

**CONFIDENTIAL (FR)**

# **CURRENT ECONOMIC and FINANCIAL CONDITIONS**

**Prepared for the  
Federal Open Market Committee**

*By the Staff*

BOARD OF GOVERNORS  
OF THE FEDERAL RESERVE SYSTEM

September 7, 1967

CONFIDENTIAL (FR)

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

By the Staff  
Board of Governors  
of the Federal Reserve System

September 7, 1967

CONFIDENTIAL -- FR

September 7, 1967

## GROSS NATIONAL PRODUCT AND RELATED ITEMS

(Quarterly figures are seasonally adjusted. Expenditures and income  
figures are billions of dollars, with quarterly figures at annual rates)

	1966	1967 Proj.	1966		1967			
			III	IV	I	II	III	IV
Gross National Product	743.3	785.3	748.8	762.1	766.3	775.1	789.8	810.0
Final sales	729.9	783.2	737.4	743.6	759.2	774.6	790.6	808.5
Private	575.6	605.2	579.7	581.9	588.8	599.6	610.4	622.0
Personal consumption expenditures	465.9	493.2	470.1	473.8	480.2	489.7	496.7	506.3
Durable goods	70.3	72.5	70.9	70.6	69.4	72.5	72.7	75.3
Nondurable goods	207.5	219.0	209.5	210.3	214.2	217.2	220.5	224.0
Services	188.1	201.7	189.8	192.9	196.6	200.0	203.5	207.0
Gross Private domestic investment	118.0	108.7	116.4	122.2	110.4	105.1	107.5	111.7
Residential construction	24.4	24.2	23.7	20.9	21.4	23.1	25.6	26.8
Business fixed investment	80.2	82.4	81.2	82.8	81.9	81.5	82.7	83.4
Change in business inventories	13.4	2.1	11.4	18.5	7.1	.5	-.8	1.5
Nonfarm	13.7	2.0	12.0	19.0	7.3	.6	-1.0	1.0
Net Exports	5.1	5.4	4.6	4.3	5.3	5.3	5.4	5.5
Gov't. purchases of goods & services	154.3	178.0	157.7	161.7	170.4	175.0	180.2	186.5
Federal	77.0	91.4	79.5	81.5	87.1	89.5	92.5	96.5
Defense	60.5	73.9	63.0	65.6	70.2	72.5	75.0	77.9
Other	16.5	17.5	16.6	15.9	16.8	17.0	17.5	18.6
State & local	77.2	86.6	78.1	80.2	83.3	85.4	87.7	90.0
Gross National product in								
Constant (1958) dollars	652.6	670.5	654.8	661.1	660.7	664.7	672.7	683.5
GNP Implicit deflator (1958=100)	113.9	117.1	114.4	115.3	116.0	116.6	117.4	118.5**
Personal income	584.0	626.4	589.3	601.6	612.9	619.1	629.5	644.0
Wage and salaries	394.6	424.0	399.6	407.4	414.7	418.3	426.0	437.0
Disposable income	508.8	544.5	512.4	522.0	532.7	540.0	546.9	558.4
Personal saving	29.8	37.1	29.2	34.6	38.8	36.0	35.9	37.6
Saving rate (per cent)	5.9	6.8	5.7	6.6	7.3	6.7	6.6	6.7
Corporate profits before tax	83.8	80.9	84.0	83.9	79.0	79.2	81.0	84.5
Federal government receipts and								
expenditures (N.I.A. basis)								
Receipts	143.2	151.6	145.6	148.6	149.1	148.2	152.2	156.7
Expenditures	142.9	165.6	146.3	151.9	160.9	162.8	166.9	171.6
Surplus or deficit (-)	.3	-14.0	-.7	-3.3	-11.9	-14.6	-14.7	-14.9
Total labor force (millions)	78.9	80.8	79.1	79.8	80.3	80.2	81.1	81.6
Armed forces "	3.1	3.5	3.2	3.3	3.4	3.5	3.5	3.5
Civilian labor force "	75.8	77.3	76.0	76.5	76.9	76.7	77.6	78.1
Unemployment rate (per cent)	3.8	3.7	3.8	3.7	3.7	3.8	3.8	3.6
Nonfarm payroll employment (millions)*	64.3	66.2	64.3	65.0	65.7	65.7	66.2	67.0
Manufacturing*	19.2	19.3	19.3	19.5	19.5	19.3	19.3	19.6
Industrial production (1957-59=100)	156.3	157.7	157.6	158.8	157.7	155.7	157.0	161.0
Capacity utilization, manufacturing (per cent)	90.5	85.3	90.6	89.8	87.0	75.0	84.0	85.0
Housing starts, private (millions A. R.)	1.17	1.26	1.08	.92	1.12	1.12	1.33	1.39
Sales new U.S.-made autos (millions, A. R.)	8.38	7.73	8.47	8.13	7.33	7.83	.50	8.25

\* Revised data.

\*\* 118.3 without Federal pay increase

CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS  
(Quarterly changes are at annual rates)

	1966	1967 Proj.	1966		1967			
			III	IV	I	IIp	Projected III	IV
----- In Billions of Dollars -----								
Gross National Product	59.4	42.0	12.1	13.3	4.2	8.8	14.7	20.2
Final sales	55.4	53.3	14.7	6.2	15.6	15.4	16.0	17.9
Private	37.5	29.6	8.2	2.2	6.9	10.8	10.8	11.6
GNP in constant (1958) dollars	35.9	17.9	5.5	6.3	-.4	4.0	8.0	10.8
Final sales	32.1	28.8	8.3	-0.3	10.1	10.3	9.7	8.5
Private	21.9	12.9	4.4	-2.8	3.7	7.1	6.2	5.6
----- In Per Cent Per Year -----								
Gross National Product	8.7	5.7	6.6	7.1	2.2	4.6	7.6	10.2
Final sales	8.2	7.3	8.1	3.4	8.4	8.1	8.3	9.1
Private	7.0	5.1	5.7	1.5	4.7	7.3	7.2	7.6
Personal consumption expenditures	7.6	5.9	7.4	3.1	5.4	7.9	5.7	7.7
Durable goods	6.5	3.1	15.8	-1.7	-6.8	17.9	1.1	14.3
Nondurable goods	8.5	5.5	4.6	1.5	7.4	5.6	6.1	6.3
Services	6.9	7.2	7.5	6.5	7.7	6.9	7.0	6.9
Gross private domestic investment	9.9	-7.9	-7.1	19.9	-38.6	-19.2	9.1	15.6
Residential construction	-9.6	-.8	-32.6	-47.3	9.6	31.8	43.3	18.7
Business fixed investment	12.8	2.7	12.7	7.9	-4.3	-2.0	5.9	3.4
Gov't purchases of goods & services	13.1	15.4	17.2	10.1	21.5	10.8	11.9	14.0
Federal	15.3	18.7	24.6	10.1	27.5	11.0	13.4	17.3
Defense	20.8	22.1	31.5	16.5	28.0	13.1	13.8	15.5
Other	-1.2	6.1	0.0	-16.9	22.6	4.8	11.8	25.1
State & local	10.9	12.2	10.0	10.8	15.5	10.1	10.8	10.5
GNP in constant (1958) dollars	5.8	2.7	3.4	3.8	-.2	2.4	4.8	6.4
Final sales	5.3	4.5	5.2	-0.2	6.3	6.3	5.8	5.0
Private	4.4	2.5	3.4	-2.2	2.9	5.5	4.7	4.2
GNP Implicit deflator	2.7	2.8	3.2	3.1	2.4	2.1	2.7	3.7*
Personal income	8.6	7.3	8.3	8.3	7.5	4.0	6.7	9.2
Wage and salaries	9.9	7.5	9.6	7.8	7.2	3.5	7.4	10.3
Disposable income	7.8	7.0	7.2	7.5	8.2	5.5	5.1	8.4
Corporate profits before tax	9.5	-3.5	1.9	-.5	-23.4	1.0	9.1	17.3
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	14.7	5.9	11.3	8.2	1.3	-2.4	10.8	11.8
Expenditures	15.8	15.9	22.8	15.3	23.7	4.7	10.1	11.3
Nonfarm payroll employment	n.a.	3.0	n.a.	4.4	4.3	0.0	3.0	4.8
Manufacturing	n.a.	.5	n.a.	4.1	0.0	-4.1	0.0	6.2
Industrial production	9.0	.9	6.2	3.0	-4.5	-3.3	3.3	10.2
Housing starts, private	-20.4	7.7	-62.5	-59.3	87.0	32.1	39.7	18.0
Sales new U.S.-made autos	-4.4	-7.8	33.6	-15.8	-39.6	27.3	-16.9	40.0

\* 3.1 per cent without Federal pay increase.