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SUMMARY AND OUTLOOK

By the Staff  
Board of Governors  
of the Federal Reserve System

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## **SUMMARY AND OUTLOOK**

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## STAFF GNP PROJECTIONS

	Per cent change, annual rate							
	Changes in nominal GNP (\$ billions)		Real GNP		Gross business product fixed-weighted price index		Unemployment rate (per cent)	
					4/14/76	5/12/76	4/14/76	5/12/76
	4/14/76	5/12/76	4/14/76	5/12/76				
1972 <u>1/</u>	107.7	107.7	5.7	5.7	3.3	3.3	5.6	5.6
1973 <u>1/</u>	135.2	135.2	5.3	5.3	5.7	5.7	4.9	4.9
1974 <u>1/</u>	105.6	105.6	-1.8	-1.8	9.8	9.8	5.6	5.6
1975 <u>1/</u>	92.0	92.0	-2.0	-2.0	9.1	9.1	3.5	3.5
1976	174.9	188.3	5.9	6.7	5.4	5.3	7.3	7.3
1975-I <u>1/</u>	-7.7	-7.7	-9.2	-9.2	8.1	8.1	8.1	8.1
II <u>1/</u>	27.0	27.0	3.3	3.3	4.5	4.5	8.7	8.7
III <u>1/</u>	67.9	67.9	12.0	12.0	7.6	7.6	3.6	3.6
IV <u>1/</u>	44.4	44.4	5.0	5.0	6.7	6.7	8.5	8.5
1976-I	36.0	43.4	5.5	7.5	4.1	3.6	7.6	7.6
II	42.1	47.8	5.2	6.7	5.5	5.5	7.3	7.4
III	43.8	46.6	5.3	5.5	5.6	5.8	7.3	7.2
IV	45.5	46.8	5.0	5.2	5.1	5.4	7.2	7.1
1975-I	43.8	44.7	5.0	5.1	5.2	5.4	7.1	6.9
II	46.5	47.1	5.0	5.1	5.5	5.6	7.0	6.8
Change:								
74-IV to								
75-IV <u>1/</u>	131.6	131.6	2.5	2.5	6.6	6.6	1.8	1.8
75-II to								
76-II	190.4	203.5	6.9	7.7	5.9	5.8	-1.4	-1.3
75-IV to								
76-IV	167.4	184.6	5.2	6.2	5.1	5.0	-1.3	-1.4
76-II to								
77-II	179.6	185.2	5.1	5.2	5.3	5.6	- .3	- .6

1/ Actual.

GROSS NATIONAL PRODUCT AND RELATED ITEMS  
(Quarterly figures are seasonally adjusted. Expenditures and income figures are billions of dollars, with quarter figures at annual rates.)

	1975		I	1976			1977	
	III	IV		II	Projected III	IV	I	II
Gross National Product	1528.5	1572.9	1616.3	1664.1	1710.7	1757.5	1802.2	1849.3
Final purchases	1530.6	1574.9	1602.2	1647.1	1692.7	1737.5	1779.7	1825.3
Private	1196.5	1230.1	1253.8	1293.1	1332.2	1368.4	1403.9	1443.3
Excluding net exports	1174.4	1208.4	1244.1	1281.9	1320.6	1357.4	1394.4	1433.0
Personal consumption expenditures	977.4	1001.0	1028.7	1056.2	1083.7	1111.2	1140.2	1169.7
Durable goods	131.8	137.6	146.5	152.5	158.5	164.5	170.5	176.5
Nondurable goods	416.4	423.7	431.0	441.0	451.0	460.6	471.0	482.0
Services	429.2	439.7	451.2	462.7	474.2	486.2	498.7	511.2
Gross private domestic investment	194.9	205.4	229.6	242.7	254.9	266.2	276.7	287.3
Residential construction	50.4	55.4	58.7	63.0	67.8	70.6	71.1	71.2
Business fixed investment	146.7	151.9	156.8	162.7	169.1	175.6	183.1	192.1
Change in business inventories	-2.1	-2.0	14.1	17.0	18.0	20.0	22.5	24.0
Nonfarm	-5.7	-7.5	10.1	15.0	18.0	21.0	23.5	25.0
Net exports of goods and services <sup>1/</sup>	22.1	21.7	9.7	11.2	11.6	11.0	9.5	10.3
Exports	148.5	153.8	151.3	157.2	163.6	170.2	176.0	182.0
Imports	126.4	132.1	141.7	146.0	152.0	159.2	166.5	171.7
Gov't. purchases of goods and services	334.1	344.8	348.4	354.0	360.5	369.1	375.8	382.0
Federal	124.2	129.9	131.2	132.6	134.5	138.5	140.4	141.7
Defense	84.9	87.4	87.0	87.3	88.5	91.7	93.0	93.7
Other	39.3	42.5	44.1	45.3	46.0	46.8	47.4	48.0
State and local	209.9	214.8	217.2	221.4	226.0	230.6	235.4	240.3
Gross national product in constant (1972) dollars	1201.5	1216.2	1238.4	1258.5	1275.4	1291.6	1307.6	1324.1
GNP implicit deflator (1972 = 100)	127.2	129.3	130.5	132.2	134.1	136.1	137.8	139.7
Personal income	1261.7	1294.5	1324.4	1359.4	1392.7	1426.5	1461.0	1495.3
Wage and salary disbursements	807.3	830.7	851.1	874.0	896.0	920.2	943.4	965.7
Disposable income	1087.1	1114.0	1140.0	1169.0	1196.1	1224.2	1255.5	1284.6
Personal saving	85.9	88.6	86.3	87.6	86.9	87.2	89.2	88.5
Saving rate (per cent)	7.9	7.9	7.6	7.5	7.3	7.1	7.1	6.9
Corporate profits with I.V.A. and C.C. Adj.	113.1	112.7	119.9	131.0	139.9	147.9	154.4	165.5
Corporate profits with I.V.A., without C.C. Adj.	119.6	119.3	127.5	138.4	147.1	154.9	161.4	172.3
Corporate profits before taxes	129.5	132.4	138.5	149.9	157.6	164.4	171.9	183.3
Federal government receipts and expenditures, (N.I.A. basis)								
Receipts	293.3	302.1	311.1	323.6	334.9	345.3	355.2	366.9
Expenditures	363.8	374.2	380.2	388.9	397.9	405.8	415.0	423.0
Surplus or deficit (-) <sup>2/</sup>	-70.5	-72.1	-69.1	-65.3	-63.0	-60.5	-59.8	-56.1
High employment surplus or deficit (-)	-7.6	-7.8	-10.4	-8.8	-5.7	-3.0	-3.2	.1
State and local government surplus or deficit (-) (N.I.A. basis)	12.9	11.7	14.4	15.2	17.3	17.8	18.4	18.6
Excluding social insurance funds	1.7	.5	3.1	3.6	5.4	5.5	5.7	5.5
Civilian labor force (millions)	93.1	93.2	93.6	94.4	94.7	95.2	95.5	96.1
Unemployment rate (per cent)	8.6	8.5	7.6	7.4	7.2	7.1	6.9	6.8
Nonfarm payroll employment (millions)	77.0	77.6	78.3	79.2	79.7	80.2	80.7	81.3
Manufacturing	18.3	18.5	18.8	19.1	19.3	19.5	19.7	19.9
Industrial production (1967 = 100)	114.2	117.6	120.2	122.3	124.6	126.8	128.9	131.2
Capacity utilization mfg. (per cent)	69.0	70.7	71.9	72.6	73.4	74.2	74.9	75.6
Major materials (per cent)	78.1	80.4	80.6	82.0	82.8	83.5	84.2	84.9
Housing starts, private (millions, A.R.)	1.26	1.37	1.41	1.55	1.65	1.70	1.65	1.65
Sales new autos, (millions, A.R.)	9.21	9.21	10.03	10.55	10.70	10.80	10.90	11.00
Domestic models	7.52	7.87	8.68	9.10	9.20	9.30	9.35	9.40
Foreign models	1.69	1.34	1.35	1.45	1.50	1.50	1.55	1.60
1/ Net exports of g.&s. (Bal. of paymts) <sup>3/</sup>	17.9	16.9	1.9	3.3	2.5	1.0	-.8	-.1
Exports	148.0	153.1	150.0	155.9	162.3	168.9	174.7	180.7
Imports	130.1	136.2	148.1	152.6	159.8	167.9	175.5	180.8

2/ Federal government N.I.A. receipts in 1975-II reflects the \$8.1 billion rebate of 1974 individual income taxes and in 1975-III and following quarters the \$9.3 billion reduction in 1975 individual income taxes; the withholding rates associated with the latter reduction are assumed to be continued in 1976.

3/ Includes U.S. government interest payments to foreigners and shipments of military equipment and supplies to Israel under cash grant programs; the former is not included in imports and the latter is not included in exports in the GNP accounts.

CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

	1975		1976				1977	
	III	IV	I	II	III	IV	I	II
-----Billions of Dollars-----								
Gross National Product	67.9	44.4	43.4	47.8	46.6	46.8	44.7	47.1
Inventory change	27.5	.1	16.1	2.9	1.0	2.0	2.5	1.5
Final purchases	40.4	44.3	27.3	44.9	45.6	44.8	42.2	45.6
Private	31.0	33.6	23.7	39.3	39.1	36.2	35.5	39.4
Net exports	-2.1	-.4	-12.0	1.5	.4	-.6	-1.5	.8
Excluding net exports	33.1	34.0	35.7	37.8	38.7	36.8	37.0	38.6
Personal consumption expenditures	27.1	23.6	27.7	27.5	27.5	27.5	29.0	29.5
Durable goods	8.0	5.8	8.9	6.0	6.0	6.0	6.0	6.0
Nondurable goods	11.6	7.3	7.3	10.0	10.0	9.5	10.5	11.0
Services	7.6	10.5	11.5	11.5	11.5	12.0	12.5	12.5
Residential fixed investment	5.4	5.0	3.3	4.3	4.8	2.8	.5	.1
Business fixed investment	.6	5.2	4.9	5.9	6.4	6.5	7.5	9.0
Government	9.4	10.7	3.6	5.6	6.5	8.6	6.7	6.2
Federal	5.0	5.7	1.3	1.4	1.9	4.0	1.9	1.3
State and local	4.4	4.9	2.4	4.2	4.6	4.6	4.8	4.9
GNP in constant (1972) dollars	33.4	14.7	22.2	20.1	16.9	16.2	16.0	16.5
Final purchases	13.7	15.4	11.1	18.2	16.7	14.5	13.9	15.6
Private	9.9	12.5	11.1	16.4	15.2	13.3	12.7	14.5
-----In Per Cent Per Year----- <sup>1/</sup>								
Gross National Product	19.9	12.1	11.5	12.4	11.7	11.4	10.6	10.9
Final purchases	11.3	12.1	7.1	11.7	11.5	11.0	10.1	10.6
Private	11.1	11.7	7.9	13.1	12.7	11.3	10.8	11.7
Personal consumption expenditures	11.9	10.0	11.5	11.1	10.8	10.5	10.9	10.8
Durable goods	28.5	18.7	28.6	17.4	16.7	16.0	15.4	14.8
Nondurable goods	11.9	7.2	7.0	9.6	9.4	8.7	9.4	9.7
Services	7.4	10.2	10.9	10.6	10.3	10.5	10.7	10.4
Gross private domestic investment	112.7	23.3	56.0	24.9	21.7	18.9	16.7	16.2
Residential structures	57.5	46.8	25.4	32.7	34.1	17.6	2.9	.6
Business fixed investment	1.7	15.0	13.5	15.9	16.7	16.3	18.2	21.2
Gov't. purchases of goods & services	12.1	13.5	4.2	6.6	7.5	9.9	7.5	6.8
Federal	17.8	19.9	3.8	4.3	5.9	12.4	5.6	3.8
Defense	14.4	12.3	-1.8	1.4	5.6	15.3	5.8	3.0
Other	25.9	36.8	15.9	11.3	6.3	7.1	5.2	5.2
State and local	8.9	9.8	4.4	8.0	8.6	8.4	8.6	8.6
GNP in constant (1972) dollars	12.0	5.0	7.5	6.7	5.5	5.2	5.1	5.1
Final purchases	4.7	5.2	3.7	6.1	5.5	4.7	4.4	4.9
Private	4.3	5.4	4.7	7.0	6.3	5.4	5.1	5.8
GNP implicit deflator <sup>2/</sup>	7.1	6.8	3.7	5.3	5.9	5.9	5.2	5.5
Gross business product fixed weighted price index <sup>3/</sup>	7.6	6.7	3.6	5.5	5.8	5.4	5.4	5.6
Personal income	13.0	10.8	9.6	11.0	10.2	10.1	10.0	9.7
Wage and salary disbursements	10.4	12.1	10.2	11.2	10.5	11.2	10.5	9.8
Disposable income	2.0	10.3	9.7	10.6	9.6	9.7	10.6	9.6
Corporate profits before tax	105.2	9.3	19.7	37.2	22.2	18.4	19.5	29.3
Federal Government receipts and expenditures (N.I.A. basis)								
Receipts	89.1	12.6	12.5	17.1	14.7	13.0	12.0	13.8
Expenditures	13.7	11.9	6.6	9.5	9.6	8.2	9.4	7.9
Nonfarm payroll employment	3.2	3.2	3.7	4.7	2.5	2.5	2.5	3.0
Manufacturing	4.5	4.4	6.6	6.5	4.3	4.2	4.2	4.1
Industrial production	14.5	12.5	9.1	7.2	7.7	7.2	7.0	7.0
Housing starts, private	92.3	39.8	12.2	46.0	28.4	12.7	-11.3	.0
Sales new autos	84.7	.0	40.7	22.4	5.8	3.8	3.8	3.7
Domestic models	99.2	20.0	48.0	20.8	4.5	4.4	2.2	2.2
Foreign models	34.3	-60.5	3.0	33.1	14.5	.0	14.0	13.5

<sup>1/</sup> Percentage rates are annual rates compounded quarterly.<sup>2/</sup> Excluding Federal pay increases rates of change are: 1975-IV, 6.1 per cent; 1976-I, 3.6 per cent; 1976-IV, 5.4 per cent; 1977-I, 5.1 per cent.<sup>3/</sup> Using expenditures in 1972 as weights.

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

	1969	1970	1971	1972	1973	1974	1975	Projected 1976
Gross National Product	935.5	982.4	1063.4	1171.1	1306.3	1406.9	1498.9	1687.2
Final purchases	926.2	978.6	1057.1	1161.7	1288.8	1397.2	1513.5	1669.9
Private	718.3	759.7	823.4	908.6	1018.9	1096.1	1182.3	1311.9
Excluding net exports	716.5	755.8	821.8	911.9	1011.5	1088.4	1161.0	1301.0
Personal consumption expenditures	579.7	618.8	668.2	733.0	808.5	885.9	963.8	1070.0
Durable goods	85.5	84.9	97.1	111.2	122.9	121.9	128.1	155.5
Nondurable goods	247.0	264.7	277.7	299.3	334.4	375.7	409.8	445.9
Services	247.2	269.1	293.4	322.4	351.3	388.3	426.0	468.6
Gross private domestic investment	146.2	140.8	160.0	188.3	220.5	212.2	182.6	248.4
Residential construction	37.9	36.6	49.6	62.0	66.5	54.6	48.7	65.0
Business fixed investment	98.9	100.5	104.1	116.8	136.5	147.9	148.5	166.1
Change in business inventories	9.4	3.8	6.4	9.4	17.5	9.7	-14.6	17.3
Nonfarm	9.2	3.7	5.1	8.8	14.1	11.6	-16.5	16.0
Net exports of goods and services <sup>1/</sup>	1.8	3.9	1.6	-3.3	7.4	7.7	21.3	10.9
Exports	54.7	62.5	65.6	72.7	101.5	144.2	147.8	160.6
Imports	52.9	58.5	64.0	75.9	94.2	136.5	126.5	149.7
Gov't. purchases of goods and services	207.9	218.9	233.7	253.1	269.9	301.1	331.2	358.0
Federal	97.5	95.6	96.2	102.1	102.0	111.7	123.2	134.2
Defense	76.3	73.5	70.2	73.5	73.4	77.4	84.0	88.6
Other	21.2	22.1	26.0	28.6	28.6	34.3	39.2	45.6
State and local	110.4	123.2	137.5	151.0	168.0	189.4	208.0	223.8
Gross national product in constant (1972) dollars	1078.8	1075.3	1107.5	1171.1	1233.4	1210.7	1186.1	1266.0
GNP implicit deflator (1972=100)	86.7	91.4	96.0	100.0	105.9	116.2	126.4	133.2
Personal income	745.8	801.3	859.1	942.5	1054.3	1154.7	1245.9	1375.8
Wage and salary disbursements	514.6	546.5	579.4	633.8	701.0	763.6	801.6	885.3
Disposable income	630.4	685.9	742.8	801.3	903.1	983.6	1076.7	1182.4
Personal saving	35.1	50.6	57.3	49.4	72.7	74.0	88.9	87.1
Saving rate (per cent)	5.6	7.4	7.7	6.2	8.0	7.5	8.3	7.4
Corporate profits with I.V.A. and C.C. Adj.	81.4	67.9	77.2	92.1	100.2	91.3	100.3	134.7
Corporate profits with I.V.A., without C.C. Adj.	77.9	66.4	76.9	89.6	98.6	93.6	106.0	142.0
Corporate profits before tax	83.4	71.5	82.0	96.2	117.0	132.1	116.8	152.6
Federal government receipts and expenditures, (N.I.A. basis)								
Receipts <sup>2/</sup>	197.0	192.1	198.6	227.5	257.9	288.4	282.3	328.7
Expenditures	188.4	204.2	220.6	244.7	264.8	300.1	356.9	393.2
Surplus or deficit (-) <sup>2/</sup>	8.5	-12.1	-22.0	-17.3	-6.9	-11.7	-74.6	-64.5
High employment surplus or deficit (-)	13.4	6.5	-1.7	-1.0	4.3	18.0	-10.0	-7.0
State and local government surplus or deficit (-) (N.I.A. basis)	2.1	2.8	3.7	13.7	12.9	8.1	9.8	16.2
Excluding social insurance funds	-3.7	-4.0	-3.8	5.6	4.1	-1.7	-1.3	4.4
Civilian labor force (millions)	80.7	82.7	84.1	86.5	88.7	91.0	92.6	94.5
Unemployment rate (per cent)	3.5	4.9	5.9	5.6	4.9	5.6	8.5	7.3
Nonfarm payroll employment (millions)	70.4	70.9	71.2	73.7	76.9	78.4	77.0	79.4
Manufacturing	20.2	19.3	18.6	19.1	20.1	20.0	18.3	19.2
Industrial production (1967=100)	110.7	106.6	106.8	115.2	125.6	124.8	113.8	123.5
Capacity utilization, mfg. (per cent)	86.5	78.3	75.0	78.6	83.0	78.9	68.7	73.0
Major materials (per cent)	90.0	86.2	85.3	89.6	93.0	87.0	74.9	82.2
Housing starts, private (millions, A.R.)	1.47	1.43	2.05	2.36	2.05	1.34	1.16	1.58
Sales new autos (millions, A.R.)	9.57	8.40	10.24	10.93	11.44	8.87	8.66	10.52
Domestic models	8.46	7.12	8.68	9.32	9.67	7.45	7.08	9.07
Foreign models	1.11	1.28	1.56	1.61	1.77	1.42	1.58	1.45
<sup>1/</sup> Net exports of g. & s. (Bal. of paymts) <sup>3/</sup>	1.0	3.0	-2	-5.9	4.2	3.8	16.5	2.2
Exports	54.7	62.4	65.5	72.6	102.1	144.4	147.5	159.3
Imports	53.6	59.5	65.8	78.5	97.9	140.6	131.0	157.1

<sup>2/</sup> Federal government N.I.A. receipts in 1975-II reflect the \$8.1 billion rebate of 1974 individual income taxes and in 1975-III and following quarters the \$9.3 billion reduction in 1975 individual income taxes; the withholding rates associated with the latter reduction are assumed to be continued in 1976.

<sup>3/</sup> Includes U.S. government interest payments to foreigners and shipments of military equipment and supplies to Israel under cash grant programs; the former is not included in imports and the latter is not included in exports in the GNP accounts.

CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

	1969	1970	1971	1972	1973	1974	1975	Projected 1976
	----- Billions of Dollars -----							
Gross National Product	67.0	46.9	81.0	107.7	135.2	100.6	92.0	188.3
Inventory change	1.7	-5.6	2.6	3.0	8.1	-7.8	-24.3	31.9
Final purchases	65.4	52.4	78.5	104.6	127.1	108.4	116.3	156.4
Private	56.2	41.4	63.7	85.2	110.3	77.2	86.2	129.6
Net exports	-5	2.1	-2.3	-4.9	10.7	.3	13.6	-10.4
Excluding net exports	56.7	39.3	66.0	90.1	99.6	76.9	72.6	140.0
Personal consumption expenditures	43.8	39.1	49.4	64.8	75.5	77.4	77.9	106.2
Durable goods	5.5	-.6	12.2	14.1	11.7	-1.0	6.2	27.4
Nondurable goods	16.6	17.7	13.0	21.6	35.1	41.3	34.1	36.1
Services	21.6	21.9	24.3	29.0	28.9	37.0	37.7	42.6
Residential fixed investment	3.4	-1.3	13.0	12.4	4.5	-11.9	-5.9	16.3
Business fixed investment	9.6	1.6	3.6	12.7	19.7	11.4	.6	17.6
Government	9.2	11.0	14.8	19.4	16.8	31.2	30.1	26.8
Federal	-.5	-1.9	.6	5.9	-.1	9.7	11.5	11.0
State and local	9.7	12.8	14.3	13.5	17.0	21.4	18.6	15.8
GNP in constant (1972) dollars	27.0	-3.5	32.2	63.6	62.3	-22.7	-24.6	79.9
Final purchases	25.1	2.8	29.9	60.8	55.6	-14.3	-6.4	57.9
Private	27.6	9.3	30.7	57.1	56.2	-16.1	-9.7	51.5
	----- In Per Cent Per Year -----							
Gross national product	7.7	5.0	8.2	10.1	11.5	7.7	6.5	12.6
Final purchases	7.6	5.7	8.0	9.9	10.9	8.4	8.3	10.3
Private	8.5	5.8	8.4	10.3	12.1	7.6	7.9	11.0
Personal consumption expenditures	8.2	6.7	8.0	9.7	10.3	9.6	8.8	11.0
Durable goods	6.9	-.7	14.4	14.5	10.5	-.8	5.0	21.4
Nondurable goods	7.2	7.2	4.9	7.8	11.7	12.4	9.1	8.8
Services	9.6	8.9	9.0	9.9	9.0	10.5	9.7	10.0
Gross private domestic investment	11.2	-3.7	13.6	17.7	17.1	-3.7	-13.9	36.0
Residential structures	9.9	-3.4	35.5	25.0	7.3	-17.9	-10.7	33.5
Business fixed investment	10.8	1.6	3.6	12.2	16.9	8.4	.4	11.9
Gov't. purchases of goods & services	4.6	5.3	6.8	8.3	6.6	11.5	10.0	8.1
Federal	-.5	-1.9	.6	6.1	.1	9.5	10.3	8.9
Defense	-.8	-3.7	-4.5	4.7	-.1	5.4	8.5	5.5
Other	.0	4.2	17.6	10.0	.0	19.9	14.3	16.3
State and local	9.6	11.6	11.6	9.8	11.3	12.8	9.8	7.6
GNP in constant (1972) dollars	2.6	-.3	3.0	5.7	5.3	-1.8	-2.0	6.7
Final purchases	2.4	.3	2.8	5.5	4.8	-1.2	-.5	4.8
Private	3.5	1.1	3.7	6.7	6.2	-1.7	-1.0	5.5
GNP implicit deflator	5.0	5.4	5.1	4.1	5.9	9.7	8.8	5.4
Gross business product fixed weighted price index <sup>1/</sup>	4.7	4.4	4.4	3.3	5.7	9.8	9.1	5.4
Personal income	8.8	7.4	7.2	9.7	11.9	9.5	7.9	10.4
Wage and salary disbursements	9.6	6.2	6.0	9.4	10.6	8.9	5.0	10.4
Disposable income	7.2	8.8	8.3	7.9	12.7	8.9	9.5	9.8
Corporate profits before tax	-2.6	-14.3	14.7	17.3	21.6	12.9	-11.6	30.7
Federal Government receipts and expenditures (N.I.A. basis)								
Receipts	12.8	-2.5	3.4	14.6	13.4	11.8	-2.1	16.4
Expenditures	4.3	8.4	8.0	10.9	8.2	13.3	18.9	10.2
Nonfarm payroll employment	3.5	.7	.4	3.5	4.3	2.0	-1.8	3.1
Manufacturing	2.0	-4.5	-3.6	2.7	5.2	.5	-8.5	4.9
Industrial production	4.7	-3.7	.2	7.9	9.0	-.6	-8.8	8.5
Housing starts, private	-2.6	-2.7	43.4	15.1	-13.1	-34.6	-13.4	36.2
Sales new autos	-.7	-12.2	21.9	6.7	4.7	-22.5	-2.4	21.5
Domestic models	-1.9	-15.8	21.9	7.4	3.8	-23.0	-5.0	28.1
Foreign models	8.8	15.3	21.9	3.2	9.9	-19.8	11.3	-8.2

<sup>1/</sup> Using expenditures in 1972 as weights.

CONFIDENTIAL (FR)

May 12, 1976

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

By the Staff  
Board of Governors  
of the Federal Reserve System



Federal Sector Accounts  
(billions of dollars)

	F.R.B. Estimate											
	Fiscal Year 1975*	Fiscal Year 1976 <sup>e/</sup>		Fiscal Year 1977 <sup>e/</sup>		CY 1976 <sup>e/</sup>		Calendar Quarters; Unadjusted data				
		Admin. <sup>1/</sup> est.	F.R. Board	Admin. est.	Cong. <sup>5/</sup> est.	F.R. Board	F.R. Board	1975 IV	I	II	1976 <sup>6/</sup> III	IV
Unified budget receipts	281.0	297.5	301.6	351.3	362.5	357.0	319.3	67.2	66.9	95.2	82.4	74.8
Unified budget outlays	324.6	374.4	372.1	395.8	413.3	412.0	388.9	93.7	89.6	97.9	100.4	101.0
Surplus/deficit (-), Unified budget <sup>2/</sup>	-43.6	-76.9	-70.5	-44.5	-50.8	-55.0	-69.6	-26.6	-22.7	-2.7	-17.9	-26.2
Surplus/deficit (-), off-budget agencies <sup>2/</sup>	-9.5	-9.3	-9.8	-11.1	n.a.	-11.1	-13.5	-2.6	-3.8	-2.5	-4.5	-2.7
Means of financing combined deficits:												
Net borrowing from public	50.9	88.3	84.0	55.1	n.a.	65.6	82.7	25.9	24.1	10.5	19.4	28.7
Decrease in cash operating balance	1.6	-1.4	-5.0	0.0	n.a.	0.0	-.9	2.1	.4	-4.6	3.1	.1
Other <sup>3/</sup>	.7	-.7	1.3	.5	n.a.	.5	1.3	1.2	2.0	-.7	-.1	.1
Cash operating balance, end of period	7.6	9.0	12.6	9.0	n.a.	9.5	9.4	8.5	8.0	12.6	9.5	9.4
Memo: Sponsored agency borrowing <sup>4/</sup>	11.0	5.1	3.3	10.8	n.a.	n.e.	2.5	1.8	.3	.4	.9	.9
NIA Budget								Seasonally adjusted, annual rates				
Receipts	281.5	307.4	307.1 <sup>7/</sup>	364.7	n.a.	n.e.	328.7	302.4	311.1	323.6	334.9	345.3
Outlays	328.7	378.7	376.8	404.5	n.a.	n.e.	393.2	374.1	380.2	388.9	397.9	405.8
Surplus/deficit (-)	-47.2	-71.3	-69.7	-39.8	n.a.	n.e.	-64.5	-71.7	-69.1	-65.3	-63.0	-60.5
High Employment surplus/deficit (-) (NIA basis) <sup>8/ 9/</sup>	5.6	n.a.	-8.6	n.a.	n.a.	-.9	-7.0	-7.8	-10.4	-8.8	-5.7	-3.0
	*Actual	e--estimated	n.e.--not estimated			n.a.--not available		p--preliminary				

<sup>1/</sup> Spring update of FY 1977 Budget, 3/25/76; recent statements by OMB official indicate that outlays may be \$2-\$3 billion below the March estimate.

<sup>2/</sup> Includes Federal Financing Bank, Postal Service, Export - Import Bank, Rural Electrification and Telephone revolving fund, Housing for the Elderly or Handicapped Fund and Pension Benefit Guaranty Corporation.

<sup>3/</sup> Checks issued less checks paid, accrued items and other transactions.

<sup>4/</sup> Includes Federal Home Loan Banks, Federal National Mortgage Association, Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives.

<sup>5/</sup> Conference report on the First Concurrent Resolution, Fiscal Year 1977 Budget, May 6, 1976.

<sup>6/</sup> Effective in CY 1976, the fiscal year for the U.S. Government changes from July 1 - June 30 to October 1 - September 30, hence 76 QIII represents a transition quarter.

<sup>7/</sup> Quarterly average exceeds fiscal year total by \$.5 billion for FY 1976 due to spreading of wage base effect over calendar year.

<sup>8/</sup> Estimated by F.R.B. staff.

<sup>9/</sup> The high employment budget estimates now fully incorporate taxes on inventory profits beginning 1973.

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

	1975		1976				
	Year	QIV	QI <sup>e/</sup>	Mar. <sup>e/</sup>	Apr. <sup>e/</sup>	May <sup>f/</sup>	June <sup>f/</sup>
	<u>Gross Offerings</u>						
Corporate securities--Total	4,474	4,359	4,558	5,900	4,300	4,800	4,800
Publicly offered bonds	2,715	1,939	2,433	3,000	2,400	2,400	2,500
By quality <sup>1/</sup>							
Aaa and Aa	1,422	776	1,473	1,525	1,100	--	--
Less than Aa <sup>2/</sup>	1,293	1,163	960	1,475	1,300	--	--
By type of borrower							
Utility	925	783	633	930	700	--	--
Industrial	1,429	756	1,300	1,480	850	--	--
Other	360	396	600	590	850	--	--
Privately placed bonds	852	1,378	883	1,000	900	900	1,000
Stocks	907	1,042	1,242	1,900	1,000	1,500	1,300
By type of issuer							
Manufacturing	123	158	308	425	200	--	--
Utility and transp.	598	664	833	1,275	400	--	--
Other	186	221	101	200	400	--	--
Foreign securities <sup>3/</sup>	451	634	447	400	428	400	300
State and local government securities							
Long-term	2,544	2,252	2,739	3,232	2,200	2,900	2,900
Short-term	2,420	2,216	1,676	2,409	2,532	2,700	2,200
	<u>Net Offerings</u>						
U.S. Treasury	7,564	8,048	7,897	7,497	-1,650	6,400	1,400
Sponsored Federal Agencies	187	390	416	2,243	-395	-875	854

<sup>e/</sup> Estimated.

<sup>f/</sup> Forecast.

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

<sup>2/</sup> Includes issues not rated by Moody's.

<sup>3/</sup> Includes only publicly offered issues of marketable securities.

Real Fixed Investment in Major Industrial Countries:  
1970-75 and Forecasts for 1976  
(Percentage change from previous period)

	<u>1970-73</u>	<u>1974</u>	<u>1975<sup>p</sup></u>					<u>76<sup>f</sup></u>
	annual	Year	Q1	Q2	Q3	Q4	Year	Year
	average							
United Kingdom - Total	2.2	-2.0	-1.7	-2.6	4.5	-3.7	0.2	-0.9
Machinery & Equipment	3.3	-1.5	-7.7	-3.0	2.9			
Construction	1.2	-2.5	4.4	-2.2	6.0			
Germany - Total	4.9	-8.2	-2.4	0.0	0.6	2.4	-4.8	4
Machinery & Equipment	5.9	-8.0	-1.8	1.8	1.2	4.0	-0.3	6
Construction	3.9	-8.4	-3.0	-1.9	0.0	0.6	-9.3	2
France - Total	6.2	3.1	-3.1	0.6	0.0	2.4	-4.0	0.6
Business <sup>1/</sup>	6.9	2.8						
Res. Construction	5.5	4.0						
Other <sup>2/</sup>	4.1	2.2						
Italy - Total	2.1	3.6	-3.6	-1.7	-3.1	-11.2	-12.7	-5
Machinery & Equipment	8.3	6.8	-6.6	-2.9	-3.0			
Construction	-2.1	1.3	-1.3	-0.7	-3.1			
Canada - Total	5.3	5.4	0.8	0.1	2.8	1.6	1.6	3.5
Machinery & Equipment	7.2	8.5	5.2	-1.3	2.5	-5.2	2.8	0.1
Construction	4.3	3.6	-1.8	1.0	3.0	5.9	0.8	6.0
Japan - Total	11.6	-9.8	-2.8	3.0	-0.6	-1.9	-3.4	5.6
Machinery & Equipment (Private)	10.8	-10.4	-6.4	-0.4	-2.1	-3.7	-14.4	5.5
Construction (Private)	12.6	-11.2	-5.7	14.6	-0.5	-1.1	5.0	
Public	13.4	-7.4	6.3	1.2	2.0	0.2	13.3	6.0

Sources: 1970-75 data from national sources and OECD. 1975 fourth quarter data for United Kingdom and Italy estimated as residuals. Blanks indicate appropriately detailed data not available.

p - preliminary; seasonally adjusted.

f - forecast: national sources and FRB staff.

<sup>1/</sup> Includes investment by state-run enterprises.

<sup>2/</sup> Includes investment by financial institutions and the public sector (excluding state-run enterprises).