

March 25, 1981

SUMMARY AND OUTLOOK

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

STAFF GNP PROJECTIONS

Percent changes, annual rate										
Gross domestic business product fixed-weighted price index										
Nominal GNP		Real GNP		Total		Excluding food and energy		Unemployment rate (percent)		
1/28/81	3/25/81	1/28/81	3/25/81	1/28/81	3/25/81	1/28/81	3/25/81	1/28/81	3/25/81	
Annual changes:										
1979 1/	12.0	12.0	3.2	3.2	9.6	9.6	8.1	8.1	5.8	5.8
1980 1/	8.9	8.8	-.1	-.2	9.7	9.6	8.1	8.0	7.1	7.1
1981 1/	10.7	11.5	.6	1.9	10.1	9.6	8.6	8.4	8.1	7.6
1982	8.7	8.8	.4	.5	8.3	8.4	7.7	7.7	8.9	8.4
Quarterly changes:										
1980-Q1 1/	12.6	12.6	3.1	3.1	10.2	10.2	7.7	7.7	6.2	6.2
1980-Q2 1/	-1.1	-1.1	-9.9	-9.9	9.5	9.5	9.3	9.3	7.3	7.3
1980-Q3 1/	11.8	11.8	2.4	2.4	9.8	9.8	9.3	9.3	7.5	7.5
1980-Q4 1/	16.7	14.9	5.0	3.8	9.6	8.9	8.5	7.6	7.5	7.5
1981-Q1	13.2	15.5	1.3	5.8	12.9	10.5	8.3	8.3	7.5	7.4
1981-Q2	6.3	9.0	-2.2	.0	9.9	9.6	8.1	8.6	8.0	7.5
1981-Q3	9.3	9.5	.6	.8	8.9	9.3	8.0	8.1	8.3	7.7
1981-Q4	9.9	9.6	.7	.5	8.0	8.9	7.8	7.9	8.5	7.9
1982-Q1	8.8	8.4	.7	.3	8.1	8.3	7.7	7.7	8.7	8.1
1982-Q2	7.9	8.0	.3	.3	7.9	7.9	7.4	7.4	8.8	8.3
1982-Q3	8.1	8.2	.6	.6	7.8	7.8	7.3	7.3	8.9	8.5
1982-Q4	9.2	9.7	1.0	1.2	7.5	7.5	7.1	7.1	9.0	8.6
<u>2/</u>										
Two-quarter changes:										
1980-Q2 1/	5.6	5.6	-3.6	-3.6	9.8	9.8	8.5	8.5	1.4	1.4
1980-Q4 1/	14.3	13.4	3.7	3.1	9.7	9.4	8.9	8.5	.2	.2
1981-Q2	9.7	12.2	-.5	2.9	11.4	10.0	8.2	8.6	.5	.2
1981-Q4	9.6	9.5	.6	.6	8.5	9.1	7.9	8.0	.5	.4
1982-Q2	8.3	8.2	.5	.3	8.0	8.1	7.5	7.5	.3	.4
1982-Q4	8.6	9.0	.8	.9	7.7	7.7	7.2	7.2	.2	.7
<u>3/</u>										
Four-quarter changes:										
1979-Q4 1/	9.9	9.9	1.7	1.7	9.4	9.4	7.2	7.2	.1	.1
1980-Q4 1/	9.8	9.4	.0	-.3	9.8	9.6	8.7	8.5	1.6	1.6
1981-Q4	9.6	10.9	.1	1.8	10.0	9.6	8.0	8.3	1.0	.4
1982-Q4	8.5	8.6	.7	.6	7.8	7.9	7.4	7.3	.5	.8

1/ Actual.

2/ Percent change from two quarters earlier.

3/ Percent change from four quarters earlier.

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CONFIDENTIAL - FR
CLASS II FOMC

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

	1979				1980			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	2340.6	2374.6	2444.1	2496.3	2571.7	2564.8	2637.3	2730.6
Final purchases	2316.2	2341.5	2430.8	2497.1	2569.1	2557.4	2653.4	2748.0
Private	1858.0	1876.4	1955.4	2000.7	2052.3	2027.4	2119.9	2189.4
Excluding net exports	1838.1	1868.2	1937.5	1993.1	2044.1	2010.3	2075.4	2166.1
Personal consumption expenditures	1454.1	1478.0	1529.1	1582.3	1631.0	1626.8	1682.2	1751.0
Goods	784.3	793.8	824.8	855.3	882.0	858.4	883.0	926.8
Services	669.9	684.2	704.3	727.0	749.0	768.4	799.2	824.2
Gross private domestic investment	408.3	423.2	421.7	410.0	415.6	390.9	377.1	397.7
Residential construction	116.7	117.2	119.8	120.6	115.2	93.6	99.2	113.0
Business fixed investment	267.3	272.9	288.5	290.2	297.8	289.8	294.0	302.1
Change in business inventories	24.3	33.1	13.3	-.8	2.5	7.4	-16.0	-17.4
Nonfarm	20.8	29.2	7.8	-4.4	1.5	6.1	-12.3	-14.0
Net exports of goods and services <u>1/</u>	19.9	8.2	17.9	7.6	8.2	17.1	44.5	23.3
Exports	259.1	266.8	293.1	306.3	337.3	333.3	342.4	346.1
Imports	239.2	258.6	275.2	298.7	329.1	316.2	297.9	322.7
Gov't. purchases of goods and services	458.2	465.1	475.4	496.4	516.8	530.0	533.5	558.6
Federal <u>2/</u>	164.8	163.6	165.1	178.1	190.0	198.7	194.9	212.0
State and local	293.4	301.6	310.4	318.3	326.8	331.3	338.6	346.6
Gross national product in constant (1972) dollar	1479.9	1473.4	1488.2	1490.6	1501.9	1463.3	1471.9	1485.6
Personal income	1864.6	1906.3	1972.3	2032.0	2088.2	2114.5	2182.1	2256.2
Wage and salary disbursements	1194.8	1218.6	1248.6	1282.2	1314.7	1320.4	1341.8	1397.8
Disposable personal income	1580.2	1612.8	1663.8	1710.1	1765.1	1784.1	1840.6	1897.0
Saving rate (percent)	5.3	5.6	5.4	4.7	4.9	6.2	6.1	5.1
Corporate profits with I.V.A. and C.C. Adj	201.9	196.6	199.5	189.4	200.2	169.3	177.9	183.0
Corporate profits before tax	253.1	250.9	262.0	255.4	277.1	217.9	237.6	249.2
Federal government surplus or deficit (-) (N.I.A. basis)	-11.5	-8.1	-15.2	-24.5	-36.3	-66.5	-74.2	-68.0
High employment surplus or deficit (-)	-4.6	5.1	-2.3	-7.1	-17.1	-21.5	-21.2	-13.5
State and local government surplus or deficit (-) (N.I.A. basis)	29.5	21.9	26.5	28.9	26.6	23.9	28.6	37.1
Excluding social insurance funds	7.1	-1.7	2.1	4.0	1.3	-1.7	.9	8.1
Civilian labor force (millions)	102.3	102.4	103.2	103.7	104.2	104.7	105.0	105.2
Unemployment rate (percent)	5.8	5.7	5.8	5.9	6.2	7.3	7.5	7.5
Nonfarm payroll employment (millions)	89.1	89.7	90.2	90.6	91.1	90.5	90.1	90.9
Manufacturing	21.1	21.1	21.1	21.0	21.0	20.3	19.9	20.3
Industrial production (1967=100)	152.7	152.3	152.6	152.5	152.5	144.6	142.1	149.1
Capacity utilization: all mfg. (percent)	86.9	85.9	85.3	84.4	83.4	77.9	75.7	79.2
Materials (percent)	88.4	87.5	87.2	86.3	85.5	78.7	74.9	80.0
Housing starts, private (million units, A.R.)	1.64	1.84	1.79	1.59	1.23	1.06	1.39	1.54
New autos sales, (millions, A.R.)	11.56	10.65	10.79	9.80	10.65	7.68	8.80	9.04
Domestic models	9.30	8.16	8.63	7.43	7.87	5.53	6.51	6.57
Foreign models	2.25	2.49	2.16	2.37	2.77	2.14	2.29	2.47

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.

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

	1979				1980			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Constant (1972) dollars</u>								
Gross national product	3.9	-1.7	4.1	.6	3.1	-9.9	2.4	3.8
Final purchases	2.5	-2.5	7.2	2.9	3.1	-10.4	4.1	4.4
Private	3.0	-3.0	8.7	2.2	2.2	-13.3	6.5	4.9
Excluding net exports	1.1	-1.6	5.5	1.9	-.4	-14.4	4.6	8.5
Personal consumption expenditures	.9	-1.2	4.7	3.6	.8	-9.8	5.1	7.0
Goods	-2.7	-4.6	6.0	4.2	-.3	-17.7	4.0	10.2
Services	5.5	3.0	3.1	2.8	2.1	.0	6.4	3.7
Gross private domestic investment	10.6	1.7	-9.9	-17.8	-5.6	-28.9	-10.0	11.1
Residential structures	-6.5	-10.8	-3.6	-3.1	-24.2	-60.2	16.0	64.2
Business fixed investment	5.2	-.4	13.4	-5.4	2.2	-19.9	-1.5	4.0
Gov't. purchases of goods and services	.7	-.5	1.2	6.1	6.9	2.5	-5.0	2.2
Federal	8.0	-7.9	-3.6	13.1	18.9	11.9	-13.1	2.0
State and local	-3.3	4.0	3.9	2.4	.6	-2.8	.3	2.3
Disposable personal income	3.1	.5	3.5	.8	1.3	-4.9	4.1	2.9
<u>Current dollars</u>								
Gross national product	12.7	5.9	12.2	8.8	12.6	-1.1	11.8	14.9
Final purchases	11.5	4.4	16.1	11.4	12.0	-1.8	15.9	15.0
Private	12.8	4.0	17.9	9.6	10.7	-4.8	19.5	13.8
Excluding net exports	10.8	6.7	15.7	12.0	10.6	-6.5	13.6	18.7
Personal consumption expenditures	11.0	6.7	14.6	14.7	12.9	-1.0	14.3	17.4
Goods	8.5	4.9	16.6	15.6	13.1	-10.3	12.0	21.4
Services	14.2	8.8	12.2	13.5	12.7	10.8	17.0	13.1
Gross private domestic investment	17.0	15.4	-1.5	-10.6	5.6	-21.8	-13.3	23.7
Residential structures	1.8	1.8	9.1	2.8	-16.7	-56.4	25.7	68.5
Business fixed investment	13.9	8.6	25.0	2.3	11.0	-10.4	6.0	11.5
Gov't. purchases of goods and services	6.3	6.2	9.2	18.8	17.5	10.6	2.6	20.2
Federal	10.7	-2.9	3.7	35.4	29.5	19.8	-7.5	40.2
State and local	3.9	11.6	12.2	10.6	11.2	5.6	9.1	9.7
Disposable personal income	13.5	8.5	13.3	11.6	13.5	4.4	13.3	12.8
Personal income	12.8	9.3	14.6	12.7	11.5	5.1	13.4	14.3
Wage and salary disbursements	13.5	8.2	10.2	11.2	10.5	1.8	6.6	17.8
Corporate profits with IVA & C.C. Adj.	-1.6	-10.1	6.0	-18.8	24.8	-48.9	21.9	12.0
Corporate profits before tax	8.3	-3.4	18.9	-9.7	38.6	-61.8	41.4	21.0
Nonfarm payroll employment	4.3	2.4	2.3	1.7	2.5	-2.7	-1.6	3.6
Manufacturing	4.6	.6	-.6	-1.7	-.8	-11.7	-7.2	6.4
Nonfarm business sector								
Output per hour	-.9	-1.9	-1.4	-.3	.0	-3.0	3.8	-1.9
Compensation per hour	10.9	10.0	8.1	9.6	9.9	11.2	9.3	9.6
Unit labor costs	11.9	12.1	9.7	9.9	9.9	14.6	5.3	11.8
GNP implicit deflator 1/	8.4	7.8	7.8	8.1	9.3	9.8	9.2	10.7
Gross domestic business product								
fixed-weighted price index 2/	9.5	9.2	9.5	9.3	10.2	9.5	9.8	8.9
Excluding food and energy	7.5	7.2	6.8	7.4	7.7	9.3	9.3	8.5
Consumer price index (all urban)	10.2	12.5	14.0	14.3	16.5	13.1	7.7	12.9
Industrial production	5.4	-1.0	.8	-.3	.0	-19.2	-6.7	21.2

1/ Excluding Federal pay increases, rates of change were: 1979-Q1, 8.3 percent; 1979-Q4, 7.5 percent; 1980-Q1, 9.2 percent; 1980-Q4, 9.7 percent.

2/ Uses expenditures in 1972 as weights.

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CONFIDENTIAL ~ FR
CLASS II FOMC

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

	1981				1982			
					Projected			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	2830.8	2892.3	2958.6	3026.9	3088.3	3148.6	3211.4	3286.5
Final purchases	2830.5	2885.3	2952.6	3022.9	3084.8	3144.6	3206.9	3282.0
Private	2259.4	2305.2	2358.1	2411.2	2461.6	2509.5	2560.3	2615.5
Excluding net exports	2235.7	2278.8	2331.9	2381.7	2429.5	2476.9	2527.8	2580.3
Personal consumption expenditures	1810.4	1856.9	1906.5	1950.9	1992.6	2032.2	2073.2	2114.5
Goods	964.0	986.4	1012.0	1034.4	1054.1	1072.7	1091.7	1110.5
Services	846.4	870.5	894.5	916.5	938.5	959.5	981.5	1004.0
Gross private domestic investment	425.6	428.9	431.4	434.8	440.4	448.7	459.1	470.3
Residential construction	114.0	107.0	107.0	108.5	110.0	112.0	115.5	120.0
Business fixed investment	311.3	314.9	318.4	322.3	326.9	332.7	339.1	345.8
Change in business inventories	.3	7.0	6.0	4.0	3.5	4.0	4.5	4.5
Nonfarm	.2	7.0	6.0	4.0	3.5	4.0	4.5	4.5
Net exports of goods and services <u>1/</u>	23.7	26.4	26.2	29.5	32.1	32.6	32.5	35.2
Exports	370.0	380.4	389.2	400.4	410.1	417.6	425.2	434.4
Imports	346.2	354.0	363.0	370.9	378.0	385.1	392.6	399.3
Gov't. purchases of goods and services	571.1	580.1	594.5	611.7	623.2	635.1	646.6	666.5
Federal <u>2/</u>	217.6	220.0	228.0	238.8	244.6	250.6	256.4	270.6
State and local	353.5	360.1	366.5	372.9	378.6	384.5	390.2	395.9
Gross national product in constant (1972) dollars	1506.8	1506.9	1509.8	1511.6	1512.7	1513.9	1516.2	1520.8
Personal income	2318.0	2376.2	2446.1	2499.8	2551.2	2606.1	2669.2	2724.8
Wage and salary disbursements	1440.6	1467.4	1497.9	1527.4	1554.9	1582.3	1606.7	1639.9
Disposable personal income	1944.6	1989.8	2072.7	2113.8	2156.5	2199.3	2251.3	2293.9
Saving rate (percent)	4.3	4.1	5.5	5.1	5.0	5.0	5.4	5.3
Corporate profits with I.V.A. and C.C. Adj.	184.3	182.2	185.8	187.5	181.9	178.9	186.0	197.6
Corporate profits before tax	251.0	242.5	245.5	246.7	240.6	237.8	244.7	256.3
Federal government surplus or deficit (-) (N.I.A. basis)	-34.6	-37.5	-83.1	-81.4	-77.3	-77.9	-91.4	-96.0
High employment surplus or deficit (-) <u>3/</u>	17.1	22.3	-19.4	-11.5	-1.0	4.6	-2.2	-.3
State and local government surplus or deficit (-) (N.I.A. basis)	34.6	33.9	36.4	34.7	33.7	33.2	33.2	34.0
Excluding social insurance funds	5.0	3.7	5.6	3.3	1.5	.3	-.5	-.5
Civilian labor force (millions)	105.7	106.0	106.3	106.5	106.8	107.1	107.4	107.6
Unemployment rate (percent)	7.4	7.5	7.7	7.9	8.1	8.3	8.5	8.6
Nonfarm payroll employment (millions)	91.6	91.6	91.7	91.6	91.6	91.7	91.7	91.7
Manufacturing	20.4	20.3	20.3	20.2	20.2	20.1	20.1	20.2
Industrial production (1967=100)	151.0	151.0	151.5	151.8	152.0	152.2	152.5	153.1
Capacity utilization: all mfg. (percent)	79.6	79.0	78.7	78.3	77.9	77.4	77.0	76.8
Materials (percent)	81.2	80.6	80.1	79.7	79.2	78.7	78.2	77.9
Housing starts, private (million units, A.R.)	1.35	1.25	1.25	1.25	1.30	1.30	1.35	1.35
New autos sales, (millions, A.R.)	10.10	8.90	8.80	8.70	8.75	8.80	8.70	8.65
Domestic models	7.40	6.40	6.40	6.30	6.40	6.50	6.40	6.35
Foreign models	2.70	2.50	2.40	2.40	2.35	2.30	2.30	2.30

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 \$37.2 billion in 1980-Q4 and a deficit of \$37.1 billion in 1981-Q4, and a deficit of \$27.4 billion in 1982-Q4.

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

	1981				1982				
	Q1	Q2	Q3	Q4	Projected		Q1	Q2	Q3
<u>Constant (1972) dollars</u>									
Gross national product	5.8	.0	.8	.5	.3	.3	.6	1.2	
Final purchases	3.8	-.8	.9	.7	.4	.3	.5	1.2	
Private	4.1	-.7	.9	.7	.2	.2	.6	1.3	
Excluding net exports	3.9	-1.1	.6	.3	.3	.3	.8	1.2	
Personal consumption expenditures	4.1	.8	1.5	.7	.5	.3	.5	.8	
Goods	8.0	.2	.3	-.2	-.1	.2	.4	.8	
Services	1.6	1.8	2.0	1.5	1.2	.8	1.1	1.8	
Gross private domestic investment	19.3	-3.3	-4.3	-3.7	-1.5	.8	2.4	2.8	
Residential structures	-4.4	-28.5	-7.6	-2.3	-2.4	-.7	4.5	7.7	
Business fixed investment	6.0	-2.7	-2.1	-1.7	-.7	.6	1.2	1.5	
Gov't. purchases of goods and services	2.5	-1.6	.7	1.1	.9	.4	.3	1.2	
Federal	7.2	-3.3	2.9	4.3	4.8	3.3	3.2	5.7	
State and local	-.3	-.5	-.6	-.8	-1.4	-1.3	-1.5	-1.6	
Disposable personal income	.5	-.1	7.5	-.6	.1	.3	1.9	.4	
<u>Current dollars</u>									
Gross national product	15.5	9.0	9.5	9.6	8.4	8.0	8.2	9.7	
Final purchases	12.6	8.0	9.7	9.9	8.4	8.0	8.2	9.7	
Private	13.4	8.4	9.5	9.3	8.6	8.0	8.4	8.9	
Excluding net exports	13.5	7.9	9.7	8.8	8.3	8.0	8.5	8.6	
Personal consumption expenditures	14.3	10.7	11.1	9.6	8.8	8.2	8.3	8.2	
Goods	17.0	9.6	10.8	9.2	7.8	7.2	7.3	7.1	
Services	11.2	11.9	11.5	10.2	10.0	9.3	9.5	9.5	
Gross private domestic investment	31.2	3.1	2.4	3.2	5.3	7.8	9.6	10.1	
Residential structures	3.7	-22.4	.0	5.7	5.6	7.5	13.1	16.5	
Business fixed investment	12.7	4.7	4.5	5.0	5.8	7.3	7.9	8.1	
Gov't. purchases of goods and services	9.3	6.5	10.3	12.1	7.7	7.9	7.4	12.9	
Federal	11.0	4.5	15.4	20.3	10.1	10.2	9.6	24.1	
State and local	8.2	7.7	7.3	7.2	6.3	6.4	6.1	6.0	
Disposable personal income	10.4	9.6	17.7	8.2	8.3	8.2	9.8	7.8	
Personal income	11.4	10.4	12.3	9.1	8.5	8.9	10.0	8.6	
Wage and salary disbursements	12.8	7.7	8.6	8.1	7.4	7.2	6.3	8.5	
Corporate profits with IVA & C.C. Adj.	2.9	-3.9	8.1	3.0	-11.4	-6.4	16.8	27.4	
Corporate profits before tax	3.0	-12.9	4.9	2.1	-9.5	-4.7	12.1	20.4	
Nonfarm payroll employment	2.8	.3	.1	.0	.0	.0	.0	.4	
Manufacturing	2.4	-1.3	-.8	-.8	-.8	-.8	-.4	.8	
Nonfarm business sector									
Output per hour	3.3	-.4	.7	.3	.3	.5	.4	.9	
Compensation per hour	12.1	9.1	8.8	8.4	9.2	7.9	7.7	7.7	
Unit labor costs	8.5	9.5	8.0	8.1	8.9	7.4	7.3	6.7	
GNP implicit deflator 1/	9.1	8.9	8.7	9.0	8.0	7.7	7.6	8.3	
Gross domestic business product									
fixed-weighted price index 2/	10.5	9.6	9.3	8.9	8.3	7.9	7.8	7.5	
Excluding food and energy	8.3	8.6	8.1	7.9	7.7	7.4	7.3	7.1	
Consumer price index (all urban)	11.5	11.6	11.9	10.5	8.6	8.0	7.8	7.5	
Industrial production	5.2	.0	1.3	.8	.5	.5	.8	1.6	

1/ Excluding Federal pay increases, the rates of change are: 1981-Q1, 9.1 percent; 1981-Q4, 8.3 percent; 1982-Q1, 8.0 percent; 1982-Q4, 7.4 percent.

2/ Uses expenditures in 1972 as weights.

March 25, 1981

CONFIDENTIAL - FR
CLASS II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS
(Expenditures and income figures are billions of current dollars.)

	1975	1976	1977	1978	1979	1980	Projected 1981	Projected 1982
Gross national product	1549.2	1718.0	1918.0	2156.1	2413.9	2626.1	2927.2	3183.7
Final purchases	1556.1	1706.2	1897.0	2133.9	2396.4	2632.0	2922.8	3179.6
Private	1216.2	1344.1	1502.5	1701.3	1922.6	2097.3	2333.5	2536.7
Excluding net exports	1189.4	1330.4	1506.7	1701.9	1909.2	2074.0	2307.0	2503.6
Personal consumption expenditures	976.4	1084.3	1205.5	1348.7	1510.9	1672.8	1881.2	2053.1
Goods	539.5	598.5	657.8	729.1	814.5	887.6	999.2	1082.2
Services	437.0	485.7	547.7	619.6	696.3	785.2	882.0	970.9
Gross private domestic investment	206.1	257.9	322.3	375.3	415.8	395.3	430.2	454.6
Residential construction	55.3	72.0	95.8	111.3	118.6	105.3	109.1	114.4
Business fixed investment	157.7	174.1	205.5	242.0	279.7	296.0	316.7	336.1
Change in business inventories	-6.9	11.8	21.0	22.2	17.5	-5.9	4.3	4.1
Nonfarm	-10.5	13.9	20.2	21.8	13.4	-4.7	4.3	4.1
Net exports of goods and services 1/	26.8	13.7	-4.2	-.6	13.4	23.3	26.5	33.1
Exports	154.9	170.9	183.3	219.8	281.3	339.8	385.0	421.8
Imports	128.1	157.1	187.5	220.4	267.9	316.5	358.5	388.7
Gov't. purchases of goods and services	339.9	362.1	394.5	432.6	473.8	534.7	589.3	642.8
Federal 2/	122.7	129.2	143.9	153.4	167.9	198.9	226.1	255.5
State and local	217.2	232.9	250.6	279.2	305.9	335.8	363.2	387.3
Gross national product in constant (1972) dollars	1233.9	1300.4	1371.7	1436.9	1483.0	1480.7	1508.8	1515.9
Personal income	1265.0	1391.2	1538.0	1721.8	1943.8	2160.2	2409.9	2637.8
Wage and salary disbursements	806.4	889.9	983.8	1105.2	1236.1	1343.7	1483.2	1595.9
Disposable personal income	1096.1	1194.4	1311.5	1462.9	1641.7	1821.7	2030.1	2225.2
Saving rate (percent)	8.6	6.9	5.6	5.2	5.2	5.6	4.8	5.2
Corporate profits with I.V.A. and C.C. Adj.	110.5	138.1	164.7	185.5	196.8	182.6	185.1	186.1
Corporate profits before tax	132.1	166.3	192.6	223.3	255.4	245.5	246.6	244.8
Federal government surplus or deficit (N.I.A. basis)	-69.3	-53.1	-46.4	-29.2	-14.8	-61.2	-59.2	-85.7
High employment surplus or deficit (-)	-29.2	-20.1	-23.0	-15.7	-2.2	-18.3	2.1	.3
State and local government surplus or deficit (-) (N.I.A. basis)	5.5	16.6	28.1	29.0	26.7	29.1	34.9	33.5
Excluding social insurance funds	-7.6	.9	10.1	9.0	2.9	2.1	4.4	.2
Civilian labor force (millions)	92.6	94.8	97.4	100.4	102.9	104.7	106.1	107.2
Unemployment rate (percent)	8.5	7.7	7.0	6.0	5.8	7.1	7.6	8.4
Nonfarm payroll employment (millions)	77.0	79.4	82.5	86.7	89.9	90.7	91.6	91.7
Manufacturing	18.3	19.0	19.7	20.5	21.1	20.4	20.3	20.1
Industrial production (1967=100)	117.8	130.5	138.1	146.1	152.5	147.1	151.3	152.4
Capacity utilization: all manufacturing (percent)	72.9	79.5	81.9	84.4	85.6	79.1	78.9	77.3
Materials (percent)	73.4	81.1	82.7	85.6	87.4	79.8	80.4	78.5
Housing starts, private (million units, A.R.)	1.16	1.54	1.99	2.02	1.75	1.29	1.27	1.32
New auto sales, (millions, A.R.)	8.66	10.12	11.13	11.28	10.70	9.04	9.12	8.72
Domestic models	7.08	8.63	9.07	9.29	8.38	6.62	6.62	6.41
Foreign models	1.58	1.50	2.06	1.99	2.32	2.42	2.50	2.31

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

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

March 25, 1981

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

	1975	1976	1977	1978	1979	1980	Projected 1981	Projected 1982
<u>Constant (1972) dollars</u>								
Gross national product	-1.1	5.4	5.5	4.8	3.2	-.2	1.9	.5
Final purchases	.3	4.2	5.2	4.7	3.5	.7	1.5	.5
Private	-.1	5.3	6.0	15.4	4.0	.2	1.8	.5
Excluding net exports	-.6	6.2	6.5	5.2	2.9	-1.0	2.0	.4
Personal consumption expenditures	2.2	5.6	4.9	4.7	2.9	.5	2.7	.7
Goods	1.3	6.7	5.2	4.2	1.9	-1.4	-2.1	.1
Services	3.3	4.3	4.5	5.4	4.1	2.6	2.5	1.3
Gross private domestic investment	-20.8	19.2	15.7	7.6	1.3	-12.5	1.4	-1.2
Residential structures	-12.5	21.3	18.5	2.9	-5.2	-18.6	-3.4	-3.3
Business fixed investment	-12.1	5.3	11.9	9.1	6.5	-3.0	-.3	-.6
Gov't. purchases of goods and services	2.1	.0	2.1	2.0	1.5	2.9	.4	.6
Federal	.8	-.7	4.1	-.9	1.9	6.3	1.0	3.5
State and local	2.9	.5	.9	3.7	1.2	1.0	.0	-1.2
Disposable personal income	2.0	3.6	3.6	4.4	3.1	.7	1.7	1.1
<u>Current dollars</u>								
Gross national product	8.0	10.9	11.6	12.4	12.0	8.8	11.5	8.8
Final purchases	9.6	9.6	11.2	12.5	12.3	9.8	11.1	8.8
Private	9.0	10.5	11.8	13.2	13.0	9.1	11.3	8.7
Excluding net exports	7.9	11.8	13.3	12.9	12.2	8.6	11.2	8.5
Personal consumption expenditures	9.9	11.1	11.2	11.9	12.0	10.7	12.5	9.1
Goods	9.0	10.9	9.9	10.8	11.7	9.0	12.6	8.3
Services	11.1	11.2	12.7	13.1	12.4	12.8	12.3	10.1
Gross private domestic investment	-9.9	25.1	25.0	16.5	10.8	-4.9	8.8	5.7
Residential structures	-4.7	30.2	33.1	16.1	6.6	-11.3	3.7	4.8
Business fixed investment	.8	10.3	18.1	17.7	15.6	5.8	7.0	6.1
Gov't. purchases of goods and services	11.8	6.5	8.9	9.7	9.5	12.9	10.2	9.1
Federal	10.6	5.3	11.4	6.6	9.5	18.5	13.7	13.0
State and local	12.5	7.3	7.6	11.4	9.6	9.8	8.2	6.6
Disposable personal income	9.8	9.0	9.8	11.5	12.2	11.0	11.4	9.6
Personal income	8.2	10.0	10.6	12.0	12.9	11.1	11.6	9.5
Wage and salary disbursements	5.3	10.4	10.6	12.3	11.8	8.7	10.4	7.6
Corporate profits with IVA & C.C. Adj.	16.5	25.0	19.3	12.6	6.1	-7.2	1.4	.5
Corporate profits before tax	-3.3	25.9	15.8	15.9	14.4	-3.9	.5	-.7
Nonfarm payroll employment	-1.7	3.2	3.9	5.1	3.7	.9	1.0	.1
Manufacturing	-8.8	3.7	3.6	4.2	2.8	-3.4	-.4	-.7
Nonfarm business sector								
Output per hour	2.1	3.2	2.0	-.2	-.8	-.6	.7	.4
Compensation per hour	9.6	8.1	7.6	8.5	9.6	9.7	10.0	8.5
Unit labor costs	7.4	4.7	5.5	8.7	10.4	10.4	9.2	8.1
GNP implicit deflator	9.6	5.2	5.8	7.3	8.5	9.0	9.4	8.3
Gross domestic business product								
fixed-weighted price index 1/	9.0	5.4	6.3	7.8	9.6	9.6	9.6	8.4
Excluding food and energy	9.5	5.8	6.3	7.2	8.1	8.0	8.4	7.7
Consumer price index (all urban)	9.1	5.8	6.5	7.7	11.3	13.5	11.2	9.2
Industrial production	-8.9	10.8	5.8	5.8	4.4	-3.5	2.9	.7

1/ Uses expenditures in 1972 weights.

FEDERAL SECTOR ACCOUNTS
(billions of dollars)

March 25, 1981

	Fiscal Year 1980*	FRB Staff Estimates												
		FY 1981 e/ 1/ F.R. Board		FY 1982 e/ 1/ F.R. Board		CY 1980*	CY 1981e/ F.R. Board	Calendar quarters; unadjusted data						
		Admin.	F.R.	Admin.	F.R.			III*	IV*	I	II	III	IV	I
Unified budget receipts	520.0	600.3	596.3	650.3	650.6	533.0	613.6	135.2	127.0	135.0	181.8	152.5	144.3	147.0
Unified budget outlays	579.6	655.2	659.3	695.3	727.1	601.1	690.8	150.5	160.6	166.6	163.1	169.0	192.2	166.4
Surplus(+) / deficit(-), unified budget	-59.6	-54.9	-63.0	-45.0	-76.5	-68.1	-77.2	-15.4	-33.6	-31.6	18.7	-16.5	-47.9	-19.4
Surplus(+) / deficit(-), off-budget agencies ^{2/}	-14.2	-23.6	-22.1	-16.7	-17.5	-15.3	-21.2	-4.9	-2.2	-5.2	-7.7	-7.0	-1.3	-4.7
Combined deficit to be financed	-73.8	-78.5	-85.1	-61.7	-94.0	-83.4	-98.4	-20.3	-35.8	-36.8	11.0	-23.5	-49.2	-24.1
Means of financing combined deficits:														
Net borrowing from public	70.5	71.0	75.6	60.0	91.7	79.3	87.5	27.1	27.7	35.5	-3.6	16.0	39.7	24.6
Decrease in cash operating balance	3.2	6.0	6.0	0.0	0.0	3.6	0.3	-6.9	8.7	-2.3	-5.4	5.0	3.0	4.0
Other ^{3/}	0.1	1.5	3.5	1.7	2.3	0.5	10.6	0.1	-0.6	3.6	-2.0	2.5	6.5	-4.5
Cash operating balance, end of period	21.0	15.0	15.0	15.0	15.0	12.3	12.0	21.0	12.3	14.6	20.0	15.0	12.0	8.0
Memo: Sponsored agency borrowing ^{4/}	21.4	18.2	21.5	24.9	20.1	24.3	17.9	2.2	9.1	2.5	4.7	5.3	5.4	5.0
<u>NIA Budget</u>								<u>Seasonally adjusted annual rates</u>						H-14
Receipts	527.3	609.0	611.5	664.4	655.4	540.8	627.3	540.8	573.1	620.5	632.6	619.8	636.3	649.8
Expenditures	578.2	663.1	667.3	707.1	737.4	602.0	686.5	615.0	641.1	655.1	670.1	702.9	717.7	727.1
Purchases (total)	190.2	216.6	219.4	244.7	247.6	198.9	226.1	194.9	212.0	217.6	220.0	228.0	238.8	244.6
Defense	126.1	148.2	149.0	172.9	173.5	131.7	155.2	131.4	141.6	145.7	151.3	157.4	166.2	171.0
Nondefense	64.1	68.4	70.4	71.8	74.1	67.2	70.9	63.5	70.4	71.9	68.7	70.6	72.6	73.6
All other expenditures	388.0	446.5	447.9	462.4	489.8	403.1	460.4	420.3	429.1	437.5	450.1	474.9	478.9	482.5
Surplus(+) / deficit(-)	-58.9	-54.1	-55.8	-42.7	-82.0	-61.2	-59.2	-74.2	-68.0	-34.6	-37.5	-83.1	-81.4	-77.3
High employment (H.E.) surplus(+) / deficit(-) evaluated at H.E. unemployment rate of:														
5.1 percent	-16.7	n.a.	1.6	n.a.	-2.5	-18.3	2.1	-21.2	-13.5	17.1	22.3	-19.4	-11.5	-1.0
6.1 percent	-38.9	n.a.	-23.1	n.a.	-28.5	-41.1	-23.1	-44.4	-37.2	-7.5	-3.3	-44.5	-37.1	-26.9
														-21.5
														-28.6

*--actual e--estimated n.a.--not available

1. Fiscal Year 1982 Budget Revisions, March 1982. In its report on the Second Concurrent Resolution, the Congress recommended receipts of \$605.0 billion and outlays of \$632.4 billion.
2. Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, and Rural Telephone Bank.
3. Checks issued less checks paid, accrued items and other transactions.
4. FRB staff estimates include Federal Home Loan Banks, FNMA, Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives marketable debt on an offerings basis. Administration estimates are from The Budget of the United States Government, Fiscal Year 1982, January 1981.

CONFIDENTIAL (FR)
CLASS II FOMCOUTLOOK FOR U.S. NET EXPORTS AND RELATED ITEMS
(BILLIONS OF DOLLARS. SEASONALLY ADJUSTED ANNUAL RATES)

March 25, 1981

	1980 ANN.	1981 ANN.	1982 ANN.	1981 Q I	1981 Q II	1981 Q III	1981 Q IV	1982 Q I	1982 Q II	1982 Q III	1982 Q IV
1. GNP NET EXPORTS											
CURRENT \$, NET	23.3	26.5	33.1	23.7	26.4	26.2	29.5	32.1	32.6	32.5	35.2
EXPORTS OF G&S	339.8	385.0	421.8	370.0	380.4	389.2	400.4	410.1	417.6	425.2	434.4
IMPORTS OF G&S	316.5	358.5	388.7	346.2	354.0	363.0	370.9	378.0	385.1	392.6	399.3
CONSTANT 72 \$. NET	52.0	51.0	52.4	49.4	50.5	51.5	52.8	52.7	52.5	52.1	52.5
EXPORTS OF G&S	161.1	167.5	171.0	164.4	166.4	168.5	170.6	171.1	171.0	170.8	171.0
IMPORTS OF G&S	109.1	116.4	118.5	115.0	115.9	117.0	117.8	118.4	118.5	118.7	118.5
TERMS OF TRADE (1972=100) 1/	72.7	74.6	75.2	74.7	74.9	74.4	74.6	75.1	75.2	75.3	75.4
2. U.S. MERCHANDISE TRADE BALANCE 2/	-27.4	-30.6	-31.4	-30.0	-29.2	-32.0	-31.1	-30.2	-31.2	-32.7	-31.6
EXPORTS (EXCL. MILITARY)	221.8	242.5	258.5	236.6	241.4	244.1	248.0	252.5	256.2	260.0	265.4
AGRICULTURAL	42.0	47.5	51.7	48.0	47.4	46.8	47.7	49.6	50.9	52.4	54.0
NONAGRICULTURAL	179.8	195.1	206.8	188.6	194.0	197.3	200.3	202.9	205.3	207.6	211.4
IMPORTS	249.1	273.1	290.0	266.6	270.6	276.1	279.0	282.8	287.4	292.7	297.0
PETROLEUM AND PRODUCTS	78.9	90.2	92.1	88.1	90.7	91.4	90.7	91.4	92.4	92.5	92.2
NONPETROLEUM	170.2	182.8	197.9	178.5	179.9	184.7	188.3	191.4	195.0	200.2	204.8
3. U.S. CURRENT ACCOUNT BALANCE	0.1	-2.3	-1.1	-2.8	-1.1	-3.1	-2.1	-1.1	-1.1	-2.0	-0.2
OF WHICH: NET INVESTMENT INCOME	32.5	32.2	34.4	31.4	32.0	32.7	32.7	33.1	34.0	34.8	35.7
4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/											
REAL GNP. % CHANGE. ANNUAL RATES	1.8	0.2	1.9	0	0.6	1.0	2.0	2.1	2.2	2.5	2.5
CONSUMER PRICES, 4/. % CHANGE. ANNUAL RATES	11.4	8.8	7.5	10.1	9.0	7.6	7.2	7.7	7.6	7.1	7.0

1/ GNP EXPORT IMPLICIT DEFULATOR DIVIDED BY GNP IMPORT IMPLICIT DEFATOR.

2/ INTERNATIONAL ACCOUNTS BASIS.

3/ GEOMETRIC WEIGHTS USED TO AGGREGATE FOREIGN REAL GNP AND CONSUMER PRICES -- PERCENT SHARE IN TEN-COUNTRY TOTAL MULTILATERAL TRADE. CANADA (9.1%), JAPAN (13.6%), UNITED KINGDOM (11.9%), GERMANY (20.8%), FRANCE (13.1%), ITALY (9.0%), BELGIUM (6.4%), THE NETHERLANDS (8.3%), SWITZERLAND (3.6%), SWEDEN (4.2%).

4/ WHOLESALE PRICES FOR JAPAN.

P/ PROJECTED.

March 25, 1981

RECENT DEVELOPMENTS

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

II-A-2

Table 1
President Reagan's Budget Proposals
(fiscal years, billions of dollars)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Outlays				
Additional defense program ^{1/}	655.2 (+2.0)	695.3 (+6.2)	732.0 (+20.7)	770.2 (+27.0)
Outlay savings ^{2/} _{3/}	(-4.8)	(-47.4)	(-29.8)	(-44.2)
Revenues				
Personal income tax cut	600.3 (-6.4)	650.3 (-44.2)	709.1 (-81.4)	770.7 (-118.1)
Depreciation reform	(2.5)	(-9.7)	(-18.6)	(-30.0)
User charges and other changes	(+3.9)	(+3.1)	(+3.0)	(+3.2)
Surplus(+) or deficit(-)	-54.9	-45.0^{4/}	-22.8	+0.5

^{1/} Above January budget; January budget already included \$6.6 billion of increased defense outlays above current services.

^{2/} Net of small amounts of nondefense outlay increases (\$1.2 billion in FY1982); includes some savings in defense.

^{3/} Includes some outlay savings already proposed in the January budget (\$8.2 billion in FY1982).

^{4/} For fiscal 1982, the net proposed reduction in outlays from current services is \$34.6 billion and the net reduction in revenues is \$51.3 billion, resulting in a net increase in the deficit of \$16.7 billion from current services (without taking into account second round effects).

Source: Fiscal Year 1982 Budget Revisions, Office of Management and Budget, March 1981.

II-A-3

Table 2

The Reagan Administration's Proposed Spending Reductions
(Fiscal years; billions of dollars)

Item	1982
1] <u>Entitlement Revisions; Tighten Eligibility Requirements (subtotal)</u>	<u>8.6</u>
Foodstamps	2.3
Secondary Social Security Benefits	2.3
AFDC	0.7
Medicaid	1.0
Subsidized Housing	0.2
Trade Adjustment Assistance	1.2
Federal Retirement (annual indexation)	0.5
Black Lung	0.4
2] <u>Program Reductions or Terminations (subtotal)</u>	<u>5.4</u>
Public Service Jobs	3.6
Impact Aid	0.5
Foreign Aid	0.4
National Endowment for the Arts	.2
NASA	2.5
Youth Conservation Corps	.2
3] <u>Grant Consolidation (subtotal)</u>	<u>2.9</u>
Education Programs	1.1
Health and Social Service	1.8
4] <u>Cuts in Federal Subsidies</u>	<u>3.0</u>
Economic and Regional Development	0.4
Synfuels	1.2
Mass Transit	0.4
Export-Import Bank	0.4
Postal Service	0.6
5] <u>Federal Pay Reforms and Personnel Cuts</u>	<u>1.4</u>
Federal Comparability Standards	0.1
Other (Defense)	1.3
6] <u>Other 1/</u>	<u>27.3</u>
7] Grand Total of Budget Spending Cuts	\$48.6

1/ Specified in detail is Fiscal Year 1982 Budget Revisions; includes additional spending cuts in previous five categories.

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Table 3
 MILITARY SPENDING IN THE REAGAN BUDGET^{1/}
 (Fiscal year, billions of dollars)

Fiscal Years	Budget Authority	Percent Change	Nominal Outlays	Percent Change
1977	108.4		97.5	
1978	115.3	6.4	103.0	5.6
1979	125.0	8.4	115.0	11.7
1980	142.6	14.1	132.8	15.5
1981	177.1	20.7	158.6	19.4
1982	221.8	25.2	184.8	16.5
1983	254.5	14.7	221.1	19.6

1/ Department of Defense - Military Spending.

Table 4
THE TAX REDUCTION PROGRAM
(fiscal years; billions of dollars)

	1980 (actual)	1981	1982	1983	1984	1985
Receipts on a current services basis	520.0	608.8	701.6	806.2	915.5	1,032.0
Personal tax cuts		-6.4	-44.2	-81.4	-118.1	-141.5
Accelerated cost recovery system		-2.5	-9.7	-18.6	-30.0	-44.2
Proposed user charges		0.2	2.1	2.4	2.7	3.1
Other Proposals ^{1/}		0.5	0.6	0.6	0.6	0.6
Receipts after proposed tax changes	520.0	600.3	650.3	709.1	770.7	849.9
Percent of GNP:						
Current law receipts	20.3	21.4	22.0	22.4	22.9	23.5
After proposed tax changes	20.3	21.1	20.4	19.7	19.3	19.3

^{1/} These proposals include an increase in railroad retirement payroll taxes and increases passport and visa fees.

ource: Fiscal Year 1982 Budget Revisions, March 1981.

Table 5

PHASE-IN FEATURES OF THE TAX CUT PROGRAM
(calendar years)

	1980 (present law)	1981	1982	1983	1984	1985
Personal Tax Cut						
Percentage reduction in marginal tax rates		5	15	25	30	30
Range of marginal tax rates (percent)	14-70	13-66	12-60	11-53	10-50	10-50
Revenue loss (fiscal years, billions of dollars)		6.4	44.2	81.4	118.1	141.5
Memo:						
Maximum capital gains tax rate (percent) <u>1/</u>	28	26.4	24	21.2	20.0	20.0
Maximum tax rate on "earned income" (percent)	50	50	50	50	50	50
Accelerated Cost Recovery System						
3-year class (asset life in years)	3.5 <u>2/</u>	3	3	3	3	3
5-year class "	10.2 <u>3/</u>	9	8	7	6	5
10-year class "	32.5 <u>4/</u>	18	16	14	12	10
15-year class "	"	18	16	15	15	15
18-year class "	"	18	18	18	18	18
Revenue loss (fiscal years, billions of dollars)		2.5	9.7	18.6	30.0	44.2

1/ There are no explicit capital gains tax law changes in the President's package. These rates are reduced, since the capital gains tax rate is 40% of the personal income tax rate.

2/ Estimate of "best allowable" recovery period for cars and light trucks under current law.

3/ Estimate of "best allowable" recovery period for other machinery and equipment under current law.

4/ Estimate of "best allowable" recovery period for buildings under current law.

Table 6
CREDIT BUDGET TOTALS
(Billions of dollars)

	FY 1981 Estimate			FY 1982 Estimate		
	January	Revised	Change	January	Revised	Change
New Direct Loan Obligations:						
On-budget	42.1	38.6	-3.5	34.1	32.9	-1.2
Off-budget	32.2	32.6	0.4	26.1	22.7	-3.4
Less new FFB purchases of loan assets	<u>-16.6</u>	<u>-16.2</u>	<u>0.4</u>	<u>-8.2</u>	<u>-6.2</u>	<u>2.0</u>
Total Net Direct Loan Obligations	57.6	55.0	-2.6	52.0	49.4	-2.6
New Primary Loan Guarantee Commitments ^{a/}	<u>96.2^{b/}</u>	<u>85.2</u>	<u>-11.0</u>	<u>96.9^{b/}</u>	<u>78.5</u>	<u>-18.4</u>
Total Credit Budget	153.8	140.2	-13.6	148.9	127.9	-21.0

^{a/} Primary loan guarantee commitments are gross commitments less secondary guarantees and guaranteed loans held as direct loans by government accounts.

^{b/} The loan guarantee commitment totals published in the January budget have been increased .1 billion in 1981 and \$4.5 billion in 1982 to correct technical errors.

Source: Fiscal Year 1982 Budget Revisions, March 1981.

Table 7
 COMPARISON OF ECONOMIC ASSUMPTIONS
 (Calender years)

	1981		1982	
	Reagan Admin.	Carter Admin.	Reagan Admin.	Carter Admin.
Gross National Product				
current dollars:				
Amount (\$ billions)	2920	2928	3293	3312
Percent change (fourth quarter over fourth quarter)	11.0	12.3	13.3	12.6
constant dollars:				
Amount (\$ billions)	1497	1493	1559	1545
Percent change (fourth quarter over fourth quarter)	1.4	1.7	5.2	3.5
Prices (percent change)				
GNP deflator (fourth quarter over fourth quarter)	9.5	10.4	7.7	8.8
CPI (fourth quarter over fourth quarter)	10.5	12.6	7.2	9.6
Unemployment rate (percent)				
Yearly average	7.8	7.8	7.2	7.5
Fourth quarter	7.7	7.7	7.7	7.4
Interest rate, 91-day Treas.	11.1	13.5	8.9	11.0

CBO's economic forecast (assuming the Administration budget policies) has been published in the form of calendar year averages. Their forecast of key economic variables which affect budget estimates is as follows:

	1981	1982
Gross National Product		
Nominal, percent change (year to year)	11.8	11.9
Real, percent change (year to year)	1.3	2.5
Prices, percent change (year to year)		
GNP deflator	10.3	9.2
CPI	11.3	9.5
Unemployment rate (percent, annual average)	7.8	7.9
Interest rate (Treasury bills, percent, annual average)	12.6	13.7

GROSS OFFERINGS OF CORPORATE SECURITIES
(Monthly totals or monthly averages; in millions of dollars)

	1980		1981			
	Year	Q4	Q1P	Jan.P	Feb.P	Mar.F
----- Seasonally adjusted -----						
Corporate securities--total	6,074	4,946	5,833	6,200	5,400	5,900
Publicly offered bonds	3,462	2,209	3,633	3,600	3,600	3,700
Privately placed bonds	915	616	700	700	700	700
Stocks	1,697	2,121	1,500	1,900	1,100	1,500
---- Not seasonally adjusted ----						
Publicly offered bonds--total	3,462	1,960	3,200	3,000	2,600	4,000
By quality ¹						
Aaa and Aa ²	1,666	702	--	890	455	--
Less than Aa ²	1,796	1,258	--	2,110	2,145	--
By type of borrower						
Utility ³	1,304	949	--	1,070	810	--
Industrial	1,323	456	--	1,630	1,400	--
Financial	835	555	--	300	390	--
Memo: convertible bonds	390	433	--	299	605	--
Stocks--total	1,697	2,358	1,433	1,600	1,200	1,500
By type of issuer						
Utility	606	619	--	550	550	--
Industrial	833	1,281	--	900	450	--
Financial	258	458	--	150	200	--

p--preliminary. f--forecast.

1. Bonds categorized according to Moody's bond ratings.
2. Includes issues not rated by Moody's.
3. Includes equipment trust certificates.

FEDERAL GOVERNMENT AND SPONSORED AGENCY FINANCING¹
(Billions of dollars)

	1980		1981		
	Q3	Q4	Q1 ^f	Jan. ^e	Feb. ^e
<u>Treasury financing</u>					
Combined surplus/deficit(-)	-20.9	-35.8	-36.1	-8.4	-16.8
Net marketable borrowings/ repayments(-)	27.5	28.9	37.0	8.2	14.2
Bills	14.6	15.8	18.5	4.3	8.5
Coupons	12.9	13.1	18.5	3.9	5.7
Nonmarketable borrowings/ repayments(-)	-0.6	-1.3	-2.9	-1.4	-0.5
Other means of finance ²	0.9	-0.5	3.5	3.2	-0.7
Change in cash balance	6.9	-8.7	1.5	1.6	-3.8
<u>Federally sponsored credit agencies net cash borrow- ings³</u>					
	2.2	8.9	2.5	1.3	-0.1
					1.3

f--forecast. e--estimated.

1. Numbers reported on a not seasonally adjusted, payments 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, the Federal National Mortgage Association, and the Federal Farm Credit Bank System.

STATE AND LOCAL GOVERNMENT SECURITY OFFERINGS
(Monthly averages; billions of dollars)

	1980		1981		
	Year	Q4	Q1 ^e	Jan. ^e	Feb. ^e
----- Seasonally adjusted -----					
Total		6.05	5.10	4.80	5.70
Long-term		3.60	3.00	2.55	3.20
Short-term		2.45	2.10	2.25	2.50
----- Not seasonally adjusted -----					
Total		6.12	5.33	4.70	4.20
Long-term		3.94	3.57	3.00	2.50
Housing bonds		1.07	1.08	.23	.08
Short-term		2.18	1.76	1.70	1.70
				2.10	1.40

e--estimate. f--forecast.