

January 27, 1982

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										
Nominal GNP		Real GNP		Total		Excluding food and energy		Unemployment rate (percent)		
12/16/81	1/27/82	12/16/81	1/27/82	12/16/81	1/27/82	12/16/81	1/27/82	12/16/81	1/28/82	
Annual changes:										
1980 1/	8.8	8.8	-.2	-.2	9.8	9.8	8.2	8.2	7.1	7.1
1981 1/	11.1	11.3	1.8	1.9	9.4	9.4	9.4	9.0	7.6	7.6
1982	6.9	6.3	-.6	-.9	7.6	7.4	7.7	7.6	8.7	9.4
1983	--	8.3	--	2.6	--	5.7	--	5.4	--	9.2
Quarterly changes:										
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	9.7	9.7	7.4	7.4
1981-Q3 1/	10.2	11.4	.6	1.4	9.8	9.9	14.4	11.5	7.2	7.2
1981-Q4 1/	3.0	2.7	-5.5	-5.2	7.7	7.1	5.5	7.7	8.4	8.4
1982-Q1	4.6	2.5	-2.2	-4.0	7.1	6.9	7.0	6.4	8.9	9.3
1982-Q2	9.0	8.2	1.9	1.3	7.4	7.3	7.0	7.0	9.2	9.5
1982-Q3	10.8	10.9	4.1	4.5	7.1	6.8	6.6	6.5	9.1	9.4
1982-Q4	10.0	10.0	3.1	3.7	6.4	5.9	6.4	5.9	9.0	9.3
1983-Q1	--	7.0	--	1.4	--	5.5	--	5.1	--	9.3
1983-Q2	--	6.5	--	1.4	--	5.3	--	4.8	--	9.3
1983-Q3	--	8.7	--	3.9	--	5.1	--	4.5	--	9.2
1983-Q4	--	8.1	--	2.7	--	5.0	--	4.7	--	9.1
Two-quarter changes:										
1981-Q2 1/	11.7	11.7	3.4	3.4	9.2	9.2	9.0	9.0	-.1	-.1
1981-Q4 1/	6.5	7.0	-2.5	-2.0	8.7	8.5	9.9	9.6	1.0	1.0
1982-Q2	6.8	5.3	-.2	-1.4	7.2	7.1	7.0	6.7	.8	1.1
1982-Q4	10.4	10.5	3.6	4.1	6.7	6.3	6.5	6.2	-.2	-.2
1983-Q2	--	6.7	--	1.4	--	5.4	--	4.9	--	.0
1983-Q4	--	8.4	--	3.3	--	5.1	--	4.6	--	-.2
Four-quarter changes:										
1980-Q4 1/	9.4	9.4	-.3	-.3	9.7	9.7	8.6	8.6	1.6	1.6
1981-Q4 1/	9.1	9.3	.4	.7	9.0	8.9	9.5	9.3	.9	.9
1982-Q4	8.6	7.9	1.7	1.3	7.0	6.7	6.7	7.5	.6	.9
1983-Q4	--	7.6	--	2.3	--	5.2	--	5.3	--	-.2

1/ Actual.

2/ Percent change from two quarters earlier.

3/ Percent change from four quarters earlier.

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

	1980				1981			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	2571.7	2564.8	2637.3	2730.6	2853.0	2885.8	2965.0	2984.9
Final purchases	2569.1	2557.4	2653.4	2748.0	2848.5	2862.5	2937.6	2967.3
Private	2052.3	2027.4	2119.9	2189.4	2272.0	2285.1	2348.7	2351.6
Excluding net exports	2044.1	2010.3	2075.4	2166.1	2242.8	2264.3	2319.4	2335.6
Personal consumption expenditures	1631.0	1626.8	1682.2	1751.0	1810.1	1829.1	1883.9	1909.5
Goods	882.0	858.4	883.0	926.8	964.3	962.6	987.5	987.3
Services	749.0	768.4	799.2	824.2	845.8	866.5	896.4	922.2
Gross private domestic investment	415.6	390.9	377.1	397.7	437.1	458.6	463.0	443.6
Residential construction	115.2	93.6	99.2	113.0	116.7	110.7	100.5	93.4
Business fixed investment	297.8	289.8	294.0	302.1	315.9	324.6	335.1	332.6
Change in business inventories	2.5	7.4	-16.0	-17.4	4.5	23.3	27.5	17.6
Nonfarm	1.5	6.1	-12.3	-14.0	6.8	21.5	23.1	12.2
Net exports of goods and services ^{1/}	8.2	17.1	44.5	23.3	29.2	20.8	29.3	16.0
Exports	337.3	333.3	342.4	346.1	367.4	368.2	368.0	363.0
Imports	329.1	316.2	297.9	322.7	338.2	347.5	338.7	347.1
Gov't. purchases of goods and services	516.8	530.0	533.5	558.6	576.5	577.4	588.9	615.7
Federal ^{2/}	190.0	198.7	194.9	212.0	221.6	219.5	226.4	246.7
State and local	326.8	331.3	338.6	346.6	354.9	357.9	362.5	369.0
Gross national product in constant (1972) dollars	1501.9	1463.3	1471.9	1485.6	1516.4	1510.4	1515.8	1495.6
Personal income	2088.2	2114.5	2182.1	2256.2	2319.8	2368.5	2441.7	2484.4
Wage and salary disbursements	1314.7	1320.4	1341.8	1397.8	1442.9	1467.0	1498.5	1522.9
Disposable personal income	1765.1	1784.1	1840.6	1897.0	1947.8	1985.6	2042.0	2086.4
Saving rate (percent)	4.9	6.2	6.1	5.1	4.6	5.4	5.2	6.0
Corporate profits with I.V.A. and C.C. Adj	200.2	169.3	177.9	183.3	203.0	190.3	195.7	167.0
Corporate profits before tax	277.1	217.9	237.6	249.5	257.0	229.0	234.4	200.7
Federal government surplus or deficit (-) (N.I.A. basis)	-36.3	-66.5	-74.2	-67.9	-46.6	-47.2	-55.7	-96.4
High employment surplus or deficit (-) ^{3/}	-17.1	-21.5	-21.1	-13.3	.4	6.6	11.5	-21.1
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	35.5
Excluding social insurance funds	1.3	-1.7	.9	8.1	6.6	4.3	5.1	1.8
Civilian labor force (millions)	104.2	104.7	105.0	105.2	105.8	106.8	106.4	106.8
Unemployment rate (percent)	6.2	7.3	7.5	7.5	7.4	7.4	7.2	8.4
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	146.3
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	81.2	75.3
Housing starts, private (million units, A.R.)	1.23	1.06	1.39	1.54	1.39	1.18	.97	.90
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 47.2 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	-5.2
Final purchases	3.1	-10.4	4.1	4.4	6.9	-4.7	.3	-3.6
Private	2.2	-13.3	6.5	4.9	7.3	-4.5	.8	-6.1
Excluding net exports	-.4	-14.4	4.6	8.5	6.7	-3.1	1.9	-4.2
Personal consumption expenditures	.8	-9.8	5.1	7.0	5.8	-2.1	3.3	-1.8
Goods	-.3	-17.7	4.0	10.2	9.8	-5.3	3.8	-5.3
Services	2.1	.0	6.4	3.7	1.4	1.6	2.6	2.2
Gross private domestic investment	-5.6	-28.9	-10.0	11.1	24.2	16.1	3.3	-23.4
Residential structures	-24.2	-60.2	16.0	64.2	3.6	-23.4	-36.2	-26.9
Business fixed investment	2.2	-19.9	-1.5	4.0	13.3	-2.1	6.9	-10.9
Gov't. purchases of goods and services	6.9	2.5	-5.0	2.2	5.4	-5.6	-1.5	7.1
Federal	18.9	11.9	-13.1	2.0	14.8	-8.4	3.1	19.4
National defense	9.8	6.2	-.1	5.9	1.1	2.6	7.9	7.5
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	1.3
<u>Current dollars</u>								
Gross national product	12.6	-1.1	11.8	14.9	19.2	4.7	11.4	2.7
Final purchases	12.0	-1.8	15.9	15.0	15.5	2.0	10.9	4.1
Private	10.7	-4.8	19.5	13.8	16.0	2.3	11.6	.5
Excluding net exports	10.6	-6.5	13.6	18.7	14.9	3.9	10.1	2.8
Personal consumption expenditures	12.9	-1.0	14.3	17.4	14.2	4.3	12.5	5.6
Goods	13.1	-10.3	12.0	21.4	17.2	-.7	10.8	-.1
Services	12.7	10.8	17.0	13.1	10.9	10.1	14.6	12.0
Gross private domestic investment	5.6	-21.8	-13.3	23.7	45.9	21.1	3.9	-15.7
Residential structures	-16.7	-56.4	25.7	68.5	14.0	-19.2	-32.1	-25.2
Business fixed investment	11.0	-10.4	6.0	11.5	19.6	11.4	13.6	-3.0
Gov't. purchases of goods and services	17.5	10.6	2.6	20.2	13.5	.6	8.2	19.5
Federal	29.5	19.8	-7.5	40.2	19.3	-3.7	13.1	41.2
National defense	23.2	12.4	8.4	35.0	10.4	8.7	16.9	33.8
State and local	11.2	5.6	9.1	9.7	10.0	3.3	5.3	7.4
Disposable personal income	13.5	4.4	13.3	12.8	11.2	8.0	11.8	9.0
Personal income	11.5	5.1	13.4	14.3	11.8	8.7	12.9	7.2
Wage and salary disbursements	10.5	1.8	6.6	17.8	13.5	6.9	8.9	6.7
Corporate profits with IVA & C.C. Adj.	24.8	-48.9	21.9	12.7	50.4	-22.8	11.8	-47.0
Corporate profits before tax	38.6	-61.8	41.4	21.6	12.6	-37.0	9.8	-46.5
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	4.3	1.4	-1.6	-6.5
Compensation per hour	10.2	11.3	9.0	9.8	11.6	9.6	9.3	7.5
Unit labor costs	9.9	14.6	5.3	10.1	7.0	8.1	11.1	13.6
GNP implicit deflator ^{1/}	9.3	9.8	9.2	10.7	9.8	6.4	9.9	8.4
Gross domestic business product								
fixed-weighted price index ^{2/}	10.1	9.8	9.6	9.3	10.5	8.2	9.9	7.1
Excluding food and energy	7.4	9.5	9.3	8.2	8.4	9.7	11.5	7.7
Consumer price index (all urban)	16.5	13.1	7.7	12.9	10.8	7.5	12.0	7.7
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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GROSS NATIONAL PRODUCT AND RELATED ITEMS
(Quarterly figures are seasonally adjusted. Expenditures and income
figures are billions of current dollars at annual rates.)

	Projected							
	1982				1983			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	3003.1	3063.1	3143.3	3219.3	3274.0	3325.8	3396.2	3463.1
Final purchases	3011.1	3065.1	3139.3	3212.3	3266.5	3317.8	3387.7	3454.1
Private	2392.8	2442.2	2505.7	2562.3	2606.4	2647.4	2706.3	2755.2
Excluding net exports	2377.5	2429.8	2497.5	2556.9	2601.0	2643.5	2701.4	2748.9
Personal consumption expenditures	1950.1	1994.6	2052.1	2099.7	2133.4	2167.0	2215.2	2251.1
Goods	1002.3	1021.8	1054.8	1081.9	1095.1	1108.1	1135.0	1151.9
Services	947.8	972.8	997.3	1017.8	1038.3	1058.9	1080.2	1099.2
Gross private domestic investment	419.4	433.2	449.4	464.2	475.1	484.5	494.7	506.8
Residential construction	93.4	97.9	103.9	109.9	113.9	116.4	119.9	125.4
Business fixed investment	334.0	337.3	341.5	347.3	353.7	360.1	366.3	372.4
Change in business inventories	-8.0	-2.0	4.0	7.0	7.5	8.0	8.5	9.0
Nonfarm	-8.0	-2.0	4.0	7.0	7.5	8.0	8.5	9.0
Net exports of goods and services ^{1/}	15.3	12.4	8.2	5.4	5.4	3.9	4.9	6.3
Exports	354.1	352.3	355.8	363.4	371.7	378.8	389.3	399.5
Imports	338.8	339.9	347.7	358.0	366.3	374.9	384.5	393.2
Gov't. purchases of goods and services	618.3	622.9	633.6	650.0	660.1	670.4	681.4	698.9
Federal ^{2/}	244.1	243.7	249.3	260.4	266.0	272.1	278.5	291.3
State and local	374.2	379.2	384.3	389.6	394.1	398.3	402.9	407.6
Gross national product in constant (1972) dollars	1480.5	1485.2	1501.6	1515.4	1520.8	1526.1	1540.6	1550.9
Personal income	2519.6	2566.2	2628.7	2679.2	2716.3	2758.0	2813.4	2860.6
Wage and salary disbursements	1535.2	1558.1	1587.5	1624.7	1650.5	1677.3	1708.4	1743.9
Disposable personal income	2118.8	2156.8	2243.7	2285.3	2315.7	2348.8	2425.3	2462.3
Saving rate (percent)	5.4	5.0	6.1	5.6	5.4	5.2	6.2	6.1
Corporate profits with I.V.A. and C.C. Adj.	148.0	159.4	182.4	193.3	192.7	192.9	206.7	213.9
Corporate profits before tax	176.8	185.4	205.0	212.3	206.9	202.0	210.3	211.8
Federal government surplus or deficit (-) (N.I.A. basis)	-103.3	-100.9	-143.6	-139.4	-131.7	-131.0	-167.2	-168.5
High employment surplus or deficit (-) ^{3/}	-7.0	7.0	-37.4	-32.5	-20.2	-14.7	-55.4	-54.8
State and local government surplus or deficit (-) (N.I.A. basis)	33.6	35.8	39.6	39.1	40.0	41.3	43.7	45.5
Excluding social insurance funds	-1.4	-.4	2.1	.2	-.1	-.1	1.0	1.4
Civilian labor force (millions)	107.1	107.4	107.6	107.9	108.2	108.5	108.8	109.0
Unemployment rate (percent)	9.3	9.5	9.4	9.3	9.3	9.3	9.2	9.1
Nonfarm payroll employment (millions)	90.8	90.7	90.8	91.2	91.4	91.6	92.0	92.3
Manufacturing	19.3	19.2	19.3	19.6	19.7	19.8	20.0	20.2
Industrial production (1967=100)	141.3	143.0	145.9	147.6	148.7	149.7	151.7	153.5
Capacity utilization: all mfg. (percent)	71.5	71.9	72.9	73.3	73.4	73.3	73.8	74.2
Materials (percent)	70.6	71.6	73.3	73.9	74.0	74.2	75.0	75.6
Housing starts, private (million units, A.R.)	.95	1.05	1.15	1.20	1.20	1.20	1.25	1.25
New auto sales, (millions, A.R.)	8.00	8.50	9.10	9.10	9.20	9.30	9.40	9.50
Domestic models	5.70	6.10	6.60	6.60	6.70	6.80	6.90	7.00
Foreign models	2.30	2.40	2.50	2.50	2.50	2.50	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 \$60.2 billion in 1982-Q4, and a deficit of \$83.3 billion in 1983-Q4.

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PERCENT 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	-4.0	1.3	4.5	3.7	1.4	1.4	3.9	2.7
Final purchases	-.7	.4	3.7	3.3	1.4	1.3	3.8	2.6
Private	.2	1.2	4.4	3.9	1.5	1.3	4.3	2.7
Excluding net exports	.3	2.0	5.1	4.3	1.7	1.6	4.1	2.5
Personal consumption expenditures	1.4	2.3	5.5	4.3	1.4	1.4	4.3	2.1
Goods	.4	2.1	8.2	5.7	.5	.7	6.3	2.2
Services	2.5	2.5	2.6	2.7	2.4	2.1	2.1	2.0
Gross private domestic investment	-26.0	7.0	9.6	7.5	4.1	3.1	3.7	4.9
Residential structures	-6.1	13.6	19.8	18.4	10.0	4.0	7.3	13.0
Business fixed investment	-4.7	-2.5	-.9	.8	1.9	2.2	2.2	2.1
Gov't. purchases of goods and services	-4.2	-2.5	.8	1.1	.9	1.3	1.9	2.3
Federal	-8.4	-3.9	4.5	4.1	3.8	5.0	5.2	6.1
National defense	2.6	4.5	4.5	9.2	7.8	7.6	8.5	8.8
State and local	-1.5	-1.5	-1.4	-.8	-.9	-1.0	-.3	-.2
Disposable personal income	-.8	.3	10.3	2.4	.3	.8	8.6	1.7
<u>Current dollars</u>								
Gross national product	2.5	8.2	10.9	10.0	7.0	6.5	8.7	8.1
Final purchases	6.0	7.4	10.0	9.6	6.9	6.4	8.7	8.1
Private	7.2	8.5	10.8	9.4	7.1	6.4	9.2	7.4
Excluding net exports	7.4	9.1	11.6	9.9	7.1	6.7	9.1	7.2
Personal consumption expenditures	8.8	9.4	12.0	9.6	6.6	6.4	9.2	6.6
Goods	6.2	8.0	13.6	10.7	5.0	4.8	10.1	6.1
Services	11.6	11.0	10.5	8.5	8.3	8.2	8.3	7.2
Gross private domestic investment	-20.1	13.8	15.8	13.8	9.7	8.2	8.7	10.1
Residential structures	.0	20.7	26.9	25.2	15.4	9.1	12.6	19.6
Business fixed investment	1.7	4.0	5.1	7.0	7.6	7.4	7.1	6.8
Gov't. purchases of goods and services	1.7	3.0	7.0	10.8	6.4	6.4	6.7	10.7
Federal	-4.2	-.7	9.5	19.0	8.9	9.5	9.7	19.7
National defense	6.2	10.1	9.9	25.7	13.5	13.0	13.3	23.0
State and local	5.7	5.5	5.5	5.6	4.7	4.3	4.7	4.7
Disposable personal income	6.4	7.4	17.1	7.6	5.4	5.8	13.7	6.2
Personal income	5.8	7.6	10.1	7.9	5.7	6.3	8.3	6.9
Wage and salary disbursements	3.3	6.1	7.8	9.7	6.5	6.7	7.6	8.6
Corporate profits with IVA & C.C. Adj.	-38.3	34.6	71.5	26.1	-1.2	.4	31.8	14.7
Corporate profits before tax	-39.7	21.0	49.4	14.9	-9.8	-9.0	17.4	2.8
Nonfarm payroll employment	-2.9	-.4	.5	1.5	.8	1.0	1.6	1.5
Manufacturing	-12.6	-2.3	1.7	5.4	2.6	2.5	3.3	3.9
Nonfarm business sector								
Output per hour	-.5	3.1	4.7	2.3	.6	.6	2.4	.9
Compensation per hour	8.5	7.8	7.8	7.4	7.5	6.6	6.5	6.3
Unit labor costs hour	9.0	4.6	3.0	5.0	6.9	6.0	4.0	5.4
GNP implicit deflator 1/	6.7	6.9	6.1	6.1	5.5	5.0	4.7	5.3
Gross domestic business product								
fixed-weighted price index 2/	6.9	7.3	6.8	5.9	5.5	5.3	5.1	5.0
Excluding food and energy	6.4	7.0	6.5	5.9	5.1	4.8	4.5	4.7
Consumer price index (all urban)	7.5	7.5	7.2	6.4	6.0	5.8	5.1	4.7
Industrial production	-13.0	4.9	8.4	4.7	3.0	2.7	5.5	4.8

1/ Excluding Federal pay increases, the rates of change are: 1982-Q1, 6.7 percent; 1982-Q4, 5.3 percent; 1983-Q1, 5.4 percent; 1983-Q4, 4.5 percent

2/ Uses expenditures in 1972 as weights.

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

	1976	1977	1978	1979	1980	1981	----Projected----	
							1982	1983
Gross national product	1718.0	1918.0	2156.1	2413.9	2626.1	2922.2	3107.2	3364.8
Final purchases	1706.2	1897.0	2133.9	2396.4	2632.0	2904.0	3106.9	3356.5
Private	1344.1	1502.5	1701.3	1922.6	2097.3	2314.4	2475.7	2678.8
Excluding net exports	1330.4	1506.7	1701.9	1909.2	2074.0	2290.6	2465.4	2673.7
Personal consumption expenditures	1084.3	1205.5	1348.7	1510.9	1672.8	1858.1	2024.1	2191.7
Goods	598.5	657.8	729.1	814.5	887.6	975.4	1040.2	1122.5
Services	485.7	547.7	619.6	696.3	785.2	882.7	983.9	1069.1
Gross private domestic investment	257.9	322.3	375.3	415.8	395.3	450.6	441.5	490.3
Residential construction	72.0	95.8	111.3	118.6	105.3	105.3	101.3	118.9
Business fixed investment	174.1	205.5	242.0	279.7	296.0	327.1	340.0	363.1
Change in business inventories	11.8	21.0	22.2	17.5	-5.9	18.2	.3	8.2
Nonfarm	13.9	20.2	21.8	13.4	-4.7	15.9	.3	8.2
Net exports of goods and services ^{1/}	13.7	-4.2	-.6	13.4	23.3	23.8	10.3	5.1
Exports	170.9	183.3	219.8	281.3	339.8	366.7	356.4	384.8
Imports	157.1	187.5	220.4	267.9	316.5	342.9	346.1	379.7
Gov't. purchases of goods and services	362.1	394.5	432.6	473.8	534.7	589.6	631.2	677.7
Federal ^{2/}	129.2	143.9	153.4	167.9	198.9	228.6	249.4	277.0
State and local	232.9	250.6	279.2	305.9	335.8	361.1	381.8	400.7
Gross national product in constant (1972) dollars	1300.4	1371.7	1436.9	1483.0	1480.7	1509.6	1495.7	1534.6
Personal income	1391.2	1538.0	1721.8	1943.8	2160.2	2403.6	2598.4	2787.1
Wage and salary disbursements	889.9	983.8	1105.2	1236.1	1343.7	1482.8	1576.4	1695.0
Disposable personal income	1194.4	1311.5	1462.9	1641.7	1821.7	2015.4	2201.1	2388.0
Saving rate (percent)	6.9	5.6	5.2	5.2	5.6	5.3	5.5	5.7
Corporate profits with I.V.A. and C.C. Adj.	138.1	164.7	185.5	196.8	182.7	189.0	170.8	201.5
Corporate profits before tax	166.3	192.6	223.3	255.4	245.5	230.3	194.9	207.7
Federal government surplus or deficit (N.I.A. basis)	-53.1	-46.4	-29.2	-14.8	-61.2	-61.6	-121.8	-149.6
High employment surplus or deficit (-)	-20.1	-23.0	-15.7	-2.2	-18.2	-.7	-17.5	-36.3
State and local government surplus or deficit (-) (N.I.A. basis)	16.6	28.1	29.0	26.7	29.1	36.5	37.0	42.6
Excluding social insurance funds	.9	10.1	9.0	2.9	2.1	4.4	.1	.5
Civilian labor force (millions)	94.8	97.4	100.4	102.9	104.7	106.5	107.5	108.6
Unemployment rate (percent)	7.7	7.0	6.0	5.8	7.1	7.6	9.4	9.2
Nonfarm payroll employment (millions)	79.4	82.5	86.7	89.8	90.6	91.6	90.9	91.8
Manufacturing	19.0	19.7	20.5	21.0	20.3	20.3	19.4	19.9
Industrial production (1967=100)	130.5	138.1	146.1	152.5	147.0	151.0	144.4	150.9
Capacity utilization: all manufacturing (percent)	79.5	81.9	84.4	85.6	79.1	78.4	72.4	73.7
Materials (percent)	81.1	82.7	85.6	87.4	80.0	80.0	72.3	74.7
Housing starts, private (million units, A.R.)	1.54	1.99	2.02	1.75	1.29	1.09	1.09	1.22
New auto sales, (millions, A.R.)	10.12	11.13	11.28	10.70	9.04	8.56	8.67	9.35
Domestic models	8.63	9.07	9.29	8.38	6.62	6.24	6.25	6.85
Foreign models	1.50	2.06	1.99	2.32	2.42	2.32	2.42	2.50

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

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

CONFIDENTIAL - FR
CLASS II FOMC

PERCENT 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	1.9	-.9	2.6
Final purchases	4.2	5.2	4.7	3.5	.7	1.2	-.4	2.3
Private	5.3	6.0	15.4	4.0	.2	1.4	-.3	2.7
Excluding net exports	6.2	6.5	5.2	2.9	-1.0	2.1	.6	3.0
Personal consumption expenditures	5.6	4.9	4.7	2.9	.5	2.6	1.6	2.9
Goods	6.7	5.2	4.2	1.9	-1.4	2.5	.9	3.4
Services	4.3	4.5	5.4	4.1	2.6	2.6	2.4	2.4
Gross private domestic investment	-19.2	15.7	7.6	1.3	-12.5	5.6	-8.0	5.4
Residential structures	-21.3	18.5	2.9	-5.2	-18.6	-6.0	-8.9	11.5
Business fixed investment	-5.3	11.9	9.1	6.5	-3.0	2.0	-3.2	1.2
Gov't. purchases of goods and services	.0	2.1	2.0	1.5	2.9	.4	-.6	1.0
Federal	-.7	4.1	-.9	1.9	6.3	2.7	1.0	4.0
National defense	-2.3	.8	.0	2.6	5.7	3.7	5.2	9.9
State and local	.5	.9	3.7	1.2	1.0	-.9	-1.6	-.9
Disposable personal income	3.6	3.6	4.4	3.1	.7	2.1	1.9	3.1
<u>Current dollars</u>								
Gross national product	10.9	11.6	12.4	12.0	8.8	11.3	6.3	8.3
Final purchases	9.6	11.2	12.5	12.3	9.8	10.3	7.0	8.0
Private	10.5	11.8	13.2	13.0	9.1	10.4	7.0	8.2
Excluding net exports	11.8	13.3	12.9	12.2	8.6	10.4	7.6	8.4
Personal consumption expenditures	11.1	11.2	11.9	12.0	10.7	11.1	8.9	8.3
Goods	10.9	9.9	10.8	11.7	9.0	9.9	6.6	7.9
Services	11.2	12.7	13.1	12.4	12.8	12.4	11.5	8.7
Gross private domestic investment	25.1	25.0	16.5	10.8	-4.9	14.0	-2.0	11.0
Residential structures	30.2	33.1	16.1	6.6	-11.3	.1	-3.8	17.4
Business fixed investment	10.3	18.1	17.7	15.6	5.8	10.5	4.0	6.8
Gov't. purchases of goods and services	6.5	8.9	9.7	9.5	12.9	10.3	7.1	7.4
Federal	5.3	11.4	6.6	9.5	18.5	14.9	9.1	11.1
National defense	3.7	8.5	7.1	11.2	18.4	16.4	14.8	15.5
State and local	7.3	7.6	11.4	9.6	9.8	7.5	5.7	4.9
Disposable personal income	9.0	9.8	11.5	12.2	11.0	10.6	9.2	8.5
Personal income	10.0	10.6	12.0	12.9	11.1	11.3	8.1	7.3
Wage and salary disbursements	10.4	10.6	12.3	11.8	8.7	10.4	6.3	7.5
Corporate profits with IVA & C.C. Adj.	25.0	19.3	12.6	6.1	-7.2	3.4	-9.6	18.0
Corporate profits before tax	25.9	15.8	15.9	14.4	-3.9	-6.2	-15.4	6.6
Nonfarm payroll employment	3.2	3.9	5.1	3.6	.8	1.0	-.2	.2
Manufacturing	3.7	3.6	4.2	2.6	-3.5	.0	-.2	.1
Nonfarm business sector								
Output per hour	3.2	2.0	-.2	-.7	-.3	.9	-.2	1.8
Compensation per hour	8.1	7.6	8.5	9.7	9.9	10.0	8.4	7.2
Unit labor costs	4.7	5.5	8.7	10.4	10.3	9.0	8.2	5.3
GNP implicit deflator	5.2	5.8	7.3	8.5	9.0	9.1	7.3	5.6
Gross domestic business product								
fixed-weighted price index ^{1/}	5.5	6.3	7.8	9.7	9.8	9.4	7.4	5.7
Excluding food and energy	6.0	6.5	7.5	8.4	8.2	9.0	7.6	5.4
Consumer price index (all urban)	5.8	6.5	7.7	11.3	13.5	10.3	8.0	6.1
Industrial production	10.8	5.8	5.8	4.4	-3.5	2.7	-4.3	4.5

^{1/} Uses expenditures in 1972 weights.

January 27, 1982

FEDERAL SECTOR ACCOUNTS
(billions of dollars)

	Fiscal Year*	FRB Staff Estimates													
		FY1982e/ Admn. 1/	F.R. Board	FY1983e/ F.R. Board	CY 1981e/ Board	FY1982e/ F.R. Board	Calendar quarters; unadjusted data								
							1981		1982			1983			
							III*	IV	I	II	III	IV	I	II	III
Unified budget receipts	602.6	662.4	626.8	635.2	622.1	619.0	156.7	146.5	143.8	186.8	149.6	138.8	149.7	191.5	155.3
Unified budget outlays	660.5	704.8	733.6	777.3	692.3	735.0	165.3	192.3	166.7	185.5	189.0	193.8	195.4	194.6	193.5
Surplus/deficit(-), unified budget	-57.9	-42.5	-106.8	-142.0	-70.2	-116.0	-8.6	-45.8	-22.9	1.3	-39.4	-55.0	-45.7	-3.1	-38.2
Surplus/deficit(-), off-budget agencies ²	-21.0	-18.2	-20.5	-18.4	-23.4	-19.9	-6.9	-4.5	-5.9	-4.8	-5.3	-3.9	-5.0	-4.7	-4.9
Combined deficit to be financed	-78.9	-60.7	-127.3	-160.4	-93.5	-135.9	-15.5	-50.3	-28.8	-3.5	-44.7	-58.8	-50.8	-7.8	-43.1
Means of financing combined deficit:															
Net borrowing from public	79.4	59.0	121.7	161.7	87.4	142.7	18.5	35.7	34.3	9.4	42.3	56.7	48.5	18.2	38.3
Decrease in cash operating balance	2.3	0.0	2.7	0.9	0.3	1.2	-2.3	6.7	1.5	-5.1	-0.4	5.2	-1.3	-6.6	3.6
Other ³	-2.8	1.7	2.9	-2.1	5.8	-8.1	-0.7	8.0	-7.0	-0.9	2.8	-3.0	3.5	-3.8	1.2
Cash operating balance, end of period	18.7	18.7	16.0	15.1	12.0	10.8	18.7	12.0	10.5	15.6	16.0	10.8	12.1	18.7	15.1
Memo: Sponsored agencies borrowing ⁴	37.7	n.a.	17.8	24.0	31.0	21.7	15.4	2.9	3.1	6.5	5.3	6.8	4.0	6.6	6.6
NIA Budget															
							Seasonally adjusted annual rates								
Receipts	612.5	678.3	626.3	644.7	624.9	629.2	638.3	622.9	624.3	637.0	620.8	634.6	648.2	656.3	639.5
Expenditures	666.8	719.3	737.3	787.0	686.4	751.0	694.0	719.4	727.6	737.9	764.4	774.0	779.9	787.3	806.7
Purchases	219.9	247.4	246.0	269.3	228.6	249.4	226.4	246.7	244.1	243.7	249.3	260.4	266.0	272.1	278.5
Defense	147.3	171.7	170.8	196.0	153.3	176.0	154.1	165.8	168.3	172.4	176.5	186.9	192.9	198.9	205.2
Nondefense	72.6	75.7	75.2	73.3	75.2	73.4	72.2	81.0	75.8	71.3	72.8	73.5	73.1	73.2	73.3
All other expenditures	446.9	471.9	491.3	517.7	457.8	501.6	467.6	472.7	483.5	494.2	515.1	513.6	513.9	515.2	528.2
Surplus/deficit(-)	-54.3	-41.0	-111.1	-142.3	-61.5	-121.8	-55.7	-96.4	-103.3	-100.9	-143.6	-139.4	-131.7	-131.0	-167.2
High-Employment (H.E.) surplus/deficit(-) evaluated at H.E. unemployment rate of:															
5.1 percent	1.3	n.a.	-14.6	-30.7	-0.7	-17.5	11.5	-21.1	-7.0	7.0	-37.4	-32.5	-20.2	-14.7	-55.4
6.1 percent	-25.3	n.a.	-41.6	-58.9	-27.7	-44.9	-19.2	-47.2	-33.9	-20.8	-64.6	-60.2	-48.5	-43.5	-83.4

*-actual

e--estimated

n.a.--not available

1. OMB Mid-Session Review of the 1982 Budget, July 1981. On September 24, 1981, the Administration presented revised estimates of unified budget receipts and outlays for FY1982. The Fall Budget Program Fact Sheet estimates receipts of \$666.2 billion and outlays of \$709.3 billion for a deficit of \$43.1 billion.

2. Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, and Rural Telephone Bank, and SPR in FY1982 only.

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

4. FRB staff estimates include Federal Home Loan Banks, FHMA, Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives marketable debt on an offering basis.

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

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

January 27, 1982

	1981 ANN.	1982 ANN. ^p	1983 ANN. ^s	1982 Q I	1982 Q II	1982 Q III	1982 Q IV	1983 Q I	1983 Q II	1983 Q III	1983 Q IV
1. GNP NET EXPORTS											
CURRENT \$, NET	23.8	10.8	5.1	15.3	12.4	8.2	5.4	5.5	3.9	4.9	6.3
EXPORTS OF G&S	366.7	356.4	384.8	354.1	352.3	355.8	363.4	371.7	378.8	389.3	399.5
IMPORTS OF G&S	342.9	346.1	379.7	338.8	339.9	347.7	358.0	366.3	374.9	384.5	393.2
CONSTANT 72 \$, NET	44.2	33.1	31.0	36.5	34.3	32.6	31.5	30.9	30.3	31.0	31.9
EXPORTS OF G&S	160.0	148.1	149.2	150.2	147.4	146.9	147.8	147.8	148.1	149.7	151.1
IMPORTS OF G&S	115.8	114.4	118.1	113.7	113.2	114.3	116.3	116.9	117.8	118.7	119.2
TERMS OF TRADE (1972=100) 1/	77.3	79.5	80.3	79.1	79.5	79.6	79.8	80.3	80.4	80.3	80.2
2. U.S. MERCHANDISE TRADE BALANCE 2/	-28.9 ^p	-38.0	-45.1	-34.7	-33.4	-39.0	-44.9	-45.7	-45.3	-45.3	-44.2
EXPORTS (EXCL. MILITARY)	237.6 ^p	229.4	246.2	231.1	229.1	228.7	230.5	236.2	241.8	249.2	257.6
AGRICULTURAL	44.6 ^p	46.7	51.8	45.9	46.0	46.8	48.2	50.0	51.2	52.4	53.8
NONAGRICULTURAL	193.0 ^p	183.2	194.4	185.3	183.1	181.9	182.3	186.2	190.6	196.8	203.8
IMPORTS	266.5 ^p	267.5	291.3	265.8	262.5	267.7	275.4	282.0	287.1	294.4	301.8
PETROLEUM AND PRODUCTS	78.6 ^p	68.2	70.4	68.1	68.1	68.1	68.4	68.8	69.1	71.0	72.7
NONPETROLEUM	188.0 ^p	199.7	220.9	197.6	194.4	199.6	207.0	213.1	217.9	223.4	229.1
3. U.S. CURRENT ACCOUNT BALANCE	4.3 ^p	-11.8	-19.3	-6.1	-8.8	-14.0	-18.4	-18.8	-19.8	-19.8	-19.0
OF WHICH: NET INVESTMENT INCOME	36.6 ^p	32.6	33.0	34.4	31.1	31.5	33.3	33.9	32.3	32.6	33.0
4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/											
REAL GNP, % CHANGE, ANNUAL RATES	.4 ^p	1.5	2.6	1.5	1.7	2.1	2.4	2.7	2.7	2.9	3.1
CONSUMER PRICES, 4/, % CHANGE, ANNUAL RATES	9.7 ^p	8.9	7.6	9.2	9.1	8.1	7.6	7.7	7.4	7.0	6.8

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

2/ INTERNATIONAL ACCOUNTS BASIS.

3/ GEOMETRIC WEIGHTS USED TO AGGREGATE FOREIGN REAL GNP AND CONSUMER PRICES -- PERCENT SHARE IN TEN-COUNTRY TOTAL MULTILATERAL TRADE. 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/ PROJECTED.

January 27, 1982

RECENT DEVELOPMENTS

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
(Monthly totals or monthly averages, millions of dollars)

	1981					1982
	H1	Q3	Q4 ^p	Nov.	Dec. ^p	Jan. ^f
----- Seasonally adjusted -----						
Corporate securities--total	6,105	4,047	7,360	10,557	7,317	1,865
Publicly offered bonds ¹	3,093	1,603	5,461	8,410	5,405	615
Privately placed bonds	645	587	380	176	700	400
Stocks	2,367	1,857	1,519	1,971	1,212	850
----- Not seasonally adjusted -----						
Publicly offered bonds--total ¹	3,318	1,676	4,114	6,560	3,200	500
By industry						
Utility	1,200	960	1,067	1,188	1,065	--
Industrial	1,336	345	1,566	2,932	1,180	--
Financial	782	371	1,481	2,440	955	--
By quality ²						
Aaa and Aa	1,080	685	1,881	3,668	1,265	--
A and Baa	1,696	627	1,706	2,050	1,490	--
Less than Baa ³	542	364	527	842	445	--
Memo items:						
Convertible bonds	465	150	274	235	565	--
Original discount bonds						
Par value	671	530	1,478	3,500	800	--
Gross proceeds	283	191	676	1,601	322	--
Stocks--total	2,369	1,701	1,564	1,794	1,400	800
By industry						
Utility	756	577	455	505	400	--
Industrial	1,305	721	799	971	800	--
Financial	308	403	310	318	200	--

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 FINANCING¹
(Total for period; billions of dollars)

		1981		1982	
		e	e	f	f
	FY81	Dec.	Q4	Jan.	Q1
<u>Treasury financing</u>					
Combined surplus/deficit(-)	-78.9	-19.2	-50.5	8.7	-28.0
Means of financing deficit:					
(1) Net cash borrowing from the public	79.4	14.3	35.7	10.1	33.8
Marketable borrowings/ repayments(-)	88.9	15.5	37.5	10.8	36.1
Bills	23.0	11.1	21.6	5.7	17.9
Coupons	65.9	4.4	15.9	5.1	18.2
Nonmarketable	-9.5	-1.2	-1.8	-.7	-2.3
(2) Decrease in the cash balance	2.3	-4.2	6.7	-11.1	1.2
(3) Other means of finance ²	-2.7	-9.1	8.2	-7.7	-7.0
<u>Federally sponsored credit agencies net cash borrowing³</u>	37.5	.3	2.9	--	3.1

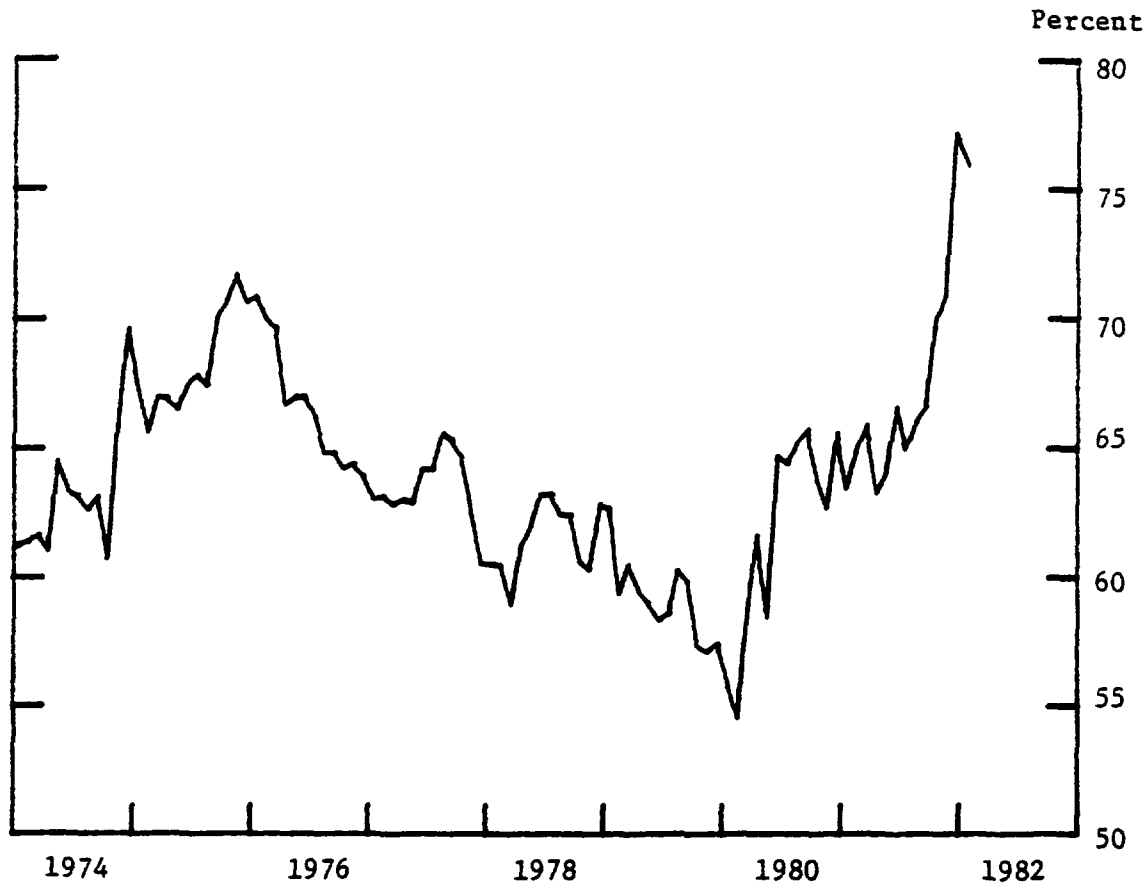
e--estimated. f--forecast.

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, and the Federal Farm Credit Bank System.

RATIO OF TAX-EXEMPT TO TAXABLE YIELDS^{1/}
(Monthly)



^{1/} Moody's Aaa-rated municipal yield as a percent of the FRB recently offered Aaa corporate yield.

Note: The figure for January 1982 is based upon data for three weeks.

STATE & LOCAL GOVERNMENT SECURITY OFFERINGS
(Monthly averages, billions of dollars)

	1981					1982
	H1	Q3	Q4 ^e	Nov. ^e	Dec. ^e	Jan. ^f
----- Seasonally adjusted -----						
Total	6.61	6.46	8.60	7.80	9.00	7.50
Long-term	3.79	3.79	4.30	4.80	4.70	3.80
Short-term	2.82	2.77	4.30	3.00	4.30	3.70
----- Not seasonally adjusted -----						
Total	6.50	6.11	7.50	7.80	7.20	6.30
Long-term	3.87	3.34	4.30	5.00	4.30	3.50
Hsg. rev. bonds	.38	.24	.60	.90	.95	.05
Short-term	2.63	2.77	3.20	2.80	2.90	2.80

e--estimate. f--forecast.

CONFIDENTIAL (FR)
CLASS II - FOMC

January 29, 1982

SUPPLEMENT
CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

\$10-1/2 billion on March 31. The Treasury also stated in its announcement that it expects to raise \$10 to \$15 billion of new money in the second quarter of 1982, with a projected end-of-quarter cash balance of \$15 billion. The amounts are similar to the staff's estimates.

Corrigendum

Part I, page 1-7:

The percentage changes in the fixed-weighted price index for gross domestic business product excluding food and energy over the four quarters ending 1982-Q4 and 1983-Q4 should read 6.4 and 4.8, respectively.

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FEDERAL GOVERNMENT AND SPONSORED AGENCY FINANCING¹
(Total for period; billions of dollars)

		1981		1982	
	FY81	Dec.	Q4	Jan. ^f	Q1 ^f
<u>Treasury financing</u>					
Combined surplus/deficit(-)	-78.9	-20.5	-51.8	8.0	-28.8
Means of financing deficit:					
(1) Net cash borrowing from the public	79.4	14.3	35.6	10.4	35.8
Marketable borrowings/ repayments(-)	88.9	15.5	37.4	11.0	38.7
Bills	23.0	11.1	21.6	5.9	19.0
Coupons	65.9	4.4	15.8	5.1	19.7
Nonmarketable	-9.5	-1.2	-1.8	-.6	-2.9
(2) Decrease in the cash balance	2.3	-4.2	6.7	-9.2	1.5
(3) Other means of finance ²	-2.7	10.4	9.5	-9.2	-8.5
<u>Federally sponsored credit agencies net cash borrowing³</u>	37.5	.3	2.9	--	3.1

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, and the Federal Farm Credit Bank System.