

January 27, 1993

## **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

end of 1994, making it likely that the disinflationary trend will be sustained into 1995.

STAFF ECONOMIC PROJECTIONS  
(Percent change, annual rate, from final quarter of preceding period to final quarter of period shown, except as noted)

	1992	1993		1994
	H2	H1	H2	
Real GDP	3.5	2.8	2.9	3.0
<i>Previous</i>	3.6	2.7	2.7	2.9
Civilian unemployment rate <sup>1</sup>	7.3	7.2	7.0	6.6
<i>Previous</i>	7.3	7.2	7.0	6.6
CPI excluding food and energy	3.0	2.9	2.7	2.4
<i>Previous</i>	3.1	2.9	2.7	2.4

1. Average for the final quarter of period shown.

Consumer spending. The growth in real consumer outlays over the forecast period is expected to average a little more than 3 percent at an annual rate. The projected growth of PCE this year is slightly faster than that anticipated for disposable income, reflecting our belief that households have made substantial progress in reducing debt service burdens and that fears about job security will continue to recede. Recent gains in financial asset values are favorable to consumption, and although price-earnings multiples look very high by historical standards, the projected combination of profit increases and declining bond yields should buoy stock valuations.

We expect spending on motor vehicles and other durable goods to be the fastest growing component of PCE over the forecast period. Real outlays for consumer durables are projected to rise at an average annual rate of roughly 7 percent over 1993-94, after increasing an estimated 8-1/4 percent last year.<sup>3</sup> We believe

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3. With this projection, a broad measure of personal saving that encompasses investment in consumer durables has an upward tilt through 1994.

STAFF LABOR MARKET PROJECTIONS  
(Percent change, Q4 to Q4, except as noted)

	1991	1992	1993	1994
Output per hour, nonfarm business sector	1.3	2.7	1.8	1.3
Nonfarm payroll employment	-1.0	.4	1.6	2.0
Civilian unemployment rate <sup>1</sup>	7.0	7.3	7.0	6.6

1. Average for the fourth quarter.

Wages and prices. With considerable economic slack projected to persist during the forecast period, we expect the trend toward lower wage and price inflation to continue through 1994. The ECI for hourly compensation is projected to decelerate a bit more than 1/2 percentage point over the forecast period to a 2.9 percent increase over the four quarters of 1994. This slowing of labor-cost increases, together with continued appreciable gains in productivity and relatively stable import prices, suggests that consumer price inflation will moderate further. The CPI excluding food and energy is projected to decelerate to a 2.8 percent increase this year and a 2.4 percent increase over 1994. The rate of slowing projected for this price index, however, is less than that achieved between 1990

STAFF INFLATION PROJECTIONS  
(Percent change, Q4 to Q4, except as noted)

	1991	1992	1993	1994
Consumer price index	3.0	3.0	2.6	2.4
<i>Previous</i>		3.1	2.6	2.4
Excluding food and energy	4.5	3.4	2.8	2.4
<i>Previous</i>		3.5	2.8	2.4
ECI for compensation private industry workers <sup>1</sup>	4.4	3.5	3.2	2.9
<i>Previous</i>		3.3	3.1	2.8

1. December to December.

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

January 27, 1993

Interval					GDP fixed-weight price index		Consumer price index <sup>1</sup>		Unemployment rate (level except as noted)	
	12/16/92	1/27/93	12/16/92	1/27/93	12/16/92	1/27/93	12/16/92	1/27/93	12/16/92	1/27/93
<b>ANNUAL</b>										
1990 <sup>2</sup>	5.2	5.2	.8	.8	4.5	4.5	5.4	5.4	5.5	5.5
1991 <sup>2</sup>	2.8	2.8	-1.2	-1.2	4.0	4.0	4.2	4.2	6.7	6.7
1992	4.8	4.8	2.1	2.0	3.0	3.0	3.0	3.0	7.4	7.4
1993	5.5	5.6	2.9	3.0	2.8	2.8	2.9	2.8	7.1	7.1
1994	5.0	5.1	2.7	2.9	2.4	2.4	2.6	2.5	6.8	6.8
<b>QUARTERLY</b>										
1991 Q1 <sup>2</sup>	1.8	1.8	-3.0	-3.0	4.7	4.7	3.3	3.3	6.5	6.5
Q2 <sup>2</sup>	5.2	5.2	1.7	1.7	3.5	3.5	2.4	2.4	6.7	6.7
Q3 <sup>2</sup>	4.0	4.0	1.2	1.2	3.0	3.0	2.7	2.7	6.8	6.7
Q4 <sup>2</sup>	2.8	2.8	.6	.6	2.4	2.4	3.6	3.6	6.9	7.0
1992 Q1 <sup>2</sup>	6.2	6.2	2.9	2.9	3.6	3.6	2.9	2.9	7.2	7.3
Q2 <sup>2</sup>	4.3	4.3	1.5	1.5	2.9	2.9	3.5	3.5	7.5	7.5
Q3 <sup>2</sup>	5.6	5.3	3.9	3.4	2.2	2.1	2.6	2.6	7.6	7.5
Q4	6.2	6.5	3.3	3.6	3.3	3.2	3.5	3.3	7.3	7.3
1993 Q1	6.0	6.2	2.7	2.7	3.3	3.4	2.4	2.4	7.3	7.2
Q2	5.0	5.1	2.7	2.9	2.5	2.4	3.0	2.8	7.2	7.2
Q3	5.1	5.1	2.7	2.9	2.5	2.5	2.9	2.7	7.1	7.1
Q4	4.9	5.1	2.6	2.9	2.4	2.4	2.6	2.6	7.0	7.0
1994 Q1	5.3	5.2	2.7	2.9	2.8	2.6	2.5	2.5	6.9	6.9
Q2	4.9	5.0	2.7	3.0	2.2	2.2	2.4	2.4	6.8	6.8
Q3	4.9	4.9	3.0	3.0	2.2	2.1	2.3	2.3	6.7	6.7
Q4	4.9	4.8	3.0	3.1	2.1	2.0	2.2	2.2	6.6	6.6
<b>TWO-QUARTER<sup>3</sup></b>										
1991 Q2 <sup>2</sup>	3.5	3.5	-.7	-.7	4.2	4.2	2.9	2.9	.7	.7
Q4 <sup>2</sup>	3.4	3.4	.9	.9	2.7	2.7	3.1	3.1	.2	.3
1992 Q2 <sup>2</sup>	5.2	5.2	2.2	2.2	3.4	3.4	3.1	3.1	.6	.5
Q4	5.9	5.9	3.6	3.5	2.8	2.6	3.0	3.0	-.2	-.2
1993 Q2	5.5	5.7	2.7	2.8	2.9	2.9	2.7	2.6	-.1	-.1
Q4	5.0	5.1	2.6	2.9	2.4	2.4	2.7	2.6	-.2	-.2
1994 Q2	5.1	5.1	2.7	2.9	2.5	2.4	2.5	2.5	-.2	-.2
Q4	4.9	4.9	3.0	3.0	2.1	2.1	2.3	2.3	-.2	-.2
<b>FOUR-QUARTER<sup>4</sup></b>										
1990 Q4 <sup>2</sup>	4.1	4.1	-.5	-.5	4.7	4.7	6.3	6.3	.6	.6
1991 Q4 <sup>2</sup>	3.5	3.5	.1	.1	3.5	3.5	3.0	3.0	.9	1.0
1992 Q4	5.6	5.6	2.9	2.9	3.1	3.0	3.1	3.0	.4	.3
1993 Q4	5.2	5.4	2.7	2.8	2.7	2.7	2.7	2.6	-.3	-.3
1994 Q4	5.0	5.0	2.9	3.0	2.3	2.3	2.4	2.4	-.4	-.4

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

January 27, 1993

Item	Unit <sup>1</sup>	Projected								
		1986	1987	1988	1989	1990	1991	1992	1993	1994
<b>EXPENDITURES</b>										
Nominal GDP	Bill. \$	4268.6	4539.9	4900.4	5250.8	5522.2	5677.5	5948.6	6282.7	6600.7
Real GDP	Bill. 87\$	4404.5	4540.0	4718.6	4838.0	4877.5	4821.0	4919.4	5065.3	5213.6
Real GDP	% change	2.2	4.5	3.3	1.6	-.5	.1	2.9	2.8	3.0
Gross domestic purchases		2.1	3.9	2.5	.9	-1.2	-.2	3.5	3.4	3.2
Final sales		3.3	2.7	4.2	1.5	.6	-.6	2.9	2.5	3.0
Private dom. final purch.		3.0	1.9	4.2	.5	-.8	-.9	4.3	4.0	4.0
Personal cons. expend.		4.0	2.1	4.2	1.2	.2	-.0	3.3	3.1	3.3
Durables		12.5	-2.6	8.5	-.5	-2.3	-2.5	8.3	6.7	8.0
Nondurables		3.3	1.4	3.2	1.2	-.7	-1.5	2.9	2.0	2.3
Services		2.5	3.7	3.7	1.7	1.3	1.6	2.4	2.8	2.7
Business fixed invest.		-5.7	3.0	5.5	-.4	-1.4	-7.0	7.4	8.5	7.8
Producers' dur. equip.		-.7	2.4	9.1	-1.7	-.2	-3.5	10.8	11.1	9.3
Nonres. structures		-14.1	4.4	-1.2	2.3	-3.7	-14.3	-.3	1.8	3.4
Res. structures		11.1	-3.1	.9	-7.7	-14.7	-.1	14.0	8.4	4.7
Exports		9.9	12.6	13.5	11.3	7.2	7.4	3.8	6.1	6.1
Imports		6.7	4.7	3.6	2.6	.1	4.8	9.3	9.8	7.3
Government purchases		4.1	3.3	-.2	2.0	2.8	-.6	.5	-1.7	-.3
Federal		3.8	3.7	-3.4	-.6	3.0	-2.3	-1.4	-5.8	-4.1
Defense		3.7	4.5	-3.2	-1.5	1.5	-5.2	-3.9	-8.9	-6.6
State and local		4.4	2.9	2.9	4.0	2.7	.7	1.7	1.1	2.0
Change in bus. invent.	Bill. 87\$	8.6	26.3	19.9	29.8	6.2	-9.3	4.1	24.5	25.3
Nonfarm		10.6	32.7	26.9	29.9	3.7	-9.6	2.0	25.1	26.4
Net exports		-155.1	-143.0	-104.0	-73.7	-51.8	-21.8	-42.7	-73.7	-89.1
Nominal GDP	% change	4.7	8.0	7.7	6.0	4.1	3.5	5.6	5.4	5.0
<b>EMPLOYMENT AND PRODUCTION</b>										
Nonfarm payroll employ.	Millions	99.5	102.2	105.5	108.3	109.8	108.3	108.4	109.6	111.7
Unemployment rate	%	7.0	6.2	5.5	5.3	5.5	6.7	7.4	7.1	6.8
Industrial prod. index	% change	1.4	6.5	4.5	1.1	.3	-.5	2.0	4.4	3.8
Capacity util. rate-mfg.	%	79.0	81.4	83.9	83.9	82.3	78.2	77.8	79.3	79.8
Housing starts	Millions	1.81	1.62	1.49	1.38	1.19	1.01	1.20	1.34	1.44
Auto sales in U.S.		11.45	10.24	10.63	9.91	9.51	8.39	8.35	8.84	9.54
North American produced		8.22	7.07	7.54	7.08	6.91	6.14	6.25	6.67	7.16
Other		3.24	3.18	3.10	2.83	2.60	2.25	2.10	2.17	2.38
<b>INCOME AND SAVING</b>										
Nominal GNP	Bill. \$	4277.8	4544.5	4908.2	5266.8	5542.9	5694.9	5960.1	6289.7	6606.1
Nominal GNP	% change	4.4	8.1	7.8	6.1	4.2	3.1	5.5	5.4	4.9
Nominal personal income		5.5	7.4	7.1	6.5	6.3	3.3	5.0	5.9	5.8
Real disposable income		2.8	2.1	3.2	1.1	.9	.5	2.2	2.8	3.3
Personal saving rate	%	6.0	4.3	4.4	4.0	4.3	4.7	4.8	4.3	4.3
Corp. profits, IV&CCAdj	% change	-7.1	29.7	10.2	-6.3	-3.0	.9	20.9	10.5	4.4
Profit share of GNP	%	6.4	7.0	7.4	6.9	6.5	6.1	6.6	7.2	7.2
Federal surpl./def.	Bill. \$	-201.1	-151.8	-136.6	-122.3	-166.2	-210.4	-295.6	-257.2	-239.3
State/local surpl./def.		54.3	40.1	38.4	44.8	30.1	17.1	15.2	29.1	45.1
Ex. social ins. funds		1.5	-14.7	-18.4	-17.5	-32.9	-43.1	-42.5	-27.9	-11.5
<b>PRICES AND COSTS</b>										
GDP implicit deflator	% change	2.6	3.3	4.2	4.4	4.5	3.4	2.6	2.5	2.0
GDP fixed-wt. price index		2.6	3.4	4.2	4.3	4.7	3.5	3.0	2.7	2.3
Gross domestic purchases		2.3	3.9	4.1	4.3	5.3	2.8	3.0	2.5	2.2
fixed-wt. price index		1.3	4.5	4.3	4.6	6.3	3.0	3.0	2.6	2.4
CPI		3.9	4.3	4.5	4.4	5.3	4.5	3.4	2.8	2.4
Ex. food and energy										
ECI, hourly compensation <sup>2</sup>		3.2	3.3	4.8	4.8	4.6	4.4	3.5	3.2	2.9
Nonfarm business sector										
Output per hour		1.2	1.8	.5	-1.4	.1	1.3	2.7	1.8	1.3
Compensation per hour		4.6	3.8	3.8	3.1	6.3	4.2	3.4	3.3	3.0
Unit labor cost		3.4	1.9	3.3	4.6	6.2	2.8	.6	1.4	1.7

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

2. Private-industry workers.

Strictly Confidential (FR)  
Class II FOMCREAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS, QUARTERLY VALUES  
(Seasonally adjusted, annual rate except as noted)

January 27, 1993

Item	Unit	1990				1991				1992	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>EXPENDITURES</b>											
Nominal GDP	Bill. \$	5445.2	5522.6	5559.6	5561.3	5585.8	5657.6	5713.1	5753.3	5840.2	5902.2
Real GDP	Bill. 87\$	4890.8	4902.7	4882.6	4833.8	4796.7	4817.1	4831.8	4838.5	4873.7	4892.4
Real GDP	% change	2.8	1.0	-1.6	-3.9	-3.0	1.7	1.2	.6	2.9	1.5
Gross domestic purchases		2.1	.9	-1.4	-6.0	-4.2	1.7	2.4	-.4	3.0	3.4
Final sales		4.3	-1.1	.1	-.9	-3.2	1.3	-.5	.0	4.7	-.1
Private dom. final purch.		2.9	-1.7	.8	-5.0	-6.0	1.5	1.4	-.4	5.5	2.4
Personal cons. expend.		2.2	.1	1.7	-3.1	-3.0	2.0	1.5	-.3	5.1	-.1
Durables		16.2	-12.0	-1.4	-9.8	-13.0	-.7	8.1	-3.1	16.5	-2.1
Nondurables		-.2	-.5	.8	-2.8	-3.2	1.3	-.6	-3.5	5.5	-1.5
Services		.3	3.7	3.1	-1.6	-.3	3.0	1.2	2.3	2.2	1.2
Business fixed invest.		6.2	-6.6	5.6	-9.6	-15.8	-3.1	-3.4	-5.2	3.0	16.1
Producers' dur. equip.		6.8	-7.8	7.2	-6.1	-16.7	.7	6.0	-2.4	3.2	24.1
Nonres. structures		5.0	-4.1	2.5	-16.5	-14.0	-10.6	-20.8	-11.5	2.7	-.8
Res. structures		5.3	-15.9	-22.9	-22.4	-26.9	7.0	14.4	11.3	20.1	12.6
Exports		10.7	7.0	-.2	11.6	-5.0	16.6	6.2	13.3	2.9	-1.4
Imports		2.6	5.1	1.5	-8.5	-14.6	15.6	17.1	4.2	3.5	14.7
Government purchases		6.4	1.1	-.2.0	6.1	2.8	.2	-2.3	-3.0	1.7	-1.2
Federal		8.0	2.1	-7.2	9.9	7.2	-.3	-6.5	-9.0	-3.0	-2.7
Defense		4.9	.3	-10.5	12.8	8.7	-5.6	-9.4	-13.0	-7.7	-5.2
State and local		5.2	.4	1.9	3.5	-.1	.6	.9	1.4	5.1	-.2
Change in bus. invent.	Bill. 87\$	7.5	32.8	11.2	-26.8	-25.1	-20.4	.6	7.5	-12.6	7.8
Nonfarm		5.9	27.9	6.6	-25.6	-24.7	-24.5	-1.0	11.8	-10.7	6.0
Net exports		-58.4	-56.9	-59.3	-32.7	-17.9	-17.4	-31.6	-20.5	-21.5	-43.9
Nominal GDP	% change	7.7	5.8	2.7	.1	1.8	5.2	4.0	2.8	6.2	4.3
<b>DEPLOYMENT AND PRODUCTION</b>											
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 <sup>1</sup>	%	5.3	5.3	5.6	6.0	6.5	6.7	6.7	7.0	7.3	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. <sup>1</sup>	%	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	1.14
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
<b>INCOME AND SAVING</b>											
Nominal GNP	Bill. \$	5464.1	5537.0	5577.8	5592.7	5614.9	5674.3	5726.4	5764.1	5859.8	5909.3
Nominal GNP	% change	7.6	5.4	3.0	1.1	1.6	4.3	3.7	2.7	6.8	3.4
Nominal personal income		9.5	6.2	4.6	5.2	.1	4.6	3.3	5.1	6.1	3.9
Real disposable income		4.2	.8	-1.2	-.2	-2.6	1.9	.7	2.2	4.0	1.2
Personal saving rate <sup>1</sup>	%	4.4	4.6	3.9	4.6	4.7	4.7	4.5	5.1	4.9	5.3
Corp. profits, IVA&CCAdj	% change	15.6	19.1	-29.9	-8.2	6.7	-2.6	-6.8	7.1	49.8	4.7
Profit share of GNP <sup>1</sup>	%	6.7	6.9	6.3	6.2	6.2	6.1	6.0	6.0	6.6	6.6
Federal govt. surpl./def.	Bill. \$	-167.8	-156.9	-145.6	-194.6	-149.9	-212.2	-221.0	-258.7	-289.2	-302.9
State/local surpl./def.		36.1	33.8	30.3	20.2	14.6	16.5	15.4	22.0	16.6	17.7
Ex. social ins. funds		-27.3	-29.4	-32.5	-42.2	-46.6	-44.1	-44.5	-37.3	-41.8	-40.3
<b>PRICES AND COSTS</b>											
GDP implicit deflator	% change	4.4	4.8	4.7	3.9	5.3	3.5	2.4	2.4	3.1	2.7
GDP fixed-wt. price index		5.4	4.6	4.7	4.1	4.7	3.5	3.0	2.4	3.6	2.9
Gross domestic purchases		5.9	3.7	5.6	5.8	3.1	2.5	2.9	2.5	3.1	3.2
fixed-wt. price index		7.2	4.1	7.0	6.9	3.3	2.4	2.7	3.6	2.9	3.5
I		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	5.1	8.2	5.8	4.6	4.0	2.0	.6	.1	.8
ECI, hourly compensation <sup>2</sup>		5.6	5.1	4.3	3.8	4.6	4.9	4.4	3.7	4.0	2.9
Nonfarm business sector		-.5	2.5	-1.7	.1	-.7	1.7	1.9	2.5	3.7	1.7
Output per hour		5.0	7.8	6.4	5.9	3.8	5.8	3.9	3.1	3.8	2.4
Compensation per hour		5.6	5.1	8.2	5.8	4.6	4.0	2.0	.6	.1	.8
Unit labor cost		5.6	5.1	8.2	5.8	4.6	4.0	2.0	.6	.1	.8

1. Not at an annual rate.

2. Private-industry workers.

Strictly Confidential (FR)  
Class II FOMCREAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS, QUARTERLY VALUES  
(Seasonally adjusted, annual rate except as noted)

January 27, 1993

Item	Units	Projected									
		1992		1993				1994			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>EXPENDITURES</b>											
Nominal GDP	Bill. \$	5978.5	6073.3	6165.6	6243.2	6321.7	6400.1	6482.0	6561.5	6640.0	6719.1
Real GDP	Bill. '87\$	4933.7	4978.0	5011.0	5047.0	5083.2	5119.8	5156.2	5193.9	5232.2	5272.1
Real GDP	% change	3.4	3.6	2.7	2.9	2.9	2.9	2.9	3.0	3.0	3.1
Gross domestic purchases		4.1	3.6	3.5	3.6	3.3	2.9	2.9	3.5	3.2	3.1
Final sales		2.8	4.4	1.6	2.4	2.6	3.2	3.0	2.8	2.9	3.3
Private dom. final purch.		3.5	6.0	3.6	4.4	4.1	4.1	3.9	4.2	3.9	4.0
Personal cons. expend.		3.7	4.7	2.6	3.3	3.1	3.3	3.1	3.5	3.2	3.3
Durables		9.4	10.2	3.2	8.5	7.3	8.0	7.6	9.2	7.7	7.4
Nondurables		2.5	5.1	2.1	2.0	2.0	2.0	2.3	2.3	2.2	2.3
Services		3.1	3.1	2.8	2.8	2.8	2.8	2.5	2.8	2.7	2.8
Business fixed invest.		3.1	7.9	6.4	9.7	9.2	8.7	7.7	7.8	7.8	7.8
Producers' dur. equip.		9.5	7.4	8.5	13.1	11.9	11.0	9.4	9.4	9.3	9.3
Nonres. structures		-11.3	9.3	1.2	1.2	2.1	2.6	3.2	3.3	3.4	3.6
Res. structures		.2	24.5	12.8	8.0	6.5	6.3	5.4	5.0	4.4	4.1
Exports		9.2	4.9	4.7	6.0	6.6	7.1	6.2	6.2	6.0	5.9
Imports		14.8	4.6	11.2	11.7	9.6	6.9	6.4	10.1	7.4	5.4
Government purchases		3.8	-2.3	-2.5	-1.9	-1.4	-.8	-.6	-.3	-.2	-.1
Federal		7.5	-6.7	-7.1	-5.9	-5.4	-5.0	-4.5	-4.0	-4.0	-4.1
Defense		8.3	-10.2	-10.8	-8.9	-8.3	-7.7	-7.1	-6.4	-6.5	-6.6
State and local		1.4	.7	.6	.8	1.2	1.8	1.9	2.0	2.1	2.2
Change in bus. invent.	Bill. '87\$	15.0	6.2	19.2	25.0	28.5	25.2	24.0	26.0	26.7	24.7
Nonfarm		9.6	2.9	19.9	25.0	28.8	26.6	25.3	27.2	27.7	25.5
Net exports		-52.7	-52.9	-63.2	-72.8	-78.8	-79.9	-81.3	-89.0	-92.9	-93.3
Nominal GDP	% change	5.3	6.5	6.2	5.1	5.1	5.1	5.2	5.0	4.9	4.8
<b>EMPLOYMENT AND PRODUCTION</b>											
Nonfarm payroll employ.	Millions	108.5	108.6	109.0	109.4	109.9	110.3	110.8	111.4	111.9	112.5
Unemployment rate <sup>1</sup>	%	7.5	7.3	7.2	7.2	7.1	7.0	6.9	6.8	6.7	6.6
Industrial prod. index	% change	2.3	3.7	5.9	5.1	3.3	3.4	4.0	3.8	3.7	3.8
Capacity util. rate-mfg <sup>1</sup>	%	77.8	78.2	78.9	79.3	79.4	79.5	79.6	79.8	79.9	80.0
Housing starts	Millions	1.19	1.25	1.30	1.33	1.36	1.39	1.41	1.43	1.45	1.47
Auto sales in U.S.		8.21	8.37	8.51	8.80	8.95	9.10	9.20	9.45	9.65	9.85
North American produced		6.24	6.38	6.42	6.65	6.75	6.85	6.90	7.10	7.25	7.40
Other		1.97	2.00	2.09	2.15	2.20	2.25	2.30	2.35	2.40	2.45
<b>INCOME AND SAVING</b>											
Nominal GNP	Bill. \$	5992.0	6079.2	6173.0	6249.3	6330.3	6406.1	6489.0	6566.1	6646.9	6722.2
Nominal GNP	% change	5.7	5.9	6.3	5.0	5.3	4.9	5.3	4.8	5.0	4.6
Nominal personal income		2.7	7.4	6.4	5.7	5.6	6.0	6.4	5.5	5.6	5.7
Real disposable income		.5	3.2	2.7	2.8	2.3	3.3	4.0	3.0	3.0	3.4
Personal saving rate <sup>1</sup>	%	4.6	4.4	4.4	4.3	4.2	4.2	4.4	4.3	4.2	4.2
Corp. profits, IVA&CCAdj	% change	-13.9	58.5	24.4	8.0	2.0	8.6	4.9	6.7	-1.4	7.6
Profit share of GNP <sup>1</sup>	%	6.2	6.9	7.2	7.2	7.2	7.2	7.2	7.3	7.2	7.2
Federal govt. surpl./def.	Bill. \$	-304.4	-285.8	-272.8	-262.7	-246.0	-247.4	-252.0	-243.7	-230.0	-231.5
State/local surpl./def.		9.2	17.2	21.9	23.9	33.6	37.0	40.3	43.1	48.0	49.1
Ex. social ins. funds		-48.0	-40.0	-35.2	-33.1	-23.3	-19.8	-16.4	-13.5	-8.6	-7.6
<b>PRICES AND COSTS</b>											
GDP implicit deflator	% change	1.8	2.8	3.4	2.2	2.2	2.1	2.3	2.0	1.8	1.7
GDP fixed-wt. price index		2.1	3.2	3.4	2.4	2.5	2.4	2.6	2.2	2.1	2.0
Gross domestic purchases		2.5	3.0	2.8	2.5	2.4	2.3	2.6	2.2	2.1	2.0
fixed-wt. price index		2.6	3.3	2.4	2.8	2.7	2.6	2.5	2.4	2.3	2.2
Ex. food and energy		2.5	3.5	2.9	2.8	2.8	2.7	2.5	2.4	2.3	2.2
ECI, hourly compensation <sup>2</sup>		3.2	3.5	3.3	3.2	3.2	3.1	3.0	3.0	2.9	2.8
Nonfarm business sector		3.0	2.6	2.1	2.3	1.5	1.5	1.4	1.3	1.3	1.3
Output per hour		3.5	3.6	3.7	3.2	3.1	3.1	3.4	3.0	2.9	2.8
Compensation per hour		.6	1.0	1.6	.9	1.6	1.6	2.0	1.7	1.6	1.5
Unit labor cost											

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 ITEMS<sup>1</sup>  
(Billions of 1987 dollars)

January 27, 1993

Item	1990								1991		1992		Proj.			
	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	18.7	77.0	-22.9	4.7	139.5		
Gross domestic purchases	25.1	10.4	-17.7	-75.4	-51.9	19.9	28.9	-4.4	36.2	41.1	41.7	-57.6	-7.5	171.9		
Final sales	51.5	-13.3	1.4	-10.8	-38.8	15.6	-6.2	-.3	55.4	-1.7	73.1	28.8	-29.7	140.8		
Private dom. final purch.	28.3	-17.4	8.4	-51.1	-60.2	14.6	13.4	-4.3	52.5	23.5	19.7	-31.8	-36.5	168.8		
Personal cons. expend.	17.5	.6	13.8	-25.9	-24.5	15.8	11.9	-2.2	40.3	-.8	39.1	6.0	1.0	107.4		
Durables	16.7	-14.3	-1.5	-11.1	-14.6	-.7	8.1	+3.3	16.2	-2.3	-2.4	-10.2	-10.5	34.5		
Nondurables	-.6	-1.2	2.0	-7.5	-8.6	3.3	-1.5	-9.2	14.0	-4.0	12.1	-7.3	-16.0	29.6		
Services	1.4	16.0	13.4	-7.3	-1.3	13.3	5.2	10.4	9.9	5.6	29.4	23.5	27.6	43.2		
Business fixed invest.	8.1	-9.2	7.3	-13.6	-22.3	-4.0	-4.3	-6.6	3.7	18.9	-2.1	-7.4	-37.2	36.6		
Producers' dur. equip.	5.9	-7.3	6.2	-5.6	-15.9	.6	5.0	-2.1	2.7	19.2	-6.2	-.8	-12.4	37.0		
Nonres. structures	2.2	-1.9	1.1	-8.0	-6.4	-4.6	-9.2	-4.6	1.0	-.3	4.1	-6.6	-24.8	-.4		
Res. structures	2.7	-8.9	-12.7	-11.6	-13.4	2.8	5.7	4.7	8.3	5.6	-17.3	-30.5	-.2	24.8		
Change in bus. invent.	-17.4	25.3	-21.6	-38.0	1.7	4.7	21.0	6.9	-20.1	20.4	4.0	-51.7	34.3	-1.3		
Nonfarm	-25.3	22.0	-21.3	-32.2	.9	.2	23.5	12.8	-22.5	16.7	.7	-56.8	37.4	-8.9		
Farm	7.9	3.2	-.2	-5.8	.8	4.5	-2.5	-5.8	2.3	3.7	3.3	5.1	-3.0	7.5		
Net exports	9.0	1.5	-2.4	26.6	14.8	.5	-14.2	11.1	-1.0	-22.4	35.3	34.7	12.2	-32.4		
Exports	12.5	8.5	-.3	14.2	-6.7	20.2	8.1	17.2	4.0	-2.0	49.5	34.9	38.8	21.5		
Imports	3.6	7.0	2.1	-12.4	-21.5	19.7	22.3	6.0	5.0	20.5	14.1	.3	26.5	54.0		
Government purchases	14.2	2.6	-4.6	13.7	6.6	.5	-5.4	-7.1	3.9	-2.8	18.1	25.9	-5.4	4.4		
Federal	7.3	2.0	-7.1	9.0	6.8	-.3	-6.6	-9.0	-2.9	-2.6	-2.3	11.2	-9.1	-5.2		
Defense	3.4	.2	-7.8	8.5	6.0	-4.2	-7.0	-9.6	-5.4	-3.5	-4.2	4.3	-14.8	-10.7		
Nondefense	3.8	1.8	.7	.5	.7	4.0	.4	.6	2.5	.9	2.0	6.8	5.7	5.5		
State and local	6.9	.6	2.5	4.7	-.2	.8	1.2	1.9	6.9	-.3	20.4	14.7	3.7	9.6		

1. Annual changes are from Q4 to Q4.

Strictly Confidential (FR)  
Class II FOMC

NET CHANGES IN REAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS<sup>1</sup>  
(Billions of 1987 dollars)

January 27, 1993

Item	Projected										Projected			
	1992		1993				1994							
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1991	1992	1993	1994
Real GDP	41.3	44.3	33.0	36.0	36.2	36.6	36.4	37.7	38.2	40.0	4.7	139.5	141.8	152.3
Gross domestic purchases	50.1	44.5	43.4	45.6	42.2	37.6	37.9	45.5	42.0	40.4	-7.5	171.9	168.8	165.8
Final sales	34.1	53.0	20.1	30.2	32.7	39.8	37.7	35.7	37.5	41.9	-29.7	140.8	122.9	152.8
Private dom. final purch.	34.1	58.7	36.3	44.2	42.0	42.7	40.4	44.1	41.9	42.7	-36.5	168.8	165.3	169.1
Personal cons. expend.	29.9	38.0	21.8	27.6	26.5	27.6	26.8	30.3	28.2	28.9	1.0	107.4	103.4	114.2
Durables	9.8	10.8	3.5	9.4	8.2	9.2	8.9	10.9	9.4	9.2	-10.5	34.5	30.3	38.4
Nondurables	6.4	13.2	5.5	5.3	5.3	5.4	6.2	6.2	6.0	6.3	-16.0	29.6	21.6	24.7
Services	13.7	14.0	12.8	12.8	12.9	13.0	11.7	13.2	12.8	13.4	27.6	43.2	51.5	51.1
Business fixed invest.	4.0	10.0	8.3	12.6	12.2	11.8	10.7	11.1	11.2	11.5	-37.2	36.6	45.0	44.6
Producers' dur. equip.	8.4	6.7	7.8	12.2	11.4	10.9	9.6	9.8	9.9	10.2	-12.4	37.0	42.4	39.5
Nonres. structures	-4.4	3.3	.4	.5	.8	1.0	1.2	1.2	1.3	1.4	-24.8	-.4	2.6	5.1
Res. structures	.1	10.8	6.2	4.0	3.4	3.3	2.9	2.7	2.4	2.3	-.2	24.8	16.9	10.3
Change in bus. invent.	7.2	-8.8	13.0	5.8	3.5	-3.3	-1.2	2.0	.7	-1.9	34.3	-1.3	19.0	-.5
Nonfarm	3.6	-6.7	17.0	5.1	3.8	-2.2	-1.3	1.9	.5	-2.1	37.4	-8.9	23.7	-1.1
Farm	3.5	-2.0	-4.0	.7	-.3	-1.1	.1	.1	.2	.2	-3.0	7.5	-4.7	.6
Net exports	-8.8	-.2	-10.3	-9.6	-6.0	-1.0	-1.4	-7.8	-3.8	-.5	12.2	-32.4	-27.0	-13.5
Exports	12.5	7.0	6.7	8.7	9.6	10.5	9.4	9.5	9.3	9.3	38.8	21.5	35.5	37.5
Imports	21.3	7.2	17.0	18.3	15.6	11.5	10.9	17.2	13.1	9.8	26.5	54.0	62.4	51.0
Government purchases	8.8	-5.5	-5.9	-4.4	-3.3	-1.9	-1.3	-.7	-.5	-.3	-5.4	4.4	-15.5	-2.8
Federal	6.8	-6.5	-6.8	-5.5	-5.0	-4.5	-4.0	-3.5	-3.5	-3.5	-9.1	-5.2	-21.8	-14.5
Defense	5.3	-7.1	-7.3	-5.8	-5.3	-4.8	-4.3	-3.8	-3.8	-3.8	-14.8	-10.7	-23.2	-15.7
Nondefense	1.5	.6	.5	.3	.3	.3	.3	.3	.3	.3	5.7	5.5	1.4	1.2
State and local	2.0	1.0	.9	1.1	1.7	2.6	2.7	2.8	3.0	3.2	3.7	9.6	6.3	11.7

1. Annual changes are from Q4 to Q4.

strictly Con. Actual (FR)  
Class II FOMC

STAFF PROJECTIONS OF FEDERAL CASH OR ACCOUNTS AND RELATED ITEMS  
(Billions of dollars except as noted)

January 27, 1993

Item	Fiscal year				1992				1993				1994			
	1991 <sup>a</sup>	1992 <sup>a</sup>	1993	1994	Q1 <sup>a</sup>	Q2 <sup>a</sup>	Q3 <sup>a</sup>	Q4 <sup>b</sup>	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>UNIFIED BUDGET</b>																
Receipts <sup>1</sup>	1054	1092	1167	1215	239	322	276	265	259	350	293	270	270	375	300	282
Outlays <sup>1</sup>	1324	1382	1463	1522	355	350	338	386	334	370	373	383	376	383	380	397
Surplus/deficit <sup>1</sup>	-269	-290	-295	-307	-116	-28	-62	-121	-76	-20	-79	-113	-106	-8	-80	-115
On-budget	-322	-340	-354	-364	-121	-60	-62	-108	-109	-53	-85	-123	-114	-43	-83	-129
Off-budget	52	50	59	57	6	31	-1	-13	33	33	6	10	8	35	3	14
Surplus excluding deposit insurance <sup>2</sup>	-203	-287	-284	-287	-105	-25	-69	-128	-79	-11	-66	-106	-103	-1	-76	-110
Means of financing																
Borrowing	293	311	269	331	83	62	77	81	75	21	91	111	101	38	82	107
Cash decrease	-1	-17	19	0	29	-27	-12	29	0	0	-10	10	10	-20	0	10
Other <sup>3</sup>	-23	-4	8	-24	4	-7	-3	10	0	-1	-1	-8	-4	-10	-2	-2
Cash operating balance, end of period	41	59	40	40	20	47	59	30	30	30	40	30	20	40	40	30
<b>NIPA FEDERAL SECTOR</b>																
Receipts	1118	1144	1237	1312	1143	1150	1155	1196	1235	1251	1267	1285	1304	1322	1337	1357
Expenditures	1313	1433	1504	1555	1433	1453	1460	1482	1508	1514	1513	1532	1556	1566	1567	1588
Purchases	447	446	447	439	445	445	455	450	450	446	442	439	441	439	436	433
Defense	326	315	307	293	314	312	320	313	311	305	300	296	295	292	288	285
Nondefense	121	132	140	146	131	133	136	136	140	141	142	143	146	147	148	148
Other expenditures	866	987	1057	1117	988	1008	1005	1032	1057	1068	1070	1093	1115	1127	1131	1155
Surplus/deficit	-194	-289	-267	-243	-289	-303	-304	-286	-273	-263	-246	-247	-252	-244	-230	-232
<b>FISCAL INDICATORS<sup>4</sup></b>																
High-employment (HEB) surplus/deficit	-153	-222	-211	-205	-224	-233	-237	-225	-214	-208	-196	-202	-211	-208	-200	-208
Change in HEB, percent of potential GDP	-.4	1.2	-.2	-.1	.5	.2	.1	-.2	-.2	-.1	-.2	.1	.1	0	-.1	-.1
Fiscal impetus (FI), percent, cal. year	-3.8	-3.9	-4.4	-3.9	-2.6	-.1	1.3	-1.4	-2.4	-1.3	-1.3	-1.1	-.7	-.9	-.9	-.9

1. OMB's January deficit estimates are \$327 billion in FY93 and \$292 billion in FY94. CBO's January deficit estimates are \$310 billion in FY93 and \$291 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 January deficit estimates, excluding deposit insurance spending, are \$312 billion in FY93 and \$276 billion in FY94. CBO's January deficit estimates, excluding deposit insurance spending, are \$307 billion in FY93 and \$282 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 2.0 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.

b--Unified data are actuals, NIPA data are staff projections.

Confidential FR Class II  
February 27, 1993

GROWTH RATES OF DEBT BY SECTOR<sup>1</sup>  
(Percent, period-end to period-end)

	Domestic Nonfinancial Sectors							Memo		
	Households									
	Total <sup>2</sup>	U.S. govt.	Non- federal	Total	Home mtgs.	Cons. credit	Business	State & local govts.	Private financial assets	Nominal GDP <sup>1</sup>
1983	11.7	18.9	9.9	11.6	11.3	12.6	8.3	9.7	11.7	11.0
1984	14.5	16.9	13.8	13.2	12.0	18.7	15.4	9.1	13.0	9.1
1985	15.0	16.5	14.5	14.3	12.2	15.8	11.5	31.4	13.1	7.0
1986	12.9	13.6	12.7	14.1	17.3	9.6	11.9	10.5	9.1	4.7
1987	9.2	8.0	9.6	11.5	13.7	5.0	7.1	13.4	8.4	8.0
1988	9.1	8.0	9.4	11.1	12.5	7.2	8.3	7.0	8.4	7.7
1989	8.0	6.9	8.2	9.6	11.3	5.6	6.9	8.4	7.1	6.0
1990	6.6	11.0	5.3	7.2	9.0	2.2	3.3	5.9	4.5	4.1
1991	4.2	11.1	2.1	4.2	5.3	-1.6	-0.6	4.5	0.7	3.5
1992	4.9	10.9	2.9	4.6	5.9	0.0	0.5	5.4	0.1	5.6
1993	5.3	9.4	3.9	5.1	5.9	2.6	2.5	4.2	0.4	5.4
1994	5.9	9.7	4.4	5.7	6.5	4.6	3.0	4.3	1.5	5.0
Seasonally adjusted, annual rates										
1992 -- Q1	6.0	13.3	3.5	5.5	7.4	0.4	1.0	5.1	5.2	6.2
Q2	4.7	12.3	2.2	3.6	4.1	-1.6	-0.6	6.9	-1.2	4.3
Q3	3.3	6.5	2.2	3.7	5.0	0.0	-0.3	5.4	-4.0	5.3
Q4	5.4	10.0	3.8	5.4	6.6	1.1	1.9	3.9	0.4	6.5
1993 -- Q1	5.5	10.9	3.5	4.7	5.5	1.8	2.2	3.6	0.1	6.2
Q2	4.1	5.1	3.7	4.8	5.7	2.2	2.3	4.2	-0.6	5.1
Q3	4.9	7.7	4.0	5.0	5.8	2.9	2.7	4.1	0.4	5.1
Q4	6.5	12.8	4.2	5.3	5.9	3.5	2.8	4.5	1.5	5.1
1994 -- Q1	6.6	13.0	4.2	5.4	6.1	3.9	2.8	4.0	1.9	5.2
Q2	5.2	7.2	4.4	5.6	6.2	4.4	3.0	4.4	1.0	5.0
Q3	4.9	6.2	4.4	5.8	6.5	4.8	3.0	3.9	0.7	4.9
Q4	6.4	11.3	4.5	5.7	6.5	5.0	3.0	4.5	2.3	4.8

1. Published data through 1992 Q3. Annual GDP growth rates are Q4 to Q4.

2. Deposit insurance activity raised total debt growth roughly 0.5 percentage point in 1991 and is expected to raise growth by 1/4 percentage points in both 1993 and 1994; there was no effect on debt growth in 1992. On a quarterly average basis, total debt growth is projected to be 5.2 percent and 5.9 percent in 1993 and 1994, respectively.

Confidential Class II  
January 27,

FLOW OF FUNDS PROJECTION HIGHLIGHTS<sup>1</sup>  
(Billions of dollars, seasonally adjusted annual rates)

	Calendar year											
	1991	1992	1993	1994	1992				1993			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Net funds raised by domestic nonfinancial sectors:</b>												
1 Total	470.9	578.3	641.8	733.5	713.5	571.1	390.6	638.1	662.3	499.8	605.6	799.6
2 Net equity issuance	18.3	26.8	13.0	5.0	46.0	36.0	11.0	14.0	20.0	14.0	10.0	8.0
3 Net debt issuance	452.7	551.6	628.8	728.5	667.5	535.1	379.6	624.1	642.3	485.8	595.6	791.6
<b>Borrowing sectors:</b>												
<b>Nonfinancial business</b>												
4 Financing gap <sup>2</sup>	-4.4	-27.6	15.5	51.1	-43.1	-14.8	-37.7	-14.9	-0.9	10.5	22.7	29.7
5 Net equity issuance	18.3	26.8	13.0	5.0	46.0	36.0	11.0	14.0	20.0	14.0	10.0	8.0
6 Credit market borrowing	-22.1	17.0	90.1	110.3	35.4	-23.4	-11.7	67.5	78.1	83.7	97.6	101.1
<b>Households</b>												
7 Net borrowing, of which:	158.0	181.8	208.5	248.1	217.1	143.3	147.9	218.8	194.2	199.2	212.6	228.0
8 Home mortgages	137.1	160.9	170.2	198.0	202.2	114.2	139.7	187.5	159.4	167.9	174.2	179.4
9 Consumer credit	-12.6	0.0	20.8	37.6	3.1	-12.4	0.3	9.0	14.0	18.0	23.0	28.0
10 Debt/DPI (percent) <sup>3</sup>	91.7	91.0	90.6	90.3	91.6	91.3	91.7	91.4	91.3	91.1	91.1	91.0
<b>State and local governments</b>												
11 Net borrowing	38.5	49.0	39.5	42.2	46.1	63.4	50.0	36.4	34.4	40.2	39.3	44.2
12 Current surplus <sup>4</sup>	-39.6	-44.0	-32.9	-21.3	-49.8	-38.2	-46.8	-41.3	-37.0	-34.3	-32.3	-27.9
<b>U.S. government</b>												
13 Net borrowing	278.2	303.9	290.7	328.0	368.9	351.9	193.4	301.4	335.6	162.7	246.1	418.3
14 Net borrowing; quarterly, nsa	278.2	303.9	290.7	328.0	83.4	63.6	75.5	81.4	75.1	16.3	88.7	110.6
15 Unified deficit; quarterly, nsa	266.8	326.9	287.1	309.2	115.6	28.4	62.4	120.5	83.2	11.8	79.5	112.6
<b>Funds supplied by depository institutions</b>												
16 Funds supplied by depository institutions	-61.0	40.4	105.8	122.3	-14.4	-23.2	79.8	119.4	61.8	113.6	114.1	133.8
<b>Memoranda: As percent of GDP:</b>												
17 Dom. nonfinancial debt <sup>3</sup>	193.5	193.1	192.2	193.2	194.8	195.0	194.1	193.7	193.4	192.9	192.9	193.6
18 Dom. nonfinancial borrowing	8.0	9.3	10.0	11.0	11.4	9.1	6.3	10.3	10.4	7.8	9.4	12.4
19 U.S. government <sup>5</sup>	4.9	5.1	4.6	5.0	6.3	6.0	3.2	5.0	5.4	2.6	3.9	6.5
20 Private	3.1	4.2	5.4	6.1	5.1	3.1	3.1	5.3	5.0	5.2	5.5	5.8

1. Published data through 1992 Q3.

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.

a decline somewhat less than that estimated for 1992 and twice that projected for 1994.

Real merchandise exports are projected to increase about 5 percent at an annual rate in the current quarter--roughly the same as in the fourth quarter--and then to expand at an average rate of 6 to 7 percent over the rest of the forecast period. Shipments of agricultural commodities are expected to remain little changed on average from the high levels attained recently. Exports of computers should continue to expand rapidly over the forecast period and to accelerate during the second half of 1993 after the next generation of microprocessors is introduced. We expect the growth of other exports to average a little over 5 percent in 1993 and to slow to 4 percent in 1994 as the depressing effects of the recent and projected further appreciation of the dollar more than offset the stimulative effects of the gradual pickup in GDP growth abroad.

**TRADE QUANTITIES\***  
(Percent change from preceding period, A.R.)

	Projection							
	1992		1993		1994			
	Q3	Q4	Q1	Q2	Q3	Q4	Q4	
<b>Exports</b>								
Agricultural	58.7	10.8	-17.3	0.3	1.3	8.4	1.3	
Computers	35.4	17.2	21.6	21.5	27.3	27.3	24.4	
Other nonag.	5.1	3.2	6.1	5.2	4.8	4.6	4.0	
<b>Imports:</b>								
Oil	13.2	2.3	-0.6	26.1	15.1	-5.6	8.4	
Computers	81.2	24.8	26.3	26.2	23.9	23.9	19.3	
Other non-oil	8.3	3.0	10.7	9.4	8.0	6.4	5.9	

\* GDP basis, 1987 dollars.

This outlook does not rest on the outcome of the Uruguay Round of GATT negotiations. A successful completion of negotiations would be unlikely to have appreciable positive effects on U.S. international transactions until after the end of the current forecast period. Similarly, while a failure of the Uruguay Round

In the previous forecast, we assumed that Iraq would begin exporting roughly 0.6 mb/d in July 1993. A date of early 1994 would now appear to be more reasonable, with production in Saudi Arabia and Iran offsetting the Iraqi shortfall in 1993. A quicker return of Iraq to the world oil market could put downward pressure on oil prices.

Prices of non-oil imports and exports. The appreciation of the dollar in recent months is expected to result in slight declines in U.S. non-oil import prices during the first half of 1993. We expect these import prices to continue rising less rapidly than domestic prices abroad after mid-1993 because of the projected further appreciation of the dollar. The increase in prices of U.S. nonagricultural exports (excluding computers) should roughly keep pace with increases in U.S. producer prices. The prices of agricultural exports are projected to rise moderately over the forecast period, along a somewhat higher path than projected previously in light of recent increases in the prices of soybeans, wheat, and cotton.

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

	Projection						1994 Q4
	1992		1993		1994		
	Q3	Q4	Q1	Q2	Q3	Q4	
PPI (exp. wts.)	3.5	-0.9	0.1	2.6	1.8	1.5	1.3
Nonag. exports*	3.2	0.5	0.0	1.8	1.3	1.5	1.3
Non-oil imports*	4.7	-0.1	-0.3	0.4	1.2	1.6	1.7
Oil imports (level, \$/bbl)	18.56	18.20	15.80	16.90	17.00	17.00	17.00

\* Excluding computers.

Nominal trade and current account balances. The merchandise trade deficit is projected to widen, from an annual rate of \$106 billion in the second half of 1992 to about \$125 billion in the

Strictly Confidential (FR) Class II-FOMC

January 26, 1993

**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 (87\$)	-52.7	-52.9	-63.2	-72.8	-78.8	-79.9	-81.3	-89.0	-92.9	-93.3	-42.7	-73.7	-89.1				
Exports of G+S Merchandise Services	575.9	582.9	589.6	598.2	607.9	618.3	627.7	637.2	646.5	655.9	571.9	603.5	641.8				
	420.4	426.2	431.7	438.8	446.7	455.4	463.0	470.9	478.4	486.0	415.7	443.1	474.6				
	155.5	156.7	157.8	159.4	161.2	163.0	164.7	166.4	168.1	169.8	156.2	160.4	167.2				
Imports of G+S Merchandise	628.6	635.8	652.8	671.1	686.7	698.2	709.0	726.3	739.4	749.2	614.6	677.2	731.0				
	526.4	533.5	548.2	565.3	580.0	590.6	600.6	617.0	629.6	638.4	513.9	571.0	621.3				
	52.5	52.8	52.7	55.9	57.9	57.0	56.3	61.5	63.3	61.8	50.7	55.9	60.7				
	473.9	480.7	495.4	509.4	522.1	533.5	544.3	555.4	566.1	576.6	463.2	515.1	560.6				
	102.2	102.3	104.6	105.8	106.7	107.6	108.5	109.3	110.0	110.8	100.7	106.2	109.6				
Memo: (Percent changes 1/)																	
Exports of G+S of which: Goods	9.2	4.9	4.7	6.0	6.6	7.1	6.2	6.2	6.0	5.9	3.8	6.1	6.1				
	12.7	5.6	5.3	6.7	7.3	8.0	6.9	6.9	6.6	6.5	4.6	6.8	6.7				
Imports of G+S of which: Non-oil Goods	14.8	4.6	11.2	11.7	9.6	6.9	6.4	10.1	7.4	5.4	9.3	9.8	7.3				
	15.8	5.8	12.9	11.8	10.3	9.0	8.3	8.4	7.9	7.6	10.3	11.0	8.1				
Current Account Balance	-56.9	-79.3	-75.7	-86.2	-88.6	-93.0	-90.3	-99.9	-101.1	-107.5	-57.8	-85.9	-99.7				
Merchandise Trade, net	-106.2	-105.9	-106.0	-117.0	-123.8	-125.1	-127.4	-136.2	-141.3	-143.3	-94.8	-118.0	-137.1				
Exports Agricultural	443.2	451.3	451.4	458.3	465.6	474.1	481.3	488.4	495.0	501.4	439.0	462.3	491.5				
	46.4	46.6	44.9	45.4	45.9	47.4	48.2	48.9	49.5	50.1	44.5	45.9	49.2				
Nonagricultural	396.8	404.7	406.5	412.9	419.7	426.6	433.1	439.5	445.5	451.3	394.5	416.4	442.4				
Imports Oil	549.4	557.2	557.4	575.2	589.4	599.1	608.7	624.6	636.3	644.6	533.8	580.3	628.6				
	56.9	56.0	48.5	55.0	57.4	56.6	55.8	61.0	62.8	61.3	51.5	54.4	60.2				
Non-oil	492.5	501.2	508.9	520.3	532.0	542.6	552.9	563.6	573.6	583.3	482.3	525.9	568.3				
Other Current Account	35.0	20.1	22.2	23.9	25.9	25.5	29.4	31.0	32.7	32.0	25.4	24.4	31.3				
Invest. Income, net	14.2	6.6	8.1	6.9	9.2	6.7	7.7	5.4	7.5	3.8	11.6	7.7	6.1				
Direct, net	51.8	44.8	42.2	42.0	42.2	42.4	42.4	42.5	42.6	42.9	50.0	42.2	42.6				
Portfolio, net	-37.6	-38.2	-34.1	-35.2	-33.0	-35.8	-34.7	-37.2	-35.1	-39.1	-38.4	-34.5	-36.5				
Military, net	-2.2	-1.6	-2.0	-1.6	-1.0	-0.6	-0.2	0.2	0.6	1.0	-2.2	-1.3	0.4				
Other Services, net	64.7	55.3	55.6	56.9	58.3	59.7	60.8	62.0	63.3	64.6	57.7	57.6	62.7				
Transfers, net	-27.5	-33.6	-31.4	-31.4	-31.4	-33.6	-31.2	-31.2	-31.2	-33.6	-30.1	-31.9	-31.8				

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

Strictly Confidential (FR) Class II-FOMC

January 26, 1993

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	1989	1990	1991
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	-43.9	-73.7	-51.8	-21.8
Exports of G+S Merchandise Services	500.2	508.7	508.4	522.6	515.9	536.1	544.2	561.4	565.4	563.4	471.8	510.0	539.4
	363.5	368.7	366.7	375.3	377.4	390.1	395.2	407.3	408.1	408.0	343.8	368.5	392.5
	136.7	140.0	141.7	147.3	138.5	146.1	149.0	154.0	157.3	155.4	127.9	141.4	146.9
Imports of G+S Merchandise	558.6	565.6	567.7	555.3	533.8	553.5	575.8	581.8	586.8	607.3	545.4	561.8	561.2
	458.3	464.5	465.7	452.7	438.9	454.9	477.9	482.2	488.0	507.8	450.4	460.3	463.5
	55.9	55.6	53.3	43.5	44.2	51.5	52.4	46.5	46.7	50.9	51.3	52.1	48.6
	402.4	408.9	412.4	409.1	394.7	403.4	425.5	435.7	441.3	456.8	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	99.5	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	-1.4	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	-0.1	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	14.7	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	14.8	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	-23.6	-71.2	-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	-68.9	-98.2	-115.7	-108.9	-73.4
Exports	379.9	386.6	386.2	402.1	402.5	413.3	416.6	431.4	431.8	429.9	361.7	388.7	416.0
Agricultural	43.0	40.5	39.4	37.9	39.2	37.5	40.7	43.2	43.3	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	388.5	388.0	319.5	348.5	375.8
Imports	489.4	485.8	501.7	513.2	475.8	478.9	497.3	505.6	500.7	528.1	477.4	497.6	489.4
	63.2	51.3	61.8	72.9	51.7	51.7	52.5	48.8	41.5	51.7	50.9	62.3	51.2
	426.3	434.5	439.9	440.3	424.2	427.1	444.8	456.8	459.2	476.4	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	27.4	19.3	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	17.9	7.7	14.4	19.3	16.4
Direct, net	52.1	51.5	54.0	59.7	61.7	53.0	48.3	48.5	55.3	48.0	47.8	54.3	52.9
Portfolio, net	-34.8	-38.7	-37.1	-29.6	-33.9	-37.3	-36.0	-38.7	-37.4	-40.3	-33.5	-35.1	-36.5
Military, net	-7.5	-6.5	-6.8	-10.5	-10.3	-5.7	-4.0	-2.2	-2.5	-2.5	-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	57.9	53.0	32.6	39.9	50.8
Transfers, net	-26.2	-29.6	-28.8	-47.1	56.8	16.5	-24.0	-17.1	-28.0	-31.2	-25.6	-32.9	8.0

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

January 27, 1993

**STRICTLY CONFIDENTIAL - FR**  
**CLASS II FOMC**

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

<b>Measure and country</b>	<b>Projection</b>				
	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>
<b>REAL GDP</b>					
<b>-----</b>					
Canada	-2.0	-0.0	1.2	2.7	3.2
France	1.5	1.7	1.5	1.9	3.0
Western Germany	5.8	2.0	0.9	1.4	2.4
Italy	1.6	1.7	0.7	1.1	2.0
Japan	4.7	3.0	0.5	1.8	3.2
United Kingdom	-1.0	-1.6	-0.7	1.5	2.4
Average, weighted by 1987-89 GDP	2.6	1.5	0.6	1.7	2.8
<b>Average, weighted by share of U.S. nonagricultural exports</b>					
Total foreign	1.8	1.6	1.6	2.7	3.4
G-6	0.6	0.8	0.8	2.1	3.0
Developing countries	5.1	4.9	3.9	4.9	5.2
<b>CONSUMER PRICES</b>					
<b>-----</b>					
Canada	4.9	4.1	1.9	2.0	1.8
France	3.6	2.9	2.3	2.4	2.1
Western Germany	3.0	3.9	3.7	3.3	2.3
Italy	6.3	6.1	5.1	5.6	3.9
Japan	3.2	3.2	1.2	2.2	1.6
United Kingdom	10.0	4.2	3.1	2.7	3.0
Average, weighted by 1987-89 GDP	4.8	3.9	2.6	2.9	2.3
<b>Average, weighted by share of U.S. non-oil imports</b>					
<b>-----</b>					
	4.4	3.8	2.0	2.5	2.0

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**

**DIVISION OF RESEARCH AND STATISTICS**

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**DATE:** **February 1, 1993**

**To:** **Recipients of part 1 of the Greenbook**

**FROM:** **Michael J. Prell**

**SUBJECT:** **Revised Greensheets**

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Attached are revised Greensheets, which reflect the data on fourth quarter GDP that were released last week.

								Unemployment rate (level except as noted)		
		Nominal GDP		Real GDP		GDP fixed-weight price index		Consumer price index <sup>1</sup>		
Interval	1/27/93	1/29/93	1/27/93	1/29/93	1/27/93	1/29/93	1/27/93	1/29/93	1/27/93	1/29/93
<b>ANNUAL</b>										
1990 <sup>2</sup>	5.2	5.2	.8	-.8	4.5	4.5	5.4	5.4	5.5	5.5
1991 <sup>2</sup>	2.8	2.8	-1.2	-1.2	4.0	4.0	4.2	4.2	6.7	6.7
1992 <sup>2</sup>	4.8	4.7	2.0	2.1	3.0	3.0	3.0	3.0	7.4	7.4
1993	5.6	5.5	3.0	3.0	2.8	2.8	2.8	2.8	7.1	7.1
1994	5.1	5.1	2.9	2.9	2.4	2.4	2.5	2.5	6.8	6.8
<b>QUARTERLY</b>										
1991 Q1 <sup>2</sup>	1.8	1.8	-3.0	-3.0	4.7	4.7	3.3	3.3	6.5	6.5
Q2 <sup>2</sup>	5.2	5.2	1.7	1.7	3.5	3.5	2.4	2.4	6.7	6.7
Q3 <sup>2</sup>	4.0	4.0	1.2	1.2	3.0	3.0	2.7	2.7	6.7	6.7
Q4 <sup>2</sup>	2.8	2.8	.6	-.6	2.4	2.4	3.6	3.6	7.0	7.0
1992 Q1 <sup>2</sup>	6.2	6.2	2.9	2.9	3.6	3.6	2.9	2.9	7.3	7.3
Q2 <sup>2</sup>	4.3	4.3	1.5	1.5	2.9	2.9	3.5	3.5	7.5	7.5
Q3 <sup>2</sup>	5.3	5.3	3.4	3.4	2.1	2.1	2.6	2.6	7.5	7.5
Q4 <sup>2</sup>	6.5	5.7	3.6	3.8	3.2	3.2	3.3	3.2	7.3	7.3
1993 Q1	6.2	6.2	2.7	2.7	3.4	3.4	2.4	2.4	7.2	7.2
Q2	5.1	5.1	2.9	2.9	2.4	2.4	2.8	2.8	7.2	7.2
Q3	5.1	5.1	2.9	2.9	2.5	2.5	2.7	2.7	7.1	7.1
Q4	5.1	5.0	2.9	2.9	2.4	2.4	2.6	2.6	7.0	7.0
1994 Q1	5.2	5.2	2.9	2.9	2.6	2.6	2.5	2.5	6.9	6.9
Q2	5.0	5.0	3.0	3.0	2.2	2.2	2.4	2.4	6.8	6.8
Q3	4.9	4.9	3.0	3.0	2.1	2.1	2.3	2.3	6.7	6.7
Q4	4.8	4.8	3.1	3.1	2.0	2.0	2.2	2.2	6.6	6.6
<b>TWO-QUARTER<sup>3</sup></b>										
1991 Q2 <sup>2</sup>	3.5	3.5	-.7	-.7	4.2	4.2	2.9	2.9	.7	.7
Q4 <sup>2</sup>	3.4	3.4	.9	.9	2.7	2.7	3.1	3.1	.3	.3
1992 Q2 <sup>2</sup>	5.2	5.2	2.2	2.2	3.4	3.4	3.1	3.1	.5	.5
Q4 <sup>2</sup>	5.9	5.5	3.5	3.6	2.6	2.7	3.0	3.0	-.2	-.2
1993 Q2	5.7	5.7	2.8	2.8	2.9	2.9	2.6	2.6	-.1	-.1
Q4	5.1	5.1	2.9	2.9	2.4	2.4	2.6	2.6	-.2	-.2
1994 Q2	5.1	5.1	2.9	2.9	2.4	2.4	2.5	2.5	-.2	-.2
Q4	4.9	4.9	3.0	3.0	2.1	2.1	2.3	2.3	-.2	-.2
<b>FOUR-QUARTER<sup>4</sup></b>										
1990 Q4 <sup>2</sup>	4.1	4.1	-.5	-.5	4.7	4.7	6.3	6.3	.6	.6
1991 Q4 <sup>2</sup>	3.5	3.5	.1	.1	3.5	3.5	3.0	3.0	1.0	1.0
1992 Q4 <sup>2</sup>	5.6	5.4	2.9	2.9	3.0	3.0	3.0	3.0	.3	.3
1993 Q4	5.4	5.4	2.8	2.8	2.7	2.7	2.6	2.6	-.3	-.3
1994 Q4	5.0	5.0	3.0	3.0	2.3	2.3	2.4	2.4	-.4	-.4

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.

Item	Unit <sup>1</sup>	Projected									
		1986	1987	1988	1989	1990	1991	1992	1993	1994	
<b>EXPENDITURES</b>											
Nominal GDP	Bill. \$	4268.6	4539.9	4900.4	5250.8	5522.2	5677.5	5945.7	6270.4	6587.8	
Real GDP	Bill. 87\$	4404.5	4540.0	4718.6	4838.0	4877.5	4821.0	4919.9	5067.1	5215.5	
Real GDP	% change	2.2	4.5	3.3	1.6	-5	.1	2.9	2.8	3.0	
Gross domestic purchases		2.1	3.9	2.5	.9	-1.2	-2	3.6	3.4	3.2	
Final sales		3.3	2.7	4.2	1.5	.6	+6	2.9	2.5	3.0	
Private dom. final purch.		3.0	1.9	4.2	.5	-8	-9	4.3	4.0	4.0	
Personal cons. expend.		4.0	2.1	4.2	1.2	.2	.0	3.2	3.1	3.3	
Durables		12.5	-2.6	8.5	-5	-2.3	-2.5	8.9	6.7	7.9	
Nondurables		3.3	1.4	3.2	1.2	-7	-1.5	2.9	2.0	2.3	
Services		2.5	3.7	3.7	1.7	1.3	1.6	2.1	2.8	2.7	
Business fixed invest.		-5.7	3.0	5.5	-4	-1.4	-7.0	7.9	8.5	7.7	
Producers' dur. equip.		-.7	2.4	9.1	-1.7	-.2	-3.5	11.9	11.0	9.3	
Nonres. structures		-14.1	4.4	-1.2	2.3	-3.7	-14.3	-1.4	1.8	3.4	
Res. structures		11.1	-3.1	.9	-7.7	-14.7	-1	15.0	8.3	4.7	
Exports		9.9	12.6	13.5	11.3	7.2	7.4	3.5	6.1	6.1	
Imports		6.7	4.7	3.6	2.6	.1	4.8	9.3	9.8	7.3	
Government purchases		4.1	3.3	-.2	2.0	2.8	-.6	.6	-1.7	-.3	
Federal		3.8	3.7	-3.4	-.6	3.0	-2.3	-.5	-5.8	-4.1	
Defense		3.7	4.5	-3.2	-1.5	1.5	-5.2	-2.0	-8.7	-6.5	
State and local		4.4	2.9	2.9	4.0	2.7	.7	1.4	1.1	2.1	
Change in bus. invent.	Bill. 87\$	8.6	26.3	19.9	29.8	6.2	-9.3	4.4	25.5	26.4	
Nonfarm		10.6	32.7	26.9	29.9	3.7	-9.6	2.0	25.1	26.4	
Net exports		-155.1	-143.0	-104.0	-73.7	-51.8	-21.8	-43.2	-75.4	-90.6	
Nominal GDP	% change	4.7	8.0	7.7	6.0	4.1	3.5	5.4	5.4	5.0	
<b>EMPLOYMENT AND PRODUCTION</b>											
Nonfarm payroll employ.	Millions	99.5	102.2	105.5	108.3	109.8	108.3	108.4	109.6	111.7	
Unemployment rate	%	7.0	6.2	5.5	5.3	5.5	6.7	7.4	7.1	6.8	
Industrial prod. index	% change	1.4	6.5	4.5	1.1	.3	-.5	2.0	4.4	3.8	
Capacity util. rate-mfg.	%	79.0	81.4	83.9	83.9	82.3	78.2	77.8	79.3	79.8	
Housing starts	Millions	1.81	1.62	1.49	1.38	1.19	1.01	1.20	1.34	1.44	
Auto sales in U.S.		11.45	10.24	10.63	9.91	9.51	8.39	8.35	8.84	9.54	
North American produced		8.22	7.07	7.54	7.08	6.91	6.14	6.25	6.67	7.16	
Other		3.24	3.18	3.10	2.83	2.60	2.25	2.10	2.17	2.38	
<b>INCOME AND SAVING</b>											
Nominal GNP	Bill. \$	4277.8	4544.5	4908.2	5266.8	5542.9	5694.9	5957.2	6277.5	6593.2	
Nominal GNP	% change	4.4	8.1	7.8	6.1	4.2	3.1	5.3	5.4	4.9	
Nominal personal income		5.5	7.4	7.1	6.5	6.3	3.3	5.1	5.9	5.8	
Real disposable income		2.8	2.1	3.2	1.1	.9	.5	2.4	2.7	3.3	
Personal saving rate	%	6.0	4.3	4.4	4.0	4.3	4.7	4.8	4.4	4.4	
Corp. profits, IVA&CCAdj	% change	-7.1	29.7	10.2	-6.3	-3.0	.9	21.7	9.0	4.3	
Profit share of GNP	%	6.4	7.0	7.4	6.9	6.5	6.1	6.6	7.2	7.2	
Federal surpl./def.	Bill. \$	-201.1	-151.8	-136.6	-122.3	-166.2	-210.4	-295.3	-257.0	-239.3	
State/local surpl./def.		54.3	40.1	38.4	44.8	30.1	17.1	14.2	27.1	43.0	
Ex. social ins. funds		1.5	-14.7	-18.4	-17.5	-32.9	-43.1	-43.3	-29.3	-13.2	
<b>PRICES AND COSTS</b>											
GDP implicit deflator	% change	2.6	3.3	4.2	4.4	4.5	3.4	2.4	2.5	2.0	
GDP fixed-wt. price index		2.6	3.4	4.2	4.3	4.7	3.5	3.0	2.7	2.3	
Gross domestic purchases		2.3	3.9	4.1	4.3	5.3	2.8	2.9	2.5	2.2	
fixed-wt. price index		1.3	4.5	4.3	4.6	6.3	3.0	3.0	2.6	2.4	
CPI		3.9	4.3	4.5	4.4	5.3	4.5	3.4	2.8	2.4	
Ex. food and energy											
ECI, hourly compensation <sup>2</sup>		3.2	3.3	4.8	4.8	4.6	4.4	3.5	3.2	2.9	
Nonfarm business sector											
Output per hour		1.2	1.8	.5	-1.4	.1	1.3	3.0	1.8	1.3	
Compensation per hour		4.6	3.8	3.8	3.1	6.3	4.2	3.5	3.3	3.0	
Unit labor cost		3.4	1.9	3.3	4.6	6.2	2.8	.5	1.4	1.7	

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

2. Private-industry workers.

Item	Unit	1990				1991				1992	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>EXPENDITURES</b>											
Nominal GDP	Bill. \$	5445.2	5522.6	5559.6	5561.3	5585.8	5657.6	5713.1	5753.3	5840.2	5902.2
Real GDP	Bill. '87\$	4890.8	4902.7	4882.6	4833.8	4796.7	4817.1	4831.8	4838.5	4873.7	4892.4
Real GDP	% change	2.8	1.0	-1.6	-3.9	-3.0	1.7	1.2	.6	2.9	1.5
Gross domestic purchases		2.1	.9	-1.4	-6.0	-4.2	1.7	2.4	-.4	3.0	3.4
Final sales		4.3	-1.1	.1	-.9	-3.2	1.3	-.5	.0	4.7	-.1
Private dom. final purch.		2.9	-1.7	.8	-5.0	-6.0	1.5	1.4	-.4	5.5	2.4
Personal cons. expend.		2.2	.1	1.7	-3.1	-3.0	2.0	1.5	-.3	5.1	-.1
Durables		16.2	-12.0	-1.4	-9.8	-13.0	-.7	8.1	-3.1	16.5	-2.1
Nondurables		-.2	-.5	.8	-2.8	-3.2	1.3	-.6	-3.5	5.5	-1.5
Services		.3	3.7	3.1	-1.6	-.3	3.0	1.2	2.3	2.2	1.2
Business fixed invest.		6.2	-6.6	5.6	-9.6	-15.8	-3.1	-3.4	-5.2	3.0	16.1
Producers' dur. equip.		6.8	-7.8	7.2	-6.1	-16.7	.7	6.0	-2.4	3.2	24.1
Nonres. structures		5.0	-4.1	2.5	-16.5	-14.0	-10.6	-20.8	-11.5	2.7	-.8
Res. structures		5.3	-15.9	-22.9	-22.4	-26.9	7.0	14.4	11.3	20.1	12.6
Exports		10.7	7.0	-.2	11.6	-5.0	16.6	6.2	13.3	2.9	-1.4
Imports		2.6	5.1	1.5	-8.5	-14.6	15.6	17.1	4.2	3.5	14.7
Government purchases		6.4	1.1	-2.0	6.1	2.8	.2	-2.3	-3.0	1.7	-1.2
Federal		8.0	2.1	-7.2	9.9	7.2	-.3	-6.5	-9.0	-3.0	-2.7
Defense		4.9	.3	-10.5	12.8	8.7	-5.6	-9.4	-13.0	-7.7	-5.2
State and local		5.2	.4	1.9	3.5	-.1	.6	.9	1.4	5.1	-.2
Change in bus. invent.	Bill. '87\$	7.5	32.8	11.2	-26.8	-25.1	-20.4	.6	7.5	-12.6	7.8
Nonfarm		5.9	27.9	6.6	-25.6	-24.7	-24.5	-1.0	11.8	-10.7	6.0
Net exports		-58.4	-56.9	-59.3	-32.7	-17.9	-17.4	-31.6	-20.5	-21.5	-43.9
Nominal GDP	% change	7.7	5.8	2.7	.1	1.8	5.2	4.0	2.8	6.2	4.3
<b>EMPLOYMENT AND PRODUCTION</b>											
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 <sup>1</sup>	%	5.3	5.3	5.6	6.0	6.5	6.7	6.7	7.0	7.3	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. <sup>1</sup>	%	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	1.14
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
<b>INCOME AND SAVING</b>											
Nominal GNP	Bill. \$	5464.1	5537.0	5577.8	5592.7	5614.9	5674.3	5725.4	5764.1	5859.8	5909.3
Nominal GNP	% change	7.6	5.4	3.0	1.1	1.6	4.3	3.7	2.7	6.8	3.4
Nominal personal income		9.5	6.2	4.6	5.2	.1	4.6	3.3	5.1	6.1	3.9
Real disposable income		4.2	.8	-1.2	-.2	-2.6	1.9	.7	2.2	4.0	1.2
Personal saving rate <sup>1</sup>	%	4.4	4.6	3.9	4.6	4.7	4.7	4.5	5.1	4.9	5.3
Corp. profits, IVA&CCAdj	% change	15.6	19.1	-29.9	-8.2	6.7	-2.6	-6.8	7.1	49.8	4.7
Profit share of GNP <sup>1</sup>	%	6.7	6.9	6.3	6.2	6.2	6.1	6.0	6.0	6.6	6.6
Federal govt. surpl./def.	Bill. \$	-167.8	-156.9	-145.6	-194.6	-149.9	-212.2	-221.0	-258.7	-289.2	-302.9
State/local surpl./def.		36.1	33.8	30.3	20.2	14.6	16.5	15.4	22.0	16.6	17.7
Ex. social ins. funds		-27.3	-29.4	-32.5	-42.2	-46.6	-44.1	-44.5	-37.3	-41.8	-40.3
<b>PRICES AND COSTS</b>											
GDP implicit deflator	% change	4.4	4.8	4.7	3.9	5.3	3.5	2.4	2.4	3.1	2.7
GDP fixed-wt. price index		5.4	4.6	4.7	4.1	4.7	3.5	3.0	2.4	3.6	2.9
Gross domestic purchases		5.9	3.7	5.6	5.8	3.1	2.5	2.9	2.5	3.1	3.2
fixed-wt. price index		7.2	4.1	7.0	6.9	3.3	2.4	2.7	3.6	2.9	3.5
I		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	5.1	8.2	5.8	4.6	4.0	2.0	.6	.1	.8
ECI, hourly compensation <sup>2</sup>		5.6	5.1	4.3	3.8	4.6	4.9	4.4	3.7	4.0	2.9
Nonfarm business sector		-.5	2.5	-1.7	.1	-.7	1.7	1.9	2.5	3.7	1.7
Output per hour		5.0	7.8	6.4	5.9	3.8	5.8	3.9	3.1	3.8	2.4
Compensation per hour		5.6	5.1	8.2	5.8	4.6	4.0	2.0	.6	.1	.8
Unit labor cost		5.6	5.1	8.2	5.8	4.6	4.0	2.0	.6	.1	.8

1. Not at an annual rate.

2. Private-industry workers.

Item	Units	Projected											
		1992		1993				1994					
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
<b>EXPENDITURES</b>													
Nominal GDP	Bill. \$	5978.5	6061.9	6153.7	6231.0	6309.4	6387.6	6469.4	6548.6	6627.1	6706.0		
Real GDP	Bill. 87\$	4933.7	4979.8	5012.9	5048.8	5085.1	5121.6	5158.1	5195.8	5234.1	5274.1		
Real GDP	% change	3.4	3.8	2.7	2.9	2.9	2.9	2.9	3.0	3.0	3.1		
Gross domestic purchases		4.1	3.9	3.5	3.6	3.3	2.9	2.9	3.5	3.2	3.1		
Final sales		2.8	4.5	1.6	2.4	2.6	3.2	3.0	2.8	2.9	3.3		
Private dom. final purch.		3.5	6.1	3.6	4.4	4.1	4.1	3.9	4.2	3.9	4.0		
Personal cons. expend.		3.7	4.3	2.6	3.3	3.1	3.3	3.1	3.5	3.2	3.3		
Durables		9.4	12.9	3.2	8.5	7.2	8.0	7.5	9.2	7.7	7.4		
Nondurables		2.5	5.2	2.1	2.0	2.0	2.0	2.3	2.3	2.2	2.3		
Services		3.1	1.9	2.8	2.8	2.8	2.8	2.5	2.8	2.7	2.8		
Business fixed invest.		3.1	9.7	6.4	9.7	9.2	8.7	7.7	7.8	7.7	7.8		
Producers' dur. equip.		9.5	11.7	8.4	13.0	11.8	10.9	9.3	9.3	9.2	9.2		
Nonres. structures		-11.3	4.5	1.2	1.2	2.1	2.6	3.2	3.3	3.5	3.6		
Res. structures		.2	29.1	12.7	7.9	6.4	6.3	5.3	5.0	4.3	4.0		
Exports		9.2	3.7	4.7	6.0	6.6	7.1	6.2	6.2	6.0	5.9		
Imports		14.8	4.7	11.2	11.7	9.6	6.8	6.3	10.0	7.4	5.4		
Government purchases		3.8	-1.7	-2.5	-1.9	-1.4	-.8	-.6	-.3	-.2	-.1		
Federal		7.5	-3.3	-7.1	-5.9	-5.4	-5.0	-4.5	-4.0	-4.0	-4.0		
Defense		8.3	-2.7	-10.5	-8.7	-8.1	-7.5	-6.9	-6.2	-6.3	-6.4		
State and local		1.4	-.6	.6	1.2	1.2	1.8	1.9	2.0	2.1	2.2		
Change in bus. invent.	Bill. 87\$	15.0	7.2	20.3	26.1	29.5	26.3	25.0	27.0	27.7	25.8		
Nonfarm		9.6	3.0	20.0	25.1	28.8	26.7	25.3	27.2	27.7	25.6		
Net exports		-52.7	-54.6	-65.0	-74.6	-80.5	-81.5	-82.9	-90.5	-94.3	-94.7		
Nominal GDP	% change	5.3	5.7	6.2	5.1	5.1	5.0	5.2	5.0	4.9	4.8		
<b>EMPLOYMENT AND PRODUCTION</b>													
Nonfarm payroll employ.	Millions	108.5	108.6	109.0	109.4	109.9	110.3	110.8	111.4	111.9	112.5		
Unemployment rate <sup>1</sup>	%	7.5	7.3	7.2	7.2	7.1	7.0	6.9	6.8	6.7	6.6		
Industrial prod. index	% change	2.3	3.7	5.9	5.1	3.3	3.4	4.0	3.8	3.7	3.8		
Capacity util. rate-mfg <sup>1</sup>	%	77.8	78.2	78.9	79.3	79.4	79.5	79.6	79.8	79.9	80.0		
Housing starts	Millions	1.19	1.25	1.30	1.33	1.36	1.39	1.41	1.43	1.45	1.47		
Auto sales in U.S.		8.21	8.38	8.51	8.80	8.95	9.10	9.20	9.45	9.65	9.85		
North American produced		6.24	6.37	6.42	6.65	6.75	6.85	6.90	7.10	7.25	7.40		
Other		1.97	2.01	2.09	2.15	2.20	2.25	2.30	2.35	2.40	2.45		
<b>INCOME AND SAVING</b>													
Nominal GNP	Bill. \$	5992.0	6067.8	6161.2	6237.2	6317.9	6393.5	6476.4	6553.3	6633.9	6709.1		
Nominal GNP	% change	5.7	5.2	6.3	5.0	5.3	4.9	5.3	4.8	5.0	4.6		
Nominal personal income		2.7	7.6	6.3	5.7	5.6	6.0	6.4	5.5	5.6	5.7		
Real disposable income		-.5	3.8	2.5	2.8	2.3	3.3	4.0	3.0	3.0	3.4		
Personal saving rate <sup>1</sup>	%	4.6	4.5	4.6	4.5	4.3	4.3	4.5	4.4	4.3	4.3		
Corp. profits, IVA&CCAdj	% change	-13.9	62.5	18.4	7.8	1.9	8.6	4.8	6.6	-1.5	7.5		
Profit share of GNP <sup>1</sup>	%	6.2	7.0	7.2	7.2	7.1	7.2	7.2	7.2	7.1	7.2		
Federal govt. surpl./def.	Bill. \$	-304.4	-287.4	-272.4	-262.4	-245.8	-247.3	-251.9	-243.7	-230.0	-231.6		
State/local surpl./def.		9.2	12.3	20.0	21.9	31.6	34.9	38.2	40.9	45.8	46.9		
Ex. social ins. funds		-48.0	-44.4	-36.6	-34.6	-24.8	-21.4	-18.0	-15.2	-10.3	-9.3		
<b>PRICES AND COSTS</b>													
GDP implicit deflator	% change	1.8	1.8	3.4	2.2	2.2	2.1	2.3	2.0	1.8	1.7		
GDP fixed-wt. price index		2.1	3.2	3.4	2.4	2.5	2.4	2.6	2.2	2.1	2.0		
Gross domestic purchases		2.5	2.8	2.8	2.5	2.4	2.3	2.6	2.2	2.1	2.0		
fixed-wt. price index		2.6	3.2	2.4	2.8	2.7	2.6	2.5	2.4	2.3	2.2		
I		2.5	3.6	2.9	2.9	2.8	2.7	2.5	2.4	2.3	2.2		
Ex. food and energy		2.5	3.6	2.9	2.9	2.8	2.7	2.5	2.4	2.3	2.2		
ECI, hourly compensation <sup>2</sup>		3.2	3.5	3.3	3.2	3.2	3.1	3.0	3.0	2.9	2.8		
Nonfarm business sector		3.0	3.8	2.1	2.3	1.5	1.5	1.4	1.3	1.3	1.3		
Output per hour		3.5	4.4	3.7	3.2	3.1	3.1	3.4	3.0	2.9	2.8		
Compensation per hour		.6	.6	1.6	.9	1.6	1.6	2.0	1.7	1.6	1.5		
Unit labor cost													

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 ITEMS<sup>1</sup>  
(Billions of 1987 dollars)

January 29, 1993

Item	1990				1991				1992		1989	1990	1991	1992
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2				
Real GDP	34.1	11.9	-20.1	-48.8	-37.1	20.4	14.7	6.7	35.2	18.7	77.0	-22.9	4.7	141.3
Gross domestic purchases	25.1	10.4	-17.7	-75.4	-51.9	19.9	28.9	-4.4	36.2	41.1	41.7	-57.6	-7.5	175.5
Final sales	51.5	-13.3	1.4	-10.8	-38.8	15.6	-6.2	-.3	55.4	-1.7	73.1	28.8	-29.7	141.7
Private dom. final purch.	28.3	-17.4	8.4	-51.1	-60.2	14.6	13.4	-4.3	52.5	23.5	19.7	-31.8	-36.5	170.0
Personal cons. expend.	17.5	.6	13.8	-25.9	-24.5	15.8	11.9	-2.2	40.3	-.8	39.1	6.0	1.0	104.6
Durables	16.7	-14.3	-1.5	-11.1	-14.6	-.7	8.1	-3.3	16.2	-2.3	-2.4	-10.2	-10.5	37.2
Nondurables	-.6	-1.2	2.0	-7.5	-8.6	3.3	-1.5	-9.2	14.0	-4.0	12.1	-7.3	-16.0	29.7
Services	1.4	16.0	13.4	-7.3	-1.3	13.3	5.2	10.4	9.9	5.6	29.4	23.5	27.6	37.7
Business fixed invest.	8.1	-9.2	7.3	-13.6	-22.3	-4.0	-4.3	-6.6	3.7	18.9	-2.1	-7.4	-37.2	38.7
Producers' dur. equip.	5.9	-7.3	6.2	-5.6	-15.9	.6	5.0	-2.1	2.7	19.2	-6.2	-.8	-12.4	40.8
Nonres. structures	2.2	-1.9	1.1	-8.0	-6.4	-4.6	-9.2	-4.6	1.0	-.3	4.1	-6.6	-24.8	-2.1
Res. structures	2.7	-8.9	-12.7	-11.6	-13.4	2.8	5.7	4.7	8.3	5.6	-17.3	-30.5	-.2	26.6
Change in bus. invent.	-17.4	25.3	-21.6	-38.0	1.7	4.7	21.0	6.9	-20.1	20.4	4.0	-51.7	34.3	-.3
Nonfarm	-25.3	22.0	-21.3	-32.2	.9	.2	23.5	12.8	-22.5	16.7	.7	-56.8	37.4	-8.8
Farm	7.9	3.2	-.2	-5.8	.8	4.5	-2.5	-5.8	2.3	3.7	3.3	5.1	-3.0	8.5
Net exports	9.0	1.5	-2.4	26.6	14.8	.5	-14.2	11.1	-1.0	-22.4	35.3	34.7	12.2	-34.1
Exports	12.5	8.5	-.3	14.2	-6.7	20.2	8.1	17.2	4.0	-2.0	49.5	34.9	38.8	19.8
Imports	3.6	7.0	2.1	-12.4	-21.5	19.7	22.3	6.0	5.0	20.5	14.1	.3	26.5	54.0
Government purchases	14.2	2.6	-4.6	13.7	6.6	.5	-5.4	-7.1	3.9	-2.8	18.1	25.9	-5.4	5.8
Federal	7.3	2.0	-7.1	9.0	6.8	-.3	-6.6	-9.0	-2.9	-2.6	-2.3	11.2	-9.1	-1.9
Defense	3.4	.2	-7.8	8.5	6.0	-4.2	-7.0	-9.6	-5.4	-3.5	-4.2	4.3	-14.8	-5.4
Nondefense	3.8	1.8	.7	.5	.7	4.0	.4	.6	2.5	.9	2.0	6.8	5.7	3.5
State and local	6.9	.6	2.5	4.7	-.2	.8	1.2	1.9	6.9	-.3	20.4	14.7	3.7	7.7

1. Annual changes are from Q4 to Q4.

Strictly Confidential (FR)  
Class II FOMC

NET CHANGES IN REAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS<sup>1</sup>  
(Billions of 1987 dollars)

January 29, 1993

Item	Projected										Projected			
	1992		1993				1994				1991	1992	1993	1994
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Real GDP	41.3	46.1	33.1	36.0	36.2	36.6	36.4	37.8	38.3	40.0	4.7	141.3	141.8	152.5
Gross domestic purchases	50.1	48.0	43.5	45.6	42.2	37.5	37.8	45.4	42.0	40.4	-7.5	175.5	168.7	165.7
Final sales	34.1	53.9	20.0	30.2	32.8	39.9	37.7	35.8	37.6	41.9	-29.7	141.7	122.8	152.9
Private dom. final purch.	34.1	59.9	36.4	44.2	42.0	42.7	40.4	44.1	41.8	42.7	-36.5	170.0	165.4	169.1
Personal cons. expend.	29.9	35.2	21.9	27.6	26.5	27.6	26.8	30.3	28.2	28.9	1.0	104.6	103.5	114.2
Durables	9.8	13.5	3.5	9.4	8.2	9.2	8.9	10.9	9.4	9.2	-10.5	37.2	30.3	38.4
Nondurables	6.4	13.3	5.5	5.3	5.3	5.4	6.2	6.2	6.0	6.3	-16.0	29.7	21.6	24.7
Services	13.7	8.5	12.8	12.8	12.9	13.0	11.7	13.2	12.8	13.4	27.6	37.7	51.5	51.1
Business fixed invest.	4.0	12.1	8.3	12.6	12.2	11.8	10.7	11.1	11.2	11.5	-37.2	38.7	45.0	44.6
Producers' dur. equip.	8.4	10.5	7.8	12.2	11.4	10.9	9.6	9.8	9.9	10.2	-12.4	40.8	42.4	39.5
Nonres. structures	-4.4	1.6	.4	.5	.8	1.0	1.2	1.2	1.3	1.4	-24.8	-2.1	2.6	5.1
Res. structures	.1	12.6	6.2	4.0	3.4	3.3	2.9	2.7	2.4	2.3	-.2	26.6	16.9	10.3
Change in bus. invent.	7.2	-7.8	13.1	5.8	3.5	-3.3	-1.2	2.0	.7	-1.9	34.3	-.3	19.1	-.5
Nonfarm	3.6	-6.6	17.0	5.1	3.8	-2.2	-1.3	1.9	.5	-2.1	37.4	-8.8	23.7	-1.1
Farm	3.5	-1.0	-4.0	.7	-.3	-1.1	.1	.1	.2	.2	-3.0	8.5	-4.7	.6
Net exports	-8.8	-1.9	-10.4	-9.6	-5.9	-1.0	-1.4	-7.7	-3.7	-.4	12.2	-34.1	-26.9	-13.2
Exports	12.5	5.3	6.7	8.7	9.6	10.5	9.4	9.5	9.3	9.3	38.8	19.8	35.4	37.6
Imports	21.3	7.2	17.1	18.3	15.6	11.4	10.8	17.2	13.0	9.8	26.5	54.0	62.3	50.8
Government purchases	8.8	-4.1	-6.0	-4.4	-3.3	-1.9	-1.3	-.7	-.5	-.3	-5.4	5.8	-15.7	-2.9
Federal	6.8	-3.2	-6.9	-5.5	-5.0	-4.5	-4.0	-3.5	-3.5	-3.5	-9.1	-1.9	-22.0	-14.6
Defense	5.3	-1.8	-7.3	-5.8	-5.3	-4.8	-4.3	-3.8	-3.8	-3.8	-14.8	-5.4	-23.2	-15.7
Nondefense	1.5	-1.4	.4	.3	.3	.3	.3	.3	.3	.3	5.7	3.5	1.2	1.1
State and local	2.0	-.9	.9	1.1	1.7	2.6	2.7	2.8	3.0	3.2	3.7	7.7	6.3	11.7

1. Annual changes are from Q4 to Q4.

Strictly Confidential (FR)  
Class II FOMC

REAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS, LEVELS  
(Billions of 1987 dollars)

January 29, 1993

Items	1990								1991											
	1990				1991				1992		1989		1990		1991					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	1989	1990	1991	1992						
Real GDP	4890.8	4902.7	4882.6	4833.8	4796.7	4817.1	4831.8	4838.5	4873.7	4892.4	4838.0	4877.5	4821.0	4919.9						
Gross domestic purchases	4949.2	4959.6	4941.9	4866.5	4814.6	4834.4	4863.4	4858.9	4895.2	4936.3	4911.7	4929.3	4842.8	4963.1						
Final sales	4883.3	4870.0	4871.4	4860.6	4821.8	4837.4	4831.2	4830.9	4886.3	4884.6	4808.3	4871.3	4830.3	4915.5						
Private dom. final purch.	4014.9	3997.5	4005.9	3954.8	3894.6	3909.2	3922.6	3918.3	3970.8	3994.3	3977.6	3993.2	3911.1	4020.4						
Personal consumption expend.	3259.5	3260.1	3273.9	3248.0	3223.5	3239.3	3251.2	3249.0	3289.3	3288.5	3223.3	3260.4	3240.8	3312.4						
Durables	453.5	439.2	437.7	426.6	412.0	411.3	419.4	416.1	432.3	430.0	440.7	439.3	414.7	438.9						
Nondurables	1058.3	1057.1	1059.1	1051.6	1043.0	1046.3	1044.8	1035.6	1049.6	1045.6	1051.6	1056.5	1042.4	1053.1						
Services	1747.7	1763.7	1777.1	1769.8	1768.5	1781.8	1787.0	1797.4	1807.3	1812.9	1731.0	1764.6	1783.7	1820.5						
Business fixed invest.	544.8	535.6	542.9	529.3	507.0	503.0	498.7	492.1	495.8	514.7	540.0	538.1	500.2	515.0						
Producers' dur. equip.	362.8	355.5	361.7	356.1	340.2	340.8	345.8	343.7	346.4	365.6	362.5	359.0	342.6	367.6						
Nonres. structures	182.0	180.1	181.2	173.2	166.8	162.2	153.0	148.4	149.4	149.1	177.6	179.1	157.6	147.4						
Res. structures	210.7	201.8	189.1	177.5	164.1	166.9	172.6	177.3	185.6	191.2	214.2	194.8	170.2	193.0						
Change in bus. invent.	7.5	32.8	11.2	-26.8	-25.1	-20.4	.6	7.5	-12.6	7.8	29.8	6.2	-9.3	4.4						
Nonfarm	5.9	27.9	6.6	-25.6	-24.7	-24.5	-1.0	11.8	-10.7	6.0	29.9	3.7	-9.6	2.0						
Farm	1.6	4.8	4.6	-1.2	-.4	4.1	1.6	-4.2	-1.9	1.8	-.1	2.5	.3	2.4						
Net exports	-58.4	-56.9	-59.3	-32.7	-17.9	-17.4	-31.6	-20.5	-21.5	-43.9	-73.7	-51.8	-21.8	-43.2						
Exports	500.2	508.7	508.4	522.6	515.9	536.1	544.2	561.4	565.4	563.4	471.8	510.0	539.4	571.5						
Imports	558.6	565.6	567.7	555.3	533.8	553.5	575.8	581.8	586.8	607.3	545.4	561.8	561.2	614.6						
Government purchases	926.8	929.4	924.8	938.5	945.1	945.6	940.2	933.1	937.0	934.2	904.4	929.9	941.0	938.3						
Federal	383.4	385.4	378.3	387.3	394.1	393.8	387.2	378.2	375.3	372.7	376.1	383.6	388.3	375.9						
Defense	284.9	285.1	277.3	285.8	291.8	287.6	280.6	271.0	265.6	262.1	281.4	283.3	282.8	265.2						
Nondefense	98.5	100.3	101.0	101.5	102.2	106.2	106.6	107.2	109.7	110.6	94.8	100.3	105.5	110.8						
State and local	543.4	544.0	546.5	551.2	551.0	551.8	553.0	554.9	561.8	561.5	528.3	546.3	552.7	562.3						
MEMO																				
GDP deflator (1987 = 100)	111.3	112.6	113.9	115.1	116.5	117.4	118.2	118.9	119.8	120.6	108.5	113.2	117.8	120.9						

Strictly Confidential (FR)  
Class II FOMC

REAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS, LEVELS  
(Billions of 1987 dollars)

January 29, 1993

Items	Projected										Projected			
	1992		1993				1994							
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1991	1992	1993	1994
Real GDP	4933.7	4979.8	5012.9	5048.8	5085.1	5121.6	5158.1	5195.8	5234.1	5274.1	4821.0	4919.9	5067.1	5215.5
Gross domestic purchases	4986.4	5034.4	5077.9	5123.4	5165.6	5203.1	5241.0	5286.4	5328.4	5368.8	4842.8	4963.1	5142.5	5306.1
Final sales	4918.7	4972.6	4992.6	5022.8	5055.5	5095.4	5133.1	5168.8	5206.4	5248.3	4830.3	4915.5	5041.6	5189.2
Private dom. final purch.	4028.4	4088.3	4124.7	4168.9	4211.0	4253.7	4294.1	4338.2	4380.1	4422.8	3911.1	4020.4	4189.6	4358.8
Personal consumption expend.	3318.4	3353.6	3375.5	3403.1	3429.5	3457.1	3483.9	3514.2	3542.4	3571.3	3240.8	3312.4	3416.3	3528.0
Durables	439.8	453.3	456.8	466.2	474.4	483.6	492.5	503.4	512.8	522.0	414.7	438.9	470.3	507.7
Nondurables	1052.0	1065.3	1070.8	1076.2	1081.5	1086.9	1093.1	1099.3	1105.3	1111.6	1042.4	1053.1	1078.8	1102.3
Services	1826.6	1835.1	1847.9	1860.7	1873.6	1886.6	1898.4	1911.5	1924.4	1937.7	1783.7	1820.5	1867.2	1918.0
Business fixed investment	518.7	530.8	539.1	551.7	563.9	575.8	586.5	597.6	608.8	620.4	500.2	515.0	557.6	603.3
Producers' dur. equip.	374.0	384.5	392.3	404.5	416.0	426.9	436.4	446.3	456.2	466.4	342.6	367.6	409.9	451.3
Nonres. structures	144.7	146.3	146.7	147.2	148.0	148.9	150.1	151.3	152.6	154.0	157.6	147.4	147.7	152.0
Res. structures	191.3	203.9	210.1	214.1	217.5	220.8	223.7	226.4	228.8	231.1	170.2	193.0	215.6	227.5
Change in bus. invent.	15.0	7.2	20.3	26.1	29.5	26.3	25.0	27.0	27.7	25.8	-9.3	4.4	25.5	26.4
Nonfarm	9.6	3.0	20.0	25.1	28.8	26.7	25.3	27.2	27.7	25.6	-9.6	2.0	25.1	26.4
Farm	5.3	4.3	.3	1.0	.7	-.4	-.3	-.2	.0	.2	.3	2.4	.4	-.1
Net exports	-52.7	-54.6	-65.0	-74.6	-80.5	-81.5	-82.9	-90.5	-94.3	-94.7	-21.8	-43.2	-75.4	-90.6
Exports	575.9	581.2	587.9	596.5	606.1	616.6	626.0	635.5	644.8	654.2	539.4	571.5	601.8	640.1
Imports	628.6	635.8	652.9	671.1	686.7	698.1	708.9	726.1	739.1	748.9	561.2	614.6	677.2	730.7
Government purchases	943.0	938.9	932.9	928.5	925.1	923.2	921.9	921.1	920.6	920.3	941.0	938.3	927.4	921.0
Federal	379.5	376.3	369.4	363.9	358.8	354.3	350.3	346.7	343.2	339.7	388.3	375.9	361.6	345.0
Defense	267.4	265.6	258.3	252.5	247.2	242.4	238.1	234.3	230.5	226.7	282.8	265.2	250.1	232.4
Nondefense	112.1	110.7	111.1	111.4	111.6	111.9	112.2	112.4	112.7	113.0	105.5	110.8	111.5	112.6
State and local	563.5	562.6	563.5	564.6	566.3	568.9	571.6	574.4	577.4	580.6	552.7	562.4	565.8	576.0
MEMO														
GDP deflator (1987 = 100)	121.2	121.7	122.8	123.4	124.1	124.7	125.4	126.0	126.6	127.1	117.8	120.9	123.7	126.3

January 27, 1993

## **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**

CBO BUDGET ESTIMATES<sup>1</sup>  
(Billions of dollars)

	Fiscal years					
	1993	1994	1995	1996	1997	1998
Outlays	1453	1507	1575	1643	1733	1839
Receipts	1143	1215	1291	1356	1414	1482
Deficit	310	291	284	287	319	357
Deficit ex deposit insurance	307	282	273	288	333	367
Memo:						
Deposit insurance	3	10	11	-1	-14	-10

CBO ECONOMIC ASSUMPTIONS

	Calendar years					
	1993	1994	1995	1996	1997	1998
-----Percent change, year over year---						
Real GDP	2.8	3.0	2.9	2.7	2.4	2.0
GDP deflator	2.4	2.4	2.3	2.3	2.2	2.2
CPI-U	3.0	2.7	2.7	2.7	2.7	2.7
-----Percent, annual average-----						
Civilian unemployment rate	7.1	6.6	6.2	6.0	5.8	5.7
Interest rates						
Treasury bills	3.1	3.7	4.4	4.7	4.8	4.9
Treasury notes	6.7	6.6	6.6	6.5	6.5	6.4

Source: CBO, The Economic and Budget Outlook: Fiscal Years 1994-1998, January 1993.

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 through FY1995 for other programs are consistent with the discretionary spending caps. For FY1996-FY1998, discretionary spending is allowed to grow with inflation. The projections include Social Security and the Postal Service, which are off-budget.

OMB BASELINE BUDGET ESTIMATES<sup>1</sup>  
(Billions of dollars)

	<u>Fiscal years</u>					
	1993	1994	1995	1996	1997	1998
Outlays	1475	1523	1578	1645	1745	1843
Receipts	1148	1230	1306	1379	1440	1523
Deficit	327	292	272	266	305	320
Deficit excluding deposit insurance	312	276	280	281	316	327
Memo:						
Deposit insurance	16	16	-7	-15	-11	-7

OMB ECONOMIC ASSUMPTIONS

	<u>Calendar years</u>					
	1993	1994	1995	1996	1997	1998
-----Percent change, Q4 over Q4-----						
Real GDP	3.0	2.9	2.5	2.5	2.5	2.5
GDP deflator	2.9	3.3	3.4	3.3	3.4	3.3
CPI-U	3.3	3.6	3.7	3.6	3.6	3.5
-----Percent, annual average-----						
Civilian unemployment rate	7.2	6.4	6.1	5.9	5.8	5.7
Interest rates						
Treasury bills	3.4	4.6	5.0	5.1	5.2	5.1
Treasury notes	7.0	7.2	7.3	7.3	7.3	7.2

Source: OMB, Budget Baselines, Historical Data, and Alternatives for the Future, January 1993. Economic assumptions underlying the baseline budget estimates, based on the Blue Chip consensus of private sector forecasts.

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 through FY1995 for other programs are consistent with the discretionary spending caps. For FY1996-FY1998, discretionary spending is held constant at the FY1995 level. The projections include Social Security and the Postal Service, which are off-budget.

GROSS OFFERINGS OF SECURITIES BY U.S. CORPORATIONS  
(Monthly rates, not seasonally adjusted, billions of dollars)

	-----1992-----					-1993-	
	1991	1992P	Q3	Q4P	NovP	DecP	Jan. <sup>e</sup>
Corporate securities - total <sup>1</sup>	32.15	40.64	42.22	37.92	35.10	38.94	46.70
Public offerings in U.S.	29.37	37.86	39.83	35.80	32.80	37.15	44.50
Stocks--total <sup>2</sup>	5.44	6.53	5.69	5.84	4.50	6.05	4.50
Nonfinancial	3.72	4.03	2.86	3.13	2.13	4.03	2.25
Utility	0.42	0.90	1.11	0.44	0.48	0.34	0.30
Industrial	3.30	3.14	1.75	2.69	1.65	3.69	1.95
Financial	1.72	2.50	2.83	2.71	2.37	2.02	2.25
Bonds	23.93	31.33	34.14	29.97	28.30	31.10	40.00
Nonfinancial	9.52	12.77	14.93	10.40	6.80	9.80	17.00
Utility	2.99	5.32	7.51	3.37	1.75	3.85	6.00
Industrial	6.54	7.45	7.42	7.03	5.05	5.95	11.00
Financial	14.40	18.56	19.21	19.57	21.50	21.30	23.00
By quality <sup>3</sup>							
Aaa and Aa	3.72	3.72	4.57	3.32	1.45	3.20	5.00
A and Baa	12.09	14.41	15.20	11.58	12.59	10.73	20.48
Less than Baa	1.03	3.07	3.11	3.22	1.68	3.79	5.70
No rating (or unknown)	0.02	0.08	0.04	0.16	0.03	0.07	0.02
Memo items:							
Equity-based bonds <sup>4</sup>	0.63	0.62	0.28	0.67	0.30	1.27	0.59
Mortgage-backed bonds	2.99	6.07	6.76	6.05	6.37	5.80	6.00
Other asset-backed	4.08	3.99	4.45	5.64	6.18	7.52	2.80
Variable-rate notes	0.84	1.89	2.00	2.47	1.15	4.42	0.20
Bonds sold abroad - total	2.33	2.28	2.18	1.87	2.20	1.50	2.00
Nonfinancial	1.00	0.83	0.71	0.59	0.55	0.40	0.60
Financial	1.33	1.44	1.46	1.28	1.65	1.10	1.40
Stocks sold abroad - total	0.46	0.50	0.22	0.25	0.11	0.29	0.20
Nonfinancial	0.38	0.39	0.17	0.19	0.06	0.29	0.20
Financial	0.08	0.12	0.04	0.09	0.04	0.00	0.00

1. Securities issued in the private placement market are not included. Total reflects gross proceeds rather than par value of original discount bonds.

2. Excludes equity issues associated with equity-for-equity swaps that have occurred in restructurings. Such swaps totaled \$15 billion in 1991.

3. Bonds categorized according to Moody's bond ratings, or to Standard and Poor's if unrated by Moody's. Excludes mortgage-backed and asset-backed bonds.

4. Includes bonds convertible into equity and bonds with warrants that entitle the holder to purchase equity in the future.

p--preliminary. e--staff estimate.

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

	<u>1992</u>	<u>1993</u>			
	Q4	Q1 P	Jan. P	Feb. P	Mar. P
<u>Treasury financing</u>					
Total surplus/deficit (-)-	-120.5	-75.5	20.8	-52.5	-43.8
<u>Means of financing deficit:</u>					
Net cash borrowing from the public	81.4	75.1	-9.9	33.3	51.7
Marketable borrowings/ repayments (-)	76.7	73.9	-7.2	32.0	49.2
Bills	23.4	21.1	-10.7	4.3	27.6
Coupons	53.3	52.8	3.6	27.6	21.6
Nonmarketable	4.7	1.1	-2.8	1.4	2.5
Decrease in the cash balance	28.9	.3	-17.1	33.3	-15.9
Memo: Cash balance at end of period	29.9	29.5	47.0	13.6	29.5
<sup>2</sup> Other	10.1	.1	6.2	-14.2	8.1
<u>Federally sponsored credit agencies, net cash borrowing</u>					
	4.6	--	--	--	--
FHLBS <sup>4</sup>	3.5	--	--	--	--
FHLMC <sup>4</sup>	-5.8	--	--	--	--
FNMA	6.1	--	--	--	--
Farm Credit Banks <sup>4</sup>	.0	--	--	--	--
SLMA	0.8	--	--	--	--
FAMC <sup>4,5</sup>	--	--	--	--	--

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. December data not included.
  5. Federal Agricultural Mortgage Corporation.
- p--projected.  
Note: Details may not add to totals due to rounding.

Municipal Securities

Gross issuance of long-term municipal bonds surged in December, spurred mainly by a spike in refunding activity. For the entire year, total long-term issuance topped \$215 billion, a volume somewhat larger than the previous record set in 1985, when issuers sold debt in advance of restrictions to be imposed by the 1986 Tax Reform Act. The pace of refunding has dropped off in January, but the forward calendar has begun to build, as municipal yields remain at levels that make large portions of debt sold between 1988 and 1991 attractive for refinancing. Despite the large volume of refunding offerings in recent months, at least two-thirds of eligible debt has yet to be refunded. Market analysts suggest that these refundings will take place whenever demand is sufficient to accommodate sales without spurring sharp increases in yields. Favorable demand conditions are likely to exist in the current quarter, as managers of tax-exempt bond funds will probably attempt to keep heavy seasonal cash inflows fully invested.

GROSS OFFERINGS OF MUNICIPAL SECURITIES  
(Monthly rates, not seasonally adjusted, billions of dollars)

	1992		1992		1993		f
	1991	1992P	Q3	Q4P	Nov.P	Dec.P	
Total offerings <sup>1</sup>	16.68	21.78	25.09	19.87	15.04	20.92	---
Total tax-exempt	16.26	21.22	24.65	19.33	14.60	20.35	16.00
Long-term	12.87	17.93	18.62	18.27	14.14	19.58	15.00
Refundings <sup>2</sup>	3.12	7.91	8.60	8.33	6.11	11.57	7.00
New capital	9.75	10.02	10.02	9.33	8.03	8.01	8.00
Short-term	3.39	3.28	6.03	1.07	.46	.77	1.00
Total taxable	.42	.57	.44	.54	.44	.57	---

p--preliminary. f--forecast.

1. Includes issues for public and private purposes.

2. Includes all refunding bonds, not just advance refundings.