

October 31, 1984

## **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

October 31, 1984

## 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		9/26/84	10/31/84	
		9/26/84	10/31/84	9/26/84	10/31/84			
1982 <1> 3.8	3.8	-2.1	-2.1	6.0	6.0	7.0	7.0	9.7
1983 <1> 7.7	7.7	3.7	3.7	3.8	3.8	4.6	4.6	9.6
1984 11.0	11.0	7.0	6.9	4.0	4.0	4.3	4.3	7.5
1985 7.8	7.6	3.5	3.5	4.4	4.2	4.7	4.8	6.9
Annual changes:								
1983 Q1 <1> 8.5	8.5	3.3	3.3	2.7	2.7	4.9	4.9	10.4
Q2 <1> 12.3	12.3	9.4	9.4	3.9	3.9	3.5	3.5	10.1
Q3 <1> 10.1	10.1	6.8	6.8	4.5	4.5	5.4	5.4	9.4
Q4 <1> 10.6	10.6	5.9	5.9	3.5	3.5	3.8	3.8	8.5
Quarterly changes:								
1983 Q1 <1> 14.9	14.9	10.1	10.1	4.2	4.2	3.4	3.4	7.9
Q2 <1> 10.7	10.7	7.1	7.1	4.1	4.1	5.4	5.4	7.5
Q3 <1> 6.3	6.3	2.7	2.7	3.6	3.6	4.2	4.4	7.5
Q4 8.8	7.4	4.3	3.4	4.4	4.1	4.6	4.5	7.2
1984 Q1 8.1	8.2	3.2	3.4	4.5	4.3	4.6	4.8	7.0
Q2 7.1	7.3	2.9	3.3	4.5	4.4	4.6	4.8	6.9
Q3 7.3	7.3	2.8	3.1	4.7	4.6	4.9	4.8	6.8
Q4 7.7	7.3	3.0	2.9	5.0	4.7	5.3	4.9	6.7
1985 Q1 8.1	8.2	3.2	3.4	4.5	4.3	4.6	4.8	7.1
Q2 7.1	7.3	2.9	3.3	4.5	4.4	4.6	4.8	7.0
Q3 7.3	7.3	2.8	3.1	4.7	4.6	4.9	4.8	6.9
Q4 7.7	7.3	3.0	2.9	5.0	4.7	5.3	4.9	6.8
Two-quarter changes: <2>								
1983 Q2 <1> 10.4	10.4	6.3	6.3	3.3	3.3	4.2	4.2	-.5
Q4 <1> 10.3	10.3	6.4	6.4	4.0	4.0	4.6	4.6	-.6
1984 Q2 <1> 12.8	12.8	8.6	8.6	4.2	4.2	4.4	4.4	-1.0
Q4 7.5	6.8	3.5	3.0	4.0	3.9	4.4	4.4	-.3
1985 Q2 7.6	7.8	3.0	3.4	4.5	4.3	4.6	4.8	-.3
Q4 7.5	7.3	2.9	3.0	4.9	4.6	5.1	4.8	-.2
Four-quarter changes: <3>								
1982 Q4 <1> 2.7	2.7	-1.5	-1.5	4.7	4.7	5.3	5.3	2.4
1983 Q4 <1> 10.4	10.4	6.3	6.3	3.7	3.7	4.4	4.4	-2.1
1984 Q4 10.1	9.8	6.0	5.8	4.1	4.0	4.4	4.4	-1.3
1985 Q4 7.5	7.5	3.0	3.2	4.7	4.5	4.9	4.8	-.5

&lt;1&gt; Actual.

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

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

October 31, 1984

CONFIDENTIAL - FR  
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.)

	1982				1983			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross National Product	3026.0	3061.2	3080.1	3109.6	3173.8	3267.0	3346.6	3431.7
Final sales	3043.1	3072.1	3095.5	3170.8	3216.8	3286.4	3350.9	3419.0
Private	2412.2	2438.4	2439.2	2489.8	2538.0	2604.2	2661.1	2727.6
Domestic final purchases	2384.5	2402.9	2432.6	2483.5	2518.4	2610.7	2677.5	2757.4
Personal consumption expenditures	1931.3	1960.9	2001.3	2046.1	2070.4	2141.6	2181.4	2230.2
Goods	985.8	992.2	1007.0	1025.6	1034.6	1073.0	1095.8	1122.8
Services	945.4	968.6	994.2	1020.6	1035.8	1068.6	1085.7	1107.5
Gross private domestic investment	436.2	431.2	415.9	376.2	405.0	449.6	491.9	540.0
Residential structures	87.5	90.9	89.0	97.9	113.3	129.8	142.3	143.4
Business fixed investment	365.7	351.2	342.2	339.3	334.6	339.3	353.9	383.9
Change in business inventories	-17.0	-10.9	-15.3	-61.1	-42.9	-19.4	-4.3	12.7
Nonfarm	-20.9	-9.5	-11.1	-54.3	-32.6	-5.4	11.6	14.1
Net exports of goods and services <1>	27.7	35.5	6.6	6.3	19.6	-6.5	-16.4	-29.8
Exports	359.4	366.3	346.3	321.7	328.5	328.1	342.0	346.1
Imports	331.7	330.8	339.7	315.4	308.9	334.5	358.4	375.9
Gov't. purchases of goods and services	630.9	633.7	656.3	681.0	678.8	682.2	689.8	691.4
Federal <2>	249.8	245.0	261.6	279.4	273.0	270.5	269.2	266.3
State and local	381.1	388.7	394.7	401.6	405.8	411.6	420.6	425.1
Gross national product in constant (1972) dollars	1483.5	1480.5	1477.1	1478.8	1491.0	1524.8	1550.2	1572.7
Personal income	2536.3	2568.3	2594.2	2639.4	2662.8	2714.7	2763.3	2836.5
Wage and salary disbursements	1546.3	1564.2	1578.0	1586.4	1608.1	1642.1	1671.3	1715.4
Disposable personal income	2132.0	2156.8	2195.8	2237.5	2261.4	2302.9	2367.4	2428.6
Saving rate (percent)	6.7	6.3	6.1	5.8	5.7	4.2	5.0	5.3
Corporate profits with I.V.A. and C.C. Adj.	159.8	161.8	163.3	151.7	179.0	216.6	245.0	260.0
Corporate profits before tax	167.5	169.9	168.9	155.9	161.6	198.1	227.4	225.5
Federal government surplus or deficit (-) (N.I.A. basis)	-106.2	-112.1	-163.8	-210.7	-185.8	-167.3	-180.9	-180.5
High employment surplus or deficit (-) <3>	-36.9	-30.3	-71.5	-107.8	-81.0	-74.4	-102.3	-113.1
State and local government surplus or deficit(-) (N.I.A. basis)	32.6	34.2	33.3	31.4	34.0	43.8	47.4	51.2
Excluding social insurance funds	.5	.9	-1.0	-3.8	-2.0	6.9	9.5	12.0
Civilian labor force (millions)	109.4	110.2	110.5	110.8	110.7	111.3	112.1	112.0
Unemployment rate (percent)	8.8	9.4	10.0	10.6	10.4	10.1	9.4	8.5
Nonfarm payroll employment	90.4	89.9	89.2	88.7	88.8	89.6	90.4	91.7
Manufacturing	19.4	19.0	18.6	18.1	18.1	18.3	18.6	19.0
Industrial production (1967=100)	141.7	139.4	138.2	135.2	138.5	144.5	151.8	155.5
Capacity utilization: all manufacturing (percent)	72.9	71.6	71.1	69.0	70.7	73.9	77.4	78.9
Materials (percent)	73.0	70.7	69.4	67.2	70.1	73.5	77.5	79.6
Housing starts, private (million units, A.R.)	.88	.96	1.12	1.27	1.64	1.69	1.78	1.70
New auto sales (millions, A.R.)	8.12	7.53	7.78	8.57	8.46	9.10	9.22	9.94
Domestic models	5.90	5.53	5.56	6.08	6.06	6.81	6.92	7.29
Foreign models	2.22	1.99	2.22	2.49	2.40	2.28	2.31	2.65

&lt;1&gt; Balance of payments data and details underlying these estimates are shown in the International Developments section of this part of the Greenbook.

&lt;2&gt; Components of purchases and total receipts and total expenditures are shown in the Federal Sector Account table which follows.

&lt;3&gt; Estimates in table are evaluated at a 6 percent high employment unemployment rate.

October 31, 1984

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

	1982				1983			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Constant (1972) Dollars</b>								
Gross national product	-4.7	-.8	-.9	.5	3.3	9.4	6.8	5.9
Final sales	-1.0	-1.5	-.3	5.5	1.1	6.4	4.9	4.2
Private	-1.4	-.9	-2.3	4.1	3.5	8.6	6.2	6.3
Domestic final purchases	.7	-.6	.6	4.8	4.0	12.1	6.9	9.7
Personal consumption expenditures	2.9	2.2	2.2	5.1	2.6	10.0	3.8	6.8
Goods	2.7	1.5	1.8	6.7	3.5	12.6	5.4	9.5
Services	3.1	3.0	2.7	3.4	1.5	7.3	2.1	3.8
Gross private domestic investment	-29.9	-8.1	-11.6	-29.9	34.0	52.5	38.4	37.0
Residential structures	-29.5	16.4	-8.2	51.1	64.4	78.5	31.6	4.0
Business fixed investment	-3.8	-17.6	-7.0	-5.7	.2	9.5	18.7	30.6
Gov't. purchases of goods and services	.8	-4.3	8.3	11.1	-8.1	-2.6	-.5	-4.3
Federal	3.6	-12.6	24.3	28.6	-17.3	-5.9	-5.3	-8.7
National defense	2.1	13.3	13.4	6.6	7.0	7.4	-1.9	9.2
State and local	-1.1	1.4	-.7	.2	-1.1	-.2	2.7	-1.4
Disposable personal income	-1.2	.8	1.2	3.7	1.1	3.4	7.7	8.2
<b>Current Dollars</b>								
Gross national product	-.3	4.7	2.5	3.9	8.5	12.3	10.1	10.6
Final sales	4.6	3.9	3.1	10.1	5.9	8.9	8.1	8.4
Private	4.4	4.4	.1	8.6	8.0	10.8	9.0	10.4
Domestic final purchases	5.2	3.1	5.0	8.6	5.7	15.5	10.6	12.5
Personal consumption expenditures	8.6	6.3	8.5	9.3	4.8	14.5	7.6	9.3
Goods	6.0	2.6	6.1	7.6	3.6	15.7	8.8	10.2
Services	11.4	10.2	11.0	11.1	6.1	13.3	6.6	8.3
Gross private domestic investment	-32.8	-4.5	-13.5	-33.1	34.3	51.9	43.2	45.3
Residential structures	-27.4	16.5	-8.1	46.4	79.4	72.3	44.4	3.3
Business fixed investment	-2.5	-14.9	-9.9	-3.3	-5.4	5.7	18.5	38.4
Gov't. purchases of goods and services	5.4	1.8	15.0	15.9	-1.3	2.0	4.5	.9
Federal	4.8	-7.5	30.0	30.1	-8.9	-3.6	-2.0	-4.3
National defense	6.9	17.4	19.5	17.9	8.0	9.8	3.3	13.2
State and local	5.8	8.2	6.3	7.2	4.2	5.8	9.0	4.4
Disposable personal income	4.3	4.7	7.4	7.8	4.3	7.5	11.7	10.7
Personal income	4.7	5.1	4.1	7.2	3.6	8.0	7.3	11.0
Wage and salary disbursements	3.8	4.7	3.6	2.1	5.6	8.7	7.3	11.0
Corporate profits with I.V.A. and C.C.Adj.	-44.2	5.1	3.8	-25.5	93.9	114.4	63.7	26.8
Corporate profits before tax	-57.7	5.9	-2.3	-27.4	15.4	125.8	73.6	-3.3
Nonfarm payroll employment	-2.7	-1.9	-3.1	-2.3	.5	3.4	3.7	5.8
Manufacturing	-9.2	-8.7	-8.9	-9.5	-.9	5.0	7.0	9.1
Nonfarm business sector								
Output per hour	2.5	-1.6	3.6	1.1	4.4	8.1	2.1	1.0
Compensation per hour	10.5	5.9	7.5	5.1	5.7	3.5	2.2	4.1
Unit labor costs	7.9	7.6	3.7	4.0	1.3	-4.2	.1	3.0
GNP implicit deflator <1>	4.6	5.6	3.4	3.4	5.0	2.6	3.1	4.4
Gross domestic business product								
fixed-weighted price index <2>	5.3	4.4	5.6	3.7	2.7	3.9	4.5	3.5
Excluding food and energy	5.6	6.7	5.2	3.9	4.9	3.5	5.4	3.8
Consumer price index (all urban)	3.8	5.5	7.3	1.5	.3	4.4	4.1	4.5
Industrial production	-11.8	-6.5	-3.4	-8.2	10.1	18.4	21.8	10.2

<1> Excluding the federal pay increase, the rate of change in 1982-Q4 was 3.0 percent.  
<2> Uses expenditures in 1972 as weights.

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CONFIDENTIAL - FR  
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.)

	1984				Projected 1985			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross National Product	3553.3	3644.7	3701.2	3767.4	3842.2	3910.9	3980.4	4051.5
Final sales	3479.5	3594.1	3628.8	3711.6	3797.4	3869.1	3940.1	4018.3
Private	2775.1	2850.4	2861.9	2927.1	2995.2	3051.8	3106.2	3168.0
Domestic final purchases	2826.6	2909.1	2947.4	3011.4	3075.9	3139.6	3203.1	3268.6
Personal consumption expenditures	2276.5	2332.7	2359.3	2412.0	2461.4	2509.1	2556.4	2606.8
Goods	1152.2	1179.0	1180.6	1207.1	1230.0	1250.5	1270.1	1292.1
Services	1124.4	1153.7	1178.7	1204.9	1231.4	1258.6	1286.3	1314.7
Gross private domestic investment	623.8	627.0	660.5	655.2	659.3	672.3	687.0	695.0
Residential structures	151.2	155.6	156.6	155.5	157.8	160.9	163.9	166.0
Business fixed investment	398.8	420.8	431.5	443.9	456.7	469.6	482.8	495.8
Change in business inventories	73.8	50.6	72.4	55.8	44.8	41.8	40.3	33.2
Nonfarm	60.6	47.0	63.2	50.8	42.8	40.8	40.3	33.2
Net exports of goods and services <1>	-51.5	-58.7	-85.5	-84.3	-80.6	-87.8	-96.9	-100.7
Exports	358.9	362.4	375.5	379.9	388.2	395.2	403.9	415.1
Imports	410.4	421.1	461.0	464.2	468.9	482.9	500.8	515.8
Gov't. purchases of goods and services	704.4	743.7	766.9	784.6	802.2	817.2	833.9	850.3
Federal <2>	267.6	296.4	307.7	315.8	324.3	330.7	339.0	347.1
State and local	436.8	447.4	459.2	468.8	477.9	486.5	494.9	503.2
Gross national product in constant (1972) dollars	1610.9	1638.8	1649.6	1663.5	1677.6	1691.5	1704.3	1716.6
Personal income	2920.5	2984.5	3047.5	3108.0	3175.4	3232.9	3289.4	3354.9
Wage and salary disbursements	1755.7	1793.1	1818.8	1851.2	1888.9	1923.6	1957.4	1991.4
Disposable personal income	2502.2	2554.3	2604.8	2654.4	2714.3	2761.2	2807.0	2861.4
Saving rate (percent)	6.1	5.7	6.3	6.0	6.2	5.9	5.7	5.6
Corporate profits with I.V.A. and C.C. Adj.	277.4	291.2	284.7	288.7	289.1	289.7	292.2	295.6
Corporate profits before tax	243.3	246.2	226.3	227.5	227.2	226.8	226.8	226.7
Federal government surplus or deficit (-) (N.I.A. basis)	-161.3	-163.9	-173.2	-183.0	-190.1	-188.1	-187.8	-196.0
High employment surplus or deficit (-) <3>	-113.4	-129.8	-141.0	-154.5	-165.1	-166.5	-168.0	-177.6
State and local government surplus or deficit(-) (N.I.A. basis)	54.0	54.3	46.5	46.5	46.9	47.0	47.2	47.2
Excluding social insurance funds	13.5	12.4	3.2	2.5	2.4	2.0	1.7	1.2
Civilian labor force (millions)	112.6	113.6	113.7	114.3	114.8	115.3	115.8	116.3
Unemployment rate (percent)	7.9	7.5	7.5	7.3	7.1	7.0	6.9	6.8
Nonfarm payroll employment	92.8	93.8	94.5	95.3	96.1	96.8	97.4	98.1
Manufacturing	19.4	19.6	19.7	19.8	19.9	20.1	20.2	20.3
Industrial production (1967=100)	159.8	163.1	165.7	166.8	168.3	170.1	171.8	173.5
Capacity utilization: all manufacturing (percent)	80.7	81.8	82.6	82.6	82.7	82.7	82.8	82.8
Materials (percent)	81.6	82.7	82.7	82.8	82.8	82.9	83.1	83.2
Housing starts, private (million units, A.R.)	1.97	1.90	1.66	1.70	1.75	1.80	1.75	1.75
New auto sales (millions, A.R.)	10.46	10.68	10.32	10.35	10.85	11.05	11.25	11.20
Domestic models	8.16	8.26	7.97	7.70	8.40	8.50	8.60	8.45
Foreign models	2.30	2.42	2.34	2.65	2.45	2.55	2.65	2.75

&lt;1&gt; Balance of payments data and details underlying these estimates are shown in the International Developments section of this part of the Greenbook.

&lt;2&gt; Components of purchases and total receipts and total expenditures are shown in the Federal Sector Account table which follows.

&lt;3&gt; Estimates in table are evaluated at a 6 percent high employment unemployment rate.

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

October 31, 1984

	1984				Projected 1985			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	<b>Constant (1972) Dollars</b>							
Gross national product	10.1	7.1	2.7	3.4	3.4	3.3	3.1	2.9
Final sales	3.6	10.3	.0	5.3	4.8	3.8	3.3	3.7
Private	4.2	8.5	-1.9	5.5	5.3	4.0	3.2	3.7
Domestic final purchases	7.6	9.5	1.5	5.3	4.9	4.1	3.4	3.4
Personal consumption expenditures	4.6	7.9	.2	5.3	4.4	3.4	2.7	2.9
Goods	7.8	10.7	-1.5	6.9	5.2	3.6	2.5	3.0
Services	1.2	4.6	2.1	3.4	3.3	3.2	2.9	2.8
Gross private domestic investment	71.5	-2.2	23.4	-4.8	-.8	4.2	4.7	.8
Residential structures	20.8	1.3	2.7	-5.3	1.9	3.3	2.9	.6
Business fixed investment	20.5	21.4	7.9	8.7	8.3	7.8	7.3	6.6
Gov't. purchases of goods and services	1.0	18.6	8.6	4.4	2.6	2.8	3.8	3.5
Federal	-2.8	45.4	14.3	6.3	2.6	3.7	6.2	5.4
National defense	3.8	12.0	7.3	8.6	8.2	6.6	7.3	6.3
State and local	3.5	3.7	5.0	2.8	2.7	2.2	2.2	2.2
Disposable personal income	8.6	6.3	3.5	4.0	5.2	2.6	1.8	2.8
<b>Current Dollars</b>								
Gross national product	14.9	10.7	6.3	7.4	8.2	7.3	7.3	7.3
Final sales	7.3	13.8	3.9	9.4	9.6	7.8	7.5	8.2
Private	7.1	11.3	1.6	9.4	9.6	7.8	7.3	8.2
Domestic final purchases	10.4	12.2	5.4	9.0	8.8	8.6	8.3	8.4
Personal consumption expenditures	8.6	10.2	4.6	9.2	8.4	8.0	7.8	8.1
Goods	10.9	9.6	.5	9.3	7.8	6.8	6.4	7.1
Services	6.2	10.8	9.0	9.2	9.1	9.1	9.1	9.1
Gross private domestic investment	78.1	2.1	23.1	-3.2	2.5	8.2	9.0	4.8
Residential structures	23.6	12.2	2.6	-2.8	6.0	8.1	7.7	5.2
Business fixed investment	16.5	24.0	10.6	12.0	12.0	11.8	11.7	11.3
Gov't. purchases of goods and services	7.7	24.3	13.1	9.5	9.3	7.7	8.4	8.1
Federal	2.0	50.5	16.1	11.0	11.2	8.1	10.4	9.9
National defense	12.5	14.6	8.6	12.8	17.2	11.2	12.1	11.4
State and local	11.5	10.1	11.0	8.6	8.1	7.4	7.1	6.9
Disposable personal income	12.7	8.6	8.1	7.8	9.3	7.1	6.8	8.0
Personal income	12.4	9.1	8.7	8.2	9.0	7.4	7.2	8.2
Wage and salary disbursements	9.7	8.8	5.9	7.3	8.4	7.6	7.2	7.1
Corporate profits with I.V.A. and C.C.Adj.	29.8	21.4	-8.6	5.8	.4	.9	3.4	4.8
Corporate profits before tax	35.5	4.9	-28.6	2.2	-.7	-.6	-.1	-.1
Nonfarm payroll employment	4.8	4.5	3.1	3.3	3.3	3.0	2.7	2.6
Manufacturing	7.5	4.5	2.0	2.0	3.1	2.6	2.4	2.0
Nonfarm business sector								
Output per hour	2.9	5.5	.0	.6	.9	.8	.7	.8
Compensation per hour	6.1	3.7	3.7	4.0	4.8	4.6	4.8	5.0
Unit labor costs	3.1	-1.7	3.7	3.4	3.9	3.8	4.1	4.2
GNP implicit deflator <1>	4.4	3.3	3.6	3.8	4.6	3.9	4.1	4.3
Gross domestic business product								
fixed-weighted price index <2>	4.2	4.1	3.6	4.1	4.3	4.4	4.6	4.7
Excluding food and energy	3.4	5.4	4.4	4.5	4.8	4.8	4.8	4.9
Consumer price index (all urban)	5.0	3.7	3.5	4.1	4.1	4.4	4.8	4.9
Industrial production	11.5	8.6	6.5	2.7	3.6	4.3	4.1	4.0

<1> Excluding Federal pay increase, the rate of change in 1984-Q1 is 4.0 percent and in 1985-Q1 is 4.2 percent.  
 <2> Uses expenditures in 1972 as weights.

October 31, 1984

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

	1978	1979	1980	1981	1982	1983	---Projected---	1984	1985
Gross national product	2163.9	2417.8	2631.7	2957.8	3069.3	3304.8	3666.7	3946.2	
Final sales	2137.4	2403.5	2641.5	2931.7	3095.4	3318.3	3603.5	3906.2	
Private	"1705.5	1929.1	2103.7	2335.2	2444.9	2632.7	2853.6	3080.3	
Domestic final purchases	1706.6	1915.9	2079.7	2307.2	2425.9	2641.0	2923.6	3171.8	
Personal consumption expenditures	1346.5	1507.2	1668.1	1849.1	1984.9	2155.9	2345.1	2533.4	
Goods	728.5	813.5	883.5	966.1	1002.7	1081.5	1179.7	1260.7	
Services	618.0	693.7	784.5	883.0	982.2	1074.4	1165.4	1272.7	
Gross private domestic investment	386.6	423.0	401.9	484.2	414.9	471.6	641.6	678.4	
Residential construction	111.2	118.6	102.9	104.3	91.4	132.2	154.7	162.1	
Business fixed investment	248.9	290.2	308.8	353.9	349.6	352.9	423.7	476.2	
Change in business inventories	26.5	14.3	-9.8	26.0	-26.1	-13.5	63.1	40.0	
Nonfarm	25.4	8.6	-4.5	18.2	-24.0	-3.1	55.4	39.3	
Net exports of goods and services <1>	-1.1	13.2	23.9	28.0	19.0	-8.3	-70.0	-91.5	
Exports	218.7	281.4	338.8	369.9	348.4	336.2	369.2	400.6	
Imports	219.8	268.1	314.8	341.9	329.4	344.4	439.2	492.1	
Gov't. purchases of goods and services	431.9	474.4	537.8	596.5	650.5	685.5	749.9	825.9	
Federal <2>	153.6	168.3	197.0	228.9	258.9	269.7	296.9	335.3	
State and local	278.3	306.0	340.8	367.~	391.5	415.8	453.0	490.7	
Gross national product in constant (1972) dollars	1438.6	1479.4	1475.0	1512.~	1480.0	1534.7	1640.7	1697.5	
Personal income	1732.7	1951.2	2165.3	2429.5	2584.6	2744.3	3015.1	3263.2	
Wage and salary disbursements	1106.3	1237.6	1356.7	1493.1	1568.7	1659.2	1804.7	1940.3	
Disposable personal income	1474.0	1650.2	1828.9	2041.7	2180.5	2340.1	2578.9	2785.9	
Saving rate (percent)	6.1	5.9	6.0	6.7	6.2	5.0	..0	5.9	
Corporate profits with I.V.A. and C.C.Adj.	192.4	194.8	175.4	189.9	159.1	225.1	285.5	291.7	
Corporate profits before tax	229.1	252.7	234.6	221.2	165.5	203.1	235.8	226.9	
Federal government surplus or deficit (-)	-29.5	-16.1	-61.2	-64.~	-148.2	-178.6	-170.3	-190.5	
(N.I.A. basis)	-33.9	-20.8	-36.4	-31.3	-61.6	-92.7	-134.7	-169.3	
State and local government surplus or deficit (-) (N.I.A. basis)	30.3	30.4	30.6	37.6	32.9	44.1	50.3	47.1	
Excluding social insurance funds	10.0	6.6	3.5	7.8	-.8	6.6	7.9	1.8	
Civilian labor force (millions)	102.3	105.0	106.9	108.7	110.2	111.6	113.6	115.6	
Unemployment rate (percent)	6.1	5.8	7.1	7.6	9.7	9.6	7.5	6.9	
Nonfarm payroll employment (millions)	86.7	89.8	90.4	91.2	89.6	90.1	94.1	97.1	
Manufacturing	20.5	21.0	20.3	20.2	18.8	18.5	19.6	20.1	
Industrial production (1967=100)	146.1	152.5	147.0	150.9	138.6	147.6	163.8	170.9	
Capacity utilization: all manufacturing (percent)	84.7	86.0	79.6	79.~	71.1	75.2	81.9	82.8	
Materials (percent)	85.6	87.6	80.4	80.~	70.1	75.2	82.4	83.0	
Housing starts, private (million units, A.R.)	2.00	1.72	1.30	1.10	1.06	1.70	1.80	1.76	
New auto sales (millions, A.R.)	11.29	10.68	9.04	8.56	8.00	9.18	10.45	11.09	
Domestic models	9.29	8.36	6.62	6.24	5.77	6.79	8.02	8.49	
Foreign models	2.00	2.32	2.42	2.32	2.23	2.39	2.43	2.60	

<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.

October 31, 1984

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

	1978	1979	1980	1981	1982	1983	---Projected---	
							1984	1985
<b>Constant (1972) Dollars</b>								
Gross national product	5.0	2.8	-.3	2.5	-2.1	3.7	6.9	3.5
Final sales	4.9	3.5	.5	1.5	-.7	3.2	4.9	4.2
Private	5.6	4.0	.1	1.6	-1.3	4.1	5.2	4.0
Domestic final purchases	5.5	2.9	-1.0	2.2	-.2	5.6	7.6	4.4
Personal consumption expenditures	4.5	2.7	.5	2.0	1.3	4.8	5.3	3.7
Goods	4.2	1.9	-1.4	1.7	.4	6.0	7.3	4.2
Services	4.8	3.7	2.7	2.3	2.5	3.4	3.0	3.2
Gross private domestic investment	10.5	-.2	-11.8	10.7	-15.9	13.7	31.7	2.8
Residential structures	2.8	-5.3	-20.3	-5.5	-14.8	41.6	13.2	.9
Business fixed investment	12.8	7.3	-2.4	5.5	-4.6	2.5	19.0	8.7
Gov't. purchases of goods and services	2.0	1.3	2.2	.9	2.0	-.3	3.8	4.8
Federal	-.1	1.8	4.2	3.7	6.1	-.7	5.9	7.7
National defense	.5	2.6	3.9	5.0	7.6	7.1	6.6	7.8
State and local	3.3	1.1	1.0	-.6	-.6	.0	2.4	2.9
Disposable personal income	4.9	2.7	.6	2.7	.9	3.5	6.7	3.7
<b>Current Dollars</b>								
Gross national product	12.8	11.7	8.8	12.4	3.8	7.7	11.0	7.6
Final sales	12.8	12.4	9.9	11.0	5.6	7.2	8.6	8.4
Private	13.6	13.1	9.0	11.0	4.7	7.7	8.4	7.9
Domestic final purchases	13.4	12.3	8.5	10.9	5.1	8.9	10.7	8.5
Personal consumption expenditures	11.8	11.9	10.7	10.9	7.3	8.6	8.3	8.0
Goods	10.9	11.7	8.6	9.3	3.8	7.9	9.1	6.9
Services	12.9	12.2	13.1	12.6	11.2	9.4	8.5	9.2
Gross private domestic investment	19.3	9.4	-5.0	20.5	-14.3	13.7	36.0	5.7
Residential structures	16.1	6.6	-13.2	1.3	-12.4	44.7	17.0	4.8
Business fixed investment	21.3	16.6	6.4	14.6	-1.2	.9	20.1	12.4
Gov't. purchases of goods and services	9.7	9.8	13.4	10.9	9.0	5.4	9.4	10.1
Federal	7.1	9.6	17.1	16.2	13.1	4.2	10.1	12.9
National defense	8.0	11.5	17.3	17.2	16.8	11.7	11.2	13.0
State and local	11.2	9.9	11.4	7.9	6.5	6.2	9.0	8.3
Disposable personal income	12.2	12.0	10.8	11.6	6.8	7.3	10.2	8.0
Personal income	12.5	12.6	11.0	12.2	6.4	6.2	9.9	8.2
Wage and salary disbursements	12.5	11.9	9.6	10.1	5.1	5.8	8.8	7.5
Corporate profits with I.V.A. and C.C.Adj.	15.0	1.2	-9.9	8.3	-16.2	41.5	26.8	2.2
Corporate profits before tax	17.7	10.3	-7.1	-5.7	-25.2	22.7	16.1	-3.8
Nonfarm payroll employment	5.1	3.6	.6	.8	-1.7	.6	4.4	3.2
Manufacturing	4.2	2.6	-3.6	-.6	-6.9	-1.5	5.9	2.6
Nonfarm business sector								
Output per hour	.6	-1.5	-.7	1.5	.2	3.5	2.8	1.0
Compensation per hour	8.6	9.0	10.3	9.6	8.0	4.9	4.2	4.4
Unit labor costs	8.0	10.7	11.1	8.0	7.7	1.4	1.4	3.4
GNP implicit deflator	7.4	8.6	9.2	9.6	6.0	3.8	3.8	4.0
Gross domestic business product								
fixed-weighted price index <1>	8.0	9.9	10.0	9.6	6.0	3.8	4.0	4.2
Excluding food and energy	7.8	8.6	8.5	9.4	7.0	4.6	4.3	4.8
Consumer price index (all urban)	7.6	11.3	13.5	10.3	6.1	3.2	4.3	4.2
Industrial production	5.8	4.4	-3.6	2.6	-8.1	6.4	11.0	4.3

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

October 31, 1984

FEDERAL SECTOR ACCOUNTS  
(billions of dollars)

	Fiscal Year 1983*	Fiscal Year 1984*	FY 1985 <sup>c/2/</sup>				CY 1984 <sup>e</sup> FRB Staff	FRB staff estimates Calendar quarters; not seasonally adjusted								
			Admin. 1/	FRB Staff	CY 1983*	FRB Staff		1983		1984		1985				
								IV*	I*	II*	III*	IV	I	II	III	
Unified budget receipts	601	666	764	742	613	683		149	155	187	175	166	171	215	190	
Unified budget outlays	796	842	931	925	804	862		213	209	211	208	234	231	231	229	
Surplus/deficit(-), unified budget	-195	-175	-167	-183	-191	-179		-63	-54	-24	-33	-68	-60	-16	-39	
Surplus/deficit(-), off-budget agencies <sup>d</sup>	-12	-10	-13	-15	-5	-13		1	-2	-4	-5	-2	-3	-4	-5	
Combined deficit to be financed	-208	-185	-180	-197	-196	-192		-62	-57	-28	-38	-70	-63	-20	-44	
Means of financing combined deficit:																
Net borrowing from public	212	171	178	183	187	192		36	49	31	54	58	57	27	41	
Decrease in cash operating balance	-8	7	0	10	8	-5		25	-2	1	-17	14	1	-5	0	
Other <sup>a</sup>	3	8	2	4	6	7		1	10	-3	1	-1	4	-2	2	
Cash operating balance, end of period	37	30	20	20	12	17		12	14	14	30	17	15	20	20	
Memo: Sponsored agency borrowing <sup>5</sup>	-3	31	n.a.	22	2	34		3	6	9	13	6	6	5	5	
<u>NIA Budget</u>								Seasonally adjusted annual rates								
Receipts <sup>6</sup>	629	690	788	755	641	709		655	686	704	716	731	747	762	778	
Expenditures	816	860	952	942	820	880		835	848	868	889	914	937	950	966	
Purchases	273	284	337	327	270	297		266	268	296	308	316	324-	331	339	
Defense	196	217	252	244	201	223		207	213	221	225	232	242	248	255	
Nondefense	77	68	84	83	69	74		59	54	76	82	84	83	82	86	
All other expenditures	543	576	615	614	550	583		569	580	572	581	598	613	620	627	
Surplus/deficit(-)	-186	-170	-164	-187	-179	70		-180	-161	-164	-173	-183	-190	-188	-188	
High employment surplus/deficit(-) evaluated at 6 percent unemployment	-91	-124	n.a.	-164	-93	-135		-113	-113	-130	-141	-154	-165	-166	-168	

\*-actual

e--estimated

n.a.--not available

1. OMB Mid-Session Review of the 1985 Budget, August 1984.
2. The CBO baseline budget estimates show revenues of \$751 billion, outlays of \$929 billion and a deficit of \$178 billion in fiscal year 1985 (The Economic and Budget Outlook: An Update, August 1984).

Note: Details may not add to totals due to rounding.

3. Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank and Strategic Petroleum Reserve.
4. Checks issued less checks paid, accrued items and other transactions.
5. Sponsored agency borrowing includes net debt issuance by Federal Home Loan Banks, FHLBC (excluding participation certificates), FNMA (excluding mortgage-backed securities), Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, and Student Loan Marketing Association marketable debt on a payment basis.
6. Actuals available through 1984 Q2 only; FR estimates for later periods.

OCTOBER 30, 1984

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

1. GNP EXPORTS AND IMPORTS 1/	ANNUAL			1983		1984				1985				
	1983	1984-P	1985-P	Q3	Q4	Q1	Q2	Q3	Q4-P	Q1-P	Q2-P	Q3-P	Q4-P	
CURRENT \$, NET	-8.2	-70.0	-91.5	-16.4	-29.8	-51.5	-58.7	-85.5	-84.3	-80.6	-87.8	-96.9	-100.7	
EXPORTS OF G+S	336.2	369.2	400.6	342.0	346.1	358.9	362.4	375.5	379.9	388.2	395.2	403.9	415.1	
IMPORTS OF G+S	344.4	439.2	492.1	358.4	375.9	410.4	421.1	461.0	464.2	468.9	482.9	500.8	515.8	
CONSTANT 72 \$, NET	12.6	-16.1	-21.7	11.9	1.9	-8.3	-11.5	-22.6	-22.2	-21.1	-21.6	-22.6	-21.6	
EXPORTS OF G+S	139.4	147.8	153.9	141.6	141.0	144.9	144.7	150.2	151.4	152.4	152.9	154.0	156.2	
IMPORTS OF G+S	126.9	163.9	175.6	129.7	139.1	153.2	156.2	172.3	173.6	173.4	174.4	176.6	177.8	
2. U.S. MERCHANDISE TRADE BALANCE 2/	-61.1	-112.9	-125.7	-70.0	-77.6	-103.4	-102.9	-124.9	P	-120.3	-115.2	-122.7	-130.1	-134.9
EXPORTS	200.3	219.7	237.1	201.7	207.3	215.7	218.4	220.0	P	224.8	230.2	234.5	239.1	244.7
AGRICULTURAL	36.6	37.2	37.5	37.2	39.2	41.2	37.1	34.0	P	36.3	37.1	37.7	37.7	37.4
NONAGRICULTURAL	163.6	182.6	199.6	164.5	168.1	174.5	181.3	186.0	P	188.5	193.1	196.8	201.4	207.2
IMPORTS	261.3	332.6	362.9	271.8	284.9	319.2	321.3	344.9	P	345.1	345.4	357.2	369.2	379.6
PETROLEUM AND PRODUCTS	53.8	58.4	64.2	63.7	57.1	55.4	59.6	57.3	P	61.4	60.8	62.7	65.7	67.4
NONPETROLEUM	207.5	274.2	298.7	208.1	227.8	263.8	261.7	287.6	P	283.7	284.6	294.5	303.5	312.2
3. U.S. CURRENT ACCOUNT BALANCE	-41.6	-101.3	-123.8	-47.4	-68.8	-78.7	-97.6	-113.2	P	-115.9	-110.7	-119.0	-129.4	-135.9
OF WHICH: NET INVESTMENT INCOME	23.5	20.2	11.3	28.7	20.5	31.0	14.6	20.1	P	14.9	13.0	12.6	10.0	9.9
4. FOREIGN OUTLOOK 3/														
REAL GNP--TEN INDUSTRIAL 4/	1.5	2.9	2.7	2.6	4.0	4.4	-0.7	4.2	2.9		2.7	2.7	2.7	2.7
REAL GNP--NONOPEC LDC 5/	0.4	2.7	3.7	0.9	1.3	4.2	3.4	3.5	3.6		3.7	3.9	4.1	4.2
CONSUMER PRICES--TEN IND. 4/	5.7	4.9	4.3	5.3	5.5	5.3	4.8	2.6	4.5		4.4	4.8	4.6	4.6

1/ NATIONAL INCOME AND PRODUCT ACCOUNT DATA.

2/ INTERNATIONAL ACCOUNTS BASIS.

3/ PERCENT CHANGE, ANNUAL RATES.

4/ WEIGHTED BY MULTILATERAL TRADE-WEIGHTS OF G-10 COUNTRIES PLUS SWITZERLAND.

5/ WEIGHTED BY SHARE IN NONOPEC LDC GNP.

P/ PROJECTED

October 31, 1984

II - T - 1

**SELECTED DOMESTIC NONFINANCIAL DATA**  
**(Seasonally adjusted)**

	Period	Release date	Latest data		Percent change from	
			Data	Preceding period	Three periods earlier	Year earlier
(At annual rates)						
Civilian labor force	Sept.	10-05-84	113.7	2.2	-.6	1.3
Unemployment rate (%) <sup>1/</sup>	Sept.	10-05-84	7.4	7.5	7.1	9.2
Insured unemployment rate (%) <sup>1/</sup>	July	10-25-84	2.7	2.7	2.8	3.6
Nonfarm employment, payroll (mil.)	Sept.	10-05-84	94.7	1.8	2.3	4.0
Manufacturing	Sept.	10-05-84	19.6	-7.5	-.6	4.8
Nonmanufacturing	Sept.	10-05-84	75.1	4.2	3.0	3.8
Private nonfarm:						
Average weekly hours (hr.) <sup>1/</sup>	Sept.	10-05-84	35.3	35.2	35.3	35.2
Hourly earnings (\$) <sup>1/</sup>	Sept.	10-05-84	8.40	8.34	8.33	8.09
Manufacturing:						
Average weekly hours (hr.) <sup>1/</sup>	Sept.	10-05-84	40.5	40.4	40.6	40.7
Unit labor cost (1967=100)	Sept.	10-31-84	83.1	-.4	-1.9	-7.2
Industrial production (1967=100)	Sept.	10-16-84	165.1	-7.2	1.7	7.3
Consumer goods	Sept.	10-16-84	161.6	-11.8	-3.4	2.7
Business equipment	Sept.	10-16-84	188.5	3.2	16.3	18.8
Defense & space equipment	Sept.	10-16-84	137.7	11.4	12.6	13.1
Materials	Sept.	10-16-84	162.1	-13.2	-2.0	6.5
Consumer prices all items (1967=100)	Sept.	10-24-84	313.5	4.2	4.4	4.2
All items, excluding food & energy	Sept.	10-24-84	304.4	5.1	5.3	5.0
Food	Sept.	10-24-84	303.8	-1.2	3.3	3.9
Producer prices: (1967=100)						
Finished goods	Sept.	10-12-84	291.4	-2.1	.0	1.7
Intermediate materials, nonfood	Sept.	10-12-84	325.6	-.4	-1.1	1.9
Crude foodstuffs & feedstuffs	Sept.	10-12-84	252.2	-.5	-5.5	-1.6
Personal income (\$ bil.) <sup>2/</sup>	Sept.	10-18-84	3,071.1	10.2	8.6	10.3
(Not at annual rates)						
Mfgrs. new orders dur. goods (\$ bil.)	Sept.	10-31-84	98.1	-3.8	-1.1	7.2
Capital goods industries	Sept.	10-31-84	34.1	-.1	-2.7	11.9
Nondefense	Sept.	10-31-84	27.6	4.0	-1.7	9.0
Defense	Sept.	10-31-84	6.5	-14.3	-7.0	26.2
Inventories to sales ratio: <sup>1/</sup>						
Manufacturing and trade, total	August	10-15-84	1.35	1.34	1.32	1.35
Manufacturing	Sept.	10-31-84	1.50	1.48	1.46	1.46
Trade	August	10-15-84	1.25	1.23	1.22	1.23
Ratio: Mfgrs.' durable goods inventories to unfilled orders <sup>1/</sup>	Sept.	10-31-84	.542	.536	.529	.556
Retail sales, total (\$ bil.)	Sept.	10-31-84	108.5	1.6	-.7	9.0
GAF <sup>3/</sup>	Sept.	10-31-84	23.0	2.1	-1.5	10.4
Auto sales, total (mil. units.) <sup>2/</sup>	Sept.	10-03-84	10.2	2.6	-2.4	14.2
Domestic models	Sept.	10-03-84	7.8	3.5	-2.0	14.2
Foreign models	Sept.	10-03-84	2.4	-.3	-3.9	14.5
Housing starts, private (thous.) <sup>2/</sup>	Sept.	10-17-84	1,676	8.9	-10.7	-.2
Leading indicators (1967=100)	Sept.	10-31-84	164.6	.4	-1.4	2.9

1. Actual data used in lieu of percent changes for earlier periods.

2. At annual rates.

3. Excludes mail order houses.

October 31, 1984

## **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

FEDERAL GOVERNMENT RECEIPTS AND OUTLAYS  
 (Unified budget, billions of dollars)

	Fiscal year		FY1984 less
	1983	1984	FY1983
<b>Receipts</b>	600.6	666.5	65.9
Individual income	288.9	296.0	7.1
Corporate income	37.0	56.9	19.9
Social insurance	209.0	241.9	32.9
Other receipts <sup>1</sup>	65.6	71.7	6.1
<b>Outlays</b>	795.8	841.8	46.0
National defense	210.5	227.4	16.9
Human resources	411.8	415.1	3.3
Unemployment insurance	32.7	26.1	-6.6
Net interest	86.9	111.0	24.1
Other outlays <sup>2</sup>	86.6	88.3	1.7
<b>Deficit</b>	195.2	175.3	-19.9

1. Includes excise taxes, custom duties, estate and gift taxes, FR earnings and miscellaneous receipts.

2. Includes spending on energy, agriculture, transportation, and community and regional development.

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

	1984				
	Q3	Q4 <sup>f</sup>	Aug.	Sept.	Oct. <sup>f</sup>
<b><u>Treasury financing</u></b>					
Combined surplus/deficit(-)	-37.9	-70.8	-34.7	14.9	-27.7
<b>Means of financing deficit:</b>					
Net cash borrowing from the public	53.8	57.7	25.5	4.1	19.6
Marketable borrowings/ repayments(-)	51.0	55.9	24.8	2.8	18.7
Bills	13.5	20.1	13.0	-3.6	2.3
Coupons	37.5	35.8	11.8	6.4	16.4
Nonmarketable	2.8	1.8	.7	1.3	.9
Decrease in the cash balance	-16.8	13.6	5.0	-19.1	7.4
Memo: Cash balance at end of period	30.4	16.8	11.3	30.4	23.0
Other <sup>2</sup>	.9	-.5	4.2	.1	.7
<b><u>Federally sponsored credit agencies, net cash borrowing<sup>3</sup></u></b>					
FHLB	11.3	3.0	4.2	4.0	.6
FNMA	.3	2.0	-.8	.2	.8
Farm Credit Banks	.1	--	.1	-.2	.1
FHLMC	.2	0.5	1.2	.2	.2
SLMA	.6	0.5	.1	.1	.2

f--staff forecast.

1. Data reported on a not seasonally adjusted, payment basis.
2. Includes checks issued less checks paid, accrued items and other transactions.
3. Excludes mortgage pass-through securities issued by FNMA and FHLMC.