

August 13, 1992

SUMMARY AND OUTLOOK

Prepared for the Federal Open Market Committee
By the staff of the Board of Governors of the Federal Reserve System

declined; the level of production worker hours in July stood slightly below the second-quarter average. We expect only modest increases in private employment and hours worked over the remaining months of the third quarter.

CURRENT-QUARTER PROJECTIONS
(Percent change from preceding quarter; annual rate)

	1992		
	Q1	Q2	Q3
	-----actual-----		
Real GDP	2.9	1.4	1.7
(previous)	2.4	2.0	2.3
Real PCE	5.1	-0.3	1.9
(previous)	5.4	1.0	2.3
Real BFI	3.0	13.5	2.2
(previous)	1.7	6.4	6.0
Industrial production	-2.9	5.2	3.2
(previous)	-2.8	5.8	4.2
Unemployment rate (level)	7.2	7.5	7.6
(previous)	7.2	7.3	7.3

We expect the unemployment rate to edge lower over the next several months; however, its level in July was considerably higher than we had anticipated at the time of the June Greenbook, and the third-quarter average now is projected to be 7.6 percent. The upward revision of 1/4 percentage point to the forecast is attributable both to surprisingly strong increases in labor force participation and to slower-than-expected employment growth in recent months.

Output in the industrial sector appears to be heading upward, but at a pace less robust than that projected in June. Total industrial production in July just reversed its decline in June; the rebound was largely attributable to the mining and utility sectors, which had held down growth in earlier months. In the manufacturing

The Outlook for the Economy through 1993

We expect real GDP to increase at a 2-1/2 percent annual rate in the fourth quarter and then to increase at a 3 percent rate next year. Although recent indicators have been disappointing and some structural imbalances remain, the medium-term prospects for some pickup in real growth still seem positive. Interest rates have come down substantially, and credit supply conditions are expected to ease a bit. Households have made progress in improving their financial postures and should be in a better position to raise spending in line with gains in real disposable income. In the business sector, measures of profits and cash flow look strong, providing direct support for investment in plant and equipment and enhancing access to external sources of finance. Net exports should pick up a bit because of the lower dollar and an eventual acceleration of growth abroad.

PROJECTIONS OF REAL GDP
(Percent change; annual rate)

	1992		1993	
	Q3	Q4	H1	H2
Real GDP	1.7	2.5	2.9	3.2
Final sales	1.9	2.1	2.6	3.1

Consumer spending. Real personal consumption expenditures are expected to grow at an annual rate of 2-1/2 percent in the fourth quarter and about 3 percent next year. The projected parallel movement of consumption and income, compared with the rise in the saving rate so far in the recovery, is an important element lifting economic growth to a higher level. As time passes, sustained job growth and declining debt-servicing burdens should make consumers more willing to spend.

underutilized resources in this forecast, the deceleration of wages and prices is a little more substantial than projected in the June Greenbook. Moreover, the starting point is a bit lower given recent wage and price news. ECI compensation, which increased 3.7 percent over the twelve months ending in June, rises at a 3-1/2 percent rate in the second half of this year and at slightly less than a 3-1/4 percent rate in the second half of 1993. Core inflation--proxied by the CPI excluding food and energy--falls from about 4 percent in the first half of this year to 3 percent in the second half of 1993. However, higher projected import prices--owing to the lower value of the dollar--and hikes in state and local indirect business taxes, which together add about 1/4 percentage point to CPI inflation in 1993, partly offset the effects on the CPI of our downward adjustments to labor costs.

STAFF INFLATION PROJECTION
(Percent change; annual rate)

	1992		1993	
	H1	H2	H1	H2
	-----projected-----			
Consumer price index	3.2	3.1	3.1	3.0
(previous)	3.3	3.8	3.1	3.1
Excluding food and energy	3.9	3.3	3.1	3.0
(previous)	4.0	3.5	3.3	3.1
Employment cost index (compensation)	3.3	3.5	3.3	3.2
(previous)	3.9	3.7	3.6	3.5
Memo:				
Unemployment rate (end of period)	7.5	7.4	7.3	7.0
(previous)	7.3	7.2	6.9	6.7
Nonoil import price index	3.6	4.2	3.5	3.2
(previous)	3.9	3.3	2.4	2.4

A Preliminary Note on 1994

For the first time, the Greenbook projection has been extended through 1994. The scenario depicted is essentially an extension of

Strictly Confidential (PR)
Class II FOMC

STAFF PROJECTIONS OF CHANGES IN GDP, PRICES, AND UNEMPLOYMENT
(Percent, annual rate)

August 13, 1992

Interval	Nominal GDP		Real GDP		GDP fixed-weight price index		Consumer price index ¹		Unemployment rate (level except as noted)	
	6/24/92	8/13/92	6/24/92	8/13/92	6/24/92	8/13/92	6/24/92	8/13/92	6/24/92	8/13/92
ANNUAL										
1990 ²	5.1	5.2	1.0	.8	4.3	4.5	5.4	5.4	5.5	5.5
1991 ²	2.9	2.8	-.7	-1.2	4.0	4.1	4.2	4.2	6.7	6.7
1992	4.4	4.4	1.8	1.7	2.9	2.7	3.3	3.1	7.2	7.4
1993	5.6	5.2	2.8	2.6	2.9	2.6	3.3	3.1	6.9	7.2
1994	n.a.	5.4	n.a.	3.1	n.a.	2.4	n.a.	2.7	n.a.	6.7
QUARTERLY										
1991 Q1 ²	2.3	1.8	-2.5	-3.0	5.4	4.7	3.3	3.3	6.5	6.5
Q2 ²	4.6	5.2	1.4	1.7	3.3	3.5	2.4	2.4	6.7	6.7
Q3 ²	4.1	4.0	1.8	1.2	2.6	3.0	2.7	2.7	6.8	6.8
Q4 ²	2.2	2.8	.4	.6	2.1	2.4	3.6	3.6	6.9	6.9
1992 Q1 ²	5.5	6.2	2.4	2.9	3.4	3.6	2.9	2.9	7.2	7.2
Q2 ²	4.8	3.7	2.0	1.4	2.7	1.6	3.6	3.5	7.3	7.5
Q3	4.9	3.4	2.3	1.7	2.8	1.9	4.1	2.7	7.3	7.6
Q4	5.6	5.5	2.7	2.5	2.9	3.0	3.4	3.4	7.2	7.4
1993 Q1	6.1	5.8	2.8	2.8	3.4	3.2	3.0	3.1	7.1	7.4
Q2	5.6	5.4	2.9	3.0	2.7	2.6	3.1	3.1	6.9	7.3
Q3	5.7	5.5	3.1	3.2	2.7	2.5	3.1	3.1	6.8	7.2
Q4	5.7	5.4	3.2	3.2	2.6	2.4	3.1	2.9	6.7	7.0
1994 Q1	n.a.	5.9	n.a.	3.2	n.a.	2.9	n.a.	2.7	n.a.	6.9
Q2	n.a.	5.1	n.a.	3.0	n.a.	2.2	n.a.	2.5	n.a.	6.7
Q3	n.a.	4.9	n.a.	3.0	n.a.	2.1	n.a.	2.4	n.a.	6.6
Q4	n.a.	4.9	n.a.	3.0	n.a.	2.1	n.a.	2.4	n.a.	6.4
TWO-QUARTER³										
1991 Q2 ²	3.5	3.5	-.6	-.7	4.4	4.2	2.9	2.9	.7	.7
Q4 ²	3.1	3.4	1.1	.9	2.4	2.7	3.1	3.1	.2	.2
1992 Q2 ²	5.2	4.9	2.2	2.2	3.1	2.7	3.2	3.1	.4	.6
Q4	5.2	4.4	2.5	2.1	2.9	2.5	3.7	3.1	-.1	-.1
1993 Q2	5.8	5.6	2.9	2.9	3.0	2.9	3.1	3.1	-.3	-.1
Q4	5.7	5.4	3.2	3.2	2.7	2.4	3.1	3.0	-.2	-.3
1994 Q2	n.a.	5.5	n.a.	3.1	n.a.	2.5	n.a.	2.6	n.a.	-.3
Q4	n.a.	4.9	n.a.	3.0	n.a.	2.1	n.a.	2.4	n.a.	-.3
FOUR-QUARTER⁴										
1990 Q4 ²	4.1	4.1	-.1	-.5	4.4	4.7	6.3	6.3	.6	.6
1991 Q4 ²	3.3	3.5	.3	.1	3.4	3.5	3.0	3.0	.9	.9
1992 Q4	5.2	4.7	2.4	2.1	3.0	2.6	3.5	3.1	.3	.5
1993 Q4	5.8	5.5	3.0	3.0	2.8	2.6	3.1	3.0	-.5	-.4
1994 Q4	n.a.	5.2	n.a.	3.0	n.a.	2.3	n.a.	2.5	n.a.	-.6

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 FOMC

REAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS, ANNUAL VALUES
(Seasonally adjusted, annual rate)

August 13, 1992

Item	Unit ¹	Projected								
		1986	1987	1988	1989	1990	1991	1992	1993	1994
EXPENDITURES										
Nominal GDP	Bill. \$	4268.6	4539.9	4900.4	5250.8	5522.2	5677.5	5924.6	6229.9	6565.8
Real GDP	Bill. 87\$	4404.5	4540.0	4718.6	4838.0	4877.5	4821.0	4904.4	5033.4	5190.7
Real GDP	% change	2.2	4.5	3.3	1.6	-1.5	.1	2.1	3.0	3.0
Gross domestic purchases		2.1	3.9	2.5	.9	-1.2	-2.2	2.4	2.8	2.9
Final sales		3.3	2.7	4.2	1.5	.6	-1.6	2.2	2.9	3.0
Private dom. final purch.		3.0	1.9	4.2	.5	-1.8	-1.9	3.2	3.6	3.5
Personal cons. expend.		4.0	2.1	4.2	1.2	.2	.0	2.2	2.9	2.9
Durables		12.5	-2.6	8.5	-1.5	-2.3	-2.5	5.6	6.6	5.1
Nondurables		3.3	1.4	3.2	1.2	-.7	-1.5	1.5	2.0	2.3
Services		2.5	3.7	3.7	1.7	1.3	1.6	1.9	2.5	2.7
Business fixed invest.		-5.7	3.0	5.5	-.4	-1.4	-7.0	6.1	6.6	6.2
Producers' dur. equip.		-.7	2.4	9.1	-1.7	-.2	-3.5	9.2	9.1	7.2
Nonres. structures		-14.1	4.4	-1.2	2.3	-3.7	-14.3	-1.2	.0	3.4
Res. structures		11.1	-3.1	.9	-7.7	-14.7	-.1	12.3	6.9	5.8
Exports		9.9	12.6	13.5	11.3	7.2	7.4	2.4	7.7	7.9
Imports		6.7	4.7	3.6	2.6	.1	4.8	4.9	5.8	6.2
Government purchases		4.1	3.3	.2	2.0	2.8	-.6	-.3	-1.3	-.4
Federal		3.8	3.7	-3.4	-.6	3.0	-2.3	-2.0	-4.2	-3.3
Defense		3.7	4.5	-3.2	-1.5	1.5	-5.2	-5.0	-6.8	-5.5
State and local		4.4	2.9	2.9	4.0	2.7	.7	.9	.6	1.4
Change in bus. invent.	Bill. 87\$	8.6	26.3	19.9	29.8	6.2	-9.3	-2.2	10.8	17.0
Nonfarm		10.6	32.7	26.9	29.9	3.7	-9.6	-1.4	11.9	18.4
Net exports		-155.1	-143.0	-104.0	-73.7	-51.8	-21.8	-32.2	-29.9	-20.3
Nominal GDP	% change	4.7	8.0	7.7	6.0	4.1	3.5	4.7	5.5	5.2
EMPLOYMENT AND PRODUCTION										
Nonfarm payroll employ.	Millions	99.5	102.2	105.5	108.3	109.8	108.3	108.6	110.1	112.3
Unemployment rate	%	7.0	6.2	5.5	5.3	5.5	6.7	7.4	7.2	6.7
Industrial prod. index	% change	1.4	6.5	4.5	1.1	.3	-.5	2.3	4.4	4.1
Capacity util. rate-mfg.	%	79.0	81.4	83.9	83.9	82.3	78.2	77.8	78.7	79.4
Housing starts	Millions	1.81	1.62	1.49	1.38	1.19	1.01	1.22	1.36	1.48
Auto sales in U.S.		11.45	10.24	10.63	9.91	9.51	8.39	8.48	9.16	9.74
North American produced		8.22	7.07	7.54	7.08	6.91	6.14	6.33	6.93	7.40
Other		3.24	3.18	3.10	2.83	2.60	2.25	2.15	2.24	2.34
INCOME AND SAVING										
Nominal GNP	Bill. \$	4277.8	4544.5	4908.2	5266.8	5542.9	5694.9	5945.2	6253.6	6590.5
Nominal GNP	% change	4.4	8.1	7.8	6.1	4.2	3.1	4.8	5.5	5.2
Nominal personal income		5.5	7.4	7.1	6.5	6.3	3.3	4.7	6.3	5.7
Real disposable income		2.8	2.1	3.2	1.1	.9	.5	2.0	2.9	2.9
Personal saving rate	%	6.0	4.3	4.4	4.0	4.3	4.7	5.0	5.0	5.1
Corp. profits, IVA&CCAdj	% change	-7.1	29.7	10.2	-6.3	-3.0	.9	20.9	6.6	4.8
Profit share of GNP	%	6.4	7.0	7.4	6.9	6.5	6.1	6.8	7.0	7.1
Federal surpl./def.	Bill. \$	-201.1	-151.8	-136.6	-122.3	-166.2	-210.4	-289.2	-264.5	-244.0
State/local surpl./def.		54.3	40.1	38.4	44.8	30.1	17.1	16.3	28.2	44.2
Ex. social ins. funds		1.5	-14.7	-18.4	-17.5	-32.9	-43.1	-41.8	-29.4	-13.1
PRICES AND COSTS										
GDP implicit deflator	% change	2.6	3.3	4.2	4.4	4.5	3.4	2.5	2.4	2.1
GDP fixed-wt. price index		2.6	3.4	4.2	4.3	4.7	3.5	2.6	2.6	2.3
Gross domestic purchases										
fixed-wt. price index		2.3	3.9	4.1	4.3	5.3	2.8	2.9	2.7	2.4
CPI		1.3	4.5	4.3	4.6	6.3	3.0	3.1	3.0	2.5
Ex. food and energy		3.9	4.3	4.5	4.4	5.3	4.5	3.6	3.0	2.5
ECI, hourly compensation ²		3.2	3.3	4.8	4.8	4.6	4.4	3.4	3.2	3.0
Nonfarm business sector										
Output per hour		1.2	1.8	.5	-1.4	.0	1.0	2.3	1.6	1.2
Compensation per hour		4.6	3.8	3.8	3.1	6.1	3.8	3.2	3.3	3.2
Unit labor cost		3.4	1.9	3.3	4.6	6.2	2.7	1.0	1.7	1.9

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

2. Private-industry workers.

Strictly Confidential (FR)
Class II FOMC

REAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS, QUARTERLY VALUES
(Seasonally adjusted, annual rate except as noted)

August 13, 1992

Item	Unit	1990				1991				1992	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
EXPENDITURES											
Nominal GDP	Bill. \$	5445.2	5522.6	5559.6	5561.3	5585.8	5657.6	5713.1	5753.3	5840.2	5893.6
Real GDP	Bill. 87\$	4890.8	4902.7	4882.6	4833.8	4796.7	4817.1	4831.8	4838.5	4873.7	4890.5
Real GDP	% change	2.8	1.0	-1.6	-3.9	-3.0	1.7	1.2	.6	2.9	1.4
Gross domestic purchases		2.1	.9	-1.4	-6.0	-4.2	1.7	2.4	-.4	3.0	2.6
Final sales		4.3	-1.1	.1	-.9	-3.2	1.3	-.5	.0	4.7	.3
Private dom. final purch.		2.9	-1.7	.8	-5.0	-6.0	1.5	1.4	-.4	5.5	1.7
Personal cons. expend.		2.2	.1	1.7	-3.1	-3.0	2.0	1.5	-.3	5.1	-.3
Durables		16.2	-12.0	-1.4	-9.8	-13.0	-.7	8.1	-3.1	16.5	-2.7
Nondurables		-.2	-.5	.8	-2.8	-3.2	1.3	-.6	-3.5	5.5	-1.6
Services		.3	3.7	3.1	-1.6	-.3	3.0	1.2	2.3	2.2	1.0
Business fixed invest.		6.2	-6.6	5.6	-9.6	-15.8	-3.1	-3.4	-5.2	3.0	13.5
Producers' dur. equip.		6.8	-7.8	7.2	-6.1	-16.7	.7	6.0	-2.4	3.2	20.7
Nonres. structures		5.0	-4.1	2.5	-16.5	-14.0	-10.6	-20.8	-11.5	2.7	-2.1
Res. structures		5.3	-15.9	-22.9	-22.4	-26.9	7.0	14.4	11.3	20.1	8.7
Exports		10.7	7.0	-.2	11.6	-5.0	16.6	6.2	13.3	2.9	-3.8
Imports		2.6	5.1	1.5	-8.5	-14.6	15.6	17.1	4.2	3.5	6.3
Government purchases		6.4	1.1	-2.0	6.1	2.8	.2	-2.3	-3.0	1.7	.3
Federal		8.0	2.1	-7.2	9.9	7.2	-.3	-6.5	-9.0	-3.0	.3
Defense		4.9	.3	-10.5	12.8	8.7	-5.6	-9.4	-13.0	-7.7	-1.6
State and local		5.2	.4	1.9	3.5	-.1	.6	.9	1.4	5.1	.1
Change in bus. invent.	Bill. 87\$	7.5	32.8	11.2	-26.8	-25.1	-20.4	.6	7.5	-12.6	1.0
Nonfarm		5.9	27.9	6.6	-25.6	-24.7	-24.5	-1.0	11.8	-10.7	.2
Net exports		-58.4	-56.9	-59.3	-32.7	-17.9	-17.4	-31.6	-20.5	-21.5	-35.9
Nominal GDP	% change	7.7	5.8	2.7	.1	1.8	5.2	4.0	2.8	6.2	3.7
EMPLOYMENT AND PRODUCTION											
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 ¹	%	5.2	5.3	5.6	6.0	6.5	6.7	6.8	6.9	7.2	7.5
Industrial prod. index	% change	.6	4.2	3.9	-7.0	-9.7	2.6	6.6	-.7	-2.9	5.2
Capacity util. rate-mfg. ¹	%	82.7	82.8	82.9	80.8	78.0	77.9	78.7	78.2	77.3	77.9
Housing starts	Millions	1.46	1.20	1.13	1.03	.92	1.00	1.04	1.10	1.26	1.15
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
INCOME AND SAVING											
Nominal GNP	Bill. \$	5464.1	5537.0	5577.8	5592.7	5614.9	5674.3	5726.4	5764.1	5859.8	5914.4
Nominal GNP	% change	7.6	5.4	3.0	1.1	1.6	4.3	3.7	2.7	6.8	3.8
Nominal personal income		9.5	6.2	4.6	5.2	.1	4.6	3.3	5.1	6.1	3.3
Real disposable income		4.2	.8	-1.2	-.2	-2.6	1.9	.7	2.2	4.0	.7
Personal saving rate ¹	%	4.4	4.6	3.9	4.6	4.7	4.7	4.5	5.1	4.9	5.2
Corp. profits, IVA&CCAdj	% change	15.6	19.1	-29.9	-8.2	6.7	-2.6	-6.8	7.1	49.8	21.3
Profit share of GNP ¹	%	6.7	6.9	6.3	6.2	6.2	6.1	6.0	6.0	6.6	6.8
Federal govt. surpl./def.	Bill. \$	-167.8	-156.9	-145.6	-194.6	-149.9	-212.2	-221.0	-258.7	-289.2	-295.4
State/local surpl./def.		36.1	33.8	30.3	20.2	14.6	16.5	15.4	22.0	16.6	15.9
Ex. social ins. funds		-27.3	-29.4	-32.5	-42.2	-46.6	-44.1	-44.5	-37.3	-41.8	-42.2
PRICES AND COSTS											
GDP implicit deflator	% change	4.4	4.8	4.7	3.9	5.3	3.5	2.4	2.4	3.1	2.4
GDP fixed-wt. price index		5.4	4.6	4.7	4.1	4.7	3.5	3.0	2.4	3.6	1.6
Gross domestic purchases		5.9	3.7	5.6	5.8	3.1	2.5	2.9	2.5	3.1	2.8
fixed-wt. price index		7.2	4.1	7.0	6.9	3.3	2.4	2.7	3.6	2.9	3.5
CPI		5.6	5.5	5.8	4.2	6.5	3.8	4.0	3.7	3.9	3.9
Ex. food and energy		5.6	5.5	5.8	4.2	6.5	3.8	4.0	3.7	3.9	3.9
ECI, hourly compensation ²		5.6	4.7	4.7	3.8	4.9	4.5	4.1	4.0	4.0	2.5
Nonfarm business sector											
Output per hour		-.4	2.5	-1.9	-.3	-1.3	1.3	1.7	2.5	3.8	2.3
Compensation per hour		5.2	7.7	6.1	5.4	3.1	5.3	3.7	3.1	3.9	2.7
Unit labor cost		5.6	5.1	8.2	5.7	4.5	3.9	2.0	.6	.1	.3

1. Not at an annual rate.

2. Private-industry workers.

Strictly Confidential (FR)
Class II FOMC

REAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS, QUARTERLY VALUES
(Seasonally adjusted, annual rate except as noted)

August 13, 1992

Item	Units	Projected									
		1992		1993				1994			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EXPENDITURES											
Nominal GDP	Bill. \$	5942.5	6022.0	6107.0	6187.8	6270.9	6354.0	6445.8	6526.8	6605.5	6685.1
Real GDP	Bill. 87\$	4911.4	4942.0	4975.9	5012.9	5052.1	5092.6	5133.3	5171.7	5209.7	5247.9
Real GDP	% change	1.7	2.5	2.8	3.0	3.2	3.2	3.2	3.0	3.0	3.0
Gross domestic purchases		1.7	2.4	2.6	2.7	3.0	3.0	2.9	2.9	2.8	2.8
Final sales		1.9	2.1	2.6	2.7	2.8	3.3	3.1	2.8	2.9	3.0
Private dom. final purch.		2.3	3.3	3.5	3.4	3.5	3.9	3.5	3.5	3.5	3.5
Personal cons. expend.		1.9	2.5	2.9	2.8	2.8	3.0	2.9	2.9	2.9	2.9
Durables		3.9	5.8	7.8	6.1	5.8	6.5	5.3	4.8	5.3	4.9
Nondurables		.9	1.1	1.8	2.0	2.1	2.2	2.3	2.3	2.3	2.3
Services		1.9	2.4	2.4	2.5	2.5	2.6	2.7	2.7	2.7	2.7
Business fixed invest.		2.2	6.0	5.9	6.4	6.6	7.5	6.6	6.3	6.1	5.9
Producers' dur. equip.		4.3	9.5	9.0	9.2	8.9	9.6	8.1	7.4	6.9	6.5
Nonres. structures		-2.9	-2.4	-1.7	-.6	.8	1.7	2.4	3.1	3.7	4.2
Res. structures		10.3	10.6	7.0	4.6	7.5	8.7	5.7	5.7	5.0	6.7
Exports		6.1	4.6	6.9	7.8	8.1	8.3	8.3	8.1	7.8	7.2
Imports		5.9	3.7	5.4	5.3	6.8	5.7	5.6	7.3	6.4	5.7
Government purchases		.1	-3.1	-2.1	-1.4	-1.2	-.5	-.5	-.4	-.4	-.4
Federal		.2	-5.5	-5.3	-4.5	-3.9	-3.2	-3.2	-3.3	-3.3	-3.3
Defense		-2.0	-8.5	-8.3	-7.3	-6.5	-5.3	-5.4	-5.5	-5.5	-5.6
State and local		.0	-1.4	.0	.6	.6	1.2	1.3	1.4	1.4	1.4
Change in bus. invent.	Bill. 87\$	-.8	3.7	6.2	9.6	14.1	13.1	14.7	17.2	18.0	18.0
Nonfarm		1.5	3.4	6.7	10.6	15.4	14.9	16.3	18.7	19.3	19.1
Net exports		-36.1	-35.2	-33.7	-30.7	-29.3	-25.9	-22.3	-21.4	-19.7	-17.6
Nominal GDP	% change	3.4	5.5	5.8	5.4	5.5	5.4	5.9	5.1	4.9	4.9
EMPLOYMENT AND PRODUCTION											
Nonfarm payroll employ.	Millions	108.7	108.9	109.4	109.9	110.3	110.9	111.4	112.0	112.5	113.1
Unemployment rate ¹	%	7.6	7.4	7.4	7.3	7.2	7.0	6.9	6.7	6.6	6.4
Industrial prod. index	% change	3.2	4.0	4.2	4.3	4.4	4.6	4.5	4.3	3.9	3.8
Capacity util. rate-mfg ¹	%	77.8	78.1	78.4	78.6	78.8	79.0	79.2	79.4	79.5	79.6
Housing starts	Millions	1.23	1.28	1.31	1.34	1.38	1.41	1.44	1.47	1.49	1.52
Auto sales in U.S.		8.44	8.67	8.90	9.07	9.25	9.43	9.55	9.62	9.80	9.97
North American produced		6.39	6.55	6.70	6.85	7.00	7.15	7.25	7.30	7.45	7.60
Other		2.04	2.12	2.20	2.22	2.25	2.28	2.30	2.32	2.35	2.37
INCOME AND SAVING											
Nominal GNP	Bill. \$	5965.9	6040.6	6128.6	6212.3	6297.8	6375.8	6469.3	6552.6	6633.4	6706.6
Nominal GNP	% change	3.5	5.1	6.0	5.6	5.6	5.0	6.0	5.3	5.0	4.5
Nominal personal income		3.7	5.9	7.1	6.1	6.0	5.9	6.8	5.3	5.1	5.6
Real disposable income		1.1	2.1	3.1	2.9	2.6	3.0	3.7	2.7	2.4	3.0
Personal saving rate ¹	%	5.0	5.0	5.0	5.0	5.0	5.0	5.2	5.1	5.0	5.0
Corp. profits, IVA&CCAdj	% change	1.3	16.2	6.7	9.6	1.9	8.4	9.6	9.8	-1.3	1.7
Profit share of GNP ¹	%	6.8	6.9	7.0	7.0	7.0	7.0	7.1	7.1	7.0	7.0
Federal govt. surpl./def.	Bill. \$	-290.0	-282.3	-278.6	-269.4	-256.8	-253.3	-257.1	-248.8	-235.9	-234.2
State/local surpl./def.		15.7	16.8	20.2	22.8	32.9	37.0	41.9	42.1	46.2	46.6
Ex. social ins. funds		-42.3	-41.1	-37.6	-34.9	-24.7	-20.5	-15.5	-15.2	-11.1	-10.8
PRICES AND COSTS											
GDP implicit deflator	% change	1.6	2.9	2.9	2.3	2.3	2.1	2.6	2.0	1.9	1.9
GDP fixed-wt. price index		1.9	3.0	3.2	2.6	2.5	2.4	2.9	2.2	2.1	2.1
Gross domestic purchases											
fixed-wt. price index		1.4	3.0	3.2	2.6	2.5	2.4	2.9	2.3	2.2	2.2
CPI		2.7	3.4	3.1	3.1	3.1	2.9	2.7	2.5	2.4	2.4
Ex. food and energy		2.9	3.7	3.1	3.0	3.1	2.9	2.7	2.5	2.4	2.4
ECI, hourly compensation ²		3.5	3.4	3.3	3.2	3.2	3.1	3.1	3.0	3.0	2.9
Nonfarm business sector											
Output per hour		1.6	1.5	1.4	1.6	1.8	1.6	1.5	1.3	1.1	1.0
Compensation per hour		3.0	3.4	3.6	3.3	3.3	3.2	3.4	3.2	3.1	3.0
Unit labor cost		1.4	1.9	2.2	1.7	1.5	1.6	1.9	1.9	2.0	2.0

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 ITEMS¹
(Billions of 1987 dollars)

August 13, 1992

Item	1990				1991				1992		Proj.			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	1989	1990	1991	1992
Real GDP	34.1	11.9	-20.1	-48.8	-37.1	20.4	14.7	6.7	35.2	16.8	77.0	-22.9	4.7	103.5
Gross domestic purchases	25.1	10.4	-17.7	-75.4	-51.9	19.9	28.9	-4.4	36.2	31.2	41.7	-57.6	-7.5	118.2
Final sales	51.5	-13.3	1.4	-10.8	-38.8	15.6	-6.2	-.3	55.4	3.2	73.1	28.8	-29.7	107.4
Private dom. final purch.	28.3	-17.4	8.4	-51.1	-60.2	14.6	13.4	-4.3	52.5	17.0	19.7	-31.8	-36.5	124.7
Personal cons. expend.	17.5	.6	13.8	-25.9	-24.5	15.8	11.9	-2.2	40.3	-2.7	39.1	6.0	1.0	72.9
Durables	16.7	-14.3	-1.5	-11.1	-14.6	-.7	8.1	-3.3	16.2	-3.0	-2.4	-10.2	-10.5	23.5
Nondurables	-.6	-1.2	2.0	-7.5	-8.6	3.3	-1.5	-9.2	14.0	-4.2	12.1	-7.3	-16.0	15.1
Services	1.4	16.0	13.4	-7.3	-1.3	13.3	5.2	10.4	9.9	4.7	29.4	23.5	27.6	34.2
Business fixed invest.	8.1	-9.2	7.3	-13.6	-22.3	-4.0	-4.3	-6.6	3.7	15.9	-2.1	-7.4	-37.2	29.8
Producers' dur. equip.	5.9	-7.3	6.2	-5.6	-15.9	.6	5.0	-2.1	2.7	16.7	-6.2	-.8	-12.4	31.6
Nonres. structures	2.2	-1.9	1.1	-8.0	-6.4	-4.6	-9.2	-4.6	1.0	-.8	4.1	-6.6	-24.8	-1.8
Res. structures	2.7	-8.9	-12.7	-11.6	-13.4	2.8	5.7	4.7	8.3	3.9	-17.3	-30.5	-.2	21.9
Change in bus. invent.	-17.4	25.3	-21.6	-38.0	1.7	4.7	21.0	6.9	-20.1	13.6	4.0	-51.7	34.3	-3.8
Nonfarm	-25.3	22.0	-21.3	-32.2	.9	.2	23.5	12.8	-22.5	10.9	.7	-56.8	37.4	-8.4
Farm	7.9	3.2	-.2	-5.8	.8	4.5	-2.5	-5.8	2.3	2.6	3.3	5.1	-3.0	4.5
Net exports	9.0	1.5	-2.4	26.6	14.8	.5	-14.2	11.1	-1.0	-14.4	35.3	34.7	12.2	-14.7
Exports	12.5	8.5	-.3	14.2	-6.7	20.2	8.1	17.2	4.0	-5.4	49.5	34.9	38.8	13.5
Imports	3.6	7.0	2.1	-12.4	-21.5	19.7	22.3	6.0	5.0	9.1	14.1	.3	26.5	28.2
Government purchases	14.2	2.6	-4.6	13.7	6.6	.5	-5.4	-7.1	3.9	.6	18.1	25.9	-5.4	-2.6
Federal	7.3	2.0	-7.1	9.0	6.8	-.3	-6.6	-9.0	-2.9	.3	-2.3	11.2	-9.1	-7.7
Defense	3.4	.2	-7.8	8.5	6.0	-4.2	-7.0	-9.6	-5.4	-1.1	-4.2	4.3	-14.8	-13.6
Nondefense	3.8	1.8	.7	.5	.7	4.0	.4	.6	2.5	1.4	2.0	6.8	5.7	5.9
State and local	6.9	.6	2.5	4.7	-.2	.8	1.2	1.9	6.9	.2	20.4	14.7	3.7	5.1

1. Annual changes are from Q4 to Q4.

Strictly Confidential (FR)
Class II FOMC

NET CHANGES IN REAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS¹
(Billions of 1987 dollars)

August 13, 1992

Item	Projected										Projected			
	1992		1993				1994							
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1991	1992	1993	1994
Real GDP	20.9	30.6	33.9	37.0	39.2	40.5	40.7	38.4	37.9	38.2	4.7	103.5	150.6	155.3
Gross domestic purchases	21.1	29.7	32.4	34.0	37.8	37.2	37.1	37.5	36.2	36.0	-7.5	118.2	141.3	146.9
Final sales	22.7	26.1	31.4	33.6	34.7	41.5	39.1	35.9	37.1	38.2	-29.7	107.4	141.2	150.4
Private dom. final purch.	22.7	32.5	34.9	33.9	36.0	39.4	36.6	36.0	36.3	36.9	-36.5	124.7	144.1	145.9
Personal cons. expend.	15.2	20.1	23.9	23.4	23.5	25.1	24.7	24.3	25.1	24.9	1.0	72.9	95.9	99.1
Durables	4.1	6.2	8.4	6.7	6.5	7.3	6.0	5.6	6.2	5.9	-10.5	23.5	28.8	23.7
Nondurables	2.3	2.9	4.7	5.2	5.5	5.8	6.1	6.1	6.2	6.2	-16.0	15.1	21.3	24.7
Services	8.7	11.0	10.9	11.4	11.5	12.0	12.5	12.6	12.7	12.8	27.6	34.2	45.8	50.7
Business fixed invest.	2.7	7.5	7.5	8.3	8.7	9.9	8.9	8.7	8.5	8.4	-37.2	29.8	34.4	34.5
Producers' dur. equip.	3.8	8.4	8.1	8.5	8.4	9.3	8.1	7.5	7.2	6.9	-12.4	31.6	34.3	29.6
Nonres. structures	-1.1	-.9	-.6	-.2	.3	.6	.9	1.1	1.4	1.6	-24.8	-1.8	.0	4.9
Res. structures	4.7	5.0	3.4	2.3	3.7	4.4	3.0	3.0	2.7	3.6	-.2	21.9	13.8	12.3
Change in bus. invent.	-1.8	4.5	2.5	3.4	4.5	-1.0	1.6	2.5	.8	.0	34.3	-3.8	9.4	4.9
Nonfarm	1.3	1.9	3.3	3.9	4.8	-.5	1.4	2.4	.6	-.2	37.4	-8.4	11.5	4.2
Farm	-3.0	2.6	-.8	-.5	-.3	-.5	.2	.1	.2	.2	-3.0	4.5	-2.1	.7
Net. exports	-.2	.9	1.5	3.0	1.4	3.3	3.6	.9	1.7	2.1	12.2	-14.7	9.3	8.3
Exports	8.4	6.5	9.6	11.0	11.7	12.2	12.5	12.5	12.2	11.5	38.8	13.5	44.5	48.6
Imports	8.6	5.6	8.1	8.0	10.3	8.8	8.8	11.6	10.5	9.4	26.5	28.2	35.2	40.3
Government purchases	.2	-7.3	-5.0	-3.3	-2.7	-1.2	-1.1	-1.0	-.9	-.9	-5.4	-2.6	-12.2	-3.9
Federal	.2	-5.3	-5.0	-4.2	-3.6	-2.9	-2.9	-2.9	-2.9	-2.9	-9.1	-7.7	-15.7	-11.6
Defense	-1.3	-5.8	-5.5	-4.7	-4.1	-3.3	-3.3	-3.3	-3.3	-3.3	-14.8	-13.6	-17.6	-13.2
Nondefense	1.5	.5	.5	.5	.5	.4	.4	.4	.4	.4	5.7	5.9	1.9	1.6
State and local	.0	-2.0	.0	.9	.9	1.7	1.8	1.9	2.0	2.0	3.7	5.1	3.5	7.7

1. Annual changes are from Q4 to Q4.

Item	Fiscal year				1992				1993				1994			
	1991 ^a	1992	1993	1994	Q1 ^a	Q2 ^a	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
UNIFIED BUDGET																
					Not seasonally adjusted											
Receipts ¹	1054	1085	1148	1209	239	322	269	258	252	347	291	267	270	372	299	281
Outlays ¹	1324	1394	1498	1538	355	350	351	376	372	375	375	388	384	387	379	386
Surplus/deficit ¹	-269	-309	-351	-329	-116	-28	-82	-118	-120	-28	-85	-121	-113	-14	-80	-106
On-budget	-322	-361	-406	-391	-121	-60	-82	-127	-128	-61	-90	-131	-123	-52	-85	-121
Off-budget	52	51	55	62	6	31	0	9	8	33	6	10	10	37	5	16
Surplus excluding deposit insurance ²	-203	-300	-297	-292	-105	-25	-82	-107	-106	-12	-71	-106	-104	-5	-77	-105
Means of financing																
Borrowing	293	311	338	330	83	62	77	95	109	55	79	115	100	42	74	91
Cash decrease	-1	-3	4	0	29	-27	3	16	8	-20	0	10	10	-20	0	10
Other ³	-23	2	8	-1	4	-7	2	7	3	-7	6	-3	3	-8	6	5
Cash operating balance, end of period	41	44	40	40	20	47	44	28	20	40	40	30	20	40	40	30
NIPA FEDERAL SECTOR																
					Seasonally adjusted, annual rate											
Receipts	1118	1145	1214	1299	1143	1151	1158	1176	1210	1227	1243	1263	1294	1312	1327	1344
Expenditures	1313	1429	1486	1548	1433	1446	1448	1458	1489	1497	1500	1516	1551	1560	1562	1579
Purchases	447	445	445	443	445	447	449	445	448	445	442	440	445	443	441	439
Defense	326	314	304	294	314	313	313	307	307	302	299	296	297	294	291	288
Nondefense	121	132	141	148	131	134	136	139	141	142	144	145	148	149	151	152
Other expenditures	866	983	1041	1105	988	999	999	1013	1041	1052	1058	1076	1106	1117	1121	1139
Surplus/deficit	-194	-283	-272	-249	-289	-295	-290	-282	-279	-269	-257	-253	-257	-249	-236	-234
FISCAL INDICATORS⁴																
High-employment (HEB) surplus/deficit	-158	-222	-212	-211	-230	-232	-223	-218	-216	-211	-203	-206	-216	-214	-207	-211
Change in HEB, percent of potential GDP	-.4	1.1	-.2	0	.5	0	-.1	-.1	0	-.1	-.1	0	.2	0	-.1	.1
Fiscal impetus (FI), percent, cal. year	-3.8	-4.3	-3.9	-2.6	-2.5	.1	.1	-1.3	-2	-1	-.8	-.7	-.4	-.7	-.7	-.7

1. OMB's July deficit estimates are \$334 billion in FY92, \$341 billion in FY93 and \$274 billion in FY94. CBO's August deficit estimates are \$314 billion in FY92, \$331 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 July deficit estimates, excluding deposit insurance spending, are \$323 billion in FY92, \$282 billion in FY93 and \$253 billion in FY94. CBO's March deficit estimates, excluding deposit insurance spending, are \$301 billion in FY92, \$282 billion in FY93 and \$251 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 2.1 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.

GROWTH RATES OF DEBT BY SECTOR¹
(Percent, period-end to period-end)

-----Domestic Nonfinancial Sectors-----								-----Memo-----		
-----Households-----										
Total ²	U.S. govt. ²	Non- federal	Total	Home mtgs.	Cons. credit	Business	State & local govts.	Private financial assets ³	Nominal GDP ⁴	
1983	11.7	18.9	9.8	11.0	10.4	12.6	8.7	9.7	12.4	11.0
1984	14.5	16.9	13.8	12.9	11.6	18.7	15.6	9.1	12.9	9.1
1985	14.9	16.5	14.5	14.0	11.8	15.9	11.6	31.4	12.5	7.0
1986	12.7	13.6	12.5	13.2	15.9	9.6	12.2	10.6	9.0	4.7
1987	9.3	8.0	9.7	11.7	14.0	5.1	7.1	13.4	8.6	8.0
1988	9.0	8.0	9.4	11.0	12.2	7.3	8.4	7.0	8.5	7.7
1989	7.7	7.0	8.0	9.0	10.3	5.8	6.8	8.4	6.9	6.0
1990	6.4	11.0	5.1	7.4	9.3	1.8	2.8	5.2	4.1	4.1
1991	4.2	11.1	2.1	4.0	5.1	-1.5	-0.3	2.9	0.5	3.5
1992	5.1	11.4	3.0	5.2	6.6	-0.5	0.5	2.7	1.3	4.7
1993	6.0	11.6	4.1	6.1	7.4	2.1	1.8	2.9	2.7	5.5
1994	6.5	11.1	4.7	6.7	7.9	4.1	2.5	2.9	3.9	5.2
Seasonally adjusted, annual rates										
1991 -- Q1	4.1	8.0	2.9	4.6	5.5	-1.3	1.0	3.0	4.0	1.8
Q2	4.7	10.6	2.9	4.5	5.8	-2.0	1.1	3.2	0.7	5.2
Q3	4.2	14.0	1.2	2.9	3.8	-2.4	-1.1	2.3	-1.5	4.0
Q4	3.5	10.3	1.3	4.0	5.0	-0.3	-2.2	2.8	-1.3	2.8
1992 -- Q1	5.2	11.4	3.2	4.8	5.9	0.2	1.4	2.7	2.1	6.2
Q2	5.0	12.3	2.6	4.6	6.5	-2.5	-0.1	3.7	0.3	3.7
Q3	4.8	10.6	2.8	5.3	6.6	-0.4	0.3	1.6	0.8	3.4
Q4	4.9	9.6	3.3	5.8	6.9	0.5	0.5	2.8	1.8	5.5
1993 -- Q1	6.3	13.5	3.7	5.8	7.0	1.1	1.2	2.8	2.4	5.8
Q2	5.5	10.0	3.8	5.8	7.1	1.8	1.7	3.0	3.1	5.4
Q3	5.6	9.8	4.1	6.1	7.3	2.4	2.0	2.7	2.4	5.5
Q4	6.2	11.0	4.4	6.4	7.5	3.0	2.3	2.9	2.7	5.4

1. Published data through 1992 Q1.

2. Deposit insurance activity raises total debt growth .4, .2, and .4 percentage points in 1991, 1992, and 1993 respectively; the corresponding figures for federal debt growth are 1.6, .4, and 1.3 percentage points.

3. Sometimes referred to as the "Kaufman debt proxy"; includes liquid assets and credit market instruments.

4. Annual figures are Q4 to Q4.

FLOW OF FUNDS PROJECTION HIGHLIGHTS¹
(Billions of dollars, seasonally adjusted annual rates)

	Calendar year					1992				1993			
	1990	1991	1992	1993	1994	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net funds raised by domestic nonfinancial sectors:													
1 Total	580.8	467.8	602.1	719.3	810.8	638.0	607.8	573.4	589.0	748.8	668.3	692.2	767.9
2 Net equity issuance	-63.0	17.5	29.8	10.0	5.0	51.0	36.0	17.0	15.0	13.0	11.0	9.0	7.0
3 Net debt issuance	643.8	450.3	572.3	709.3	805.8	587.0	571.8	556.4	574.0	735.8	657.3	683.2	760.9
Borrowing sectors:													
Nonfinancial business													
4 Financing gap ²	42.0	-0.1	-12.4	13.7	41.8	-39.5	-6.0	-2.1	-1.9	2.3	8.9	17.5	26.1
5 Net equity issuance	-63.0	17.5	29.8	10.0	5.0	51.0	36.0	17.0	15.0	13.0	11.0	9.0	7.0
6 Credit market borrowing	96.7	-9.7	18.6	63.5	90.0	49.8	-1.8	9.8	16.4	43.2	59.2	69.4	82.0
Households													
7 Net borrowing, of which:	257.7	157.3	212.2	262.3	303.8	196.5	190.9	219.0	242.4	248.3	249.8	267.1	284.1
8 Home mortgages	218.8	138.6	189.7	225.5	256.9	167.9	189.0	195.0	207.0	211.5	220.5	229.8	240.0
9 Consumer credit	14.2	-12.1	-4.3	16.5	33.1	1.7	-20.0	-3.0	4.0	9.0	14.0	19.0	24.0
10 Debt/DPI (percent) ³	91.5	94.5	94.0	94.2	94.9	94.2	94.3	94.7	94.7	94.7	94.7	94.8	95.0
State and local governments													
11 Net borrowing	42.6	24.5	24.2	26.1	27.5	24.2	32.7	14.5	25.4	25.4	27.0	25.3	26.6
12 Current surplus ⁴	-35.8	-39.6	-38.0	-33.7	-22.2	-35.4	-37.3	-37.7	-41.7	-38.7	-35.4	-33.0	-27.9
U.S. government													
13 Net borrowing	246.9	278.2	317.4	357.5	384.6	316.5	350.0	313.1	289.8	418.9	321.3	321.4	368.2
14 Net borrowing; quarterly, nsa	246.9	278.2	317.4	357.5	384.6	83.4	62.4	76.6	94.9	109.0	55.3	78.7	114.5
15 Unified deficit; quarterly, nsa	236.4	266.8	343.8	353.7	313.2	115.5	28.4	81.6	118.3	119.7	28.0	84.6	121.4
Funds supplied by													
16 depository institutions	-29.6	-61.4	47.6	62.3	112.0	10.6	33.8	76.8	69.4	60.2	14.6	72.1	102.1
Memoranda: As percent of GDP:													
17 Dom. nonfinancial debt ³	187.9	193.4	193.8	194.5	196.1	194.2	194.8	195.6	195.4	195.6	195.8	195.9	196.3
18 Dom. nonfinancial borrowing	11.7	7.9	9.7	11.4	12.3	10.1	9.7	9.4	9.5	12.0	10.6	10.9	12.0
19 U.S. government ⁵	4.5	4.9	5.4	5.7	5.9	5.4	5.9	5.3	4.8	6.9	5.2	5.1	5.8
20 Private	7.2	3.0	4.3	5.6	6.4	4.6	3.8	4.1	4.7	5.2	5.4	5.8	6.2

1. Published data through 1992 Q1.
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.

because of lower U.S. growth and in the longer term because of the lower dollar.

TRADE QUANTITIES*

(Percent change from preceding period shown, except as noted, A.R.)

	1990:Q4 to 1991:Q4	Q1	Q2	Q3	Q4	1993 Q4
				----- Projection -----		
				1992		
Nonag. exports	8.8	0.2	-3.5	5.1	7.4	9.2
Agric. exports	11.3	6.4	-11.8	11.0	-10.3	0.9
Non-oil imports	5.1	5.2	6.7	3.7	5.5	6.1
Oil imports	6.5	1.7	25.2	37.9	-7.9	8.8

* GDP basis, 1987 dollars.

The quantity of oil imports is projected to increase substantially further in the current quarter before easing in the fourth quarter. Early indications in the third quarter point to strong growth of consumption, while in the fourth quarter, stocks are likely to be drawn down more than enough to offset further increases in consumption. We expect oil imports to increase in 1993 as the U.S. economy recovers and domestic oil production continues its secular decline.

Oil Prices. Current trends in the spot and futures markets for crude oil are consistent with an average U.S. oil import unit value of \$18.25 per barrel in the fourth quarter of 1992, roughly \$1.00 per barrel below the level projected for the fourth quarter in the June Greenbook. The unwinding of tensions associated with Iraqi compliance with U.N. sanctions combined with fairly robust production by members of OPEC in July has left spot and futures prices below the levels recorded at the time of the last Greenbook. Spot WTI prices are currently slightly above \$21.00 per barrel, and we assume they will settle at \$20.50 per barrel by the first quarter of 1993.

Our longer-term assumption of an import unit value of \$18.00 per barrel is consistent with the spot price of \$20.50 per barrel and requires significant increases in OPEC production in 1993. Most of these increases are expected to come from Kuwait (where reconstruction continues rapidly) and Iraq. An absence of Iraq from the world oil market in 1993 would likely put upward pressure on oil prices, which most likely could only be partially offset by an expansion of Saudi Arabian output.

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

	1990:Q4 to 1991:Q4	Q1	Q2	Q3	Q4	1993 Q4
PPI (exp. wts.)	-0.8	-0.3	3.7	2.4	1.6	1.8
Nonag. exports*	0.5	0.1	1.9	2.5	2.5	2.0
Non-oil imports*	0.5	2.1	5.8	4.8	4.5	3.6
Oil imports (\$/bl)	18.04	15.27	17.37	18.95	18.25	18.00

* Excluding computers.

Prices of Exports and Non-oil Imports. The fixed-weight price index for U.S. nonagricultural exports is projected to increase at a moderate pace over the period ahead, roughly in line with U.S. producer prices. The prices of non-oil imports (excluding computers) are expected to increase at a 4-1/4 percent annual rate in the second half of 1992 and somewhat less in 1993. The rate of increase over the next forecast period is about 1 percentage point greater than in the June forecast as a result of the lower dollar.

Nominal Trade and Current Account Balances. The staff projects the merchandise trade deficit to widen about \$10 billion at an annual rate in the second half of 1992 from an estimated level of nearly \$100 billion in the second quarter and to remain little changed during 1993. This projected level of the deficit over the next several quarters through mid-1993 is about \$10 billion greater than that in the previous forecast. Most of the revision to the

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STRICTLY CONFIDENTIAL - FR
CLASS II FOMCREAL GNP AND CONSUMER PRICES, SELECTED COUNTRIES, 1989-93
(Percent change from fourth quarter to fourth quarter)

Measure and country	1989	1990	Projection		
			1991	1992	1993
REAL GNP -----					
Canada	1.5	-2.0	-0.0	1.9	3.4
France	3.4	1.5	1.7	2.6	2.8
Western Germany	2.8	5.2	1.8	2.5	2.4
Italy	3.0	1.6	1.8	1.6	2.0
Japan	4.8	4.7	3.2	1.3	2.5
United Kingdom	1.6	-0.7	-1.7	0.2	2.5
Average, weighted by 1987-89 GNP	3.3	2.5	1.6	1.6	2.6
Average, weighted by share of U.S. nonagricultural exports					
Total foreign	3.3	1.8	1.7	2.5	3.5
G-6	2.5	0.5	0.8	1.7	3.0
Developing countries	5.2	4.9	5.2	5.2	5.7
CONSUMER PRICES -----					
Canada	5.2	4.9	4.1	2.5	2.6
France	3.6	3.6	2.9	2.8	2.8
Western Germany	3.0	3.0	3.9	3.2	3.3
Italy	6.6	6.3	6.1	4.9	3.5
Japan	2.9	3.2	3.2	2.5	1.9
United Kingdom	7.6	10.0	4.2	3.9	3.5
Average, weighted by 1987-89 GNP	4.4	4.8	3.9	3.2	2.7
Average, weighted by share of U.S. non-oil imports	4.2	4.4	3.8	2.8	2.5

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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 (874)	-36.1	-35.2	-33.7	-30.7	-29.3	-25.9	-22.3	-21.4	-19.7	-17.6	-32.2	-29.9	-20.3
Exports of G+S	568.4	574.9	584.5	595.5	607.2	619.4	631.8	644.3	656.5	668.0	567.2	601.6	650.1
Merchandise	409.8	414.7	422.4	431.0	440.3	449.9	459.8	469.6	479.1	488.1	409.1	435.9	474.2
Services	158.5	160.1	162.1	164.5	166.9	169.4	172.0	174.7	177.4	179.9	158.1	165.7	176.0
Imports of G+S	604.5	610.0	618.1	626.1	636.4	645.3	654.1	665.7	676.2	685.6	599.3	631.5	670.4
Merchandise	506.0	511.1	518.5	526.0	535.6	543.8	551.6	562.1	571.4	579.6	500.7	530.9	566.2
Oil	53.5	52.5	53.4	53.9	56.4	57.2	57.5	60.4	62.1	62.9	50.5	55.2	60.7
Non-oil	452.6	458.7	465.2	472.2	479.3	486.7	494.2	501.8	509.4	516.8	450.3	475.8	505.6
Services	98.5	98.9	99.6	100.2	100.9	101.5	102.5	103.6	104.8	106.0	98.6	100.5	104.2
Memo: (Percent changes 1/)													
Exports of G+S	6.1	4.6	6.9	7.8	8.1	8.3	8.3	8.1	7.8	7.2	2.4	7.7	7.9
of which: Goods	6.3	4.9	7.6	8.4	8.9	9.0	9.1	8.8	8.3	7.7	1.8	8.5	8.5
Imports of G+S	5.9	3.7	5.4	5.3	6.8	5.7	5.6	7.3	6.4	5.7	4.9	5.8	6.2
of which: Non-oil													
Goods	3.7	5.5	5.8	6.1	6.2	6.3	6.4	6.3	6.2	6.0	5.3	6.1	6.2
Current Account Balance	-53.2	-60.0	-52.4	-46.3	-41.5	-46.6	-37.4	-33.6	-29.5	-36.4	-44.7	-46.7	-34.2
Merchandise Trade, net	-109.4	-110.3	-110.6	-110.5	-111.7	-111.5	-109.5	-111.1	-113.0	-113.2	-97.0	-111.0	-111.7
Exports	430.8	436.1	445.6	456.4	467.9	479.2	491.9	503.6	513.4	523.4	430.5	462.3	508.1
Agricultural	42.8	40.4	41.0	41.8	42.7	43.2	44.9	45.8	45.2	45.5	42.1	42.2	45.3
Nonagricultural	388.0	395.7	404.7	414.6	425.2	436.0	447.0	457.8	468.2	477.9	388.4	420.1	462.7
Imports	540.3	546.4	556.2	566.9	579.6	590.7	601.4	614.7	626.3	636.6	527.5	573.3	619.8
Oil	59.7	56.4	56.6	57.2	59.8	60.6	60.9	64.0	65.8	66.6	51.9	58.6	64.3
Non-oil	480.6	490.0	499.6	509.7	519.8	530.1	540.5	550.7	560.6	570.1	475.6	514.8	555.5
Other Current Account	33.6	32.5	37.4	40.4	44.1	43.9	49.4	52.5	56.3	56.1	32.4	41.5	53.6
Invest. Income, net	22.7	17.8	20.8	23.7	26.1	21.0	22.7	25.0	27.2	20.7	19.9	22.9	23.9
Direct, net	54.3	51.8	51.1	55.7	56.0	54.4	52.7	57.3	57.7	55.2	54.0	54.3	55.7
Portfolio, net	-31.6	-34.1	-30.3	-31.9	-29.9	-33.4	-30.0	-32.3	-30.5	-34.5	-34.1	-31.4	-31.8
Military, net	0.2	0.4	0.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-0.2	1.0	1.0
Other Services, net	61.4	63.3	65.4	68.2	71.1	74.1	77.2	80.3	83.3	86.3	60.5	69.7	81.8
Transfers, net	-28.0	-31.2	-28.8	-28.8	-28.0	-31.2	-28.8	-28.8	-28.0	-31.2	-27.9	-29.2	-29.2

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

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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	1990	1991	1992
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	-35.9	-73.7	-51.8	-21.8
Exports of G+S	500.2	508.7	508.4	522.6	515.9	536.1	544.2	561.4	565.4	560.0	471.8	510.0	539.4
Merchandise	363.5	368.7	366.7	375.3	377.4	390.1	395.2	407.3	408.1	403.6	343.8	368.5	392.5
Services	136.7	140.0	141.7	147.3	138.5	146.1	149.0	154.0	157.3	156.4	127.9	141.4	146.9
Imports of G+S	558.6	565.6	567.7	555.3	533.8	553.5	575.8	581.8	586.8	595.9	545.4	561.8	561.2
Merchandise	458.3	464.5	465.7	452.7	438.9	454.9	477.9	482.2	488.0	497.8	450.4	460.3	463.5
Oil	55.9	55.6	53.3	43.5	44.2	51.5	52.4	46.5	46.7	49.4	51.3	52.1	48.6
Non-oil	402.4	408.9	412.4	409.1	394.7	403.4	425.5	435.7	441.3	448.5	399.0	408.2	414.8
Services	100.3	101.2	102.0	102.6	94.9	98.5	97.9	99.6	98.8	98.1	95.0	101.5	97.7
Memo: (Percent changes 1/)													
Exports of G+S	10.7	7.0	-0.2	11.6	-5.0	16.6	6.2	13.3	2.9	-3.8	11.3	7.2	7.4
of which: Goods	10.2	5.8	-2.2	9.7	2.3	14.2	5.3	12.8	0.8	-4.3	10.2	5.8	8.5
Imports of G+S	2.6	5.1	1.5	-8.5	-14.6	15.6	17.1	4.2	3.5	6.3	2.6	0.1	4.8
of which: Non-oil Goods	-4.4	6.6	3.5	-3.2	-13.4	9.1	23.8	9.9	5.2	6.7	3.1	0.5	6.5

Current Account Balance	-89.5	-85.3	-95.9	-91.0	48.8	9.7	-44.3	-28.9	-21.2	-44.5	-101.1	-90.4	-3.7
Merchandise Trade, net	-109.5	-99.2	-115.6	-111.1	-73.3	-65.6	-80.7	-74.2	-69.9	-98.4	-115.7	-108.9	-73.4
Exports	379.9	386.6	386.2	402.1	402.5	413.3	416.6	431.4	431.3	423.9	361.7	388.7	416.0
Agricultural	43.0	40.5	39.4	37.9	39.2	37.5	40.7	43.2	43.2	41.9	42.2	40.2	40.1
Nonagricultural	337.0	346.1	346.8	364.2	363.3	375.8	375.9	388.2	388.1	382.0	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	522.3	477.4	497.6	489.4
Oil	63.2	51.3	61.8	72.9	51.7	51.7	52.5	48.8	41.4	50.1	50.9	62.3	51.2
Non-oil	426.3	434.5	439.9	440.3	424.2	427.1	444.8	456.8	459.8	472.2	426.4	435.3	438.2
Other Current Account	2.7	1.1	2.8	-10.0	94.2	59.6	24.0	35.5	29.8	33.6	0.2	-0.9	53.3
Invest. Income, net	17.3	12.8	16.9	30.1	27.9	15.7	12.3	9.8	18.8	20.4	14.4	19.3	16.4
Direct, net	52.1	51.5	54.0	59.7	61.7	53.0	48.3	48.5	54.9	54.9	47.8	54.3	52.9
Portfolio, net	-34.8	-38.7	-37.1	-29.6	-33.9	-37.3	-36.0	-38.7	-36.0	-34.6	-33.5	-35.1	-36.5
Military, net	-7.5	-6.5	-6.8	-10.5	-10.3	-5.7	-4.0	-2.2	-0.9	-0.3	-6.8	-7.8	-5.5
Other Services, net	36.3	37.2	38.3	47.6	47.7	48.8	52.1	54.7	57.7	59.5	32.6	39.9	50.8
Transfers, net	-26.2	-29.6	-28.8	-47.1	56.8	16.5	-24.0	-17.1	-27.0	-25.6	-25.6	-32.9	8.0

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

August 13, 1992

RECENT DEVELOPMENTS

Prepared for the Federal Open Market Committee
By the staff of the Board of Governors of the Federal Reserve System

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

	June 1991	June 1992	Fiscal year to date		Dollar change	Percent change
			FY1991	FY1992		
Outlays	106.0	117.1	968.0	1043.3	75.3	7.8
Deposit insurance (DI)	6.0	1.4	30.3	9.3	-21.0	-69.2
Defense Cooperation account (DCA)	-.8	.0	-38.9	-5.2	33.7	-86.7
Outlays excluding DI and DCA	100.7	115.7	976.6	1039.2	62.6	6.4
National defense	22.7	25.9	237.6	225.9	-11.7	-4.9
Net interest	15.7	15.4	144.8	150.3	5.5	3.8
Social security	25.9	27.2	201.2	215.1	13.9	6.9
Medicare and health	14.9	18.8	128.2	153.4	25.1	19.6
Income security	9.8	13.6	129.3	151.0	21.7	16.8
Other	11.6	14.8	135.5	143.5	8.0	5.9
Receipts	103.4	120.9	789.9	815.6	25.7	3.3
Personal income taxes	44.5	53.1	346.7	348.3	1.6	.5
Social insurance taxes	34.8	38.4	300.1	315.5	15.4	5.1
Corporate income taxes	16.5	20.8	76.4	78.0	1.6	2.1
Other	7.6	8.7	66.7	73.7	7.1	10.6
Deficit(+)	2.6	-3.8	178.1	227.7	49.6	27.9
Excluding DI and DCA	-2.7	-5.2	186.7	223.6	36.9	19.7

Details may not add to totals because of rounding.

ADMINISTRATION POLICY BUDGET PROJECTIONS
(Billions of dollars)

	Fiscal years					
	1992	1993	1994	1995	1996	1997
Outlays	1407	1504	1527	1545	1620	1701
Receipts	1074	1163	1253	1326	1402	1464
Deficit						
Mid-Session projection	334	341	274	218	218	237
(February projection)	400	350	212	194	181	188
Deficit ex deposit insurance and Desert Storm contributions						
Mid-Session projection	328	282	253	248	241	271
(February projection)	325	284	237	221	203	220
Memo:						
Deposit insurance	11	59	21	-30	-23	-34
Desert Storm contributions(-)	-5	0	0	0	0	0

ADMINISTRATION ECONOMIC ASSUMPTIONS

	Calendar years					
	1992	1993	1994	1995	1996	1997
-----Percent change, Q4 to Q4-----						
Real GDP	2.7	3.0	3.0	3.0	2.9	2.8
GDP deflator	3.0	3.2	3.1	3.1	3.1	3.0
CPI-U	3.1	3.3	3.2	3.2	3.2	3.1
-----Percent, annual average-----						
Civilian unemployment rate	9.1	8.4	8.0	7.6	7.1	7.2
Interest rates						
Treasury bills	3.9	4.7	5.3	5.3	5.2	5.1
Treasury notes	7.3	6.9	6.7	6.6	6.6	6.6

Source: OMB, Mid-Session Review: The President's Budget and Economic Growth Agenda, July 1992.

II-30
CBO BUDGET ESTIMATES¹
(Billions of dollars)

	Fiscal years					
	1992	1993	1994	1995	1996	1997
Outlays	1402	1493	1511	1567	1644	1745
Receipts	1088	1162	1242	1323	1390	1455
Deficit	314	331	268	244	254	290
Deficit ex deposit insurance and Desert Storm contributions	306	282	251	239	261	307
Memo:						
Deposit insurance	13	49	17	5	-7	-16
Desert Storm contributions(-)	5	0	0	0	0	0

CBO ECONOMIC ASSUMPTIONS

	Calendar years					
	1992	1993	1994	1995	1996	1997
-----Percent change, year over year---						
Real GDP	1.9	3.1	2.8	2.6	2.4	2.2
GDP deflator	2.5	3.0	3.0	3.0	3.0	3.0
CPI-U	3.2	3.4	3.4	3.4	3.4	3.4
-----Percent, annual average-----						
Civilian unemployment rate	7.5	6.8	6.1	5.9	5.7	5.6
Interest rates						
Treasury bills	3.6	3.7	4.8	5.4	5.5	5.6
Treasury notes	7.1	6.9	6.9	7.0	7.1	7.1

Source: CBO, Economic and Budget Outlook: An Update, August, 1992.

1. The projections assume that revenues and outlays for major benefit programs evolve according to laws in effect at the time the projections are made, and that appropriations for other programs are consistent with the discretionary spending caps. The projections include Social Security and the Postal Service, which are off-budget.

TREASURY AND AGENCY FINANCING¹
(Total for period; billions of dollars)

	1992				
	Q2	Q3 ^P	July	Aug. ^P	Sept. ^P
<u>Treasury financing</u>					
Total surplus/deficit (-)	-28.4	-81.6	-41.1	-34.5	-6.0
Means of financing deficit:					
Net cash borrowing from the public	62.5	76.6	28.6	37.2	10.8
Marketable borrowings/ repayments (-)	52.8	78.9	32.9	35.7	10.2
Bills	2.4	21.2	14.1	4.6	2.4
Coupons	50.4	57.7	18.8	31.1	7.8
Nonmarketable	9.7	-2.3	-4.3	1.5	.6
Decrease in the cash balance	-27.2	2.6	9.5	2.0	-8.9
Memo: Cash balance at end of period	47.0	44.4	37.5	35.5	44.4
²					
Other	-6.9	2.4	3.0	-4.7	4.2
<u>Federally sponsored credit agencies, net cash borrowing³</u>					
	8.1	--	--	--	--
FHLBs	-.5	--	--	--	--
FHLMC ⁴	2.5	--	--	--	--
FNMA	7.7	--	--	--	--
Farm Credit Banks	-.8	--	--	--	--
SLMA	-1.2	--	--	--	--
FAMC ⁵	.5	--	--	--	--

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. Data for April and May only.

5. Federal Agricultural mortgage Corporation.

p--projected.

Note: Details may not add to totals due to rounding.

CONFIDENTIAL (FR)
CLASS III - FOMC

August 14, 1992

SUPPLEMENT
CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

August 14, 1992

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

	1991 Dec	1992 Jan	1992 Feb	1992 Mar	1992 Apr	1992 May	1992 Jun	1992 Jul	1992 Aug (p)
<hr/>									
Indexes of consumer sentiment (Feb. 1966=100)									
Composite of current and expected conditions	68.2	67.5	68.8	76.0	77.2	79.2	80.4	76.6	75.3
Current conditions	78.7	80.5	79.7	84.9	87.7	91.5	95.4	90.6	83.2
Expected conditions	61.5	59.1	61.8	70.3	70.5	71.2	70.7	67.6	70.2
<hr/>									
Personal financial situation									
Now compared with 12 months ago*	88	90	91	93	97	97	100	96	87
Expected in 12 months*	115	119	123	113	129	122	125	125	120
Expected business conditions									
Next 12 months*	67	53	60	90	87	92	88	78	83
Next 5 years*	64	63	63	77	66	70	70	66	78
Appraisal of buying conditions									
Cars	113	123	126	125	131	135	144	128	124
Large household appliances*	114	117	114	126	130	139	147	138	127
Houses	141	155	163	153	162	159	163	153	159
Willingness to use credit	36	37	39	39	31	45	38	39	43
Willingness to use savings	50	46	47	53	54	59	67	58	61
Average expected increase in prices during the next 12 months	4.0	3.5	3.5	3.3	3.7	3.4	4.2	3.9	3.9
Average expected increase in prices (per year) over the next 5 to 10 years	4.8	5.4	4.5	4.6	4.9	5.5	4.7	4.7	5.0

* -- 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.

Replaces Greenbook pages I-35 and I-36

TRADE QUANTITIES*

(Percent change from preceding period shown, except as noted, A.R.)

	1990:Q4 to 1991:Q4	----- Projection ----- 1992				1993 Q4
		Q1	Q2	Q3	Q4	
Nonag. exports	8.3	0.2	-3.5	5.1	7.4	9.2
Agric. exports	10.8	6.4	-11.8	19.4	-17.0	0.9
Non-oil imports	6.5	5.2	6.7	3.7	5.5	6.1
Oil imports	6.9	1.7	25.2	37.4	-7.3	9.0

* GDP basis, 1987 dollars.

SELECTED PRICE INDICATORS

(Percent change from preceding period shown, except as noted, A.R.)

	1990:Q4 to 1991:Q4	----- Projection ----- 1992				1993 Q4
		Q1	Q2	Q3	Q4	
PPI (exp. wts.)	-0.9	-0.3	3.7	2.5	1.7	1.8
Nonag. exports*	-0.4	0.1	1.9	2.6	2.5	2.0
Non-oil imports*	0.3	2.1	5.8	4.8	4.5	3.6
Oil imports (\$/bl)	18.13	15.27	17.37	18.94	18.25	18.00

* Excluding computers.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

August 14, 1992

STRICTLY CONFIDENTIAL - FR
CLASS II - FOMC

TO: Federal Open Market Committee

FROM: Normand Bernard

Attached is a revised version of the table that appears on page I-38 of the August 13 Greenbook, Part I. The revision extends the staff forecast of foreign GDP and consumer prices through 1994.

August 14, 1992

STRICTLY CONFIDENTIAL - FR
CLASS II FOMC

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

Measure and country	1990	1991	Projection		
			1992	1993	1994
<hr/>					
REAL GDP					
<hr/>					
Canada	-2.0	-0.0	1.9	3.4	3.4
France	1.5	1.7	2.6	2.8	2.7
Western Germany	5.2	1.8	2.5	2.4	2.6
Italy	1.6	1.8	1.6	2.0	2.4
Japan*	4.7	3.2	1.3	2.5	4.0
United Kingdom	-0.7	-1.7	0.2	2.5	2.5
Average, weighted by 1987-89 GNP	2.5	1.6	1.6	2.6	3.1
Average, weighted by share of					
U.S. nonagricultural exports					
Total foreign	1.8	1.7	2.5	3.5	3.7
G-6	0.5	0.8	1.7	3.0	3.2
Developing countries	4.9	5.2	5.2	5.7	5.8
CONSUMER PRICES					
<hr/>					
Canada	4.9	4.1	2.5	2.6	2.3
France	3.6	2.9	2.8	2.8	2.6
Western Germany	3.0	3.9	3.2	3.3	3.3
Italy	6.3	6.1	4.9	3.5	3.2
Japan	3.2	3.2	2.5	1.9	2.1
United Kingdom	10.0	4.2	3.9	3.5	3.2
Average, weighted by 1987-89 GNP	4.8	3.9	3.2	2.7	2.7
Average, weighted by share of					
U.S. non-oil imports					
	4.4	3.8	2.8	2.5	2.4

* Japanese data reported on GNP basis.