

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

March 29, 1967

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GROSS NATIONAL PRODUCT AND RELATED ITEMS
 (Expenditures and income figures are billions of dollars;
 quarterly figures are seasonally adjusted annual rates)

	1965	1966	1966				1967	
			I	II	III	IV	Projected I	Projected II
Gross National Product	681.2	739.6	721.2	732.3	745.3	759.3	764.0	769.4
Final sales	672.1	727.7	712.3	720.0	735.4	742.9	753.3	765.4
Private	535.9	574.7	567.3	571.0	579.2	581.8	586.2	593.5
Personal consumption expenditures	431.5	464.9	455.6	460.1	469.9	474.1	478.0	483.8
Durable goods	66.1	69.3	70.3	67.1	70.2	69.6	67.4	67.4
Nondurable goods	190.6	206.2	201.9	205.6	208.1	209.2	211.3	213.3
Services	174.8	189.4	183.4	187.4	191.5	195.3	199.3	203.1
Gross private domestic investment	106.6	117.0	114.5	118.5	115.0	120.0	114.3	108.1
Residential construction	27.8	25.8	28.6	28.0	24.8	21.9	22.0	22.5
Business fixed investment	69.7	79.3	77.0	78.2	80.3	81.6	81.6	81.6
Change in business inventories	9.1	11.9	8.9	12.3	9.9	16.4	10.7	4.0
Nonfarm	8.1	12.2	8.5	12.1	10.4	17.6	11.0	4.0
Net exports	7.0	4.8	6.0	4.7	4.2	4.1	4.6	5.6
Gov't purchases of goods & services	136.2	153.0	145.0	149.0	156.2	161.1	167.1	171.9
Federal	66.8	76.9	71.9	74.0	79.0	81.7	85.5	88.1
Defense	50.1	60.0	54.6	57.1	62.0	65.5	68.3	70.6
Other	16.7	16.9	17.4	16.9	17.0	16.2	17.2	17.5
State & local	69.4	76.2	73.1	75.0	77.2	79.4	81.6	83.8
Gross National Product in constant (1958) dollars	614.4	647.8	640.5	643.5	649.9	657.2	658.0	659.6
GNP Implicit deflator(1958=100)	110.9	114.2	112.6	113.8	114.7	115.5	116.1	116.7
Personal income	535.1	580.4	564.6	573.5	585.2	598.3	610.0	615.5
Wage and salaries	358.4	392.3	380.0	387.4	396.7	405.0	411.3	416.0
Disposable income	469.1	505.3	495.1	499.9	507.8	518.4	529.5	534.5
Personal saving	25.7	27.0	26.7	26.6	24.5	30.4	37.3	36.0
Saving rate (per cent)	5.5	5.3	5.4	5.3	4.8	5.9	7.0	6.7
Total labor force (millions)	77.2	78.9	78.1	78.4	79.1	79.8	80.4	80.6
Armed forces	"	2.7	3.1	2.9	3.1	3.2	3.4	3.5
Civilian labor force	"	74.5	75.8	75.2	75.4	76.0	76.5	77.0
Unemployment rate (per cent)	4.5	3.8	3.8	3.8	3.8	3.7	3.8	4.1
Nonfarm payroll employment (millions)	60.8	63.9	62.8	63.6	64.1	64.8	65.4	65.4
Manufacturing	"	18.0	19.1	18.7	19.0	19.2	19.4	19.0

Note: Labor force revised to exclude persons age 14 and 15. Quarterly data for 1966 also reflect new seasonal factors; projections for 1967 reflect new definitions of unemployment.

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

	1965	1966	1966				1967	
			I	II	III	IV	Projected	II
Gross National Product	7.8	8.6	9.5	6.2	7.1	7.5	2.5	2.8
Final sales	7.2	8.3	10.5	4.3	8.6	4.1	5.6	6.4
Private	7.6	7.2	10.5	2.6	5.7	1.8	3.0	5.0
Personal consumption expenditures	7.5	7.7	9.3	3.9	8.5	3.6	3.3	4.9
Durable goods	11.3	4.8	13.5	-18.2	18.5	-3.4	-12.6	0.0
Nondurable goods	6.5	8.2	9.9	7.3	4.9	2.1	4.0	3.8
Services	7.2	8.4	7.1	8.7	8.7	7.9	8.2	7.6
Gross private domestic investment	14.6	9.8	9.3	14.0	-11.8	17.4	-19.0	-21.7
Residential construction	0.7	-7.2	14.5	-8.4	-45.7	-46.8	1.8	9.1
Business fixed investment	14.8	13.8	16.8	6.2	10.7	6.5	0.0	0.0
Gov't purchases of goods & services	5.7	12.3	10.8	11.0	19.3	12.5	14.9	11.5
Federal	2.5	15.1	12.0	11.7	27.0	13.7	18.6	12.2
Defense	0.2	19.8	16.0	18.3	34.3	22.6	17.1	13.5
Other	9.9	1.2	2.3	-11.5	2.4	-18.8	24.7	7.0
State & local	8.9	9.8	9.5	10.4	11.7	11.4	11.1	10.8
Gross National Product in constant (1958) dollars	5.9	5.4	5.9	1.9	4.0	4.5	0.5	1.0
GNP Implicit deflator (1958=100)	1.8	3.0	3.6	4.3	3.2	2.8	2.0	2.0
Personal income	7.9	8.5	8.5	6.3	8.2	9.0	7.8	3.6
Wage and salaries	7.4	9.5	9.9	7.8	9.6	8.4	6.2	4.6
Disposable income	7.4	7.7	7.4	3.9	6.3	8.3	8.6	3.8
Nonfarm payroll employment	4.3	5.1	6.5	5.1	3.1	4.4	3.7	0.0
Manufacturing	4.0	6.1	6.5	6.4	4.2	4.2	0.0	-8.2

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SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

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March 31, 1967

for February is now estimated to be higher than indicated earlier while the January figure has been revised downward. New orders for defense were up very sharply in February about offsetting large declines in orders for machinery and consumer durable goods.

Unfilled orders declined in February in all major durable goods industries except aircraft and parts.

Corrections:

Page I -- T - 1. Consumer price index, latest period, 144.8 should be 114.8.

Page I -- T - 2. Annual rate of change in demand deposits and currency for 1 year should be 1.4 per cent.

Page III - 3, line 2. March 7 should read March 27.

Page III - 13, second paragraph, line 6. "Changing" should read "clearing."