

CONFIDENTIAL (FR)

November 10, 1976

SUMMARY AND OUTLOOK

By the Staff  
Board of Governors  
of the Federal Reserve System

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## **SUMMARY AND OUTLOOK**

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## STAFF GNP PROJECTIONS

Changes in nominal GNP (\$ billions)	Per cent change, annual rate							
			Real GNP		Gross business product fixed-weighted price index		Unemployment rate (per cent)	
	10/13/76	11/10/76	10/13/76	11/10/76	10/13/76	11/10/76	10/13/76	11/10/76
1973 1/	135.5	135.5	5.5	5.5	5.7	5.7	4.9	4.9
1974 1/	106.6	106.6	-1.7	-1.7	10.2	10.2	5.6	5.6
1975 1/	103.1	103.1	-1.8	-1.8	9.3	9.3	8.5	8.5
1976	178.2	176.4	6.2	6.2	4.8	4.6	7.6	7.6
1977	178.6	171.3	4.7	4.2	5.3	5.3	7.0	7.3
1976-I 1/	48.0	48.0	9.2	9.2	3.7	3.7	7.6	7.6
1976-II 1/	39.0	39.0	4.5	4.5	5.2	5.2	7.4	7.4
1976-III 1/	34.4	34.5	3.3	4.0	5.0	4.4	7.8	7.8
1976-IV	47.4	39.9	5.1	3.3	5.4	5.2	7.5	7.7
1977-I	46.6	45.7	5.0	4.4	5.1	5.3	7.2	7.5
1977-II	42.3	41.7	4.8	4.4	5.1	5.2	7.0	7.4
1977-III	49.7	48.8	4.9	4.7	5.5	5.3	6.9	7.3
1977-IV	51.9	52.1	4.9	4.9	5.5	5.3	6.8	7.2
Change:								
75-II to 76-II 1/	192.9	192.9	7.0	7.0	5.6	5.6	-1.3	-1.3
75-IV to 76-IV 1/	168.8	161.4	5.5	5.2	4.8	4.7	-1.0	-.8
76-II to 77-II	170.7	161.8	4.5	4.0	5.2	5.1	-.4	.0
76-IV to 77-IV	190.5	188.3	4.9	4.6	5.3	5.3	-.7	-.5

1/ Actual

IDENTIAL - FR  
CLASS II FOMC

November 10, 1976

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

	1976				1977			
	I	II	III	IV	I	II	III	IV
Gross National Product	1636.2	1675.2	1709.7	1749.6	1795.3	1837.0	1885.8	1937.9
Final purchases	1621.4	1659.2	1695.4	1739.7	1784.4	1823.6	1871.9	1922.5
Private	1266.7	1297.2	1325.9	1361.5	1397.5	1428.6	1468.1	1507.9
Excluding net exports	1258.3	1287.9	1320.0	1354.1	1387.8	1422.6	1457.4	1493.7
Personal consumption expenditures	1043.6	1064.7	1088.9	1113.9	1139.2	1165.0	1190.6	1216.9
Goods	580.5	589.8	600.8	613.8	627.1	640.7	653.8	667.3
Services	463.2	474.9	488.1	500.1	512.1	524.3	536.8	549.6
Gross private domestic investment	229.6	239.2	245.5	250.1	259.5	271.0	280.7	292.2
Residential construction	61.3	65.3	68.7	72.9	76.1	79.6	82.6	85.6
Business fixed investment	153.4	157.9	162.5	167.3	172.5	178.0	184.2	191.2
Change in business inventories	14.8	16.0	14.4	9.9	10.9	13.4	13.9	15.4
Nonfarm	12.7	17.3	15.4	10.9	11.4	13.4	13.9	15.4
Net exports of goods and services <sup>1/</sup>	8.4	9.3	5.9	7.4	9.7	6.0	10.7	14.2
Exports	154.1	160.3	166.2	168.1	172.9	178.6	184.7	190.3
Imports	145.7	151.0	160.3	160.7	163.2	172.6	174.0	176.1
Gov't. purchases of goods and services	354.7	362.0	369.5	378.2	386.9	395.0	403.8	414.6
Federal <sup>2/</sup>	129.2	131.2	134.4	137.9	140.0	142.4	145.4	150.1
State and local	225.5	230.9	235.1	240.3	246.9	252.6	258.4	264.5
Gross national product in constant (1972) dollars	1246.3	1260.0	1272.2	1282.7	1296.5	1310.5	1325.6	1341.6
Personal income	1331.3	1362.0	1386.2	1415.7	1449.8	1480.9	1515.4	1549.7
Wage and salary disbursements	861.5	881.1	897.7	917.2	938.3	958.1	979.1	1003.3
Disposable income	1147.6	1172.5	1190.4	1217.8	1246.5	1272.4	1301.1	1329.8
Saving rate (per cent)	6.9	7.1	6.4	6.4	6.5	6.4	6.4	6.5
Corporate profits with I.V.A. and C.C. Adj.	115.1	116.4	124.9	130.6	136.5	141.1	152.2	163.6
Corporate profits before tax	141.1	146.2	153.3	155.6	160.5	164.6	174.2	184.0
Federal government surplus or deficit (-)	-63.8	-54.1	-54.9	-60.7	-58.5	-57.9	-59.2	-57.0
(N.I.A. basis)	-9.2	2.7	.4	-.8	1.0	4.7	3.0	4.8
High employment surplus or deficit (-)								
State and local government surplus or deficit (-) (N.I.A. basis)	12.2	9.2	12.2	13.9	12.6	13.4	15.3	15.2
Excluding social insurance funds	-.6	-3.8	-1.0	.4	-1.2	-.7	.9	.5
Civilian labor force (millions)	93.6	94.5	95.3	95.5	95.8	96.4	96.8	97.2
Unemployment rate (per cent)	7.6	7.4	7.8	7.7	7.5	7.4	7.3	7.2
Nonfarm payroll employment (millions)	78.4	78.9	79.4	79.6	80.0	80.5	80.9	81.5
Manufacturing	18.8	19.0	19.0	19.1	19.3	19.5	19.6	19.7
Industrial production (1967=100)	127.0	129.4	131.1	132.0	133.7	135.9	137.8	140.0
Capacity utilization: all manufacturing (per cent)	72.1	73.0	73.6	73.7	74.2	74.9	75.4	76.2
Materials (per cent)	78.9	80.4	81.3	81.5	82.0	83.0	83.5	84.3
Housing starts, private (millions, A.R.)	1.40	1.43	1.58	1.58	1.63	1.70	1.75	1.80
Sales new autos, (millions, A.R.)	9.99	10.34	10.23	10.35	11.00	11.20	11.25	11.35
Domestic models	8.68	8.90	8.61	8.60	9.20	9.40	9.45	9.50
Foreign models	1.31	1.45	1.62	1.75	1.80	1.80	1.80	1.85

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

<sup>2/</sup> 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 FOMCCHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

	1976				1977			
	I	II	III	IV	I	II	III	IV
-----Billions of Dollars-----								
Gross National Product	48.0	39.0	34.5	39.9	45.7	41.7	48.8	52.1
Inventory change	19.1	1.2	-1.6	-4.5	1.0	2.5	.5	1.5
Final purchases	28.9	37.8	36.2	44.3	44.7	39.2	48.3	50.6
Private	28.0	30.5	28.7	35.6	36.0	31.1	39.5	39.8
Net exports	-12.6	.9	-3.4	1.5	2.3	-3.7	4.7	3.5
Excluding net exports	40.6	29.6	32.1	34.1	33.7	34.8	34.8	36.3
Personal consumption expenditures	31.6	21.1	24.2	25.0	25.3	25.8	24.6	26.3
Goods	17.1	9.3	11.0	13.0	13.3	13.6	13.1	13.5
Services	14.6	11.7	13.2	12.0	12.0	12.2	12.5	12.8
Residential fixed investment	4.3	4.0	3.4	4.2	3.2	3.5	3.0	3.0
Business fixed investment	4.7	4.5	4.6	4.8	5.2	5.5	6.2	7.0
Government	.9	7.3	7.5	8.7	8.7	8.1	8.8	10.8
Federal	-1.2	2.0	3.2	3.5	2.1	2.4	3.0	4.7
State and local	2.1	5.4	4.2	5.2	6.6	5.7	5.8	6.1
GNP in constant (1972) dollars	27.1	13.7	12.2	10.5	13.8	14.0	15.1	16.0
Final purchases	11.2	12.9	13.6	13.6	13.4	11.4	15.5	15.0
Private	14.5	11.2	11.6	12.7	11.9	10.0	13.7	13.7
-----In Per Cent Per Year 1/-----								
Gross National Product	12.6	9.9	8.5	9.7	10.9	9.6	11.1	11.5
Final purchases	7.5	9.7	9.0	10.9	10.7	9.1	11.0	11.3
Private	9.4	10.0	9.1	11.2	11.0	9.2	11.5	11.3
Personal consumption expenditures	13.1	8.3	9.4	9.5	9.4	9.4	9.1	9.1
Goods	12.7	6.6	7.7	8.9	9.0	9.0	8.4	8.5
Services	13.7	10.5	11.6	10.2	9.9	9.9	9.9	9.9
Gross private domestic investment	68.9	17.9	10.9	7.7	15.9	18.9	15.1	17.4
Residential structures	34.0	28.3	22.4	27.1	18.7	19.7	15.9	15.3
Business fixed investment	13.3	12.3	12.0	12.5	13.0	13.4	14.7	16.1
Gov't. purchases of goods & services	1.0	8.6	8.5	9.8	9.5	8.6	9.2	11.1
Federal	-3.7	6.3	10.1	10.9	6.2	7.0	8.7	13.6
State and local	3.8	2.9	7.6	9.1	11.4	9.6	9.5	9.8
GNP in constant (1972) dollars	9.2	4.5	4.0	3.3	4.4	4.1	4.7	4.9
Final purchases	3.7	4.2	4.4	4.4	4.3	3.6	4.8	4.6
Private	6.2	4.7	4.8	5.2	4.8	4.0	5.4	5.4
GNP implicit deflator 2/	3.2	5.2	4.4	6.1	6.2	5.0	6.1	6.3
Gross business product fixed-weighted price index 3/	3.7	5.2	4.4	5.2	5.3	5.2	5.3	5.3
Personal income	10.1	9.5	7.3	8.8	10.0	8.9	9.6	9.4
Wage and salary disbursements	12.6	9.4	7.8	9.0	9.5	8.7	9.1	10.3
Disposable income	10.3	9.0	6.2	9.5	10.0	8.9	9.6	9.4
Corporate profits before tax	33.4	15.3	20.9	6.3	13.0	10.7	25.4	24.7
Nonfarm payroll employment	4.2	2.6	2.6	1.0	2.0	2.5	2.0	3.0
Manufacturing	6.6	4.3	.0	2.1	4.3	4.2	2.1	2.1
Industrial production	12.6	7.8	5.4	2.8	5.3	6.7	5.8	6.6
Housing starts, private	9.1	8.9	49.0	.0	13.3	18.3	12.3	11.9
Sales new autos	38.4	14.8	-4.2	4.8	27.6	7.5	1.8	3.6
Domestic models	48.0	10.5	-12.4	-.5	31.0	9.0	2.1	2.1
Foreign models	-5.9	50.1	55.8	36.2	11.9	.0	.0	11.6

1/ Percentage rates are annual rates compounded quarterly.

2/ Excluding Federal pay increases rates of change are: 1976-I, 3.0 per cent; 1976-IV, 5.6 per cent; 1977-I, 6.1 per cent; 1977-IV, 5.7 per cent.

3/ Using expenditures in 1972 as weights.

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

	1970	1971	1972	1973	1974	1975	Projected 1976	1977
Gross National Product	982.4	1063.4	1171.1	1306.6	1413.2	1516.3	1692.7	1864.0
Final purchases	978.6	1057.1	1161.7	1288.6	1402.5	1531.0	1678.9	1850.6
Private	759.7	823.4	908.6	1019.1	1099.2	1192.0	1312.8	1450.5
Excluding net exports	755.8	821.8	911.9	1012.0	1091.7	1171.5	1305.1	1440.4
Personal consumption expenditures	618.8	668.2	733.0	809.9	887.5	973.2	1077.8	1177.9
Goods	349.6	374.8	410.5	457.5	497.8	540.8	596.2	647.2
Services	269.1	293.4	322.4	352.3	389.6	432.4	481.6	530.7
Gross private domestic investment	140.8	160.0	188.3	220.0	215.0	183.7	241.1	275.8
Residential construction	36.6	49.6	62.0	66.1	55.1	51.2	67.0	81.0
Business fixed investment	100.5	104.1	116.8	136.0	149.2	147.1	160.3	181.5
Change in business inventories	3.8	6.4	9.4	17.9	10.7	-14.6	13.8	13.4
Nonfarm	3.7	5.1	8.8	14.7	12.2	-17.6	14.1	13.5
Net exports of goods and services	3.9	1.6	-3.3	7.1	7.5	20.5	7.7	10.2
Exports	62.5	65.6	72.7	101.6	144.4	148.1	162.2	181.6
Imports	58.5	64.0	75.9	94.4	136.9	127.6	154.4	171.5
Gov't. purchases of goods and services	218.9	233.7	253.1	269.5	303.3	339.0	366.1	400.1
Federal	95.6	96.2	102.1	102.2	111.6	124.4	133.2	144.5
State and local	123.2	137.5	151.0	167.3	191.6	214.5	232.9	255.6
Gross national product in constant (1972) dollars	1075.3	1107.5	1171.1	1235.0	1214.0	1191.7	1265.3	1318.6
Personal income	801.3	859.1	942.5	1052.4	1153.3	1249.7	1373.8	1499.0
Wage and salary disbursements	546.5	579.4	633.8	701.3	765.0	806.7	889.4	969.7
Disposable income	685.9	742.8	801.3	901.7	982.9	1080.9	1182.1	1287.5
Saving rate (per cent)	7.4	7.7	6.2	7.8	7.3	7.8	6.7	6.4
Corporate profits with I.V.A. and C.C. Adj.	67.9	77.2	92.1	99.1	84.8	91.6	121.8	148.3
Corporate profits before tax	71.5	82.0	96.2	115.8	127.6	114.5	149.1	170.8
Federal government surplus or deficit (-) (N.I.A. basis)	-12.1	-22.0	-17.3	-6.7	-11.5	-71.2	-58.4	-58.2
High employment surplus or deficit (-)	6.5	-1.7	-1.0	6.6	26.3	-9.8	-1.7	3.4
State and local government surplus or deficit (-) (N.I.A. basis)	2.8	3.7	13.7	13.0	7.3	6.9	11.9	14.1
Excluding social insurance funds	-4.0	-3.8	5.6	4.1	-2.8	-5.1	-1.3	-.1
Civilian labor force (millions)	82.7	84.1	86.5	88.7	91.0	92.6	94.7	96.5
Unemployment rate (per cent)	4.9	5.9	5.6	4.9	5.6	8.5	7.6	7.3
Nonfarm payroll employment (millions)	70.9	71.2	73.7	76.9	78.4	77.0	79.1	80.7
Manufacturing	19.3	18.6	19.1	20.1	20.0	18.3	19.0	19.5
Industrial production (1967=100)	107.8	109.6	119.7	129.8	129.3	117.8	129.9	136.9
Capacity utilization: all manufacturing (per cent)	78.3	75.0	78.6	83.0	78.9	68.7	73.1	75.2
Materials (per cent)	84.3	83.1	88.0	92.5	87.7	73.5	80.5	83.2
Housing starts, private (millions, A.R.)	1.43	2.05	2.36	2.05	1.34	1.16	1.50	1.72
Sales new autos (millions, A.R.)	8.40	10.24	10.93	11.44	8.87	8.66	10.23	11.20
Domestic models	7.12	8.68	9.32	9.67	7.45	7.08	8.70	9.39
Foreign models	1.28	1.56	1.61	1.77	1.42	1.58	1.53	1.81

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CLASS II FOMC

CHANGES IN GROSS NATIONAL PRODUCT  
 AND RELATED ITEMS

	1970	1971	1972	1973	1974	1975	Projected 1976	Projected 1977
-----Billions of Dollars-----								
Gross National Product	46.9	81.0	107.7	135.5	106.6	103.1	176.4	171.3
Inventory change	-5.6	2.6	3.0	8.5	-7.2	-25.3	28.4	.4
Final purchases	52.4	78.5	104.6	126.9	113.9	128.5	147.9	171.7
Private	41.4	63.7	85.2	110.5	80.1	92.8	120.8	137.7
Net exports	2.1	-2.3	-4.9	10.4	.4	13.0	-12.8	2.5
Excluding net exports	39.3	66.0	90.1	100.1	79.7	79.8	133.6	135.3
Personal consumption expenditures	39.1	49.4	64.8	76.9	77.6	85.7	104.6	100.1
Goods	17.1	25.2	35.7	47.0	40.3	43.0	55.4	51.0
Services	21.9	24.3	29.0	29.9	37.3	42.8	49.2	49.1
Residential fixed investment	-1.3	13.0	12.4	4.1	-11.0	-3.9	15.8	14.0
Business fixed investment	1.6	3.6	12.7	19.2	13.2	-2.1	13.2	21.2
Government	11.0	14.8	19.4	16.4	33.8	35.7	27.1	34.0
Federal	-1.9	.6	5.9	.1	9.4	12.8	8.8	11.3
State and local	12.8	14.3	13.5	16.3	24.3	22.9	18.4	22.7
GNP in constant (1972) dollars	-3.5	32.2	63.6	63.9	-21.0	-22.3	73.6	53.3
Final purchases	2.8	29.9	60.8	56.8	-13.0	-1.8	52.1	53.7
Private	9.3	30.7	57.1	57.4	-16.9	-6.4	48.7	47.8
-----In Per Cent Per Year-----								
Gross National Product	5.0	8.2	10.1	11.6	8.2	7.3	11.6	10.1
Final purchases	5.7	8.0	9.9	10.9	8.8	9.2	9.7	10.2
Private	5.8	8.4	10.3	12.2	7.9	8.4	10.1	10.5
Personal consumption expenditures	6.7	8.0	9.7	10.5	9.6	9.7	10.7	9.3
Goods	5.1	7.2	9.5	11.4	8.8	8.6	10.2	8.6
Services	8.9	9.0	9.9	9.3	10.6	11.0	11.4	10.2
Gross private domestic investment	-3.7	13.6	17.7	16.8	-2.3	-14.6	31.2	14.4
Residential structures	-3.4	35.5	25.1	6.6	-16.7	-7.1	30.9	20.8
Business fixed investment	1.6	3.6	12.3	16.4	9.7	-1.4	9.0	13.2
Gov't. purchases of goods & services	5.3	6.8	8.3	6.5	12.5	11.8	8.0	9.3
Federal	-1.9	.6	6.1	.1	9.2	11.5	7.1	8.5
State and local	11.6	11.6	9.8	10.8	14.5	11.9	8.6	9.7
GNP in constant (1972) dollars	-.3	3.0	5.7	5.5	-1.7	-1.8	6.2	4.2
Final purchases	.3	2.8	5.5	4.9	-1.1	-.1	4.3	4.3
Private	1.1	3.7	6.7	6.3	-1.7	-.7	5.2	4.8
GNP implicit deflator	5.4	5.1	4.1	5.8	10.0	9.3	5.2	5.7
Gross business product fixed weighted price index 1/	4.4	4.4	3.3	5.7	10.2	9.3	4.6	5.3
Personal income	7.4	7.2	9.7	11.7	9.6	8.4	9.9	9.1
Wage and salary disbursements	6.2	6.0	9.4	10.7	9.1	5.5	10.3	9.0
Disposable income	8.8	8.3	7.9	12.5	9.0	10.0	9.4	8.9
Corporate profits before tax	-14.3	14.7	17.3	20.4	10.2	-10.3	30.2	14.6
Nonfarm payroll employment	.7	.4	3.5	4.3	2.0	-1.8	2.7	2.0
Manufacturing	-4.5	-3.6	2.7	5.2	-.5	-8.5	3.8	2.6
Industrial production	-3.0	1.7	9.2	8.4	-.4	-8.9	10.3	5.4
Housing starts, private	-2.7	43.4	15.1	-13.1	-34.6	-13.4	29.3	14.7
Sales new autos	-12.2	21.9	6.7	4.7	-22.5	-2.4	18.1	9.5
Domestic models	-15.8	21.9	7.4	3.8	-23.0	-5.0	22.9	7.9
Foreign models	15.3	21.9	3.2	9.9	-19.8	11.3	-3.2	18.3

1/ Using expenditures in 1972 as weights.

FEDERAL SECTOR ACCOUNTS  
(billions of dollars)

	Fiscal Year 1976*	Fiscal Year 1977 e/			CY 1976 F.R. Board	F.R.B. estimates						
						Calendar quarters; unadjusted data						
		Admin. est. 1/	Cong. est. 2/	F.R. Board		1976 II*	III* 3/4/	IV	1977 I	II	III	
Unified budget receipts	300.0	352.5	362.5	354.8	317.1	93.6	81.8	74.8	78.8	107.8	93.4	
Unified budget outlays	365.6	400.0	413.1	408.0	373.2	91.5	94.5	97.7	101.6	103.5	105.2	
Surplus (+)/Deficit (-), unified budget	-65.6	-47.5	-50.6	-53.2	-56.1	2.2	-12.7	-22.9	-22.7	4.3	-11.8	
Surplus (+), Deficit (-), off-budget agencies <u>5/</u>	-8.0	-11.4	n.a.	-10.8	-7.8	-.7	-2.0	-1.3	-3.7	-.9	-4.9	
Means of financing combined deficits:												
Net borrowing from public	82.8	56.9	n.a.	56.9	67.7	9.4	18.0	16.2	22.2	1.0	17.5	
Decrease in cash operating balance	-7.2	n.a.	n.a.	6.6	-1.5	-6.8	-2.6	7.4	1.1	-3.4	1.5	
Other <u>6/</u>	-1.9	n.a.	n.a.	.5	-2.1	-4.0	-.7	.6	3.0	-1.0	-2.1	
Cash operating balance, end of period	14.8	n.a.	n.a.	10.8	10.0	14.8	17.4	10.0	8.9	12.3	10.8	
Memo: Sponsored agency borrowing <u>7/</u>	3.5	10.8 <sup>8/</sup>	n.a.	4.0	3.2	.5	1.8	.6	.7	1.4	1.4	
NIA Budget						Seasonally adjusted, annual rates						
Receipts	311.4	n.a.	n.a.	355.0 <sup>9/</sup>	329.3	324.6	335.6	340.4	351.6	360.0	371.3 <sup>10/</sup>	
Outlays	374.7	n.a.	n.a.	414.9	387.6	378.7	390.5	401.1	410.1	417.9	430.5	
Purchases (total)	128.8	n.a.	n.a.	141.4	133.2	131.2	134.4	137.9	140.0	142.4	145.4	
Defense	86.2	n.a.	n.a.	92.8	88.0	86.9	88.6	90.3	91.8	93.4	95.8	
Non-defense	42.6	n.a.	n.a.	48.6	45.1	44.2	45.7	47.6	48.2	49.0	49.6	
All other expenditures	245.9	n.a.	n.a.	273.5 <sup>9/</sup>	254.4	247.5	256.1	263.2	270.1	275.5	285.1	
Surplus (+)/Deficit (-)	-63.3	n.a.	n.a.	-59.9 <sup>9/</sup>	-58.4	-54.1	-54.9	-60.7	-58.5	-57.9	-59.2	
High Employment surplus (+)/deficit (-) (NIA basis) <u>10/</u>	-5.6	n.a.	n.a.	2.0	-1.7	2.7	.4	-.8	1.0	4.7	3.0	
*actual	e--estimated	n.e.--not estimated			n.a.--not available				p--preliminary			

1/ Mid-Session Review of the 1977 Budget, July 16, 1976.

2/ Conference Report on Second Concurrent Resolution on the Budget, September 10. 1976.

3/ Fiscal year 1977 began on 10/1/76. The period July 1 to September 30 is a transition quarter between FY 76 and FY 77.

4/ NIA data are preliminary.

5/ Includes Federal Financing Bank, Postal Service, Export-Import Bank (prior to October, 1976), Rural Electrification and Telephone revolving fund, Housing for the Elderly or Handicapped Fund, and Pension Benefit Guaranty Corporation.

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

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

8/ Derived from Special Analyses, Budget of the United States Government, Fiscal Year 1977, January 21, 1976.

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

10/ Estimated by F.R.B. staff. The high employment budget estimates now fully incorporate taxes on inventory profits beginning 1973.

COMMENTS ON THE FEDERAL SECTOR OUTLOOK

The staff's projection of Federal spending is essentially unchanged for the last Greenbook, as mentioned above.

Although we have not incorporated new initiatives on the tax side, several previously enacted tax changes will take effect on January 1st:

	<u>Annual Revenue Gain</u> <u>(<math>\\$</math> billion)</u>
Social security wage base will increase from \$15,300 per taxpayer to \$16,500	2.1
Unemployment insurance tax rate will rise from 0.5 to 0.7 per cent of covered payroll	0.7

	1975	1976 <sup>P</sup>	1977 <sup>P</sup>	1976				1977 <sup>P</sup>			
				I	II	III <sup>P</sup>	IV <sup>P</sup>	I	II	III	IV
<u>Billions of dollars</u>											
Net Exports of Goods and Services (GNP basis of net exports) <u>1/</u>	16.3 (20.5)	3.2 (7.8)	3.7 (10.1)	4.2 (8.4)	6.3 (9.3)	.4 (5.9)	1.9 (7.4)	3.7 (9.7)	-.5 (6.0)	3.8 (10.7)	7.3 (14.2)
Merchandise Trade Balance	8.9	-8.5	-9.1	-6.7	-5.1	-11.5	-10.7	-9.2	-13.1	-8.6	-5.7
Exports	107.1	114.8	128.6	107.3	113.8	118.7	119.4	122.2	126.2	130.7	135.2
Agricultural	22.2	23.3	23.0	21.3	23.5	25.3	23.1	22.7	22.8	23.1	23.3
Nonagricultural	84.8	91.5	105.6	86.1	90.3	93.4	96.3	99.5	103.4	107.6	111.9
Imports	98.1	123.3	137.7	114.0	118.9	130.2	130.1	131.4	139.3	139.3	140.9
Fuels	28.5	37.0	41.0	31.8	36.5	39.9	39.6	38.5	43.8	41.1	40.4
Nonfuels	69.5	86.3	96.7	82.3	82.5	90.3	90.5	92.9	95.5	98.2	100.5
Military and Service Transactions, net	7.3	11.7	12.8	10.9	11.4	11.9	12.6	12.9	12.6	12.4	13.0
Military transactions, net	-.9	.2	.7	--	-.1	.3	.5	.5	.6	.8	.8
Investment income, net	6.0	9.0	9.4	9.1	8.6	9.0	9.4	9.7	9.3	9.0	9.7
Other services, net	2.1	2.5	2.6	1.8	2.9	2.6	2.8	2.7	2.7	2.6	2.5
U.S. Current Account Balance <u>2/</u>	11.7	-.9	-.7	-.2	+2.8	-3.8	-2.3	-.6	-4.8	-.6	+2.9
<u>Constant (1972) dollars</u>											
Merchandise exports (% change, annual rates)	64.6 (-2.4)	66.8 (3.4)	71.4 (6.9)	63.3 (-19.3)	66.5 (22.0)	68.6 (13.4)	68.5 (-.6)	69.6 (6.6)	70.6 (5.7)	71.9 (7.4)	73.3 (7.8)
Merchandise imports (% change, annual rates)	51.3 (-12.5)	62.2 (21.2)	63.9 (2.7)	59.0 (44.8)	60.4 (10.0)	65.2 (35.5)	64.4 (-4.9)	63.5 (-5.7)	64.7 (7.8)	63.8 (-5.7)	63.6 (-1.2)
<u>Foreign Outlook - Major Industrial Countries 3/</u>											
Real GNP, % change, annual rate	--	4.9	4.2	8.8	2.8	2.7	3.8	4.7	4.7	4.9	4.7
Wholesale Prices, % change, A.R. <u>4/</u>	6.0	9.5	9.0	11.4	16.9	11.8	8.7	8.4	8.4	6.9	6.3

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

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

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

4/ Data are largely manufactured goods prices.

P/ Projections.

CONFIDENTIAL (FR)

November 10, 1976

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

By the Staff  
Board of Governors  
of the Federal Reserve System

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

	1975 Year	HI	QIII <sup>e/</sup>	Oct. <sup>e/</sup>	1976 Nov. <sup>e/</sup>	Dec. <sup>f/</sup>	Jan. <sup>f/</sup>
<u>Gross offerings</u>							
<b>Corporate securities--</b>							
Total	4,468	4,667	3,495	4,650	3,100	5,250	4,300
Publicly offered bonds	2,715	2,499	1,568	2,650	1,200	2,450	3,000
by quality <sup>1/</sup>							
Aaa and Aa	1,422	1,354	700	1,250	525	625	--
Less than Aa <sup>2/</sup>	1,293	1,145	868	1,400	675	1,825	--
By type of borrower							
Utility	925	720	575	850	825	530	--
Industrial	1,430	1,055	515	1,000	325	1,200	--
Other	360	724	478	800	50	720	--
Privately placed bonds	348	1,055	1,293	1,200	1,200	2,000	1,000
Stocks	905	1,112	634	800	700	800	800
<b>Foreign securities--total</b>	606	927	689	339	1,310	500	--
Publicly offered <sup>3/</sup>	460	530	409	235	1,310	250	300
Canadian	221	172	175	135	335	125	--
Int'l lending agencies	134	167	167	--	500	--	--
Other	105	191	67	100	475	50	--
Privately placed	146	397	280	104	--	250	--
Canadian	n.a.	348	268	104	--	n.a.	--
Other	n.a.	49	12	--	--	n.a.	--
<b>State and local gov't. securities</b>							
Long-term	2,544	2,886	2,735	3,500	3,200	2,500	2,500
Short-term	2,420	2,147	1,681	1,200	1,170	1,200	1,000
<u>Net offerings</u>							
<b>U.S. Treasury</b>	7,564	5,128	5,215	1,330	6,423	5,719	6,000
<b>Sponsored Federal agencies</b>	187	207	383	589	-287	181	282

<sup>e/</sup> Estimated.<sup>f/</sup> Forecast.<sup>1/</sup> Bonds categorized according to Moody's Bond ratings.<sup>2/</sup> Includes issues not rated by Moody's.<sup>3/</sup> Classified by original offering date.