	4.1	3.8	-.3	.1

&lt;1&gt; Actual.

&lt;2&gt; Percent change from two quarters earlier.

&lt;3&gt; Percent change from four quarters earlier.

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

	1980				1981			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	2575.9	2573.4	2643.7	2739.4	2864.9	2901.8	2980.9	3003.2
Final purchases	2576.6	2573.9	2664.8	2757.1	2852.7	2877.2	2949.1	2989.9
Private	2057.4	2037.9	2126.3	2197.3	2274.6	2294.0	2348.9	2363.6
Excluding net exports	2043.4	2013.7	2087.3	2173.8	2243.4	2270.3	2323.0	2340.1
Personal consumption expenditures	1618.7	1622.2	1682.0	1745.8	1799.9	1819.4	1868.8	1884.5
Goods	871.4	855.7	886.4	925.2	957.5	960.0	982.5	976.1
Services	747.3	766.6	795.6	820.6	842.4	859.4	886.3	908.3
Gross private domestic investment	424.0	391.0	384.1	410.3	455.7	475.5	486.0	468.9
Residential structures	113.5	91.2	97.6	110.5	113.6	109.5	101.2	95.5
Business fixed investment	311.2	300.2	307.8	317.5	330.0	341.3	353.0	360.2
Change in business inventories	-.7	-.4	-21.2	-17.7	12.2	24.6	31.8	13.2
Nonfarm	.7	4.0	-15.4	-12.3	10.0	19.3	24.6	6.0
Net exports of goods and services <1>	14.0	24.2	39.0	23.5	31.2	23.7	25.9	23.5
Exports	335.7	337.3	337.2	346.7	365.4	368.9	367.2	367.9
Imports	321.7	313.1	298.2	323.2	334.2	345.1	341.3	344.4
Gov't. purchases of goods and services	519.2	536.0	538.5	559.8	578.1	583.2	600.2	626.3
Federal <2>	189.6	198.8	193.3	207.0	217.0	218.2	230.0	250.5
State and local	329.6	337.2	345.2	352.8	361.1	365.0	370.1	375.7
Gross national product in constant (1972) dollars	1494.9	1457.8	1463.8	1479.4	1507.8	1502.2	1510.4	1490.1
Personal income	2086.8	2109.6	2185.3	2260.0	2330.0	2380.6	2458.2	2494.6
Wage and salary disbursements	1319.7	1332.1	1360.5	1412.2	1452.8	1479.4	1512.3	1531.2
Disposable personal income	1766.9	1781.0	1845.5	1902.9	1958.7	1996.5	2060.0	2101.4
Saving rate (percent)	5.5	6.1	6.1	5.5	5.4	6.1	6.5	7.5
Corporate profits with I.V.A. and C.C. Adj.	195.3	172.2	177.8	181.2	200.3	185.1	193.1	183.9
Corporate profits before tax	268.2	217.6	238.1	245.9	253.1	225.4	233.3	216.5
Federal government surplus or deficit (-) (N.I.A. basis)	-39.7	-67.5	-73.1	-65.2	-39.7	-40.5	-58.0	-101.7
High employment surplus or deficit (-) <3>	-18.4	-20.3	-19.3	-10.6	10.4	22.0	5.9	-20.3
State and local government surplus or deficit(-) (N.I.A. basis)	29.1	23.3	27.1	33.0	31.3	32.9	33.5	29.1
Excluding social insurance funds	3.3	-2.8	-1.0	3.9	1.1	1.7	1.2	-4.2
Civilian labor force (millions)	106.5	106.8	107.2	107.5	108.1	108.8	108.7	109.2
Unemployment rate (percent)	6.3	7.3	7.6	7.5	7.4	7.4	7.4	8.3
Nonfarm payroll employment (millions)	90.9	90.3	89.9	90.5	90.9	91.2	91.4	91.0
Manufacturing	20.9	20.3	19.9	20.1	20.2	20.3	20.3	19.9
Industrial production (1967=100)	152.7	144.5	142.3	148.8	151.8	152.5	153.0	146.3
Capacity utilization: all manufacturing (percent)	83.4	77.9	75.9	79.1	79.9	79.8	79.2	74.8
Materials (percent)	85.8	78.9	75.2	80.1	82.2	81.2	81.2	75.2
Housing starts, private (million units, A.R.)	1.25	1.06	1.39	1.50	1.40	1.17	.96	.87
New auto sales (millions, A.R.)	10.65	7.68	8.80	9.04	9.96	7.89	9.04	7.36
Domestic models	7.87	5.53	6.51	6.57	7.31	5.63	6.90	5.13
Foreign models	2.77	2.14	2.29	2.47	2.66	2.25	2.14	2.23

<1> Balance of payments data and details underlying these estimates are shown in the International Developments section of this part of the Greenbook.

<2> Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

<3> Estimates in table are evaluated at a 5.1 percent high employment unemployment rate. Evaluated at a 6.1 percent unemployment rate, the high employment budget would show a deficit of \$30.9 billion in 1980-Q4, and a deficit of \$43.3 billion in 1981-Q4.

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

	1980				1981			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Constant (1972) Dollars</u>								
Gross national product	1.5	-9.6	1.6	4.3	7.9	-1.5	2.2	-5.3
Final purchases	1.6	-9.6	3.3	3.7	5.4	-4.0	1.0	-2.3
Private	.8	-12.4	5.4	4.7	5.5	-4.0	.4	-4.4
Excluding net exports	-1.3	-13.7	5.7	7.6	4.7	-2.8	2.2	-3.6
Personal consumption expenditures	-7	-8.7	5.4	5.7	4.4	-2.7	2.9	-3.3
Goods	-2.3	-16.1	5.7	8.6	6.9	-5.1	4.0	-6.2
Services	1.2	.4	5.1	2.6	1.5	.1	1.7	.0
Gross private domestic investment	-4.5	-32.5	-5.1	22.6	25.0	14.9	6.9	-22.6
Residential structures	-21.6	-61.7	20.4	59.8	1.0	-17.4	-31.9	-25.3
Business fixed investment	2.5	-20.4	3.5	6.6	8.0	1.1	9.3	.6
Gov't. purchases of goods and services	5.2	3.1	-4.7	-.3	5.2	-4.1	3.6	7.0
Federal	12.3	10.5	-12.5	-2.6	12.2	-3.2	14.8	20.4
National defense	13.2	.5	-2.5	-2.1	8.0	11.5	7.6	10.1
State and local	1.2	-1.1	.3	1.0	1.3	-4.6	-2.7	-.8
Disposable personal income	1.1	-6.6	5.2	3.0	3.7	.6	4.8	1.2
<u>Current Dollars</u>								
Gross national product	12.2	-.4	11.4	15.3	19.6	5.3	11.4	3.0
Final purchases	11.8	-.4	14.9	14.6	14.6	3.5	10.4	5.7
Private	10.2	-3.7	18.5	14.0	14.8	3.5	9.9	2.5
Excluding net exports	9.5	-5.7	15.4	17.6	13.4	4.9	9.6	3.0
Personal consumption expenditures	10.7	.9	15.6	16.1	13.0	4.4	11.3	3.4
Goods	9.4	-7.0	15.1	18.7	14.7	1.0	9.7	-2.6
Services	12.3	10.7	16.0	13.2	11.1	8.3	13.2	10.3
Gross private domestic investment	7.1	-27.6	-6.8	30.1	52.2	18.5	9.2	-13.3
Residential structures	-14.0	-58.2	31.0	64.5	11.5	-13.4	-27.0	-20.8
Business fixed investment	13.3	-13.3	10.4	13.3	16.7	14.5	14.3	8.4
Gov't. purchases of goods and services	18.5	13.6	1.9	16.8	13.7	3.6	12.2	18.6
Federal	29.5	20.8	-10.5	31.3	20.9	2.2	23.5	40.7
National defense	28.8	10.4	1.7	25.3	15.4	22.1	10.8	36.7
State and local	12.7	9.6	9.8	9.2	9.7	4.4	5.7	6.2
Disposable personal income	12.7	3.2	15.3	13.0	12.3	7.9	13.4	8.3
Personal income	10.7	4.4	15.1	14.4	13.0	9.0	13.7	6.1
Wage and salary disbursements	11.4	3.8	8.8	16.1	12.0	7.5	9.2	5.1
Corporate profits with I.V.A. and C.C. Adj.	29.4	-39.6	13.7	7.9	49.3	-27.1	18.4	-17.7
Corporate profits before tax	34.2	-56.7	43.4	13.8	12.2	-37.1	14.8	-25.8
Nonfarm payroll employment	1.8	-2.3	-1.8	2.7	1.8	1.0	.8	-1.8
Manufacturing	-1.2	-10.4	-7.5	4.2	1.3	2.8	.1	-8.1
Nonfarm business sector								
Output per hour	-.4	-4.6	3.4	3.1	4.9	-1.3	-.3	-3.5
Compensation per hour	11.9	10.2	10.4	9.8	11.8	7.1	9.0	7.3
Unit labor costs	12.4	15.5	6.8	5.5	6.6	8.6	9.3	11.2
GNP implicit deflator <1>	10.5	10.1	9.6	10.5	10.9	6.8	9.0	8.8
Gross domestic business product								
fixed-weighted price index <2>	11.0	10.4	9.9	10.0	10.4	8.6	9.3	7.4
Excluding food and energy	8.7	9.6	9.7	9.7	8.4	9.4	11.0	8.6
Consumer price index (all urban)	16.5	13.5	7.7	12.8	11.0	7.8	11.8	7.7
Industrial production	.4	-19.8	-5.8	19.3	8.4	1.9	1.4	-16.6

&lt;1&gt; Excluding Federal pay increases, rates of change were: 1980-Q1, 10.5 percent; 1980-Q4, 9.4 percent; 1981-Q1, 10.8 percent; 1981-Q4, 7.8 percent.

&lt;2&gt; Uses expenditures in 1972 as weights.

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

	1982				Projected 1983			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	2995.5	3045.2	3080.7	3111.2	3159.9	3208.6	3270.8	3340.1
Final purchases	3031.1	3061.4	3077.8	3124.4	3163.5	3202.6	3262.4	3328.1
Private	2401.0	2430.5	2428.6	2455.3	2487.7	2521.0	2568.4	2617.0
Excluding net exports	2369.7	2395.6	2425.9	2463.4	2501.4	2545.7	2595.1	2649.2
Personal consumption expenditures	1919.4	1947.8	1987.5	2030.5	2061.0	2095.8	2135.7	2178.2
Goods	987.0	995.7	1008.0	1023.3	1032.0	1049.0	1069.0	1091.3
Services	932.4	952.1	979.5	1007.2	1029.0	1046.8	1066.7	1086.9
Gross private domestic investment	414.8	431.5	441.3	419.7	436.8	455.9	467.8	483.0
Residential structures	93.4	95.5	97.2	100.2	109.2	117.2	123.7	129.7
Business fixed investment	357.0	352.2	341.2	332.7	331.2	332.7	335.7	341.3
Change in business inventories	-35.6	-16.2	2.9	-13.2	-3.6	6.0	8.4	12.0
Nonfarm	-36.0	-15.0	2.9	-13.2	-3.6	6.0	8.4	12.0
Net exports of goods and services <1>	31.3	34.9	2.7	-8.1	-13.7	-24.7	-26.7	-32.2
Exports	359.9	365.8	347.0	331.0	324.2	324.1	333.5	342.3
Imports	328.6	330.9	344.2	339.1	337.9	348.8	360.2	374.5
Gov't. purchases of goods and services	630.1	630.9	649.2	669.1	675.8	681.6	694.0	711.1
Federal <2>	249.7	244.3	256.4	271.5	273.8	274.4	282.0	294.3
State and local	380.4	386.6	392.7	397.6	402.0	407.2	412.0	416.8
Gross national product in constant (1972) dollars	1470.7	1478.4	1478.4	1471.6	1478.6	1485.9	1500.3	1517.2
Personal income	2510.5	2552.7	2596.0	2630.1	2657.1	2692.8	2741.8	2789.5
Wage and salary disbursements	1541.6	1556.6	1569.9	1571.0	1590.4	1611.7	1638.1	1670.4
Disposable personal income	2117.1	2151.5	2201.7	2236.6	2269.2	2296.5	2345.0	2390.8
Saving rate (percent)	6.6	6.7	7.0	6.5	6.5	6.1	6.3	6.3
Corporate profits with I.V.A. and C.C. Adj.	157.1	155.4	165.9	169.7	174.9	177.5	188.9	202.7
Corporate profits before tax	171.6	171.7	179.9	176.0	175.0	170.4	175.5	181.0
Federal government surplus or deficit (-) (N.I.A. basis)	-118.4	-119.6	-153.1	-185.8	-177.9	-167.9	-187.2	-199.5
High employment surplus or deficit (-) <3>	-17.0	-8.1	-32.5	-50.8	-34.1	-18.4	-38.3	-52.8
State and local government surplus or deficit (-) (N.I.A. basis)	27.7	32.1	32.5	34.3	34.8	36.1	38.9	42.4
Excluding social insurance funds	-6.8	-3.6	-4.3	-3.8	-4.5	-4.4	-2.8	-5
Civilian labor force (millions)	109.1	110.2	110.7	110.9	111.4	111.7	112.0	112.3
Unemployment rate (percent)	8.8	9.5	9.9	10.7	11.1	11.1	11.0	10.8
Nonfarm payroll employment (millions)	90.4	90.0	89.4	88.7	88.8	89.0	89.3	89.9
Manufacturing	19.4	19.1	18.7	18.2	18.0	18.1	18.2	18.5
Industrial production (1967=100)	141.7	139.4	138.2	135.8	137.1	139.1	142.1	145.2
Capacity utilization: all manufacturing (percent)	71.6	70.3	69.7	67.9	68.2	68.8	69.9	71.0
Materials (percent)	72.0	69.6	68.2	66.6	67.5	68.5	70.3	72.1
Housing starts, private (million units, A.R.)	.92	.95	1.11	1.20	1.30	1.40	1.45	1.50
New auto sales (millions, A.R.)	8.12	7.53	7.78	8.40	8.20	8.40	9.00	9.20
Domestic models	5.90	5.53	5.56	6.00	5.90	6.30	6.70	6.80
Foreign models	2.22	1.99	2.22	2.40	2.30	2.10	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.

<3> Estimates in table are evaluated at a 5.1 percent high employment unemployment rate. Evaluated at a 6.1 percent unemployment rate, the high employment budget would show a deficit of \$75.5 billion in 1982-Q4, and a deficit of \$78.7 billion in 1983-Q4.

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CLASS II FOMC

PERCENT CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS  
(Annual rates compounded quarterly)

	1982				Projected 1983			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Constant (1972) Dollars</u>								
Gross national product	-5.1	2.1	.0	-1.8	1.9	2.0	3.9	4.6
Final purchases	.2	-9	-1.8	.3	.8	.9	3.7	4.2
Private	1.0	.2	-3.4	-7	1.2	1.4	3.9	4.4
Excluding net exports	.9	.6	-4.5	1.0	1.3	1.9	3.3	4.2
Personal consumption expenditures	2.5	2.5	1.1	3.1	.9	1.3	3.0	3.7
Goods	2.0	2.5	-4	2.8	-.5	1.4	3.6	4.5
Services	3.0	2.4	2.9	3.4	2.4	1.1	2.3	3.0
Gross private domestic investment	-36.5	14.9	5.4	-22.1	12.3	13.6	6.8	9.6
Residential structures	-10.2	12.9	6.3	9.6	36.0	27.3	19.1	16.5
Business fixed investment	-5.0	-11.8	-10.8	-12.9	-4.2	-1.0	.7	3.6
Gov't. purchases of goods and services	-2.9	-5.3	6.8	4.3	-.9	-.9	2.8	3.2
Federal	-5.5	-13.5	18.6	12.8	-4	-2.2	7.3	8.0
National defense	-7.9	21.4	12.0	5.6	5.5	8.4	10.1	9.4
State and local	-1.1	.4	-.2	-1.0	-1.3	-.1	-.2	.0
Disposable personal income	-1.9	3.1	2.3	.8	.7	-.6	3.8	3.6
<u>Current Dollars</u>								
Gross national product	-1.0	6.8	4.7	4.0	6.4	6.3	8.0	8.7
Final purchases	5.6	4.1	2.2	6.2	5.1	5.0	7.7	8.3
Private	6.5	5.0	-.3	4.5	5.4	5.5	7.7	7.8
Excluding net exports	5.2	4.4	5.2	6.3	6.3	7.3	8.0	8.6
Personal consumption expenditures	7.6	6.1	8.4	8.9	6.1	6.9	7.8	8.2
Goods	4.5	3.6	5.0	6.2	3.4	6.8	7.8	8.6
Services	11.0	8.7	12.0	11.8	8.9	7.1	7.8	7.8
Gross private domestic investment	-38.8	17.1	9.4	-18.2	17.3	18.7	10.9	13.6
Residential structures	-8.4	9.4	7.0	12.9	41.1	32.7	24.1	20.9
Business fixed investment	-3.5	-5.3	-11.9	-9.6	-1.8	1.8	3.7	6.8
Gov't. purchases of goods and services	2.4	.6	12.1	12.9	4.1	3.5	7.5	10.2
Federal	-1.4	-8.3	21.4	25.7	3.4	.9	11.5	18.6
National defense	-1.8	26.4	14.3	16.7	10.5	12.9	15.0	20.3
State and local	5.0	6.7	6.5	5.1	4.5	5.3	4.8	4.7
Disposable personal income	3.0	6.7	9.7	6.5	6.0	4.9	8.7	8.0
Personal income	2.6	6.9	7.0	5.4	4.2	5.5	7.5	7.1
Wage and salary disbursements	2.7	3.9	3.5	.3	5.0	5.5	6.7	8.1
Corporate profits with I.V.A. and C.C. Adj.	-46.7	-4.3	29.9	9.4	12.9	5.9	28.5	32.6
Corporate profits before tax	-60.5	.2	20.5	-8.0	-2.2	-10.2	12.7	13.1
Nonfarm payroll employment	-2.4	-1.7	-2.9	-2.8	.1	1.0	1.7	2.6
Manufacturing	-9.0	-7.2	-7.8	-10.6	-2.8	.3	3.6	5.5
Nonfarm business sector								
Output per hour	.6	.8	4.0	3.4	1.9	1.4	2.2	2.3
Compensation per hour	7.7	6.1	6.6	5.8	5.5	4.6	4.6	4.5
Unit labor costs	7.1	5.2	2.6	2.4	3.5	3.1	2.4	2.2
GNP implicit deflator <1>	4.3	4.6	4.7	6.0	4.4	4.2	3.9	4.0
Gross domestic business product								
fixed-weighted price index <2>	4.4	3.8	5.5	5.6	4.3	4.8	4.1	3.9
Excluding food and energy	5.3	5.9	5.0	5.7	4.4	4.0	3.4	3.2
Consumer price index (all urban)	3.2	4.6	7.7	3.1	5.3	5.8	4.9	4.6
Industrial production	-11.8	-6.5	-3.4	-6.8	3.9	6.0	8.9	9.0

<1> Excluding Federal pay increases, the rates of change are: 1982-Q1, 4.2 percent; 1982-Q4, 5.5 percent; 1983-Q1, 4.4 percent; 1983-Q4, 3.5 percent.

<2> Uses expenditures in 1972 as weights.

CONFIDENTIAL - FR  
CLASS II FOMC

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

	1976	1977	1978	1979	1980	1981	---Projected---	1982	1983
Gross national product	1718.0	1918.3	2163.9	2417.8	2633.1	2937.7	3058.1	3244.8	
Final purchases	1706.2	1895.3	2137.4	2403.5	2643.1	2917.3	3073.7	3239.1	
Private	1344.1	1501.5	1705.5	1929.1	2104.7	2320.4	2428.8	2548.5	
Excluding net exports	1330.3	1505.5	1706.6	1915.9	2079.5	2294.3	2413.6	2572.8	
Personal consumption expenditures	1084.3	1204.4	1346.5	1507.2	1667.2	1843.2	1971.3	2117.7	
Goods	598.5	657.0	728.5	813.5	884.7	969.1	1003.5	1060.3	
Services	485.7	547.4	618.0	693.7	782.5	874.1	967.8	1057.3	
Gross private domestic investment	257.9	324.1	386.6	423.0	402.3	471.5	426.8	460.9	
Residential construction	72.0	95.8	111.2	118.6	103.2	104.9	96.6	119.9	
Business fixed investment	174.1	205.2	248.9	290.2	309.2	346.1	345.8	335.2	
Change in business inventories	11.8	23.0	26.5	14.3	-10.0	20.5	-15.5	5.7	
Nonfarm	13.9	21.9	25.4	8.6	-5.7	15.0	-15.3	5.7	
Net exports of goods and services <1>	13.8	-4.0	-1.1	13.2	25.2	26.1	15.2	-24.3	
Exports	170.9	182.7	218.7	281.4	339.2	367.3	350.9	331.0	
Imports	157.1	186.7	219.8	268.1	314.0	341.3	335.7	355.3	
Gov't. purchases of goods and services	362.1	393.8	431.9	474.4	538.4	596.9	644.8	690.6	
Federal <2>	129.2	143.4	153.6	168.3	197.2	228.9	255.5	281.1	
State and local	232.9	250.4	278.3	306.0	341.2	368.0	389.3	409.5	
Gross national product in constant (1972) dollars	1298.2	1369.7	1438.6	1479.4	1474.0	1502.6	1474.8	1495.5	
Personal income	1391.2	1540.4	1732.7	1951.2	2160.4	2415.8	2572.3	2720.3	
Wage and salary disbursements	889.9	983.2	1106.3	1237.6	1356.1	1493.9	1559.8	1627.6	
Disposable personal income	1194.4	1314.0	1474.0	1650.2	1824.1	2029.1	2176.7	2325.4	
Saving rate (percent)	6.9	5.9	6.1	5.9	5.8	6.4	6.7	6.3	
Corporate profits with I.V.A. and C.C.Adj.	138.1	167.3	192.4	194.8	181.6	190.6	162.0	186.0	
Corporate profits before tax	166.3	194.7	229.1	252.7	242.4	232.1	174.8	175.5	
Federal government surplus or deficit(-) (N.I.A. basis)	-53.1	-45.9	-29.5	-16.1	-61.4	-60.0	-144.2	-183.1	
High employment surplus or deficit(-)	-16.5	-20.5	-16.0	-2.0	-17.1	4.5	-27.1	-35.9	
State and local government surplus or deficit (-) (N.I.A. basis)	16.6	28.0	30.3	30.4	28.1	31.7	31.6	38.0	
Excluding social insurance funds	.9	10.1	10.0	6.6	.9	-.1	-4.7	-3.1	
Civilian labor force (millions)	96.2	99.0	102.3	105.0	106.9	108.7	110.2	111.8	
Unemployment rate (percent)	7.7	7.1	6.1	5.8	7.1	7.6	9.7	11.0	
Nonfarm payroll employment (millions)	79.4	82.5	86.7	89.8	90.4	91.1	89.6	89.2	
Manufacturing	19.0	19.7	20.5	21.0	20.3	20.2	18.8	18.2	
Industrial production (1967=100)	130.4	138.1	146.1	152.5	147.0	150.9	138.8	140.9	
Capacity utilization: all manufacturing (percent)	79.5	81.9	84.4	85.6	79.1	78.4	69.9	69.5	
Materials (percent)	81.1	82.7	85.6	87.4	80.0	79.9	69.1	69.6	
Housing starts, private (million units, A.R.)	1.54	1.96	2.00	1.72	1.30	1.10	1.05	1.41	
New auto sales (millions, A.R.)	10.12	11.13	11.29	10.68	9.04	8.56	7.96	8.70	
Domestic models	8.63	9.07	9.29	8.36	6.62	6.24	5.75	6.43	
Foreign models	1.49	2.06	2.00	2.32	2.42	2.32	2.21	2.28	

<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.

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

	1976	1977	1978	1979	1980	1981	--Projected-- 1982	1983
<hr/>								
Constant (1972) Dollars								
<hr/>								
Gross national product	5.4	5.5	5.0	2.8	-.4	1.9	-1.9	1.4
Final purchases	4.2	5.1	4.9	3.5	.5	1.0	-.9	.9
Private	5.3	6.0	5.6	4.0	.0	1.0	-1.3	.7
Excluding net exports	6.2	6.5	5.5	2.9	-1.1	1.8	-.3	1.5
Personal consumption expenditures	5.6	5.0	4.5	2.7	.3	1.8	1.0	1.9
Goods	6.7	5.1	4.2	1.9	-1.5	1.9	.0	1.5
Services	4.3	4.9	4.8	3.7	2.4	1.7	2.0	2.4
Gross private domestic investment	19.2	16.1	10.5	-.2	-11.8	8.3	-11.9	3.6
Residential structures	21.3	18.6	2.8	-5.3	-20.1	-4.9	-10.2	20.5
Business fixed investment	5.3	11.7	12.8	7.3	-2.2	3.6	-4.5	-5.7
Gov't. purchases of goods and services	.0	1.5	2.0	1.3	2.3	.9	.8	1.4
Federal	-.6	3.7	-.1	1.8	4.3	3.7	3.8	4.4
National defense	-2.3	.8	.4	2.6	4.0	4.9	7.1	8.6
State and local	.4	.2	3.3	1.1	1.1	-.8	-1.1	-.6
Disposable personal income	3.6	4.0	4.9	2.7	.2	2.5	1.3	1.4
<hr/>								
Current Dollars								
<hr/>								
Gross national product	10.9	11.7	12.8	11.7	8.9	11.6	4.1	6.1
Final purchases	9.6	11.1	12.8	12.4	10.0	10.4	5.4	5.4
Private	10.5	11.7	13.6	13.1	9.1	10.2	4.7	4.9
Excluding net exports	11.8	13.2	13.4	12.3	8.5	10.3	5.2	6.6
Personal consumption expenditures	11.0	11.1	11.8	11.9	10.6	10.6	7.0	7.4
Goods	10.9	9.8	10.9	11.7	8.8	9.5	3.6	5.7
Services	11.2	12.7	12.9	12.2	12.8	11.7	10.7	9.3
Gross private domestic investment	25.1	25.7	19.3	9.4	-4.9	17.2	-9.5	8.0
Residential structures	30.2	33.1	16.1	6.6	-13.0	1.7	-8.0	24.2
Business fixed investment	10.4	17.9	21.3	16.6	6.5	12.0	-.1	-3.1
Gov't. purchases of goods and services	6.5	8.8	9.7	9.8	13.5	10.9	8.0	7.1
Federal	5.3	11.0	7.1	9.6	17.1	16.1	11.6	10.0
National defense	3.6	8.0	8.0	11.5	17.5	17.0	16.1	14.7
State and local	7.2	7.5	11.2	9.9	11.5	7.9	5.8	5.2
Disposable personal income	9.0	10.0	12.2	12.0	10.5	11.2	7.3	6.8
Personal income	10.0	10.7	12.5	12.6	10.7	11.8	6.5	5.8
Wage and salary disbursements	10.4	10.5	12.5	11.9	9.6	10.2	4.4	4.4
Corporate profits with I.V.A. and C.C.Adj.	25.0	21.1	15.0	1.3	-6.8	5.0	-15.0	14.8
Corporate profits before tax	25.9	17.1	17.7	10.3	-4.0	-4.3	-24.7	.4
Nonfarm payroll employment	3.2	3.9	5.1	3.6	.6	.8	-1.6	-.4
Manufacturing	3.7	3.6	4.2	2.6	-3.6	-.6	-6.6	-3.4
Nonfarm business sector								
Output per hour	3.2	2.2	.6	-1.3	-.9	1.4	.2	2.3
Compensation per hour	8.1	7.5	8.6	9.3	10.2	9.7	7.2	5.4
Unit labor costs	4.7	5.2	8.0	10.7	11.2	8.1	7.0	3.0
GNP implicit deflator	5.2	5.8	7.4	8.6	9.3	9.4	6.1	4.6
Gross domestic business product								
fixed-weighted price index <1>	5.5	6.1	8.0	9.9	10.1	9.6	6.0	4.7
Excluding food and energy	6.1	6.3	7.8	8.6	8.6	9.4	6.9	4.5
Consumer price index (all urban)	5.7	6.5	7.7	11.3	13.5	10.3	6.2	5.1
Industrial production	10.7	5.9	5.8	4.4	-3.6	2.6	-8.0	1.5

&lt;1&gt; Uses expenditures in 1972 as weights.



## FEDERAL SECTOR ACCOUNTS

December 15, 1982

	Fiscal Year 1981*	Fiscal Year 1982*	FY1983e/2/		CY 1981*	CY1982e/ F.R. Board	FRB Staff Estimates								
			Admin. 1/	F.R. Board			Calendar quarters; unadjusted data								
							1981			1982			1983		
							IV*	I*	II*	III*	IV	I	II	III	
Unified budget receipts	599.3	617.8	646.5	609.4	619.1	604.9	146.0	143.6	178.9	149.3	133.1	138.5	183.0	154.8	
Unified budget outlays	657.2	728.4	761.5	790.0	691.6	736.9	194.2	167.3	181.4	185.5	202.7	194.5	192.4	200.4	
Surplus/deficit(-), unified budget	-57.9	-110.7	-115.0	-180.6	-72.5	-132.0	-48.2	-23.7	-2.5	-36.2	-69.6	-56.0	-9.4	-45.6	
Surplus/deficit(-), off-budget agencies <sup>3</sup>	-21.0	-17.3	-14.9	-14.6	-22.4	-16.0	-3.6	-2.0	-5.8	-6.0	-2.3	-3.7	-4.4	-4.2	
Combined deficit to be financed	-78.9	-128.0	-129.9	-195.2	-94.9	-148.0	-51.8	-25.7	-8.3	-42.3	-71.9	-59.7	-13.8	-49.8	
Means of financing combined deficit:															
Net borrowing from public	79.4	134.9	126.0	188.7	87.3	155.0	35.6	32.8	9.0	57.5	55.7	59.8	25.0	48.2	
Decrease in cash operating balance	2.3	-10.7		10.4	0.3	-3.3	6.7	-1.0	2.0	-18.4	14.1	5.2	-13.2	4.3	
Other <sup>4</sup>	-2.8	3.8	3.9	-3.9	7.3	-3.7	9.5	-6.1	-2.8	3.2	2.0	-5.2	2.0	-2.7	
Cash operating balance, end of period	18.7	29.4	n.a.	19.0	12.0	15.3	12.0	13.0	11.0	29.4	15.3	10.1	23.3	19.0	
Memo: Sponsored agency borrowing <sup>5</sup>	35.7	20.5	50.1	10.3	30.0	14.8	4.0	1.6	9.1	5.8	-1.8	1.0	5.1	5.9	
<b>NIA Budget</b>															
							Seasonally adjusted annual rates								
Receipts	615.5	616.5	n.a.	627.4	628.2	613.4	625.7	609.9	617.0	613.4	613.1	622.2	635.4	638.7	
Expenditures	666.3	739.7	n.a.	807.0	688.2	757.6	727.4	728.3	736.6	766.5	798.9	800.1	803.3	825.9	
Purchases	218.1	250.2	n.a.	275.4	228.9	255.5	250.5	249.7	244.3	256.4	271.5	273.8	274.4	282.0	
Defense	146.5	172.9	n.a.	197.8	153.7	178.5	166.9	166.2	176.2	162.2	189.4	194.2	200.2	207.3	
Nondefense	71.5	77.4	n.a.	77.6	75.2	77.0	83.6	83.5	68.2	74.3	82.1	79.6	74.2	74.7	
All other expenditures	448.2	489.5	n.a.	531.6	459.3	502.1	476.9	478.6	492.3	510.1	527.4	526.3	528.9	543.9	
Surplus/deficit(-)	-50.9	-123.2	n.a.	-179.7	-60.0	-144.2	-101.7	-118.4	-119.6	-153.1	-185.8	-177.9	-167.9	-187.2	
High Employment (H.E.) surplus/deficit(-) evaluated at H.E. unemployment rate of:															
5.1 percent	6.9	-19.5	n.a.	-35.4	4.5	-27.1	-20.3	-17.0	-8.1	-32.5	-50.8	-34.1	-18.4	-38.3	
6.1 percent	-14.7	-43.9	n.a.	-60.5	-17.8	-51.9	-43.3	-41.4	-33.3	-57.5	-75.5	-58.9	-43.7	-63.9	
	*--actual					e--estimated								n.a.--not available	

1. OMB Mid-Session Review of the 1983 Budget, July 1982.
2. In the First Concurrent Resolution on the Budget -- Fiscal Year 1983, the Congress recommended revenues of \$665.9 billion and outlays of \$769.8 billion.
3. Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank and (beginning in FY1982) the Strategic Petroleum Reserve.

4. Checks issued less checks paid, accrued items and other transactions.
5. FRB staff estimates and actuals include Federal Home Loan Banks, FHLMC (excluding participation certificates), FNMA (excluding mortgage backed securities), Federal Land Banks, Federal Intermediate Credit Banks for Cooperatives, and Student Loan Marketing Association marketable debt on a payment basis. FRB and Administration estimates are not strictly comparable.

NOTE: Quarterly figures may not add to yearly totals due to rounding.

DECEMBER 14, 1982

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

	1981 ANN.	1982-P ANN.	1983-P ANN.	1982 Q1	1982 Q2	1982 Q3	1982-P Q4	1983-P Q1	1983-P Q2	1983-P Q3	1983-P Q4
<b>1. GNP NET EXPORTS</b>											
CURRENT \$, NET	26.1	15.2	-24.3	31.3	34.9	2.8	-8.0	-13.8	-24.7	-26.6	-32.2
EXPORTS OF G+S	367.3	350.9	331.0	359.9	365.8	347.0	331.0	324.2	324.1	333.5	342.3
IMPORTS OF G+S	341.2	335.7	355.4	328.6	330.9	344.2	339.1	337.9	348.8	360.2	374.5
CONSTANT 72 \$, NET	42.0	29.8	20.9	37.0	35.7	25.7	20.9	20.8	19.3	21.3	22.0
EXPORTS OF G+S	158.4	148.0	136.0	151.7	154.4	146.6	139.5	135.5	133.9	136.4	138.1
IMPORTS OF G+S	116.4	118.2	115.1	114.7	118.7	120.9	118.6	114.7	114.5	115.1	116.1
TERMS OF TRADE (1972=100) 1/	79.1	83.5	78.9	82.8	85.0	83.1	83.0	81.2	79.5	78.2	76.9
<b>2. U.S. MERCHANDISE TRADE BALANCE 2/</b>											
EXPORTS (EXCL. MILITARY)	236.3	212.6	192.7	223.1	220.4	209.7	197.0	191.0	189.2	192.5	198.3
AGRICULTURAL	44.3	38.0	33.9	42.0	42.7	33.6	33.8	33.2	32.8	34.4	35.3
NONAGRICULTURAL	192.0	174.5	158.8	181.1	177.7	176.1	163.2	157.8	156.4	158.1	162.9
IMPORTS	264.1	252.0	273.7	246.6	243.5	259.5	258.4	259.2	268.6	277.4	289.5
PETROLEUM AND PRODUCTS	77.6	61.7	67.2	62.6	53.7	65.9	64.6	64.5	66.1	67.5	70.6
NONPETROLEUM	186.6	190.3	206.5	184.0	189.8	193.7	193.8	194.7	202.5	209.9	218.8
<b>3. U.S. CURRENT ACCOUNT BALANCE</b>											
OF WHICH: NET INVESTMENT INCOME	4.5	-11.1	-49.1	4.4	8.2	-24.3 <sup>P</sup>	-32.9	-37.3	-48.6	-51.8	-58.7
	33.0	28.2	31.0	27.4	30.7	26.9 <sup>P</sup>	27.7	29.9	29.4	32.4	32.4
<b>4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/</b>											
REAL GNP, % CHANGE, ANNUAL RATES	.5	.2	1.0	-.2	.3	-1.3	1.2	1.6	1.3	1.2	2.2
CONSUMER PRICES, % CHANGE, ANNUAL RATES	9.7	8.2	6.9	7.9	9.0	6.0	7.4	7.2	6.5	6.1	6.2

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

-- PERCENT SHARE IN TEN-COUNTRY TOTAL MULTILATERAL TRADE.

GERMANY (20.8%), JAPAN (13.6%), FRANCE (13.1%), UNITED KINGDOM (11.8%) CANADA (9.1%), ITALY (9.0%), THE NETHERLANDS (8.3%), BELGIUM (6.4%)

SWEDEN (4.2%), SWITZERLAND (3.6%)

P/ PROJECTED

December 15, 1982

## **RECENT DEVELOPMENTS**

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Prepared for the Federal Open Market Committee

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

GROSS OFFERINGS OF SECURITIES BY U.S. CORPORATIONS  
(Monthly totals or monthly averages, millions of dollars)

	1981	1982					
	Year	Q1	Q2	Q3	Oct. <sup>p</sup>	Nov. <sup>p</sup>	Dec. <sup>f</sup>
-----Seasonally adjusted-----							
Corporate securities--total	6,348	6,102	6,391	9,436	10,274	11,515	10,800
Securities sold in U.S.	5,833	4,720	5,014	8,410	9,300	10,350	9,800
Publicly offered bonds <sup>1</sup>	3,138	2,088	2,279	5,008	6,600	6,550	6,000
Privately placed bonds	582	725	461	917	700	700	700
Stocks <sup>2</sup>	2,113	1,907	2,274	2,485	2,000	3,100	3,100
Securities sold abroad <sup>3</sup>	515	1,382	1,377	1,026	974	1,165	1,000
-----Domestic offerings, not seasonally adjusted-----							
Publicly offered bonds--total <sup>1</sup>	3,138	1,873	2,824	4,574	6,600	5,000	3,500
By industry							
Utility	1,079	693	938	970	1,670	1,230	--
Industrial	1,192	464	576	1,971	2,415	2,410	--
Financial	867	716	1,310	1,633	2,515	1,360	--
By quality <sup>4</sup>							
Aaa and Aa	1,182	694	956	1,835	2,775	1,425	--
A and Baa	1,448	809	1,065	1,836	2,840	2,120	--
Less than Baa	226	151	196	235	529	625	--
No rating (or unknown)	282	219	607	668	456	830	--
Memo items:							
Convertible bonds	357	47	178	199	550	560	--
Original discount bonds							
Par value	808	910	1,129	650	248	235	--
Gross proceeds	358	297	394	229	219	209	--
Stocks--total <sup>2</sup>	2,112	1,866	2,213	2,251	2,200	2,800	3,500
By industry							
Utility	676	660	558	728	500	700	--
Industrial	1,054	965	969	969	1,200	1,600	--
Financial	382	241	686	554	500	500	--

p--preliminary. f--forecast.

1. Total reflects gross proceeds rather than par value of original discount bonds.
2. Includes equity issues associated with debt/equity swaps.
3. Notes and bonds, not seasonally adjusted.
4. Bonds categorized according to Moody's bond ratings.

TREASURY AND AGENCY FINANCING<sup>1</sup>  
(Total for period; billions of dollars)

	FY 82	1982 Nov. <sup>P</sup>	1982 Dec. <sup>F</sup>	1982 Q4 <sup>F</sup>	1983 Q1 <sup>F</sup>
<u>Treasury financing</u>					
Combined surplus/deficit(-)	-128.0	-25.7	-19.6	-71.8	-59.8
Means of financing deficit:					
(1) Net cash borrowing from the public	134.9	24.9	24.6	55.7	59.8
Marketable borrowings/ repayments(-)	142.2	23.2	24.0	53.0	58.4
Bills	54.6	9.6	18.5	34.1	19.3
Coupons	87.6	13.6	5.5	18.9	39.1
Nonmarketable	-7.3	1.7	.6	2.7	1.4
(2) Decrease in the cash balance	-10.7	8.9	-10.1	14.1	5.2
Memo: Cash balance at end of period	29.4	5.2	15.3	15.3	10.1
(3) Other <sup>2</sup>	3.8	-8.1	5.1	2.0	-5.2
<u>Federally sponsored credit agencies net cash borrowing<sup>3</sup></u>					
FHLB	3.2	-.3	-.6	-1.2	-2.5
FNMA	11.4	-.2	.6	.2	1.8
Farm Credit Banks	4.0	-.7	-.3	-.9	1.3
Other	1.8	0	0	.2	.4

p--preliminary.

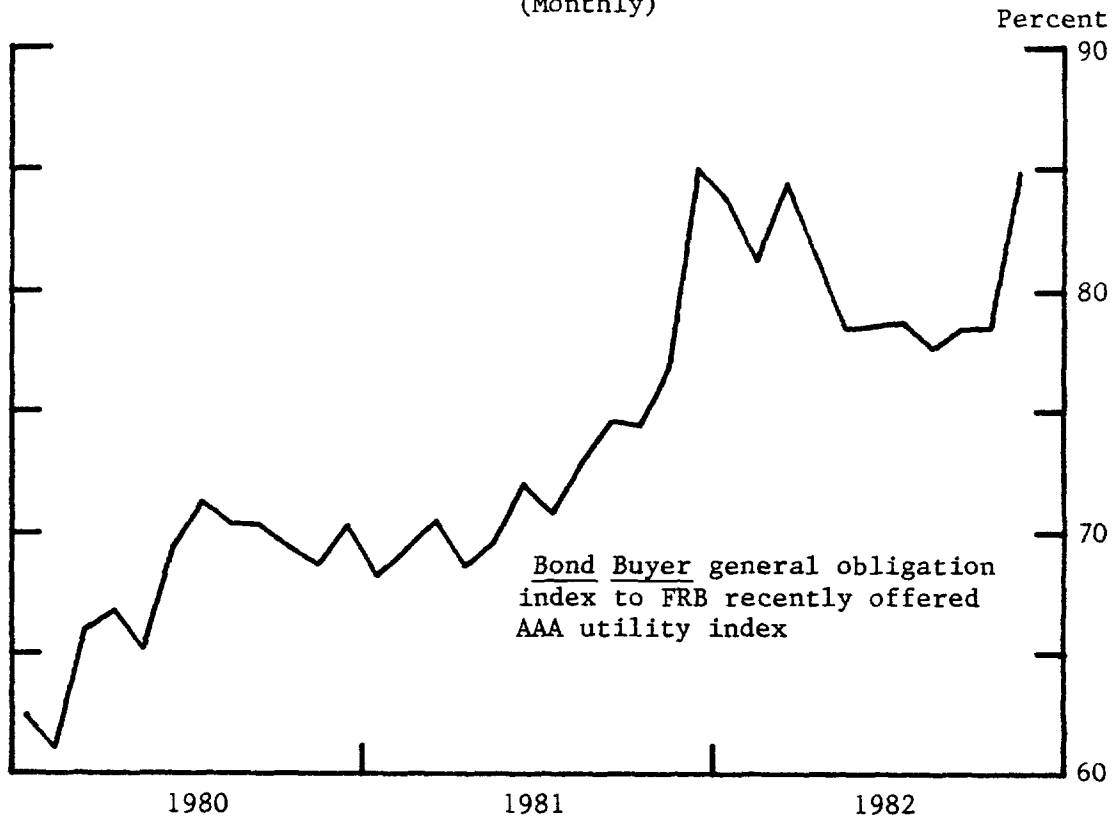
f--forecast.

1. Numbers reported on a not seasonally adjusted, payment basis.

2. Includes checks issued less checks paid, accrued items and other transactions.

3. Includes debt of Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, the Federal Farm Credit Bank System, and the Student Loan Marketing Association. Excludes mortgage pass-through securities issued by FNMA and FHLMC. Data for fiscal year 1982, as well as November, are preliminary.

RATIO OF TAX-EXEMPT TO TAXABLE YIELDS  
(Monthly)



STATE AND LOCAL GOVERNMENT SECURITIES OFFERINGS  
(Monthly totals or monthly averages, billions of dollars)

	1981	1982				
	Year	H1	Q3	Oct.	Nov. <sup>e</sup>	Dec. <sup>f</sup>
----- Seasonally adjusted -----						
Total	6.45	8.93	9.95	12.25	12.20	15.90
Long-term	3.65	5.25	6.40	7.90	8.00	11.00
Short-term <sup>1</sup>	2.80	3.68	3.55	4.35	4.20	4.90
----- Not seasonally adjusted -----						
Total	6.45	8.65	9.70	11.10	13.00	13.50
Long-term	3.65	5.20	6.15	8.00	9.20	10.00
Mortgage revenue	.53	.62	1.65	1.40	.90	1.00
Short-term <sup>1</sup>	2.80	3.45	3.55	3.10	3.80	3.50

e--estimate. f--forecast.

1. These figures do not include tax-exempt commercial paper.