

May 12, 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										
					Gross domestic business product					
					fixed-weighted price index				Unemployment rate (percent)	
	Nominal GNP		Real GNP		Total		Excluding food and energy			
	3/24/82	5/12/82	3/24/82	5/12/82	3/24/82	5/12/82	3/24/82	5/12/82	3/24/82	5/12/82
<u>Annual changes:</u>										
1980 1/	8.8	8.8	-.2	-.2	9.8	9.8	8.2	8.2	7.1	7.1
1981 1/	11.4	11.4	2.0	2.0	9.4	9.4	9.2	9.2	7.6	7.6
1982	6.2	5.4	-.7	-1.0	6.9	6.5	7.6	7.4	9.0	9.4
1983	8.4	8.0	3.1	2.9	5.4	5.2	5.2	4.9	8.8	9.2
<u>Quarterly changes:</u>										
1981-Q1 1/	19.2	19.2	8.6	8.6	10.5	10.5	8.4	8.4	7.4	7.4
1981-Q2 1/	4.7	4.7	-1.6	-1.6	8.2	8.2	9.6	9.6	7.4	7.4
1981-Q3 1/	11.4	11.4	1.4	1.4	9.9	9.9	11.5	11.5	7.4	7.4
1981-Q4 1/	4.6	4.6	-4.5	-4.5	7.5	7.5	8.2	8.2	8.3	8.3
1982-Q1 1/	.2	-.4	-4.5	-3.9	6.2	5.4	6.7	6.2	8.8	8.8
1982-Q2	8.8	6.4	2.1	.4	5.9	5.0	6.9	6.8	9.2	9.5
1982-Q3	10.9	9.6	5.1	3.9	6.0	6.0	6.1	5.9	9.1	9.6
1982-Q4	9.6	9.0	3.9	3.1	5.7	5.5	5.6	5.2	9.0	9.5
1983-Q1	7.0	7.1	1.9	2.3	5.4	5.2	4.9	4.7	8.9	9.4
1983-Q2	7.0	7.3	2.1	2.5	5.1	4.9	4.7	4.4	8.9	9.3
1983-Q3	8.9	8.7	4.5	4.6	4.6	4.4	4.4	4.2	8.7	9.1
1983-Q4	8.5	8.6	3.1	3.5	4.6	4.4	4.4	4.1	8.6	8.8
2/										
<u>Two-quarter changes:</u>										
1981-Q2 1/	11.7	11.7	3.4	3.4	9.2	9.2	9.0	9.0	-.1	-.1
1981-Q4 1/	7.9	7.9	-1.6	-1.6	8.7	8.7	9.8	9.8	.9	.9
1982-Q2	4.4	2.9	-1.3	-1.8	6.0	5.3	6.8	6.5	.9	1.2
1982-Q4	10.3	9.3	4.5	3.5	5.9	5.8	5.8	5.5	-.2	.0
1983-Q2	7.0	7.2	2.0	2.4	5.3	5.1	4.8	4.6	-.1	-.2
1983-Q4	8.7	8.7	3.8	4.1	4.6	4.4	4.4	4.1	-.3	-.5
3/										
<u>Four-quarter changes:</u>										
1980-Q4 1/	9.4	9.4	-.3	-.3	9.7	9.7	8.6	8.6	1.5	1.5
1981-Q4 1/	9.8	9.8	.9	.9	9.0	9.0	9.4	9.4	.8	.8
1982-Q4	7.3	6.1	1.6	.8	6.0	5.5	6.3	6.0	.7	1.2
1983-Q4	7.8	7.9	2.9	3.2	5.0	4.8	4.6	4.4	-.4	-.7

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.)

	1980				1981			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	2571.7	2564.8	2637.3	2730.6	2853.0	2885.8	2965.0	2998.3
Final purchases	2569.1	2557.4	2653.4	2748.0	2848.5	2862.5	2937.6	2989.0
Private	2052.3	2027.4	2119.9	2189.4	2272.0	2285.1	2348.7	2367.0
Excluding net exports	2044.1	2010.3	2075.4	2166.1	2242.8	2264.3	2319.4	2342.3
Personal consumption expenditures	1631.0	1626.8	1682.2	1751.0	1810.1	1829.1	1883.9	1908.3
Goods	882.0	858.4	883.0	926.8	964.3	962.6	987.5	986.7
Services	749.0	768.4	799.2	824.2	845.8	866.5	896.4	921.5
Gross private domestic investment	415.6	390.9	377.1	397.7	437.1	458.6	463.0	443.3
Residential construction	115.2	93.6	99.2	113.0	116.7	110.7	100.5	94.2
Business fixed investment	297.8	289.8	294.0	302.1	315.9	324.6	335.1	339.8
Change in business inventories	2.5	7.4	-16.0	-17.4	4.5	23.3	27.5	9.4
Nonfarm	1.5	6.1	-12.3	-14.0	6.8	21.5	23.1	3.7
Net exports of goods and services <u>1/</u>	8.2	17.1	44.5	23.3	29.2	20.8	29.3	24.7
Exports	337.3	333.3	342.4	346.1	367.4	368.2	368.0	365.6
Imports	329.1	316.2	297.9	322.7	338.2	347.5	338.7	341.0
Gov't. purchases of goods and services	516.8	530.0	533.5	558.6	576.5	577.4	588.9	622.0
Federal <u>2/</u>	190.0	198.7	194.9	212.0	221.6	219.5	226.4	253.3
State and local	326.8	331.3	338.6	346.6	354.9	357.9	362.5	368.7
Gross national product in constant (1972) dollars	1501.9	1463.3	1471.9	1485.6	1516.4	1510.4	1515.8	1498.4
Personal income	2088.2	2114.5	2182.1	2256.2	2319.8	2368.5	2441.7	2486.5
Wage and salary disbursements	1314.7	1320.4	1341.8	1397.8	1442.9	1467.0	1498.5	1522.5
Disposable personal income	1765.1	1784.1	1840.6	1897.0	1947.8	1985.6	2042.0	2088.5
Saving rate (percent)	4.9	6.2	6.1	5.1	4.6	5.4	5.2	6.1
Corporate profits with I.V.A. and C.C. Adj	200.2	169.3	177.9	183.3	203.0	190.3	195.7	177.6
Corporate profits before tax	277.1	217.9	237.6	249.5	257.0	229.0	234.4	212.8
Federal government surplus or deficit (-) (N.I.A. basis)	-36.3	-66.5	-74.2	-67.9	-46.6	-47.2	-55.7	-100.0
High employment surplus or deficit (-) <u>3/</u>	-17.1	-21.5	-21.1	-13.4	.4	6.6	2.8	-25.7
State and local government surplus or deficit (-) (N.I.A. basis)	26.6	23.9	28.6	37.1	36.9	36.1	37.8	35.9
Excluding social insurance funds	1.3	-1.7	.9	8.1	6.6	4.3	5.1	2.2
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)	90.8	90.5	90.2	90.8	91.2	91.5	91.9	91.5
Manufacturing	20.8	20.3	20.0	20.2	20.2	20.4	20.5	20.0
Industrial production (1967=100)	152.6	144.5	142.3	148.7	151.8	152.5	153.0	146.2
Capacity utilization: all mfg. (percent)	83.4	77.9	75.9	79.1	79.9	79.8	79.3	74.8
Materials (percent)	85.8	78.8	75.2	80.1	82.2	81.2	81.1	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	7.37
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	2.24

- 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 \$37.8 billion in 1980-Q4 and a deficit of 52.2 billion in 1981-Q4.

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PERCENT 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	3.1	-9.9	2.4	3.8	8.6	-1.6	1.4	-4.5
Final purchases	3.1	-10.4	4.1	4.4	6.9	-4.7	.3	-1.8
Private	2.2	-13.3	6.5	4.9	7.3	-4.5	.8	-4.5
Excluding net exports	-.4	-14.4	4.6	8.5	6.7	-3.1	1.9	-3.3
Personal consumption expenditures	.8	-9.8	5.1	7.0	5.8	-2.1	3.3	-2.2
Goods	-.3	-17.7	4.0	10.2	9.8	-5.3	3.8	-5.5
Services	2.1	.0	6.4	3.7	1.4	1.6	2.6	1.7
Gross private domestic investment	-5.6	-28.9	-10.0	11.1	24.2	16.1	3.3	-24.7
Residential structures	-24.2	-60.2	16.0	64.2	3.6	-23.4	-36.2	-27.1
Business fixed investment	2.2	-19.9	-1.5	4.0	13.3	-2.1	6.9	-2.9
Gov't. purchases of goods and services	6.9	2.5	-5.0	2.2	5.4	-5.6	-1.5	10.2
Federal	18.9	11.9	-13.1	2.0	14.8	-8.4	3.1	28.2
National defense	9.8	6.2	-.1	5.9	1.1	2.6	7.9	16.3
State and local	.6	-2.8	.3	2.3	.2	-3.8	-4.2	.1
Disposable personal income	1.3	-4.9	4.1	2.9	3.0	1.4	2.6	1.6
<u>Current dollars</u>								
Gross national product	12.6	-1.1	11.8	14.9	19.2	4.7	11.4	4.6
Final purchases	12.0	-1.8	15.9	15.0	15.5	2.0	10.9	7.2
Private	10.7	-4.8	19.5	13.8	16.0	2.3	11.6	3.2
Excluding net exports	10.6	-6.5	13.6	18.7	14.9	3.9	10.1	4.0
Personal consumption expenditures	12.9	-1.0	14.3	17.4	14.2	4.3	12.5	5.3
Goods	13.1	-10.3	12.0	21.4	17.2	-.7	10.8	-.3
Services	12.7	10.8	17.0	13.1	10.9	10.1	14.6	11.7
Gross private domestic investment	5.6	-21.8	-13.3	23.7	45.9	21.1	3.9	-16.0
Residential structures	-16.7	-56.4	25.7	68.5	14.0	-19.2	-32.1	-22.9
Business fixed investment	11.0	-10.4	6.0	11.5	19.6	11.4	13.6	5.8
Gov't. purchases of goods and services	17.5	10.6	2.6	20.2	13.5	.6	8.2	24.5
Federal	29.5	19.8	-7.5	40.2	19.3	-3.7	13.1	56.7
National defense	23.2	12.4	8.4	35.0	10.4	8.7	16.9	47.0
State and local	11.2	5.6	9.1	9.7	10.0	3.3	5.3	7.1
Disposable personal income	13.5	4.4	13.3	12.8	11.2	8.0	11.8	9.4
Personal income	11.5	5.1	13.4	14.3	11.8	8.7	12.9	7.5
Wage and salary disbursements	10.5	1.8	6.6	17.8	13.5	6.9	8.9	6.6
Corporate profits with IVA & C.C. Adj.	24.8	-48.9	21.9	12.7	50.4	-22.8	11.8	-32.2
Corporate profits before tax	38.6	-61.8	41.4	21.6	12.6	-37.0	9.8	-32.1
Nonfarm payroll employment	1.5	-1.6	-1.0	2.7	1.8	1.4	1.7	-1.8
Manufacturing	-2.4	-9.7	-5.9	3.7	.5	4.2	2.4	-9.4
Nonfarm business sector								
Output per hour	.3	-2.9	3.6	-.2	4.4	1.4	-1.7	-6.9
Compensation per hour	10.3	11.3	9.0	9.8	11.7	9.6	9.5	6.3
Unit labor costs	9.9	14.6	5.3	10.1	7.0	8.1	11.5	14.1
GNP implicit deflator 1/	9.3	9.8	9.2	10.7	9.8	6.4	9.9	9.5
Gross domestic business product	10.1	9.8	9.6	9.3	10.5	8.2	9.9	7.5
fixed-weighted price index 2/	7.4	9.5	9.3	8.2	8.4	9.6	11.5	8.2
Excluding food and energy	16.5	13.5	7.7	12.8	11.0	7.8	11.8	7.7
Consumer price index (all urban)								
Industrial production	.3	-19.6	-6.2	19.2	8.3	1.9	1.3	-16.4

1/ Excluding Federal pay increases, rates of change were: 1980-Q1, 9.2 percent; 1980-Q4, 9.7 percent; 1981-Q1, 9.7 percent; 1981-Q4, 7.4 percent.

2/ Uses expenditures in 1972 as weights.

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

	Projected				1983				
	1982	Q1	Q2	Q3	Q4	1983	Q1	Q2	Q3
Gross national product	2995.1	3041.8	3112.2	3179.8	3234.9	3292.2	3361.9	3432.1	
Final purchases	3035.1	3060.8	3110.7	3168.4	3222.5	3278.8	3348.1	3417.1	
Private	2407.1	2432.1	2476.6	2518.5	2560.9	2605.4	2662.9	2716.0	
Excluding net exports	2383.3	2399.2	2452.3	2508.7	2559.5	2608.5	2667.2	2718.1	
Personal consumption expenditures	1950.7	1975.5	2028.4	2073.6	2114.4	2154.6	2203.9	2243.8	
Goods	1002.9	1005.9	1032.4	1053.5	1072.3	1090.4	1117.2	1135.1	
Services	947.8	969.6	996.0	1020.1	1042.1	1064.2	1086.7	1108.7	
Gross private domestic investment	392.6	404.7	425.4	446.5	457.5	467.3	477.1	489.3	
Residential construction	92.7	93.2	99.7	105.7	110.7	114.2	118.2	123.7	
Business fixed investment	339.8	330.5	324.2	329.4	334.4	339.7	345.1	350.6	
Change in business inventories	-40.0	-19.0	1.5	11.4	12.4	13.4	13.8	15.0	
Nonfarm	-38.8	-19.0	1.5	11.4	12.4	13.4	13.8	15.0	
Net exports of goods and services <u>1/</u>	23.8	32.9	24.3	9.8	1.4	-3.1	-4.3	-2.1	
Exports	359.0	359.7	358.6	355.4	360.7	366.5	378.6	392.6	
Imports	335.1	326.8	334.3	345.6	359.3	369.6	382.9	394.7	
Gov't. purchases of goods and services	628.0	628.7	634.1	649.9	661.6	673.4	685.2	701.1	
Federal <u>2/</u>	255.7	252.4	253.2	264.4	271.9	279.4	287.0	298.6	
State and local	372.3	376.3	380.9	385.5	389.7	394.0	398.2	402.5	
Gross national product in constant (1972) dollars	1483.6	1485.0	1499.3	1510.9	1519.4	1529.0	1546.4	1559.8	
Personal income	2512.7	2551.4	2604.3	2655.8	2704.6	2755.4	2814.2	2867.1	
Wage and salary disbursements	1539.0	1552.0	1576.0	1608.4	1633.8	1660.2	1690.2	1725.8	
Disposable personal income	2115.3	2147.7	2222.1	2264.4	2313.9	2352.8	2427.9	2469.0	
Saving rate (percent)	5.3	5.5	6.3	6.0	6.2	6.0	6.8	6.7	
Corporate profits with I.V.A. and C.C. Adj.	146.2	162.9	181.3	189.3	190.2	194.8	207.6	216.5	
Corporate profits before tax	166.5	179.0	192.9	199.9	191.5	189.8	196.2	196.9	
Federal government surplus or deficit (-) (N.I.A. basis)	-124.5	-132.7	-165.5	-167.6	-177.3	-183.2	-220.8	-226.3	
High employment surplus or deficit (-) <u>3/</u>	-31.2	-22.7	-57.7	-58.0	-63.2	-66.8	-111.0	-116.6	
State and local government surplus or deficit (-) (N.I.A. basis)	36.1	39.5	43.4	42.8	42.4	43.9	47.6	50.1	
Excluding social insurance funds	1.4	3.3	5.7	3.6	1.7	1.7	3.9	4.9	
Civilian labor force (millions)	109.1	109.7	110.0	110.3	110.6	110.9	111.2	111.5	
Unemployment rate (percent)	8.8	9.5	9.6	9.5	9.4	9.3	9.1	8.8	
Nonfarm payroll employment (millions)	90.9	90.5	90.5	90.7	91.0	91.4	91.9	92.4	
Manufacturing	19.5	19.2	19.2	19.3	19.4	19.6	19.8	20.0	
Industrial production (1967=100)	141.4	140.3	142.9	145.0	146.4	148.0	150.2	152.0	
Capacity utilization: all mfg. (percent)	71.5	70.4	71.2	71.7	71.9	72.2	72.8	73.2	
Materials (percent)	71.4	70.1	71.9	73.2	73.7	74.2	75.2	76.1	
Housing starts, private (million units, A.R.)	.92	1.00	1.10	1.15	1.20	1.20	1.25	1.25	
New auto sales, (millions, A.R.)	8.12	7.60	8.70	8.80	8.95	9.00	9.40	9.40	
Domestic models	5.90	5.60	6.40	6.50	6.60	6.60	6.90	6.90	
Foreign models	2.22	2.00	2.30	2.30	2.35	2.40	2.50	2.50	

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 \$85.1 billion in 1982-Q4, and a deficit of \$144.9 billion in 1983-Q4.

May 12, 1982

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

	Projected							
	1982				1983			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Constant (1972) dollars</u>								
Gross national product	-3.9	.4	3.9	3.1	2.3	2.5	4.6	3.5
Final purchases	1.9	-1.9	1.2	1.8	2.2	2.4	4.6	3.4
Private	2.2	-1.0	1.9	2.0	2.2	2.5	5.2	3.8
Excluding net exports	2.8	-1.7	3.3	3.9	3.1	2.9	4.9	3.4
Personal consumption expenditures	4.0	.8	5.1	3.7	2.9	2.9	5.2	3.1
Goods	4.5	.0	6.2	3.9	2.6	2.6	6.9	3.1
Services	3.4	1.6	4.0	3.5	3.2	3.3	3.3	3.1
Gross private domestic investment	-37.9	3.9	16.0	15.2	4.9	3.9	3.8	5.9
Residential structures	-10.7	-3.7	23.8	19.7	14.6	8.1	9.8	14.8
Business fixed investment	-.7	-14.7	-11.9	.9	1.3	1.6	1.8	2.1
Gov't. purchases of goods and services	.5	-5.3	-1.5	1.2	2.0	2.1	2.2	1.7
Federal	5.8	-10.7	-2.4	4.3	6.9	6.7	6.8	5.0
National defense	.1	5.5	5.9	6.5	12.2	12.3	13.0	9.4
State and local	-2.9	-1.6	-1.0	-.8	-1.1	-.9	-.8	-.6
Disposable personal income	.2	1.8	8.4	2.4	3.8	2.0	8.9	2.6
<u>Current dollars</u>								
Gross national product	-.4	6.4	9.6	9.0	7.1	7.3	8.7	8.6
Final purchases	6.3	3.4	6.7	7.6	7.0	7.2	8.7	8.5
Private	7.0	4.2	7.5	6.9	6.9	7.1	9.1	8.2
Excluding net exports	7.2	2.7	9.2	9.5	8.3	7.9	9.3	7.9
Personal consumption expenditures	9.2	5.2	11.1	9.2	8.1	7.8	9.5	7.4
Goods	6.7	1.2	11.0	8.4	7.3	6.9	10.2	6.6
Services	11.9	9.5	11.3	10.0	8.9	8.8	8.7	8.3
Gross private domestic investment	-38.5	13.0	22.1	21.4	10.2	8.8	8.7	10.6
Residential structures	-5.9	2.0	31.0	26.3	20.3	13.3	14.8	20.0
Business fixed investment	.0	-10.5	-7.4	6.6	6.2	6.5	6.5	6.5
Gov't. purchases of goods and services	3.9	.4	3.5	10.3	7.4	7.3	7.2	9.6
Federal	3.8	-5.1	1.3	18.9	11.8	11.5	11.3	17.2
National defense	4.3	10.4	10.4	22.6	18.0	17.4	18.0	22.2
State and local	3.9	4.3	5.0	4.9	4.4	4.5	4.3	4.4
Disposable personal income	5.2	6.3	14.6	7.8	9.0	6.9	13.4	6.9
Personal income	4.3	6.3	8.6	8.1	7.5	7.7	8.8	7.7
Wage and salary disbursements	4.4	3.4	6.3	8.5	6.5	6.6	7.4	8.7
Corporate profits with IVA & C.C. Adj.	-54.1	54.1	53.4	18.9	1.9	10.0	29.0	18.3
Corporate profits before tax	-62.5	33.4	35.1	15.7	-15.7	-3.6	14.2	1.5
Nonfarm payroll employment	-2.6	-1.7	-.1	1.2	1.3	1.5	2.1	2.4
Manufacturing	-10.2	-5.5	.0	2.3	2.9	3.2	4.2	4.2
Nonfarm business sector								
Output per hour	.3	2.4	4.6	2.6	1.2	1.3	2.4	1.0
Compensation per hour	8.4	7.0	7.0	6.6	6.8	6.2	6.0	5.8
Unit labor costs hour	8.1	4.5	2.3	3.9	5.6	4.8	3.6	4.8
GNP implicit deflator 1/	3.6	6.0	5.5	5.7	4.7	4.6	3.9	4.9
Gross domestic business product								
fixed-weighted price index 2/	5.4	5.0	6.0	5.5	5.2	4.9	4.4	4.4
Excluding food and energy	6.2	6.8	5.9	5.2	4.7	4.4	4.2	4.1
Consumer price index (all urban)	3.2	2.6	6.0	5.6	4.9	4.8	4.8	4.7
Industrial production	-12.7	-3.1	7.6	6.0	3.9	4.4	6.1	4.9

1/ Excluding Federal pay increases, the rates of change are: 1982-Q1, 3.6 percent; 1982-Q4, 4.9 percent; 1983-Q1, 4.7 percent; 1983-Q4, 4.2 percent

2/ Uses expenditures in 1972 as weights.

May 12, 1982

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

	1976	1977	1978	1979	1980	1981	1982	Projected 1983
Gross national product	1718.0	1918.0	2156.1	2413.9	2626.1	2925.5	3082.2	3330.3
Final purchases	1706.2	1897.0	2133.9	2396.4	2632.0	2909.4	3093.8	3316.6
Private	1344.1	1502.5	1701.3	1922.6	2097.3	2318.2	2458.6	2636.3
Excluding net exports	1330.4	1506.7	1701.9	1909.2	2074.0	2292.2	2435.9	2638.3
Personal consumption expenditures	1084.3	1205.5	1348.7	1510.9	1672.8	1857.8	2007.0	2179.2
Goods	598.5	657.8	729.1	814.5	887.6	975.2	1023.7	1103.7
Services	485.7	547.7	619.6	696.3	785.2	882.6	983.4	1075.4
Gross private domestic investment	257.9	322.3	375.3	415.8	395.3	450.5	417.3	472.8
Residential construction	72.0	95.8	111.3	118.6	105.3	105.5	97.8	116.7
Business fixed investment	174.1	205.5	242.0	279.7	296.0	328.9	331.0	342.4
Change in business inventories	11.8	21.0	22.2	17.5	-5.9	16.2	-11.5	13.6
Nonfarm	13.9	20.2	21.8	13.4	-4.7	13.8	-11.2	13.6
Net exports of goods and services <u>1/</u>	13.7	-4.2	-.6	13.4	23.3	26.0	22.7	-2.0
Exports	170.9	183.3	219.8	281.3	339.8	367.3	358.2	374.6
Imports	157.1	187.5	220.4	267.9	316.5	341.3	335.5	376.6
Gov't. purchases of goods and services	362.1	394.5	432.6	473.8	534.7	591.2	635.2	680.3
Federal <u>2/</u>	129.2	143.9	153.4	167.9	198.9	230.2	256.4	284.2
State and local	232.9	250.6	279.2	305.9	335.8	361.0	378.8	396.1
Gross national product in constant (1972) dollars	1300.4	1371.7	1436.9	1483.0	1480.7	1510.3	1494.7	1538.6
Personal income	1391.2	1538.0	1721.8	1943.8	2160.2	2404.1	2581.1	2785.3
Wage and salary disbursements	889.9	983.8	1105.2	1236.1	1343.7	1482.7	1568.8	1677.5
Disposable personal income	1194.4	1311.5	1462.9	1641.7	1821.7	2016.0	2187.4	2390.9
Saving rate (percent)	6.9	5.6	5.2	5.2	5.6	5.3	5.8	6.4
Corporate profits with I.V.A. and C.C. Adj.	138.1	164.7	185.5	196.8	182.7	191.7	169.9	202.3
Corporate profits before tax	166.3	192.6	223.3	255.4	245.5	233.3	184.6	193.6
Federal government surplus or deficit (N.I.A. basis)	-53.1	-46.4	-29.2	-14.8	-61.2	-62.4	-147.6	-201.9
High employment surplus or deficit (-)	-20.1	-23.1	-15.7	-2.2	-18.3	-4.0	-42.4	-89.4
State and local government surplus or deficit (-) (N.I.A. basis)	16.6	28.1	29.0	26.7	29.1	36.7	40.5	46.0
Excluding social insurance funds	.9	10.1	9.0	2.9	2.1	4.6	3.5	3.0
Civilian labor force (millions)	96.2	99.0	102.3	105.0	106.9	108.7	109.8	111.0
Unemployment rate (percent)	7.7	7.1	6.1	5.8	7.1	7.6	9.4	9.2
Nonfarm payroll employment (millions)	79.4	82.5	85.7	89.8	90.6	91.5	90.7	91.7
Manufacturing	19.0	19.7	20.5	21.0	20.3	20.3	19.3	19.7
Industrial production (1967=100)	130.5	138.1	146.1	152.5	147.1	151.0	142.4	149.1
Capacity utilization: all manufacturing (percent)	79.5	81.9	84.4	85.6	79.1	78.4	71.2	72.5
Materials (percent)	81.1	82.7	85.6	87.4	80.0	79.9	71.7	74.8
Housing starts, private (million units, A.R.)	1.54	1.99	2.02	1.75	1.29	1.09	1.04	1.22
New auto sales, (millions, A.R.)	10.12	11.13	11.28	10.70	9.04	8.56	8.35	9.19
Domestic models	8.63	9.07	9.29	8.38	6.62	6.24	6.12	6.75
Foreign models	1.50	2.06	1.99	2.32	2.42	2.32	2.22	2.44

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.

May 11, 1982

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

	1976	1977	1978	1979	1980	1981	--Projected--	
							1982	1983
<u>Constant (1972) dollars</u>								
Gross national product	5.4	5.5	4.8	3.2	-.2	2.0	-1.0	2.9
Final purchases	4.2	5.2	4.7	3.5	.7	1.3	-.2	2.2
Private	5.3	6.0	15.4	4.0	.2	1.5	-.3	2.4
Excluding net exports	6.2	6.5	5.2	2.9	-1.0	2.2	.4	3.2
Personal consumption expenditures	5.6	4.9	4.7	2.9	.5	2.5	1.8	3.5
Goods	6.7	5.2	4.2	1.9	-1.4	2.5	1.1	3.7
Services	4.3	4.5	5.4	4.1	2.6	2.6	2.6	3.3
Gross private domestic investment	19.2	15.7	7.6	1.3	-12.5	5.5	-11.7	7.7
Residential structures	21.3	18.6	2.9	-5.2	-18.6	-6.1	-12.6	13.5
Business fixed investment	5.2	11.9	9.1	6.5	-3.0	2.5	-4.4	-1.5
Gov't. purchases of goods and services	.0	2.1	2.0	1.5	2.9	.6	.3	1.0
Federal	-.7	4.1	-.9	1.9	6.3	3.1	3.8	3.9
National defense	-2.3	.8	.0	2.6	5.7	4.2	6.3	9.9
State and local	.5	.9	3.7	1.2	1.0	-.9	-2.0	-1.0
Disposable personal income	3.6	3.6	4.4	3.1	.7	2.2	2.3	4.2
<u>Current dollars</u>								
Gross national product	10.9	11.6	12.4	12.0	8.8	11.4	5.4	8.0
Final purchases	9.6	11.2	12.5	12.3	9.8	10.5	6.3	7.2
Private	10.5	11.8	13.2	13.0	9.1	10.5	6.1	7.2
Excluding net exports	11.8	13.3	12.9	12.2	8.6	10.5	6.3	8.3
Personal consumption expenditures	11.1	11.2	11.9	12.0	10.7	11.1	8.0	8.6
Goods	10.9	9.9	10.8	11.7	9.0	9.9	5.0	7.8
Services	11.2	12.7	13.1	12.4	12.8	12.4	11.4	9.4
Gross private domestic investment	25.1	25.0	16.5	10.8	-4.9	14.0	-7.4	13.3
Residential structures	30.2	33.1	16.1	6.6	-11.3	.2	-7.3	19.3
Business fixed investment	10.3	18.1	17.7	15.6	5.8	11.1	.6	3.5
Gov't. purchases of goods and services	6.5	8.9	9.7	9.5	12.9	10.6	7.4	7.1
Federal	5.3	11.4	6.6	9.5	18.5	15.7	11.4	10.8
National defense	3.7	8.5	7.1	11.2	18.4	17.2	16.2	17.6
State and local	7.3	7.6	11.4	9.6	9.8	**7.5	4.9	4.6
Disposable personal income	9.0	9.8	11.5	12.2	11.0	10.7	8.5	9.3
Personal income	10.0	10.6	12.0	12.9	11.1	11.3	7.4	7.9
Wage and salary disbursements	10.4	10.6	12.3	11.8	8.7	10.3	5.8	6.9
Corporate profits with IVA & C.C. Adj.	25.0	19.3	12.6	6.1	-7.2	4.9	-11.3	19.1
Corporate profits before tax	25.9	15.8	15.9	14.4	-3.9	-5.0	-20.9	4.9
Nonfarm payroll employment	3.2	3.9	5.1	3.6	.8	1.1	-1.0	1.1
Manufacturing	3.7	3.6	4.2	2.6	-3.5	-.2	-4.8	2.2
Nonfarm business sector								
Output per hour	3.2	2.0	-.2	-.7	-.3	.9	-.2	2.1
Compensation per hour	8.1	7.6	8.5	9.7	9.9	10.1	7.6	6.5
Unit labor costs	4.7	5.5	8.7	10.4	10.3	9.0	7.8	4.3
GNP implicit deflator	5.2	5.8	7.3	8.5	9.0	9.2	6.4	5.0
Gross domestic business product								
fixed-weighted price index 1/	5.5	6.3	7.8	9.7	9.8	9.4	6.5	5.2
Excluding food and energy	6.0	6.5	7.5	8.4	8.2	9.2	7.4	4.9
Consumer price index (all urban)	5.8	6.5	7.7	11.3	13.5	10.3	5.7	5.0
Industrial production	10.8	5.8	5.8	4.4	-3.5	2.7	-5.6	4.7

1/ Uses expenditures in 1972 as weights.

## FEDERAL SECTOR ACCOUNTS

	Fiscal Year 1981*	FY1982e/				FY1983e/				CY1982e/				FRB Staff Estimates Calendar quarters; unadjusted data						
		Admin.		F.R.		Admin.		F.R.		CY 1981*	F.R.			1981	1982	III	IV	I	II	III
		1/	Board	1/	Board	1981*	Board	IV*	I*	II*	III	IV	I	II	III	I	II	III		
Unified budget receipts <sup>2</sup>	599.3	628.4	621.3	665.1	611.6	619.0	616.8	146.0	143.6	183.0	148.7	141.6	138.2	181.5	150.3					
Unified budget outlays <sup>2</sup>	657.2	728.9	735.4	767.0	792.4	691.6	734.6	194.2	167.3	185.3	188.5	193.5	197.1	198.0	203.9					
Surplus/deficit(-), unified budget	-57.9	-100.5	-114.1	-101.9	-180.8	-72.5	-117.8	-48.2	-23.7	-2.3	-39.8	-51.9	-58.9	-16.5	-53.6					
Surplus/deficit(-), off-budget agencies <sup>3</sup>	-21.0	-20.9	-18.8	-15.8	-18.2	-22.4	-19.3	-3.6	-2.0	-5.6	-7.7	-4.1	-5.5	-4.3	-4.3					
Combined deficit to be financed	-78.9	-121.4	-132.9	-117.7	-199.0	-94.9	-137.1	-51.8	-25.7	-7.9	-47.5	-56.0	-64.4	-20.8	-57.9					
Means of financing combined deficit:																				
Net borrowing from public	79.4	118.5	126.6	118.5	203.1	87.3	145.5	35.6	32.8	15.1	43.1	54.5	62.6	25.7	60.3					
Decrease in cash operating balance	2.3	{ 2.9	3.5	{ -0.8	-2.1	0.3	-1.1	6.7	-1.0	-5.0	2.8	2.1	0.6	-2.9	-1.9					
Other <sup>4</sup>	-2.8	{ 2.9	2.8	{ -0.8	-2.0	7.3	-7.3	9.5	-6.1	-2.2	1.6	-0.6	1.1	-2.0	-0.5					
Cash operating balance, end of period	18.7	n.a.	15.2	n.a.	17.3	12.0	13.1	12.0	13.0	18.0	15.2	13.1	12.5	15.4	17.3					
Memo: Sponsored agency borrowing <sup>5</sup>	35.7	46.6	22.1	50.1	27.8	30.0	26.1	4.0	1.8	7.7	8.6	8.0	6.6	6.6	6.6					
<u>NIA Budget</u>																				
Receipts	612.5	637.1	615.5	685.3	625.8	626.0	612.6	627.2	610.8	620.0	604.2	615.4	625.2	637.6	625.1					
Expenditures	667.4	744.0	746.1	794.1	812.9	688.4	760.0	727.2	735.1	752.5	769.5	782.8	802.3	820.6	845.8					
Purchases	217.8	252.4	253.6	278.4	275.7	230.2	256.4	253.3	255.7	252.4	253.2	264.4	271.9	279.4	287.0					
Defense	147.1	174.2	174.3	203.5	201.8	154.3	179.3	169.7	171.5	175.8	180.2	189.6	197.6	205.7	214.4					
Nondefense	70.7	78.2	79.3	74.9	73.8	75.9	77.1	83.5	84.1	76.6	73.0	74.8	74.3	73.7	72.6					
All other expenditures	449.6	491.6	492.5	515.7	537.2	458.2	503.6	473.9	479.4	500.1	516.3	518.4	530.4	541.2	558.8					
Surplus/deficit(-)	-54.9	-106.9	-130.6	-108.8	-187.0	-62.4	-147.4	-100.0	-124.5	-132.5	-165.3	-167.4	-177.1	-183.0	-220.6					
High Employment (H.E.) surplus/deficit(-) evaluated at H.E. unemployment rate of:																				
5.1 percent	-0.9	n.a.	-34.3	n.a.	-74.8	-4.0	-42.4	-25.7	-31.2	-22.7	-57.7	-58.0	-63.2	-66.8	-111.0					
6.1 percent	-26.5	n.a.	-61.2	n.a.	-102.5	-30.1	-69.4	-52.2	-57.9	-50.4	-84.4	-85.1	-91.2	-95.2	-138.7					
*--actual									e--estimated									n.a.--not available		

1. OMB Current Budget Estimates, April 1982 and BEA NIA translations, April 1982.

2. Outlays and receipts have been reduced by about \$4.0 billion due to the reclassification of supplemental medical insurance premiums (SMI) from receipts to an offset to outlays.

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 include Federal Home Loan Banks, FHLBC (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.

May 12, 1982

CONFIDENTIAL (PR)  
CLASS II POMC

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

	1981 ANN.	1982 ANN.	1983 ANN.	1982 Q I	1982 Q II	1982 Q III	1982 Q IV	1983 Q I	1983 Q II	1983 Q III	1983 Q IV
<hr/>											
<b>1. GNP NET EXPORTS</b>											
CURRENT \$, NET	26.0	22.7	-2.0	23.9	32.9	24.3	9.8	1.4	-3.2	-4.4	-2.0
EXPORTS OF G&S	367.3	358.2	374.6	359.0	359.7	358.6	355.4	360.7	366.5	378.6	392.6
IMPORTS OF G&S	341.4	335.4	376.6	335.1	326.8	334.3	345.6	359.3	369.6	382.9	394.7
CONSTANT 72 \$, NET	44.9	36.0	28.4	37.9	39.6	35.9	30.7	28.3	27.2	28.4	29.9
EXPORTS OF G&S	160.4	151.6	150.1	153.7	153.7	151.3	147.6	147.6	147.9	150.9	154.1
IMPORTS OF G&S	115.5	115.6	121.7	115.8	114.1	115.5	116.9	119.3	120.7	122.5	124.3
TERMS OF TRADE (1972=100) 1/	77.5	81.4	80.6	80.7	81.7	81.8	81.4	81.1	80.9	80.3	80.2
<b>2. U.S. MERCHANDISE TRADE BALANCE 2/</b>	<b>-27.9</b>	<b>-26.6</b>	<b>-57.9</b>	<b>-23.8</b>	<b>-16.0</b>	<b>-26.4</b>	<b>-40.4</b>	<b>-50.3</b>	<b>-55.5</b>	<b>-62.2</b>	<b>-63.7</b>
EXPORTS (EXCL. MILITARY)	236.2	218.4	223.3	223.2	219.4	216.4	214.6	216.6	219.5	224.7	232.3
AGRICULTURAL	44.3	43.7	50.7	41.8	42.7	44.1	46.0	48.6	49.9	51.2	53.3
NONAGRICULTURAL	192.0	174.8	172.6	181.4	176.7	172.3	168.6	168.0	169.7	173.5	179.1
IMPORTS	264.1	245.0	281.2	247.0	235.4	242.7	255.0	266.8	275.0	286.9	296.0
PETROLEUM AND PRODUCTS	77.6	60.2	67.9	62.9	57.0	59.2	61.9	64.4	65.9	70.0	71.1
NONPETROLEUM	186.5	184.8	213.3	184.2	178.4	183.5	193.1	202.4	209.1	216.9	225.0
<b>3. U.S. CURRENT ACCOUNT BALANCE</b>	<b>6.5</b>	<b>3.9</b>	<b>-27.1</b>	<b>5.6</b>	<b>14.9</b>	<b>5.0</b>	<b>-9.9</b>	<b>-20.6</b>	<b>-26.8</b>	<b>-30.1</b>	<b>-31.2</b>
OF WHICH: NET INVESTMENT INCOME	36.8	33.4	34.2	32.2	33.5	34.3	33.7	32.8	31.9	35.6	36.5
<b>4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/</b>											
REAL GNP, % CHANGE, ANNUAL RATES	.4	1.1	2.4	1.0	1.2	1.6	2.0	2.9	2.6	2.8	3.0
CONSUMER PRICES, 4/, % CHANGE, ANNUAL RATES	9.7	8.4	7.5	7.9	8.9	7.8	7.6	7.7	7.1	6.9	6.8

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

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%).

p/ PR ECTED.

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May 12, 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 CORPORATE SECURITIES IN DOMESTIC MARKETS  
 (Monthly totals or monthly averages, millions of dollars)

	1981		1982			
	Year	Q4	Q1 <sup>P</sup>	Mar. <sup>P</sup>	Apr. <sup>P</sup>	May <sup>f</sup>
----- Seasonally adjusted -----						
Corporate securities--total	5,774	7,613	3,774	4,900	3,400	3,500
Publicly offered bonds <sup>1</sup>	3,138	5,673	2,035	3,300	1,600	2,000
Privately placed bonds	582	235	323	300	300	300
Stocks	2,054	1,705	1,416	1,300	1,500	1,200
----- Not seasonally adjusted -----						
Publicly offered bonds--total <sup>1</sup>	3,138	4,240	1,826	3,500	2,000	2,000
By industry						
Utility	1,079	958	691	1,325	790	--
Industrial	1,192	1,751	522	1,175	410	--
Financial	867	1,531	613	1,000	800	--
By quality <sup>2</sup>						
Aaa and Aa	1,182	1,882	528	1,255	1,040	--
A and Baa	1,448	1,772	908	1,970	730	--
Less than Baa <sup>3</sup>	508	586	390	275	230	--
Memo items:						
Convertible bonds	357	349	48	0	0	--
Original discount bonds						
Par value	808	1,478	862	2,586	910	--
Gross proceeds	358	677	297	828	288	--
Stocks--total	2,054	1,777	1,393	1,200	1,100	1,300
By industry						
Utility	667	565	620	550	700	--
Industrial	1,023	775	595	500	225	--
Financial	364	437	178	150	175	--

p--preliminary. f--forecast.

1. Total reflects gross proceeds rather than par value of original discount bonds.
2. Bonds categorized according to Moody's bond ratings.
3. Includes issues not rated by Moody's.

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

	1982					
	FY81	Mar. <sup>e</sup>	Apr. <sup>e</sup>	May <sup>f</sup>	Q1	Q2 <sup>f</sup>
<u>Treasury financing</u>						
Combined surplus/deficit(-)	-78.9	-18.8	9.4	-21.1	-25.6	-7.9
Means of financing deficit:						
(1) Net cash borrowing from the public	79.4	12.3	2.9	3.5	32.8	15.1
Marketable borrowings/ repayments(-)	89.5	10.8	3.2	4.0	32.3	16.3
Bills	23.5	2.2	-1.4	1.1	11.2	0
Coupons	66.0	8.6	4.6	2.9	21.1	16.3
Nonmarketable	-10.1	1.5	-.3	-.5	.5	-1.2
(2) Decrease in the cash balance	2.3	7.7	-15.7	21.7	-1.0	-5.0
(3) Other <sup>2</sup>	-2.8	-1.2	3.4	-4.1	-6.1	-2.2
<u>Federally sponsored credit agencies net cash borrowing<sup>3</sup></u>	35.7	1.6	2.3	3.0	1.8	7.7

e--estimated. 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.

for low-rate seasoned mortgages. In mid-March, FNMA opened the program to new mortgages.<sup>1</sup>

State and Local Sector. Since the last FOMC meeting, municipal bond markets have experienced both a massive volume of issuance and a marked decline in yields from near-record levels. Gross funds raised in the long-term tax-exempt market were a record \$6.0 billion (seasonally adjusted) in April.<sup>2</sup>

**STATE & LOCAL GOVERNMENT SECURITY OFFERINGS**  
(Monthly totals or monthly averages, billions of dollars)

	1981		1982		
	Year	Q4 <sup>e</sup>	Q1 <sup>e</sup>	April <sup>e</sup>	May <sup>f</sup>
<b>----- Seasonally adjusted -----</b>					
Total	6.80	8.60	8.30	7.30	11.70
Long-term	4.00	4.60	5.00	6.00	4.30
Short-term	2.80	4.00	3.30	1.30	7.40
<b>----- Not seasonally adjusted -----</b>					
Total	6.80	7.70	6.90	9.50	10.50
Long-term	4.00	4.70	4.20	6.50	4.50
General obligations	1.00	.90	1.50	2.30	1.60
Revenues	3.00	3.80	2.70	4.20	2.90
Short-term	2.80	3.00	2.70	3.00	- 6.00

e--estimate. f--forecast.

The heavy demand for funds--despite declining spending by state and local governments and high interest rates--may reflect shortfalls in revenues associated with depressed economic activity and cuts in aid from the

1. The FHLMC also started a similar swap program in mid-1981, opening the program to new mortgages in March. Through December 1981, FHLMC had issued \$2.3 billion of participation certificates under the swap program and another \$4 billion had been issued by the end of March.
2. In the short-term tax-exempt market, gross sales--measured on a seasonally adjusted basis--declined substantially in April, owing to postponement of a \$3.5 billion sale of New York State notes that typically are brought to market during April. The sale, for which approval of a state budget is a prerequisite, is now tentatively slated for May.