

Part 1

December 14, 1995

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Summary and Outlook

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

COMPARISON OF STAFF AND CONGRESSIONAL DEFICIT REDUCTION PACKAGES
(Relative to CBO baseline, fiscal years, billions of dollars)

	1996	1997	1998
Discretionary spending			
December Greenbook	-17	-28	-37
CBO scoring of reconciliation ¹	-18	-30	-39
November Greenbook	-17	-28	-37
Mandatory spending			
December Greenbook	-7	-22	-37
CBO scoring of reconciliation ¹	-10	-28	-50
November Greenbook	-15	-34	-50
Revenue reductions			
December Greenbook	-1	19	21
CBO scoring of reconciliation ¹	6	36	34
November Greenbook	-1	19	21
Interest			
December Greenbook	-1	-2	-4
CBO scoring of reconciliation ¹	-1	-2	-4
November Greenbook	-1	-3	-7
Deficit			
December Greenbook	-26	-33	-57
CBO scoring of reconciliation ¹	-22	-24	-58
November Greenbook	-34	-46	-73

1. CBO scoring of the conference agreement under December baseline assumptions.

With regard to fiscal policy, we are assuming that the Administration and Congress will reach a compromise soon. The reconciliation bill agreed to recently by the House-Senate conference contained less restraint than we expected; and in addition, CBO has lowered its baseline deficit projection. We have accordingly reduced our assumption of the deficit reduction that will result from a budget agreement to \$26 billion in fiscal year 1996, \$33 billion in fiscal 1997, and \$57 billion in fiscal 1998. Because of the revised CBO baseline, this pattern of deficit reduction remains consistent with a budget compromise that aims to achieve budget balance in fiscal 2002. Relative to the congressional plan, our assumptions entail fewer cuts to mandatory spending and smaller tax reductions. The revisions to our fiscal

Recent Developments

Data available at the time of the last Greenbook supported BEA's seemingly high advance estimate of third-quarter GDP growth, but additional information received since then suggests that the initial estimate was too low. Especially striking is the further upward revision to our estimate of final sales: BEA had estimated that real final sales grew at a 4.2 percent rate, which we bumped up to 4.6 percent in the November Greenbook; now, the rate looks to have been 5.2 percent. Strong figures on net exports in August and September are the main factor in our further upward revision. As for inventory investment, data in early November reduced our estimate below BEA's third-quarter value, but it now appears that inventories will be revised up from the published figure. (See Part 2 for a detailed accounting of the third-quarter GDP estimate.)

REAL GDP AND SELECTED COMPONENTS IN 1995:H2
(Percent change at annual rates, unless otherwise noted)

	1995:Q3			1995:Q4	
	BEA Adv	Nov. GB	Dec. GB	Nov. GB	Dec. GB
Real GDP	4.2	4.1	5.4	2.6	1.9
Final sales	4.2	4.6	5.2	3.5	2.6
Private domestic	4.2	4.4	4.5	5.4	4.2
<i>Change in billions of 1987 dollars</i>					
Nonfarm inventory investment	3.6	-2.9	5.6	-10.5	-9.3
Net exports	.9	2.7	9.6	-3.6	-1.9

In contrast to the upward revision for the last quarter, current-quarter activity, according to information received over the intermeeting interval, has been weaker than expected on balance, and we have lowered our estimate of GDP growth from above 2-1/2 percent to a bit below 2 percent. Early-quarter readings on retail sales, orders and shipments of nondefense capital goods (other than computers), and housing starts were below expectations--and these

policy will be somewhat restrictive, continuing the pattern of recent years, but the competitiveness of U.S. producers and an expected pickup in foreign economic activity should halt the deterioration in our external position.

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

	1994	1995	1996	1997
Real GDP	4.1	2.8	2.5	2.5
<i>Previous</i>	4.1	2.7	2.5	2.3
Final sales	3.4	3.2	2.6	2.4
<i>Previous</i>	3.4	3.3	2.6	2.4
Civilian unemployment rate ¹	5.6	5.6	5.6	5.6
<i>Previous</i>	5.6	5.6	5.6	5.7
Memo:				
Chain-type real GDP	3.8	2.2	2.0	1.9
<i>Previous</i>	3.8	2.1	2.1	1.8

1. Average level for the final quarter of the year indicated.

Consumer spending. Consumption is, in effect, a neutral factor in our longer-term outlook. Although the rate of growth of real PCE is expected to slow to just above 2-1/4 percent in 1996 and 1997--a quarter percentage point below our estimate for this year--the slowing is a response to the diminished gains in disposable income associated with less rapid advances of purchases in other sectors. The saving rate is projected to be essentially flat.

Spending on consumer durables is projected to outpace growth in other types of consumer purchases, but only by about 2 percentage points. Although consumer electronics are expected to remain strong, the cyclical surge in purchases of autos and hard goods seems to be behind us. Total light vehicle sales are projected at 14-1/2 million units in each of the next two years, just below the 1995 pace. Moreover, given the projected flatness of housing

an increase in the participation rate in the past two years--indeed, it fell in November--despite the considerable expansion of job opportunities. Our forecast now starts from a lower level of the participation rate and assumes smaller increases over time.

Wages and prices. Only a little broad statistical information has become available on labor costs since the last Greenbook. Although reports of upward pressures on wages were more prevalent in the latest Beige Book, the November average hourly earnings figure did not suggest that a broad-based acceleration in wages is yet under way. However, we continue to view labor markets as being fairly taut overall and likely to give rise to some pickup in compensation gains over the coming quarters. But we anticipate that ECI compensation growth will move up only to 3 percent in 1997, versus the 2.6 percent increase recorded in the year ended in September.

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

	1995	1996	1997
Employment cost index ¹	2.6	2.8	3.0
<i>Previous</i>	2.5	2.8	3.0
Consumer price index	2.7	3.1	2.9
<i>Previous</i>	2.6	3.1	2.9
Excluding food and energy	3.1	2.9	3.0
<i>Previous</i>	3.1	2.9	3.0

1. Compensation of private industry workers, percent change from final month of previous year to final month of year indicated.

A step-up in compensation gains of this magnitude probably can be accommodated without much effect on prices, given the substantial growth in mark-ups that has occurred in recent years. Moreover, prices of crude and intermediate industrial materials have been soft of late, inflation expectations remain subdued, and the projected flat exchange rate is expected to slow the growth of non-oil import

end of 1997. Under the lower funds rate assumption, real GDP growth is raised about 1/4 percentage point in 1996 and about 3/4 percentage point in 1997. The unemployment rate is nearly 1/2 percentage point lower at the end of 1997, and core inflation is higher by 0.1 percentage point in 1996 and about 1/4 percentage point in 1997. The results for the tighter policy simulation are symmetrical.

ALTERNATIVE FEDERAL FUNDS RATE ASSUMPTIONS
(Percent change, Q4 to Q4, except as noted)

	1996	1997
Real GDP		
Baseline	2.5	2.5
Lower funds rate	2.8	3.3
Higher funds rate	2.2	1.7
Civilian unemployment rate ¹		
Baseline	5.6	5.6
Lower funds rate	5.5	5.2
Higher funds rate	5.7	6.0
CPI excluding food and energy		
Baseline	2.9	3.0
Lower funds rate	3.0	3.3
Higher funds rate	2.8	2.7

1. Average for the fourth quarter.

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

December 14, 1995

Interval					GDP fixed-weight price index		Consumer price index ¹		Unemployment rate (level except as noted)	
	Nominal GDP	Real GDP	11/08/95	12/14/95	11/08/95	12/14/95	11/08/95	12/14/95	11/08/95	12/14/95
ANNUAL										
1993 ²	5.4	5.4	3.1	3.1	3.0	3.0	3.0	3.0	6.8	6.8
1994 ²	6.2	6.2	4.1	4.1	2.7	2.7	2.6	2.6	6.1	6.1
1995	5.0	5.1	3.3	3.4	2.8	2.8	2.8	2.8	5.6	5.6
1996	4.7	4.6	2.7	2.6	3.0	3.0	2.9	2.8	5.6	5.6
1997	4.5	4.5	2.5	2.5	2.9	2.9	3.0	2.9	5.6	5.6
QUARTERLY										
1994 Q1 ²	6.1	6.1	3.3	3.3	3.1	3.1	2.2	2.2	6.6	6.6
Q2 ²	7.2	7.2	4.1	4.1	2.9	2.9	2.5	2.5	6.2	6.2
Q3 ²	6.2	6.2	4.0	4.0	3.0	3.0	3.6	3.6	6.0	6.0
Q4 ²	6.4	6.4	5.1	5.1	2.6	2.6	2.2	2.2	5.6	5.6
1995 Q1 ²	4.7	4.7	2.7	2.7	3.3	3.3	3.2	3.2	5.5	5.5
Q2 ²	3.0	3.0	1.3	1.3	2.8	2.8	3.2	3.2	5.7	5.7
Q3	4.6	5.9	4.1	5.4	2.1	2.2	2.1	2.1	5.6	5.6
Q4	4.8	3.9	2.6	1.9	2.7	2.8	2.1	2.3	5.6	5.6
1996 Q1	5.3	5.1	2.7	2.5	3.7	3.5	3.2	3.1	5.6	5.6
Q2	5.0	4.7	2.7	2.4	3.1	3.0	3.4	3.2	5.6	5.6
Q3	4.2	4.0	2.1	2.0	2.9	2.8	3.0	3.0	5.6	5.6
Q4	4.6	4.8	2.7	2.9	2.8	2.8	3.0	2.9	5.6	5.6
1997 Q1	4.6	4.7	2.5	2.5	3.1	3.1	2.9	2.9	5.6	5.6
Q2	4.8	4.7	2.9	2.7	2.8	2.8	2.9	2.9	5.6	5.6
Q3	3.9	4.1	1.9	2.1	2.8	2.8	2.9	2.9	5.7	5.6
Q4	3.8	4.2	2.0	2.4	2.8	2.8	2.9	2.9	5.7	5.6
TWO-QUARTER³										
1994 Q2 ²	6.6	6.6	3.7	3.7	3.0	3.0	2.3	2.3	.3	.3
Q4 ²	6.3	6.3	4.6	4.6	2.8	2.8	2.9	2.9	.6	.6
1995 Q2 ²	3.9	3.9	2.0	2.0	2.9	2.9	3.2	3.2	.1	.1
Q4	4.7	4.9	3.4	3.6	2.5	2.5	2.1	2.1	.1	.1
1996 Q2	5.2	4.9	2.7	2.5	3.4	3.3	3.3	3.2	.0	.0
Q4	4.4	4.4	2.4	2.5	2.9	2.8	3.0	3.0	.0	.0
1997 Q2	4.7	4.7	2.7	2.6	2.9	2.9	2.9	2.9	.0	.0
Q4	3.9	4.1	2.0	2.3	2.8	2.8	2.9	2.9	.1	.0
FOUR-QUARTER⁴										
1993 Q4 ²	5.0	5.0	3.1	3.1	2.8	2.8	2.7	2.7	.8	.8
1994 Q4 ²	6.5	6.5	4.1	4.1	2.9	2.9	2.6	2.6	.9	.9
1995 Q4	4.3	4.4	2.7	2.8	2.7	2.7	2.6	2.7	.0	.0
1996 Q4	4.8	4.7	2.5	2.5	3.1	3.1	3.1	3.1	.0	.0
1997 Q4	4.3	4.4	2.3	2.5	2.9	2.9	2.9	2.9	.1	.0

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)

December 14, 1995

Item	Unit ¹	Projected								
		1989	1990	1991	1992	1993	1994	1995	1996	1997
EXPENDITURES										
Nominal GDP	Bill. \$	5250.8	5546.1	5724.8	6020.2	6343.3	6738.4	7084.5	7411.1	7745.8
Real GDP	Bill. 87\$	4838.1	4897.3	4867.6	4979.3	5134.5	5344.0	5526.2	5670.4	5813.1
Real GDP	% change	1.6	.2	.3	3.7	3.1	4.1	2.8	2.5	2.5
Gross domestic purchases		.9	-.4	-.1	4.1	3.9	4.5	3.0	2.4	2.4
Final sales		1.5	1.2	-.4	3.8	3.0	3.4	3.2	2.6	2.4
Private dom. final purch.		.5	-.1	-.8	5.1	5.0	4.9	4.2	3.0	2.8
Personal cons. expend.		1.2	.7	.0	4.2	3.0	3.5	2.7	2.4	2.3
Durables		-.5	-.8	-1.3	9.6	9.0	8.6	5.1	3.9	4.0
Nondurables		1.2	+.1	-1.6	3.2	1.3	3.1	1.1	1.8	1.6
Services		1.7	1.7	1.2	3.5	2.5	2.4	3.0	2.2	2.3
Business fixed invest.		-.4	.7	-6.2	6.7	16.0	12.9	13.4	6.3	5.5
Producers' dur. equip.		-1.7	2.9	-3.2	11.0	21.3	15.5	14.8	7.1	6.8
Nonres. structures		2.3	-3.9	-12.4	3.4	1.6	4.6	8.3	3.1	.5
Res. structures		-7.7	-15.2	.7	17.0	8.1	3.1	-1.3	2.2	.5
Exports		11.3	6.7	8.1	5.0	5.8	11.6	10.7	10.1	10.5
Imports		2.6	.4	4.0	8.6	12.4	13.8	10.7	8.9	8.9
Government purchases		2.0	3.3	-.8	.7	-1.0	-1.0	-.3	.2	-.1
Federal		-.6	2.8	-3.2	.8	-6.9	-5.9	-5.6	-3.0	-4.3
Defense		-1.5	1.5	-7.0	-1.3	-9.0	-8.2	-4.6	-.9	-4.1
State and local		4.0	3.6	.8	.6	3.0	2.0	2.6	1.9	2.0
Change in bus. invent.	Bill. 87\$	29.8	5.7	-1.1	2.5	15.3	47.8	37.6	24.7	23.9
Nonfarm		29.9	3.2	-1.3	-2.0	18.5	40.7	37.7	24.5	22.3
Net exports		-73.7	-54.7	-19.5	-32.3	-73.9	-110.0	-120.3	-124.5	-120.5
Nominal GDP	% change	6.0	4.7	3.5	6.4	5.0	6.5	4.4	4.7	4.4
EMPLOYMENT AND PRODUCTION										
Nonfarm payroll employ.	Millions	107.9	109.4	108.3	108.6	110.7	114.0	116.6	117.9	119.3
Unemployment rate	%	5.3	5.5	6.7	7.4	6.8	6.1	5.6	5.6	5.6
Industrial prod. index	% change	-.1	-.2	.2	4.0	3.2	6.6	1.8	3.3	3.1
Capacity util. rate-mfg.	%	83.2	81.3	78.0	79.5	80.6	83.3	83.0	82.0	82.2
Housing starts	Millions	1.38	1.19	1.01	1.20	1.29	1.46	1.34	1.39	1.39
Light Motor Vehicle Sales		14.53	13.85	12.31	12.80	13.89	15.07	14.69	14.57	14.60
Auto sales in U.S.		9.91	9.50	8.39	8.35	8.72	9.24	8.85	8.63	8.67
North American prod.		7.08	6.90	6.14	6.26	6.75	7.28	7.12	7.02	7.05
Other		2.83	2.60	2.25	2.10	1.97	1.96	1.73	1.61	1.62
INCOME AND SAVING										
Nominal GNP	Bill. \$	5266.8	5567.8	5740.8	6025.8	6347.8	6726.9	7060.8	7383.6	7712.7
Nominal GNP	% change	6.1	4.9	3.2	6.1	5.0	6.1	4.4	4.6	4.3
Nominal personal income		6.5	6.5	3.7	8.1	2.8	6.8	5.2	4.9	4.7
Real disposable income		1.1	1.1	.9	5.0	.5	4.4	2.9	2.2	2.3
Personal saving rate	%	4.1	4.2	5.0	5.5	4.1	4.1	4.5	4.5	4.5
Corp. profits, IV&CCAdj	% change	-6.3	2.3	8.8	9.6	23.4	4.9	5.6	5.5	2.2
Profit share of GNP	%	6.9	6.8	6.8	6.7	7.7	8.1	8.3	8.3	8.2
Federal surpl./def.	Bill. \$	-122.3	-163.5	-202.9	-282.7	-241.4	-159.1	-140.4	-142.5	-158.0
State/local surpl./def.		44.8	25.1	17.0	24.8	26.3	26.2	20.9	13.6	25.3
Ex. social ins. funds		-17.5	-35.6	-46.5	-41.6	-40.0	-39.3	-43.7	-50.3	-38.2
PRICES AND COSTS										
GDP implicit deflator	% change	4.4	4.5	3.3	2.6	1.8	2.3	1.6	2.2	1.9
GDP fixed-wt. price index		4.4	4.6	3.6	3.2	2.8	2.9	2.7	3.1	2.9
Gross domestic purchases	fixed-wt. price index			4.4	5.2	2.9	3.2	2.5	2.9	2.8
CPI		4.6	6.3	3.0	3.1	2.7	2.6	2.7	3.1	2.9
Ex. food and energy		4.4	5.3	4.4	3.5	3.1	2.8	3.1	2.9	3.0
ECI, hourly compensation ²		4.8	4.6	4.4	3.5	3.6	3.1	2.6	2.8	3.0
Nonfarm business sector										
Output per hour		-1.4	.4	2.3	3.1	1.3	1.8	2.4	1.3	1.5
Compensation per hour		3.1	6.2	4.7	5.1	1.9	3.2	3.6	3.4	3.4
Unit labor cost		4.6	5.7	2.3	1.9	.5	1.4	1.2	2.0	1.8

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)

December 14, 1995

Item	Unit	1993				1994				1995	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
EXPENDITURES											
Nominal GDP	Bill. \$	6235.9	6299.9	6359.2	6478.1	6574.7	6689.9	6791.7	6897.2	6977.4	7030.0
Real GDP	Bill. 87\$	5075.3	5105.4	5139.4	5218.0	5261.1	5314.1	5367.0	5433.8	5470.1	5487.8
Real GDP	% change	1.2	2.4	2.7	6.3	3.3	4.1	4.0	5.1	2.7	1.3
Gross domestic purchases		2.7	3.3	4.0	5.8	5.0	4.6	4.4	4.2	3.5	1.9
Final sales		.2	2.4	3.2	6.4	2.2	1.5	4.3	5.7	2.6	2.6
Private dom. final purch.		3.5	3.7	5.3	7.4	5.8	2.7	4.1	6.8	4.2	3.7
Personal cons. expend.		1.6	2.6	3.9	4.0	4.7	1.3	3.1	5.1	1.6	3.4
Durables		3.2	9.8	7.7	15.5	8.8	.4	5.8	20.4	-3.4	3.5
Nondurables		-1.6	1.6	2.8	2.4	3.8	2.2	3.3	3.1	2.3	1.9
Services		3.1	1.4	3.6	2.0	4.0	1.1	2.2	2.3	2.6	4.2
Business fixed invest.		15.1	15.6	12.2	21.1	10.9	9.2	14.1	17.6	21.5	11.3
Producers' dur. equip.		20.0	21.6	16.2	27.5	18.6	6.1	18.1	19.6	24.5	11.9
Nonres. structures		2.5	.3	.5	3.3	-11.8	20.6	1.6	11.0	11.5	9.0
Res. structures		5.3	-7.6	9.4	28.2	10.0	7.0	-6.0	2.3	-3.4	-13.7
Exports		-1.0	7.7	-3.2	21.7	-3.5	16.6	14.8	20.2	4.8	6.6
Imports		11.6	14.9	7.4	16.0	9.5	18.9	15.6	11.4	10.1	9.9
Government purchases		-5.9	1.2	1.1	-.1	-4.9	-1.2	6.7	-4.1	-.7	.2
Federal		-15.4	-3.6	-3.0	-5.0	-10.3	-7.9	10.9	-14.4	-3.8	-2.9
Defense		-20.0	-2.2	-9.2	-3.6	-16.0	-4.1	12.8	-21.8	-7.5	.2
State and local		.9	4.4	3.7	2.9	-1.4	2.9	4.3	2.3	1.0	2.0
Change in bus. invent.	Bill. 87\$	18.5	18.9	13.0	10.8	25.4	59.2	57.1	49.4	51.1	34.3
Nonfarm		19.7	22.8	20.9	10.7	22.1	51.7	47.4	41.7	49.1	33.2
Net exports		-57.6	-69.3	-86.3	-82.2	-104.0	-111.8	-117.0	-107.1	-118.5	-126.7
Nominal GDP	% change	4.4	4.2	3.8	7.7	6.1	7.2	6.2	6.4	4.7	3.0
EMPLOYMENT AND PRODUCTION											
Nonfarm payroll employ.	Millions	109.7	110.4	111.0	111.8	112.7	113.6	114.5	115.3	116.1	116.4
Unemployment rate ¹	%	7.0	7.0	6.7	6.5	6.6	6.2	6.0	5.6	5.5	5.7
Industrial prod. index	% change	3.7	.5	3.2	5.5	8.4	7.0	4.6	6.4	3.9	-1.4
Capacity util. rate-mfg. ¹	%	80.6	80.3	80.4	81.1	82.2	83.2	83.4	84.3	84.3	82.9
Housing starts	Millions	1.16	1.25	1.31	1.47	1.36	1.44	1.47	1.51	1.31	1.28
Light Motor Vehicle Sales		13.23	14.11	13.69	14.53	15.45	14.76	14.65	15.44	14.90	14.35
Auto sales in U.S.		8.32	8.93	8.65	8.97	9.45	9.15	9.09	9.25	8.84	8.72
North American prod.		6.36	6.87	6.68	7.08	7.44	7.16	7.09	7.42	7.03	6.91
Other		1.96	2.07	1.97	1.89	2.00	1.99	2.01	1.83	1.81	1.82
INCOME AND SAVING											
Nominal GNP	Bill. \$	6243.9	6303.3	6367.8	6476.2	6574.0	6682.5	6779.6	6871.3	6959.5	7008.6
Nominal GNP	% change	5.1	3.9	4.2	7.0	6.2	6.8	5.9	5.5	5.2	2.9
Nominal personal income		-5.8	8.6	2.4	6.7	5.3	7.7	5.4	8.8	7.4	3.1
Real disposable income		-7.4	4.7	-.8	4.3	3.4	3.5	3.1	7.5	4.1	-1.1
Personal saving rate ¹	%	4.0	4.6	3.9	4.0	3.6	4.1	4.1	4.6	5.1	4.0
Corp. profits, IVA&CCAdj	% change	9.6	30.7	18.4	37.0	-17.9	33.6	7.2	3.1	6.9	8.2
Profit share of GNP ¹	%	7.1	7.5	7.7	8.2	7.7	8.2	8.2	8.2	8.2	8.3
Federal govt. surpl./def.	Bill. \$	-283.5	-237.0	-224.9	-220.1	-176.2	-145.1	-154.0	-161.1	-148.6	-129.6
State/local surpl./def.		21.6	25.3	23.9	34.5	25.2	27.0	23.9	28.8	28.2	23.4
Ex. social ins. funds		-44.7	-41.1	-42.4	-31.7	-40.7	-36.9	-41.4	-36.4	-36.9	-41.5
PRICES AND COSTS											
GDP implicit deflator	% change	3.3	1.6	1.0	1.3	2.9	2.9	1.9	1.3	2.2	1.6
GDP fixed-wt. price index		4.2	2.4	2.0	2.4	3.1	2.9	3.0	2.6	3.3	2.8
Gross domestic purchases		3.3	2.6	1.6	2.4	2.5	3.2	3.5	2.6	3.0	3.2
fixed-wt. price index		3.1	2.8	1.7	3.4	2.2	2.5	3.6	2.2	3.2	3.2
CPI		3.5	3.5	2.4	2.9	2.9	2.9	3.1	2.3	3.3	3.6
Ex. food and energy		4.2	3.5	3.4	3.4	3.0	3.4	3.3	2.6	2.3	2.9
XCI, hourly compensation ²		4.2	3.5	3.4	3.4	3.0	3.4	3.3	2.6	2.3	2.9
Nonfarm business sector		-2.2	.4	2.9	4.2	1.7	-1.4	2.7	4.3	2.5	4.9
Output per hour		1.9	2.4	1.5	1.6	4.9	1.4	2.7	3.8	4.1	3.7
Compensation per hour		4.1	2.0	-1.3	-2.5	3.1	2.8	.0	-.4	1.6	-1.2

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)

December 14, 1995

Item	Units	Projected									
		1995		1996				1997			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EXPENDITURES											
Nominal GDP	Bill. \$	7131.2	7199.4	7289.5	7373.5	7446.5	7535.0	7621.3	7708.8	7786.3	7867.0
Real GDP	Bill. 87\$	5560.4	5586.6	5620.7	5654.7	5682.4	5723.7	5759.6	5798.7	5829.5	5864.8
Real GDP	% change	5.4	1.9	2.5	2.4	2.0	2.9	2.5	2.7	2.1	2.4
Gross domestic purchases		4.6	2.0	2.8	2.4	2.4	2.1	2.5	2.7	2.5	1.8
Final sales		5.2	2.6	2.7	2.2	2.0	3.6	2.2	2.7	2.1	2.8
Private dom. final purch.		4.5	4.2	3.4	2.9	2.9	2.9	3.1	3.0	2.6	2.6
Personal cons. expend.		3.1	2.8	2.5	2.3	2.4	2.4	2.7	2.6	2.1	2.1
Durables		14.0	7.0	4.7	2.8	4.2	4.1	5.6	5.4	2.6	2.6
Nondurables		-.3	.6	2.4	1.8	1.6	1.6	1.7	1.6	1.5	1.5
Services		2.2	2.8	1.9	2.4	2.3	2.4	2.3	2.2	2.2	2.2
Business fixed invest.		10.0	11.0	6.9	6.4	6.1	5.7	5.5	5.5	5.5	5.5
Producers' dur. equip.		11.0	12.2	7.9	7.5	6.9	6.3	6.6	6.8	6.8	6.9
Nonres. structures		6.0	6.8	3.0	2.5	3.3	3.3	1.4	.3	.3	-.1
Res. structures		8.2	5.1	5.9	1.1	.6	1.4	.6	.6	.5	.5
Exports		18.0	13.8	7.5	12.5	5.8	14.9	8.9	13.6	6.1	13.6
Imports		10.1	12.8	8.9	10.6	8.1	7.9	7.8	11.7	7.8	8.3
Government purchases		3.9	-4.6	1.3	-2.1	-.2	2.0	-2.7	.5	2.0	-.1
Federal		4.8	-19.0	.3	-9.5	-4.2	1.9	-11.9	-2.3	1.8	-4.2
Defense		2.1	-12.3	3.1	-5.6	-2.7	1.8	-16.1	-2.4	3.7	-.2
State and local		3.4	4.1	1.8	1.8	1.8	2.1	2.1	1.9	2.1	1.8
Change in bus. invent.	Bill. 87\$	37.3	27.5	24.0	27.9	27.9	19.1	24.2	25.2	25.7	20.5
Nonfarm		38.8	29.5	25.1	27.4	27.2	18.3	23.1	23.7	24.0	18.6
Net exports		-117.1	-119.0	-124.0	-123.6	-130.5	-119.8	-119.9	-119.6	-125.5	-116.8
Nominal GDP	% change	5.9	3.9	5.1	4.7	4.0	4.8	4.7	4.7	4.1	4.2
EMPLOYMENT AND PRODUCTION											
Nonfarm payroll employ.	Millions	116.8	117.1	117.5	117.8	118.1	118.5	118.8	119.1	119.4	119.7
Unemployment rate ¹	%	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Industrial prod. index	% change	3.2	1.3	3.0	3.3	3.2	3.5	3.6	3.4	2.6	2.8
Capacity util. rate-mfg ¹	%	82.6	82.2	82.1	82.0	82.0	82.0	82.1	82.2	82.2	82.2
Housing starts	Millions	1.40	1.38	1.39	1.39	1.39	1.39	1.39	1.39	1.38	1.38
Light Motor Vehicle Sales		14.74	14.76	14.78	14.50	14.50	14.50	14.59	14.70	14.59	14.50
Auto sales in U.S.		9.15	8.68	8.68	8.61	8.61	8.61	8.66	8.73	8.66	8.61
North American prod.		7.39	7.15	7.07	7.00	7.00	7.00	7.05	7.10	7.05	7.00
Other		1.75	1.53	1.61	1.61	1.61	1.61	1.61	1.63	1.61	1.61
INCOME AND SAVING											
Nominal GNP	Bill. \$	7104.7	7170.3	7266.4	7345.6	7419.4	7502.8	7591.6	7675.2	7754.9	7829.0
Nominal GNP	% change	5.6	3.7	5.5	4.4	4.1	4.6	4.8	4.5	4.2	3.9
Nominal personal income		4.5	5.9	6.0	5.0	4.6	4.1	6.1	4.2	4.3	4.2
Real disposable income		4.3	4.5	3.8	.8	2.9	1.3	5.0	1.5	1.4	1.5
Personal saving rate ¹	%	4.2	4.5	4.8	4.4	4.6	4.3	4.8	4.6	4.4	4.3
Corp. profits, IVA&CCAdj	% change	10.7	-3.0	14.2	-2.4	-3.0	14.5	4.0	-.7	-1.2	7.0
Profit share of GNP ¹	%	8.4	8.3	8.4	8.3	8.1	8.3	8.3	8.2	8.1	8.1
Federal govt. surpl./def.	Bill. \$	-141.7	-141.8	-166.3	-124.3	-133.9	-145.3	-164.6	-153.2	-150.0	-164.3
State/local surpl./def.		20.0	12.1	12.3	10.9	14.1	17.2	20.3	23.1	27.9	30.0
Ex. social ins. funds		-44.3	-52.1	-51.8	-53.1	-49.8	-46.6	-43.4	-40.5	-35.6	-33.4
PRICES AND COSTS											
GDP implicit deflator	% change	.5	1.9	2.6	2.2	2.0	1.9	2.1	1.9	1.9	1.7
GDP fixed-wt. price index		2.1	2.8	3.5	3.0	2.8	2.8	3.1	2.8	2.8	2.8
Gross domestic purchases		1.9	2.6	3.0	2.9	2.8	2.8	3.0	2.8	2.8	2.8
fixed-wt. price index		2.1	2.3	3.1	3.2	3.0	2.9	2.9	2.9	2.9	2.9
CPI		2.5	2.7	2.7	2.9	2.9	3.0	3.0	3.0	3.0	3.0
Ex. food and energy		2.3	2.7	2.7	2.8	2.8	2.9	3.0	3.0	3.0	3.0
SCI, hourly compensation ²		2.3	2.7	2.7	2.8	2.8	2.9	3.0	3.0	3.0	3.0
Nonfarm business sector		2.0	.1	1.4	1.4	.8	1.7	1.5	1.9	1.1	1.5
Output per hour		3.1	3.4	3.6	3.3	3.4	3.3	3.5	3.3	3.3	3.4
Compensation per hour		1.1	3.3	2.1	1.9	2.6	1.6	2.0	1.4	2.2	1.9
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 ITEMS¹
(Billions of 1987 dollars)

December 14, 1995

Item	1993				1994				1995		Projected			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	1992	1993	1994	1995
Real GDP	14.6	30.1	34.0	78.6	43.1	53.0	52.9	66.8	36.3	17.7	179.9	157.3	215.8	152.8
Gross domestic purchases	33.7	41.8	51.1	74.4	64.9	60.7	58.2	56.9	47.7	25.9	201.6	201.0	240.7	164.7
Final sales	2.7	29.7	40.0	80.7	28.5	19.2	55.1	74.4	34.6	34.5	186.8	153.1	177.2	174.7
Private dom. final purch.	35.9	38.6	54.5	76.9	61.9	29.8	45.4	74.3	47.7	42.2	202.2	205.9	211.4	189.8
Personal cons. expend.	13.8	22.0	33.0	34.0	40.1	11.5	26.9	44.9	14.3	30.4	138.1	102.8	123.4	98.4
Durables	3.7	11.2	9.0	18.1	10.9	.5	7.4	25.2	-4.8	4.8	41.1	42.0	44.0	28.2
Nondurables	-4.2	4.3	7.4	6.3	10.3	6.0	9.1	8.5	6.3	5.3	33.8	13.8	33.9	12.5
Services	14.4	6.4	16.6	9.6	18.9	5.1	10.4	11.1	12.8	20.3	63.1	47.0	45.5	57.7
Business fixed invest.	19.4	20.7	16.9	29.3	16.4	14.3	22.1	28.2	35.4	20.1	34.0	86.3	81.0	94.6
Producers' dur. equip.	18.4	20.7	16.6	28.2	20.9	7.5	21.5	24.2	31.1	16.6	39.1	83.9	74.1	81.6
Nonres. structures	.9	.1	.2	1.2	-4.6	6.9	.6	4.0	4.3	3.5	-5.1	2.4	6.9	12.9
Res. structures	2.7	-4.1	4.7	13.5	5.4	3.9	-3.6	1.3	-2.0	-8.3	30.2	16.8	7.0	-3.1
Change in bus. invent.	11.9	.4	-5.9	-2.2	14.6	33.8	-2.1	-7.7	1.7	-16.8	-6.9	4.2	38.6	-21.9
Nonfarm	13.4	3.1	-1.9	-10.2	11.4	29.6	-4.3	-5.7	7.4	-15.9	-8.3	4.4	31.0	-12.2
Farm	-1.5	-2.7	-4.0	8.0	3.2	4.2	2.2	-2.0	-5.7	-.9	1.4	-.2	7.6	-9.7
Net exports	-19.1	-11.7	-17.0	4.1	-21.8	-7.8	-5.2	9.9	-11.4	-8.2	-21.6	-43.7	-24.9	-11.9
Exports	-1.5	11.0	-4.9	29.9	-5.6	24.3	22.6	31.4	8.3	11.4	28.1	34.5	72.7	74.6
Imports	17.5	22.8	12.0	25.8	16.2	32.0	27.9	21.5	19.6	19.7	49.9	78.1	97.6	86.5
Government purchases	-14.1	2.8	2.5	-.3	-11.6	-2.8	14.9	-9.8	-1.7	.5	6.2	-9.1	-9.3	-3.2
Federal	-15.4	-3.3	-2.7	-4.5	-9.4	-7.0	8.8	-13.1	-3.2	-2.4	2.9	-25.9	-20.7	-18.6
Defense	-14.2	-1.4	-5.9	-2.2	-10.2	-2.4	6.9	-13.9	-4.2	.1	-3.4	-23.7	-19.6	-10.0
Nondefense	-1.3	-1.8	3.2	-2.3	.8	-4.5	1.8	.8	1.0	-2.5	6.4	-2.2	-1.1	-8.6
State and local	1.3	6.1	5.2	4.2	-2.1	4.1	6.1	3.3	1.5	2.9	3.2	16.8	11.4	15.4

1. Annual changes are from Q4 to Q4.

Item	Projected										Projected			
	1995		1996				1997				1994	1995	1996	1997
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Real GDP	72.6	26.2	34.1	33.9	27.8	41.3	35.9	39.0	30.8	35.3	215.8	152.8	137.1	141.1
Gross domestic purchases	63.0	28.1	39.2	33.5	34.6	30.5	36.1	38.6	36.8	26.6	240.7	164.7	137.9	138.1
Final sales	69.6	36.0	37.6	30.0	27.7	50.1	30.8	38.0	30.3	40.5	177.2	174.7	145.5	139.7
Private dom. final purch.	51.2	48.8	39.7	34.6	35.0	34.8	37.2	36.5	31.8	32.1	211.4	189.8	144.2	137.6
Personal cons. expend.	28.4	25.2	22.9	21.1	22.3	22.3	25.3	24.5	19.8	19.8	123.4	98.4	88.7	89.4
Durables	18.4	9.7	6.7	4.0	6.2	6.1	8.2	8.1	4.1	4.1	44.0	28.2	23.0	24.4
Nondurables	-.9	1.8	6.7	5.1	4.6	4.6	4.9	4.6	4.3	4.4	33.9	12.5	20.9	18.2
Services	10.9	13.6	9.5	12.0	11.6	11.7	12.2	11.8	11.3	11.4	45.5	57.7	44.8	46.8
Business fixed invest.	18.3	20.7	13.5	12.8	12.4	11.7	11.5	11.6	11.8	12.0	81.0	94.6	50.4	47.0
Producers' dur. equip.	15.9	18.0	12.2	11.7	11.0	10.3	10.9	11.5	11.6	12.0	74.1	81.6	45.2	46.1
Nonres. structures	2.4	2.7	1.3	1.1	1.4	1.4	.6	.1	.1	.0	6.9	12.9	5.1	.8
Res. structures	4.4	2.8	3.3	.7	.3	.8	.3	.4	.3	.3	7.0	-3.1	5.1	1.3
Change in bus. invent.	3.0	-9.8	-3.5	3.9	.0	-8.9	5.1	1.0	.5	-5.2	38.6	-21.9	-8.4	1.4
Nonfarm	5.6	-9.3	-4.4	2.3	-.2	-9.0	4.8	.6	.3	-5.4	31.0	-12.2	-11.2	.3
Farm	-2.6	-.5	.9	1.6	.2	.1	.3	.4	.2	.2	7.6	-9.7	2.8	1.1
Net exports	9.6	-1.9	-5.0	.4	-6.8	10.7	-.2	.4	-6.0	8.7	-24.9	-11.9	-.8	3.0
Exports	30.3	24.6	14.2	23.6	11.4	29.1	18.3	28.1	13.4	29.5	72.7	74.6	78.3	89.2
Imports	20.6	26.5	19.2	23.2	18.3	18.4	18.5	27.7	19.3	20.7	97.6	86.5	79.0	86.3
Government purchases	8.8	-10.8	3.0	-5.0	-.5	4.6	-6.2	1.2	4.5	-.3	-9.3	-3.2	2.1	-.9
Federal	3.8	-16.8	.3	-7.7	-3.3	1.4	-9.4	-1.7	1.3	-3.1	-20.7	-18.6	-9.3	-13.0
Defense	1.1	-7.0	1.6	-3.0	-1.4	.9	-8.9	-1.2	1.8	-.1	-19.6	-10.0	-1.9	-8.4
Nondefense	2.7	-9.8	-1.3	-4.7	-1.9	.5	-.5	-.5	-.5	-3.0	-1.1	-8.6	-7.4	-4.6
State and local	5.0	6.0	2.7	2.7	2.8	3.2	3.2	2.9	3.2	2.8	11.4	15.4	11.4	12.1

1. Annual changes are from Q4 to Q4.

Item	Fiscal year				1995				1996				1997			
	1994 ^a	1995	1996	1997	Q1 ^a	Q2 ^a	Q3 ^b	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
UNIFIED BUDGET																
Receipts ¹	1257	1351	1406	1442	307	404	333	326	302	424	354	336	315	430	361	344
Outlays ¹	1461	1514	1575	1635	380	381	373	382	401	394	398	412	414	403	406	424
Surplus/deficit ¹	-203	-164	-169	-193	-73	23	-40	-57	-99	30	-44	-76	-99	27	-45	-80
On-budget	-259	-226	-229	-246	-85	-11	-43	-63	-109	-10	-47	-79	-109	-10	-47	-80
Off-budget	56	62	60	53	12	34	2	7	11	40	3	3	10	37	3	1
Surplus excluding deposit insurance ²	-210	-181	-176	-197	-79	18	-42	-60	-101	31	-46	-76	-101	28	-47	-79
Means of financing																
Borrowing	185	171	211	193	66	26	20	38	112	13	48	54	70	19	50	58
Cash decrease	17	-2	-22	0	8	-42	23	19	-6	-35	0	25	20	-45	0	25
Other ³	1	-5	-20	0	0	-7	-3	-1	-7	-7	-4	-3	9	-1	-5	-3
Cash operating balance, end of period	36	38	60	60	18	61	38	19	25	60	60	35	15	60	60	35
NIPA FEDERAL SECTOR																
Receipts	1355	1449	1517	1567	1441	1476	1472	1493	1504	1535	1535	1557	1556	1570	1586	1605
Expenditures	1529	1595	1659	1721	1590	1605	1615	1635	1671	1660	1669	1702	1721	1723	1737	1770
Purchases	439	434	421	417	434	435	437	423	426	419	417	420	414	414	417	415
Defense	296	285	283	281	284	287	286	281	286	283	283	285	278	278	282	283
Nondefense	144	149	138	136	151	148	151	142	141	136	134	135	136	136	136	132
Other expenditures	1090	1161	1237	1304	1155	1170	1179	1212	1245	1241	1252	1282	1306	1309	1319	1354
Surplus/deficit	-174	-146	-142	-153	-149	-130	-143	-142	-167	-125	-134	-145	-165	-153	-150	-164
FISCAL INDICATORS⁴																
High-employment (HEB) surplus/deficit	-164	-172	-179	-195	-176	-154	-175	-178	-204	-164	-171	-185	-206	-196	-193	-208
Change in HEB, percent of potential GDP	-.7	.1	.1	.2	-.1	-.3	.3	0	.4	-.6	.1	.2	.3	-.1	0	.2
Fiscal impetus (FI), percent, cal. year	-7.3	-5.1	-8.7	-5.4	-1.7	-1.1	2.3	-5.7	-2.2	-3.6	-.4	-1.5	-1.6	1.9	-3.9	-4.3

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1. OMB's July 1995 deficit estimates are \$160 billion in FY95, \$163 billion in FY96 and \$179 billion in FY97. CBO's December 1995 baseline deficit estimates (including the fiscal dividend from assumed enactment of congressional budget program) are \$161 billion in FY95, \$172 billion in FY96 and \$182 billion in FY97. Budget receipts, outlays, and surplus/deficit include corresponding social security (OASDI) categories. The OASDI surplus is excluded from the on-budget deficit and shown separately as off-budget, as classified under current law. The Postal Service deficit is included in off-budget outlays beginning in FY90.

2. OMB's July 1995 deficit estimates, excluding deposit insurance spending, are \$177 billion in FY95, \$170 billion in FY96 and \$182 billion in FY97. CBO's December 1995 baseline deficit estimates (including the fiscal dividend from assumed enactment of congressional budget program), excluding deposit insurance spending, are \$177 billion in FY95, \$180 billion in FY96 and \$186 billion in FY97.

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 2.4 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--Preliminary.

Confidential FR Class II
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CHANGE IN DEBT OF THE DOMESTIC NONFINANCIAL SECTORS¹
(Percent)

	Nonfederal								MEMO	
	Households				State and local govt.				Private financial assets	Nominal GDP
	Total	Federal govt.	Total	Total	Home mtg.	Cons. credit	Business			
Year										
1983	12.0	16.9	10.2	11.6	10.8	12.6	8.7	11.4	11.4	11.0
1984	14.6	16.9	14.0	12.9	11.7	18.7	15.5	11.4	14.2	9.1
1985	15.8	16.5	15.6	15.5	13.5	15.8	12.0	31.8	12.4	7.0
1986	12.2	13.6	11.8	11.5	13.8	9.6	12.2	10.8	8.1	4.7
1987	9.2	8.0	9.6	12.1	16.3	5.0	6.7	12.1	8.1	8.0
1988	8.8	8.0	9.1	9.3	10.9	7.2	9.7	6.5	8.6	7.7
1989	7.6	7.0	7.8	8.8	10.1	6.2	7.5	5.7	5.6	6.0
1990	6.5	11.0	5.3	7.8	10.0	2.0	3.0	4.9	4.6	4.7
1991	4.4	11.1	2.4	5.0	6.6	-1.8	-1.7	8.2	1.7	3.5
1992	4.8	10.9	2.8	5.2	6.1	0.9	0.5	2.0	1.6	6.4
1993	5.3	8.3	4.2	6.1	5.4	7.3	1.7	5.7	1.2	5.0
1994	4.9	4.7	5.0	8.4	6.6	14.0	3.8	-3.7	4.2	6.5
1995	5.1	4.3	5.4	7.5	6.4	11.7	6.1	-5.7	2.2	4.4
1996	5.0	6.2	4.6	6.2	6.4	7.4	4.8	-3.9	1.0	4.7
1997	4.4	5.1	4.2	5.9	6.2	5.7	4.0	-3.8	1.0	4.4
Quarter (seasonally adjusted annual rates)										
1994:1	5.2	6.2	4.8	6.8	6.3	7.5	4.1	-0.0	3.4	6.1
2	4.6	3.9	4.8	8.1	6.0	14.8	3.7	-3.4	5.1	7.2
3	4.5	4.0	4.7	8.6	6.7	13.7	3.4	-5.7	2.4	6.2
4	5.0	4.3	5.3	9.3	6.9	17.5	3.9	-6.0	5.7	6.4
1995:1	6.2	7.6	5.7	6.3	5.8	9.5	7.8	-4.7	3.2	4.7
2	6.7	5.7	7.0	8.4	6.2	15.7	7.8	-1.5	4.6	3.0
3	3.5	1.8	4.1	7.6	6.6	10.5	4.0	-10.9	-0.1	5.9
4	3.6	1.7	4.3	6.7	6.5	9.3	4.2	-6.3	1.0	3.9
1996:1	7.1	12.5	5.2	6.3	6.3	8.4	5.7	-1.8	1.0	5.1
2	4.6	4.0	4.9	6.2	6.2	7.3	4.5	-0.0	1.0	4.7
3	4.0	4.7	3.7	6.0	6.2	6.8	4.3	-9.4	1.0	4.0
4	3.9	3.3	4.2	5.9	6.2	6.2	4.3	-4.7	1.0	4.8

1. Data after 1995:q3 are staff projections. Changes are measured from end of the preceding period to end of period indicated except annual nominal GDP growth, which is Q4 to Q4. On a quarterly average basis, total debt grows 5.2 percent in 1995, 4.8 percent in 1996, and 4.5 percent in 1997. Federal debt rises 4.6 percent in 1995, 5.5 percent in 1996, and 5.3 percent in 1997. Nonfederal debt is projected to increase 5.4 percent in 1995, 4.6 percent in 1996, and 4.2 percent in 1997.

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FLOW OF FUNDS PROJECTIONS: HIGHLIGHTS¹
(Billions of dollars)

	1994	Calendar year	1995	1996	1997	Q1	Q2	Q3	Q4	1995	1996	1996	1997
		1994	1995	1996	1997					H1	H2	H1	H2
-----Seasonally Adjusted Annual Rates-----													
Net funds raised by domestic nonfinancial sectors													
1 Total	571.6	598.4	634.4	615.9	746.7	832.4	390.8	423.8	750.4	518.4	634.8	597.0	
2 Net equity issuance	-44.9	-71.4	-59.5	-30.0	-68.4	-59.6	-84.8	-72.8	-69.0	-50.0	-36.0	-24.0	
3 Net debt issuance	616.5	669.8	693.9	645.9	815.1	892.0	475.6	496.6	819.4	568.4	670.8	621.0	
Borrowing sectors													
Nonfinancial business													
4 Financing gap ²	48.5	111.7	73.1	71.8	134.1	102.8	124.8	85.2	75.1	71.1	69.3	74.2	
5 Net equity issuance	-44.9	-71.4	-59.5	-30.0	-68.4	-59.6	-84.8	-72.8	-69.0	-50.0	-36.0	-24.0	
6 Credit market borrowing	143.8	238.8	197.5	175.0	306.5	312.5	164.9	171.4	212.1	182.9	171.1	178.8	
Households													
7 Net borrowing, of which:	360.2	345.5	310.9	313.2	293.9	393.7	364.1	330.1	315.4	306.5	310.2	316.2	
8 Home mortgages	196.6	203.4	214.2	220.7	184.3	200.4	214.6	214.2	211.7	216.7	215.2	226.2	
9 Consumer credit	121.2	115.4	81.0	67.5	93.8	158.1	109.6	100.2	87.2	74.7	70.0	65.0	
10 Debt/DPI (percent) ³	89.8	91.5	93.0	93.8	90.1	91.4	92.1	92.3	92.6	93.3	93.4	94.2	
State and local governments													
11 Net borrowing	-43.4	-64.0	-41.4	-38.8	-52.1	-16.9	-119.9	-67.2	-9.6	-73.2	-42.9	-34.6	
12 Current surplus ⁴	-39.7	-44.0	-61.4	-51.0	-47.6	-28.1	-38.0	-62.2	-63.2	-59.6	-54.6	-47.4	
U.S. government													
13 Net borrowing	155.9	149.6	226.8	196.6	266.8	202.8	66.4	62.3	301.5	152.2	232.4	160.7	
14 Net borrowing; quarterly, nsa	155.9	149.6	226.8	196.6	65.6	25.6	20.1	38.3	124.2	102.6	89.0	107.5	
15 Unified deficit; quarterly, nsa	185.2	147.1	188.5	196.4	73.3	-23.0	40.2	56.6	68.4	120.0	71.9	124.5	
Funds supplied by depository institutions	198.3	279.8	205.7	209.7	370.9	325.5	294.2	128.5	204.7	206.7	213.7	205.7	
MEMO: (percent of GDP)													
17 Dom. nonfinancial debt ³	190.7	190.5	191.3	191.6	190.0	191.7	191.3	191.2	191.4	192.0	191.6	191.8	
18 Dom. nonfinancial borrowing	9.1	9.5	9.4	8.3	11.7	12.7	6.7	6.9	11.2	7.6	8.8	7.9	
19 U.S. government ⁵	2.3	2.1	3.1	2.5	3.8	2.9	0.9	0.9	4.1	2.0	3.0	2.1	
20 Private	6.8	7.3	6.3	5.8	7.9	9.8	5.7	6.0	7.1	5.6	5.7	5.9	

1. Data after 1995:q3 are staff projections.

2. For corporations: Excess of capital expenditures over U.S. internal funds.

3. Average debt levels in the period (computed as the average of period-end debt positions) divided by nominal GDP.

4. NIPA surplus, net of retirement funds.

5. Excludes government-insured mortgage pool securities.

Among other major U.S. trading partners in Latin America, we have revised our forecast for real GDP growth in Argentina substantially downward over the 1995-97 forecast period because recent data suggest that the current recession is much deeper than previously thought. We now project that Argentina will contract 3 percent in 1995 but resume moderate growth in 1996-97. We have also lowered our forecast for real GDP growth in Brazil during 1995 to reflect the contraction in real activity during the third quarter, but we continue to project that a recent shift toward a more accommodative monetary policy will allow growth to pick up again in 1996-97. Our major developing country trading partners in Asia are expected to grow at annual rates of about 7 percent during 1996-97, somewhat slower than the nearly 8 percent growth rate for 1995.

QUANTITIES OF GOODS AND SERVICES
(Percent change from end of previous period, SAAR)

Exports of G&S	-----Projection-----				
	Year	1995		1996	
		Q3	Q4		
Exports of G&S	10.7	18.0	13.8	10.1	10.5
Services	1.3	5.7	2.7	4.4	5.2
Computers	46.5	105.1	40.8	29.8	31.0
Other goods ¹	7.6	4.7	13.6	6.3	4.7
Imports of G&S	10.7	9.7	12.8	8.9	8.9
Services	4.4	4.5	0.5	3.0	2.8
Oil	0.8	24.8	-12.4	3.3	3.8
Computers	42.1	84.9	48.8	22.6	21.5
Other goods ²	5.3	-6.1	8.6	6.0	5.7

Note. NIPA basis, 1987 dollars.

1. Nonagricultural exports of goods excluding computers.
2. Non-oil imports of goods excluding computers.

U.S. real net exports. Growth of real exports of goods and services (measured in 1987 dollars) is projected at about 15 percent for the second half of 1995 and is expected to remain at double-digit rates through the forecast period. Very strong exports of

Oil prices. Since September, spot and future oil prices (WTI) have firmed. Given these developments, we have raised the projected price of imported oil for the fourth and first quarters \$0.16 and \$0.46 per barrel, to \$15.60 and \$15.62 respectively. Our long-run projections for the spot price and the oil import unit value remain at \$18.50 and \$16.00 per barrel respectively.

SELECTED PRICE INDICATORS
(Percent change from end of previous period except as noted, AR)

	-----Projection-----			
	Year	1995	1996	1997
	Q3	Q4		
U.S. PPI ¹	2.8	0.6	-0.4	2.2
Nonag.exports ²	3.5	-0.9	-0.7	2.4
Non-oil imports ²	2.1	1.9	-2.6	0.8
Oil imports (Q4 level, \$b1)	15.60	16.00	15.60	16.00
			16.00	

1. Selected categories (excluding computers) weighted by U.S. exports.
2. Excluding computers.

Prices of non-oil imports and exports. Non-oil import prices (excluding computers) are projected to decline on average in the current and next quarters, largely as a result of the recent recovery in the exchange value of the dollar. Import prices on balance rise slightly in 1996 and then accelerate in 1997 as foreign inflation shows through with no change in the dollar and little projected change in commodity prices. Prices of nonagricultural exports excluding computers are projected to decline this quarter and then to rise moderately in line with comparable U.S. producer prices.

Nominal trade and current account balances. The nominal U.S. trade balance is expected to improve somewhat on balance through the end of 1996, reaching a deficit of about \$90 billion (annual rate) in the fourth quarter, and then to remain near that level in 1997. This deficit is slightly smaller than that forecast in the November

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REAL GDP AND CONSUMER PRICES, SELECTED COUNTRIES, 1994-97
(Percent; quarterly change at an annual rate except as noted)

Measure and country	Projected											
	Projected				1995			1996				
	1994	1995	1996	1997	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
REAL GDP												
Canada	5.4	1.2	2.7	2.5	-0.6	2.1	1.8	2.6	2.7	2.7	2.8	
France	4.4	0.9	2.6	2.8	0.8	0.8	-1.0	2.5	2.5	2.7	2.8	
Germany	3.7	1.3	2.5	2.6	4.3	-0.1	0.2	2.8	2.5	2.3	2.6	
W. Germany	3.1	1.1	2.1	2.1	3.8	0.2	-0.1	2.5	2.0	2.0	1.9	
Italy	3.1	3.0	2.7	2.4	-1.5	4.8	3.2	2.9	2.7	2.6	2.5	
Japan	0.4	1.0	2.8	2.2	2.6	0.6	0.3	3.6	2.8	2.5	2.4	
United Kingdom	4.0	2.0	2.2	2.5	1.9	1.6	2.0	2.1	2.3	2.3	2.3	
Average, weighted by 1987-89 GDP	2.8	1.5	2.6	2.4	1.7	1.4	0.9	2.9	2.6	2.5	2.5	
Average, weighted by share of U.S. nonagricultural exports												
Total foreign	4.4	1.8	3.5	3.4	NA							
Foreign G-7	3.9	1.3	2.6	2.5	0.8	1.5	1.2	2.7	2.7	2.6	2.6	
Developing countries	5.8	2.4	5.3	5.5	NA							
CONSUMER PRICES(1)												
Canada	0.0	2.3	1.9	2.2	3.1	0.9	1.0	1.6	1.8	2.0	2.0	
France	1.6	2.0	1.7	1.8	2.1	1.2	2.7	1.6	1.6	1.7	1.8	
Western Germany	2.5	1.6	1.9	2.0	2.2	1.5	-0.2	3.3	2.2	1.8	0.3	
Italy	3.8	5.8	4.6	4.1	8.0	3.9	5.0	5.3	6.7	2.6	3.9	
Japan	0.8	-0.5	-0.9	-0.5	0.7	-1.0	0.8	-0.4	-0.8	-1.0	-1.4	
United Kingdom(2)	2.2	3.0	3.0	3.0	6.4	0.8	1.7	3.2	6.2	0.9	1.7	
Average, weighted by 1987-89 GDP	1.7	1.8	1.5	1.6	3.1	0.8	1.6	1.9	2.3	0.9	0.8	
Average, weighted by share of U.S. non-oil imports												
	1.0	1.3	1.0	1.2	2.4	0.4	1.1	1.3	1.3	0.7	0.5	

Note. Annual values are measured from Q4 to Q4.

1. Not seasonally adjusted.

2. CPI excluding mortgage interest payments; the targeted inflation rate. Previously the CPI including mortgage interest payments was shown.

Strictly Confidential (FR) Class II-FOMC

U.S. INTERNATIONAL TRANSACTIONS IN GOODS, SERVICES, AND THE CURRENT ACCOUNT

(Billions of dollars, seasonally adjusted annual rates)

	1993				1994				1995		ANNUAL		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	1992	1993	1994
NIPA Real Net Exports of Goods & Services (87\$)	-57.6	-69.3	-86.3	-82.2	-104.0	-111.8	-117.0	-107.1	-118.5	-127.6	-32.4	-73.9	-110.0
Exports of G&S Goods	589.2	600.2	595.3	625.2	619.6	643.9	666.5	697.9	706.2	717.6	578.8	602.5	657.0
Agricultural	433.9	443.3	438.5	468.2	464.4	484.6	505.1	533.5	543.2	554.5	426.5	446.0	496.9
Computers	39.1	39.3	36.9	39.1	36.6	37.5	40.7	45.9	45.9	43.1	39.8	38.6	40.2
Other Goods	60.9	62.9	68.5	74.0	76.9	79.3	85.9	95.8	102.0	107.7	53.9	66.6	84.5
Services	333.9	341.1	333.1	355.1	350.9	367.8	378.5	391.8	395.3	403.7	332.8	340.8	372.3
Imports of G&S Goods	646.8	669.6	681.6	707.4	723.6	755.6	783.5	805.0	824.6	845.2	611.2	676.4	766.9
Oil	546.6	567.4	577.1	599.9	615.2	648.3	674.6	695.9	711.5	732.6	512.8	572.8	658.5
Computers	53.4	57.7	56.7	58.1	56.5	60.3	64.3	57.1	55.4	56.3	51.2	56.5	59.5
Other Goods	73.3	80.0	87.8	94.6	99.7	106.9	115.4	128.9	133.0	142.2	60.4	83.9	112.7
Services	419.9	429.7	432.6	447.2	458.9	481.0	494.9	510.0	523.1	534.1	401.2	432.4	486.2
Memo: (Percent change 1/)													
Exports of G&S	-1.0	7.7	-3.2	21.7	-3.5	16.6	14.8	20.2	4.8	6.6	5.0	5.8	11.6
Agricultural	-19.7	2.1	-22.3	26.1	-23.2	10.2	38.8	61.8	0.0	-22.3	9.5	-5.3	17.4
Computers	5.4	13.8	40.7	36.2	16.6	13.1	37.7	54.7	28.5	24.3	34.8	23.1	29.5
Other Goods	-6.8	8.9	-9.1	29.2	-4.6	20.7	12.2	14.8	3.6	8.8	3.8	4.5	10.3
Services	16.1	4.2	-0.5	1.0	-4.8	10.7	5.4	7.6	-3.1	0.2	-2.0	5.0	4.6
Imports of G&S	11.6	14.9	7.4	16.0	9.5	18.9	15.6	11.4	10.1	10.4	8.6	12.4	13.8
Oil	4.6	36.3	-6.8	10.2	-10.6	29.7	29.3	-37.8	-11.4	6.7	12.1	10.0	-1.7
Computers	31.9	41.9	45.1	34.8	23.4	32.2	35.8	55.7	13.3	30.7	48.7	38.3	36.3
Other Goods	11.1	9.7	2.7	14.2	10.9	20.7	12.1	12.8	10.7	8.7	5.2	9.3	14.0
Services	4.5	8.7	9.3	12.4	3.4	-4.0	5.7	0.7	15.9	-2.2	1.4	8.7	1.4
Current Account Balance	-69.5	-97.4	-108.1	-124.7	-121.1	-151.9	-158.9	-173.1	-154.3*	-173.1	-61.5	-99.9	-151.2
Goods & Serv (BOP), net	-54.3	-75.2	-88.0	-82.0	-92.1	-107.7	-115.2	-109.9	-116.0*	-133.7	-39.5	-74.8	-106.2
Goods (BOP), net	-115.8	-134.4	-146.4	-133.9	-146.0	-166.0	-178.5	-174.0	-178.4*	-195.2	-96.1	-132.6	-166.1
Services (BOP), net	61.5	59.2	58.5	51.9	53.9	58.3	63.3	64.1	62.4	61.5	56.6	57.8	59.9
Investment Income, net	14.8	8.3	12.8	0.1	0.5	-9.1	-10.1	-18.3	-7.8	-10.5	10.1	9.0	-9.3
Direct, net	61.1	55.3	59.2	49.7	46.2	43.9	44.6	45.7	57.2	58.9	51.6	56.3	45.1
Portfolio, net	-46.2	-47.0	-46.5	-49.6	-45.7	-53.0	-54.7	-64.0	-65.1	-69.4	-41.5	-47.3	-54.4
Unilateral Transfers, net	-30.1	-30.4	-32.9	-42.9	-29.5	-35.1	-33.5	-45.0	-30.5	-28.9	-32.1	-34.1	-35.8

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

*/ Includes an upward revision to exports not yet shown in the published current account

Strictly Confidential (FR) Class II-FOMC

OUTLOOK FOR U.S. INTERNATIONAL TRANSACTIONS IN GOODS, SERVICES, AND THE CURRENT ACCOUNT

(Billions of dollars, seasonally adjusted annual rates)

	Projection										Projection		
	1995		1996				1997				ANNUAL		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1995	1996	1997
NIPA Real Net Exports of Goods & Services (87\$)	-117.0	-118.9	-123.9	-123.5	-130.4	-119.7	-119.8	-119.5	-125.4	-116.7	-120.5	-124.4	-120.4
Exports of G&S Goods	747.9	772.5	786.6	810.2	821.6	850.7	869.0	897.1	910.5	939.9	736.0	817.3	904.1
Agricultural	582.5	606.0	619.5	640.9	650.5	676.9	693.0	718.6	730.0	757.1	571.6	647.0	724.7
Computers	45.2	44.0	44.0	44.6	45.5	46.4	47.0	47.6	48.2	48.8	44.6	45.1	47.9
Other Goods	128.9	140.4	149.5	159.2	170.3	182.2	195.0	208.6	223.2	238.8	119.7	165.3	216.4
Services	408.4	421.7	426.1	437.1	434.7	448.3	451.0	462.3	458.6	469.5	407.3	436.5	460.3
Imports of G&S Goods	864.9	891.5	910.7	933.8	952.1	970.5	989.0	1016.7	1036.0	1056.8	856.5	941.8	1024.6
Oil	751.0	777.4	796.4	818.8	836.0	853.0	871.0	897.6	916.1	936.0	743.1	826.0	905.2
Computers	59.5	57.6	59.3	61.9	65.1	59.5	60.3	64.6	67.4	61.7	57.2	61.4	63.5
Other Goods	165.8	183.1	194.1	203.8	213.9	224.6	235.8	247.5	259.9	272.9	156.0	209.1	254.0
Services	525.8	536.8	543.1	553.2	557.1	569.1	575.0	585.5	589.0	601.5	530.0	555.6	587.7
Memo:(Percent change 1/)													
Exports of G&S Agricultural	18.0	13.8	7.5	12.5	5.8	14.9	8.9	13.6	6.1	13.6	10.7	10.1	10.5
Computers	21.3	-10.7	-0.0	6.1	7.9	8.6	5.3	5.2	5.1	5.1	-4.2	5.6	5.2
Other Goods	105.1	40.8	28.6	28.6	31.0	31.0	31.0	31.0	31.0	31.0	46.5	29.8	31.0
Services	4.7	13.6	4.2	10.8	-2.2	13.1	2.5	10.4	-3.2	9.8	7.6	6.3	4.7
Imports of G&S Oil	9.7	12.8	8.9	10.6	8.1	7.9	7.8	11.7	7.8	8.3	10.7	8.9	8.9
Computers	24.8	-12.4	12.7	18.5	22.2	-30.2	5.8	31.9	18.0	-29.5	0.8	3.3	3.8
Other Goods	84.9	48.8	26.1	21.5	21.5	21.5	21.5	21.5	21.5	21.5	42.1	22.6	21.5
Services	-6.1	8.6	4.7	7.7	2.8	8.9	4.2	7.5	2.4	8.8	5.3	6.0	5.7
Current Account Balance	-157.9	-151.4	-153.6	-145.5	-152.8	-157.1	-145.2	-148.3	-153.3	-162.4	-159.2	-152.3	-152.3
Goods & Serv (BOP), net	-110.1	-98.7	-98.1	-94.5	-102.6	-91.3	-92.4	-91.6	-98.9	-90.8	-114.6	-96.6	-93.4
Goods (BOP), net	-173.7	-165.7	-164.1	-162.6	-172.0	-162.9	-166.7	-168.2	-177.7	-172.4	-178.3	-165.4	-171.2
Services (BOP), net	63.7	67.0	66.0	68.1	69.4	71.7	74.3	76.7	78.8	81.6	63.7	68.8	77.8
Investment Income, net	-16.6	-19.2	-13.2	-18.0	-17.2	-22.4	-19.8	-23.7	-21.5	-28.1	-13.5	-17.7	-23.3
Direct, net	55.0	56.9	61.7	61.7	61.6	63.1	64.4	66.2	66.2	66.2	57.0	62.0	65.7
Portfolio, net	-71.6	-76.1	-74.8	-79.7	-78.8	-85.5	-84.2	-89.9	-87.7	-94.3	-70.5	-79.7	-89.0
Unilateral Transfers, net	-31.2	-33.6	-42.4	-33.0	-33.0	-43.5	-33.0	-33.0	-33.0	-43.5	-31.1	-38.0	-35.6

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

Part 2

December 14, 1995

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Recent Developments

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

ratified contains provisions for large lump-sum payments in the first and second years of a four-year contract and moderate increases in wage rates in the third and fourth years. Workers also obtained concessions from the company on contract provisions related to job security and subcontracting. With business starting to pick up, the company appears to have been eager to settle.

More generally, workers still appear reluctant to press their wage demands to the point of walking off the job. Through November, only twenty-five major strikes (those involving 1,000 workers or more) had occurred this year, and the total for the year as a whole is likely to fall short of last year's total of forty-five. In the 1970s, the annual number of work stoppages usually was in the hundreds, but the frequency of strikes fell sharply in the first half of the 1980s and has since remained low.

Industrial Production

Industrial production fell 0.3 percent in October but edged up 0.2 percent in November. The direct effect of the strike at Boeing accounted for about two-thirds of the October decline and had a slight further depressing effect on production in November. Production of motor vehicles and parts fell 2.4 percent in October but moved up 0.6 percent in November. Manufacturers assembled motor

PRODUCTION OF DOMESTIC AUTOS AND TRUCKS
(Millions of units at an annual rate; FRB seasonal basis)

	1995			1995	1996
	Oct.	Nov. ^e	Dec.	Q4	Q1
-----scheduled-----					
U.S. production	11.6	11.7	12.1	11.8	12.2
Autos	6.1	6.0	6.2	6.1	6.3
Trucks	5.5	5.7	5.9	5.7	6.0
Days' supply					
Autos	74.1	71.9	n.a.	n.a.	n.a.
Light trucks	76.8	72.2	n.a.	n.a.	n.a.

Note: Components may not sum to totals because of rounding.
e Staff estimate.

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

	Fiscal year to date					
	Oct. 1994	Oct. 1995	FY1995	FY1996	Dollar change	Percent change
Outlays	120.4	118.4	120.4	118.4	-2.0	-1.7
Deposit insurance (DI)	-.7	-1.2	-.7	-1.2	-.5	73.0
Outlays excluding DI	121.1	119.5	121.1	119.5	-1.5	-1.2
National defense	18.8	18.4	18.8	18.4	-.5	-2.4
Net interest	18.7	20.6	18.7	20.6	1.9	10.2
Social security	26.7	28.1	26.7	28.1	1.4	5.1
Medicare and health	19.7	22.3	19.7	22.3	2.6	13.2
Income security	15.3	14.5	15.3	14.5	-.8	-4.9
Other	21.9	15.7	21.9	15.7	-6.2	-28.2
Receipts	89.0	95.6	89.0	95.6	6.6	7.4
Personal income taxes	43.2	51.8	43.2	51.8	8.6	19.9
Social insurance taxes	32.7	32.1	32.7	32.1	-.6	-1.8
Corporate income taxes	3.5	2.2	3.5	2.2	-1.3	-37.2
Other	9.6	9.5	9.6	9.5	-.2	-1.7
Deficit(+) Excluding DI	31.3	22.8	31.3	22.8	-8.6	-27.4
	32.0	23.9	32.0	23.9	-8.1	-25.2

Note. Components may not sum to totals because of rounding.

CBO's December Budget Projections
 (Fiscal years, billions of current dollars)

	1996	1997	1998	1999	2000	2001	2002
Budget Resolution baseline deficit	211	231	233	267	298	311	341
Economic and technical revisions	-31	-26	-11	-19	-30	-26	-28
December baseline deficit	180	205	222	248	268	285	313
Policy changes	-22	-24	-58	-100	-133	-179	-234
Fiscal dividend	-7	-22	-37	-51	-62	-72	-82
Deficit under Balanced Budget Act with December assumptions	151	159	127	97	73	34	-3
<hr/>							
memorandum:							
Deficit under Balanced Budget Act with Budget Resolution assumptions	178	189	146	118	100	46	-4

Note. The Budget Resolution baseline is based on CBO's April projections adjusted for several minor factors. Both the Budget Resolution baseline deficit projections and the December baseline deficit projections in the table do not include the fiscal dividend, which measures the budgetary effects of economic changes resulting from deficit reduction.

TREASURY FINANCING
 (Billions of dollars; total for period)

Item	1995				
	Q3	Q4 ^p	Oct.	Nov. ^e	Dec. ^p
Total surplus/deficit (-)	-40.1	-56.6	-22.8	-39.2	5.3
Means of financing deficit					
Net cash borrowing and repayments (-)	20.1	38.3	13.4	52.7	-27.7
Nonmarketable	-5.7	-4.9	-1.0	-1.5	-2.4
Marketable	25.8	43.2	14.4	54.3	-25.4
Bills	-5.9	13.9	-3.9	43.1	-25.4
Coupons	31.7	29.3	18.2	11.1	0.0
Decrease in cash balance	22.6	19.4	16.8	-4.9	7.5
Other ¹	-2.5	-1.1	-7.3	-8.6	14.9
Memo:					
Cash balance, end of period	37.9	18.6	21.2	26.1	18.6

Note. Data reported on a payment basis. Details may not sum to totals because of rounding.

p Projection.

e Estimate.

1. Accrued items, checks issued less checks paid, and other transactions.

NET CASH BORROWING OF GOVERNMENT-SPONSORED ENTERPRISES
 (Billions of dollars)

Agency	1995				
	Q2	Q3	Aug.	Sept.	Oct.
FHLBs	12.9	13.8	5.2	8.6	-2.7
FHLMC	6.8	3.1	0.9	-0.7	4.0
FNMA	12.3	6.3	6.8	1.9	3.4
Farm Credit Banks	0.0	1.9	0.3	0.8	0.7
SLMA	-0.3	0.4	0.0	0.3	0.0

Note. Excludes mortgage pass-through securities issued by FNMA and FHLMC.

n.a. Not available.