

May 14, 1993

## **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

collections that have led us to lower the effective tax rates embedded in our technical assumptions.

REVISIONS TO STAFF UNIFIED BUDGET DEFICIT PROJECTIONS  
(Billions of dollars)

	<u>FY1993</u>	<u>FY1994</u>
Deficit, March Greenbook	276	279
New policy assumptions		
Higher receipts	- 2	- 9
Lower outlays	- 4	- 6
Economic assumptions		
Lower GDP	5	10
Technical assumptions		
Deposit insurance	- 12	- 5
Other	20	1
Deficit, May Greenbook	283	270

The trade-weighted foreign exchange value of the dollar has fallen about 4 percent since the last Greenbook; over the forecast period, the dollar is projected to drift up, retracing much of this decline. Incoming data indicate that activity abroad was slightly more sluggish in late 1992 and early 1993 than we had thought earlier. Accordingly, we have revised down a bit our projection of growth abroad this year--although a gradual acceleration in activity still is expected. The posted price of West Texas intermediate crude oil is expected to move up from its average level in April of \$19.24 per barrel to \$19.50 per barrel later in the spring, and then to remain at that level for the remainder of the forecast period; this path is about \$1 per barrel higher than that in the last Greenbook, reflecting expected OPEC production cuts in response to higher anticipated energy taxes here and in Europe.

Summary of the forecast. As may be seen in the table below, at 2-1/4 percent, the staff forecast of real GDP growth this year has

been marked down significantly since the March Greenbook.<sup>3</sup>

While the adjustments to the near-term path have been heavily influenced by the incoming data, the continued more moderate growth projected on through 1994 reflects, to a substantial degree, the changes in the federal fiscal outlook--both the lengthier period of uncertainty and the assumed elimination of most of the fiscal stimulus package. The lower level of aggregate demand in this forecast has caused us to maintain a projection of further slowing in core inflation; but, in light of the unfavorable indications regarding wage and price trends in recent quarters, that slowing is roughly 1/2 percentage point less than we forecast just a few months ago.

STAFF REAL GDP PROJECTION--SELECTED COMPONENTS  
(Percent change, at annual rates, except as noted)

	1993			1993	1994
	Q1	Q2	H2		
Real GDP	1.8	2.0	2.5	2.2	2.7
<i>Previous</i>	3.0	2.7	2.9	2.9	2.9
Civilian unemployment rate <sup>1</sup>	7.0	7.0	7.0	7.0	6.7
<i>Previous</i>	7.0	7.0	6.9	6.9	6.6
CPI ex. food and energy	4.1	3.3	2.9	3.3	3.0
<i>Previous</i>	4.3	3.0	2.7	3.1	2.7

1. Averages for final quarter of period shown.

Consumer spending. Real consumer outlays are projected to rise 2-3/4 percent (annual rate) in the second half of 1993 and about 2-1/2 percent in 1994. In large part, these rather modest gains in spending reflect the slow pace of job growth--and the correspondingly small increases in labor income--in the forecast. Consumption growth is also assumed to be held down by the higher

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3. Incoming data indicate that the advance estimate of first-quarter GDP growth may have been on the low side by half a percentage point or more. If this is so, given our "best change" approach, the growth figure for the year would be correspondingly higher.

permanent, full-time workers evidently is being reinforced by the possibility of new mandated benefits.

Under the circumstances, we expect that a good share of the projected gains in output will be achieved through increases in productivity. Output per hour in the nonfarm business sector is projected to rise at between a 1 and 2 percent annual rate over coming quarters--less than in 1992, but still a substantial pace by the standards of the past couple of decades.<sup>6</sup> We are looking for payrolls to increase a bit less than 150,000 per month on average after the current quarter.<sup>7</sup>

**STAFF LABOR MARKET PROJECTIONS**  
(Percent change, Q4 TO Q4, except as noted)

	1992	1993	1994
Output per hour, nonfarm business	3.1	1.3	1.4
<i>Previous</i>	3.3	1.8	1.6
Nonfarm payroll employment	.4	1.3	1.7
<i>Previous</i>	.4	1.7	1.7
Civilian unemployment rate <sup>1</sup>	7.3	7.0	6.7
<i>Previous</i>	7.3	6.9	6.6

1. Average for the fourth quarter.

Although labor force participation rates have moved down from their elevated levels of last fall, we expect participation to again move up slowly as the growing economy draws new entrants into the workforce. This pickup in participation rates limits the decline in

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6. Next month's revisions to payroll employment will probably revise productivity growth in 1992 down by 1/4 percentage point.

7. State and local governments currently have a sizable reserve of funding for summer jobs left over from last year's supplemental appropriation, and we are assuming that some additional funding will be appropriated for these programs shortly. Consequently, we are expecting large gains in employment--mostly at state and local governments--in June and July, followed by a corresponding decline in August and September. The programs could cause some transitory fluctuations in the unemployment rate this summer. For the purpose of the forecast, however, we have assumed that most of the jobs will go to individuals who would not otherwise be counted in the labor force, so that the programs will have little effect on the unemployment rate (as apparently was the case last summer).

expected to rise 2-3/4 percent this year, reflecting the pass-through of some small oil price increases in the second half of the year, and then to rise 5 percent in 1994 with the introduction of the Btu tax next July.

Despite the further upward adjustment of our inflation forecast, we remain on the low side of most outside forecasts. Some, but perhaps not all, of this difference appears to relate to our relatively low projection for economic activity. For example, the Blue Chip Consensus in early May was for a 3.3 percent CPI increase this year and 3.4 percent over 1994, with real GDP growth averaging 2.8 percent per year and the unemployment rate moving below 6-1/2 percent by the end of 1994.

One reason why the downtrend in inflation may have stalled is the evident failure of inflation expectations to diminish: The perceived trend in inflation clearly influences the norms for wage-setting and the notions of the range of price increases that will be accepted by customers. The absence of diminishing inflationary expectations is not only true among professional forecasters, as indicated by the Blue Chip inflation forecast, but also among households, who, according to the Michigan SRC Survey, have continued to report average inflation expectations in the 4 percent area for the next year and still higher for the longer term.

**STAFF INFLATION PROJECTIONS**  
(Percent change, Q4 TO Q4, except as noted)

	1992	1993	1994
Consumer price index	3.1	3.1	3.1
<i>Previous</i>	3.1	2.9	2.7
Excluding food and energy	3.4	3.3	3.0
<i>Previous</i>	3.4	3.1	2.7
ECI for compensation of private industry workers <sup>1</sup>	3.5	3.3	3.3
<i>Previous</i>	3.5	3.3	3.2

1. December to December.

Strictly Confidential (FR)  
Class II FOMCSTAFF PROJECTIONS OF CHANGES IN GDP, PRICES, AND UNEMPLOYMENT  
(Percent, annual rate)

May 14, 1993

Interval	Nominal GDP		Real GDP		GDP fixed-weight price index		Consumer price index <sup>1</sup>		Unemployment rate (level except as noted)	
	3/17/93	5/14/93	3/17/93	5/14/93	3/17/93	5/14/93	3/17/93	5/14/93	3/17/93	5/14/93
<b>ANNUAL</b>										
1990 <sup>2</sup>	5.2	5.2	.8	.8	4.5	4.6	5.4	5.4	5.5	5.5
1991 <sup>2</sup>	2.8	2.8	-1.2	-1.2	4.0	4.0	4.2	4.2	6.7	6.7
1992 <sup>2</sup>	4.8	4.8	2.1	2.1	3.0	2.9	3.0	3.0	7.4	7.4
1993	5.9	5.2	3.2	2.7	2.9	3.0	3.0	3.2	6.9	7.0
1994	5.2	5.0	2.9	2.6	2.5	2.6	2.6	3.0	6.7	6.8
<b>QUARTERLY</b>										
1991 Q1 <sup>2</sup>	1.8	1.8	-3.0	-3.0	4.7	4.9	3.6	3.6	6.5	6.5
Q2 <sup>2</sup>	5.2	5.2	1.7	1.7	3.5	3.5	2.1	2.1	6.7	6.7
Q3 <sup>2</sup>	4.0	4.0	1.2	1.2	3.0	2.9	2.7	2.7	6.7	6.7
Q4 <sup>2</sup>	2.8	2.8	.6	.6	2.4	2.4	3.3	3.3	7.0	7.0
1992 Q1 <sup>2</sup>	6.2	6.2	2.9	2.9	3.6	3.4	3.5	3.5	7.3	7.3
Q2 <sup>2</sup>	4.3	4.3	1.5	1.5	2.9	2.9	2.9	2.9	7.5	7.5
Q3 <sup>2</sup>	5.3	5.3	3.4	3.4	2.1	2.2	2.9	2.9	7.5	7.5
Q4 <sup>2</sup>	7.1	7.1	4.8	4.7	2.9	3.4	3.2	3.2	7.3	7.3
1993 Q1 <sup>2</sup>	6.7	5.2	3.0	1.8	3.9	4.2	3.8	3.7	7.0	7.0
Q2	5.4	4.2	2.7	2.0	2.8	2.5	2.7	2.9	7.0	7.0
Q3	5.0	4.7	2.8	2.5	2.4	2.5	2.3	2.7	6.9	7.0
Q4	5.2	5.0	2.9	2.6	2.4	2.7	2.6	3.1	6.9	7.0
1994 Q1	5.2	5.1	2.9	2.7	2.5	2.7	2.7	3.1	6.8	6.9
Q2	5.1	5.1	2.9	2.7	2.4	2.6	2.7	3.0	6.8	6.8
Q3	5.2	5.2	2.9	2.7	2.5	2.8	2.9	3.3	6.6	6.7
Q4	5.1	4.9	2.9	2.7	2.4	2.6	2.6	2.9	6.6	6.7
<b>TWO-QUARTER<sup>3</sup></b>										
1991 Q2 <sup>2</sup>	3.5	3.5	-.7	-.7	4.2	4.2	3.0	3.0	.7	.7
Q4 <sup>2</sup>	3.4	3.4	.9	.9	2.7	2.6	3.0	3.0	.3	.3
1992 Q2 <sup>2</sup>	5.2	5.2	2.2	2.2	3.4	3.2	3.2	3.2	-.5	-.5
Q4 <sup>2</sup>	6.2	6.2	4.1	4.1	2.5	2.8	2.9	2.9	-.2	-.2
1993 Q2	6.0	4.7	2.9	1.9	3.3	3.2	3.3	3.4	-.3	-.3
Q4	5.1	4.9	2.9	2.5	2.4	2.6	2.4	2.9	-.1	.0
1994 Q2	5.1	5.1	2.9	2.7	2.4	2.7	2.7	3.0	-.1	-.2
Q4	5.1	5.1	2.9	2.7	2.5	2.7	2.8	3.1	-.2	-.1
<b>FOUR-QUARTER<sup>4</sup></b>										
1990 Q4 <sup>2</sup>	4.1	4.1	-.5	-.5	4.7	4.7	6.2	6.2	.6	.6
1991 Q4 <sup>2</sup>	3.5	3.5	.1	.1	3.5	3.4	3.0	3.0	1.0	1.0
1992 Q4 <sup>2</sup>	5.7	5.7	3.2	3.1	2.9	3.0	3.1	3.1	.3	.3
1993 Q4	5.6	4.8	2.9	2.2	2.9	2.9	2.9	3.1	-.4	-.3
1994 Q4	5.1	5.1	2.9	2.7	2.5	2.7	2.7	3.1	-.3	-.3

1. For all urban consumers.

2. Actual.

3. Percent change from two quarters earlier; for unemployment rate, change in percentage points.

4. Percent change from four quarters earlier; for unemployment rate, change in percentage points.

Strictly Confidential (FR)  
Class II FOMCREAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS, ANNUAL VALUES  
(Seasonally adjusted annual rate)

May 14, 1993

Item	Unit <sup>1</sup>	Projected								
		1986	1987	1988	1989	1990	1991	1992	1993	1994
<b>EXPENDITURES</b>										
Nominal GDP	Bill. \$	4268.6	4539.9	4900.4	5250.8	5522.2	5677.5	5950.7	6262.5	6575.0
Real GDP	Bill. 87\$	4404.5	4540.0	4718.6	4838.0	4877.5	4821.0	4922.6	5054.7	5184.7
Real GDP	% change	2.2	4.5	3.3	1.6	-.5	.1	3.1	2.2	2.7
Gross domestic purchases		2.1	3.9	2.5	.9	-1.2	-.2	3.7	2.5	2.8
Final sales		3.3	2.7	4.2	1.5	-.6	-.6	3.1	2.0	2.6
Private dom. final purch.		3.0	1.9	4.2	.5	-.8	-.9	4.5	3.2	3.5
Personal cons. expend.		4.0	2.1	4.2	1.2	-.2	.0	3.4	2.1	2.4
Durables		12.5	-2.6	8.5	-.5	-2.3	-2.5	9.2	3.2	5.4
Nondurables		3.3	1.4	3.2	1.2	-.7	-1.5	3.3	.6	1.4
Services		2.5	3.7	3.7	1.7	1.3	1.6	2.2	2.7	2.3
Business fixed invest.		-5.7	3.0	5.5	-.4	-1.4	-7.0	7.9	9.4	9.0
Producers' dut. equip.		-.7	2.4	9.1	-1.7	-.2	-3.5	12.6	12.5	10.7
Nonres. structures		-14.1	4.4	-1.2	2.3	-3.7	-14.3	-3.0	1.1	3.9
Res. structures		11.1	-3.1	.9	-7.7	-14.7	-.1	14.1	4.7	5.2
Exports		9.9	12.6	13.5	11.3	7.2	7.4	4.8	2.7	6.6
Imports		6.7	4.7	3.6	2.6	-.1	4.8	9.5	5.3	7.6
Government purchases		4.1	3.3	.2	2.0	2.8	-.6	.4	-1.5	-.2
Federal		3.8	3.7	-3.4	-.6	3.0	-2.3	-.8	-5.0	-4.0
Defense		3.7	4.5	-3.2	-1.5	1.5	-5.2	-2.2	-9.0	-6.8
State and local		4.4	2.9	2.9	4.0	2.7	.7	1.3	.8	2.1
Change in bus. invent.	Bill. 87\$	8.6	26.3	19.9	29.8	6.2	-9.3	5.0	25.2	22.4
Nonfarm		10.6	32.7	26.9	29.9	3.7	-9.6	2.6	25.2	24.3
Net exports		-155.1	-143.0	-104.0	-73.7	-51.8	-21.8	-41.8	-62.3	-74.1
Nominal GDP	% change	4.7	8.0	7.7	6.0	4.1	3.5	5.7	4.8	5.1
<b>EMPLOYMENT AND PRODUCTION</b>										
Nonfarm payroll employ.	Millions	99.5	102.2	105.5	108.3	109.8	108.3	108.4	109.6	111.3
Unemployment rate	%	7.0	6.2	5.5	5.3	5.5	6.7	7.4	7.0	6.8
Industrial prod. index	% change	1.5	6.3	3.2	-.1	-.2	-.3	3.2	3.7	3.6
Capacity util. rate-mfg.	%	79.1	81.6	83.6	83.1	81.1	77.8	78.8	81.1	82.1
Housing starts	Millions	1.81	1.62	1.49	1.38	1.19	1.01	1.20	1.26	1.37
Auto sales in U.S.		11.45	10.24	10.63	9.91	9.51	8.39	8.35	8.65	9.18
North American produced		8.22	7.07	7.54	7.08	6.91	6.14	6.25	6.65	7.19
Other		3.24	3.18	3.10	2.83	2.60	2.25	2.10	2.00	1.99
<b>INCOME AND SAVING</b>										
Nominal GNP	Bill. \$	4277.8	4544.5	4908.2	5266.8	5542.9	5694.9	5962.0	6268.4	6579.3
Nominal GNP	% change	4.4	8.1	7.8	6.1	4.2	3.1	5.6	4.8	5.0
Nominal personal income		5.5	7.4	7.1	6.5	6.3	3.3	5.2	5.3	5.7
Real disposable income		2.8	2.1	3.2	1.1	.9	.5	2.5	2.1	2.0
Personal saving rate	%	6.0	4.3	4.4	4.1	4.4	4.8	4.8	4.6	4.0
Corp. profits, IVA&CCAdj	% change	-7.1	29.7	10.2	-6.3	-3.0	.9	23.5	5.7	-.2
Profit share of GNP	%	6.4	7.0	7.4	6.9	6.5	6.1	6.6	7.1	6.9
Federal surpl./def.	Bill. \$	-201.1	-151.8	-136.6	-122.3	-166.2	-210.4	-298.0	-252.3	-192.8
State/local surpl./def.		54.3	40.1	38.4	44.8	30.1	17.1	15.5	16.8	30.9
Ex. social ins. funds		1.5	-14.7	-18.4	-17.5	-32.9	-43.1	-42.1	-38.3	-23.1
<b>PRICES AND COSTS</b>										
GDP implicit deflator	% change	2.6	3.3	4.2	4.4	4.5	3.4	2.5	2.5	2.4
GDP fixed-wt. price index		2.6	3.4	4.2	4.4	4.7	3.4	3.0	2.9	2.7
Gross domestic purchases		2.3	3.9	4.1	4.4	5.3	2.8	2.8	2.9	2.7
fixed-wt. price index		1.3	4.5	4.3	4.6	6.2	3.0	3.1	3.1	3.1
CPI		3.9	4.3	4.5	4.4	5.2	4.5	3.4	3.3	3.0
Ex. food and energy										
ECI, hourly compensation <sup>2</sup>		3.2	3.3	4.8	4.8	4.6	4.4	3.5	3.3	3.3
Nonfarm business sector		1.2	1.8	.5	-1.4	.1	1.3	3.1	1.3	1.4
Output per hour		4.6	3.8	3.8	3.1	6.3	4.2	3.7	3.5	3.4
Compensation per hour		3.4	1.9	3.3	4.6	6.2	2.8	.6	2.2	1.9
Unit labor cost										

1. Percent changes are from fourth quarter to fourth quarter.

2. Private-industry workers.

Strictly Confidential (FR)  
Class II FOMCREAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS, QUARTERLY VALUES  
(Seasonally adjusted, annual rate except as noted)

May 14, 1993

Item	Unit	1990				1991				1992	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>EXPENDITURES</b>											
Nominal GDP	Bill. \$	5445.2	5522.6	5559.6	5561.3	5585.8	5657.6	5713.1	5753.3	5840.2	5902.2
Real GDP	Bill. 87\$	4890.8	4902.7	4882.6	4833.8	4796.7	4817.1	4831.8	4838.5	4873.7	4892.4
Real GDP	% change	2.8	1.0	-1.6	-3.9	-3.0	1.7	1.2	.6	2.9	1.5
Gross domestic purchases		2.1	.9	-1.4	-6.0	-4.2	1.7	2.4	-.4	3.0	3.4
Final sales		4.3	-1.1	.1	-.9	-3.2	1.3	-.5	.0	4.7	-.1
Private dom. final purch.		2.9	-1.7	-.8	-5.0	-6.0	1.5	1.4	-.4	5.5	2.4
Personal cons. expend.		2.2	.1	1.7	-3.1	-3.0	2.0	1.5	-.3	5.1	-.1
Durables		16.2	-12.0	-1.4	-9.8	-13.0	-.7	8.1	-3.1	16.5	-2.1
Nondurables		-.2	-.5	.8	-2.8	-3.2	1.3	-.6	-3.5	5.5	-1.5
Services		.3	3.7	3.1	-1.6	-.3	3.0	1.2	2.3	2.2	1.2
Business fixed invest.		6.2	-6.6	5.6	-9.6	-15.8	-3.1	-3.4	-5.2	3.0	16.1
Producers' dur. equip.		6.8	-7.8	7.2	-6.1	-16.7	-.7	6.0	-2.4	3.2	24.1
Nonres. structures		5.0	-4.1	2.5	-16.5	-14.0	-10.6	-20.8	-11.5	2.7	-.8
Res. structures		5.3	-15.9	-22.9	-22.4	-26.9	7.0	14.4	11.3	20.1	12.6
Exports		10.7	7.0	-.2	11.6	-.5.0	16.6	6.2	13.3	2.9	-1.4
Imports		2.6	5.1	1.5	-8.5	-14.6	15.6	17.1	4.2	3.5	14.7
Government purchases		6.4	1.1	-2.0	6.1	2.8	.2	-2.3	-3.0	1.7	-1.2
Federal		8.0	2.1	-7.2	9.9	7.2	-.3	-6.5	-9.0	-3.0	-2.7
Defense		4.9	.3	-10.5	12.8	8.7	-5.6	-9.4	-13.0	-7.7	-5.2
State and local		5.2	.4	1.9	3.5	-.1	.6	.9	1.4	5.1	-.2
Change in bus. invent.	Bill. 87\$	7.5	32.8	11.2	-26.8	-25.1	-20.4	.6	7.5	-12.6	7.8
Nonfarm		5.9	27.9	6.6	-25.6	-24.7	-24.5	-1.0	11.8	-10.7	6.0
Net exports		-58.4	-56.9	-59.3	-32.7	-17.9	-17.4	-31.6	-20.5	-21.5	-43.9
Nominal GDP	% change	7.7	5.8	2.7	.1	1.8	5.2	4.0	2.8	6.2	4.3
<b>EMPLOYMENT AND PRODUCTION</b>											
Nonfarm payroll employ.	Millions	109.8	110.2	109.9	109.3	108.6	108.2	108.3	108.2	108.1	108.4
Unemployment rate <sup>1</sup>	%	5.3	5.3	5.6	6.0	6.5	6.7	6.7	7.0	7.3	7.5
Industrial prod. index	% change	2.1	1.1	1.6	-5.2	-7.2	.3	5.5	.4	.7	4.8
Capacity util. rate-mfg. <sup>1</sup>	%	81.9	81.5	81.3	79.8	77.5	77.4	78.2	78.1	78.1	78.8
Housing starts	Millions	1.43	1.21	1.13	1.04	.90	1.01	1.04	1.09	1.26	1.14
Auto sales in U.S.		9.95	9.52	9.56	9.02	8.36	8.43	8.56	8.21	8.31	8.50
North American produced		7.16	6.80	7.05	6.61	6.13	6.10	6.28	6.06	6.07	6.32
Other		2.79	2.71	2.51	2.41	2.23	2.33	2.28	2.15	2.24	2.19
<b>INCOME AND SAVING</b>											
Nominal GNP	Bill. \$	5464.1	5537.0	5577.8	5592.7	5614.9	5674.3	5726.4	5764.1	5859.8	5909.3
Nominal GNP	% change	7.6	5.4	3.0	1.1	1.6	4.3	3.7	2.7	6.8	3.4
Nominal personal income		9.5	6.2	4.6	5.2	-.1	4.6	3.3	5.1	6.1	3.9
Real disposable income		4.2	.8	-1.2	-.2	-2.6	1.9	.7	2.2	4.0	1.2
Personal saving rate <sup>1</sup>	%	4.4	4.6	3.9	4.6	4.7	4.7	4.5	5.1	4.9	5.3
Corp. profits, IV&CCAdj	% change	15.6	19.1	-29.9	-8.2	6.7	-2.6	-6.8	7.1	49.8	4.7
Profit share of GNP <sup>1</sup>	%	6.7	6.9	6.3	6.2	6.2	6.1	6.0	6.0	6.6	6.6
Federal govt. surpl./def.	Bill. \$	-167.8	-156.9	-145.6	-194.6	-149.9	-212.2	-221.0	-258.7	-289.2	-302.9
State/local surpl./def.		36.1	33.8	30.3	20.2	14.6	16.5	15.4	22.0	16.6	17.7
Ex. social ins. funds		-27.3	-29.4	-32.5	-42.2	-46.6	-44.1	-44.5	-37.3	-41.8	-40.3
<b>PRICES AND COSTS</b>											
GDP implicit deflator	% change	4.8	4.8	4.4	4.2	5.0	3.5	2.7	2.3	3.1	2.7
GDP fixed-wt. price index		5.6	4.6	4.8	4.0	4.9	3.5	2.9	2.4	3.4	2.9
Gross domestic purchases		5.9	3.8	5.6	5.7	3.4	2.6	2.9	2.6	2.9	3.2
fixed-wt. price index		7.5	3.8	7.0	6.9	3.6	2.1	2.7	3.3	3.5	2.9
CPI		5.3	5.5	5.8	4.2	6.5	3.8	4.0	3.7	4.2	3.3
Ex. food and energy		5.6	5.1	4.3	3.8	4.6	4.9	3.7	4.0	4.0	2.9
EC1, hourly compensation <sup>2</sup>		5.6	5.1	4.3	3.8	4.6	4.9	4.4	3.7	4.0	2.9
Nonfarm business sector		-.5	2.5	-1.7	.1	-.7	1.7	1.9	2.5	3.7	1.7
Output per hour		5.0	7.8	6.4	5.9	3.9	5.8	3.9	3.1	3.8	2.4
Compensation per hour		5.6	5.1	8.2	5.8	4.6	4.0	2.0	.6	.1	.8
Unit labor cost											

1. Not at an annual rate.

2. Private-industry workers.

Strictly Confidential (FR)  
Class II FOMCREAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS, QUARTERLY VALUES  
(Seasonally adjusted, annual rate except as noted)

May 14, 1993

Item	Units	Projected											
		1992				1993				1994			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>EXPENDITURES</b>													
Nominal GDP	Bill. \$	5978.5	6081.8	6158.8	6223.0	6295.2	6373.0	6453.1	6533.6	6616.7	6696.7		
Real GDP	Bill. \$75	4933.7	4990.8	5013.1	5037.4	5068.0	5100.2	5133.7	5167.6	5201.6	5235.8		
Real GDP	% change	3.4	4.7	1.8	2.0	2.5	2.6	2.7	2.7	2.7	2.7	2.7	2.7
Gross domestic purchases		4.1	4.4	2.2	2.5	2.7	2.6	2.7	3.0	2.9	2.8		
Final sales		2.8	5.2	-3	3.0	2.6	2.6	2.7	2.4	2.6	2.8		
Private dom. final purch.		3.5	6.6	1.7	3.5	3.8	3.7	3.5	3.4	3.4	3.5		
Personal cons. expend.		3.7	5.1	1.2	1.8	2.9	2.7	2.4	2.4	2.5	2.5		
Durables		9.4	14.0	.7	3.4	2.6	6.0	4.7	5.8	5.4	5.6		
Nondurables		2.5	6.8	-2.8	.9	3.1	1.4	1.5	1.3	1.4	1.4		
Services		3.1	2.1	3.7	1.9	2.8	2.6	2.4	2.2	2.3	2.3		
Business fixed invest.		3.1	9.7	5.6	15.3	8.4	8.5	8.6	9.0	9.1	9.3		
Producers' dur. equip.		9.5	14.5	8.6	21.0	10.3	10.4	10.4	10.7	10.7	10.9		
Nonres. structures		-11.3	-1.9	-2.2	.6	3.0	3.2	3.5	3.7	4.2	4.4		
Res. structures		.2	25.1	.2	2.7	7.6	8.3	7.9	5.2	3.2	4.5		
Exports		9.2	8.9	-7.1	6.2	5.7	6.7	6.3	6.4	6.6	6.9		
Imports		14.8	5.7	-3.2	10.6	7.7	6.7	6.6	8.6	7.9	7.2		
Government purchases		3.8	-2.6	-6.4	3.8	-1.3	-1.9	-.5	-.3	.0	-.1		
Federal		7.5	-4.7	-15.3	8.1	-6.3	-5.2	-4.6	-3.9	-3.7	-3.7		
Defense		8.3	-3.5	-25.5	12.0	-9.7	-8.9	-7.7	-6.6	-6.4	-6.3		
State and local		1.4	-1.1	-.1	1.1	2.1	.2	2.1	2.1	2.3	2.0		
Change in bus. invent.	Bill. \$75	15.0	9.8	35.8	23.0	21.5	20.7	20.0	22.9	24.0	22.5		
Nonfarm		9.6	5.6	32.5	22.8	22.8	22.9	21.7	24.9	26.3	24.4		
Net exports		-52.7	-49.0	-54.6	-61.9	-65.9	-67.0	-68.6	-73.2	-76.5	-78.3		
Nominal GDP	% change	5.3	7.1	5.2	4.2	4.7	5.0	5.1	5.1	5.2	4.9		
<b>EMPLOYMENT AND PRODUCTION</b>													
Nonfarm payroll employ.	Millions	108.5	108.7	109.1	109.4	109.9	110.1	110.5	111.0	111.5	112.0		
Unemployment rate <sup>1</sup>	%	7.5	7.3	7.0	7.0	7.0	7.0	6.9	6.8	6.7	6.7		
Industrial prod. index	% change	.8	6.7	5.3	2.2	3.7	3.7	3.7	3.6	3.6	3.5		
Capacity util. rate-mfg <sup>1</sup>	%	78.7	79.6	80.4	80.9	81.3	81.6	81.9	82.1	82.1	82.1		
Housing starts	Millions	1.18	1.25	1.16	1.26	1.30	1.32	1.34	1.36	1.39	1.41		
Auto sales in U.S.		8.21	8.38	8.28	8.73	8.75	8.85	8.94	9.10	9.26	9.42		
North American produced		6.24	6.37	6.31	6.69	6.75	6.85	6.95	7.11	7.27	7.43		
Other		1.97	2.01	1.97	2.05	2.00	2.00	1.99	1.99	1.99	1.99		
<b>INCOME AND SAVING</b>													
Nominal GNP	Bill. \$	5992.0	6086.8	6165.5	6228.0	6302.5	6377.5	6459.5	6537.0	6622.1	6698.6		
Nominal GNP	% change	5.7	6.5	5.3	4.1	4.9	4.8	5.2	4.9	5.3	4.7		
Nominal personal income		2.7	8.0	6.0	4.1	5.1	6.0	6.4	5.4	5.0	6.2		
Real disposable income		.5	4.3	2.7	1.0	2.1	2.7	.2	1.6	3.3	2.9		
Personal saving rate <sup>1</sup>	%	4.6	4.4	4.8	4.6	4.5	4.5	4.0	3.8	4.0	4.1		
Corp. profits, IVA&CCAdj.	% change	-13.9	72.1	16.8	-.2	-.1	7.0	1.0	2.0	-3.3	-.5		
Profit share of GNP <sup>1</sup>	%	6.2	7.0	7.2	7.2	7.1	7.1	7.0	7.0	6.8	6.7		
Federal govt. surpl./def.	Bill. \$	-304.4	-295.5	-261.1	-258.6	-245.9	-243.4	-200.6	-186.5	-191.0	-193.2		
State/local surpl./def.		9.2	18.3	12.8	13.4	20.3	20.8	24.8	27.6	35.7	35.5		
Ex. social ins. funds		-48.0	-38.1	-42.8	-41.9	-34.7	-33.9	-29.7	-26.6	-18.1	-18.0		
<b>PRICES AND COSTS</b>													
GDP implicit deflator	% change	1.8	2.3	3.3	2.2	2.2	2.4	2.4	2.4	2.5	2.2		
GDP fixed-wt. price index		2.2	3.4	4.2	2.5	2.5	2.7	2.7	2.6	2.8	2.6		
Gross domestic purchases fixed-wt. price index		2.5	2.9	3.4	2.8	2.6	2.8	2.7	2.7	2.8	2.6		
CPI		2.9	3.2	3.7	2.9	2.7	3.1	3.1	3.0	3.3	2.9		
Ex. food and energy		2.7	3.6	4.1	3.3	2.8	3.0	3.0	3.0	3.0	2.9		
ECI, hourly compensation <sup>2</sup>		3.2	3.5	4.2	2.8	3.2	3.2	3.6	3.1	3.1	3.1		
Nonfarm business sector		2.9	4.1	-.1	1.4	1.9	2.0	1.5	1.4	1.4	1.3		
Output per hour		4.2	4.5	3.3	3.9	3.3	3.2	4.0	3.2	3.1	3.1		
Compensation per hour		1.3	.3	3.4	2.5	1.4	1.1	2.5	1.8	1.7	1.8		
Unit labor cost													

1. Not at an annual rate.

2. Private-industry workers.

Strictly Confidential (FR)  
Class II FOMC

NET CHANGES IN REAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS<sup>1</sup>  
(Billions of 1987 dollars)

May 14, 1993

Item	1990				1991				1992		1989	1990	1991	1992
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2				
Real GDP	34.1	11.9	-20.1	-48.8	-37.1	20.4	14.7	6.7	35.2	18.7	77.0	-22.9	4.7	152.3
Gross domestic purchases	25.1	10.4	-17.7	-75.4	-51.9	19.9	28.9	-4.4	36.2	41.1	41.7	-57.6	-7.5	180.8
Final sales	51.5	-13.3	1.4	-10.8	-38.8	15.6	-6.2	-.3	55.4	-1.7	73.1	28.8	-29.7	150.1
Private dom. final purch.	28.3	-17.4	8.4	-51.1	-60.2	14.6	13.4	-4.3	52.5	23.5	19.7	-31.8	-36.5	174.9
Personal cons. expend.	17.5	.6	13.8	-25.9	-24.5	15.8	11.9	-2.2	40.3	-.8	39.1	6.0	1.0	110.9
Durables	16.7	-14.3	-1.5	-11.1	-14.6	-.7	8.1	-3.3	16.2	-2.3	-2.4	-10.2	-10.5	38.3
Nondurables	-.6	-1.2	2.0	-7.5	-8.6	3.3	-1.5	-9.2	14.0	-4.0	12.1	-7.3	-16.0	33.8
Services	1.4	16.0	13.4	-7.3	-1.3	13.3	5.2	10.4	9.9	5.6	29.4	23.5	27.6	38.8
Business fixed invest.	8.1	-9.2	7.3	-13.6	-22.3	-4.0	-4.3	-6.6	3.7	18.9	-2.1	-7.4	-37.2	38.8
Producers' dur. equip.	5.9	-7.3	6.2	-5.6	-15.9	.6	5.0	-2.1	2.7	19.2	-6.2	-.8	-12.4	43.2
Nonres. structures	2.2	-1.9	1.1	-8.0	-6.4	-4.6	-9.2	-4.6	1.0	-.3	4.1	-6.6	-24.8	-4.4
Res. structures	2.7	-8.9	-12.7	-11.6	-13.4	2.8	5.7	4.7	8.3	5.6	-17.3	-30.5	-.2	25.0
Change in bus. invent.	-17.4	25.3	-21.6	-38.0	1.7	4.7	21.0	6.9	-20.1	20.4	4.0	-51.7	34.3	2.3
Nonfarm	-25.3	22.0	-21.3	-32.2	.9	.2	23.5	12.8	-22.5	16.7	.7	-56.8	37.4	-6.2
Farm	7.9	3.2	-.2	-5.8	.8	4.5	-2.5	-5.8	2.3	3.7	3.3	5.1	-3.0	8.4
Net exports	9.0	1.5	-2.4	26.6	14.8	.5	-14.2	11.1	-1.0	-22.4	35.3	34.7	12.2	-28.5
Exports	12.5	8.5	-.3	14.2	-6.7	20.2	8.1	17.2	4.0	-2.0	49.5	34.9	38.8	26.9
Imports	3.6	7.0	2.1	-12.4	-21.5	19.7	22.3	6.0	5.0	26.5	14.1	.3	26.5	55.5
Government purchases	14.2	2.6	-4.6	13.7	6.6	.5	-5.4	-7.1	3.9	-2.8	18.1	25.9	-5.4	3.7
Federal	7.3	2.0	-7.1	9.0	6.8	-.3	-6.6	-9.0	-2.9	-2.6	-2.3	11.2	-9.1	-3.2
Defense	3.4	.2	-7.8	8.5	6.0	-4.2	-7.0	-9.6	-5.4	-3.5	-4.2	4.3	-14.8	-6.0
Nondefense	3.8	1.8	.7	.5	.7	4.0	.4	.6	2.5	.9	2.0	6.8	5.7	2.7
State and local	6.9	.6	2.5	4.7	-.2	.8	1.2	1.9	6.9	-.3	20.4	14.7	3.7	7.0

1. Annual changes are from Q4 to Q4.

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Strictly Confidential (FR)  
Class II FOMC

NET CHANGES IN REAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS<sup>1</sup>  
(Billions of 1987 dollars)

May 14, 1993

Item	Projected										Projected			
	1992		1993				1994				1991	1992	1993	1994
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Real GDP	41.3	57.1	22.3	24.3	30.6	32.1	33.5	33.8	34.0	34.2	4.7	152.3	109.4	135.6
Gross domestic purchases	50.1	53.4	27.9	31.6	34.7	33.2	35.1	38.5	37.3	36.0	-7.6	180.9	127.4	146.9
Final sales	34.1	62.3	-3.6	37.0	32.2	32.9	34.2	31.0	32.8	35.7	-29.7	150.1	98.5	133.7
Private dom. final purch.	34.1	64.8	17.3	35.7	39.2	38.5	36.9	36.2	36.1	37.8	-36.5	174.9	130.7	147.2
Personal cons. expend.	29.9	41.5	10.0	14.8	24.1	22.5	20.7	20.6	21.1	21.5	1.0	110.9	71.5	83.9
Durables	9.8	14.6	.8	3.9	3.0	6.7	5.4	6.7	6.4	6.7	-10.5	38.3	14.4	25.2
Nondurables	6.4	17.4	-7.5	2.3	8.2	3.7	4.0	3.5	3.8	3.8	-16.0	33.8	6.7	15.1
Services	13.7	9.6	16.6	8.7	12.9	12.1	11.3	10.4	11.0	11.0	27.6	38.8	50.3	43.7
Business fixed invest.	4.0	12.2	7.3	19.5	11.3	11.8	12.1	12.8	13.3	13.9	-37.2	38.8	49.9	52.2
Producers' dur. equip.	8.4	12.9	8.1	19.2	10.3	10.6	10.9	11.5	11.8	12.3	-12.4	43.2	48.2	46.5
Nonres. structures	-4.4	-.7	-.8	.2	1.1	1.2	1.2	1.3	1.5	1.6	-24.8	~4.4	1.7	5.7
Res. structures	.1	11.0	.1	1.4	3.8	4.2	4.1	2.8	1.7	2.5	-.2	25.0	9.4	11.0
Change in bus. invent.	7.2	-5.2	26.0	-12.8	-1.6	-.8	-.6	2.8	1.2	-1.5	34.3	2.3	10.9	1.9
Nonfarm	3.6	-4.0	26.9	-9.7	-.1	.1	-1.1	3.1	1.5	-1.9	37.4	-6.2	17.3	1.6
Farm	3.5	-1.1	-.9	-3.1	-1.5	-.9	.5	-.3	-.3	.4	-3.0	8.4	-6.4	.3
Net exports	-8.8	3.7	-5.6	-7.3	-4.0	-1.1	-1.6	-4.6	-3.3	-1.8	12.2	-28.5	-18.0	-11.3
Exports	12.5	12.4	-10.7	8.8	8.2	9.7	9.3	9.6	10.1	10.7	38.8	26.9	16.0	39.7
Imports	21.3	8.7	-5.1	16.1	12.2	10.8	10.9	14.3	13.4	12.5	26.5	55.5	34.0	51.0
Government purchases	8.8	-6.2	-15.3	8.6	-3.0	-4.5	-1.2	-.6	.0	-.3	-5.4	3.7	-14.2	-2.1
Federal	6.8	-4.5	-15.3	7.1	-5.9	-4.8	-4.2	-3.5	-3.3	-3.2	-9.1	-3.2	-18.9	-14.2
Defense	5.3	-2.4	-18.8	7.1	-6.4	-5.7	-4.8	-4.0	-3.8	-3.7	-14.8	-6.0	-23.8	-16.3
Nondefense	1.5	-2.2	3.6	.0	.5	.9	.6	.5	.5	.5	5.7	2.7	5.0	2.1
State and local	2.0	-1.6	-.1	1.5	2.9	.3	3.0	2.9	3.3	2.9	3.7	7.0	4.6	12.1

1. Annual changes are from Q4 to Q4.

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Strictly Confidential (FR)  
Class II FOMC

STAFF PROJECTIONS OF FEDERAL SECTOR ACCOUNTS AND RELATED ITEMS  
(Billions of dollars except as noted)

May 14, 1993

Item	Fiscal year				1992				1993				1994			
	1991 <sup>a</sup>	1992 <sup>a</sup>	1993	1994	Q1 <sup>a</sup>	Q2 <sup>a</sup>	Q3 <sup>a</sup>	Q4 <sup>a</sup>	Q1 <sup>b</sup>	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>UNIFIED BUDGET</b>																
Receipts <sup>1</sup>	1054	1090	1156	1238	239	321	275	265	262	334	295	267	278	380	313	286
Outlays <sup>1</sup>	1324	1380	1439	1508	354	350	338	386	325	359	369	376	375	375	381	393
Surplus/deficit <sup>1</sup>	-269	-290	-283	-270	-116	-28	-62	-120	-62	-26	-74	-109	-96	4	-69	-107
On-budget	-322	-340	-341	-332	-121	-60	-62	-108	-90	-64	-80	-122	-105	-32	-73	-120
Off-budget	52	50	58	62	6	31	-1	-13	27	38	6	12	9	36	5	14
Surplus excluding deposit insurance <sup>2</sup>	-203	-287	-294	-259	-105	-25	-69	-128	-68	-29	-68	-105	-95	9	-67	-103
Means of financing																
Borrowing	293	311	270	276	83	62	77	81	60	63	65	105	87	32	53	102
Cash decrease	-1	-17	17	2	29	-27	-12	29	8	-30	10	12	10	-30	10	10
Other <sup>3</sup>	-23	-4	-4	-8	4	-7	-3	10	-6	-7	-1	-7	0	-6	6	-6
Cash operating balance, end of period	41	59	42	40	20	47	59	30	22	52	42	30	20	50	40	30
<b>NIPA FEDERAL SECTOR</b>																
Receipts	1118	1144	1231	1334	1143	1150	1155	1193	1229	1243	1257	1274	1339	1362	1362	1379
Expenditures	1313	1433	1496	1540	1433	1453	1460	1489	1490	1502	1503	1518	1539	1549	1553	1572
Purchases	447	446	449	442	445	445	455	452	444	454	449	446	443	441	439	437
Defense	326	315	311	297	314	312	320	318	304	313	308	302	298	295	292	289
Nondefense	121	132	139	145	131	133	136	133	140	140	142	143	145	146	147	148
Other expenditures	966	987	1046	1098	988	1008	1005	1037	1047	1048	1054	1072	1096	1108	1114	1135
Surplus/deficit	-194	-289	-265	-205	-289	-303	-304	-296	-261	-259	-246	-243	-201	-186	-191	-193
<b>FISCAL INDICATORS<sup>4</sup></b>																
High-employment (HEB) surplus/deficit	-153	-222	-210	-158	-224	-233	-237	-238	-205	-203	-193	-192	-151	-140	-149	-155
Change in HEB, percent of potential GDP	-.4	1.2	-.2	-.8	.5	.2	.1	0	-.5	0	-.2	0	-.6	-.2	.1	.1
Fiscal impetus (FI), percent, cal. year	-3.8	-3.9	-3.9	-5.5	-2.6	-.1	1.3	-1.2	-4.8	2.3	-.7	-2.5	-2.1	-1.1	-1.8	-1.3

1. OMB's April deficit estimates, including the President's proposals, are \$322 billion in FY93 and \$264 billion in FY94. CBO's preliminary deficit estimates of the President's proposals are \$308 billion in FY93 and \$268 billion in FY94. Budget receipts, outlays, and surplus/deficit include corresponding social security (OASDI) categories. The OASDI surplus is excluded from the on-budget deficit and shown separately as off-budget, as classified under current law. The Postal Service deficit is included in off-budget outlays beginning in FY90.

2. OMB's April deficit estimates, excluding deposit insurance spending, are \$319 billion in FY93 and \$256 billion in FY94. CBO's preliminary deficit estimates, excluding deposit insurance spending, are \$315 billion in FY93 and \$263 billion in FY94.

3. Other means of financing are checks issued less checks paid, accrued items, and changes in other financial assets and liabilities.

4. HEB is the NIPA measure in current dollars, with cyclically sensitive receipts and outlays adjusted to the level of potential output generated by 2.0 percent real growth and an associated unemployment rate of 6 percent. Quarterly figures for change in HEB and FI are not at annual rates. Change in HEB, as a percent of nominal potential GDP, is reversed in sign. FI is the weighted difference of discretionary changes in federal spending and taxes (in 1987 dollars), scaled by real federal purchases. For change in HEB and FI, negative values indicate restraint.

a--Actual.

b--Unified and NIPA data are actuals except for NIPA corporate profit tax total which is a staff projection.

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FLOW OF FUNDS PROJECTIONS: HIGHLIGHTS<sup>1</sup>.  
(Billions of dollars)

	1991	1992	Calendar year 1993	1994	Q1	Q2	Q3	Q4	1993	1994	1993	1994
	1991	1992	1993	1994	Q1	Q2	Q3	Q4	1993	1994	1993	1994
-----Seasonally Adjusted Annual Rates-----												
-----												
Net funds raised by domestic nonfinancial sectors												
1 Total	460.9	614.2	668.0	693.7	605.9	722.7	550.8	722.6	779.3	637.6	529.0	828.8
2 Net equity issuance	18.3	26.8	19.8	7.0	27.0	22.0	18.0	12.0	10.0	8.0	5.0	5.0
3 Net debt issuance	442.7	587.5	648.3	686.7	578.9	700.7	532.8	780.6	769.3	629.6	524.0	823.8
Borrowing sectors												
Nonfinancial business												
4 Financing gap <sup>2</sup>	-4.4	-28.5	9.1	46.4	7.8	2.8	10.7	15.2	28.9	41.3	54.1	61.5
5 Net equity issuance	18.3	26.8	19.8	7.0	27.0	22.0	18.0	12.0	10.0	8.0	5.0	5.0
6 Credit market borrowing	-18.9	20.3	52.1	74.7	27.6	47.4	64.6	68.6	71.4	69.1	77.6	80.7
Households												
7 Net borrowing, of which:	144.9	215.2	252.2	288.1	222.8	252.0	268.3	265.5	268.3	284.6	295.7	303.7
8 Home mortgages	123.9	190.8	204.1	220.0	190.6	202.0	219.4	204.4	209.2	214.9	224.6	231.4
9 Consumer credit	-12.6	2.5	32.8	50.3	28.0	31.0	32.0	40.0	42.0	50.0	52.0	57.0
10 Debt/DPI (percent) <sup>3</sup>	91.5	91.0	91.6	92.8	91.6	92.1	92.4	92.5	93.2	93.6	93.6	93.7
State and local governments												
11 Net borrowing	38.5	48.1	51.1	50.2	52.9	51.2	48.3	52.2	47.6	51.6	47.5	54.1
12 Current surplus <sup>4</sup>	-39.6	-42.9	-38.6	-28.5	-41.0	-37.8	-38.6	-37.1	-33.5	-31.6	-24.1	-25.0
U.S. government												
13 Net borrowing	278.2	304.0	292.9	273.7	275.6	350.1	151.6	394.3	382.1	224.4	103.1	385.3
14 Net borrowing; quarterly, nsa	278.2	304.0	292.9	273.7	60.1	63.1	65.1	104.6	86.7	31.7	52.9	102.4
15 Unified deficit; quarterly, nsa	266.8	326.9	271.6	267.4	62.4	25.6	74.2	109.4	96.5	-4.4	68.5	106.8
Funds supplied by depository institutions												
16	-61.0	27.0	78.9	104.8	-2.5	87.6	111.1	119.3	122.5	85.4	89.5	121.6
MEMO: (percent of GDP)												
17 Dom. nonfinancial debt <sup>3</sup>	193.4	193.2	193.4	194.4	193.8	194.6	194.5	195.1	195.7	195.7	195.2	196.0
18 Dom. nonfinancial borrowing	7.8	9.9	10.4	10.4	9.4	11.3	8.5	12.2	11.9	9.6	7.9	12.3
19 U.S. government <sup>5</sup>	4.9	5.1	4.7	4.2	4.5	5.6	2.4	6.2	5.9	3.4	1.6	5.8
20 Private	2.9	4.8	5.7	6.3	4.9	5.6	6.1	6.1	6.0	6.2	6.4	6.5

1. Data after 1992:4 are staff projections.

2. For corporations: Excess of capital expenditures over U.S. internal funds.

3. Annuals are average debt levels in the year (computed as the average of year-end debt positions) divided by nominal GDP.

4. NIPA surplus, net of retirement funds.

5. Excludes government-insured mortgage pool securities.

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CHANGE IN DEBT OF THE DOMESTIC NONFINANCIAL SECTORS<sup>1</sup>  
(Percent)

I-30

Year	Nonfederal									MEMO	
	Total <sup>2</sup>	Federal govt.	Households			State and local govt.			Private financial assets	Nominal GDP	
			Total	Total	Home mtg.	Cons. credit	Business				
<b>Year</b>											
1980	9.4	11.8	8.9	8.7	11.1	0.7	10.2	3.6	9.7	9.9	
1981	9.8	11.6	9.4	7.9	7.6	4.8	11.6	5.2	10.6	9.3	
1982	9.4	19.6	7.0	5.6	4.8	4.4	7.8	9.3	10.4	3.2	
1983	11.7	18.9	9.9	11.6	11.3	12.6	8.3	9.7	11.7	11.0	
1984	14.5	16.9	13.8	13.2	12.0	18.7	15.4	9.1	13.0	9.1	
1985	15.0	16.5	14.5	14.3	12.2	15.8	11.5	31.4	13.1	7.0	
1986	12.9	13.6	12.7	14.1	17.3	9.6	11.9	10.5	9.1	4.7	
1987	9.2	8.0	9.6	11.5	13.7	5.0	7.1	13.4	8.4	8.0	
1988	9.1	8.0	9.4	11.1	12.5	7.2	8.3	7.0	8.4	7.7	
1989	8.0	6.9	8.2	9.6	11.3	5.6	6.9	8.4	7.1	6.0	
1990	6.6	11.0	5.3	7.2	9.0	2.2	3.3	5.9	4.5	4.1	
1991	4.1	11.1	2.0	3.8	4.8	-1.6	-0.5	4.5	0.6	3.5	
1992	5.2	10.9	3.4	5.5	7.0	0.3	0.6	5.3	1.0	5.7	
1993	5.5	9.5	4.1	6.1	7.0	4.1	1.4	5.4	0.3	4.8	
1994	5.5	8.1	4.6	6.6	7.1	6.0	2.0	5.0	0.7	5.1	
<b>Quarter (seasonally adjusted annual rates)</b>											
1992:1	6.1	13.3	3.8	5.8	7.9	0.4	1.2	5.1	5.9	6.2	
2	5.1	12.3	2.7	4.4	5.3	-1.6	-0.3	6.9	-0.6	4.3	
3	4.1	6.5	3.3	5.5	6.9	0.1	0.3	5.4	-2.4	5.3	
4	5.2	10.0	3.5	5.7	7.2	2.4	1.0	3.5	1.3	7.1	
1993:1	4.9	8.9	3.5	5.4	6.5	3.5	0.8	5.6	-1.7	5.2	
2	5.9	11.1	4.0	6.0	6.8	3.8	1.3	5.3	2.2	4.2	
3	4.4	4.7	4.3	6.3	7.3	3.9	1.8	4.9	-0.7	4.7	
4	6.4	12.0	4.3	6.1	6.7	4.9	1.9	5.3	1.4	5.0	
1994:1	6.2	11.3	4.3	6.1	6.7	5.0	1.9	4.7	0.7	5.1	
2	5.0	6.5	4.4	6.4	6.8	5.9	1.9	5.1	0.9	5.1	
3	4.1	2.9	4.5	6.5	7.0	6.1	2.1	4.6	-0.2	5.2	
4	6.4	10.8	4.7	6.6	7.1	6.6	2.2	5.2	1.5	4.9	

1. Data after 1992:4 are staff projections. Year-to-year change in nominal GDP measured from the fourth quarter of the preceding year to the fourth quarter of the year indicated; other changes measured from end of preceding period to end of period indicated.
2. Deposit insurance cutlays raised total debt growth roughly 0.4 percentage point in 1991; it had little effect on debt growth in 1992 and is not anticipated to affect debt growth significantly in 1993 or 1994. On a quarterly average basis, total debt growth is projected to be 5.4 in 1993 and 5.4 percent in 1994.

abroad during this period.<sup>1</sup> The downtrend in net exports results from (1) a relatively greater response of imports (compared with exports) to a given change in income here and abroad and (2) the negative effects of the net appreciation of the dollar over the past year and the further small appreciation projected for the period ahead.<sup>2</sup>

TRADE QUANTITIES<sup>\*</sup>  
(Percent change from preceding period shown, s.a.a.r.)

	1992		Projection				1994 Q4
			Q1	Q2	Q3	Q4	
	Q3	Q4					
<b>Exports</b>							
Total	12.7	13.7	-11.6	7.6	6.5	7.7	7.5
Agricultural	58.7	-5.6	-23.5	-4.9	-4.8	10.0	3.4
Computers	35.4	33.5	2.2	21.7	23.0	24.0	27.8
Other nonag.	5.1	13.2	-12.2	6.8	5.1	4.6	4.0
<b>Imports</b>							
Total	15.5	6.8	-5.9	12.1	8.8	7.5	8.5
Oil	13.2	-3.0	1.5	15.6	1.9	-0.3	10.1
Computers	81.2	19.0	20.2	34.2	24.1	20.8	23.1
Other non-oil	8.3	6.2	-10.6	8.1	7.0	6.1	5.3

\* GDP basis, 1987 dollars.

The quantity of merchandise exports is projected to increase at roughly a 7-1/2 percent annual rate over the next seven quarters. Shipments of agricultural commodities should decline a bit in the second and third quarters--particularly as shipments of soybeans recede from unusually high levels in the first quarter--and then expand through 1994. Exports of computers are expected to continue

1. Beyond the current quarter, U.S. real GDP growth averages a little under 2-3/4 percent (a.r.), whereas foreign growth (weighted by shares in U.S. exports) averages nearly 3 percent.

2. We estimate that the response of imports, in percentage terms, to a given percentage change in U.S. income (income elasticity) is roughly 50 percent higher than that of exports to the same percentage change in foreign income. Moreover, since the current level of imports is higher than that of exports, a given percentage change in both imports and exports implies a larger dollar change in imports than in exports.

Oil prices. Since the March Greenbook, the spot price of West Texas intermediate (WTI) has fluctuated in a relatively narrow band around \$20.00 per barrel. OPEC production restraint (most noticeable for Saudi Arabia, Kuwait, and Iran) has roughly matched the seasonal decline in oil consumption. We assume that oil prices will remain around current levels (consistent with an import unit value of \$18.00 per barrel) over the forecast period. This projection is \$1.00 per barrel above that in the March Greenbook and is based on our assessment of an increased likelihood that OPEC will effectively restrict production in response to proposed energy and oil tax increases in the United States and Europe during the forecast period. We continue to assume that Iraq will begin exporting significant volumes of oil in early 1994.

SELECTED PRICE INDICATORS  
(Percent change from preceding period shown, except as noted, a.r.)

	1992		----- Projection -----				1994 Q4
	Q3	Q4	Q1	Q2	Q3	Q4	
PPI (exp. wts.)	3.1	-1.6	1.9	2.1	1.9	1.8	1.7
Nonag. exports*	3.2	0.5	1.2	1.0	1.5	1.8	1.6
Non-oil imports*	4.7	1.0	-2.7	1.8	2.9	3.5	2.3
Oil imports (level, \$/bbl)	18.60	17.90	16.50	17.70	18.00	18.00	18.00

\* Excluding computers.

Prices of non-oil imports and exports. The lower projected path of the dollar has led us to revise up the projected rate of increase in non-oil import prices (excluding computers) over the next several quarters. We expect these prices to rise at nearly a 2 percent annual rate in the second quarter and at more than a 3 percent rate in the second half of 1993, about 1-1/2 percentage points faster than in the previous forecast. Import price inflation should ease back closer to 2 percent in 1994 as the dollar edges up. The increase in prices of U.S. nonagricultural exports (excluding

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REAL GDP AND CONSUMER PRICES, SELECTED COUNTRIES, 1990-94  
 (Percent change from fourth quarter to fourth quarter)

Measure and country	Projection				
	1990	1991	1992	1993	1994
<b>REAL GDP</b>					
<b">-----</b">					
Canada	-2.0	-0.0	1.3	2.7	3.1
France	1.8	1.2	0.7	0.4	2.4
Western Germany	6.0	2.0	0.2	-1.2	2.2
Italy	1.6	1.4	-0.3	0.4	1.7
Japan	4.7	3.0	0.2	0.8	2.7
United Kingdom	-1.0	-1.6	0.1	1.9	2.6
Average, weighted by 1987-89 GDP	2.6	1.4	0.3	0.7	2.4
<b>Average, weighted by share of U.S. nonagricultural exports</b>					
Total foreign	1.8	1.6	1.4	2.1	3.1
G-6	0.6	0.7	0.7	1.6	2.8
Developing countries	5.0	4.9	3.8	4.4	4.7
<b>CONSUMER PRICES</b>					
<b">-----</b">					
Canada	4.9	4.1	1.8	2.1	1.8
France	3.6	2.9	1.8	2.6	1.9
Western Germany	3.0	3.9	3.7	3.3	2.3
Italy	6.3	6.1	4.8	5.7	4.6
Japan	3.2	3.2	0.9	1.3	1.3
United Kingdom	10.0	4.2	3.1	2.9	4.0
Average, weighted by 1987-89 GDP	4.8	3.9	2.4	2.7	2.4
<b>Average, weighted by share of U.S. non-oil imports</b>					
<b">-----</b">					
	4.4	3.8	1.9	2.2	2.0

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U.S. CURRENT ACCOUNT AND REAL NET EXPORTS  
(Billions of dollars, seasonally adjusted annual rates)

	1990				1991				1992		ANNUAL		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	1989	1990	1991
GDP Net Exports of Goods and Services (87\$)	-58.4	-56.9	-59.3	-32.7	-17.9	-17.4	-31.6	-20.5	-21.5	-43.9	-73.7	-51.8	-21.8
Exports of G+S Merchandise Services	500.2	508.7	508.4	522.6	515.9	536.1	544.2	561.4	565.4	563.4	471.8	510.0	539.4
Imports of G+S Merchandise Oil Non-oil Services	363.5	368.7	366.7	375.3	377.4	390.1	395.2	407.3	408.1	408.0	343.8	368.6	392.5
Imports of G+S Merchandise Oil Non-oil Services	136.7	140.0	141.7	147.3	138.5	146.1	149.0	154.0	157.3	155.4	128.0	141.4	146.9
Memo:(Percent change 1/)													
Exports of G+S of which: Goods	10.7	7.0	-0.2	11.6	-5.0	16.6	6.2	13.3	2.9	-1.4	11.5	7.3	7.8
Imports of G+S of which: Non-oil Goods	10.2	5.8	-2.2	9.7	2.3	14.2	5.3	12.8	0.8	-0.1	10.6	5.9	8.6
Current Account Balance	2.6	5.1	1.5	-8.5	-14.6	15.6	17.1	4.2	3.5	14.7	2.7	0.2	5.6
Merchandise Trade, net	-4.4	6.6	3.5	-3.2	-13.4	9.1	23.8	9.9	5.2	14.8	3.2	0.6	7.4
Exports Agricultural Nonagricultural	-89.5	-85.3	-95.9	-91.0	48.8	9.7	-44.3	-28.9	-25.5	-73.1	-101.1	-90.4	-3.7
Imports Oil Non-oil	-109.5	-99.2	-115.6	-111.1	-73.3	-65.6	-80.7	-74.2	-70.6	-100.0	-115.7	-108.9	-73.4
Other Current Account	379.9	386.6	386.2	402.1	402.5	413.3	416.6	431.4	430.5	428.6	361.7	388.7	416.0
Invest. Income, net Direct, net Portfolio, net	43.0	40.5	39.4	37.9	39.2	37.5	40.7	43.2	42.9	41.4	42.2	40.2	40.1
Military, net Other Services, net Transfers, net	337.0	346.1	346.8	364.2	363.3	375.8	375.9	388.2	387.7	387.2	319.5	348.5	375.8
Imports	489.4	485.8	501.7	513.2	475.8	478.9	497.3	505.6	501.2	528.6	477.4	497.6	489.4
Oil	63.2	51.3	61.8	72.9	51.7	51.7	52.5	48.8	41.6	51.9	50.9	62.3	51.2
Non-oil	426.3	434.5	439.9	440.3	424.2	427.1	444.8	456.8	459.6	476.8	426.4	435.3	438.2
1/ Percent change (AR) from previous period; percent changes for annual data are calculated Q4/Q4.	2.7	1.1	2.8	-10.0	94.2	59.6	24.0	35.5	27.6	19.5	0.2	-0.9	53.3
1/ Percent change (AR) from previous period; percent changes for annual data are calculated Q4/Q4.	17.3	12.8	16.9	30.1	27.9	15.7	12.3	9.8	17.6	7.4	14.4	19.3	16.4
1/ Percent change (AR) from previous period; percent changes for annual data are calculated Q4/Q4.	52.1	51.5	54.0	59.7	61.7	53.0	48.3	48.5	55.0	47.7	47.8	54.3	52.9
1/ Percent change (AR) from previous period; percent changes for annual data are calculated Q4/Q4.	-34.8	-38.7	-37.1	-29.6	-33.9	-37.3	-36.0	-38.7	-37.4	-40.3	-33.5	-35.1	-36.5
1/ Percent change (AR) from previous period; percent changes for annual data are calculated Q4/Q4.	-7.5	-6.5	-6.8	-10.5	-10.3	-5.7	-4.0	-2.2	-2.5	-2.5	-6.8	-7.8	-5.5
1/ Percent change (AR) from previous period; percent changes for annual data are calculated Q4/Q4.	36.3	37.2	38.3	47.6	47.7	48.8	52.1	54.7	57.8	53.0	32.6	39.9	50.8
1/ Percent change (AR) from previous period; percent changes for annual data are calculated Q4/Q4.	-26.2	-29.6	-28.8	-47.1	56.8	16.5	-24.0	-17.1	-27.7	-31.0	-25.6	-32.9	8.0

1/ Percent change (AR) from previous period; percent changes for annual data are calculated Q4/Q4.

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OUTLOOK FOR U.S. CURRENT ACCOUNT AND REAL NET EXPORTS

(Billions of dollars, seasonally adjusted annual rates)

	Projection												Projection		
	1992				1993				1994				ANNUAL		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1992	1993	1994		
GDP Net Exports of Goods and Services (87\$)	-52.7	-49.0	-54.6	-61.9	-65.9	-67.0	-68.6	-73.2	-76.5	-78.3	-41.8	-62.3	-74.1		
Exports of G+S Merchandise Services	575.9	588.3	577.6	586.4	594.6	604.3	613.6	623.2	633.3	644.0	573.3	590.7	628.5		
Merchandise	420.4	434.1	420.9	428.7	435.5	443.7	451.4	459.5	468.0	477.0	417.7	432.2	464.0		
Services	155.5	154.2	156.7	157.7	159.0	160.6	162.2	163.7	165.3	167.0	155.6	158.5	164.6		
Imports of G+S Merchandise	628.6	637.3	632.2	648.3	660.5	671.3	682.2	696.4	709.8	722.3	615.0	653.1	702.6		
Merchandise	526.4	535.1	527.0	542.3	553.8	563.9	574.1	587.5	600.0	611.6	514.3	546.8	593.3		
Oil	52.5	52.1	52.3	54.2	54.5	54.4	54.6	57.8	59.3	59.9	50.6	53.9	57.9		
Non-oil	473.9	483.0	474.7	488.1	499.3	509.5	519.5	529.7	540.7	551.7	463.7	492.9	535.4		
Services	102.2	102.2	105.2	105.9	106.7	107.3	108.0	108.9	109.8	110.6	100.7	106.3	109.3		
Memo: (Percent change 1/)														I-42	
Exports of G+S of which: Goods	9.2	8.9	-7.1	6.2	5.7	6.7	6.3	6.4	6.6	6.9	4.9	2.9	6.6		
Imports of G+S of which: Non-oil Goods	12.7	13.7	-11.6	7.6	6.5	7.7	7.2	7.3	7.6	7.9	6.8	2.6	7.5		
	14.8	5.7	-3.2	10.6	7.7	6.7	6.6	8.6	7.9	7.2	9.7	5.5	7.6		
	15.8	7.9	-6.7	11.8	9.5	8.4	8.1	8.2	8.5	8.4	10.9	5.8	8.3		
Current Account Balance	-63.1	-88.1	-74.2	-86.9	-90.1	-97.9	-95.1	-102.7	-103.9	-111.6	-62.4	-87.3	-103.3		
Merchandise Trade, net	-110.5	-103.9	-100.4	-112.9	-120.0	-123.9	-127.4	-133.5	-138.2	-141.3	-96.3	-114.3	-135.1		
Exports	440.5	457.5	439.5	443.9	447.9	455.7	462.9	469.8	476.7	483.5	439.3	446.7	473.2		
Agricultural	45.9	45.6	43.2	42.0	41.1	42.2	42.7	43.4	44.0	44.5	43.9	42.1	43.7		
Nonagricultural	394.6	411.9	396.3	401.9	406.7	413.5	420.1	426.4	432.8	439.0	395.3	404.6	429.6		
Imports	551.0	561.4	539.9	556.8	567.9	579.6	590.2	603.3	614.9	624.8	535.5	561.0	608.3		
Oil	57.1	55.0	50.6	56.5	57.6	57.5	57.7	61.0	62.7	63.3	51.4	55.6	61.2		
Non-oil	493.9	506.4	489.2	500.4	510.3	522.1	532.5	542.3	552.2	561.5	484.2	505.5	547.1		
Other Current Account	35.5	12.5	21.6	22.7	24.3	23.2	27.5	29.0	30.5	29.4	23.8	22.9	29.1		
Invest. Income, net	11.9	3.4	4.6	3.3	5.6	2.8	4.8	1.8	3.7	0.3	10.1	4.1	2.6		
Direct, net	49.1	44.9	42.3	42.2	42.2	42.0	41.7	41.6	42.0	42.1	49.2	42.2	41.8		
Portfolio, net	-37.2	-41.6	-37.6	-38.9	-36.5	-39.2	-36.9	-39.9	-38.2	-41.8	-39.1	-38.1	-39.2		
Military, net	-2.3	-2.7	-2.0	-1.6	-1.0	-0.6	-0.2	0.2	0.6	1.0	-2.5	-1.3	0.4		
Other Services, net	65.3	54.5	55.0	55.7	56.7	58.0	59.1	60.2	61.3	62.6	57.6	56.3	60.8		
Transfers, net	-27.4	-39.3	-31.4	-31.4	-31.4	-34.2	-31.4	-31.4	-31.4	-34.2	-31.4	-32.1	-32.1		

1/ Percent change (AR) from previous period; percent changes for annual data are calculated Q4/Q4.

May 13, 1993

## **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**

items as household appliances and consumer electronics during the first quarter. Except for the ongoing strength in the computer industry, production of business equipment has been little changed in recent months; declines in production of civilian aircraft remain a noticeable drag.

Motor vehicle assemblies edged down in March and a bit further in April. With the pickup in domestic light-vehicle sales in April, dealers' inventories of both autos and light trucks fell to a more comfortable seventy days' supply at month-end. According to current schedules, motor vehicle production will hold at a 10.9 million unit annual rate in May and then decline in June to a 10.5 million unit pace. These schedules can accommodate some reduction in sales from the high April pace without causing the days' supply of vehicles to drift back above the seventy-day mark.

PRODUCTION OF DOMESTIC AUTOS AND TRUCKS  
(Millions of units at an annual rate; FRB seasonal basis)<sup>1</sup>

	1993					
	Feb.	Mar.	Apr.	May	June	Q2
U.S. production	11.2	11.0	10.9	10.9	10.5	10.8
Autos	6.3	6.2	6.1	6.2	6.1	6.1
Trucks	4.9	4.8	4.8	4.8	4.4	4.7
Days' supply <sup>2</sup>						
Autos	75.5	74.5	70.4	n.a.	n.a.	n.a.
Light Trucks	74.8	78.8	69.1	n.a.	n.a.	n.a.

1. Components may not sum to totals because of rounding.

2. BEA seasonal basis, end of month.

n.a. Not available.

Mining output increased 0.8 percent in April. Coal production, which was held down in March by the winter storm, bounced back in April; the recent hit-and-run strikes by the United Mine Workers' Union are expected to have a limited depressing effect on coal output in May. Looking beyond the short-term movements, mining output has been trending down since 1990, in large part the result

FEDERAL GOVERNMENT OUTLAYS AND RECEIPTS  
 (Unified basis, billions of dollars, except where otherwise noted)

	Q1 1992	Q1 1993	Fiscal year to date*			
			FY1992	FY1993	Dollar change	Percent change
Outlays	354.4	324.6	693.1	710.3	17.2	2.5
Deposit insurance (DI)	10.9	-5.7	5.9	-13.6	-19.5	n.m.
Defense Cooperation account (DCA)	-0.6	0	-4.3	.0	4.3	n.m.
Outlays excluding DI and DCA	344.1	330.4	691.5	723.9	32.4	4.7
National defense	73.5	68.1	151.2	146.4	-4.8	-3.2
Net interest	51.0	50.2	100.7	99.3	-1.4	-1.4
Social security	71.3	51.1	139.8	148.5	8.7	6.2
Medicare and health	49.9	55.8	100.7	110.5	9.8	9.7
Income security	55.5	58.5	100.9	109.6	8.7	8.6
Other	42.9	46.8	98.2	109.6	11.4	11.6
Receipts	238.9	262.3	493.7	527.5	33.7	6.8
Personal income and social insurance taxes						
Withheld	196.9	202.3	392.0	406.8	14.8	3.8
Nonwithheld	32.6	44.0	40.6	53.0	12.4	30.5
Refunds	32.8	29.0	36.6	32.3	-4.3	-11.8
Corporate income taxes	14.6	16.7	38.3	43.3	4.9	12.9
Other	27.6	28.1	59.4	56.4	-2.9	-5.0
Deficit (+)	115.6	62.4	199.4	182.8	-16.5	-8.3
Excluding DI and DCA	105.3	68.1	197.8	196.4	-1.4	-.7

Details may not add to totals due to rounding.

\*October through March.

n.m. - not meaningful.

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

	1993				
	Q1	Q2 <sup>P</sup>	Apr. <sup>P</sup>	May. <sup>P</sup>	June <sup>P</sup>
<u>Treasury financing</u>					
Total surplus/deficit (-)	-62.4	-26.0	10.5	-39.8	3.2
Means of financing deficit:					
Net cash borrowing from the public	60.1	62.5	10.4	28.2	23.9
Marketable borrowings/ repayments (-)	53.2	49.8	1.8	26.1	21.9
Bills	2.2	-1.7	-17.7	13.9	2.1
Coupons	51.0	51.5	19.5	12.2	19.9
Nonmarketable	6.9	12.7	8.7	2.1	2.0
Decrease in the cash balance	8.3	-29.4	-18.9	23.7	-34.1
Memo: Cash balance at end of period	21.6	50.9	40.5	16.8	50.9
<sup>2</sup>					
Other	-6.0	-7.1	-2.0	-12.0	6.9
<u>Federally sponsored credit agencies, net cash borrowing<sup>3</sup></u>					
FHLBs <sup>4</sup>	-1.4	--	--	--	--
FHLMC	11.6	--	--	--	--
FNMA	-0.5	--	--	--	--
Farm Credit Banks	-0.3	--	--	--	--
SLMA	-0.9	--	--	--	--
FAMC <sup>4,5</sup>	.0	--	--	--	--

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.  
 4. Excludes data for March 1993.  
 5. Federal Agricultural Mortgage Corporation.  
 p projected.  
 Note: Details may not add to totals due to rounding.

CONFIDENTIAL (FR)  
CLASS III - FOMC

May 14, 1993

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the  
Federal Open Market Committee

By the Staff  
Board of Governors  
of the Federal Reserve System

May 14, 1993

UNIVERSITY OF MICHIGAN SURVEY RESEARCH CENTER: SURVEY OF CONSUMER ATTITUDES  
(Not seasonally adjusted)

	1992 Sep	1992 Oct	1992 Nov	1992 Dec	1993 Jan	1993 Feb	1993 Mar	1993 Apr	1993 May (p)
<b>Indexes of consumer sentiment (Feb. 1966=100)</b>									
Composite of current and expected conditions	75.6	73.3	85.3	91.0	89.3	86.6	85.9	85.6	81.9
Current conditions	88.3	82.5	96.4	93.4	98.6	96.0	101.6	99.9	97.4
Expected conditions	67.4	67.5	78.2	89.5	83.4	80.6	75.8	76.4	71.9
-----									
<b>Personal financial situation</b>									
Now compared with 12 months ago*	102	90	109	99	110	100	111	104	104
Expected in 12 months*	123	121	124	131	127	125	119	120	111
-----									
<b>Expected business conditions</b>									
Next 12 months*	78	80	99	126	111	103	96	95	91
Next 5 years*	68	67	91	103	97	95	88	91	86
-----									
<b>Appraisal of buying conditions</b>									
Cars	130	121	134	145	134	132	136	137	139
Large household appliances*	126	123	140	142	145	148	152	155	148
Houses	162	148	160	162	166	158	173	167	169
-----									
Willingness to use credit	44	34	43	39	37	40	46	43	45
Willingness to use savings	65	61	70	59	64	52	74	64	74
-----									
<b>Expected unemployment change - next 12 months</b>									
Expected inflation - next 12 months	4.1	3.6	4.6	3.3	3.5	4.6	4.9	4.1	3.8
Expected inflation - next 5 to 10 years	5.0	5.1	5.5	5.2	4.8	5.9	4.9	4.8	5.7

\* -- Indicates the question is one of the five equally-weighted components of the index of sentiment.

(p) -- Preliminary

(f) -- Final

Note: Figures on financial, business, and buying conditions are the percent reporting 'good times' (or 'better') minus the percent reporting 'bad times' (or 'worse'), plus 100. Asterisk (\*) indicates the question is one of the five equally-weighted components of the index of sentiment. Expected change in unemployment is the fraction expecting unemployment to rise minus the fraction expecting unemployment to fall.

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

	1993				
	Q1	Q2 <sup>P</sup>	Apr. <sup>P</sup>	May. <sup>P</sup>	June <sup>P</sup>
<u>Treasury financing</u>					
Total surplus/deficit (-) -	-62.4	-25.6	10.7	-39.8	3.5
Means of financing deficit:					
Net cash borrowing from the public	60.1	63.1	10.4	28.8	23.9
Marketable borrowings/ repayments (-)	53.2	50.4	1.8	26.7	21.9
Bills	2.2	-1.7	-17.7	13.9	2.1
Coupons	51.0	52.1	19.5	12.7	19.9
Nonmarketable	6.9	12.7	8.7	2.1	2.0
Decrease in the cash balance	8.3	-30.2	-18.9	23.0	-34.3
Memo: Cash balance at end of period	21.6	51.8	40.5	17.5	51.8
<sup>2</sup> Other	-6.0	-7.3	-2.2	-12.0	6.9
<u>Federally sponsored credit agencies, net cash borrowing</u>					
FHLBs <sup>5</sup>	-1.4	--	--	--	--
FHLMC	11.6	--	--	--	--
FNMA	-0.5	--	--	--	--
Farm Credit Banks	-0.3	--	--	--	--
SLMA <sup>4,5</sup>	-0.9	--	--	--	--
FAMC	.0	--	--	--	--

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.  
 4. Federal Agricultural Mortgage Corporation.  
 5. Excludes data for March 1993.  
 p--projected.  
 Note: Details may not add to totals due to rounding.