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SUMMARY AND OUTLOOK

By the Staff  
Board of Governors  
of the Federal Reserve System

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## **SUMMARY AND OUTLOOK**

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## STAFF GNP PROJECTIONS

	Per cent change, annual rate							
	Changes in nominal GNP (\$ billions)		Real GNP		Gross business product fixed-weighted price index		Unemployment rate (per cent)	
	6/16/76	7/14/76	6/16/76	7/14/76	6/16/76	7/14/76	6/16/76	7/14/76
1973 <u>I</u> /	135.2	135.2	5.3	5.3	5.7	5.7	4.9	4.9
1974 <u>I</u> /	100.6	100.6	-1.8	-1.8	9.8	9.8	5.6	5.6
1975 <u>I</u> /	92.0	92.0	-2.0	-2.0	9.1	9.1	8.5	8.5
1976	186.3	185.3	6.8	6.7	5.4	5.4	7.2	7.4
1977		182.8		5.1		5.2		6.7
1975-III <u>I</u> /	67.9	67.9	12.0	12.0	7.6	7.6	8.6	8.6
IV <u>I</u> /	44.4	44.4	5.0	5.0	6.7	6.7	8.5	8.5
1976-I	46.3	47.5	8.5	8.7	3.6	3.6	7.6	7.6
II	42.0	40.0	5.7	5.0	5.1	5.0	7.3	7.4
III	45.2	44.0	5.3	5.4	5.6	5.3	7.1	7.3
IV	47.5	47.0	5.0	5.2	5.6	5.3	7.0	7.1
1977-I	45.9	45.5	5.0	5.1	5.3	5.3	6.9	6.9
II	45.0	43.8	5.0	5.0	5.4	5.1	6.8	6.8
III		49.1		5.2		5.0		6.6
IV		50.6		5.0		5.0		6.5
change:								
75-II to								
76-II	200.6	199.8	7.7	7.6	5.9	5.8	-1.4	-1.3
75-IV to								
76-IV	181.0	178.5	6.1	6.1	5.2	5.0	-1.5	-1.4
76-II to								
77-II	183.6	180.3	5.1	5.2	5.5	5.3	-.5	-.6
76-IV to								
77-IV		189.0		5.1		5.1		-.6
<u>I</u> / Actual.								

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

	1976				1977			
	I	II	III	IV	Projected I	II	III	IV
Gross National Product	1620.4	1660.4	1704.4	1751.4	1796.9	1840.7	1889.8	1940.4
Final purchases.	1604.9	1642.9	1685.9	1731.9	1775.4	1817.7	1866.3	1915.4
Private	1255.7	1287.6	1323.2	1359.9	1395.8	1431.2	1472.3	1511.1
Excluding net exports	1246.4	1275.6	1311.9	1347.8	1384.3	1420.7	1458.0	1495.3
Personal consumption expenditures	1029.6	1050.6	1077.4	1104.4	1132.4	1160.9	1189.9	1218.9
Durable goods	145.9	149.4	153.7	158.7	163.7	169.2	174.7	180.2
Nondurable goods	430.8	435.3	445.3	454.8	464.8	474.8	484.8	494.8
Services	452.9	465.9	478.4	490.0	503.9	516.9	530.4	543.9
Gross private domestic investment	232.2	242.5	253.0	262.9	273.4	282.8	296.6	301.4
Residential construction	58.6	61.9	65.7	68.4	69.9	70.3	70.6	70.4
Business fixed investment	158.1	163.1	168.8	175.0	182.0	189.5	197.5	206.0
Change in business inventories	15.5	17.5	18.5	19.5	21.5	23.0	23.5	25.0
Nonfarm	11.3	14.5	17.5	20.5	22.5	24.0	24.5	25.0
Net exports of goods and services <sup>1/</sup>	9.3	12.0	11.3	12.1	11.5	10.5	14.3	15.8
Exports	154.2	161.3	166.6	173.8	180.4	186.5	192.0	196.9
Imports	144.9	149.3	155.3	161.7	168.9	176.0	177.7	181.1
Gov't. purchases of goods and services	349.2	355.3	362.7	372.0	379.6	386.5	394.0	404.3
Federal	131.1	132.2	134.3	138.2	140.3	141.9	143.9	148.6
Defense	87.0	87.5	88.4	91.5	93.0	93.7	95.1	99.0
Other	44.1	44.7	45.9	46.7	47.3	48.2	48.8	49.6
State and local	218.1	223.1	228.4	233.8	239.3	244.6	250.1	255.7
Gross national product in constant (1972) dollars	1241.8	1257.1	1273.8	1290.0	1306.1	1322.0	1399.0	1355.3
GNP implicit deflator (1972=100)	130.5	132.1	133.8	135.8	137.6	139.2	141.1	143.2
Personal income	1325.2	1358.0	1390.6	1423.8	1458.3	1491.0	1527.2	1562.8
Wage and salary disbursements	851.5	871.3	893.4	917.5	941.3	963.1	986.4	1013.0
Disposable income	1140.7	1167.4	1194.0	1221.9	1252.0	1279.5	1309.9	1339.2
Personal saving	86.2	91.6	91.1	91.7	93.5	92.2	93.3	93.3
Saving rate (per cent)	7.6	7.8	7.6	7.5	7.5	7.2	7.1	7.0
Corporate profits with I.V.A. and C.C. Adj.	123.9	126.4	133.4	141.1	146.2	152.7	161.1	168.1
Corporate profits with I.V.A. without C.C. Adj.	131.4	133.8	140.6	148.1	153.2	159.5	167.9	174.9
Corporate profits before taxes	142.8	144.9	150.8	157.9	164.1	170.8	179.2	186.2
Federal government receipts and expenditures, (N.I.A. basis)								
Receipts	312.7	320.4	330.8	340.6	351.8	360.5	371.5	382.4
Expenditures	381.3	384.7	394.9	404.3	414.4	421.4	431.8	440.3
Surplus or deficit (-) <sup>2/</sup>	-68.6	-64.3	-64.1	-63.7	-62.5	-60.9	-60.3	-57.9
High employment surplus or deficit (-)	-11.7	-5.0	-4.9	-3.4	-4.7	-4.8	-3.3	3.5
State and local government surplus or deficit (-) (N.I.A. basis)	14.5	12.8	13.9	13.9	14.0	13.8	14.1	13.8
Excluding social insurance funds	3.3	.9	1.3	.6	.0	-.9	-1.3	-2.3
Civilian labor force (millions)	93.6	94.5	94.8	95.2	95.6	96.1	96.5	97.1
Unemployment rate (per cent)	7.6	7.4	7.3	7.1	6.9	6.8	6.6	6.5
Nonfarm payroll employment (millions)	78.4	79.0	79.5	80.0	80.6	81.2	81.8	82.4
Manufacturing	18.8	18.9	19.0	19.2	19.3	19.5	19.7	19.8
Industrial production (1967 = 100)	127.0	129.3	131.5	133.8	135.8	137.9	140.0	142.0
Capacity utilization mfg. (per cent)	71.9	72.5	73.2	73.9	74.5	75.1	75.6	76.1
Materials (per cent)	78.9	80.4	81.1	81.9	82.4	82.9	83.4	83.9
Housing starts, private (millions, A.R.)	1.41	1.45	1.50	1.55	1.53	1.53	1.50	1.50
Sales new autos, (millions, A.R.)	9.99	10.34	10.40	10.60	10.85	11.00	11.05	11.15
Domestic models	8.68	8.90	8.90	9.10	9.30	9.40	9.45	9.50
Foreign models	1.31	1.44	1.50	1.50	1.55	1.60	1.60	1.65
<sup>1/</sup> Net exports of g. & s. (Bal. of paymts) <sup>3/</sup>	3.9	6.7	5.4	5.2	4.0	2.8	6.6	8.1
Exports	154.1	161.2	166.5	173.7	180.3	186.4	191.9	196.8
Imports	150.2	154.5	161.1	168.5	176.3	183.6	185.3	188.7

- <sup>2/</sup> Federal government N.I.A. receipts in 1975-II reflects the \$8.1 billion rebate of 1974 individual income taxes and in 1975-III and following quarters the \$9.3 billion reduction in 1975 individual income taxes; the withholding rates associated with the latter reduction are assumed to be continued in 1976.
- <sup>3/</sup> Includes U.S. government interest payments to foreigners and shipments of military equipment and supplies to Israel under cash grant programs; the former is not included in imports and the latter is not included in exports in the GNP accounts.

CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

	1976				1977			
	I	II	III	IV	Projected I	II	III	IV
-----Billions of Dollars-----								
Gross National Product	47.5	40.0	44.0	47.0	45.5	43.8	49.1	50.6
Inventory change	-17.5	2.0	1.0	1.0	2.0	1.5	.5	1.5
Final purchases	30.0	38.0	43.0	46.0	43.5	42.3	48.6	49.1
Private	25.6	31.9	35.6	36.7	35.9	35.4	41.1	38.8
Net exports	-12.4	2.7	-.7	.8	-.6	-1.0	3.8	1.5
Excluding net exports	38.0	29.2	36.3	35.9	36.5	36.4	37.3	37.3
Personal consumption expenditures	28.6	21.0	26.8	27.0	28.0	28.5	29.0	29.0
Durable goods	8.3	3.5	4.3	5.0	5.0	5.5	5.5	5.5
Nondurable goods	7.1	4.5	10.0	9.5	10.0	10.0	10.0	10.0
Services	13.2	13.0	12.5	12.5	13.0	13.0	13.5	13.5
Residential fixed investment	3.2	3.3	3.8	2.7	1.5	.4	.3	-.2
Business fixed investment	6.2	5.0	5.7	6.2	7.0	7.5	8.0	8.5
Government	4.4	6.1	7.4	9.3	7.6	6.9	7.5	10.3
Federal	1.2	1.1	2.1	3.9	2.1	1.6	2.0	4.7
State and local	3.3	5.0	5.3	5.4	5.5	5.3	5.5	5.6
GNP in constant (1972) dollars	25.6	15.3	16.6	16.2	16.2	15.9	17.0	16.3
Final purchases	13.3	14.2	15.8	15.5	15.0	14.2	17.3	15.3
Private	13.2	13.0	14.0	14.1	13.5	13.1	16.0	14.3
-----In Per Cent Per Year <sup>1/</sup> -----								
Gross National Product	12.6	10.2	11.0	11.5	10.8	10.1	11.1	11.1
Final purchases	7.8	9.8	10.9	11.4	10.4	9.9	11.1	10.9
Private	8.6	10.6	11.5	11.6	11.0	10.5	12.0	11.0
Personal consumption expenditures	11.9	8.4	10.6	10.4	10.5	10.5	10.4	10.1
Durable goods	26.5	9.9	12.0	13.7	13.2	14.1	13.6	13.2
Nondurable goods	6.9	4.2	9.5	8.8	9.1	8.9	8.7	8.5
Services	12.5	12.0	11.2	10.9	11.0	10.7	10.9	10.6
Gross private domestic investment	63.3	19.0	18.5	16.6	17.0	14.5	13.0	14.1
Residential structures	25.1	24.5	26.9	17.5	9.1	2.3	1.7	-1.1
Business fixed investment	17.3	13.3	14.7	15.5	17.0	17.5	18.0	18.4
Gov't. purchases of goods & services	5.3	7.2	8.6	10.7	8.4	7.5	8.0	10.9
Federal	3.6	3.4	6.5	12.1	6.2	4.6	5.8	13.7
Defense	-1.8	2.3	4.2	14.8	6.7	3.0	6.1	17.4
Other	15.9	5.6	11.2	7.2	5.2	7.8	5.1	6.7
State and local	6.3	9.5	9.8	9.8	9.7	9.2	9.3	9.3
GNP in constant (1972) dollars	8.7	5.0	5.4	5.2	5.1	5.0	5.2	5.0
Final purchases	4.4	4.7	5.2	5.0	4.8	4.5	5.4	4.7
Private	5.6	5.5	5.8	5.8	5.4	5.2	6.3	5.6
GNP implicit deflator <sup>2/</sup>	3.6	5.0	5.3	6.0	5.4	4.9	5.6	5.9
Gross business product fixed weighted price index <sup>3/</sup>	3.6	5.0	5.3	5.3	5.3	5.1	5.0	5.0
Personal income	9.8	10.3	10.0	9.9	10.1	9.3	10.1	9.7
Wage and salary disbursements	10.4	9.6	10.5	11.2	10.8	9.6	10.0	11.2
Disposable income	9.9	9.7	9.4	9.7	10.2	9.1	9.8	9.3
Corporate profits before tax	35.3	6.0	17.3	20.2	16.7	17.4	21.2	16.6
Federal Government receipts and expenditures (N.I.A. basis)								
Receipts	14.8	10.2	13.6	12.4	13.8	10.3	12.8	12.3
Expenditures	7.8	3.6	11.0	9.9	10.4	6.9	10.2	8.1
Nonfarm payroll employment	4.2	3.1	2.6	2.5	3.0	3.0	3.0	3.0
Manufacturing	6.6	2.1	2.1	4.3	2.1	4.2	4.2	2.0
Industrial production	12.6	7.4	7.1	6.9	6.2	6.4	6.2	5.8
Housing starts, private	12.2	11.8	14.5	14.0	-5.1	.0	-7.6	.0
Sales new autos	38.4	14.8	2.3	7.9	9.8	5.6	1.8	3.7
Domestic models	48.0	10.5	.0	9.3	9.1	4.4	2.1	2.1
Foreign models	-8.7	46.0	17.7	.0	14.0	13.5	.0	13.1

<sup>1/</sup> Percentage rates are annual rates compounded quarterly.<sup>2/</sup> Excluding Federal pay increases rates of change are: 1975-IV, 6.1 per cent; 1976-I, 3.5 Per cent; 1976-IV, 5.5 per cent; 1977-I, 5.3 per cent; 1977-IV, 5.3 per cent.<sup>3/</sup> Using expenditures in 1972 as weights.

GROSS NATIONAL PRODUCT AND RELATED ITEMS  
(Expenditures and income figures are billions of dollars)

	1970	1971	1972	1973	1974	1975	Projected 1976	Projected 1977
Gross National Product	982.4	1063.4	1171.1	1306.3	1406.9	1498.9	1684.2	1867.0
Final purchases	978.6	1057.1	1161.7	1288.8	1397.2	1513.5	1666.4	1843.7
Private	759.7	823.4	908.6	1018.9	1096.1	1182.3	1306.6	1452.6
Excluding net exports	755.8	821.8	911.9	1011.5	1088.4	1161.0	1295.4	1439.6
Personal consumption expenditures	618.8	668.2	733.0	808.5	885.9	963.8	1065.5	1175.5
Durable goods	84.9	97.1	111.2	122.9	121.9	128.1	151.9	172.0
Nondurable goods	264.7	277.7	299.3	334.4	375.7	409.8	441.6	479.8
Services	269.1	293.4	322.4	351.3	388.3	426.0	472.0	523.8
Gross private domestic investment	140.8	160.0	188.3	220.5	212.2	182.6	247.7	287.3
Residential construction	36.6	49.6	62.0	66.5	54.6	48.7	63.7	70.3
Business fixed investment	100.5	104.1	116.8	136.5	147.9	148.5	166.3	193.8
Change in business inventories	3.8	6.4	9.4	17.5	9.7	-14.6	17.8	23.3
Nonfarm	3.7	5.1	8.8	14.1	11.6	-16.5	16.0	24.0
Net exports of goods and services <sup>1/</sup>	3.9	1.6	-3.3	7.4	7.7	21.3	11.2	13.0
Exports	62.5	65.6	72.7	101.5	144.2	147.8	164.0	189.0
Imports	58.5	64.0	75.9	94.2	136.5	126.5	152.8	175.9
Gov't. purchases of goods and services	218.9	233.7	253.1	269.9	301.1	331.2	359.8	391.1
Federal	95.6	96.2	102.1	102.0	111.7	123.2	134.0	143.7
Defense	73.5	70.2	73.5	73.4	77.4	84.0	88.6	95.2
Other	22.1	26.0	28.6	28.6	34.3	39.2	45.4	48.5
State and local	123.2	137.5	151.0	168.0	189.4	208.0	225.9	247.4
Gross national product in constant (1972) dollars	1075.3	1107.5	1171.1	1233.4	1210.7	1186.1	1265.7	1330.6
GNP implicit deflator (1972=100)	91.4	96.0	100.0	105.9	116.2	126.4	133.1	140.3
Personal income	801.3	859.1	942.5	1054.3	1154.7	1245.9	1374.4	1509.8
Wage and salary disbursements	546.5	579.4	633.8	701.0	763.6	801.6	883.4	976.0
Disposable income	685.9	742.8	801.3	903.1	983.6	1076.7	1181.0	1295.2
Personal saving	50.6	57.3	49.4	72.7	74.0	88.9	90.2	93.1
Saving rate (per cent)	7.4	7.7	6.2	8.0	7.5	8.3	7.6	7.2
Corporate profits with I.V.A. and C.C. Adj.	67.9	77.2	92.1	100.2	91.3	100.3	131.2	157.0
Corporate profits with I.V.A., without C.C. Adj.	66.4	76.9	89.6	98.6	93.6	106.0	138.5	163.9
Corporate profits before tax	71.5	82.0	96.2	117.0	132.1	116.8	149.1	175.1
Federal government receipts and expenditures, (N.I.A. basis)								
Receipts <sup>2/</sup>	192.1	198.6	227.5	257.9	288.4	282.3	326.1	366.6
Expenditures	204.2	220.6	244.7	264.8	300.1	356.9	391.3	427.0
Surplus or deficit (-) <sup>2/</sup>	-12.1	-22.0	-17.3	-6.9	-11.7	-74.6	-65.2	-60.4
High employment surplus or deficit (-)	6.5	-1.7	-1.0	4.3	20.8	-10.0	-6.3	-.6
State and local government surplus or deficit (-) (N.I.A. basis)	2.8	3.7	13.7	12.9	8.1	9.8	13.8	13.9
Excluding social insurance funds	-4.0	-3.8	5.6	4.1	-1.7	-1.3	1.5	-1.1
Civilian labor force (millions)	82.7	84.1	86.5	88.7	91.0	92.6	94.5	96.3
Unemployment rate (per cent)	4.9	5.9	5.6	4.9	5.6	8.5	7.4	6.7
Nonfarm payroll employment (millions)	70.9	71.2	73.7	76.9	78.4	77.0	79.2	81.5
Manufacturing	19.3	18.6	19.1	20.1	20.0	18.3	19.0	19.6
Industrial production (1967=100)	107.8	109.6	119.7	129.8	129.3	117.8	130.4	138.9
Capacity utilization, mfg. (per cent)	78.3	75.0	78.6	83.0	78.9	68.7	72.9	75.3
Materials (per cent)	84.3	83.1	88.0	92.5	87.7	73.5	80.6	83.2
Housing starts, private (millions, A.R.)	1.43	2.05	2.36	2.05	1.34	1.16	1.48	1.52
Sales new autos (millions, A.R.)	8.40	10.24	10.93	11.44	8.87	8.66	10.33	11.01
Domestic models	7.12	8.68	9.32	9.67	7.45	7.08	8.90	9.41
Foreign models	1.28	1.56	1.61	1.77	1.42	1.58	1.44	1.60

- <sup>1/</sup> Net exports of g. & s. (Bal. of paymts)<sup>3/</sup>
- |         |      |      |      |       |       |       |       |       |
|---------|------|------|------|-------|-------|-------|-------|-------|
| Exports | 3.0  | -.2  | -5.9 | 4.2   | 3.8   | 16.5  | 5.3   | 5.4   |
| Imports | 62.4 | 65.5 | 72.6 | 102.1 | 144.4 | 147.5 | 163.9 | 188.9 |
|         | 59.5 | 65.8 | 78.5 | 97.9  | 140.6 | 131.0 | 158.6 | 183.5 |
- <sup>2/</sup> Federal government N.I.A. receipts in 1975-II reflect the \$8.1 billion rebate of 1974 individual income taxes and in 1975-III and following quarters the \$9.3 billion reduction in 1975 individual income taxes; the withholding rates associated with the latter reduction are assumed to be continued in 1976.
- <sup>3/</sup> Includes U.S. government interest payments to foreigners and shipments of military equipment and supplies to Israel under cash grant programs; the former is not included in imports and the latter is not included in exports in the GNP accounts.

CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

	1970	1971	1972	1973	1974	1975	Projected 1976	1977
-----Billions of Dollars-----								
Gross National Product	46.9	81.0	107.7	135.2	100.6	92.0	185.3	182.8
Inventory change	-5.6	2.6	3.0	8.1	-7.8	-24.3	32.4	5.5
Final purchases	52.4	78.5	104.6	127.1	108.4	116.3	152.9	177.3
Private	41.4	63.7	85.2	100.3	77.2	86.2	124.3	146.0
Net exports	2.1	-2.3	-4.9	10.7	.3	13.6	-10.1	1.8
Excluding net exports	39.3	66.0	90.1	99.6	76.9	72.6	134.4	144.2
Personal consumption expenditures	39.1	49.4	64.8	75.5	77.4	77.9	101.7	110.0
Durable goods	-6	12.2	14.1	11.7	-1.0	6.2	23.8	20.1
Nondurable goods	17.7	13.0	21.6	35.1	41.3	34.1	31.8	38.2
Services	21.9	24.3	29.0	28.9	37.0	37.7	46.0	51.8
Residential fixed investment	-1.3	13.0	12.4	4.5	-11.9	-5.9	15.0	6.6
Business fixed investment	1.6	3.6	12.7	19.7	11.4	.6	17.8	27.5
Government	11.0	14.8	19.4	16.8	31.2	30.1	28.6	31.3
Federal	-1.9	.6	5.9	-1.1	9.7	11.5	10.8	9.7
State and local	12.8	14.3	13.5	17.0	21.4	18.6	17.9	21.5
GNP in constant (1972) dollars	-3.5	32.2	63.6	62.3	-22.7	-24.6	79.6	64.9
Final purchases	2.8	29.9	60.8	55.6	-14.3	-6.4	57.0	61.1
Private	9.3	30.7	57.1	56.2	-16.1	-9.7	50.7	55.7
-----In Per Cent Per Year-----								
Gross national product	5.0	8.2	10.1	11.5	7.7	6.5	12.4	10.9
Final purchases	5.7	8.0	9.9	10.9	8.4	8.3	10.1	10.6
Private	5.8	8.4	10.3	12.1	7.6	7.9	10.5	11.2
Personal consumption expenditures	6.7	8.0	9.7	10.3	9.6	8.8	10.6	10.3
Durable goods	-7	14.4	14.5	10.5	-8	5.0	18.6	13.2
Nondurable goods	7.2	4.9	7.8	11.7	12.4	9.1	7.8	8.7
Services	8.9	9.0	9.9	9.0	10.5	9.7	10.8	11.0
Gross private domestic investment	-3.7	13.6	17.7	17.1	-3.7	-13.9	35.7	16.0
Residential structures	-3.4	35.5	25.0	7.3	-17.9	-10.7	30.8	10.4
Business fixed investment	1.6	3.6	12.2	16.9	8.4	.4	12.0	16.5
Gov't. purchases of goods & services	5.3	6.8	8.3	6.6	11.5	10.0	8.6	8.7
Federal	-1.9	.6	6.1	.1	9.5	10.3	8.8	7.2
Defense	-3.7	-4.5	4.7	-1.1	5.4	8.5	5.5	7.4
Other	4.2	17.6	10.0	.0	19.9	14.3	15.8	6.8
State and local	11.6	11.6	9.8	11.3	12.8	9.8	8.6	9.5
GNP in constant (1972) dollars	-3	3.0	5.7	5.3	-1.8	-2.0	6.7	5.1
Final purchases	.3	2.8	5.5	4.8	-1.2	-.5	4.8	4.9
Private	1.1	3.7	6.7	6.2	-1.7	-1.0	5.4	5.6
GNP implicit deflator	5.4	5.1	4.1	5.9	9.7	8.8	5.3	5.4
Gross business product fixed weighted price index <sup>1/</sup>	4.4	4.4	3.3	5.7	9.8	9.1	5.4	5.2
Personal income	7.4	7.2	9.7	11.9	9.5	7.9	10.3	9.9
Wage and salary disbursements	6.2	6.0	9.4	10.6	8.9	5.0	10.2	10.5
Disposable income	8.8	8.3	7.9	12.7	8.9	9.5	9.7	9.7
Corporate profits before tax	-14.3	14.7	17.3	22.6	12.9	-11.6	27.7	17.4
Federal Government receipts and expenditures (N.I.A. basis)								
Receipts	-2.5	3.4	14.6	13.4	11.8	-2.1	15.5	12.4
Expenditures	8.4	8.0	10.9	8.2	13.3	18.9	9.6	9.1
Nonfarm payroll employment	.7	.4	3.5	4.3	2.0	-1.8	2.9	2.9
Manufacturing	-4.5	-3.6	2.7	5.2	.5	-8.5	3.8	3.2
Industrial production	-3.0	1.7	9.2	8.4	-.4	-8.9	10.7	6.5
Housing starts, private	-2.7	43.4	15.1	-13.1	-34.6	-13.4	27.6	2.7
Sales new autos	-12.2	21.9	6.7	4.7	-22.5	-2.4	19.3	6.6
Domestic models	-15.8	21.9	7.4	3.8	-23.0	-5.0	25.7	5.7
Foreign models	15.3	21.9	3.2	9.9	-19.8	11.3	-8.9	11.1

<sup>1/</sup> Using expenditures in 1972 as weights.

CONFIDENTIAL (FR)

July 14, 1976

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

By the Staff  
Board of Governors  
of the Federal Reserve System



Federal Sector Accounts  
(billions of Dollars)

	F.R.B. Estimates											
	Fiscal Year 1976 <sup>e/</sup>		Fiscal Year 1977 <sup>e/</sup>			CY 1976	Calendar quarters; unadjusted data					
	Admin.	F.R.	Admin.	Cong.	F.R.	F.R.	1976		1977		1977	
	est.1/	Board	est.1/	est.2/	Board	Board	I*	II	III3/	IV	I	II
Unified budget receipts	299.6	299.6	351.5	362.5	352.5	317.2	66.9	93.3	82.1	75.0	77.8	106.6
Unified budget outlays	372.2	368.0	397.2	413.3	410.0	382.9	89.6	93.8	100.5	99.0	101.2	104.0
Surplus/deficit (-), unified budget	-72.6	-68.4	-45.7	-50.8	-57.5	-65.6	-22.7	-5	-18.4	-24.0	-23.4	2.6
Surplus/deficit (-), off-budget agencies <sup>4/</sup>	-9.3	-8.8	-11.1	n.a.	-11.1	-14.1	-3.8	-1.5	-4.7	-4.1	-3.0	-1.0
Means of financing combined deficits:												
Net borrowing from public	82.4	82.4	55.1	n.a.	63.3	77.2	24.1	9.0	15.5	28.6	21.8	1.0
Decrease in cash operating balance	-7.2	-7.2	8.8	n.a.	4.8	-.3	.5	-6.8	5.4	.6	-.1	-1.1
Other <sup>5/</sup>	6.7	2.0	-7.1	n.a.	.5	2.8	1.8	-.2	2.3	-1.0	4.7	-1.5
Cash operating balance, end of period	14.8	14.8	6.0	n.a.	10.0	8.8	8.0	14.8	9.4	8.8	8.9	10.0
Memo: Sponsored agency borrowing <sup>6/</sup>	5.1	3.1	10.8	n.a.	n.e.	2.6	.3	.3	.8	1.2	n.e.	n.e.
NIA Budget							Seasonally adjusted, annual rates					
Receipts	307.4	306.4 <sup>7/</sup>	364.7	n.a.	355.3	326.1	312.7	320.4	330.8	340.6	351.8	360.5
Outlays	378.7	376.0	404.5	n.a.	418.0	391.3	381.3	384.7	394.9	404.3	414.4	421.4
Surplus/deficit (-)	-71.3	-69.6	-39.8	n.a.	-62.7	-65.2	-68.6	-64.3	-64.1	-63.7	-62.5	-60.9
High Employment surplus/deficit (-) (NIA basis) <sup>8/9/</sup>	n.a.	-8.0	n.a.	n.a.	-2.3	-6.3	-11.7	-5.0	-4.9	-3.4	-4.7	-.8

\* actual      e--estimated      n.e.--not estimated      n.a. --not available      p--preliminary

- <sup>1/</sup> Treasury statement, June 24, 1976.  
<sup>2/</sup> First Concurrent Resolution on the Budget, April 29, 1976  
<sup>3/</sup> Effective in CY 1976, the fiscal year for the U.S. Government changes from July 1 - June 30 to October 1 - September 30. Hence, 1976 QIII represents a transition quarter.  
<sup>4/</sup> Includes Federal Financing Bank, Postal Service, Export-Import Bank, Rural Electrification and Telephone revolving fund, Housing for the Elderly or Handicapped Fund, and Pension Benefit Guaranty Corporation  
<sup>5/</sup> Checks issued less checks paid, accrued items and other transactions  
<sup>6/</sup> Includes Federal Home Loan Banks, Federal National Mortgage Association, Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives  
<sup>7/</sup> Quarterly average exceeds fiscal year total by \$.7 billion for FY 1976 due to spreading of wage base effect over calendar year  
<sup>8/</sup> Estimated by F.R.B. staff  
<sup>9/</sup> The high employment budget estimates now fully incorporates taxes on inventory profits beginning 1973.

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

	1975		1976				
	Year	QIV	QI <sup>e</sup> /	QII <sup>e</sup> /	June <sup>e</sup> /	July <sup>f</sup> /	Aug. <sup>f</sup> /
<u>Gross offerings</u>							
Corporate securities--Total	4,471	4,362	4,523	4,666	5,500	3,700	3,100
Publicly offered bonds	2,717	1,939	2,444	2,533	3,000	1,600	1,400
By quality <sup>1</sup>							
Aaa and Aa	1,422	776	1,480	1,160	1,180	--	--
Less than Aa	1,295	1,163	964	1,373	1,820	--	--
By type of borrower							
Utility	925	783	630	780	1,065	--	--
Industrial	1,432	780	1,210	880	950	--	--
Other	360	376	604	873	985	--	--
Privately placed bonds	847	1,379	898	933	1,000	900	800
Stocks	907	1,044	1,181	1,200	1,500	1,200	900
By type of issuer							
Manufacturing	123	158	306	357	170	--	-
Utility and transp.	598	664	750	643	1,130	--	--
Other	186	221	125	200	200	--	--
Foreign securities	451	634	447	614	1,065	425	300
State and local government securities							
Long-term	2,544	2,252	2,781	2,902	2,900	2,200	2,000
Short-term	2,420	2,216	1,671	2,293	2,000	1,600	1,300
<u>Net offerings</u>							
U.S. Treasury	7,564	8,048	7,897	2,540	4,259	5,500	5,000
Sponsored Federal agencies	187	390	414	-80	929	199	-298

e/ Estimated.

f/ Forecast.

1/ Bonds categorized according to Moody's bond ratings.

2/ Includes issues not rated by Moody's.

3/ Includes only publicly offered issues of marketable securities.