

November 7, 1990

## **SUMMARY AND OUTLOOK**

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

over the past year, is projected to stimulate merchandise exports and to restrain imports. With sales prospects brightening and inventories having been held in check, orders and production are expected to pick up promptly. An improved outlook also should stimulate spending on new equipment in the second half of next year. Nonetheless, on the assumption that monetary policy provides no additional stimulus, aggregate demand grows only moderately and real GNP increases at about a 2-1/2 percent average annual rate over the second half of 1991 and in 1992.

**STAFF GREENBOOK PROJECTIONS**  
(Percent change, fourth quarter to fourth quarter)

	1990	1991	1992
Real GNP			
November	.4	1.2	2.5
September	.6	1.6	2.5
Consumer prices			
November	6.5	4.4	4.0
September	6.3	4.7	4.4
Unemployment rate <sup>1</sup>			
November	5.9	6.8	6.8
September	6.0	6.5	6.5

1. Level in the fourth quarter.

In the near term, there is still more bad news ahead on the price front, as higher crude oil costs, the depreciation of the dollar, and increases in federal excise taxes are passed through to the retail level. But the projection of inflation over the longer run has been reduced from the last Greenbook. The level of output is lower throughout this forecast than in the September Greenbook, and the unemployment rate now is projected to rise to 6-3/4 percent next summer and to remain there through 1992. This

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## STAFF GNP PROJECTIONS

Percent changes, annual rate

	Nominal GNP		Real GNP		GNP fixed-weight price index		Consumer Price Index <1>		Unemployment rate (percent)			
	09/26/90	11/7/90	09/26/90	11/7/90	09/26/90	11/7/90	09/26/90	11/7/90	09/26/90	11/7/90		
<b>Annual changes:</b>												
1988	<2>	7.9	7.9	4.5	4.5	4.2	4.2	4.1	4.1	5.5	5.5	
1989	<2>	6.7	6.7	2.5	2.5	4.5	4.5	4.8	4.8	5.3	5.3	
1990		5.2	5.1	1.0	1.0	4.5	4.6	5.4	5.5	5.5	5.5	
1991		5.4	4.7	.7	.3	4.8	4.7	5.3	5.3	6.4	6.7	
1992		6.9	6.2	2.4	2.4	4.4	4.0	4.6	4.1	6.5	6.8	
<b>Quarterly changes:</b>												
1989	Q1	<2>	7.5	7.5	3.6	3.6	4.9	4.9	5.4	5.4	5.2	5.2
	Q2	<2>	5.8	5.8	1.6	1.6	4.6	4.6	6.0	6.0	5.3	5.3
	Q3	<2>	5.1	5.1	1.7	1.7	3.1	3.1	2.9	2.9	5.3	5.3
	Q4	<2>	3.9	3.9	.3	.3	3.8	3.8	3.9	3.9	5.3	5.3
1990	Q1	<2>	6.7	6.7	1.7	1.7	6.6	6.6	8.2	8.2	5.2	5.2
	Q2	<2>	5.1	5.1	.4	.4	3.9	3.9	3.8	3.8	5.3	5.3
	Q3	<2>	5.7	5.3	1.4	1.8	4.2	4.1	6.4	6.3	5.6	5.6
	Q4		2.6	1.3	-1.0	-2.1	4.4	4.7	7.1	8.0	6.0	5.9
1991	Q1		5.1	4.5	-.4	-1.1	5.8	5.7	5.4	5.0	6.3	6.4
	Q2		7.1	6.1	2.0	1.4	4.8	4.5	4.1	4.2	6.4	6.7
	Q3		6.9	6.4	2.3	2.2	4.5	4.0	4.4	3.9	6.5	6.8
	Q4		7.1	6.0	2.4	2.4	4.2	3.8	4.7	4.3	6.5	6.8
1992	Q1		7.2	6.5	2.5	2.5	5.0	4.3	5.1	4.2	6.5	6.8
	Q2		6.7	6.2	2.5	2.5	4.1	3.8	4.4	4.1	6.5	6.8
	Q3		6.4	6.2	2.5	2.5	4.0	3.7	4.2	3.9	6.5	6.8
	Q4		6.5	6.0	2.5	2.5	4.0	3.6	4.1	3.8	6.5	6.8
<b>Two-quarter changes: &lt;3&gt;</b>												
1989	Q2	<2>	6.7	6.7	2.6	2.6	4.7	4.7	5.7	5.7	.0	.0
	Q4	<2>	4.5	4.5	1.0	1.0	3.4	3.4	3.4	3.4	.0	.0
1990	Q2	<2>	5.9	5.9	1.1	1.1	5.3	5.3	5.9	5.9	.0	.0
	Q4		4.1	3.3	.2	-.2	4.3	4.4	6.8	7.2	.7	.6
1991	Q2		6.1	5.3	.8	.1	5.3	5.1	4.8	4.6	.4	.8
	Q4		7.0	6.2	2.4	2.3	4.3	3.9	4.6	4.1	.1	.1
1992	Q2		7.0	6.4	2.5	2.5	4.6	4.1	4.7	4.2	.0	.0
	Q4		6.5	6.1	2.5	2.5	4.0	3.7	4.1	3.9	.0	.0
<b>Four-quarter changes: &lt;4&gt;</b>												
1988	Q4	<2>	7.8	7.8	3.5	3.5	4.6	4.6	4.3	4.3	-.5	-.5
1989	Q4	<2>	5.6	5.6	1.8	1.8	4.0	4.0	4.6	4.6	.0	.0
1990	Q4		5.0	4.6	.6	.4	4.8	4.8	6.3	6.5	.7	.6
1991	Q4		6.6	5.7	1.6	1.2	4.8	4.5	4.7	4.4	.5	.9
1992	Q4		6.7	6.2	2.5	2.5	4.3	3.9	4.4	4.0	.0	.0

&lt;1&gt; For all urban consumers.

&lt;2&gt; Actual.

&lt;3&gt; Percent change from two quarters earlier.

&lt;4&gt; Percent change from four quarters earlier.

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CLASS II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS  
(Seasonally adjusted; annual rate)

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	Units	1984	1985	1986	1987	1988	1989	1990	1991	1992	Projection
<b>EXPENDITURES</b>											
Nominal GNP	\$Billions of \$	3772.2	4014.9	4231.6	4515.6	4873.7	5200.8	5466.4	5720.7	6077.7	
Real GNP	\$Billions of 1929	3501.4	3618.7	3717.9	3845.3	4016.9	4117.7	4157.7	4169.1	4266.4	
Real GNP	Percent change*	5.1	3.6	1.9	5.0	3.5	1.8	.4	1.2	2.5	
Gross domestic purchases		6.4	4.3	2.1	4.2	2.6	1.1	.2	.1	2.1	
Final sales		4.7	4.6	2.7	3.1	4.5	1.7	.7	1.2	2.1	
Private dom. final purchases		5.6	4.6	2.9	2.5	4.0	1.2	.2	.2	2.0	
Personal consumption expend.		4.1	4.6	3.8	2.3	4.1	1.2	.8	.7	1.7	
Durables		10.8	7.0	11.5	-1.2	9.3	-1.4	-.8	-.5	2.0	
Nondurables		2.3	3.3	2.9	1.3	2.4	.6	-1.4	-.5	.5	
Services		3.5	5.0	2.1	4.1	3.7	2.4	2.8	1.9	2.3	
Business fixed investment		13.8	3.7	-5.5	6.1	5.3	4.5	-.1	-2.8	2.6	
Producers' durable equipment		14.9	4.6	.4	8.2	8.2	5.4	.9	-1.3	5.2	
Nonresidential structures		11.8	1.9	-17.7	.8	-2.7	1.7	-3.4	-7.5	-6.7	
Residential structures		6.1	5.8	11.6	-2.2	-.1	-7.1	-7.5	1.1	6.6	
Exports		5.9	-2.4	10.6	19.8	14.0	10.1	3.6	6.7	7.7	
Imports		17.4	4.5	10.0	10.4	5.5	4.5	1.7	-.4	5.5	
Government purchases		7.9	8.6	3.1	2.0	1.1	.3	1.6	-.1	.3	
Federal		13.0	13.3	.5	1.5	-1.6	-2.8	1.1	-1.9	-2.3	
Defense		6.5	7.1	6.0	4.0	-1.8	-2.1	-2.9	-3.7	-4.4	
State and local		4.4	4.9	5.2	2.3	3.1	2.6	2.0	1.2	2.0	
Change in business inventories	\$Billions of 1929	62.3	9.1	5.6	22.8	23.6	23.8	5.4	-1.0	14.3	
Nonfarm	\$Billions of 1929	57.8	13.4	8.0	28.7	26.5	18.7	4.5	-2.6	12.1	
Net exports	\$Billions of 1929	-84.0	-104.3	-129.7	-118.5	-75.9	-54.1	-42.4	-4.1	20.0	
Nominal GNP	Percent change*	8.6	6.6	4.6	8.2	7.8	5.6	4.6	5.7	6.2	
<b>EMPLOYMENT AND PRODUCTION</b>											
Nonfarm payroll employment	Millions	94.5	97.5	99.5	102.2	105.5	108.4	110.4	110.3	111.6	
Unemployment rate	Percent	7.5	7.2	7.0	6.2	5.5	5.3	5.5	6.7	6.8	
Industrial production index	Percent change*	4.7	1.9	1.4	6.5	4.5	1.1	1.0	1.0	3.5	
Capacity utilization rate-mfg.	Percent	80.4	79.5	79.0	81.4	83.9	83.9	82.4	79.8	80.3	
Housing starts	Millions	1.77	1.74	1.81	1.62	1.49	1.38	1.21	1.14	1.27	
Auto sales	Millions	10.35	11.03	11.44	10.23	10.65	9.89	9.58	8.73	9.15	
Domestic	Millions	7.92	8.22	8.22	7.06	7.55	7.06	6.92	6.39	6.64	
Foreign	Millions	2.43	2.82	3.22	3.18	3.10	2.83	2.66	2.35	2.51	
<b>INCOME AND SAVING</b>											
Nominal personal income	Percent change*	8.4	6.6	5.8	8.1	7.6	6.8	5.9	6.3	6.6	
Real disposable income	Percent change*	4.3	2.7	3.3	2.7	4.3	1.7	-.4	1.2	1.8	
Personal saving rate	Percent	6.1	4.4	4.1	2.9	4.2	4.6	4.4	4.1	4.2	
Corp. profits with IVA & CCAdj	Percent change*	7.4	9.2	-5.6	17.4	8.2	-16.8	-7.2	-6.3	3.4	
Profit share of GNP	Percent	7.1	7.0	6.7	6.8	6.9	6.0	5.4	4.4	4.2	
Federal govt. surplus/deficit	\$Billions of \$	-169.6	-196.9	-206.9	-158.2	-141.7	-134.3	-153.6	-143.3	-115.1	
State and local govt. surplus		64.6	65.1	62.8	51.0	46.5	46.4	39.6	44.2	62.2	
Exc. social insurance funds		19.8	13.8	5.6	-8.3	-16.4	-19.9	-29.9	-28.7	-14.4	
<b>PRICES AND COSTS</b>											
GNP implicit deflator	Percent change*	3.4	2.9	2.6	3.0	4.1	3.7	4.1	4.5	3.7	
GNP fixed-weight price index		3.7	3.3	2.6	3.8	4.6	4.0	4.8	4.5	3.9	
Cons. & fixed invest. prices		3.3	3.4	2.5	4.5	4.3	4.3	5.6	4.2	3.8	
CPI		4.2	3.5	1.3	4.5	4.3	4.6	6.5	4.4	4.0	
Exc. food and energy		5.0	4.3	3.9	4.3	4.5	4.3	5.5	5.2	4.1	
ECI hourly compensation		4.9	3.9	3.2	3.3	4.8	4.8	5.0	4.7	4.0	
Nonfarm business sector		1.5	1.6	1.3	2.3	1.8	-1.6	.1	1.1	1.3	
Output per hour		4.1	4.6	4.9	3.7	4.2	2.2	4.6	4.6	4.1	
Compensation per hour		2.6	3.0	3.6	1.4	2.3	3.9	4.5	3.5	2.8	
Unit labor costs											

\* Percent changes are from fourth quarter to fourth quarter.

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CLASS II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS  
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	Units	1988				1989				1990	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>EXPENDITURES</b>											
Nominal GNP	[Billions of \$]	4735.8	4831.4	4917.9	5009.8	5101.3	5174.0	5238.6	5289.3	5375.4	5443.3
Real GNP	[Billions of 82\$]	3970.2	4005.8	4032.1	4059.3	4095.7	4112.2	4129.7	4133.2	4150.6	4155.1
Real GNP	Percent Change	5.1	3.6	2.7	2.7	3.6	1.6	1.7	.3	1.7	.4
Gross domestic purchases		1.6	3.0	3.2	2.4	1.2	1.8	2.8	-1.2	.5	1.3
Final sales		7.1	5.1	1.1	4.6	2.4	1.7	1.8	.9	3.8	-1.7
Private dom. final purchases		6.7	4.8	3.0	1.7	.8	1.4	4.1	-1.5	2.4	-1.2
Personal consumption expend.		6.9	2.7	3.5	3.5	-.3	1.3	4.6	-.8	1.1	.2
Durables		21.8	3.7	-1.1	14.1	-6.0	5.6	9.6	-13.0	14.4	-9.5
Nondurables		2.6	2.0	4.1	1.2	.6	-1.7	3.9	-.2	-3.2	-1.9
Services		5.6	2.9	4.5	1.9	.9	2.1	3.5	3.1	.1	5.1
Business fixed investment		11.4	15.7	1.6	-6.3	8.9	6.9	6.3	-3.8	5.0	-4.7
Producers' durable equipment		20.3	17.9	2.2	-5.5	9.5	12.2	6.1	-5.2	5.7	-3.3
Nonresidential structures		-10.5	9.9	-.3	-8.7	7.5	-8.2	7.1	1.3	2.3	-9.0
Residential structures		-6.8	6.8	.4	-.4	-3.6	-11.3	-7.6	-5.5	15.1	-11.2
Exports		31.7	4.4	5.4	16.7	15.8	12.4	-.5	13.5	11.2	-5.0
Imports		.5	.3	9.2	12.4	-2.3	12.8	6.4	1.7	2.5	.7
Government purchases		-9.2	3.3	-3.8	15.7	-3.3	4.0	-2.4	3.0	2.9	6.2
Federal		-24.1	3.5	-10.4	33.6	-9.1	7.0	-7.9	-.4	.4	16.4
Defense		-5.6	-1.4	-5.0	4.9	-10.9	3.2	7.2	-7.0	-1.7	3.3
State and local		3.9	3.2	1.2	4.3	1.3	1.8	1.8	5.6	4.8	-.6
Change in business inventories	[Billions of 82\$]	31.0	16.9	32.6	14.0	26.1	25.5	24.6	18.9	-2.2	9.5
Nonfarm	[Billions of 82\$]	28.8	19.2	31.0	27.2	16.4	21.5	21.7	15.3	-8.2	11.6
Net exports	[Billions of 82\$]	-77.3	-72.2	-78.5	-75.7	-51.1	-53.3	-64.1	-47.9	-35.4	-44.6
Nominal GNP	Percent change	7.8	8.3	7.4	7.7	7.5	5.8	5.1	3.9	6.7	5.1
<b>EMPLOYMENT AND PRODUCTION</b>											
Nonfarm payroll employment	[Millions]	104.3	105.1	105.9	106.8	107.6	108.2	108.7	109.2	109.9	110.5
Unemployment rate	Percent*	5.7	5.5	5.5	5.3	5.2	5.3	5.3	5.3	5.2	5.3
Industrial production index	Percent change	5.0	4.2	5.9	2.8	2.7	2.8	-1.2	.2	.6	4.2
Capacity utilization rate-mfg.	Percent*	83.1	83.6	84.3	84.6	84.7	84.5	83.7	82.9	82.6	82.8
Housing starts	[Millions]	1.46	1.49	1.47	1.54	1.51	1.35	1.34	1.35	1.45	1.20
Auto sales	[Millions]	10.91	10.67	10.15	10.88	10.03	10.26	10.20	9.09	10.01	9.53
Domestic	[Millions]	7.60	7.50	7.20	7.89	7.08	7.26	7.36	6.56	7.11	6.78
Foreign	[Millions]	3.30	3.17	2.95	2.99	2.95	3.00	2.84	2.53	2.90	2.75
<b>INCOME AND SAVING</b>											
Nominal personal income	Percent change	6.4	8.6	8.1	7.4	11.6	5.8	3.7	6.2	8.6	5.3
Real disposable income	Percent change	7.3	2.7	4.9	2.3	4.2	-1.2	2.7	1.2	2.5	.3
Personal saving rate	Percent*	4.0	4.1	4.5	4.1	5.2	4.6	4.1	4.6	4.9	5.0
Corp. profits with IVA & CCAdj	Percent change	9.5	6.6	-1.7	19.5	-23.2	-7.0	-17.1	-19.1	8.4	13.9
Profit share of GNP	Percent*	7.0	7.0	6.8	7.0	6.4	6.2	5.9	5.5	5.5	5.6
Federal govt. surplus/deficit	[Billions of \$]	-153.7	-136.9	-120.1	-156.3	-132.6	-122.7	-131.7	-150.1	-168.3	-166.0
State and local govt. surplus		45.5	48.3	46.8	45.2	48.9	50.3	48.1	38.5	38.1	38.6
Exc. social insurance funds		-15.6	-14.1	-17.0	-19.0	-16.2	-15.6	-18.7	-29.1	-30.2	-30.4
<b>PRICES AND COSTS</b>											
GNP implicit deflator	Percent change	2.7	4.4	4.7	4.7	3.9	3.9	3.2	3.8	4.8	4.7
GNP fixed-weight price index		3.9	4.7	5.5	4.4	4.9	4.6	3.1	3.8	6.6	3.9
Cons. & fixed invest. prices		2.9	4.9	4.5	5.0	5.0	5.3	2.3	4.6	6.8	2.6
CPI		3.5	4.2	5.2	4.1	5.4	6.0	2.9	3.9	8.2	3.8
Exc. food and energy		4.4	4.7	4.6	4.6	5.2	4.1	3.8	4.4	6.2	4.9
ECI hourly compensation**		5.2	5.2	3.8	4.6	4.6	4.9	4.9	4.8	5.6	5.5
Nonfarm business sector		4.7	-.5	2.8	.2	-2.7	-.3	-1.0	-2.5	-1.3	.3
Output per hour		2.4	5.1	5.3	3.8	3.3	1.7	1.6	2.3	3.9	5.0
Compensation per hour		-2.2	5.7	2.5	3.6	6.1	2.0	2.6	5.0	5.3	4.7
Unit labor costs											

\* Not at an annual rate.

\*\* Private industry workers

CONFIDENTIAL - FR  
CLASS II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS  
(Seasonally adjusted; annual rate)

November 7, 1990

	Units	Projection									
		1990				1991				1992	
		Q3	Q4	Q1	Q2	Q3	Q4	Q4	Q1	Q2	Q3
											Q4
<b>EXPENDITURES</b>											
Nominal GNP	Billions of \$	5514.4	5532.6	5593.4	5676.5	5764.5	5848.5	5941.5	6032.1	6123.5	6213.6
Real GNP	Billions of 1982\$	4173.6	4151.4	4140.1	4154.4	4176.6	4201.1	4226.8	4253.3	4279.3	4306.2
Real GNP	Percent Change	1.6	-2.1	-1.1	1.4	2.2	2.4	2.5	2.5	2.5	2.5
Gross domestic purchases		2.5	-3.5	-2.9	.3	1.7	1.4	1.8	2.1	2.4	2.3
Final sales		2.0	-2.0	.0	1.4	1.4	2.1	2.3	2.2	1.8	1.9
Private dom. final purchases		3.1	-3.3	-2.6	.6	1.3	1.6	1.9	2.1	2.1	2.1
Personal consumption expend.		3.6	-1.7	-1.5	1.5	1.4	1.5	1.6	1.7	1.6	1.6
Durables		3.0	-9.3	-7.8	3.0	2.1	1.3	2.0	2.4	1.9	1.7
Nondurables		1.7	-2.1	-3.1	.5	.2	.4	.5	.5	.5	.5
Services		5.1	1.0	1.6	1.7	2.0	2.3	2.3	2.3	2.3	2.3
Business fixed investment		7.4	-7.4	-6.6	-3.6	-.9	.3	1.5	2.4	3.3	3.2
Producers' durable equipment		8.2	-6.4	-6.0	-2.5	1.0	2.5	4.0	5.0	6.0	6.0
Nonresidential structures		5.1	-10.7	-8.9	-7.0	-7.2	-7.0	-6.9	-6.6	-6.4	-6.8
Residential structures		-15.4	-15.2	-7.4	-.9	6.4	7.0	6.5	7.5	6.7	5.8
Exports		1.2	7.7	3.1	7.0	8.1	8.8	8.4	7.7	7.3	7.5
Imports		6.0	-2.2	-8.7	-.1	5.0	2.8	4.1	4.9	6.8	6.2
Government purchases		1.3	-3.6	1.2	-.7	-.6	-.4	-.5	-.2	.1	-.3
Federal		-.3	-10.3	1.1	-3.0	-2.8	-2.9	-1.6	-2.5	-2.7	-2.5
Defense		.5	-13.0	.3	-5.5	-4.7	-4.9	-3.3	-4.6	-4.9	-4.8
State and local		2.5	1.4	1.3	-.9	1.0	1.4	1.9	2.0	2.1	2.1
Change in business inventories	Billions of 1982\$	7.8	6.3	-5.3	-5.6	2.3	4.6	6.7	10.3	16.9	23.2
Nonfarm	Billions of 1982\$	8.2	6.2	-6.5	-7.0	.5	2.8	4.7	8.1	14.7	20.9
Net exports	Billions of 1982\$	-52.5	-37.1	-17.1	-6.1	-1.4	8.2	15.2	20.1	21.2	23.7
Nominal GNP	Percent change	5.3	1.3	4.5	6.1	6.4	6.0	6.5	6.2	6.2	6.0
<b>EMPLOYMENT AND PRODUCTION</b>											
Nonfarm payroll employment	Millions	110.6	110.4	110.2	110.0	110.3	110.6	111.0	111.4	111.8	112.2
Unemployment rate	Percent*	5.6	5.9	6.4	6.7	6.8	6.8	6.8	6.8	6.8	6.8
Industrial production index	Percent change	3.8	-4.2	-4.4	1.7	3.3	3.6	3.3	3.5	3.5	3.7
Capacity utilization rate-mfg.	Percent*	82.8	81.3	79.8	79.6	79.7	79.9	80.1	80.2	80.4	80.6
Housing starts	Millions	1.14	1.10	1.09	1.11	1.14	1.17	1.20	1.22	1.24	1.26
Auto sales	Millions	9.68	9.10	8.48	8.70	8.85	8.90	9.00	9.15	9.20	9.25
Domestic	Millions	7.21	6.57	6.25	6.35	6.45	6.50	6.55	6.65	6.65	6.70
Foreign	Millions	2.47	2.53	2.23	2.35	2.40	2.40	2.45	2.50	2.55	2.55
<b>INCOME AND SAVING</b>											
Nominal personal income	Percent change	4.9	4.9	6.7	5.9	5.6	6.8	7.8	6.3	5.9	6.4
Real disposable income	Percent change	-.6	-3.5	.8	1.1	1.1	2.0	2.4	1.5	1.3	1.9
Personal saving rate	Percent*	4.0	3.6	4.1	4.0	4.0	4.1	4.2	4.2	4.1	4.2
Corp. profits with IVA & CCAdj	Percent change	-7.4	-35.1	-29.0	-.0	11.2	-1.5	2.2	-2.9	5.3	9.5
Profit share of GNP	Percent*	5.5	4.9	4.4	4.4	4.4	4.3	4.3	4.2	4.2	4.2
Federal govt. surplus/deficit	Billions of \$	-137.3	-142.9	-161.5	-145.4	-132.7	-133.6	-132.0	-119.5	-105.5	-103.2
State and local govt. surplus		41.7	39.9	37.3	42.1	45.9	51.5	56.1	59.8	64.1	68.9
Exc. social insurance funds		-28.1	-30.8	-34.3	-30.4	-27.5	-22.8	-19.1	-16.3	-12.9	-9.0
<b>PRICES AND COSTS</b>											
GNP implicit deflator	Percent change	3.4	3.6	5.6	4.6	4.1	3.5	4.0	3.6	3.6	3.4
GNP fixed-weight price index		4.1	4.7	5.7	4.5	4.0	3.8	4.3	3.8	3.7	3.6
Cons. & fixed invest. prices		5.4	7.8	5.2	3.9	3.8	4.0	4.0	3.9	3.8	3.6
CPI		6.3	8.0	5.0	4.2	3.9	4.3	4.2	4.1	3.9	3.8
Exc. food and energy		5.8	5.0	5.8	5.6	4.9	4.8	4.4	4.2	4.0	3.9
ECI hourly compensation**		4.2	4.7	5.3	5.0	4.4	4.1	4.4	4.1	3.8	3.6
Nonfarm business sector		1.6	-.4	-1.3	2.4	1.8	1.4	1.4	1.3	1.3	1.2
Output per hour		4.5	4.9	5.1	4.8	4.3	4.2	4.6	4.2	3.9	3.9
Compensation per hour		2.8	5.3	6.5	2.3	2.5	2.8	3.2	2.9	2.6	2.7

\* Not at an annual rate.

\*\* Private industry workers

CONFIDENTIAL - FR  
CLASS II FOMC

November 7, 1990

GROSS NATIONAL PRODUCT AND RELATED ITEMS  
(Net changes, billions of 1982 dollars)

	Projection													
	1988				1989				1990		1987	1988	1989	1990
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	(fourth quarter to fourth quarter, net change)			
Real GNP	49.5	35.6	26.3	27.2	36.4	16.5	17.5	3.5	17.4	4.5	187.1	138.6	73.9	18.2
Gross domestic purchases	15.3	30.5	32.6	24.4	11.8	18.7	28.3	-12.7	4.9	13.7	163.0	103.0	46.1	7.4
Final sales	66.9	49.7	10.6	45.7	24.4	17.0	18.5	9.3	38.4	-7.2	117.9	172.9	69.2	30.7
Private dom. final purchases	51.8	39.3	24.4	14.2	6.5	11.4	34.1	-12.9	20.2	-10.3	78.5	128.7	39.1	6.8
Personal consumption expend.	42.6	17.3	22.3	22.4	-2.1	8.6	30.0	-5.4	7.4	1.5	56.4	104.6	31.1	21.1
Durables	19.8	3.8	-1.1	13.9	-6.6	5.8	9.9	-15.0	14.5	-10.8	-4.9	36.4	-5.9	-3.5
Nondurables	5.7	4.4	9.1	2.7	1.4	-3.9	8.8	-4	-7.4	-6.4	11.7	21.9	5.9	-12.8
Services	17.1	9.1	14.2	6.0	3.0	6.7	11.3	10.0	.4	15.6	49.6	46.4	31.0	37.5
Business fixed investment	12.7	17.6	2.0	-8.0	10.5	8.4	7.8	-4.9	6.2	-6.2	26.6	24.3	21.8	-.7
Producers' durable equipment	16.0	14.9	2.0	-5.2	8.4	10.9	5.7	-5.2	5.4	-3.3	25.6	27.7	19.8	3.3
Nonresidential structures	-3.4	2.9	-.1	-2.8	2.2	-2.6	2.1	.4	.7	-2.9	1.0	-3.4	2.1	-4.1
Residential structures	-3.4	3.2	.2	-.2	-1.8	-5.7	-3.7	-2.6	6.5	-5.5	-4.5	-.2	-13.8	-13.6
Change in business inventories	-17.4	-14.1	15.7	-18.6	12.1	-.6	-.9	-5.7	-21.1	11.7	69.2	-34.4	4.9	-12.6
Nonfarm	-26.6	-9.6	11.8	-3.8	-10.8	5.1	-.2	-6.4	-23.5	19.8	66.3	-28.2	-11.9	-9.1
Farm	9.1	-4.5	3.9	-14.8	22.9	-5.7	-1.1	.7	2.4	-8.1	3.0	-6.3	16.8	-3.5
Net exports	34.0	5.1	-6.3	2.8	24.6	-2.2	-10.6	16.2	12.5	-9.2	24.1	35.6	27.8	10.8
Exports	34.7	5.6	7.0	21.0	20.8	17.1	-.7	19.1	16.5	-8.0	80.5	68.3	56.3	22.0
Imports	.7	.5	13.3	18.2	-3.7	19.2	10.1	2.8	4.1	1.2	56.4	32.7	28.4	11.3
Government purchases	-18.9	6.3	-7.5	28.7	-6.7	7.8	-4.8	6.0	5.7	12.3	15.3	8.6	2.3	13.1
Federal	-23.2	2.8	-8.9	23.9	-8.1	5.7	-6.9	-.3	.3	12.9	5.3	-5.4	-9.6	3.7
Defense	-3.8	-.9	-3.3	3.1	-7.4	2.0	4.5	-4.7	-1.1	2.1	10.2	-4.9	-5.6	-7.5
Nondefense	-19.4	3.7	-5.6	20.8	-.8	3.8	-11.4	4.4	1.4	10.8	-4.9	-.5	-4.0	11.2
State and local	4.3	3.5	1.3	4.8	1.5	2.1	2.1	6.3	5.5	-.7	10.0	13.9	12.0	9.6

CONFIDENTIAL - FR  
CLASS II FOMC

November 7, 1990

GROSS NATIONAL PRODUCT AND RELATED ITEMS  
(Net changes, billions of 1982 dollars)

	Projection										Projection			
	1990		1991				1992				1989	1990	1991	1992
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	(fourth quarter to fourth quarter, net change)			
Real GNP	18.5	-22.2	-11.2	14.3	22.2	24.5	25.7	26.5	26.0	26.9	73.9	18.2	49.7	105.1
Gross domestic purchases	26.4	-37.6	-31.2	3.3	17.5	14.8	18.7	21.7	24.9	24.4	46.1	7.4	4.4	89.6
Final sales	20.2	-20.7	.4	14.6	14.3	22.2	23.6	22.9	19.4	20.6	69.2	30.7	51.4	86.5
Private dom. final purchases	25.5	-28.6	-22.1	5.0	10.8	13.3	15.6	17.7	18.0	17.6	39.1	6.8	7.0	69.0
Personal consumption expend.	23.9	-11.7	-10.2	9.9	9.4	10.1	11.1	11.6	11.1	11.0	31.1	21.1	19.1	44.9
Durable	3.2	-10.4	-8.4	3.0	2.1	1.3	2.0	2.5	2.0	1.8	-5.9	-3.5	-2.0	8.4
Non durable	3.6	-4.8	-7.1	1.1	.5	.9	1.1	1.1	1.1	1.1	5.9	-12.8	-4.7	4.5
Services	16.9	3.6	5.3	5.8	6.8	7.9	7.9	8.0	8.0	8.0	31.0	37.5	25.8	31.9
Business fixed investment	9.2	-9.9	-8.6	-4.5	-1.2	.3	1.8	2.9	4.0	4.0	21.8	-.7	-14.0	12.8
Producers' durable equipment	7.7	-6.3	-5.9	-2.4	.9	2.4	3.8	4.8	5.8	5.8	19.8	3.3	-5.0	20.1
Nonresidential structures	1.5	-3.4	-2.7	-2.1	-2.1	-2.0	-1.9	-1.8	-1.7	-1.8	2.1	-4.1	-9.0	-7.3
Residential structures	-7.5	-7.1	-3.2	-.4	2.6	2.9	2.7	3.2	2.9	2.5	-13.8	-13.6	1.8	11.3
Change in business inventories	-1.7	-1.5	-11.6	-.3	7.9	2.3	2.1	3.6	6.6	6.3	4.9	-12.6	-1.7	18.6
Nonfarm	-3.4	-2.0	-12.7	-.5	7.5	2.3	1.9	3.4	6.6	6.2	-11.9	-9.1	-3.4	18.1
Farm	1.7	.5	1.1	.2	.4	.0	.2	.2	.0	.1	16.8	-3.5	1.7	.5
Net exports	-7.9	15.4	20.0	11.0	4.7	9.6	7.0	4.9	1.1	2.5	27.8	10.8	45.3	15.5
Exports	1.9	11.6	4.9	10.8	12.7	14.2	13.7	13.0	12.5	13.0	56.3	22.0	42.6	52.3
Imports	9.8	-3.8	-15.1	-.2	8.0	4.6	6.8	8.1	11.4	10.5	28.4	11.3	-2.7	36.8
Government purchases	2.6	-7.5	2.5	-1.4	-1.2	-.7	.9	.3	-.3	.5	2.3	13.1	-.9	2.1
Federal	-.3	-9.2	.9	-2.5	-2.4	-2.4	-1.4	-2.1	-2.2	-2.1	-9.6	3.7	-6.5	-7.7
Defense	-.3	-8.8	.2	-3.5	-2.9	-3.0	-2.0	-2.8	-2.9	-2.8	-5.6	-7.5	-9.2	-10.5
Nondefense	-.6	-.4	.7	1.0	.5	.6	.6	.7	.7	.7	-4.0	11.2	2.7	2.8
State and local	2.9	1.7	1.6	1.1	1.2	1.7	2.3	2.4	2.5	2.6	12.0	9.4	5.6	9.8

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FEDERAL SECTOR ACCOUNTS<sup>1</sup>  
(Billions of dollars)

	Fiscal years				1990				1991				1992			
	1989a	1990a	1991	1992	Ia	IIa	IIIa	IV	I	II	III	IV	I	II	III	IV
	BUDGET	Not seasonally adjusted														
Budget receipts <sup>2</sup>	991	1031	1111	1179	230	319	254	245	253	335	277	259	271	355	293	272
Budget outlays <sup>2</sup>	1144	1252	1363	1413	310	331	312	348	335	341	338	357	348	352	356	353
Surplus/deficit (-) <sup>2</sup>	-153	-220	-252	-234	-80	-12	-58	-103	-82	-6	-61	-98	-77	4	-63	-81
(On-budget)	-206	-277	-318	-309	-94	-41	-65	-110	-101	-31	-77	-107	-99	-23	-80	-92
(Off-budget)	53	57	67	75	14	29	7	7	19	24	16	8	22	27	18	11
Surplus excluding deposit insurance <sup>3</sup>	-131	-162	-158	-149	-74	17	-41	-82	-61	19	-34	-74	-55	24	-45	-69
Means of financing:																
Borrowing	140	263	241	226	90	41	69	85	65	40	51	87	59	25	54	73
Cash decrease	3	1	5	0	8	-16	-6	15	5	-25	10	10	5	-20	5	10
Other <sup>4</sup>	10	-44	6	9	-18	-13	-6	3	12	-9	0	1	13	-9	4	-2
Cash operating balance, end of period	41	40	35	35	18	35	40	25	20	45	35	25	20	40	35	25
NIPA FEDERAL SECTOR																
Receipts	1038	1094	1167	1251	1081	1106	1134	1143	1157	1174	1194	1212	1245	1264	1283	1306
Expenditures	1174	1249	1312	1374	1249	1272	1271	1286	1318	1319	1327	1346	1377	1384	1389	1410
Purchases	400	414	426	431	411	422	425	420	429	428	427	427	433	433	432	432
Defense	301	307	306	303	307	310	311	304	310	307	305	303	305	303	301	299
Nondefense	99	108	120	128	103	112	114	116	119	121	123	124	128	129	131	133
Other expend.	774	835	886	943	838	850	846	866	889	891	899	919	944	951	957	978
Surplus/deficit	-136	-155	-146	-123	-168	-166	-137	-143	-161	-145	-133	-134	-132	-120	-106	-103
FISCAL INDICATORS <sup>5</sup>																
High-employment (HEB) surplus/deficit (-)	-162	-164	-102	-61	-182	-171	-137	-120	-118	-93	-76	-75	-70	-57	-42	-39
Change in HEB, percent of potential GNP	.1	0	-1.1	-.7	.3	-.2	-.6	-.3	0	-.4	-.3	0	-.1	-.2	-.2	0
Fiscal impetus measure (FI), percent	-3.5 *	-4.3 *	-6.9 *	-4 *	-2.3	1.2	-.7	-2.5	-3.9	-.8	-1	-.8	-1.9	-.6	-.6	-.5

\*\*-actual

\*\*-calendar year

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

1. Staff projections. OMB's FY1991 and FY1992 deficit estimates made for the Budget Summit (September 1990) are \$254 billion and \$229 billion, respectively. These estimates incorporate approximately \$40 billion of cuts from the adjusted Gramm-Rudman-Hollings baseline in FY1991 and \$76 billion in FY1992. CBO's FY1991 and FY1992 baseline deficit estimates (July 1990) are \$232 billion and \$239 billion, respectively.
2. Budget receipts, outlays, and surplus/deficit include social security (OASDI) receipts, outlays and surplus, respectively. 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 FY1990.
3. The Administration's deficit projections, excluding deposit insurance spending, for FY1991 and FY1992, were \$156 billion and \$151 billion, respectively. CBO's July deficit estimates, excluding deposit insurance spending, for FY1991 and FY1992, were \$155 billion and \$168 billion, respectively.
4. Other means of financing are checks issued less checks paid, accrued items; and changes in other financial assets and liabilities.
5. HEB is the NIPA measure in current dollars with cyclically-sensitive receipts and outlays adjusted to a 6 percent unemployment rate and 2.5% potential output growth. Quarterly figures for change in HEB and FI are not at annual rates. Change in HEB, as a percent of nominal potential GNP, is reversed in sign. FI is the weighted difference of discretionary federal spending and tax changes (in 1982 dollars), scaled by real federal purchases. For change in HEB and FI, (-) indicates restraint.

is expected to remain heavy next year, and to recede later in the forecast period as the deficit reduction program takes effect and RTC borrowing needs abate. Total nonfinancial debt is likely to grow about 6-3/4 percent this year and to average near 6 percent over the next two years; excluding RTC borrowing, debt growth would be near 5 percent in 1991 and 5-3/4 percent in 1992, rates that fall a little below those projected for nominal GNP in these years.

Nonfinancial business debt is expected to expand at a relatively subdued pace over the projection period. In the near term, firms with less than top ratings probably will experience increasing difficulty and higher costs in obtaining credit, given the market's resistance to lower-rated investments and many banks' preoccupation with shrinking their balance sheets. Next year corporate borrowing should be relatively restrained, despite weak internal funds, as firms reduce capital outlays and as restructuring activity remains well below that of recent years. However, late in the projection period, a modest pickup in capital spending should nudge the pace of borrowing up a bit.

**Growth Rates of Domestic Nonfinancial Debt by Sector  
(Percent, year-end to year-end)**

	1988	1989	1990	1991	1992
Total	9.1	7.4	6.8	5.9	6.1
U.S. government	8.0	7.1	11.3	9.6	7.6
Nonfederal	9.5	7.5	5.5	4.7	5.6
Households	10.9	8.9	6.3	5.1	5.7
Nonfinancial business	8.2	6.7	5.3	5.0	5.9
State and local government	8.2	4.9	1.7	0.9	3.2
Memo: Nominal GNP (Q4/Q4)	7.8	5.6	4.6	5.7	6.2

end of 1992 is nearly 2 percent above that in the September Greenbook, largely as a result of the lower dollar forecast.

Agricultural exports are expected to increase sharply in the fourth quarter of this year as shipments rebound from their depressed levels of recent months. As in the September forecast, however, little further growth in agricultural exports is expected over the projection period, because the outlook for demand in the major U.S. agricultural export markets remains sluggish.

The quantity of non-oil imports is projected to decline moderately over the next two quarters, as U.S. domestic demand falls; imports are expected to resume expanding in the second half of 1991, following the recovery in U.S. economic activity. At the same time, the growth of imports over the next two years has been revised down somewhat from the September Greenbook forecast, in response to lower domestic economic activity and the lower level of the dollar.

**TRADE QUANTITIES\***  
(Percent change, annual rate)

	<u>1990-Q2</u> 1989-Q4	<u>1990-Q3</u> 1990-Q2	<u>1990-Q4</u> 1990-Q3	<u>Projection</u> ----- <u>1992-Q4</u> 1990-Q4
Nonagricultural exports	7.9	3.2	3.9	11.2
Agricultural exports	-4.4	3.0	23.7	1.4
Non-oil imports	-0.5	13.7	-2.4	3.4
Oil imports	4.0	2.5	1.0	4.0

\* GNP basis, 1982 dollars.

Compared with that in the September Greenbook, the projected quantity of oil imports in the fourth quarter has been revised up because of lower anticipated near-term gains in U.S. oil production. Beyond the fourth quarter, the outlook for oil imports is little changed. These imports are

still projected to decline early next year as economic activity weakens further and oil stocks are run down. Oil imports are expected to expand thereafter as domestic demand recovers and domestic production of crude oil continues to trend down.

On balance, total real net exports of merchandise appear to have weakened somewhat in the third quarter, but they are still projected to improve significantly through early 1992 and to begin to level off thereafter. The improvement in real net exports of goods and services between the third quarter this year and the end of 1992 is now projected to be about \$75 billion (annual rate), nearly \$15 billion greater than in the September forecast.

Merchandise Trade Prices. The fixed-weight price index for nonagricultural exports is projected to show a large increase in the fourth quarter, reflecting the expected sharp pickup in domestic producer prices in areas that are particularly sensitive to oil prices. Thereafter, export prices are expected to increase at a much more moderate rate, in line with the projected rate of increase in domestic producer prices (weighted by export shares) shown in the table below; these price increases are

SELECTED PRICE INDICATORS  
(Percent change, annual rate)

	<u>1990-Q2</u> 1989-Q4	<u>1990-Q3</u> 1990-Q2	<u>1990-Q4</u> 1990-Q3	<u>1992-Q4</u> 1990-Q4
PPI (export-share weighted)	2.4	4.8	9.2	1.9
Nonagric. exports (Fx-Wt)	1.9	4.9	8.8	2.2
Non-oil imports (Fx-Wt)	1.4	3.6	8.6	5.1
Oil imports (Fx-Wt)	-19.6	164.7	674.6	-16.5

November 6, 1990

**Outlook for U.S. Net Exports and Related Items  
(Billions of Dollars, Seasonally Adjusted Annual Rates)**

	ANNUAL			1990		1991			1992				
	1990-P	1991-P	1992-P	-Q3	-Q4-P	Q1-P	-Q2-P	-Q3-P	-Q4-P	Q1-P	-Q2-P	-Q3-P	-Q4-P
<b>1. GNP Exports and Imports 1/</b>													
Current \$, Net	-44.9	-27.1	2.6	-49.2	-75.4	-51.0	-29.3	-18.1	-9.9	-3.3	1.8	4.2	7.6
Exports of G+S	667.2	718.4	787.1	662.6	685.0	694.9	709.3	725.7	743.8	761.9	778.8	795.3	812.6
Imports of G+S	712.0	745.5	784.6	711.8	760.4	745.9	738.5	743.8	753.7	765.2	776.9	791.1	805.0
Constant 82 \$, Net	-42.4	-4.1	20.0	-52.5	-37.1	-17.1	-6.1	-1.4	8.2	15.2	20.1	21.2	23.7
Exports of G+S	626.0	656.6	709.2	622.0	633.6	638.6	649.4	662.1	676.3	690.0	703.0	715.5	728.5
Imports of G+S	668.4	660.7	689.2	674.5	670.7	655.7	655.5	663.5	668.0	674.8	682.9	694.3	704.8
<b>2. Merchandise Trade Balance 2/</b>	<b>-115.7</b>	<b>-105.6</b>	<b>-83.1</b>	<b>-115.9</b>	<b>-151.3</b>	<b>-127.2</b>	<b>-107.1</b>	<b>-97.3</b>	<b>-90.9</b>	<b>-86.6</b>	<b>-83.4</b>	<b>-82.0</b>	<b>-80.5</b>
Exports	388.9	425.2	478.7	386.3	397.1	406.4	418.0	431.3	445.3	459.1	472.5	485.5	497.6
Agricultural	41.2	42.3	44.9	38.8	40.7	41.4	42.0	42.6	43.1	43.6	44.4	45.2	46.3
Non-Agricultural	347.7	383.0	433.8	347.5	356.4	365.0	376.0	388.7	402.2	415.5	428.2	440.3	451.4
Imports	504.5	530.9	561.8	502.2	548.4	533.7	525.1	528.6	536.2	545.7	556.0	567.6	578.1
Petroleum and Products	69.3	77.1	75.9	62.2	104.2	88.1	75.7	72.3	72.2	73.2	74.6	77.5	78.4
Non-Petroleum	435.2	453.8	485.9	440.0	444.2	445.6	449.4	456.3	463.9	472.5	481.3	490.1	499.7
<b>3. Other Current Account Transactions</b>													
Capital Gains and Losses 3/	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other D.I. Income, Net	44.8	50.4	52.3	43.9	47.6	49.6	50.3	50.7	51.0	51.5	52.3	52.5	52.9
Portfolio Income, Net	-44.8	-49.0	-51.6	-45.0	-47.1	-47.7	-48.5	-49.5	-50.3	-50.9	-51.4	-51.9	-52.2
Other Current Account, Net	12.1	23.4	26.5	10.6	22.0	24.2	25.5	22.8	21.3	25.9	26.9	27.4	25.7
<b>4. U.S. Current Account Balance</b>													
Including Capital G/L	-102.3	-80.8	-56.0	-106.5	-128.8	-101.2	-79.8	-73.3	-68.8	-60.0	-55.6	-54.0	-54.2
Excluding Capital G/L	-103.6	-80.8	-56.0	-106.5	-128.8	-101.2	-79.8	-73.3	-68.8	-60.0	-55.6	-54.0	-54.2
<b>5. Foreign Outlook 4/</b>													
Real GNP--Ten Industrial 5/	3.0	2.2	3.0	1.7	1.4	2.3	3.0	3.3	3.2	2.9	2.8	2.8	2.8
Real GNP--LDC 6/	2.7	3.7	4.3	3.1	3.5	3.9	4.0	4.0	4.0	4.1	4.4	4.8	5.1
Consumer Prices--Ten Ind. 5/	4.6	4.8	3.9	3.7	6.5	4.9	4.9	3.2	4.0	3.6	4.3	3.5	4.1

1/ National Income and Product Account data.

2/ International accounts basis.

3/ The net of gains (+) or losses (-) on foreign-currency denominated assets due to their revaluation at current exchange rates and other valuation adjustments.

4/ Percent change, annual rates.

5/ Weighted by multilateral trade-weights of G-10 countries plus Switzerland; prices are not seasonally adjusted.

6/ Weighted by share in LDC GNP.

P/ Projected

November 7, 1990

## **RECENT DEVELOPMENTS**

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

NEGOTIATED WAGE RATE CHANGES  
UNDER MAJOR COLLECTIVE BARGAINING SETTLEMENTS<sup>1</sup>  
(Percent change)

	1987	1988	1989	Same parties under prior settlements	1990 First nine months
All industries					
First-year adjustments	2.2	2.5	4.0	2.3	3.9
Average over life of contract	2.1	2.4	3.3	2.1	3.3
Workers affected (in thousands)	2037	1799	1847	--	1569

1. Contracts covering 1,000 or more workers; estimates exclude lump-sum payments and potential gains under cost-of-living clauses.

SIZE DISTRIBUTION OF FIRST-YEAR WAGE RATE ADJUSTMENTS IN  
MAJOR COLLECTIVE BARGAINING SETTLEMENTS  
(Percent)

	1986	1987	1988	1989	1990 <sup>1</sup>
Decreases	9	4	2	1	0
No wage change	21	23	20	8	5
0 to 4 percent	51	50	51	45	58
4 to 6 percent	14	17	24	28	30
6 percent and over	4	5	4	18	8
Mean adjustment	1.2	2.2	2.5	4.0	3.9
Number of workers (in thousands)	2486	2037	1799	1847	1569

1. Over the first nine months.

FY1991 BUDGET PACKAGE--CHANGES FROM OMB BASELINE<sup>1</sup>  
(Billions of dollars, fiscal years)

Category	1991	1992	1993	1994	1995	Total 1991-95
Outlays	22	46	68	96	115	345
Defense	10	23	35			
Nondefense discretionary	0	0	0	53	62	182
International	0	0	0			
Mandatory and fees	10	17	20	24	27	98
Interest	2	7	12	18	26	64
Receipts <sup>2</sup>	18	30	28	32	31	139
Personal	3	7	2	5	4	22
Corporate	2	1	1	1	0	4
Social insurance	3	9	9	10	10	41
Excise	10	13	15	15	16	69
Other	0	0	1	1	1	2
Deficit reduction	40	76	96	128	146	484
OMB September baseline deficit	295	309	228	116	84	
Post-policy deficits						
--consolidated	255	233	132	-12	-62	
--excluding deposit insurance	158	153	113	42	-17	

1. Based on preliminary estimates by OMB. Excludes IRS enforcement initiative (\$3 billion in FY1991 and \$9 billion over five years).

2. Stabilization payroll deposit rules increases personal income taxes \$1 billion in FY1991 and \$2 billion in FY1992 and reduces them \$3 billion in FY1993.

FEDERAL GOVERNMENT OUTLAYS AND RECEIPTS  
(Billions of dollars,  
except where otherwise noted)

	FY1989	FY1990	Net change	Percent change
Outlays	1144.0	1251.9	107.9	9.4
Deposit insurance	22.1	58.3	36.2	163.8
Outlays, excluding deposit insurance	1121.9	1193.6	71.7	6.4
National defense	303.6	299.3	-4.3	-1.4
Net interest	169.1	183.8	14.7	8.7
Social Security	232.5	248.6	16.1	6.9
Medicare and health	133.4	155.8	22.4	16.8
Income security	136.0	148.3	12.3	9.0
Agriculture	16.9	12.0	-4.9	-29.0
Other	130.4	145.8	15.4	11.8
Receipts	990.7	1031.5	40.8	4.1
Personal income taxes	445.7	466.9	21.2	4.8
Social insurance contributions	359.4	380.0	20.6	5.7
Corporate income taxes	103.3	93.5	-9.8	-9.5
Other	82.3	91.1	8.8	10.7
Deficit (+)	153.3	220.4	67.1	43.8

Details made not add due to rounding.

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

	1990					
	Q2	Q3	Q4 <sup>P</sup>	Oct. <sup>e</sup>	Nov. <sup>P</sup>	Dec. <sup>P</sup>
<u>Treasury financing</u>						
Total surplus/deficit (-)	-12.0	-57.8	-103.0	-39.9	-44.2	-18.9
Means of financing deficit:						
Net cash borrowing from the public	41.0	69.0	85.1	33.7	40.6	10.8
Marketable borrowings/ repayments (-)	32.7	64.5	79.7	28.7	40.2	10.7
Bills	.5	29.0	41.4	18.0	25.3	-1.9
Coupons	32.2	35.6	38.3	10.7	14.9	12.6
Nonmarketable <sup>2</sup>	8.3	4.5	5.4	4.9	.4	.1
Decrease in the cash balance	-16.2	-5.5	15.2	4.8	12.9	-2.4
Memo: Cash balance at end of period	34.6	40.2	24.9	35.4	22.5	24.9
Other <sup>3</sup>	-12.8	-5.6	2.6	1.4	-9.3	10.5
<u>Federally sponsored credit agencies, net cash borrowing<sup>4</sup></u>						
FHLBs	-8.5	-6.7	--	--	--	--
FHLMC	4.9	-3.1	--	--	--	--
FNMA	1.1	.9	--	--	--	--
Farm Credit Banks	-.3	.9	--	--	--	--
FAC	.3	.1	--	--	--	--
SLMA	1.4	1.0	--	--	--	--
FICO	.0	.0	--	--	--	--
REFCORP	3.5	5.0	--	5.0	--	--

1. Data reported on a not seasonally adjusted, payment basis.
  2. Includes proceeds from securities issued by federal agencies under special financing authorities and the face value of zero-coupon bonds issued to REFCORP (the discount from face value is offset in other means of finance).
  3. Includes checks issued less checks paid, accrued items and other transactions.
  4. Excludes mortgage pass-through securities issued by FNMA and FHLMC.
- e--staff estimate.  
p--projected.

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