

CONFIDENTIAL (FR)

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

By the Staff
Board of Governors
of the Federal Reserve System

August 7, 1968

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

	1967	1968	1967		1968			
					I	IIp	Projected	
			III	IV			III	IV
Gross National Product	789.7	853.1	795.3	811.0	831.2	850.8	860.8	869.8
Final sales	783.6	848.3	789.9	802.7	829.1	842.5	855.8	866.3
Private	605.2	651.5	610.3	619.2	638.6	646.9	656.2	664.8
Personal consumption expenditures	492.2	530.9	495.5	502.2	519.4	527.1	535.1	542.0
Durable goods	72.6	80.3	73.1	74.2	79.0	81.0	81.2	80.0
Nondurable goods	215.8	230.5	216.4	218.4	226.5	227.9	231.7	236.0
Services	203.8	220.1	205.9	209.6	213.9	218.2	222.2	226.0
Gross private domestic investment	114.3	122.7	114.7	121.8	119.7	126.1	122.9	122.1
Residential construction	24.6	29.2	26.0	28.5	29.1	30.1	29.0	28.9
Business fixed investment	83.6	88.7	83.3	85.0	88.6	87.6	88.9	89.7
Change in business inventories	6.1	4.8	5.3	8.3	2.1	8.4	5.0	3.5
Nonfarm	5.6	4.4	4.8	7.1	1.6	8.1	5.0	3.0
Net Exports	4.8	2.7	5.4	3.4	1.5	2.0	3.2	4.2
Gov't. purchases of goods & services	178.4	196.8	179.6	183.5	190.5	195.6	199.6	201.5
Federal	90.6	100.1	91.3	93.5	97.1	100.0	101.8	101.7
Defense	72.4	79.3	72.9	74.6	76.8	79.3	80.8	80.5
Other	18.2	20.8	18.4	19.0	20.3	20.7	21.0	21.2
State & local	87.8	96.7	88.4	90.0	93.4	95.7	97.8	99.8
Gross national product in constant (1958) dollars	673.1	700.1	675.6	681.8	692.7	701.7	702.3	703.7
GNP implicit deflator (1958=100)	117.3	121.9	117.7	118.9	120.0	121.2	122.6	123.6
Personal income	628.8	681.9	633.7	645.2	662.7	678.0	689.3	697.6
Wages and salaries	423.4	460.8	426.3	436.4	448.3	457.4	465.5	471.9
Disposable income	546.3	586.9	550.0	559.6	574.4	586.4	590.5	596.3
Personal saving	40.2	41.7	40.5	43.4	40.8	45.0	41.0	39.8
Saving rate (per cent)	7.4	7.1	7.4	7.8	7.1	7.7	6.9	6.7
Corporate profits before tax	81.6	88.1	80.8	85.4	88.9	91.0	87.5	85.0
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	151.2	173.5	152.2	156.4	166.6	171.3	177.5	178.5
Expenditures	163.6	181.9	165.1	168.6	175.1	181.7	185.2	185.7
Surplus or deficit (-)	-12.4	-8.4	-12.9	-12.2	-8.6	-10.4	-7.7	-7.2
Total labor force (millions)	80.8	82.5	81.1	81.6	81.9	82.2	82.7	83.0
Armed forces "	3.4	3.6	3.5	3.5	3.5	3.5	3.6	3.6
Civilian labor force "	77.3	78.9	77.6	78.2	78.4	78.7	79.1	79.4
Unemployment rate (per cent)	3.8	3.8	3.9	3.9	3.6	3.6	3.8	4.0
Nonfarm payroll employment (millions)	66.0	67.9	66.1	66.7	67.4	67.8	68.1	68.2
Manufacturing	19.4	19.6	19.3	19.5	19.6	19.7	19.7	19.5
Industrial production (1957-59=100)	158.0	162.9	157.2	159.5	162.1	163.7	163.2	162.5
Capacity utilization, manufacturing (per cent)	85.3	83.5	84.3	84.7	84.9	84.5	83.0	81.5
Housing starts, private (millions A.R.)	1.27	1.38	1.38	1.43	1.47	1.40	1.32	1.35
Sales new U.S.-made autos (millions, A.R.)	7.57	8.35	7.57	7.44	8.19	8.44	8.50	8.25

CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1967	1968	1967		1968			<u>Projected</u>
			III	IV	I	IIp	III	
			-----In billions of dollars-----					
Gross National Product	42.1	63.4	15.1	15.7	20.2	19.6	10.0	9.0
Final sales	50.8	64.7	11.9	12.8	26.4	13.4	13.3	10.5
Private	28.6	46.3	9.6	8.9	19.4	8.3	9.3	8.6
GNP in constant (1958) dollars	16.0	27.0	6.4	6.2	10.9	9.0	0.6	1.4
Final sales	24.0	28.5	3.5	3.4	16.9	3.4	3.6	2.7
Private	9.8	20.3	3.1	2.8	12.4	0.6	3.0	2.6
-----In Per Cent Per Year-----								
Gross National Product	5.6	8.0	7.7	7.9	10.0	9.4	4.7	4.2
Final sales	6.9	8.3	6.1	6.5	13.2	6.5	6.3	4.9
Private	5.0	7.7	6.4	5.8	12.5	5.2	5.7	5.2
Personal consumption expenditures	5.7	7.9	4.2	5.4	13.7	5.9	6.1	5.2
Durable goods	3.0	10.6	-1.6	6.0	25.9	10.1	1.0	-5.9
Nondurable goods	4.4	6.8	2.0	3.7	14.8	2.5	6.7	7.4
Services	8.2	8.0	8.5	7.2	8.2	8.0	7.3	6.8
Gross private domestic investment	-5.4	7.3	26.4	24.8	-6.9	21.4	-10.1	-2.6
Residential construction	-0.8	18.7	58.1	38.5	8.4	13.7	-14.6	-1.4
Business fixed investment	2.8	6.1	2.9	8.2	16.9	-4.5	5.9	3.6
Gov't purchases of goods & services	14.2	10.3	5.2	8.7	15.3	10.7	8.2	3.8
Federal	17.1	10.5	5.8	9.6	15.4	11.9	7.2	-0.4
Defense	19.5	9.5	4.4	9.3	11.8	13.0	7.6	-1.5
Other	8.3	14.3	11.2	13.0	27.4	7.9	5.8	3.8
State & local	11.4	10.1	5.5	7.2	15.1	9.8	8.8	8.2
GNP in constant (1958) dollars	2.4	4.0	3.8	3.7	6.4	5.2	0.3	0.8
Final sales	3.7	4.3	2.1	2.0	10.0	2.0	2.1	1.5
Private	1.9	3.9	2.4	2.1	9.3	0.4	2.2	1.9
GNP implicit deflator	3.1	3.9	3.8	4.1	3.7	4.0	4.3	3.4
Personal income	7.2	8.4	7.8	7.3	10.8	9.2	6.7	4.8
Wages and salaries	7.3	8.8	8.3	9.5	10.9	8.1	7.1	5.5
Disposable income	6.8	7.4	6.3	7.0	10.6	8.4	2.8	3.9
Corporate profits before tax	-4.7	8.0	2.5	22.8	16.4	9.4	-15.4	-11.4
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	5.7	14.7	10.8	11.0	26.1	11.3	14.5	2.3
Expenditures	14.9	11.2	8.9	8.5	15.4	15.1	7.7	1.1
Nonfarm payroll employment	3.1	2.9	2.4	3.6	4.2	2.4	1.8	0.6
Manufacturing	1.0	1.0	-2.1	4.1	2.0	2.0	0.0	-4.1
Industrial production	1.1	3.1	3.3	5.9	6.5	3.9	-1.2	-1.7
Housing starts, private	11.4	8.7	63.9	14.5	11.2	-19.0	-22.9	9.1
Sales new U.S.-made autos	-9.7	10.3	-26.6	-6.9	40.3	12.2	2.8	-11.8

THREE MEASURES OF FEDERAL SECTOR FISCAL IMPACT
 Fiscal 1967 - 1969
 (In billions of dollars)

	Fiscal 1967 (Actual)	Fiscal 1968 (Est.)	Fiscal 1969	Fiscal 1969	
				July- Dec.	Jan.- June
(Not seasonally adjusted)					
1) New unified budget^{a/}					
Receipts	149.6	153.5	182.0	81.5	100.5
Outlays	158.4	178.9	185.8	94.8	91.0
Deficit (-)	-8.8	-25.4	-3.8	-13.3	9.5
(Seasonally adjusted at Annual rates)					
2) Federal sector, NIA accounts					
Receipts	147.7	160.8	181.8	178.0	185.5
Expenditures	154.4	172.6	185.6	185.5	185.7
Deficit (-)	-6.7	-11.8	-3.8	-7.5	-.2
(Seasonally adjusted at annual rates)					
3) High Employment budget^{b/}					
Receipts	148.7	162.4	184.4	179.6	189.0
Expenditures	154.3	172.4	185.4	185.3	185.4
Deficit (-)	-5.6	-10.0	-1.0	-5.7	3.6

a/ Data for new budget for fiscal year 1968 are actuals.

b/ Assumes four per cent per annum real growth in GNP beginning with base quarter 1966-Q4.

APPENDIX B: ANNUAL REVISION OF NATIONAL INCOME AND PRODUCT*

The 1968 annual revision of the national income and product figures, based on newly available benchmark data, changed earlier estimates--including the general contour of developments--relatively little. Gross national product, personal income, and corporate profits were revised up slightly throughout the revision period, which extends back to the first quarter of 1965. Revisions in the GNP price deflator were small and so the upward revisions in current dollar GNP were reflected in the constant dollar figures. GNP in current dollars in 1967 is now estimated at \$789.7 billion, \$4.7 billion or .6 per cent higher than before; the largest upward revision, .8 per cent, was for the fourth quarter of 1966.

**PER CENT CHANGES IN GROSS NATIONAL PRODUCT AND RELATED ITEMS
(Previous changes are shown in parentheses)**

	1964-IV to 1965-IV	1965-IV to 1966-IV	1966-IV to 1967-IV
Gross national product	10.1 (9.8)	8.1 (7.6)	5.6 (5.9)
Final sales	9.9 (9.6)	6.9 (6.5)	7.3 (7.3)
Real GNP	8.2 (7.8)	4.8 (4.2)	2.2 (2.8)
GNP deflator	1.7 (1.9)	3.3 (3.4)	3.2 (3.0)
Personal income	9.4 (8.9)	8.3 (8.2)	6.7 (6.8)
Corporate profits before tax	22.6 (19.9)	2.9 (3.8)	.5 (1.4)

* Prepared by J. Cortland Peret, Economist, National Income, Labor Force and Trade Section, Division of Research and Statistics.

The new figures generally show slightly larger quarterly gains in the last half of 1965 and throughout 1966 than the previous figures did, and slightly smaller gains throughout 1967. In general the revised figures for 1968-I indicate larger increases than before.

Revisions of the quarter-to-quarter changes in the expenditure components of GNP generally were also relatively small, with the significant revisions concentrated in three components. Business fixed investment over the last three years is now somewhat larger. Inventory accumulation by nonfarm businesses throughout most of the period was somewhat faster than indicated earlier. Somewhat larger quarter-to-quarter increases also are now shown for State and local government purchases in the last half of 1965 and in 1966.

The upward revision in personal income was largely in interest income, rental income, and business and professional proprietors' income. The wage and salary income component was relatively unaffected. The revision in personal income carried through to disposable income and, with personal consumption expenditures changed little (actually lowered slightly through 1966), the earlier estimates of personal saving were raised a bit, as were the ratios of personal saving to disposable personal income. The fraction of disposable income saved in 1966 is now estimated at 6.4 per cent, .5 percentage point higher than indicated by the previous figures, and the already high rate for 1967 as a whole was raised by .3 percentage point to 7.4 per cent, with the ratio for the final quarter of the year now at 7.8 per cent. In 1968-I, at 7.1 per cent, the ratio was again .5 percentage point higher than indicated before. Preliminary estimates for 1968-II indicate a 7.7 per cent saving rate, almost as high as in 1967-IV.

The revised figures and changes for gross national product and related items are shown in the attached tables. These tables, which are the ones regularly carried in the "Greenbook" with the GNP write-up, also contain the Board's newly revised manufacturing capacity utilization rates and revised industrial production and housing starts figures for 1968-II.

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

	1960	1961	1962	1963	1964	1965	1966	1967
Gross National Product	503.7	520.1	560.3	590.5	632.4	684.9	747.6	789.7
Final sales	500.2	518.1	554.3	584.6	626.6	675.3	732.8	783.6
Private	400.6	410.5	437.2	462.1	497.9	538.3	576.6	605.2
Personal consumption expenditures	325.2	335.2	355.1	375.0	401.2	432.8	465.5	492.2
Durable goods	45.3	44.2	49.5	53.9	59.2	66.3	70.5	72.6
Nondurable goods	151.3	155.9	162.6	168.6	178.7	191.1	206.7	215.8
Services	128.7	135.1	143.0	152.4	163.3	175.5	188.3	203.8
Gross private domestic investment	74.8	71.7	83.0	87.1	94.0	108.1	120.8	114.3
Residential construction	22.8	22.6	25.3	27.0	27.1	27.2	24.8	24.6
Business fixed investment	48.4	47.0	51.7	54.3	61.1	71.3	81.3	83.6
Change in business inventories	3.6	2.0	6.0	5.9	5.8	9.6	14.7	6.1
Nonfarm	3.3	1.7	5.3	5.1	6.4	8.6	14.9	5.6
Net Exports	4.0	5.6	5.1	5.9	8.5	6.9	5.1	4.8
Gov't. purchases of goods & services	99.6	107.6	117.1	122.5	128.7	137.0	156.2	178.4
Federal	53.5	57.4	63.4	64.2	65.2	66.9	77.4	90.6
Defense	44.9	47.8	51.6	50.8	50.0	50.1	60.6	72.4
Other	8.6	9.6	11.8	13.5	15.2	16.8	16.8	18.2
State & local	46.1	50.2	53.7	58.2	63.5	70.1	78.8	87.8
Gross national product in constant (1958) dollars	487.7	497.2	529.8	551.0	581.1	617.8	657.1	673.1
GNP implicit deflator (1958=100)	103.3	104.6	105.8	107.2	108.8	110.9	113.8	117.3
Personal income	401.0	416.8	442.6	465.5	497.5	538.9	586.8	628.8
Wages and salaries	270.8	278.1	296.1	311.1	333.7	358.9	394.6	423.4
Disposable income	350.0	364.4	385.3	404.6	438.1	473.2	511.6	546.3
Personal saving	17.0	21.2	21.6	19.9	26.2	28.4	32.9	40.2
Saving rate (per cent)	4.9	5.8	5.6	4.9	6.0	6.0	6.4	7.4
Corporate profits before tax	49.7	50.3	55.4	59.4	66.8	77.8	85.6	81.6
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	96.5	98.3	106.5	114.5	115.0	124.7	143.0	151.2
Expenditures	93.0	102.1	110.3	113.9	118.1	123.5	142.4	163.6
Surplus or deficit (-)	3.5	-3.8	-3.8	0.6	-3.0	1.2	0.7	-12.4
Total labor force (millions)	72.1	73.0	73.4	74.6	75.8	77.2	78.9	80.8
Armed forces "	2.5	2.6	2.8	2.7	2.7	2.7	3.1	3.4
Civilian labor force "	69.6	70.5	70.6	71.8	73.1	74.5	75.8	77.3
Unemployment rate (per cent)	5.5	6.7	5.5	5.7	5.2	4.5	3.8	3.8
Nonfarm payroll employment (millions)	54.2	54.0	55.6	56.7	58.3	60.8	64.0	66.0
Manufacturing	16.8	16.3	16.9	17.0	17.3	18.1	19.2	19.4
Industrial production (1957-59=100)	108.7	109.7	118.3	124.3	132.3	143.4	156.3	158.0
Capacity utilization, manufacturing (per cent)	80.6	78.5	82.1	83.3	85.7	88.5	90.5	85.3
Housing starts, private (millions A. R.)	1.23	1.28	1.44	1.58	1.50	1.45	1.14	1.27
Sales new U.S.-made autos (millions, A.R.)	6.14	5.56	6.75	7.33	7.62	8.76	8.38	7.57

CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS
(Quarterly changes are at annual rates)

	1960	1961	1962	1963	1964	1965	1966	1967
-----In billions of dollars-----								
Gross National Product	20.0	16.4	40.2	30.2	41.9	52.5	62.7	42.1
Final sales	21.3	17.9	36.2	30.3	42.0	48.7	57.5	50.8
Private	18.7	9.9	26.7	24.9	35.8	40.4	38.3	28.6
GNP in constant (1958) dollars	11.8	9.5	32.6	21.2	30.1	36.7	39.3	16.0
Final sales	13.1	11.0	28.6	21.4	30.0	33.6	34.4	24.0
Private	12.9	5.4	21.6	19.3	28.4	30.1	22.6	9.8
-----In Per Cent Per Year-----								
Gross National Product	4.1	3.3	7.7	5.4	7.1	8.3	9.2	5.6
Final sales	4.4	3.6	7.0	5.5	7.2	7.8	8.5	6.9
Private	4.9	2.5	6.5	5.7	7.7	8.1	7.1	5.0
Personal consumption expenditures	4.5	3.1	5.9	5.6	7.0	7.9	7.6	5.7
Durable goods	2.3	-2.4	12.0	8.9	9.8	12.0	6.3	3.0
Nondurable goods	3.2	3.0	4.3	3.7	6.0	6.9	8.2	4.4
Services	7.0	5.0	5.8	6.6	7.2	7.5	7.3	8.2
Gross private domestic investment	-0.7	-4.1	15.8	4.9	7.9	15.0	11.7	-5.4
Residential construction	-10.6	-0.9	11.9	6.7	0.4	0.4	-8.8	-0.8
Business fixed investment	7.3	-2.9	10.0	5.0	12.5	16.7	14.0	2.8
Gov't purchases of goods & services	2.7	8.0	8.8	4.6	5.1	6.4	14.0	14.2
Federal	-0.4	7.3	10.5	1.3	1.6	2.6	15.7	17.1
Defense	-2.4	6.5	7.9	-1.6	-1.6	0.2	21.0	19.5
Other	13.2	11.6	22.9	14.4	12.6	10.5	0.0	8.3
State & local	6.5	8.9	7.0	8.4	9.1	10.4	12.4	11.4
GNP in constant (1958) dollars	2.5	1.9	6.6	4.0	5.5	6.3	6.4	2.4
Final sales	2.8	2.3	5.8	4.1	5.5	5.8	5.7	3.7
Private	3.4	1.4	5.5	4.6	6.5	6.5	4.6	1.9
GNP implicit deflator	1.7	1.3	1.1	1.3	1.5	1.9	2.6	3.1
Personal income	4.6	3.9	6.2	5.2	6.9	8.3	8.9	7.2
Wages and salaries	4.8	2.7	6.5	5.1	7.3	7.6	9.9	7.3
Disposable income	3.8	4.1	5.7	5.0	8.3	8.0	8.1	6.8
Corporate profits before tax	-4.6	1.2	10.1	7.2	12.5	16.5	10.0	-4.7
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	7.5	1.9	8.3	7.5	0.4	8.4	14.7	5.7
Expenditures	2.2	9.8	8.0	3.3	3.7	4.6	15.3	14.9
Nonfarm payroll employment	1.7	-0.4	3.0	2.0	2.8	4.3	5.3	3.1
Manufacturing	0.6	-3.0	3.7	0.6	1.8	4.6	6.1	1.0
Industrial production	2.9	0.9	7.8	5.1	6.4	8.4	9.0	1.1
Housing starts, private	-17.5	4.1	12.5	9.7	-5.1	-3.3	-21.4	11.4
Sales new U.S.-made autos	12.0	-9.4	21.4	8.6	4.0	15.0	-4.3	-9.7

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

	1965				1966			
	I	II	III	IV	I	II	III	IV
Gross National Product	662.8	675.7	691.1	710.0	728.4	740.4	753.3	768.2
Final sales	651.9	666.8	682.1	700.3	717.5	725.0	740.4	748.4
Private	520.4	532.4	543.2	560.0	569.7	571.9	580.9	584.1
Personal consumption expenditures	419.8	427.9	436.3	447.4	457.8	461.1	469.3	473.7
Durable goods	65.4	64.4	66.5	68.9	71.6	68.2	71.0	71.1
Nondurable goods	184.4	189.7	192.4	197.8	202.8	206.3	208.3	209.3
Services	170.0	173.8	177.4	180.7	183.4	186.7	190.0	193.3
Gross private domestic investment	105.3	105.3	108.7	113.2	116.8	121.0	119.9	125.7
Residential construction	27.4	27.0	27.2	27.4	27.3	25.8	24.4	21.7
Business fixed investment	67.1	69.5	72.4	76.2	78.6	79.8	82.6	84.2
Change in business inventories	10.9	8.9	9.1	9.7	10.9	15.4	12.8	19.8
Nonfarm	10.3	8.1	7.8	8.5	10.7	15.4	13.3	20.2
Net Exports	6.2	8.1	7.3	6.0	6.0	5.2	4.5	4.5
Gov't. purchases of goods & services	131.5	134.4	138.9	143.3	147.8	153.1	159.5	164.3
Federal	64.4	65.5	67.6	70.1	72.5	75.6	79.9	81.5
Defense	48.6	49.2	50.1	52.5	55.3	58.6	63.0	65.4
Other	15.8	16.2	17.4	17.6	17.2	17.0	16.9	16.1
State & local	67.0	68.9	71.3	73.2	75.3	77.4	79.7	82.7
Gross national product in constant (1958) dollars	601.6	610.4	622.5	636.6	648.6	653.3	659.5	667.1
GNP implicit deflator (1958=100)	110.2	110.7	111.0	111.5	112.3	113.3	114.2	115.2
Personal income	520.4	530.8	546.1	558.4	570.4	580.3	592.1	604.5
Wages and salaries	347.4	354.0	361.7	372.4	381.0	390.2	399.8	407.2
Disposable income	455.9	464.7	480.8	491.6	500.0	505.5	515.4	525.4
Personal saving	24.7	24.9	32.3	31.8	29.5	31.4	32.9	38.1
Saving rate (per cent)	5.4	5.4	6.7	6.5	5.9	6.2	6.4	7.3
Corporate profits before tax	74.5	76.5	77.6	82.6	85.2	85.6	86.7	85.0
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	123.2	124.8	123.4	127.4	136.8	142.1	145.5	147.7
Expenditures	118.8	120.2	126.5	128.5	134.8	138.4	145.8	150.5
Surplus or deficit (-)	4.4	4.7	-3.1	-1.1	2.0	3.7	-0.3	-2.8
Total labor force (millions)	76.6	77.1	77.3	77.7	78.1	78.5	79.1	79.8
Armed forces "	2.7	2.7	2.7	2.8	2.9	3.1	3.2	3.3
Civilian labor force "	73.8	74.4	74.6	74.9	75.2	75.5	75.9	76.5
Unemployment rate (per cent)	4.8	4.7	4.4	4.1	3.8	3.8	3.8	3.7
Nonfarm payroll employment (millions)	59.8	60.4	61.1	61.9	62.9	63.8	64.4	65.0
Manufacturing	17.7	17.9	18.2	18.4	18.8	19.2	19.4	19.5
Industrial production (1957-59=100)	139.8	142.0	144.4	147.1	152.3	155.3	157.7	159.3
Capacity utilization, manufacturing (per cent)	88.5	88.4	88.5	88.6	90.5	90.8	90.6	90.0
Housing starts, private (millions A. R.)	1.41	1.46	1.44	1.48	1.40	1.25	1.06	0.90
Sales new U.S.-made autos (millions, A. R.)	9.05	8.62	8.73	8.65	9.07	8.00	8.29	8.19

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

	1967				1968			
	I	II	III	IV	I	IIp	III	IV
Gross National Product	772.2	780.2	795.3	811.0	831.2	850.8		
Final sales	763.8	778.0	789.9	802.7	829.1	842.5		
Private	590.7	600.7	610.3	619.2	638.6	646.9		
Personal consumption expenditures	480.9	490.3	495.5	502.2	519.4	527.1		
Durable goods	69.8	73.4	73.1	74.2	79.0	81.0		
Nondurable goods	212.9	215.3	216.4	218.4	226.5	227.9		
Services	198.2	201.6	205.9	209.6	213.9	218.2		
Gross private domestic investment	113.0	107.6	114.7	121.8	119.7	126.1		
Residential construction	21.1	22.7	26.0	28.5	29.1	30.1		
Business fixed investment	83.5	82.7	83.3	85.0	88.6	87.6		
Change in business inventories	8.4	2.3	5.3	8.3	2.1	8.4		
Nonfarm	8.3	2.2	4.8	7.1	1.6	8.1		
Net Exports	5.2	5.1	5.4	3.4	1.5	2.0		
Gov't. purchases of goods & services	173.1	177.3	179.6	183.5	190.5	195.6		
Federal	87.4	90.0	91.3	93.5	97.1	100.0		
Defense	70.0	72.1	72.9	74.6	76.8	79.3		
Other	17.4	17.9	18.4	19.0	20.3	20.7		
State & local	85.8	87.2	88.4	90.0	93.4	95.7		
Gross national product in constant (1958) dollars	665.7	669.2	675.6	681.8	692.7	701.7		
GNP implicit deflator (1958=100)	116.0	116.6	117.7	118.9	120.0	121.2		
Personal income	614.8	621.6	633.7	645.2	662.7	678.0		
Wages and salaries	413.3	417.6	426.3	436.4	448.3	457.4		
Disposable income	534.2	541.5	550.0	559.6	574.4	586.4		
Personal saving	39.7	37.0	40.5	43.4	40.8	45.0		
Saving rate (per cent)	7.4	6.8	7.4	7.8	7.1	7.7		
Corporate profits before tax	79.9	80.3	80.8	85.4	88.9	--		
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	148.1	148.2	152.2	156.4	166.6	--		
Expenditures	159.3	161.5	165.1	168.6	175.1	181.7		
Surplus or deficit (-)	-11.2	-13.3	-12.9	-12.2	-8.6	--		
Total labor force (millions)	80.3	80.3	81.1	81.6	81.9	82.2		
Armed forces "	3.4	3.5	3.5	3.5	3.5	3.5		
Civilian labor force "	76.8	76.8	77.6	78.2	78.4	78.7		
Unemployment rate (per cent)	3.7	3.8	3.9	3.9	3.6	3.6		
Nonfarm payroll employment (millions)	65.6	65.7	66.1	66.7	67.4	67.8		
Manufacturing	19.6	19.4	19.3	19.5	19.6	19.7		
Industrial production (1957-59=100)	157.1	155.9	157.2	159.5	162.1	163.7		
Capacity Utilization, manufacturing (per cent)	87.1	85.0	84.3	84.7	84.9	84.5		
Housing starts, private (millions A.R.)	1.09	1.19	1.38	1.43	1.47	1.40		
Sales new U.S.-made autos (millions, A.R.)	7.16	8.11	7.57	7.44	8.19	8.44		

July 24, 1968

CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1965				1966			
	I	II	III	IV	I	II	III	IV
-----In billions of dollars-----								
Gross National Product	17.7	12.9	15.4	18.9	18.4	12.0	12.9	14.9
Final sales	14.5	14.9	15.3	18.2	17.2	7.5	15.4	8.0
Private	12.8	12.0	10.8	16.8	9.7	2.2	9.0	3.2
GNP in constant (1958) dollars	13.1	8.8	12.1	14.1	12.0	4.7	6.2	7.6
Final sales	10.8	10.4	11.9	13.3	11.0	0.2	9.1	0.9
Private	9.9	8.7	9.1	10.8	7.9	-3.0	5.3	-1.9
-----In Per Cent Per Year-----								
Gross National Product	11.0	7.8	9.1	10.9	10.4	6.6	7.0	7.9
Final sales	9.1	9.1	9.2	10.7	9.8	4.2	8.5	4.3
Private	10.1	9.2	8.1	12.4	6.9	1.5	6.3	2.2
Personal consumption expenditures	10.7	7.7	7.9	10.2	9.3	2.9	7.1	3.7
Durable goods	45.7	-6.1	13.0	14.4	15.7	-19.0	16.4	0.6
Nondurable goods	3.3	11.5	5.7	11.2	10.1	6.9	3.9	1.9
Services	6.5	8.9	8.3	7.4	6.0	7.2	7.1	6.9
Gross private domestic investment	30.2	0.0	12.9	16.6	12.7	14.4	-3.6	19.3
Residential construction	9.0	-5.8	3.0	2.9	-1.5	-22.0	-21.7	-44.3
Business fixed investment	23.3	14.3	16.7	21.0	12.6	6.1	14.0	7.7
Gov't purchases of goods & services	5.2	8.8	13.4	12.7	12.6	14.3	16.7	12.0
Federal	-0.6	6.8	12.8	14.8	13.7	17.1	22.7	8.0
Defense	-2.5	4.9	7.3	19.2	21.3	23.9	30.0	15.2
Other	7.7	10.1	29.6	4.6	-9.1	-4.6	-2.4	-18.9
State & local	10.4	11.3	13.9	10.7	11.5	11.2	11.9	15.1
GNP in constant (1958) dollars	8.9	5.8	7.9	9.1	7.5	2.9	3.8	4.6
Final sales	7.4	7.0	7.9	8.7	7.0	0.1	5.7	0.6
Private	8.4	7.2	7.4	8.7	6.2	-2.3	4.1	-1.5
GNP implicit deflator	2.2	1.8	1.1	1.8	2.9	3.6	3.2	3.5
Personal income	7.8	8.0	11.5	9.0	8.6	6.9	8.1	8.4
Wages and salaries	5.4	7.6	8.7	11.8	9.2	9.7	9.8	7.4
Disposable income	5.6	7.7	13.9	9.0	6.8	4.4	7.8	7.8
Corporate profits before tax	42.1	10.7	5.7	25.8	12.6	1.9	5.1	-7.8
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	20.5	5.2	-4.5	13.0	29.5	15.5	9.6	6.0
Expenditures	3.4	4.7	21.0	6.3	19.6	10.7	21.4	12.9
Nonfarm payroll employment	4.7	4.0	4.6	5.2	6.5	5.7	3.8	3.7
Manufacturing	6.9	4.5	6.7	4.4	8.7	8.5	4.2	2.1
Industrial production	14.2	6.3	6.8	7.5	14.1	7.9	6.2	4.1
Housing starts, private	-24.0	14.2	-5.5	11.1	-21.6	-42.9	-60.8	-60.4
Sales new U.S.-made autos	112.0	-19.0	5.1	-3.7	19.4	-47.2	14.5	-4.8

July 24, 1968

CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1967				1968			
	I	II	III	IV	I	IIp	III	IV
-----In billions of dollars-----								
Gross National Product	4.0	8.0	15.1	15.7	20.2	19.6		
Final sales	15.4	14.2	11.9	12.8	26.4	13.4		
Private	6.6	10.0	9.6	8.9	19.4	8.3		
GNP in constant (1958) dollars	-1.4	3.5	6.4	6.2	10.9	9.0		
Final sales	9.2	9.2	3.5	3.4	16.9	--		
Private	2.4	6.3	3.1	2.8	12.4	--		
-----In Per Cent Per Year-----								
Gross National Product	2.1	4.1	7.7	7.9	10.0	9.4		
Final sales	8.2	7.4	6.1	6.5	13.2	6.5		
Private	4.5	6.8	6.4	5.8	12.5	5.2		
Personal consumption expenditures	6.1	7.8	4.2	5.4	13.7	5.9		
Durable goods	-7.3	20.6	-1.6	6.0	25.9	10.1		
Non durable goods	6.9	4.5	2.0	3.7	14.8	2.5		
Services	10.1	6.9	8.5	7.2	8.2	8.0		
Gross private domestic investment	-40.4	-19.1	26.4	24.8	-6.9	21.4		
Residential construction	-11.1	30.3	58.1	38.5	8.4	13.7		
Business fixed investment	-3.3	-3.8	2.9	8.2	16.9	-4.5		
Gov't purchases of goods & services	21.4	9.7	5.2	8.7	15.3	10.7		
Federal	29.0	11.9	5.8	9.6	15.4	11.9		
Defense	28.1	12.0	4.4	9.3	11.8	13.0		
Other	32.3	11.5	11.2	13.0	27.4	7.9		
State & local	15.0	6.5	5.5	7.2	15.1	9.8		
GNP in constant (1958) dollars	-0.8	2.1	3.8	3.7	6.4	5.2		
Final sales	5.7	5.6	2.1	2.0	10.0	--		
Private	1.9	4.8	2.4	2.1	9.3	--		
GNP implicit deflator	2.8	2.1	3.8	4.1	3.7	4.0		
Personal income	6.8	4.4	7.8	7.3	10.8	9.2		
Wages and salaries	6.0	4.2	8.3	9.5	10.9	8.1		
Disposable income	6.7	5.5	6.3	7.0	10.6	8.4		
Corporate profits before tax	-24.0	2.0	2.5	22.8	16.4	--		
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	1.1	0.3	10.8	11.0	26.1	--		
Expenditures	23.4	5.5	8.9	8.5	15.4	15.1		
Nonfarm payroll employment	3.7	0.6	2.4	3.6	4.2	2.4		
Manufacturing	2.0	-4.1	-2.1	4.1	2.0	2.0		
Industrial production	-5.5	-3.1	3.3	5.9	6.5	3.9		
Housing starts, private	84.4	36.7	63.9	14.5	11.2	-19.0		
Sales new U.S.-made autos	-50.3	53.1	-26.6	-6.9	40.3	12.2		

CONFIDENTIAL (FR)

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

August 9, 1968

International Developments

The figures included in the table on the U.S. Balance of Payments (I - T - 3) for the liquidity balance have been revised as follows:

	1968		
	II	May	June
Liquidity balance, S.A.	-195		
Seasonal component	300		
Balance, N.S.A.	105	408	280

The corresponding changes should be made in Appendix C, making the liquidity deficit before reduction by "special" transactions \$1,076 million.

Corrections

Pages II - 6 and II - 7. Correct figures for private housing starts and for change in starts are:

	1967	1968	1967		1968		Projected	
			III	IV	I	II	III	IV
Number, millions, A.R.	1.29	1.40	1.41	1.45	1.50	1.42	1.32	1.35
Change, per cent per year	10.3	8.5	66.1	11.3	13.8	-21.3	-28.2	9.1

Page III - 11. The figure in fifth line from top should be 27,000.

In Appendix C, line 2.C.2, delete the word "Private."