

CONFIDENTIAL (FR)

June 14, 1978

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 changes, annual rate |         |          |         | Gross business product<br>fixed-weighted<br>price index |         | Unemployment<br>rate<br>(per cent) |         |
|-----------------------------------|-------------------------------|---------|----------|---------|---|---------|------------------------------------|---------|
|                                   | Nominal GNP                   |         | Real GNP |         | 5/10/78   | 6/14/78 | 5/10/78                            | 6/14/78 |
|                                   | 5/10/78                       | 6/14/78 | 5/10/78  | 6/14/78 |   |         |                                    |         |
| 1974-1/                           | 8.1                           | 8.1     | -1.4     | -1.4    | 10.4  | 10.4    | 5.6                                | 5.6     |
| 1975-1/                           | 8.2                           | 8.2     | -1.3     | -1.3    | 9.5   | 9.5     | 8.5                                | 8.5     |
| 1976-1/                           | 11.6                          | 11.6    | 6.0      | 6.0     | 5.4   | 5.4     | 7.7                                | 7.7     |
| 1977-1/                           | 10.7                          | 10.7    | 4.9      | 4.9     | 6.0   | 6.0     | 7.0                                | 7.0     |
| 1978                              | 11.1                          | 11.0    | 4.1      | 3.9     | 6.4   | 6.7     | 5.9                                | 6.1     |
| 1977-III 1/                       | 10.2                          | 10.2    | 5.1      | 5.1     | 5.0   | 5.0     | 6.9                                | 6.9     |
| 1977-IV 1/                        | 9.9                           | 9.9     | 3.8      | 3.8     | 5.4   | 5.4     | 6.6                                | 6.6     |
| 1978-I 1/                         | 6.5                           | 6.6     | -.6      | -.4     | 6.6   | 6.5     | 6.2                                | 6.2     |
| 1978-II                           | 17.4                          | 18.1    | 9.0      | 8.8     | 7.7   | 9.3     | 5.9                                | 6.1     |
| 1978-III                          | 11.6                          | 10.8    | 4.4      | 3.7     | 6.9   | 7.0     | 5.9                                | 6.0     |
| 1978-IV                           | 12.2                          | 10.7    | 4.6      | 3.2     | 6.9   | 7.0     | 5.8                                | 6.0     |
| 1979-I                            | 11.5                          | 12.0    | 4.2      | 4.5     | 7.3   | 7.7     | 5.7                                | 5.9     |
| 1979-II                           | 10.5                          | 10.8    | 3.8      | 3.9     | 6.9   | 7.3     | 5.7                                | 5.9     |
| Change:                           |                               |         |          |         |   |         |                                    |         |
| 76-IV to                          |                               |         |          |         |   |         |                                    |         |
| 77-IV 1/                          | 11.8                          | 11.8    | 5.7      | 5.7     | 6.1   | 6.1     | -1.2                               | -1.2    |
| 77-II to                          |                               |         |          |         |   |         |                                    |         |
| 78-II                             | 10.9                          | 11.1    | 4.3      | 4.3     | 6.1   | 6.5     | -1.2                               | -1.0    |
| 77-IV to                          |                               |         |          |         |   |         |                                    |         |
| 78-IV                             | 11.9                          | 11.5    | 4.3      | 3.8     | 7.0   | 7.4     | -.8                                | -.6     |
| 78-II to                          |                               |         |          |         |   |         |                                    |         |
| 79-II                             | 11.4                          | 11.1    | 4.3      | 3.8     | 7.0   | 7.3     | -.2                                | -.2     |
| Memo:                             |                               |         |          |         |   |         |                                    |         |
| Growth Over Annual Policy Period: |                               |         |          |         |   |         |                                    |         |
| 78-I to                           |                               |         |          |         |   |         |                                    |         |
| 79-I                              | 13.1                          | 12.9    | 5.5      | 5.0     | 7.2   | 7.7     | -.5                                | -.3     |

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

|  | 1977   |        |        | 1978   |        |        | Projected |        | 1979 |    |
|--|--------|--------|--------|--------|--------|--------|-----------|--------|------|----|
|  | III    | IV     | I      | II     | III    | IV     | I         | II     | I    | II |
| Gross national product   | 1915.9 | 1961.8 | 1993.4 | 2078.2 | 2132.4 | 2187.2 | 2250.0    | 2308.5 |      |    |
| Final purchases  | 1892.2 | 1948.2 | 1973.7 | 2053.0 | 2106.2 | 2159.5 | 2220.5    | 2277.8 |      |    |
| Private  | 1491.3 | 1534.4 | 1557.1 | 1622.9 | 1665.7 | 1705.3 | 1755.6    | 1802.2 |      |    |
| Excluding net exports  | 1498.8 | 1552.6 | 1581.7 | 1641.3 | 1679.5 | 1719.0 | 1769.4    | 1815.7 |      |    |
| Personal consumption expenditures                                | 1218.9 | 1259.5 | 1281.9 | 1327.2 | 1358.9 | 1392.2 | 1435.9    | 1474.7 |      |    |
| Goods  | 659.4  | 685.9  | 687.1  | 714.9  | 731.3  | 749.1  | 773.6     | 793.5  |      |    |
| Services   | 559.5  | 573.7  | 594.8  | 612.3  | 627.6  | 643.1  | 662.3     | 681.2  |      |    |
| Gross private domestic investment                                | 303.6  | 306.7  | 319.5  | 339.3  | 346.8  | 354.5  | 363.0     | 371.7  |      |    |
| Residential construction   | 92.5   | 99.7   | 100.1  | 104.6  | 105.1  | 105.1  | 105.1     | 105.6  |      |    |
| Business fixed investment  | 187.5  | 193.5  | 199.7  | 209.5  | 215.5  | 221.7  | 228.4     | 235.4  |      |    |
| Change in business inventories                                   | 23.6   | 13.5   | 19.7   | 25.2   | 26.2   | 27.7   | 29.5      | 30.7   |      |    |
| Nonfarm  | 23.1   | 9.0    | 18.9   | 24.4   | 26.2   | 27.7   | 29.5      | 30.7   |      |    |
| Net exports of goods and services <u>1/</u>                      | -7.5   | -18.2  | -24.6  | -18.4  | -13.8  | -13.7  | -13.8     | -13.5  |      |    |
| Exports  | 179.9  | 170.6  | 180.3  | 192.5  | 200.5  | 208.5  | 219.1     | 226.7  |      |    |
| Imports  | 187.4  | 188.8  | 204.8  | 210.8  | 214.2  | 222.1  | 232.8     | 240.1  |      |    |
| Gov't. purchases of goods and services                           | 400.9  | 413.8  | 416.6  | 430.1  | 440.5  | 454.2  | 464.9     | 475.6  |      |    |
| Federal <u>2/</u>  | 148.1  | 153.8  | 152.7  | 154.7  | 158.1  | 164.5  | 168.1     | 171.8  |      |    |
| State and local  | 252.9  | 260.0  | 263.9  | 275.4  | 282.4  | 289.7  | 296.8     | 303.8  |      |    |
| Gross national product in constant (1972) dollars                | 1347.4 | 1360.2 | 1358.8 | 1387.7 | 1400.4 | 1411.3 | 1426.9    | 1440.6 |      |    |
| Personal income  | 1549.8 | 1603.0 | 1638.8 | 1691.7 | 1737.3 | 1783.0 | 1830.9    | 1876.6 |      |    |
| Wage and salary disbursements                                    | 998.9  | 1029.1 | 1058.4 | 1095.6 | 1119.1 | 1146.4 | 1181.0    | 1210.3 |      |    |
| Disposable personal income                                       | 1323.8 | 1368.3 | 1402.1 | 1444.2 | 1477.6 | 1517.2 | 1567.6    | 1604.7 |      |    |
| Saving rate (per cent)   | 5.5    | 5.6    | 6.1    | 5.7    | 5.6    | 5.8    | 6.0       | 5.7    |      |    |
| Corporate profits with I.V.A. and C.C. Adj.                      | 149.0  | 144.8  | 126.8  | 148.8  | 157.4  | 158.3  | 158.3     | 162.7  |      |    |
| Corporate profits before tax                                     | 172.8  | 178.3  | 172.2  | 194.9  | 200.1  | 200.7  | 201.2     | 206.1  |      |    |
| Federal government surplus or deficit (N.I.A. basis)             | -58.9  | -60.0  | -55.7  | -41.8  | -39.7  | -40.3  | -41.3     | -36.4  |      |    |
| High employment surplus or deficit (-)                           | -20.4  | -22.1  | -9.7   | -3.8   | -1.2   | .5     | -.8       | 4.6    |      |    |
| State and local government surplus or deficit (-) (N.I.A. basis) | 32.9   | 31.1   | 33.7   | 30.7   | 27.9   | 25.3   | 22.5      | 20.2   |      |    |
| Excluding social insurance funds                                 | 17.4   | 15.4   | 17.6   | 14.1   | 10.8   | 7.7    | 4.4       | 1.6    |      |    |
| Civilian labor force (millions)                                  | 97.6   | 98.6   | 99.2   | 100.2  | 100.7  | 101.2  | 101.8     | 102.3  |      |    |
| Unemployment rate (per cent)                                     | 6.9    | 6.6    | 6.2    | 6.1    | 6.0    | 6.0    | 5.9       | 5.9    |      |    |
| Nonfarm payroll employment (millions)                            | 82.5   | 83.2   | 84.1   | 85.3   | 85.6   | 86.1   | 86.7      | 87.2   |      |    |
| Manufacturing  | 19.6   | 19.8   | 20.1   | 20.2   | 20.3   | 20.4   | 20.7      | 20.9   |      |    |
| Industrial production (1967=100)                                 | 138.4  | 139.3  | 139.7  | 143.6  | 145.6  | 147.5  | 150.3     | 152.4  |      |    |
| Capacity utilization: all mfg. (per cent)                        | 83.0   | 82.9   | 82.1   | 83.5   | 84.0   | 84.3   | 85.0      | 85.5   |      |    |
| Materials (per cent)   | 82.3   | 82.2   | 81.7   | 83.8   | 84.4   | 84.8   | 85.9      | 86.5   |      |    |
| Housing starts, private (million units, A.R.)                    | 2.04   | 2.15   | 1.73   | 2.00   | 1.80   | 1.75   | 1.70      | 1.70   |      |    |
| New autos sales, (millions, A.R.)                                | 10.92  | 10.75  | 10.80  | 11.95  | 11.00  | 10.55  | 10.80     | 10.75  |      |    |
| Domestic models  | 8.88   | 8.77   | 8.80   | 9.90   | 9.00   | 8.60   | 8.90      | 8.90   |      |    |
| Foreign models   | 2.04   | 1.98   | 2.00   | 2.05   | 2.00   | 1.95   | 1.90      | 1.85   |      |    |

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.

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CLASS II FOMC~~

PER CENT CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS  
(Annual rates compounded quarterly)

|  | 1977 |       |       | 1978 |      |      | Projected |           | 1979 |    |
|--|------|-------|-------|------|------|------|-----------|-----------|------|----|
|  | III  | IV    | I     | 1978 |      |      | IV        | Projected | I    | II |
|  |      |       |       | II   | III  | IV   |           |           |      |    |
| <u>Constant (1972) dollars</u>                       |      |       |       |      |      |      |           |           |      |    |
| Gross national product                               | 5.1  | 3.8   | -.4   | 8.8  | 3.7  | 3.2  | 4.5       | 3.9       |      |    |
| Final purchases                                      | 4.4  | 6.1   | -1.9  | 7.7  | 3.5  | 3.0  | 4.2       | 3.6       |      |    |
| Private  | 4.0  | 6.5   | -1.4  | 7.9  | 3.4  | 2.8  | 4.5       | 3.7       |      |    |
| Excluding net exports                                | 2.9  | 9.1   | -.5   | 6.5  | 2.5  | 2.6  | 4.3       | 3.5       |      |    |
| Personal consumption expenditures                    | 3.0  | 9.3   | -1.0  | 5.5  | 2.9  | 3.0  | 5.0       | 3.9       |      |    |
| Goods  | .9   | 13.8  | -7.6  | 7.2  | 3.1  | 3.2  | 5.7       | 3.7       |      |    |
| Services   | 5.4  | 4.3   | 7.5   | 3.5  | 2.6  | 2.8  | 4.3       | 4.1       |      |    |
| Gross private domestic investment                    | 7.5  | -6.4  | 12.8  | 19.0 | 2.2  | 2.2  | 3.4       | 3.8       |      |    |
| Residential structures                               | -.7  | 17.6  | -5.3  | 9.9  | -6.1 | -7.8 | -7.8      | -6.1      |      |    |
| Business fixed investment                            | 3.9  | 4.0   | 5.5   | 12.1 | 4.3  | 4.7  | 5.2       | 5.1       |      |    |
| Gov't. purchases of goods and services               | 6.1  | 4.3   | -3.7  | 6.8  | 4.1  | 3.6  | 2.8       | 3.3       |      |    |
| Federal  | 8.9  | 3.4   | -9.0  | -.1  | 5.7  | 3.9  | 2.4       | 4.3       |      |    |
| State and local                                      | 4.4  | 4.9   | -.4   | 11.1 | 3.1  | 3.5  | 3.1       | 2.8       |      |    |
| Disposable personal income                           | 4.3  | 9.5   | 1.7   | 3.4  | 2.6  | 4.0  | 5.8       | 2.6       |      |    |
| <u>Current dollars</u>                               |      |       |       |      |      |      |           |           |      |    |
| Gross national product                               | 10.2 | 9.9   | 6.6   | 18.1 | 10.8 | 10.7 | 12.0      | 10.8      |      |    |
| Final purchases                                      | 9.9  | 12.4  | 5.3   | 17.1 | 10.8 | 10.5 | 11.8      | 10.7      |      |    |
| Private  | 9.6  | 12.1  | 6.1   | 18.0 | 11.0 | 9.9  | 12.3      | 11.0      |      |    |
| Excluding net exports                                | 8.9  | 15.1  | 7.7   | 16.0 | 9.6  | 9.7  | 12.3      | 10.9      |      |    |
| Personal consumption expenditures                    | 8.6  | 14.0  | 7.3   | 14.9 | 9.9  | 10.2 | 13.2      | 11.1      |      |    |
| Goods  | 4.0  | 17.1  | .7    | 17.2 | 9.5  | 10.1 | 13.7      | 10.7      |      |    |
| Services   | 14.3 | 10.5  | 15.6  | 12.3 | 10.4 | 10.3 | 12.5      | 11.9      |      |    |
| Gross private domestic investment                    | 12.4 | 4.1   | 17.8  | 27.2 | 9.1  | 9.2  | 9.9       | 9.9       |      |    |
| Residential structures                               | 7.7  | 35.0  | 1.7   | 19.2 | 1.9  | 0.0  | 0.0       | 1.9       |      |    |
| Business fixed investment                            | 11.6 | 13.4  | 13.4  | 21.2 | 12.0 | 12.0 | 12.6      | 12.8      |      |    |
| Gov't. purchases of goods and services               | 11.0 | 13.5  | 2.8   | 13.6 | 10.0 | 13.0 | 9.8       | 9.5       |      |    |
| Federal  | 12.9 | 16.3  | -2.6  | 5.3  | 9.1  | 17.2 | 9.0       | 9.1       |      |    |
| State and local                                      | 9.9  | 11.8  | 6.1   | 18.6 | 10.6 | 10.7 | 10.2      | 9.8       |      |    |
| Disposable personal income                           | 10.0 | 14.2  | 10.3  | 12.6 | 9.6  | 11.2 | 13.9      | 9.8       |      |    |
| Personal Income                                      | 8.9  | 14.5  | 9.2   | 13.6 | 11.2 | 10.9 | 11.2      | 10.4      |      |    |
| Wage and salary disbursements                        | 7.5  | 12.7  | 11.9  | 14.8 | 8.9  | 10.1 | 12.6      | 10.3      |      |    |
| Corporate profits with IVA & C.C. Adj.               | 27.6 | -10.8 | -41.2 | 89.6 | 25.2 | 2.3  | .0        | 11.6      |      |    |
| Corporate profits before tax                         | -2.7 | 13.4  | -13.0 | 64.1 | 10.9 | 1.2  | 1.1       | 10.1      |      |    |
| Nonfarm payroll employment                           | 3.3  | 3.2   | 4.5   | 5.8  | 1.5  | 2.2  | 2.6       | 2.5       |      |    |
| Manufacturing  | 1.3  | 2.7   | 6.6   | 3.2  | 1.1  | 2.8  | 5.0       | 3.4       |      |    |
| Nonfarm business sector                              |      |       |       |      |      |      |           |           |      |    |
| Output per hour                                      | 3.8  | 2.3   | -2.7  | 3.0  | 3.3  | 1.8  | 2.1       | 2.0       |      |    |
| Compensation per hour                                | 7.5  | 8.2   | 13.6  | 7.7  | 7.9  | 8.0  | 12.4      | 8.7       |      |    |
| Unit labor costs                                     | 3.5  | 5.8   | 16.8  | 4.7  | 4.6  | 6.0  | 10.1      | 6.6       |      |    |
| GNP implicit deflator 1/                             | 4.8  | 5.9   | 7.1   | 8.6  | 6.9  | 7.3  | 7.2       | 6.7       |      |    |
| Gross business product fixed-weighted price index 2/ | 5.0  | 5.4   | 6.5   | 9.3  | 7.0  | 7.0  | 7.7       | 7.3       |      |    |
| Industrial production                                | 4.2  | 2.6   | 1.2   | 11.6 | 5.7  | 5.3  | 7.8       | 5.7       |      |    |

1/ Excluding Federal pay increase rates of change are: 1977 QIV, 5.1 per cent; 1978 QI, 7.0 per cent; 1978 QIV, 6.7 per cent; 1979 QI, 7.1 per cent.

2/ Using expenditures in 1972 as weights.

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**CLASS II FOMC**

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

|  | 1971   | 1972   | 1973   | 1974   | 1975   | 1976   | 1977   | Projected<br>1978 |
|--|--------|--------|--------|--------|--------|--------|--------|-------------------|
| Gross national product   | 1063.4 | 1171.1 | 1306.6 | 1412.9 | 1528.8 | 1706.5 | 1889.6 | 2097.8            |
| Final purchases  | 1057.1 | 1161.7 | 1288.6 | 1404.0 | 1540.3 | 1693.1 | 1871.4 | 2073.1            |
| Private  | 823.4  | 908.6  | 1019.1 | 1101.3 | 1201.4 | 1331.7 | 1476.4 | 1637.8            |
| Excluding net exports  | 821.8  | 911.9  | 1012.0 | 1095.3 | 1181.0 | 1323.9 | 1487.3 | 1655.4            |
| Personal consumption expenditures                                | 668.2  | 733.0  | 809.9  | 889.6  | 980.4  | 1094.0 | 1211.2 | 1340.0            |
| Goods  | 374.8  | 410.5  | 457.5  | 498.3  | 542.2  | 601.6  | 660.5  | 720.6             |
| Services   | 293.4  | 322.4  | 352.3  | 391.3  | 438.2  | 492.3  | 550.7  | 619.4             |
| Gross private domestic investment                                | 160.0  | 188.3  | 220.0  | 214.6  | 189.1  | 243.3  | 294.2  | 340.0             |
| Residential construction   | 49.6   | 62.0   | 66.1   | 55.1   | 51.5   | 68.0   | 91.0   | 103.7             |
| Business fixed investment  | 104.1  | 116.8  | 136.0  | 150.6  | 149.1  | 161.9  | 185.1  | 211.6             |
| Change in business inventories                                   | 6.4    | 9.4    | 17.9   | 8.9    | -11.5  | 13.3   | 18.2   | 24.7              |
| Nonfarm  | 5.1    | 8.8    | 14.7   | 10.8   | -15.1  | 14.9   | 17.1   | 24.3              |
| Net exports of goods and services <u>1/</u>                      | 1.6    | -3.3   | 7.1    | 6.0    | 20.4   | 7.8    | -10.9  | -17.6             |
| Exports  | 65.6   | 72.7   | 101.6  | 137.9  | 147.3  | 162.9  | 174.7  | 195.4             |
| Imports  | 64.0   | 75.9   | 94.4   | 131.9  | 126.9  | 155.1  | 185.6  | 213.0             |
| Gov't. purchases of goods and services                           | 233.7  | 253.1  | 269.5  | 302.7  | 338.9  | 361.4  | 395.0  | 435.3             |
| Federal <u>2/</u>  | 96.2   | 102.1  | 102.2  | 111.1  | 123.3  | 130.1  | 145.4  | 157.5             |
| State and local  | 137.5  | 151.0  | 167.3  | 191.5  | 215.6  | 231.2  | 249.6  | 277.8             |
| Gross national product in constant (1972) dollars                | 1107.5 | 1171.1 | 1235.0 | 1217.8 | 1202.1 | 1274.7 | 1337.3 | 1389.5            |
| Personal income,   |        |        |        |        |        |        |        |                   |
| Wage and salary disbursements                                    | 859.1  | 942.5  | 1052.4 | 1154.9 | 1253.4 | 1382.7 | 1536.7 | 1712.7            |
| Disposable personal income                                       | 579.4  | 633.8  | 701.3  | 764.6  | 805.7  | 891.8  | 990.0  | 1104.9            |
| Saving rate (per cent)   | 742.8  | 801.3  | 901.7  | 984.6  | 1084.4 | 1185.8 | 1309.2 | 1460.3            |
| 7.7  | 6.2    | 7.8    | 7.3    | 7.4    | 5.6    | 5.1    | 5.8    |                   |
| Corporate profits with I.V.A. and C.C. Adj.                      | 77.2   | 92.1   | 99.1   | 83.6   | 99.3   | 128.1  | 139.9  | 147.8             |
| Corporate profits before tax                                     | 82.0   | 96.2   | 115.8  | 126.9  | 123.5  | 156.9  | 171.7  | 192.0             |
| Federal government surplus or deficit (-)<br>(N.I.A. basis)      | -22.0  | -17.3  | -6.7   | -10.7  | -70.2  | -54.0  | -49.5  | -44.4             |
| High employment surplus or deficit (-)                           | -5.3   | -5.9   | -7     | 17.1   | -20.3  | -10.4  | -8.7   | -3.5              |
| State and local government surplus or deficit (-) (N.I.A. basis) | 3.7    | 13.7   | 13.0   | 7.5    | 5.9    | 18.4   | 29.2   | 29.4              |
| Excluding social insurance funds                                 | -3.8   | 5.6    | 4.1    | -2.9   | -6.2   | 3.9    | 13.7   | 12.5              |
| Civilian labor force (millions)                                  | 84.1   | 86.5   | 88.7   | 91.0   | 92.6   | 94.8   | 97.4   | 100.3             |
| Unemployment rate (per cent)                                     | 5.9    | 5.6    | 4.9    | 5.6    | 8.5    | 7.7    | 7.0    | 6.1               |
| Nonfarm payroll employment (millions)                            | 71.2   | 73.7   | 76.9   | 78.4   | 77.1   | 79.4   | 82.1   | 85.3              |
| Manufacturing  | 18.6   | 19.1   | 20.1   | 20.0   | 18.3   | 19.0   | 19.6   | 20.3              |
| Industrial production (1967=100)                                 | 109.6  | 119.7  | 129.8  | 129.3  | 117.8  | 129.8  | 137.1  | 144.1             |
| Capacity utilization: all manufacturing (per cent)               | 78.0   | 83.1   | 87.5   | 84.2   | 73.6   | 80.2   | 82.4   | 83.5              |
| Materials (per cent)   | 83.1   | 88.0   | 92.4   | 87.7   | 73.6   | 80.4   | 81.9   | 83.7              |
| Housing starts, private (million units, A.R.)                    | 2.05   | 2.36   | 2.05   | 1.34   | 1.16   | 1.54   | 1.19   | 1.82              |
| New auto sales, (millions, A.R.)                                 | 10.24  | 10.93  | 11.42  | 8.91   | 8.66   | 10.12  | 11.13  | 11.08             |
| Domestic models  | 8.68   | 9.32   | 9.65   | 7.49   | 7.08   | 8.63   | 9.07   | 9.08              |
| Foreign models   | 1.56   | 1.61   | 1.77   | 1.42   | 1.58   | 1.50   | 2.06   | 2.00              |

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.

June 14, 1978

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CONFIDENTIAL - FR  
CLASS II EDITIONPER CENT CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

|  | 1971 | 1972 | 1973 | 1974  | 1975  | 1976 | 1977 | <u>Projected</u><br>1978 |
|--|------|------|------|-------|-------|------|------|--------------------------|
| <u>Constant (1972) dollars</u>                       |      |      |      |       |       |      |      |                          |
| Gross national product                               | 3.0  | 5.7  | 5.5  | -1.4  | -1.3  | 6.0  | 4.9  | 3.9                      |
| Final purchases                                      | 2.8  | 5.5  | 4.9  | -.7   | .2    | 4.5  | 4.7  | 3.5                      |
| Private  | 3.7  | 6.7  | 6.3  | -1.4  | -.3   | 5.6  | 5.3  | 3.6                      |
| Excluding net exports                                | 4.0  | 7.0  | 5.1  | -2.3  | -1.0  | 6.4  | 6.0  | 3.9                      |
| Personal consumption expenditures                    | 3.4  | 5.9  | 4.7  | -.9   | 1.9   | 6.0  | 4.9  | 3.5                      |
| Goods  | 21.4 | 6.5  | 5.0  | -3.4  | .9    | 6.9  | 5.1  | 2.5                      |
| Services   | 3.0  | 5.3  | 4.4  | 2.3   | 3.0   | 4.9  | 4.6  | 4.7                      |
| Gross private domestic investment                    | 7.8  | 12.9 | 10.0 | -11.4 | -22.6 | 22.2 | 13.0 | 8.0                      |
| Residential structures                               | 29.2 | 18.8 | -3.7 | -24.6 | -13.8 | 22.9 | 19.3 | 4.4                      |
| Business fixed investment                            | -1.8 | 8.1  | 12.2 | -.3   | -13.7 | 3.6  | 8.6  | 6.0                      |
| Gov't. purchases of goods and services               | -.3  | 1.5  | -.2  | 2.1   | 2.1   | .5   | 2.5  | 3.2                      |
| Federal  | -6.1 | -1.7 | -5.4 | -.8   | .9    | -.2  | 5.1  | 1.3                      |
| State and local                                      | 4.3  | 3.8  | 3.2  | 3.8   | 2.8   | 1.0  | 1.1  | 4.4                      |
| Disposable personal income                           | 3.7  | 4.2  | 6.7  | -1.5  | 1.8   | 3.8  | 4.6  | 4.3                      |
| <u>Current dollars</u>                               |      |      |      |       |       |      |      |                          |
| Gross national product                               | 8.2  | 10.1 | 11.6 | 8.1   | 8.2   | 11.6 | 10.7 | 11.0                     |
| Final purchases                                      | 8.0  | 9.9  | 10.9 | 8.9   | 9.7   | 9.9  | 10.5 | 10.8                     |
| Private  | 8.4  | 10.3 | 12.2 | 8.0   | 9.1   | 10.8 | 10.9 | 10.9                     |
| Excluding net exports                                | 8.7  | 11.0 | 11.0 | 8.2   | 7.8   | 12.1 | 12.3 | 11.3                     |
| Personal consumption expenditures                    | 8.0  | 9.7  | 10.5 | 9.8   | 10.2  | 11.6 | 10.7 | 10.6                     |
| Goods  | 7.2  | 9.5  | 11.4 | 8.9   | 8.8   | 11.0 | 9.8  | 9.                       |
| Services   | 9.0  | 9.9  | 9.3  | 11.1  | 12.0  | 12.3 | 11.9 | 12..                     |
| Gross private domestic investment                    | 13.6 | 17.7 | 16.8 | -2.5  | -11.9 | 28.7 | 20.9 | 15.6                     |
| Residential structures                               | 35.5 | 25.0 | 6.6  | -16.6 | -6.5  | 32.0 | 33.8 | 14.0                     |
| Business fixed investment                            | 3.6  | 12.2 | 16.4 | 10.7  | -1.0  | 8.6  | 14.3 | 14.3                     |
| Gov't. purchases of goods and services               | 6.8  | 8.3  | 6.5  | 12.3  | 12.0  | 6.6  | 9.3  | 10.2                     |
| Federal  | .6   | 6.1  | .1   | 8.7   | 11.0  | 5.5  | 11.8 | 8.3                      |
| State and local                                      | 11.6 | 9.8  | 10.8 | 14.5  | 12.6  | 7.2  | 8.0  | 11.3                     |
| Disposable personal income                           | 8.3  | 7.9  | 12.5 | 9.2   | 10.1  | 9.4  | 10.4 | 11.5                     |
| Personal income                                      | 7.2  | 9.7  | 11.7 | 9.7   | 8.5   | 10.3 | 11.1 | 11.5                     |
| Wage and salary disbursements                        | 6.0  | 9.4  | 10.6 | 9.0   | 5.4   | 10.7 | 11.0 | 11.6                     |
| Corporate profits with IVA & C.C. Adj.               | 13.7 | 19.3 | 7.6  | -15.6 | 18.8  | 29.0 | 9.1  | 5.6                      |
| Corporate profits before tax                         | 14.7 | 17.3 | 20.4 | 9.6   | -2.7  | 27.0 | 9.4  | 11.8                     |
| Nonfarm payroll employment                           | .4   | 3.5  | 4.3  | 2.0   | -1.7  | 3.1  | 3.4  | 3.8                      |
| Manufacturing  | -4.0 | 2.8  | 5.1  | -.1   | -8.5  | 3.3  | 3.2  | 3.6                      |
| Nonfarm business sector                              |      |      |      |       |       |      |      |                          |
| Output per hour                                      | 2.9  | 3.0  | 1.7  | -2.9  | 1.6   | 4.1  | 2.2  | 1.4                      |
| Compensation per hour                                | 6.6  | 5.8  | 7.8  | 9.4   | 9.6   | 8.7  | 8.8  | 9.1                      |
| Unit labor costs                                     | 3.5  | 2.7  | 6.0  | 12.7  | 7.9   | 4.5  | 6.4  | 7.8                      |
| GNP implicit deflator                                | 5.1  | 4.1  | 5.9  | 9.7   | 9.6   | 5.3  | 5.5  | 6.8                      |
| Gross business product fixed-weighted price index 1/ | 4.4  | 3.3  | 5.7  | 10.3  | 9.5   | 5.5  | 5.9  | 6.7                      |
| Industrial production                                | 1.7  | 9.2  | 8.4  | -.4   | -8.9  | 10.2 | 5.6  | 5.1                      |

1/ Using expenditures in 1972 as weights.

FEDERAL SECTOR ACCOUNTS  
(billions of dollars)

June 14, 1978

|  | F.R. Staff Estimates |              |                     |                 |               |             |        |                                    |                                  |       |       |       |                |       |       |       |
|--|----------------------|--------------|---------------------|-----------------|---------------|-------------|--------|------------------------------------|----------------------------------|-------|-------|-------|----------------|-------|-------|-------|
|  | FY<br>1977*          | FY 1978 e/   |                     | FY 1979 e/      |               | CY<br>1977* | CY78e/ | Calendar quarters; unadjusted data |                                  |       |       |       |                |       |       |       |
|  |                      | Admin.<br>1/ | F.R.<br>Board       | Admin.<br>1/    | F.R.<br>Board |             |        | 1977                               | 1978                             | I*    | II    | III   | IV             | I     | II    | III   |
| Unified budget receipts  | 356.9                | 400.5        | 400.3               | 439.8           | 448.9         | 447.9       | 365.2  | 412.9                              | 84.5                             | 84.9  | 125.4 | 105.4 | 97.2           | 98.7  | 136.2 | 116.8 |
| Unified budget outlays   | 401.9                | 453.5        | 452.4               | 499.4           | 498.0         | 498.8       | 416.1  | 461.9                              | 113.3                            | 110.7 | 111.9 | 116.5 | 122.8          | 121.3 | 124.5 | 129.5 |
| Surplus(+)/Deficit(-), unified budget                          | -45.0                | -53.0        | -52.1               | -59.6           | -49.1         | -50.9       | -50.9  | -49.0                              | -28.8                            | -25.8 | 13.5  | -11.1 | -25.6          | -22.6 | 11.7  | -12.7 |
| Surplus(+)/Deficit(-), off-budget agencies <u>3/</u>           | -8.7                 | -11.5        | -12.2               | -12.5           | -11.5         | n.a.        | -10.4  | -12.6                              | -1.3                             | -3.6  | -2.4  | -4.9  | -1.7           | -3.9  | -1.3  | -4.6  |
| Means of financing combined deficits:                          |                      |              |                     |                 |               |             |        |                                    |                                  |       |       |       |                |       |       |       |
| Net borrowing from public                                      | 53.5                 | 57.2         | 53.7                | 74.7            | 63.6          | n.a.        | 56.8   | 59.6                               | 20.7 <u>8/</u>                   | 20.8  | 0.4   | 11.8  | 26.6           | 25.5  | -8.5  | 20.0  |
| Decrease in cash operating balance                             | -1.7                 | n.a.         | 8.0                 | 0               | -0.9          | n.a.        | -0.6   | 0.3                                | 6.8 <u>8/</u>                    | 5.9   | -9.6  | 4.9   | -0.9           | 0     | 0     | 0     |
| Other <u>4/</u>  | 1.9                  | n.a.         | 2.8                 | -2.6            | -2.0          | n.a.        | 5.3    | 1.8                                | 2.6                              | 2.8   | -1.9  | -0.7  | 1.6            | 1.0   | -1.9  | -2.7  |
| Cash operating balance, end of period                          | 19.1                 | 12.0         | 11.1                | 12.0            | 12.0          | n.a.        | 12.3   | 12.0                               | 12.3                             | 6.4   | 16.0  | 11.1  | 12.0           | 12.0  | 12.0  | 12.0  |
| Memo: Sponsored agency borrowing <u>5/</u>                     | 5.2                  | n.a.         | 19.3                | n.a.            | 12.3          | n.a.        | 6.8    | 20.6                               | 2.0                              | 4.5   | 6.1   | 6.7   | 3.3            | 1.0   | 3.5   | 4.5   |
| NIA Budget   |                      |              |                     |                 |               |             |        |                                    | Seasonally adjusted annual rates |       |       |       |                |       |       | H     |
| Receipts   | 361.9 <u>6/</u>      | 410.9        | 406.0 <u>6/</u>     | 451.6 <u>9/</u> | n.e.          | n.a.        | 373.9  | 423.0                              | 386.3                            | 395.1 | 416.7 | 433.2 | 447.1          | 453.0 | 466.6 | n.e.  |
| Expenditures   | 411.9                | 457.0        | 457.2               | 503.4           | 501.9         | n.a.        | 423.4  | 467.7                              | 446.3                            | 450.8 | 458.5 | 473.1 | 488.2          | 495.8 | 504.8 | 519.0 |
| Purchases (total)  | 140.6                | 156.0        | 154.8               | 171.4           | 170.0         | n.a.        | 145.5  | 157.5                              | 153.8                            | 152.7 | 154.7 | 158.1 | 164.5          | 168.1 | 171.8 | 175.6 |
| Defense  | 91.8                 | 99.3         | 100.0               | 107.6           | 107.9         | n.a.        | 94.3   | 101.6                              | 98.5                             | 99.5  | 100.6 | 101.5 | 104.6          | 105.5 | 109.0 | 111.5 |
| Non-defense  | 48.8                 | 56.7         | 54.8                | 63.8            | 62.1          | n.a.        | 51.2   | 55.9                               | 55.3                             | 53.2  | 54.1  | 56.6  | 59.9           | 61.6  | 62.8  | 64.1  |
| All other expenditures   | 271.4 <u>6/</u>      | 301.0        | 302.4 <u>6/</u>     | 332.0           | 331.9         | n.a.        | 278.0  | 310.2                              | 292.5                            | 298.1 | 303.8 | 315.0 | 323.7          | 327.7 | 333.0 | 349.6 |
| Surplus(+)/Deficit(-)  | -50.0 <u>6/</u>      | -46.1        | -51.2 <u>6/</u>     | -51.8           | n.e.          | n.a.        | -49.5  | -44.7                              | -60.0                            | -55.7 | -41.8 | -39.9 | -41.1          | -42.8 | -38.2 | n.e.  |
| High Employment Surplus(+)/Deficit(-)<br>(NIA basis) <u>7/</u> | -5.0                 | n.a.         | -9.2                | n.a.            | 2.4           | n.a.        | -8.7   | -3.5                               | -22.1                            | -9.7  | -3.8  | -1.2  | 0.5            | -0.8  | 4.6   | 5.3   |
| actual   | e--estimated         | r--revised   | n.e.--not estimated |                 |               |             |        |                                    | n.a.--not available              |       |       |       | p--preliminary |       |       |       |

- 1/ The Budget of the United States Government, Fiscal Year 1979, January 1978 and OMB Current Budget Estimates, March 1978. The Administration has not yet published official fiscal year 1979 estimates that are consistent with its revised tax proposal.
- 2/ Congress' First Concurrent Resolution on the Budget (May 17, 1978).
- 3/ Includes Federal Financing Bank, Postal Service, U.S. Railway Association, Rural Electrification and Telephone Revolving fund, Housing for the Elderly or Handicapped Fund (until October 1977), and Pension Benefit Guaranty Corporation.
- 4/ Checks issued less checks paid, accrued items and other transactions.
- 5/ Includes Federal Home Loan Banks, FNMA, Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives.
- 6/ Quarterly average exceeds fiscal year total by \$1.7 billion for fiscal year 1977 and by \$1.8 billion for fiscal year 1978 due to spreading of wage base effect over calendar year.
- 7/ Estimated by F.R.B. staff.
- 8/ Includes \$2.5 billion of borrowing from the Federal Reserve on September 30 which was repaid October 4.
- 9/ NIA estimates consistent with the March Update. The Survey of Current Business, March 1978.

**CONFIDENTIAL (FR)**  
CLASS II FOMC

**U.S. Net Exports and Related Items**  
(billions of dollars, seasonally adjusted annual rates)

June 14, 1978

|  | 1976   | 1977 <sup>F</sup> | 1978 <sup>P</sup> | 1977 <sup>F</sup> |        |        |         | 1978 <sup>P</sup> |                       |         |         | 1979 <sup>P</sup> |       |
|--|--------|-------------------|-------------------|-------------------|--------|--------|---------|-------------------|-----------------------|---------|---------|-------------------|-------|
|  |        |                   |                   | I                 | II     | III    | IV      | I                 | II                    | III     | IV      | I                 | II    |
| 1. GNP NET EXPORTS - Intl Acct. data                   | 7.8    | -10.5             | -13.5             | -7.4              | -4.5   | -6.4   | -23.6   | -20.5             | -14.3                 | -9.6    | -9.6    | -9.7              | -9.4  |
| 2. (GNP net exports - GNP Acct. data) <u>1/</u>        | (7.8)  | (-10.9)           | (-17.6)           | (-8.2)            | (-9.7) | (-7.5) | (-18.6) | (-24.6)*          | (-18.4)(-13.8)(-13.7) | (-13.8) | (-13.5) |                   |       |
| 3. a) Merchandise Trade Balance                        | -9.3   | -31.4             | -39.1             | -28.0             | -26.4  | -29.7  | -41.5   | -44.5*            | -39.5                 | -35.8   | -36.5   | -38.1             | -38.2 |
| 4. Exports (excl. military)                            | 114.7  | 120.5             | 134.1             | 117.9             | 122.5  | 123.9  | 117.7   | 122.7*            | 132.3                 | 137.9   | 143.6   | 151.0             | 157.1 |
| 5. Agricultural  | 23.4   | 24.4              | 26.8              | 24.9              | 26.1   | 23.8   | 22.6    | 26.0*             | 28.0                  | 26.5    | 26.5    | 27.0              | 27.0  |
| 6. Nonagricultural                                     | 91.3   | 96.1              | 107.3             | 93.0              | 96.4   | 100.1  | 95.1    | 96.7*             | 104.3                 | 111.4   | 117.1   | 124.0             | 130.1 |
| 7. Imports   | 124.0  | 151.9             | 173.2             | 146.0             | 149.0  | 153.6  | 159.2   | 167.2*            | 171.8                 | 173.7   | 180.1   | 189.1             | 195.3 |
| 8. Petroleum and petrol. products                      | 34.6   | 45.0              | 44.6              | 46.3              | 46.1   | 45.2   | 42.2    | 39.8*             | 43.8                  | 45.7    | 49.1    | 50.7              | 52.1  |
| 9. Nonpetroleum  | 89.4   | 107.0             | 128.6             | 99.7              | 102.8  | 108.4  | 117.0   | 127.4*            | 128.0                 | 128.0   | 131.0   | 138.4             | 143.2 |
| 10. b) Military transactions, net <u>2/</u>            | --     | 1.0               | 2.6               | 1.7               | .8     | 1.8    | -.2     | 2.1               | 2.4                   | 2.8     | 3.1     | 3.5               | 3.6   |
| 11. c) Investment income, net <u>3/</u>                | 14.3   | 17.4              | 20.3              | 17.6              | 18.9   | 18.2   | 15.2    | 19.3              | 20.1                  | 20.7    | 20.9    | 22.1              | 22.2  |
| 12. d) Other services, net <u>4/</u>                   | 2.7    | 2.5               | 2.7               | 1.4               | 2.2    | 3.3    | 2.9     | 2.6               | 2.7                   | 2.7     | 2.9     | 2.8               | 2.9   |
| 13. U.S. CURRENT ACCOUNT BALANCE                       | -1.4   | -20.4             | -28.5             | -16.6             | -14.1  | -16.7  | -34.1   | -34.6             | -28.9                 | -24.6   | -25.8   | -27.0             | -27.3 |
| 14. a) GNP net exports (line 1.)                       | 7.8    | -10.5             | -13.5             | -7.4              | -4.5   | -6.4   | -23.6   | -20.5             | -14.3                 | -9.6    | -9.6    | -9.7              | -9.4  |
| 15. b) U.S. Govt & private transfers <u>5/</u>         | -9.2   | -9.9              | -15.0             | -9.2              | -9.6   | -10.3  | -10.5   | -14.1             | -14.6                 | -15.0   | -16.2   | -17.3             | -17.9 |
| Constant (1972) dollars                                |        |                   |                   |                   |        |        |         |                   |                       |         |         |                   |       |
| 16. Merchandise exports (excl. military)               | 66.7   | 67.0              | 69.4              | 66.2              | 67.7   | 68.9   | 65.0    | 65.7              | 69.1                  | 70.6    | 72.2    | 74.3              | 76.0  |
| 17. (% change, annual rates)                           | (3.4)  | (0.4)             | (3.6)             | (-7.0)            | (10.0) | (7.0)  | (-24.8) | (4.5)             | (22.9)                | (8.2)   | (9.5)   | (12.6)            | (9.1) |
| 18. Merchandise imports                                | 62.8   | 71.2              | 74.9              | 70.1              | 69.9   | 71.1   | 73.5    | 74.4              | 75.1                  | 74.6    | 75.6    | 77.5              | 78.9  |
| 19. (% change, annual rates)                           | (22.5) | (13.4)            | (5.2)             | (26.7)            | (-1.2) | (7.4)  | (14.3)  | (4.9)             | (3.7)                 | (-2.8)  | (6.1)   | (10.4)            | (7.4) |
| Foreign Outlook - Major Industrial Countries <u>6/</u> |        |                   |                   |                   |        |        |         |                   |                       |         |         |                   |       |
| 20. Real GNP, % change, annual rates                   | 5.2    | 2.9               | 3.8               | 5.2               | .6     | 1.2    | 3.6     | 4.6               | 4.7                   | 4.1     | 4.2     | 4.8               | 4.5   |
| 21. Wholesale Prices, % change, A.R. <u>7/</u>         | 9.4    | 8.7               | 4.9               | 10.6              | 7.4    | 3.6    | 2.6     | 5.3               | 5.9                   | 5.8     | 5.7     | 5.7               | 5.9   |

1/ Differs from Intl. Acct. data (line 1) in the inclusion of revisions and new data.

2/ Excludes grants to Israel under military assistance acts and exports financed by those grants.

3/ Excludes U.S. Govt. interest payments to foreigners, which are included in line 15.

4/ Includes travel, transportation, fees and royalties, and miscellaneous other service transactions.

5/ Includes U.S. Govt. grants, U.S. Govt. interest payments to foreigners, remittances and pensions, and exports to Israel financed by U.S. military assistance grants.

6/ Weighted by the shares of Canada, France, Germany, Italy, Japan and the United Kingdom in the sum of the real GNP of the six countries in dollar terms.

7/ Data are largely manufactured goods prices.

p/ Projected.

e/ Estimated.

\*/ Published data.

NOTE: 1977 trade data include revised seasonal factors which have not yet been published.

CONFIDENTIAL (FR)

June 14, 1978

**CURRENT ECONOMIC AND FINANCIAL CONDITIONS**

**By the Staff  
Board of Governors  
of the Federal Reserve System**

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

|  | Year  | 1977                   |                 |            | 1978      |            |            |
|--|-------|------------------------|-----------------|------------|-----------|------------|------------|
|  |       | QIV                    | e/<br>Offerings | Apr.<br>e/ | May<br>e/ | June<br>f/ | July<br>f/ |
|  |       | <u>Gross offerings</u> |                 |            |           |            |            |
| Corporate securities--total                | 4,518 | 5,361                  | 3,390           | 3,300      | 3,200     | 3,800      | 3,100      |
| Publicly offered bonds                     | 2,016 | 1,955                  | 1,582           | 2,000      | 1,700     | 1,800      | 1,700      |
| By quality <u>1/</u>                       |       |                        |                 |            |           |            |            |
| Aaa and Aa                                 | 1,089 | 1,010                  | 765             | 1,125      | 825       | --         | --         |
| Less than Aa <u>2/</u>                     | 927   | 945                    | 817             | 875        | 875       | --         | --         |
| By type of borrower                        |       |                        |                 |            |           |            |            |
| Utility                                    | 692   | 660                    | 475             | 425        | 500       | --         | --         |
| Industrial <u>3/</u>                       | 700   | 490                    | 546             | 675        | 700       | --         | --         |
| Financial                                  | 624   | 805                    | 561             | 900        | 500       | --         | --         |
| Privately placed bonds                     | 1,501 | 2,000                  | 1,155           | 800        | 800       | 1,200      | 800        |
| Stocks                                     | 1,001 | 1,406                  | 653             | 500        | 700       | 800        | 600        |
| Foreign securities--total                  | 621   | 482                    | 537             | 554        | 860       | --         | --         |
| Publicly offered <u>4/</u>                 | 437   | 342                    | 425             | 550        | 650       | 300        | 300        |
| Privately placed                           | 184   | 140                    | 112             | 4          | 210       | --         | --         |
| State and local govt.<br>securities--total | 5,771 | 4,812                  | 5,096           | 8,489      | 7,100     | 5,300      | 4, -       |
| Long-term                                  | 3,891 | 3,595                  | 3,518           | 3,500      | 5,100     | 3,300      | 3,000      |
| Short-term                                 | 1,880 | 1,217                  | 1,578           | 4,989      | 2,000     | 2,000      | 1,500      |
| <u>Net offerings</u>                       |       |                        |                 |            |           |            |            |
| U.S. Treasury                              | 3,433 | 7,167                  | 7,180           | -11,445    | 659       | 1,200      | 1,100      |
| Sponsored Federal agencies                 | 604   | 703                    | 1,804           | 811        | 3,754     | 1,678      | 1,392      |

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

2/ Includes issues not rated by Moody's.

3/ Includes equipment trust certificates.

4/ Classified by original offering date.

e/ Estimated.

f/ Forecast.

June 16, 1978

CONFIDENTIAL (FR)  
CLASS II FOMC

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the  
Federal Open Market Committee

By the Staff  
Board of Governors  
of the Federal Reserve System

Privately-owned new housing units started in May, at a seasonally adjusted annual rate of 2.075 million units, were 4.9 per cent below the April rate, which was up 6.9 per cent from the preceding month. Starts of single-family units declined 0.8 per cent and multi-family unit starts declined 1.38 per cent. Starts declined appreciably in the Northeast area of the country and moderately in the North Central and West.

Permits issued for new housing units in May, at an annual rate of 1.587 million units, were 8.8 per cent below those in the preceding month. About two-thirds of the May decline was in permits for single-family units, which declined 3.6 per cent.

#### The Domestic Financial Economy

No textual addendums to the Greenbook were required, but the usual updating of the interest rate developments and monetary aggregates tables are contained on pages 6 and 7, respectively.

#### CORRECTIONS

Part I: Pages I-19 and I-20 are misnumbered. Page I-20 should precede--rather than follow--page I-19.

Part I: Page I-4 line 10 should read: Outlays are \$452 billion for FY 1978 and \$498 for FY 1979--each about \$1-1/2 billion below last month.