

June 24, 1992

## **SUMMARY AND OUTLOOK**

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

FY1993.<sup>2</sup> On net, the unified budget deficit is projected to be \$313 billion in FY1992 and \$356 billion in FY1993; excluding deposit insurance and the defense cooperation account, the deficit falls from \$306 billion in FY1992 to \$296 billion in FY1993.

THE UNIFIED BUDGET DEFICIT  
(Billions of Dollars)

	FY1991	FY1992	FY1993
	-Actual-	-Projections-	
<u>May Greenbook</u>	269	342	373
<i>Effect on the deficit:</i>			
Deposit insurance	--	-27	-16
Other	--	-2	-1
<u>June Greenbook</u>	269	313	356
<i>Memo:</i>			
Deficit excluding deposit insurance and Defense Cooperation Account (previous)	246	306 (308)	296 (297)

The outcome of the November elections could have a significant influence on the course of fiscal policy; indeed, this is one of the possibilities that could keep the security markets on edge for a while. But the greatest effects most likely would be in the outyears, and at this point it seems reasonable to assume that any departures from the OBRA guidelines will be of limited dimension in FY1993.

The trade-weighted value of the dollar recently has been 4 percent below the level anticipated in the May Greenbook, and it is projected to remain around this lower level over the forecast period. Although the first quarter saw a surprising spurt in measured output growth in some key economies, growth in the industrialized countries is expected to be sluggish in the near term

2. The downward revision to deposit insurance outlays reflects our current view that additional funding for the RTC will not be approved by the Congress during the remainder of the fiscal year, delaying substantial resolution activity until 1993.

extension, that the anticipated combination of a stable funds rate, easing long-term yields, and lessened constraints on credit supply may represent an easier set of financial conditions than is consistent with a noninflationary expansion. This is, in essence, one interpretation of the message being conveyed by the steepness of today's yield curve.

For the time being, however, we are adhering to our assumption of unchanged short-term rates and lower long rates--our basic premise being that the structural problems remaining in the financial system and in the economy militate against a more dynamic cyclical upswing. The contraction of defense spending is expected to be a significant retardant on growth throughout the forecast period. And, it is not until 1993 that net exports stabilize and nonresidential construction and state and local purchases bottom out. Without jobs and income being generated by these sectors, household spending is likely to be constrained to moderate growth, and the stimulus to business investment in equipment and inventories will be rather limited.

STAFF PROJECTION OF REAL GDP  
(Percent change; annual rate)

	1992		1993	
	Q2	H2	H1	H2
Real GDP	2.0	2.5	2.9	3.2
Final sales	.5	2.1	2.4	2.9
Private domestic final sales	1.9	3.1	3.3	3.6

Consumer spending. Real personal consumption expenditures are expected to grow at an annual rate of 2-1/4 percent in the third quarter and to increase at about a 2-3/4 percent annual pace thereafter--far from impressive figures by the standards of the past decade, but considerably above the pace of the recovery to date. Consumer confidence, while still not especially high, has risen

and a half; in the last Greenbook, net exports were a somewhat greater drag on output growth. The lower foreign exchange value of the dollar and a pickup in economic activity abroad are expected to stimulate the growth of nonagricultural merchandise exports in 1993. However, the effect of export growth on output is slightly more than offset by renewed growth in imports, which are sensitive to changes in domestic spending. A detailed discussion of these projections is contained in the International Developments section.

STAFF INFLATION PROJECTION  
(Percent change; annual rate)

	1992		1993	
	Q2	H2	H1	H2
Consumer price index	3.6	3.7	3.1	3.1
Excluding food and energy	4.0	3.4	3.2	3.1
Employment cost index	3.8	3.7	3.6	3.5
Memo:				
Civilian unemployment rate (quarterly; end of period)	7.3	7.2	6.9	6.7

Labor markets. Employment is expected to rise slowly in the second half of this year and to pick up a bit in 1993. Although employers remain cautious in adding new workers, overtime hours have risen significantly in several industries, and any further expansion of output should induce some additional hiring. Private surveys suggest that many businesses expect to enlarge staffs in the second half of this year. Although hiring is projected to pick up, we still expect firms to maintain a sharp focus on improving efficiency and reducing costs. As a result, the staff projects growth in output per hour to be somewhat faster than its recent cyclically adjusted trend of 1 percent or so. The unemployment rate is expected to move back down to 7.3 percent early in the summer and to edge down to 7.2 percent by year's end. With economic growth

entirely on the basis of a more favorable performance in the first quarter of the year. Among the major expenditure components, growth in gross domestic purchases--especially consumption--has been revised upward from the January forecast, while the external sector now is expected to exert a more significant restraining influence on activity.

CHANGES IN THE STAFF PROJECTION SINCE JANUARY  
(Percent change; annual rate)

	1992				1992 <sup>1</sup>
	Q1	Q2	Q3	Q4	
<u>Real GDP</u>					
June 1992	2.4	2.0	2.3	2.7	2.4
January 1992	.4	1.9	2.9	3.3	2.1
FOMC <sup>2</sup>					1-3/4 to 2-1/2
<u>Consumer Price Index</u>					
June 1992	2.9	3.6	4.1	3.4	3.5
January 1992	3.5	3.5	3.4	3.2	3.5
FOMC <sup>2</sup>					3 to 3-1/2
<u>Unemployment rate</u>					
June 1992	7.2	7.3	7.3	7.2	
January 1992	7.1	7.3	7.3	7.2	
FOMC <sup>2</sup>					6-3/4 to 7

1. Percent change; fourth quarter to fourth quarter.

2. Central tendency forecast in February 1992 Humphrey-Hawkins report.

Relative to private forecasters, the staff projection is a bit more pessimistic about economic growth but is more sanguine on inflation. The staff forecast for real GDP is weaker in 1992 than the Blue Chip Consensus, but the two forecasts for 1993 are similar despite the Blue-Chip projection of higher short-term interest rates and stable long-term bond yields. The divergence of opinion on the outlook for inflation in 1993 would appear attributable only in small part to the staff's projection of a less rapid decline in the unemployment rate.

THE BLUE CHIP CONSENSUS FORECAST<sup>1</sup>  
 (Percent change; fourth quarter to fourth quarter)

	1992	1993
<u>Real GDP</u>		
Blue Chip Consensus	2.9	3.1
Staff projection	2.4	3.0
<u>Consumer Price Index</u>		
Blue Chip Consensus	3.3	3.6
Staff projection	3.5	3.1
<u>Unemployment Rate</u> <sup>2</sup>		
Blue Chip Consensus	6.9	6.4
Staff projection	7.2	6.7

1. June 1992.

2. Average level; fourth quarter (percent).

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

June 24, 1992

Interval	Nominal GDP		Real GDP		GDP fixed-weight price index		Consumer price index <sup>1</sup>		Unemployment rate (level except as noted)	
	5/14/92	6/24/92	5/14/92	6/24/92	5/14/92	6/24/92	5/14/92	6/24/92	5/14/92	6/24/92
<b>ANNUAL</b>										
1989 <sup>2</sup>	7.0	7.0	2.5	2.5	4.3	4.3	4.8	4.8	5.3	5.3
1990 <sup>2</sup>	5.1	5.1	1.0	1.0	4.3	4.3	5.4	5.4	5.5	5.5
1991 <sup>2</sup>	2.9	2.9	-.7	-.7	4.0	4.0	4.2	4.2	6.7	6.7
1992	4.5	4.4	1.9	1.8	2.8	2.9	3.3	3.3	7.1	7.2
1993	5.7	5.6	2.9	2.8	3.0	2.9	3.3	3.3	6.8	6.9
<b>QUARTERLY</b>										
1990 Q1 <sup>2</sup>	6.3	6.3	1.7	1.7	5.0	5.0	7.2	7.2	5.2	5.2
Q2 <sup>2</sup>	6.2	6.2	1.6	1.6	4.6	4.6	4.1	4.1	5.3	5.3
Q3 <sup>2</sup>	4.9	4.9	.2	.2	4.8	4.8	7.0	7.0	5.6	5.6
Q4 <sup>2</sup>	-.9	-.9	-3.9	-3.9	3.2	3.2	6.9	6.9	6.0	6.0
1991 Q1 <sup>2</sup>	2.3	2.3	-2.5	-2.5	5.4	5.4	3.3	3.3	6.5	6.5
Q2 <sup>2</sup>	4.6	4.6	1.4	1.4	3.3	3.3	2.4	2.4	6.7	6.7
Q3 <sup>2</sup>	4.1	4.1	1.8	1.8	2.6	2.6	2.7	2.7	6.8	6.8
Q4 <sup>2</sup>	2.2	2.2	.4	.4	2.1	2.1	3.6	3.6	6.9	6.9
1992 Q1 <sup>2</sup>	4.9	5.5	2.0	2.4	3.1	3.4	2.9	2.9	7.2	7.2
Q2	4.9	4.8	2.0	2.0	2.9	2.7	3.8	3.6	7.2	7.3
Q3	6.0	4.9	3.1	2.3	3.0	2.8	3.7	4.1	7.1	7.3
Q4	5.9	5.6	3.1	2.7	3.0	2.9	3.4	3.4	7.0	7.2
1993 Q1	6.0	6.1	2.9	2.8	3.4	3.4	3.3	3.0	6.9	7.1
Q2	5.5	5.6	2.9	2.9	2.8	2.7	3.2	3.1	6.8	6.9
Q3	5.3	5.7	2.8	3.1	2.7	2.7	3.1	3.1	6.7	6.8
Q4	5.2	5.7	2.8	3.2	2.7	2.6	3.1	3.1	6.6	6.7
<b>TWO-QUARTER<sup>3</sup></b>										
1990 Q2 <sup>2</sup>	6.2	6.2	1.7	1.7	4.8	4.8	5.6	5.6	-.1	-.1
Q4 <sup>2</sup>	1.9	1.9	-1.8	-1.8	3.9	3.9	7.0	7.0	.7	.7
1991 Q2 <sup>2</sup>	3.5	3.5	-.6	-.6	4.4	4.4	2.9	2.9	.7	.7
Q4 <sup>2</sup>	3.1	3.1	1.1	1.1	2.4	2.4	3.1	3.1	.2	.2
1992 Q2	4.9	5.2	2.0	2.2	3.0	3.1	3.3	3.2	.3	.4
Q4	6.0	5.2	3.1	2.5	3.0	2.9	3.6	3.7	-.2	-.1
1993 Q2	5.7	5.8	2.9	2.9	3.1	3.0	3.2	3.1	-.2	-.3
Q4	5.2	5.7	2.8	3.2	2.7	2.7	3.1	3.1	-.2	-.2
<b>FOUR-QUARTER<sup>4</sup></b>										
1989 Q4 <sup>2</sup>	5.9	5.9	1.7	1.7	4.2	4.2	4.6	4.6	.1	.1
1990 Q4 <sup>2</sup>	4.1	4.1	-.1	-.1	4.4	4.4	6.3	6.3	.6	.6
1991 Q4 <sup>2</sup>	3.3	3.3	.3	.3	3.4	3.4	3.0	3.0	.9	.9
1992 Q4	5.4	5.2	2.6	2.4	3.0	3.0	3.4	3.5	.1	.3
1993 Q4	5.5	5.8	2.8	3.0	2.9	2.8	3.2	3.1	-.4	-.5

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.

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

June 24, 1992

Item	Unit <sup>1</sup>	Projected								
		1985	1986	1987	1988	1989	1990	1991	1992	1993
EXPENDITURES										
Nominal GDP	Bill. \$	4038.7	4268.6	4539.9	4900.4	5244.0	5513.8	5672.6	5924.7	6255.9
Real GDP	Bill. 87\$	4279.8	4404.5	4540.0	4718.6	4836.9	4884.9	4848.8	4937.8	5075.1
Real GDP	% change	3.3	2.2	4.5	3.3	1.7	-.1	.3	2.4	3.0
Gross domestic purchases		3.8	2.1	3.9	2.5	1.0	-.9	.1	2.6	3.1
Final sales		3.8	3.3	2.7	4.2	1.5	1.2	-.5	2.3	2.6
Private dom. final purch.		3.9	3.0	1.9	4.2	.6	-.3	-.5	3.3	3.4
Personal cons. expend.		4.0	4.0	2.1	4.2	1.2	.3	.6	2.8	2.8
Durables		6.3	12.5	-2.6	8.5	-.8	-2.7	-2.8	6.8	5.8
Nondurables		2.7	3.3	1.4	3.2	.8	-1.0	-.9	1.8	2.0
Services		4.2	2.5	3.7	3.7	2.0	1.9	2.2	2.5	2.6
Business fixed invest.		3.1	-5.7	3.0	5.5	.5	.6	-7.1	4.8	5.7
Producers' dur. equip.		2.2	-.7	2.4	9.1	-.1	3.1	-3.7	8.1	7.7
Nonres. structures		4.6	-14.1	4.4	-1.2	1.7	-4.6	-14.7	-3.2	-.1
Res. structures		4.3	11.1	-3.1	.9	-7.7	-11.8	-.9	6.3	8.6
Exports		-.3	9.9	12.6	13.5	10.9	7.6	6.8	3.1	6.8
Imports		5.2	6.7	4.7	3.6	2.7	-.4	4.6	5.4	6.8
Government purchases		5.9	4.1	3.3	.2	1.6	3.2	-1.6	-.4	-.8
Federal		6.4	3.8	3.7	-3.4	-1.2	2.3	-3.1	-1.3	-4.1
Defense		7.0	3.7	4.5	-3.2	-2.0	.8	-4.7	-4.3	-6.8
State and local		5.4	4.4	2.9	2.9	3.6	3.8	-.5	.2	1.4
Change in bus. invent.	Bill. 87\$	22.1	8.6	26.3	19.9	32.6	.2	-13.9	-.2	25.5
Nonfarm		19.8	10.6	32.7	26.9	33.3	-1.5	-13.9	-.9	23.6
Net exports		-145.3	-155.1	-143.0	-104.0	-75.7	-51.4	-20.9	-31.0	-37.3
Nominal GDP	% change	7.0	4.7	8.0	7.7	5.9	4.1	3.3	5.2	5.8
EMPLOYMENT AND PRODUCTION										
Nonfarm payroll employ.	Millions	97.5	99.5	102.2	105.5	108.3	109.8	108.3	108.6	110.4
Unemployment rate	%	7.2	7.0	6.2	5.5	5.3	5.5	6.7	7.2	6.9
Industrial prod. index	% change	1.9	1.4	6.5	4.5	1.1	.3	-.5	3.0	4.0
Capacity util. rate-mfg.	%	79.5	79.0	81.4	83.9	83.9	82.3	78.2	78.2	79.5
Housing starts	Millions	1.74	1.81	1.62	1.49	1.38	1.19	1.01	1.22	1.34
Auto sales in U.S.		11.04	11.45	10.24	10.63	9.91	9.51	8.39	8.49	9.16
North American produced		8.20	8.22	7.07	7.54	7.09	6.90	6.14	6.31	6.93
Other		2.84	3.24	3.18	3.09	2.83	2.60	2.25	2.19	2.24
INCOME AND SAVING										
Nominal GNP	Bill. \$	4053.6	4277.8	4544.5	4908.2	5248.2	5524.6	5685.8	5943.6	6278.0
Nominal GNP	% change	6.8	4.4	8.1	7.8	5.9	4.3	3.0	5.3	5.8
Nominal personal income		6.6	5.5	7.4	7.1	6.7	6.5	2.7	5.0	6.4
Real disposable income		1.9	2.8	2.1	3.2	1.4	1.0	.5	2.3	3.1
Personal saving rate	%	6.5	6.0	4.3	4.4	4.4	5.1	5.2	4.9	5.0
Corp. profits, IVA&CCAdj	% change	9.0	-7.1	29.7	10.2	-11.5	-11.5	6.6	21.4	7.8
Profit share of GNP	%	6.9	6.4	7.0	7.4	6.7	5.8	5.4	6.1	6.4
Federal surpl./def.	Bill. \$	-181.4	-201.1	-151.8	-136.6	-124.2	-165.3	-201.6	-283.1	-258.9
State/local surpl./def.		56.1	54.3	40.1	38.4	41.1	25.7	30.0	46.9	60.7
Ex. social ins. funds		9.2	1.5	-14.7	-18.4	-19.2	-38.1	-35.3	-18.9	-6.8
PRICES AND COSTS										
GDP implicit deflator	% change	3.6	2.6	3.3	4.2	4.2	4.2	3.0	2.8	2.6
GDP fixed-wt. price index		3.6	2.5	3.4	4.2	4.2	4.4	3.4	3.0	2.8
Gross domestic purchases										
fixed-wt. price index		3.5	2.3	3.9	4.1	4.2	5.1	2.6	3.1	2.8
CPI		3.5	1.3	4.5	4.3	4.6	6.3	3.0	3.5	3.1
Ex. food and energy		4.3	3.9	4.3	4.5	4.4	5.3	4.5	3.7	3.2
ECI, hourly compensation <sup>2</sup>		3.9	3.2	3.3	4.8	4.8	4.6	4.4	3.8	3.5
Nonfarm business sector										
Output per hour		.7	1.2	1.8	.5	-1.5	.4	1.3	1.8	1.5
Compensation per hour		4.7	4.6	3.8	3.8	3.0	6.5	3.3	3.4	3.7
Unit labor cost		3.9	3.4	1.9	3.3	4.6	6.0	2.1	1.6	2.2

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

2. Private-industry workers.



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REAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS, QUARTERLY VALUES  
(Seasonally adjusted, annual rate except as noted)

June 24, 1992

Item	Unit	1989				1990				1991	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
EXPENDITURES											
Nominal GDP	Bill. \$	5139.9	5218.5	5277.3	5340.4	5422.4	5504.7	5570.5	5557.5	5589.0	5652.6
Real GDP	Bill. 87\$	4809.8	4832.4	4845.6	4859.7	4880.8	4900.3	4903.3	4855.1	4824.0	4840.7
Real GDP	% change	2.5	1.9	1.1	1.2	1.7	1.6	.2	-3.9	-2.5	1.4
Gross domestic purchases		.7	1.1	1.7	.3	.6	1.3	1.3	-6.5	-3.5	.9
Final sales		.8	2.1	2.7	.4	4.6	-.5	.9	-.3	-2.4	1.2
Private dom. final purch.		-.4	.4	3.1	-.7	2.7	-1.5	2.5	-4.7	-4.8	.8
Personal cons. expend.		-.2	1.0	4.1	.1	2.1	.0	2.8	-3.5	-1.3	1.4
Durables		-5.0	5.9	13.8	-15.5	16.7	-11.8	1.5	-14.0	-11.9	-1.8
Nondurables		.1	-1.4	3.1	1.5	-.3	-1.5	1.3	-3.4	-.3	.9
Services		.8	1.2	2.3	3.6	.3	4.1	4.1	-.9	.7	2.5
Business fixed invest.		.9	2.7	.8	-2.5	7.1	-4.6	8.5	-7.7	-17.4	-3.3
Producers' dur. equip.		-1.0	7.3	-2.5	-3.9	6.4	-3.2	11.5	-1.6	-18.1	.0
Nonres. structures		4.9	-6.2	8.0	.4	8.5	-7.3	2.5	-19.7	-15.7	-10.3
Res. structures		-5.9	-11.9	-5.6	-7.3	.6	-15.7	-16.2	-15.0	-24.8	3.1
Exports		12.4	17.2	.9	13.7	8.8	4.8	-.4	17.7	-7.4	19.4
Imports		-6.1	6.9	6.8	4.0	-2.5	1.7	9.6	-9.3	-15.4	13.3
Government purchases		-3.4	5.2	4.1	.7	6.4	2.2	-.3	4.6	2.8	-.1
Federal		-9.5	7.9	5.1	-7.2	5.9	4.3	-5.0	4.5	9.9	1.0
Defense		-12.8	5.6	10.1	-9.2	2.3	3.3	-7.9	5.9	10.9	-3.3
State and local		1.3	3.4	3.3	6.6	6.7	.8	3.2	4.6	-1.9	-.7
Change in bus. invent.	Bill. 87\$	41.2	38.9	20.2	30.0	-4.0	22.1	13.9	-31.2	-32.8	-30.4
Nonfarm		35.8	33.4	25.9	38.1	-5.5	15.5	9.9	-25.7	-31.1	-30.8
Net exports		-81.2	-71.9	-79.8	-70.0	-56.0	-52.5	-65.7	-31.2	-18.6	-12.3
Nominal GDP	% change	7.8	6.3	4.6	4.9	6.3	6.2	4.9	-.9	2.3	4.6
EMPLOYMENT AND PRODUCTION											
Nonfarm payroll employ.	Millions	107.7	108.2	108.5	109.0	109.8	110.2	109.9	109.3	108.6	108.2
Unemployment rate <sup>1</sup>	%	5.2	5.2	5.3	5.4	5.2	5.3	5.6	6.0	6.5	6.7
Industrial prod. index	% change	2.7	2.8	-1.2	.2	.6	4.2	3.9	-7.0	-9.7	2.6
Capacity util. rate-mfg. <sup>1</sup>	%	84.7	84.5	83.7	82.9	82.7	82.8	82.9	80.8	78.0	77.9
Housing starts	Millions	1.49	1.36	1.35	1.34	1.46	1.20	1.13	1.03	.92	1.00
Auto sales in U.S.		10.03	10.26	10.20	9.09	9.92	9.53	9.60	9.00	8.33	8.43
North American produced		7.08	7.26	7.36	6.56	7.12	6.82	7.08	6.60	6.09	6.11
Other		2.95	3.00	2.84	2.53	2.80	2.71	2.51	2.39	2.25	2.32
INCOME AND SAVING											
Nominal GNP	Bill. \$	5144.3	5217.7	5279.8	5350.9	5432.7	5505.5	5576.8	5583.2	5611.7	5660.6
Nominal GNP	% change	7.3	5.8	4.8	5.5	6.3	5.5	5.3	.5	2.1	3.5
Nominal personal income		10.8	4.5	3.7	7.8	9.8	6.6	5.7	3.9	.3	4.5
Real disposable income		3.6	-2.6	1.9	3.0	4.5	1.6	.2	-2.0	-1.7	2.6
Personal saving rate <sup>1</sup>	%	5.2	4.3	3.7	4.4	4.9	5.4	4.8	5.2	5.1	5.4
Corp. profits, IVA&CCAdj	% change	-12.2	-5.6	-16.6	-11.4	6.7	-.5	-39.4	-4.8	8.4	1.9
Profit share of GNP <sup>1</sup>	%	7.1	6.9	6.5	6.3	6.3	6.2	5.4	5.3	5.4	5.4
Federal govt. surpl./def.	Bill. \$	-114.5	-110.5	-128.4	-143.3	-160.8	-156.9	-149.7	-193.6	-146.4	-206.7
State/local surpl./def.		42.4	45.1	42.6	34.4	30.3	28.5	26.1	18.0	20.4	27.6
Ex. social ins. funds		-16.4	-14.8	-18.3	-27.4	-32.2	-34.9	-38.2	-46.9	-44.7	-38.0
PRICES AND COSTS											
GDP implicit deflator	% change	5.4	4.2	3.4	3.7	4.4	4.4	4.7	3.2	5.0	3.1
GDP fixed-wt. price index		4.8	4.5	3.5	3.7	5.0	4.6	4.8	3.2	5.4	3.3
Gross domestic purchases											
fixed-wt. price index		5.3	4.6	2.8	4.0	6.1	3.5	5.0	5.8	3.2	2.4
CPI		4.7	6.4	3.3	3.9	7.2	4.1	7.0	6.9	3.3	2.4
Ex. food and energy		4.9	4.2	3.8	4.7	5.6	5.5	5.8	4.2	6.5	3.8
ECI, hourly compensation <sup>2</sup>		4.6	4.1	5.3	4.8	5.6	4.7	4.7	3.8	4.9	4.5
Nonfarm business sector											
Output per hour		-3.3	-2.0	-.2	-.5	.1	2.7	-1.2	.2	.0	2.0
Compensation per hour		2.9	1.3	3.6	4.1	5.1	8.9	7.1	4.8	2.9	4.9
Unit labor cost		6.5	3.3	3.8	4.6	5.0	6.1	8.4	4.6	2.8	2.8

1. Not at an annual rate.

2. Private-industry workers.

Strictly Confidential (FR)  
Class II FOMC

REAL GROSS DOMESTIC PRODUCT AND RELATED ITEMS, QUARTERLY VALUES  
(Seasonally adjusted, annual rate except as noted)

June 24, 1992

Item	Units	Projected									
		1991		1992				1993			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EXPENDITURES											
Nominal GDP	Bill. \$	5709.2	5739.7	5817.5	5886.3	5956.7	6038.1	6128.3	6211.8	6297.8	6385.7
Real GDP	Bill. 87\$	4862.7	4868.0	4896.9	4921.3	4949.6	4983.3	5018.1	5054.6	5093.5	5134.2
Real GDP	% change	1.8	.4	2.4	2.0	2.3	2.7	2.8	2.9	3.1	3.2
Gross domestic purchases		3.4	-.4	2.5	2.8	2.6	2.7	2.9	3.0	3.2	3.1
Final sales		-.7	-.2	4.6	.5	1.8	2.3	2.3	2.5	2.8	3.1
Private dom. final purch.		1.9	.1	5.0	1.9	2.7	3.4	3.3	3.4	3.6	3.6
Personal cons. expend.		2.3	.0	5.4	1.0	2.3	2.8	2.7	2.8	2.8	2.8
Durables		9.5	-5.7	18.4	-1.0	4.2	6.5	5.9	5.9	5.5	5.9
Nondurables		.0	-3.9	5.4	-.8	1.1	1.7	1.9	2.0	2.0	2.0
Services		2.2	3.7	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.6
Business fixed invest.		-3.7	-3.4	1.7	6.4	6.0	5.4	5.4	5.3	5.9	6.0
Producers' dur. equip.		6.7	-1.6	3.7	10.6	9.6	8.6	8.3	7.7	7.5	7.4
Nonres. structures		-23.9	-7.8	-3.0	-3.6	-3.2	-2.9	-2.2	-1.3	1.4	1.8
Res. structures		10.9	12.3	8.4	6.0	1.6	9.2	6.4	7.1	11.4	9.4
Exports		7.3	9.7	-.9	2.9	4.8	5.8	6.4	6.8	6.9	7.0
Imports		22.3	2.1	-.2	9.6	6.9	5.4	6.6	7.2	7.5	5.8
Government purchases		-3.4	-5.4	3.1	-1.4	-.9	-2.3	-1.9	-1.0	-.3	.1
Federal		-8.1	-13.6	1.7	-.5	-.9	-5.4	-5.1	-4.4	-3.8	-3.0
Defense		-8.9	-15.7	-2.4	-3.7	-2.4	-8.5	-8.3	-7.3	-6.5	-5.3
State and local		-.1	.8	3.9	-1.9	-1.0	-.1	.4	1.3	1.9	2.1
Change in bus. invent.	Bill. 87\$	.1	7.6	-18.4	-.4	6.4	11.4	18.5	24.2	28.5	30.8
Nonfarm		-2.8	9.2	-18.1	-1.0	5.5	10.2	16.9	22.5	26.5	28.6
Net exports		-31.1	-21.3	-22.3	-31.8	-35.1	-35.0	-35.9	-37.1	-38.6	-37.4
Nominal GDP	% change	4.1	2.2	5.5	4.8	4.9	5.6	6.1	5.6	5.7	5.7
EMPLOYMENT AND PRODUCTION											
Nonfarm payroll employ.	Millions	108.3	108.2	108.1	108.5	108.8	109.2	109.6	110.1	110.6	111.2
Unemployment rate <sup>1</sup>	%	6.8	6.9	7.2	7.3	7.3	7.2	7.1	6.9	6.8	6.7
Industrial prod. index	% change	6.6	-.7	-2.8	5.8	4.2	5.0	4.7	4.2	3.7	3.5
Capacity util. rate-mfg <sup>1</sup>	%	78.7	78.2	77.3	78.1	78.4	78.9	79.3	79.4	79.6	79.8
Housing starts	Millions	1.04	1.10	1.26	1.17	1.22	1.26	1.29	1.32	1.36	1.39
Auto sales in U.S.		8.60	8.19	8.28	8.41	8.55	8.73	8.90	9.07	9.25	9.43
North American produced		6.31	6.06	6.03	6.25	6.40	6.55	6.70	6.85	7.00	7.15
Other		2.29	2.13	2.25	2.16	2.15	2.18	2.20	2.22	2.25	2.28
INCOME AND SAVING.											
Nominal GNP	Bill. \$	5720.1	5750.7	5836.5	5903.7	5977.4	6056.7	6150.8	6233.4	6321.7	6406.1
Nominal GNP	% change	4.3	2.2	6.1	4.7	5.1	5.4	6.4	5.5	5.8	5.4
Nominal personal income		2.7	3.5	5.1	4.5	4.4	6.1	7.4	5.9	5.9	6.4
Real disposable income		.3	.9	3.7	2.2	.6	2.7	3.8	2.7	2.6	3.1
Personal saving rate <sup>1</sup>	%	5.0	5.2	4.9	5.2	4.8	4.8	5.0	5.0	5.0	5.0
Corp. profits, IVA&CCAdj	% change	3.5	13.0	46.1	14.5	9.0	19.3	7.5	8.7	3.5	11.8
Profit share of GNP <sup>1</sup>	%	5.4	5.5	5.9	6.1	6.1	6.3	6.3	6.4	6.4	6.5
Federal govt. surpl./def.	Bill. \$	-210.2	-243.1	-284.5	-293.3	-280.0	-274.5	-274.0	-264.8	-250.9	-245.9
State/local surpl./def.		31.8	40.3	38.6	44.3	51.0	53.6	57.9	58.8	62.8	63.2
Ex. social ins. funds		-33.8	-24.8	-26.5	-21.3	-15.0	-12.8	-8.9	-8.4	-4.9	-5.1
PRICES AND COSTS											
GDP implicit deflator	% change	2.1	1.7	3.1	2.8	2.5	2.8	3.2	2.5	2.5	2.4
GDP fixed-wt. price index		2.6	2.1	3.4	2.7	2.8	2.9	3.4	2.7	2.7	2.6
Gross domestic purchases											
fixed-wt. price index		2.5	2.2	3.1	3.0	3.3	2.9	3.1	2.7	2.7	2.6
CPI		2.7	3.6	2.8	3.6	4.1	3.4	3.0	3.1	3.1	3.1
Ex. food and energy		4.0	3.7	3.9	4.0	3.5	3.4	3.3	3.2	3.1	3.1
ECI, hourly compensation <sup>2</sup>		4.1	4.0	4.0	3.8	3.7	3.7	3.6	3.5	3.5	3.4
Nonfarm business sector											
Output per hour		1.7	1.3	2.7	1.4	1.3	1.7	1.4	1.5	1.5	1.6
Compensation per hour		3.5	2.2	2.2	4.1	3.7	3.7	4.0	3.7	3.6	3.6
Unit labor cost		1.7	.9	-.5	2.7	2.4	2.0	2.6	2.2	2.1	2.0

1. Not at an annual rate.

2. Private-industry workers.

Strictly Confidential (FR)  
Class II FOMC

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

June 24, 1992

Item	1989				1990				1991					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	1988	1989	1990	1991
Real GDP	30.1	22.6	13.2	14.1	21.1	19.5	3.0	-48.2	-31.1	16.7	154.2	80.0	-4.6	12.9
Gross domestic purchases	8.6	13.3	21.1	4.3	7.1	16.0	16.2	-82.7	-43.7	10.4	120.9	47.3	-43.4	3.0
Final sales	9.8	25.0	31.9	4.3	55.1	-6.7	11.3	-3.1	-29.5	14.4	193.1	71.0	56.6	-26.0
Private dom. final purch.	-4.1	4.3	30.7	-7.0	27.0	-15.3	25.1	-48.0	-48.7	8.3	158.3	23.9	-11.2	-21.3
Personal cons. expend.	-2.0	7.7	32.5	.5	17.2	-.2	22.6	-29.4	-10.7	11.3	128.2	38.7	10.2	19.3
Durables	-5.6	6.3	14.4	-18.7	17.1	-14.0	1.6	-16.3	-13.2	-1.9	34.5	-3.6	-11.6	-11.8
Nondurables	.3	-3.8	8.1	3.9	-.9	-4.1	3.4	-9.0	-.8	2.3	32.2	8.5	-10.6	-8.9
Services	3.4	5.1	10.0	15.3	1.1	17.8	17.7	-4.2	3.2	10.9	61.4	33.8	32.4	40.0
Business fixed invest.	1.2	3.6	1.1	-3.4	9.4	-6.4	11.2	-11.0	-25.4	-4.3	28.2	2.5	3.2	-38.9
Producers' dur. equip.	-.9	6.4	-2.3	-3.6	5.7	-3.0	10.1	-1.5	-18.2	.0	30.4	-.4	11.3	-13.9
Nonres. structures	2.1	-2.8	3.4	.2	3.7	-3.4	1.1	-9.6	-7.1	-4.4	-2.2	2.9	-8.2	-25.0
Res. structures	-3.4	-6.9	-3.1	-4.0	.3	-8.7	-8.6	-7.6	-12.6	1.3	2.0	-17.4	-24.6	-1.6
Change in bus. invent.	20.3	-2.3	-18.7	9.8	-34.0	26.1	-8.2	-45.1	-1.6	2.4	-39.0	9.1	-61.2	38.8
Nonfarm	5.3	-2.4	-7.5	12.2	-43.6	21.0	-5.6	-35.6	-5.4	.3	-31.6	7.6	-63.8	34.9
Farm	15.1	.0	-11.2	-2.4	9.6	5.2	-2.7	-9.5	3.8	2.1	-7.4	1.5	2.6	3.9
Net exports	21.5	9.3	-7.9	9.8	14.0	3.5	-13.2	34.5	12.6	6.3	33.3	32.7	38.8	9.9
Exports	13.0	18.3	1.0	15.3	10.4	5.9	-.5	20.9	-10.0	23.2	52.1	47.6	36.7	35.5
Imports	-8.5	8.9	9.0	5.4	-3.5	2.3	12.9	-13.7	-22.6	16.9	18.8	14.8	-2.0	25.6
Government purchases	-7.6	11.4	9.1	1.5	14.1	5.1	-.6	10.4	6.6	-.2	1.5	14.4	29.0	-14.6
Federal	-9.3	7.1	4.7	-7.0	5.4	4.0	-4.9	4.2	9.1	1.0	-13.2	-4.5	8.7	-11.9
Defense	-9.6	3.8	6.8	-6.8	1.6	2.3	-5.8	4.0	7.4	-2.4	-9.3	-5.8	2.1	-13.3
Nondefense	.3	3.3	-2.1	-.2	3.7	1.8	.9	.2	1.7	3.4	-3.9	1.3	6.6	1.4
State and local	1.7	4.3	4.3	8.5	8.8	1.1	4.3	6.2	-2.6	-1.0	14.7	18.8	20.4	-2.6

1. Annual changes are from Q4 to Q4.

Strictly Confidential (FR)  
Class II FOMC

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

June 24, 1992

Item	Projected										Projected			
	1991		1992				1993				1990	1991	1992	1993
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Real GDP	22.0	5.3	28.9	24.4	28.4	33.6	34.9	36.5	38.9	40.7	-4.6	12.9	115.3	150.9
Gross domestic purchases	40.8	-4.5	29.9	33.8	31.7	33.6	35.8	37.7	40.4	39.4	-43.4	3.0	129.0	153.3
Final sales	-8.6	-2.3	55.0	6.4	21.6	28.6	27.8	30.8	34.6	38.4	56.6	-26.0	111.6	131.5
Private dom. final purch.	18.4	.7	48.9	19.0	27.1	33.9	33.0	34.2	36.9	36.9	-11.2	-21.3	128.9	141.0
Personal cons. expend.	18.8	-.1	43.1	8.3	18.8	22.8	22.9	23.8	23.6	24.2	10.2	19.3	92.9	94.4
Durables	9.4	-6.1	17.8	-1.1	4.4	6.8	6.3	6.4	6.1	6.6	-11.6	-11.8	28.0	25.4
Nondurables	-.1	-10.3	13.8	-2.1	2.9	4.4	5.0	5.3	5.3	5.3	-10.6	-8.9	19.0	20.8
Services	9.6	16.3	11.4	11.5	11.4	11.5	11.6	12.1	12.2	12.3	32.4	40.0	45.9	48.1
Business fixed invest.	-4.8	-4.4	2.1	8.0	7.5	6.9	7.1	7.0	7.9	8.1	3.2	-38.9	24.5	30.0
Producers' dur. equip.	5.8	-1.5	3.3	9.3	8.7	7.9	7.8	7.4	7.4	7.4	11.3	-13.9	29.2	30.1
Nonres. structures	-10.5	-3.0	-1.1	-1.3	-1.1	-1.0	-.8	-.4	.5	.6	-8.2	-25.0	-4.6	-.1
Res. structures	4.5	5.2	3.7	2.7	.8	4.2	3.0	3.4	5.5	4.7	-24.6	-1.6	11.4	16.5
Change in bus. invent.	30.5	7.5	-26.0	18.0	6.8	5.0	7.1	5.7	4.3	2.3	-61.2	38.8	3.8	19.4
Nonfarm	28.0	12.0	-27.3	17.1	6.5	4.7	6.7	5.6	4.0	2.1	-63.8	34.9	1.0	18.4
Farm	2.5	-4.5	1.3	.9	.3	.3	.4	.1	.3	.2	2.6	3.9	2.8	1.0
Net exports	-18.8	9.8	-1.0	-9.5	-3.3	.0	-.9	-1.2	-1.5	1.2	38.8	9.9	-13.7	-2.4
Exports	9.5	12.8	-1.3	3.9	6.7	8.0	8.9	9.7	10.0	10.4	36.7	35.5	17.3	39.0
Imports	28.3	3.0	-.3	13.4	10.0	8.0	9.8	10.8	11.6	9.1	-2.0	25.6	31.0	41.4
Government purchases	-8.2	-12.8	7.1	-3.2	-2.2	-5.3	-4.3	-2.2	-.8	.2	29.0	-14.6	-3.6	-7.1
Federal	-8.2	-13.8	1.6	-.5	-.8	-5.1	-4.8	-4.0	-3.4	-2.7	8.7	-11.9	-4.8	-14.9
Defense	-6.6	-11.7	-1.6	-2.5	-1.6	-5.8	-5.5	-4.7	-4.1	-3.3	2.1	-13.3	-11.5	-17.6
Nondefense	-1.6	-2.1	3.2	2.0	.8	.7	.7	.7	.7	.6	6.6	1.4	6.7	2.7
State and local	-.1	1.1	5.3	-2.6	-1.4	-.2	.5	1.8	2.6	2.9	20.4	-2.6	1.1	7.8

1. Annual changes are from Q4 to Q4.

Item	Fiscal year				1991				1992				1993			
	1990 <sup>a</sup>	1991 <sup>a</sup>	1992	1993	Q1 <sup>a</sup>	Q2 <sup>a</sup>	Q3 <sup>a</sup>	Q4 <sup>a</sup>	Q1 <sup>a</sup>	Q2	Q3	Q4	Q1	Q2	Q3	Q4
UNIFIED BUDGET																
					Not seasonally adjusted											
Receipts <sup>1</sup>	1031	1054	1081	1150	233	307	264	255	239	316	270	259	253	346	292	270
Outlays <sup>1</sup>	1252	1324	1393	1506	299	333	356	339	355	350	350	378	375	377	377	392
Surplus/deficit <sup>1</sup>	-220	-269	-313	-356	-66	-26	-91	-84	-116	-34	-80	-119	-122	-31	-85	-122
On-budget	-277	-322	-367	-413	-81	-50	-94	-97	-121	-67	-81	-128	-130	-65	-91	-132
Off-budget	57	52	54	57	15	24	3	14	6	34	1	9	8	34	6	10
Surplus excluding deposit insurance <sup>2</sup>	-162	-203	-301	-296	-63	-12	-55	-89	-105	-30	-78	-106	-107	-13	-70	-106
Means of financing																
Borrowing	263	293	311	351	56	43	95	89	83	61	78	111	104	55	81	116
Cash decrease	1	-1	-5	6	0	-12	2	-7	29	-25	-1	11	15	-20	0	10
Other <sup>3</sup>	-44	-23	6	-1	9	-6	-6	2	4	-3	3	-3	2	-4	3	-3
Cash operating balance, end of period	40	41	46	40	32	44	41	49	20	45	46	35	20	40	40	30
NIPA FEDERAL SECTOR																
					Seasonally adjusted, annual rate											
Receipts	1093	1116	1137	1212	1115	1114	1125	1126	1132	1138	1153	1173	1206	1225	1243	1265
Expenditures	1245	1305	1412	1478	1262	1321	1335	1369	1416	1431	1433	1448	1480	1490	1494	1510
Purchases	417	446	440	441	452	452	445	432	441	443	444	440	443	440	438	437
Defense	309	326	312	302	332	328	322	311	314	312	312	306	305	301	297	294
Nondefense	109	120	128	138	119	124	123	121	127	131	133	134	138	139	141	142
Other expenditures	828	860	972	1037	810	869	890	937	975	988	989	1008	1037	1049	1056	1074
Surplus/deficit	-153	-189	-275	-266	-146	-207	-210	-243	-285	-293	-280	-274	-274	-265	-251	-246
FISCAL INDICATORS <sup>4</sup>																
High-employment (HEB) surplus/deficit	-177	-158	-221	-218	-114	-167	-168	-191	-230	-237	-225	-222	-224	-218	-210	-210
Change in HEB, percent of potential GDP	.4	-.4	1.1	0	-1.3	.9	0	.4	.7	.1	-.2	-.1	0	-.1	-.1	0
Fiscal impetus (FI), percent, cal. year	-3.3	-4	-4.8	-4.4	-2.6	.5	-1.8	-2.4	-1.7	-.4	-.2	-1.1	-2	-1	-.8	-.7

1. OMB's February deficit estimates are \$400 billion in FY92 and \$350 billion in FY93. CBO's March deficit estimates are \$368 billion in FY92 and \$337 billion in FY93. 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 February deficit estimates, excluding deposit insurance spending, are \$320 billion in FY92 and \$274 billion in FY93. CBO's March deficit estimates, excluding deposit insurance spending, are \$302 billion in FY92 and \$267 billion in FY93.

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 2.1 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.

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

-----Domestic Nonfinancial Sectors-----								-----Memo-----		
-----Households-----										
Total <sup>2</sup>	U.S. govt. <sup>2</sup>	Non- federal	Total	Home mtgs.	Cons. credit	Business	State & local govts.	Private financial assets <sup>3</sup>	Nominal GDP <sup>4</sup>	
1982	9.3	19.7	6.9	5.4	4.5	4.4	7.8	9.3	10.4	3.2
1983	11.7	18.9	9.8	11.0	10.4	12.6	8.7	9.7	12.4	11.0
1984	14.5	16.9	13.8	12.9	11.6	18.7	15.6	9.1	12.9	9.1
1985	14.9	16.5	14.5	14.0	11.8	15.9	11.6	31.4	12.5	7.0
1986	12.7	13.6	12.5	13.2	15.9	9.6	12.2	10.6	9.0	4.7
1987	9.3	8.0	9.7	11.7	14.0	5.1	7.1	13.4	8.6	8.0
1988	9.0	8.0	9.4	11.0	12.2	7.3	8.4	7.0	8.5	7.7
1989	7.7	7.0	8.0	9.0	10.3	5.8	6.8	8.4	6.9	5.9
1990	6.4	11.0	5.1	7.4	9.3	1.8	2.8	5.2	4.1	4.1
1991	4.2	11.1	2.1	4.0	5.1	-1.5	-0.3	2.9	0.5	3.3
1992	5.3	12.0	3.1	5.3	6.5	-0.2	0.6	2.5	1.9	5.2
1993	6.0	11.4	4.0	6.1	7.4	2.2	1.8	2.7	3.1	5.8
Seasonally adjusted, annual rates										
1991 -- Q1	4.1	8.0	2.9	4.6	5.5	-1.3	1.0	3.0	4.0	2.3
Q2	4.7	10.6	2.9	4.5	5.8	-2.0	1.1	3.2	0.7	4.6
Q3	4.2	14.0	1.2	2.9	3.8	-2.4	-1.1	2.3	-1.5	4.1
Q4	3.5	10.3	1.3	4.0	5.0	-0.3	-2.2	2.8	-1.3	2.2
1992 -- Q1	5.1	11.4	3.1	4.8	5.9	0.2	1.1	2.7	2.1	5.5
Q2	5.0	12.1	2.6	4.8	6.5	-1.9	-0.2	3.1	1.7	4.8
Q3	5.1	10.8	3.1	5.4	6.5	0.0	0.8	1.4	1.3	4.9
Q4	5.5	11.6	3.4	5.7	6.7	0.8	0.8	2.6	2.6	5.6
1993 -- Q1	6.1	12.9	3.6	5.7	6.9	1.3	1.4	2.6	2.2	6.1
Q2	5.5	10.0	3.9	5.9	7.1	1.9	1.6	2.7	3.4	5.6
Q3	5.7	10.1	4.1	6.0	7.3	2.5	2.0	2.5	3.1	5.7
Q4	6.1	11.0	4.2	6.3	7.5	3.1	2.1	2.7	3.7	5.7

1. Published data through 1992 Q1.

2. Deposit insurance activity raises total debt growth .4, .2, and .5 percentage points in 1991, 1992, and 1993 respectively; the corresponding figures for federal debt growth are 1.6, .5, and 1.5 percentage points.

3. Sometimes referred to as the "Kaufman debt proxy"; includes liquid assets and credit market instruments.

4. Annual figures are Q4 to Q4.

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

	Calendar year					-----1992-----				-----1993-----			
	1989	1990	1991	1992	1993	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net funds raised by domestic nonfinancial sectors:													
1 Total	590.6	580.9	467.8	629.0	724.4	627.3	604.0	618.4	666.3	738.1	678.2	712.8	768.4
2 Net equity issuance	-124.2	-63.0	17.5	37.5	20.0	51.0	39.0	35.0	25.0	23.0	21.0	19.0	17.0
3 Net debt issuance	714.7	643.9	450.3	591.5	704.4	576.3	565.0	583.4	641.3	715.1	657.2	693.8	751.4
Borrowing sectors:													
Nonfinancial business													
4 Financing gap <sup>2</sup>	53.5	64.9	27.4	14.3	53.2	-6.4	12.3	23.0	28.1	41.4	48.7	57.5	65.2
5 Net equity issuance	-124.2	-63.0	17.5	37.5	20.0	51.0	39.0	35.0	25.0	23.0	21.0	19.0	17.0
6 Credit market borrowing	217.9	96.9	-9.7	21.9	63.0	39.1	-7.0	27.6	27.7	49.2	56.2	72.4	74.0
Households													
7 Net borrowing, of which:	287.3	257.6	157.3	214.3	261.3	196.5	198.3	224.2	238.1	242.7	256.4	265.4	280.7
8 Home mortgages	219.2	218.9	138.6	186.7	225.3	167.9	189.0	190.5	199.3	210.7	220.5	229.8	240.0
9 Consumer credit	43.1	14.2	-12.1	-1.8	17.5	1.7	-15.0	0.0	6.0	10.0	15.0	20.0	25.0
10 Debt/DPI (percent) <sup>3</sup>	88.3	91.1	94.3	94.0	93.9	94.5	94.4	94.6	94.6	94.3	94.4	94.5	94.6
State and local governments													
11 Net borrowing	63.2	42.6	24.5	22.0	24.1	24.2	27.7	12.5	23.4	23.4	25.0	23.3	24.6
12 Current surplus <sup>4</sup>	-31.0	-40.2	-26.7	-7.3	-1.3	-13.3	-8.8	-2.4	-4.9	-1.0	0.6	-3.1	-1.7
U.S. government													
13 Net borrowing	146.4	246.9	278.2	333.4	356.1	316.5	346.0	319.1	352.1	399.8	319.6	332.7	372.1
14 Net borrowing; quarterly, nsa	146.4	246.9	278.2	333.4	356.1	83.4	61.4	78.1	110.5	104.2	54.8	81.5	115.5
15 Unified deficit; quarterly, nsa	155.0	236.4	266.8	347.4	359.9	115.5	33.5	79.8	118.6	121.5	31.0	85.0	122.4
Funds supplied by													
16 depository institutions	86.8	-29.6	-61.4	64.9	68.4	10.6	57.0	95.5	96.7	72.5	26.9	92.5	81.5
Memoranda: As percent of GDP:													
17 Dom. nonfinancial debt <sup>5</sup>	183.3	188.1	193.6	194.0	194.1	195.0	195.1	195.3	195.3	195.3	195.4	195.5	195.7
18 Dom. nonfinancial borrowing	13.6	11.7	7.9	10.0	11.3	9.9	9.6	9.8	10.6	11.7	10.6	11.0	11.8
19 U.S. government <sup>5</sup>	2.8	4.5	4.9	5.6	5.7	5.4	5.9	5.4	5.8	6.5	5.1	5.3	5.8
20 Private	10.8	7.2	3.0	4.4	5.6	4.5	3.7	4.4	4.8	5.1	5.4	5.7	5.9

1. Published data through 1992 Q1.
2. For corporations: Excess of capital expenditures over U.S. internal funds.
3. Annuals are average debt levels in the year (computed as the average of year-end debt positions) divided by nominal GDP.
4. NIPA surplus, net of retirement funds.
5. Excludes government-insured mortgage pool securities.

been marked down, however, largely because the lower projected path of the dollar is expected to provide some additional stimulus to exports over the next two years or so.

TRADE QUANTITIES\*

(Percent change from preceding period shown, except as noted, A.R.)

	1990:Q4 to 1991:Q4	----- Projection ----- 1992				1993
		Q1	Q2	Q3	Q4	Q4
Nonag. exports	8.8	-0.8	3.0	5.3	7.1	7.6
Agric. exports	11.3	6.4	-7.6	-2.5	-4.7	1.1
Non-oil imports	5.1	0.4	6.8	7.0	7.2	7.2
Oil imports	6.5	1.8	57.2	14.0	-3.4	9.3

\* GDP basis, 1987 dollars.

Agricultural exports are expected to decline over the balance of 1992 from the high level reached in the first quarter this year when shipments to the former Soviet republics surged. We assume that agricultural exports will be little changed in 1993, partly because prospects for output in the former Soviet Union this year have improved.

The growth of non-oil imports is projected to be in the range of about 6-1/2 percent to 7-1/2 percent at an annual rate from the second quarter of 1992 through 1993 as U.S. domestic demand continues to recover. The quantity of oil imports is expected to increase markedly in the current quarter and a bit further in the third quarter, as consumption gradually increases and stocks are built. We project oil imports to continue to increase at a fairly strong pace beyond the third quarter as the U.S. economy recovers and domestic oil production continues its secular decline.

Oil Prices. Current prices in the spot and futures markets for crude oil are consistent with an average U.S. oil import unit value of \$19.75 per barrel in the third quarter of 1992. This price level is about \$1.60 above the oil price assumption in the May Greenbook.



percent in the second half of 1992 as the effects of the recent decline in the dollar are passed through into higher import prices, and then to rise more moderately, at less than a 3 percent rate during 1993.

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

	1990:Q4 to 1991:Q4	----- Projection ----- 1992					1993
		Q1	Q2	Q3	Q4		Q4
PPI (exp. wts.)	-0.8	-0.4	3.8	2.9	1.3		1.7
Nonag. exports*	0.5	3.2	3.6	2.9	1.7		1.8
Non-oil imports*	0.5	6.6	2.0	3.7	3.7		2.7
Oil imports (\$/bl)	18.04	15.28	17.16	19.75	19.19		18.00

\* Excluding computers.

Nominal Trade and Current Account Balances. The merchandise trade deficit is projected to widen over the forecast period from \$70 billion in the first quarter of 1992 to almost \$110 billion by the end of next year, about \$10 billion higher than in the previous forecast. Most of the revision to the level of the projected trade deficit can be attributed to lower exports based on our assessment of recent monthly trade data. Despite the increase in the projected level of the merchandise trade deficit, the outlook for the level of the current account deficit has been revised down significantly. We project the current account deficit to widen from \$21 billion in the first quarter of 1992 to about \$45 billion by the end of 1993, compared with the projection in May that the deficit would widen from \$42 billion to \$60 billion over the same period. The difference can be attributed primarily to the much higher estimated level, and somewhat stronger growth, of net service receipts shown in recent historical revisions of the U.S. international accounts.

June 24, 1992

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REAL GNP AND CONSUMER PRICES, SELECTED COUNTRIES, 1989-93  
(Percent change from fourth quarter to fourth quarter)

Measure and country	1989	1990	Projection		
			1991	1992	1993
<hr/>					
REAL GNP					
<hr/>					
Canada	2.0	-2.0	-0.0	2.5	3.5
France	4.0	1.6	1.8	2.6	2.8
Western Germany	3.3	5.3	0.9	2.7	2.6
Italy	2.8	1.6	1.5	1.8	2.3
Japan	4.9	4.7	3.2	1.9	2.9
United Kingdom	1.6	-0.7	-1.7	1.4	2.6
Average, weighted by 1987-89 GNP	3.5	2.5	1.4	2.1	2.8
Average, weighted by share of					
U.S. nonagricultural exports					
Total foreign	3.5	1.8	1.7	3.0	3.7
G-6	2.8	0.5	0.7	2.2	3.1
Developing countries	5.2	4.9	5.3	5.5	5.9
CONSUMER PRICES					
<hr/>					
Canada	5.2	4.9	4.1	3.0	2.6
France	3.6	3.6	2.9	2.8	2.8
Western Germany	3.0	3.0	3.9	3.3	3.4
Italy	6.6	6.3	6.1	5.0	4.7
Japan	2.9	3.2	3.2	2.4	1.9
United Kingdom	7.6	10.0	4.2	3.9	3.5
Average, weighted by 1987-89 GNP	4.4	4.8	3.9	3.2	2.9
Average, weighted by share of					
U.S. non-oil imports	4.2	4.4	3.8	2.9	2.6

June 23, 1992

**U.S. CURRENT ACCOUNT AND REAL NET EXPORTS**  
 (Billions of dollars, seasonally adjusted annual rates)

	1989				1990				1991		ANNUAL		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	1988	1989	1990
GDP Net Exports of Goods and Services (\$74)	-81.2	-71.9	-79.8	-70.0	-56.0	-52.5	-65.7	-31.2	-18.6	-12.3	-104.0	-75.7	-51.3
Exports of G+S	451.2	469.5	470.5	485.8	496.2	502.1	501.6	522.5	512.5	535.7	421.6	469.2	505.6
Merchandise	330.3	347.0	343.1	354.8	364.9	368.0	365.1	379.4	379.9	395.8	307.4	343.8	369.3
Services	120.9	122.5	127.4	131.0	131.3	134.1	136.5	143.1	132.6	139.9	114.2	125.4	136.2
Imports of G+S	532.4	541.3	550.3	555.7	552.2	554.5	567.4	553.7	531.1	548.0	525.7	544.9	556.9
Merchandise	439.9	447.5	455.4	458.9	455.9	457.2	467.9	453.0	435.9	451.2	431.3	450.4	458.5
Oil	49.2	51.0	53.7	51.7	55.2	53.0	54.7	43.1	44.8	51.4	47.5	51.4	51.5
Non-oil	390.6	396.5	401.8	407.2	400.8	404.2	413.1	409.9	391.0	399.8	383.8	399.0	407.0
Services	92.5	93.8	94.9	96.8	96.3	97.4	99.5	100.7	95.3	96.8	94.3	94.5	98.5
Memo: (Percent changes 1/)													
Exports of G+S	12.4	17.2	0.9	13.7	8.8	4.8	-0.4	17.7	-7.4	19.4	13.5	10.9	7.6
of which: Goods	10.7	21.8	-4.4	14.4	11.9	3.4	-3.1	16.6	0.5	17.8	15.8	10.2	6.9
Imports of G+S	-6.1	6.9	6.8	4.0	-2.5	1.7	9.6	-9.3	-15.4	13.3	3.6	2.7	-0.4
of which: Non-oil	-4.0	6.2	5.5	5.5	-6.1	3.4	9.1	-3.1	-17.2	9.3	3.3	3.2	0.7
Goods													
Current Account Balance	-110.2	-110.3	-104.9	-98.8	-90.0	-91.6	-96.0	-93.8*	48.8	9.7	-126.2	-106.1	-92.9*
Merchandise Trade, net	-117.6	-113.9	-116.7	-114.4	-109.5	-99.2	-115.6	-111.1	-73.3	-65.6	-127.0	-115.7	-108.9
Exports	348.9	367.3	360.6	370.0	379.9	386.6	386.2	402.1	402.5	413.3	320.2	361.7	388.7
Agricultural	42.9	43.1	40.6	42.2	43.0	40.5	39.4	37.9	39.2	37.5	38.8	42.2	40.2
Nonagricultural	306.0	324.2	320.0	327.8	337.0	346.1	346.8	364.2	363.3	375.8	281.4	319.5	348.5
Imports	466.5	481.2	477.3	484.4	489.4	485.8	501.7	513.2	475.8	478.9	447.2	477.4	497.6
Oil	44.2	54.2	52.2	53.1	63.2	51.3	61.8	72.9	51.7	51.7	39.6	50.9	62.3
Non-oil	422.3	427.0	425.1	431.3	426.3	434.5	439.9	440.3	424.2	427.1	407.6	426.4	435.3
Other Current Account	3.8	8.3	9.9	5.8	7.5	7.6	8.3	-7.2*	94.2	59.6	-4.6	6.9	4.0*
Invest. Income, net	3.6	-4.7	2.0	9.9	12.0	0.0	11.2	24.5*	27.9	15.7	5.4	2.7	11.9*
Direct, net	42.4	36.1	41.2	50.2	51.9	43.6	53.5	61.7*	61.7	53.0	36.8	42.5	52.7*
Portfolio, net	-38.8	-40.9	-39.2	-40.3	-39.8	-43.6	-42.3	-37.2*	-33.9	-37.3	-31.5	-39.8	-40.7*
Military, net	-6.9	-6.5	-4.6	-6.8	-6.9	-6.2	-6.7	-9.0*	-10.3	-5.7	-5.7	-6.2	-7.2*
Other Services, net	24.8	27.3	29.7	32.7	30.5	32.6	32.3	38.9*	47.7	48.8	16.1	28.6	33.6*
Transfers, net	-14.2	-12.4	-15.2	-20.2	-16.1	-18.8	-17.3	-37.1*	56.8	16.5	-14.9	-15.5	-22.3*

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

\*/ Break in series; data are redefined beginning in 1991.

June 23, 1992

**OUTLOOK FOR U.S. CURRENT ACCOUNT AND REAL NET EXPORTS**  
 (Billions of dollars, seasonally adjusted annual rates)

	Projection										Projection		
	1991		1992				1993				ANNUAL		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1991	1992	1993
GDP Net Exports of Goods and Services (\$74)	-31.1	-21.3	-22.3	-31.8	-35.1	-35.0	-35.9	-37.1	-38.6	-37.4	-20.8	-31.0	-37.3
Exports of G+S	545.2	558.0	556.7	560.6	567.3	575.3	584.2	593.9	603.9	614.3	537.8	565.0	599.1
Merchandise	400.3	413.7	413.4	415.4	420.1	426.3	433.2	440.5	448.3	456.4	397.4	418.8	444.6
Services	144.8	144.3	143.3	145.2	147.2	149.0	151.1	153.4	155.6	157.9	140.4	146.2	154.5
Imports of G+S	576.3	579.3	579.0	592.4	602.4	610.3	620.2	631.0	642.5	651.7	538.7	596.0	636.3
Merchandise	475.7	476.6	477.2	489.9	499.1	506.4	515.3	525.4	536.0	544.1	459.8	493.1	530.2
Oil	51.9	45.9	46.1	51.6	53.3	52.9	53.8	55.8	58.0	57.8	48.5	51.0	56.3
Non-oil	423.8	430.7	431.1	438.2	445.7	453.5	461.6	469.6	478.0	486.3	411.3	442.1	473.9
Services	100.6	102.8	101.8	102.5	103.3	103.9	104.8	105.6	106.6	107.5	98.9	102.9	106.1
Memo: (Percent changes 1/)													
Exports of G+S	7.3	9.7	-0.9	2.9	4.8	5.8	6.4	6.8	6.9	7.0	6.8	3.1	6.8
of which: Goods	4.6	14.1	-0.3	2.0	4.6	6.0	6.6	6.9	7.3	7.4	9.0	3.1	7.0
Imports of G+S	22.3	2.1	-0.2	9.6	6.9	5.4	6.6	7.2	7.5	5.8	4.6	5.4	6.8
of which: Non-oil Goods	26.3	6.7	0.4	6.8	7.0	7.2	7.3	7.1	7.3	7.2	5.1	5.3	7.2
Current Account Balance	-44.3	-28.9	-21.2	-34.8	-45.3	-49.9	-40.5	-41.7	-39.8	-45.3	-3.7	-37.8	-41.8
Merchandise Trade, net	-80.7	-74.2	-69.9	-85.6	-99.3	-101.0	-100.4	-103.7	-107.5	-108.9	-73.4	-89.0	-105.1
Exports	416.6	431.4	431.3	434.8	441.5	448.8	457.5	466.6	476.0	485.4	416.0	439.1	471.4
Agricultural	40.7	43.2	43.2	42.4	42.8	42.8	43.8	44.6	45.2	45.5	40.1	42.8	44.8
Nonagricultural	375.9	388.2	388.1	392.4	398.6	406.0	413.7	421.9	430.8	439.9	375.8	396.3	426.6
Imports	497.3	505.6	501.2	520.4	540.8	549.8	557.9	570.2	583.5	594.3	489.4	528.0	576.5
Oil	52.5	48.8	41.4	52.0	61.7	59.4	57.0	58.8	61.1	61.0	51.2	53.6	59.5
Non-oil	444.8	456.8	459.8	468.4	479.1	490.3	500.9	511.4	522.4	533.3	438.2	474.4	517.0
Other Current Account	24.0	35.5	29.8	33.5	33.5	32.7	37.6	40.5	43.9	43.4	53.3	32.4	41.3
Invest. Income, net	12.3	9.8	18.8	17.3	20.5	18.4	22.3	21.5	23.8	20.3	16.4	18.8	22.0
Direct, net	48.3	48.5	54.9	51.8	52.2	52.9	53.4	54.4	54.8	54.8	52.9	53.0	54.3
Portfolio, net	-36.0	-38.7	-36.0	-34.5	-31.7	-34.5	-31.0	-32.9	-31.0	-34.5	-36.5	-34.2	-32.4
Military, net	-4.0	-2.2	-0.9	-0.3	0.2	0.4	0.8	1.0	1.0	1.0	-5.5	-0.2	1.0
Other Services, net	52.1	54.7	57.7	59.4	61.3	63.5	65.6	68.3	70.9	73.6	50.8	60.5	69.6
Transfers, net	-24.0	-17.1	-27.0	-25.6	-28.0	-31.2	-28.8	-28.8	-28.0	-31.2	8.0	-27.9	-29.2

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

June 24, 1992

## **RECENT DEVELOPMENTS**

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

PRODUCTION OF DOMESTIC AUTOS AND TRUCKS  
(Millions of units at an annual rate; FRB seasonal basis)<sup>1</sup>

	1991	1992	1992				
			-- actual --		--- schedules ---		
	Q4	Q1	Apr.	May	June	Q2	Q3
Total production	9.6	8.8	9.8	10.2	10.3	10.1	10.8
Autos	5.7	5.2	5.9	6.2	6.4	6.1	6.5
Trucks	3.9	3.6	3.9	4.1	4.0	4.0	4.2

1. Components may not add to totals due to rounding.

Production of durable consumer goods excluding motor vehicles increased 2.4 percent in May; the increase was broadly based, with particular strength in household appliances and furniture. Among consumer nondurables, output of both clothing and food items edged down 0.1 percent, and consumer energy production declined 0.9 percent in May, likely owing to cool weather.

Production of business equipment excluding autos and trucks rose 1 percent in May. More than half of this increase originated in the industrial equipment sector, where output increased 3.1 percent, owing chiefly to the end of the strike at Caterpillar. Nonetheless, even abstracting from this one-time effect, production of industrial equipment apparently grew moderately in May.

Materials production moved up steadily for the fourth straight month in May, with broad-based gains among all categories of durable materials. Output of durable materials rose 0.9 percent in May, boosted by strong demand for parts and supplies used in equipment and consumer durables. Nondurable materials output was little changed; increases in production of textiles and chemicals were offset by a drop in the output of paper.

For the manufacturing sector as a whole, the recent increases in production have boosted capacity utilization to 78.1 percent. Nonetheless, considerable slack still is evident: Current utilization is a bit below the operating rate of July 1991--when the

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

	1990	1991	-1991- Q4	-----1992----- Q1 <sup>P</sup>	Apr <sup>P</sup>	May <sup>P</sup>	June <sup>e</sup>
Corporate securities - total <sup>1</sup>	19.82	32.15	34.36	40.65	29.21	40.90	36.19
Public offerings in U.S.	17.68	29.36	31.80	37.30	27.34	36.92	33.75
Stocks--total <sup>2</sup>	1.95	5.44	8.48	7.53	5.34	6.92	8.25
Nonfinancial	1.03	3.72	6.07	5.14	3.65	5.59	5.25
Utility	.35	.42	.36	.79	.96	1.08	.70
Industrial	.68	3.30	5.72	4.35	2.69	4.51	4.55
Financial	.92	1.72	2.41	2.38	1.69	1.32	3.00
Bonds	15.73	23.92	23.32	29.78	22.00	30.00	25.50
Nonfinancial	5.62	9.51	9.52	13.23	12.00	12.70	11.50
Utility	1.98	2.96	3.36	4.83	5.50	5.50	5.30
Industrial	3.64	6.55	6.16	8.41	6.50	7.20	6.20
Financial	10.11	14.41	13.80	16.54	10.00	17.30	14.00
By quality <sup>3</sup>							
Aaa and Aa	3.42	3.72	3.63	4.10	1.30	3.90	2.00
A and Baa	6.44	12.09	11.37	15.66	13.07	14.35	11.98
Less than Baa	.15	1.03	1.92	2.50	2.65	3.00	4.30
No rating (or unknown)	.04	.02	.00	.10	.04	.01	.02
Memo items:							
Equity-based bonds <sup>4</sup>	.40	.63	.46	1.01	.27	.55	.54
Mortgage-backed bonds	2.43	2.99	2.97	4.83	4.55	2.79	4.20
Other asset-backed	3.27	4.08	3.43	2.63	.40	5.95	3.00
Variable-rate notes	.80	.84	.81	.90	.99	1.74	1.70
Bonds sold abroad - total	1.92	2.33	2.06	2.61	1.40	2.95	1.70
Nonfinancial	.46	1.00	.32	.96	.50	1.30	.80
Financial	1.46	1.33	1.73	1.64	.90	1.65	.90
Stocks sold abroad - total	.22	.46	.51	.74	.47	1.04	.74
Nonfinancial	.10	.38	.43	.53	.33	1.02	.60
Financial	.12	.08	.07	.21	.14	.01	.14

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

2. Excludes equity issues associated with equity-for-equity swaps that have occurred in restructurings. Such swaps totaled \$9.4 billion in 1990.

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

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

p--preliminary. e--staff estimate.

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

	1992				
	Q1	Q2 <sup>p</sup>	Apr.	May	June <sup>p</sup>
<u>Treasury financing</u>					
Total surplus/deficit (-)	-115.5	-33.5	14.6	-46.9	-1.2
Means of financing deficit:					
Net cash borrowing from the public	82.5	61.4	6.3	33.8	21.3
Marketable borrowings/ repayments (-)	80.7	52.6	1.9	31.2	19.4
Bills	25.4	2.3	-17.4	21.7	-2.0
Coupons	55.2	50.3	19.3	9.5	21.4
Nonmarketable	1.9	8.9	4.4	2.6	1.9
Decrease in the cash balance	28.9	-24.8	-21.3	21.0	-24.6
Memo: Cash balance at end of period	19.8	37.1	41.1	20.1	44.7
<sup>2</sup> Other	4.1	-3.1	.4	-7.9	4.4
<u>Federally sponsored credit agencies, net cash</u>					
<u>borrowing</u> <sup>3</sup>	2.6	--	--	--	--
FHLBs	-1.0	--	.5	--	--
FHLMC	-5.1	--	--	--	--
FNMA	7.4	--	4.5	--	--
Farm Credit Banks	.5	--	.3	--	--
SLMA	.9	--	--	--	--

1. Data reported on a not seasonally adjusted, payment basis.

2. Includes checks issued less checks paid, accrued items and other transactions.

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

p--projected.

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



swap-related deals that allow the agencies to finance at floating rates below LIBOR.

### Municipal Securities

Gross offerings of long-term municipal bonds were a substantial \$14 billion in May and are expected to reach \$17 billion in June. With municipal bond yields near their lowest levels in thirteen years, refunding volume has remained particularly heavy. For the first five months of 1992, the average monthly volume of \$5.3 billion of refunding issuance is near the record pace of 1986, when interest rates and anticipated limits on pre-refunding spurred issuance. Sales of short-term debt are expected to rise sharply in June as states and municipalities finish budget plans and issue notes in anticipation of revenue to be collected during fiscal year 1993, which begins July 1 for many issuers. Los Angeles County, with about \$2.5 billion of short-term debt, and New York City, with about \$1.5 billion, are expected to be the largest issuers.

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

	1990	1991	1991		1992			
			Q3	Q4	Q1	April	May <sup>p</sup>	June <sup>e</sup>
Total <sup>1</sup>	13.49	16.60	19.54	16.95	16.37	18.96	14.85	---
Total tax-exempt	13.24	16.18	18.72	16.54	15.82	17.82	14.50	22.00
Long-term	10.26	12.84	13.51	14.93	14.20	15.14	14.16	17.00
Refundings <sup>2</sup>	1.68	3.11	3.09	3.44	5.12	6.12	4.90	---
New capital	8.58	9.73	10.42	11.49	9.08	9.02	9.26	---
Short-term	2.98	3.34	5.21	1.61	1.62	2.68	.34	5.00
Total taxable	.25	.42	.82	.41	.55	1.14	.35	---

p--preliminary. e--estimate.

1. Includes issues for public and private purposes.

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

California issued \$475 million of short-term obligations to cover a cash shortage through the end of June. This debt will

CONFIDENTIAL (FR)  
CLASS III - FOMC

June 26, 1992

SUPPLEMENT  
CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the  
Federal Open Market Committee

By the Staff  
Board of Governors  
of the Federal Reserve System

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

DIVISION OF RESEARCH AND STATISTICS

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**Date:** June 26, 1992  
**To:** The Federal Open Market Committee  
**From:** Michael Prell  
**Subject:** Greensheets

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Attached are revised Greensheets that incorporate the revised NIPA data and show projections in which the levels have been adjusted for the differences between the preliminary and final first-quarter estimates.

Strictly Confidential (FR)  
Class II FOMC

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

June 26, 1992

Interval	Nominal GDP		Real GDP		GDP fixed-weight price index		Consumer price index <sup>1</sup>		Unemployment rate (level except as noted)	
	5/14/92	6/26/92	5/14/92	6/26/92	5/14/92	6/26/92	5/14/92	6/26/92	5/14/92	6/26/92
<b>ANNUAL</b>										
1989 <sup>2</sup>	7.0	7.0	2.5	2.5	4.3	4.3	4.8	4.8	5.3	5.3
1990 <sup>2</sup>	5.1	5.1	1.0	1.0	4.3	4.3	5.4	5.4	5.5	5.5
1991 <sup>2</sup>	2.9	2.9	-.7	-.7	4.0	4.0	4.2	4.2	6.7	6.7
1992	4.5	4.5	1.9	1.9	2.8	2.8	3.3	3.3	7.1	7.2
1993	5.7	5.6	2.9	2.8	3.0	2.9	3.3	3.3	6.8	6.9
<b>QUARTERLY</b>										
1990 Q1 <sup>2</sup>	6.3	6.3	1.7	1.7	5.0	5.0	7.2	7.2	5.2	5.2
Q2 <sup>2</sup>	6.2	6.2	1.6	1.6	4.6	4.6	4.1	4.1	5.3	5.3
Q3 <sup>2</sup>	4.9	4.9	.2	.2	4.8	4.8	7.0	7.0	5.6	5.6
Q4 <sup>2</sup>	-.9	-.9	-3.9	-3.9	3.2	3.2	6.9	6.9	6.0	6.0
1991 Q1 <sup>2</sup>	2.3	2.3	-2.5	-2.5	5.4	5.4	3.3	3.3	6.5	6.5
Q2 <sup>2</sup>	4.6	4.6	1.4	1.4	3.3	3.3	2.4	2.4	6.7	6.7
Q3 <sup>2</sup>	4.1	4.1	1.8	1.8	2.6	2.6	2.7	2.7	6.8	6.8
Q4 <sup>2</sup>	2.2	2.2	.4	.4	2.1	2.1	3.6	3.6	6.9	6.9
1992 Q1 <sup>2</sup>	4.9	5.8	2.0	2.7	3.1	3.3	2.9	2.9	7.2	7.2
Q2	4.9	4.9	2.0	2.0	2.9	2.7	3.8	3.6	7.2	7.3
Q3	6.0	4.9	3.1	2.3	3.0	2.8	3.7	4.1	7.1	7.3
Q4	5.9	5.6	3.1	2.7	3.0	2.9	3.4	3.4	7.0	7.2
1993 Q1	6.0	6.1	2.9	2.8	3.4	3.4	3.3	3.0	6.9	7.1
Q2	5.5	5.6	2.9	2.9	2.8	2.7	3.2	3.1	6.8	6.9
Q3	5.3	5.7	2.8	3.1	2.7	2.7	3.1	3.1	6.7	6.8
Q4	5.2	5.7	2.8	3.2	2.7	2.6	3.1	3.1	6.6	6.7
<b>TWO-QUARTER<sup>3</sup></b>										
1990 Q2 <sup>2</sup>	6.2	6.2	1.7	1.7	4.8	4.8	5.6	5.6	-.1	-.1
Q4 <sup>2</sup>	1.9	1.9	-1.8	-1.8	3.9	3.9	7.0	7.0	.7	.7
1991 Q2 <sup>2</sup>	3.5	3.5	-.6	-.6	4.4	4.4	2.9	2.9	.7	.7
Q4 <sup>2</sup>	3.1	3.1	1.1	1.1	2.4	2.4	3.1	3.1	.2	.2
1992 Q2	4.9	5.3	2.0	2.4	3.0	2.9	3.3	3.2	.3	.4
Q4	6.0	5.2	3.1	2.5	3.0	2.9	3.6	3.7	-.2	-.1
1993 Q2	5.7	5.8	2.9	2.9	3.1	3.1	3.2	3.1	-.2	-.3
Q4	5.2	5.7	3.2	3.2	2.7	2.7	3.1	3.1	-.2	-.2
<b>FOUR-QUARTER<sup>4</sup></b>										
1989 Q4 <sup>2</sup>	5.9	5.9	1.7	1.7	4.2	4.2	4.6	4.6	.1	.1
1990 Q4 <sup>2</sup>	4.1	4.1	-.1	-.1	4.4	4.4	6.3	6.3	.6	.6
1991 Q4 <sup>2</sup>	3.3	3.3	.3	.3	3.4	3.4	3.0	3.0	.9	.9
1992 Q4	5.4	5.3	2.6	2.5	3.0	2.9	3.4	3.5	.1	.3
1993 Q4	5.5	5.8	2.8	3.0	2.9	2.9	3.2	3.1	-.4	-.5

1. For all urban consumers.

2. Actual.

3. Percent change from two quarters earlier, for unemployment rate, change in percentage points.

4. Percent change from four quarters earlier, for unemployment rate, change in percentage points.

Item	Unit <sup>1</sup>	Projected								
		1985	1986	1987	1988	1989	1990	1991	1992	1993
EXPENDITURES										
Nominal GDP	Bill. \$	4038.7	4268.6	4539.9	4900.4	5244.0	5513.8	5672.6	5928.4	6259.9
Real GDP	Bill. 87\$	4279.8	4404.5	4540.0	4718.6	4836.9	4884.9	4848.8	4942.0	5079.5
Real GDP	% change	3.3	2.2	4.5	3.3	1.7	-1	.3	2.5	3.0
Gross domestic purchases		3.8	2.1	3.9	2.5	1.0	-.9	.1	2.7	3.1
Final sales		3.8	3.3	2.7	4.2	1.5	1.2	-.5	2.3	2.6
Private dom. final purch.		3.9	3.0	1.9	4.2	.6	-.3	-.5	3.3	3.5
Personal cons. expend.		4.0	4.0	2.1	4.2	1.2	.3	.6	2.8	2.8
Durables		6.3	12.5	-2.6	8.5	-.8	-2.7	-2.8	6.2	5.8
Nondurables		2.7	3.3	1.4	3.2	-.8	-1.0	-.9	1.8	2.0
Services		4.2	2.5	3.7	3.7	2.0	1.9	2.2	2.5	2.6
Business fixed invest.		3.1	-5.7	3.0	5.5	.5	.6	-7.1	5.2	5.6
Producers' dur. equip.		2.2	-.7	2.4	9.1	-.1	3.1	-3.7	8.1	7.7
Nonres. structures		4.6	-14.1	4.4	-1.2	1.7	-4.6	-14.7	-1.8	-.1
Res. structures		4.3	11.1	-3.1	.9	-7.7	-11.8	-.9	7.0	8.6
Exports		-.3	9.9	12.6	13.5	10.9	7.6	6.8	4.0	6.7
Imports		5.2	6.7	4.7	3.6	2.7	-.4	4.6	5.8	6.8
Government purchases		5.9	4.1	3.3	.2	1.6	3.2	-1.6	-.4	-.8
Federal		6.4	3.8	3.7	-3.4	-1.2	2.3	-3.1	-1.5	-4.1
Defense		7.0	3.7	4.5	-3.2	-2.0	.8	-4.7	-4.5	-6.9
State and local		5.4	4.4	2.9	2.9	3.6	3.8	-.5	.3	1.4
Change in bus. invent.	Bill. 87\$	22.1	8.6	26.3	19.9	32.6	.2	-13.9	1.6	27.3
Nonfarm		19.8	10.6	32.7	26.9	33.3	-1.5	-13.9	1.0	25.4
Net exports		-145.3	-155.1	-143.0	-104.0	-75.7	-51.4	-20.9	-28.6	-34.9
Nominal GDP	% change	7.0	4.7	8.0	7.7	5.9	4.1	3.3	5.3	5.8
EMPLOYMENT AND PRODUCTION										
Nonfarm payroll employ.	Millions	97.5	99.5	102.2	105.5	108.3	109.8	108.3	108.6	110.4
Unemployment rate	%	7.2	7.0	6.2	5.5	5.3	5.5	6.7	7.2	6.9
Industrial prod. index	% change	1.9	1.4	6.5	4.5	1.1	.3	-.5	3.0	4.0
Capacity util. rate-mfg.	%	79.5	79.0	81.4	83.9	83.9	82.3	78.2	78.2	79.5
Housing starts	Millions	1.74	1.81	1.62	1.49	1.38	1.19	1.01	1.22	1.34
Auto sales in U.S.		11.04	11.45	10.24	10.63	9.91	9.51	8.39	8.49	9.16
North American produced		8.20	8.22	7.07	7.54	7.09	6.90	6.14	6.31	6.93
Other		2.84	3.24	3.18	3.09	2.83	2.60	2.25	2.19	2.24
INCOME AND SAVING										
Nominal GNP	Bill. \$	4053.6	4277.8	4544.5	4908.2	5248.2	5524.6	5685.8	5948.4	6283.1
Nominal GNP	% change	6.8	4.4	8.1	7.8	5.9	4.3	3.0	5.4	5.8
Nominal personal income		6.6	5.5	7.4	7.1	6.7	6.5	2.7	5.0	6.4
Real disposable income		1.9	2.8	2.1	3.2	1.4	1.0	.5	2.3	3.1
Personal saving rate	%	6.5	6.0	4.3	4.4	4.4	5.1	5.2	5.0	5.1
Corp. profits, IVA&CCAdj	% change	9.0	-7.1	29.7	10.2	-11.5	-11.5	6.6	24.3	7.7
Profit share of GNP	%	6.9	6.4	7.0	7.4	6.7	5.8	5.4	6.3	6.5
Federal surpl./def.	Bill. \$	-181.4	-201.1	-151.8	-136.6	-124.2	-165.3	-201.6	-282.2	-257.7
State/local surpl./def.		56.1	54.3	40.1	38.4	41.1	25.7	30.0	47.1	60.9
Ex. social ins. funds		9.2	1.5	-14.7	-18.4	-19.2	-38.1	-35.3	-18.7	-6.6
PRICES AND COSTS										
GDP implicit deflator	% change	3.6	2.6	3.3	4.2	4.2	4.2	3.0	2.8	2.6
GDP fixed-wt. price index		3.6	2.5	3.4	4.2	4.2	4.4	3.4	2.9	2.9
Gross domestic purchases										
fixed-wt. price index		3.5	2.3	3.9	4.1	4.2	5.1	2.6	3.0	2.8
CPI		3.5	1.3	4.5	4.3	4.6	6.3	3.0	3.5	3.1
Ex. food and energy		4.3	3.9	4.3	4.5	4.4	5.3	4.5	3.7	3.2
ECI, hourly compensation <sup>2</sup>		3.9	3.2	3.3	4.8	4.8	4.6	4.4	3.8	3.5
Nonfarm business sector										
Output per hour		.7	1.2	1.8	.5	-1.5	.4	1.3	1.8	1.5
Compensation per hour		4.7	4.6	3.8	3.8	3.0	6.5	3.3	3.4	3.7
Unit labor cost		3.9	3.4	1.9	3.3	4.6	6.0	2.1	1.6	2.2

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

2. Private-industry workers.

Item	Unit	1989				1990				1991	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
EXPENDITURES											
Nominal GDP	Bill. \$	5139.9	5218.5	5277.3	5340.4	5422.4	5504.7	5570.5	5557.5	5589.0	5652.6
Real GDP	Bill. 87\$	4809.8	4832.4	4845.6	4859.7	4880.8	4900.3	4903.3	4855.1	4824.0	4840.7
Real GDP	% change	2.5	1.9	1.1	1.2	1.7	1.6	.2	-3.9	-2.5	1.4
Gross domestic purchases		.7	1.1	1.7	.3	.6	1.3	1.3	-6.5	-3.5	.9
Final sales		.8	2.1	2.7	.4	4.6	-.5	.9	-.3	-2.4	1.2
Private dom. final purch.		-.4	.4	3.1	-.7	2.7	-1.5	2.5	-4.7	-4.8	.8
Personal cons. expend.		-.2	1.0	4.1	.1	2.1	.0	2.8	-3.5	-1.3	1.4
Durables		-5.0	5.9	13.8	-15.5	16.7	-11.8	1.5	-14.0	-11.9	-1.8
Nondurables		.1	-1.4	3.1	1.5	-.3	-1.5	1.3	-3.4	-.3	.9
Services		.8	1.2	2.3	3.6	.3	4.1	4.1	-.9	.7	2.5
Business fixed invest.		.9	2.7	.8	-2.5	7.1	-4.6	8.5	-7.7	-17.4	-3.3
Producers' dur. equip.		-1.0	7.3	-2.5	-3.9	6.4	-3.2	11.5	-1.6	-18.1	.0
Nonres. structures		4.9	-6.2	8.0	.4	8.5	-7.3	2.5	-19.7	-15.7	-10.3
Res. structures		-5.9	-11.9	-5.6	-7.3	.6	-15.7	-16.2	-15.0	-24.8	3.1
Exports		12.4	17.2	.9	13.7	8.8	4.8	-.4	17.7	-7.4	19.4
Imports		-6.1	6.9	6.8	4.0	-2.5	1.7	9.6	-9.3	-15.4	13.3
Government purchases		-3.4	5.2	4.1	.7	6.4	2.2	-.3	4.6	2.8	-.1
Federal		-9.5	7.9	5.1	-7.2	5.9	4.3	-5.0	4.5	9.9	1.0
Defense		-12.8	5.6	10.1	-9.2	2.3	3.3	-7.9	5.9	10.9	-3.3
State and local		1.3	3.4	3.3	6.6	6.7	.8	3.2	4.6	-1.9	-.7
Change in bus. invent.	Bill. 87\$	41.2	38.9	20.2	30.0	-4.0	22.1	13.9	-31.2	-32.8	-30.4
Nonfarm		35.8	33.4	25.9	38.1	-5.5	15.5	9.9	-25.7	-31.1	-30.8
Net exports		-81.2	-71.9	-79.8	-70.0	-56.0	-52.5	-65.7	-31.2	-18.6	-12.3
Nominal GDP	% change	7.8	6.3	4.6	4.9	6.3	6.2	4.9	-.9	2.3	4.6
EMPLOYMENT AND PRODUCTION											
Nonfarm payroll employ.	Millions	107.7	108.2	108.5	109.0	109.8	110.2	109.9	109.3	108.6	108.2
Unemployment rate <sup>1</sup>	%	5.2	5.2	5.3	5.4	5.2	5.3	5.6	6.0	6.5	6.7
Industrial prod. index	% change	2.7	2.8	-1.2	.2	.6	4.2	3.9	-7.0	-9.7	2.6
Capacity util. rate-mfg. <sup>1</sup>	%	84.7	84.5	83.7	82.9	82.7	82.8	82.9	80.8	78.0	77.9
Housing starts	Millions	1.49	1.36	1.35	1.34	1.46	1.20	1.13	1.03	.92	1.00
Auto sales in U.S.		10.03	10.26	10.20	9.09	9.92	9.53	9.60	9.00	8.33	8.43
North American produced		7.08	7.26	7.36	6.56	7.12	6.82	7.08	6.60	6.09	6.11
Other		2.95	3.00	2.84	2.53	2.80	2.71	2.51	2.39	2.25	2.32
INCOME AND SAVING											
Nominal GNP	Bill. \$	5144.3	5217.7	5279.8	5350.9	5432.7	5505.5	5576.8	5583.2	5611.7	5660.6
Nominal GNP	% change	7.3	5.8	4.8	5.5	6.3	5.5	5.3	.5	2.1	3.5
Nominal personal income		10.8	4.5	3.7	7.8	9.8	6.6	5.7	3.9	.3	4.5
Real disposable income		3.6	-2.6	1.9	3.0	4.5	1.6	.2	-2.0	-1.7	2.6
Personal saving rate <sup>1</sup>	%	5.2	4.3	3.7	4.4	4.9	5.4	4.8	5.2	5.1	5.4
Corp. profits, IVA&CCAdj	% change	-12.2	-5.6	-16.6	-11.4	6.7	-.5	-39.4	-4.8	8.4	1.9
Profit share of GNP <sup>1</sup>	%	7.1	6.9	6.5	6.3	6.3	6.2	5.4	5.3	5.4	5.4
Federal govt. surpl./def.	Bill. \$	-114.5	-110.5	-128.4	-143.3	-160.8	-156.9	-149.7	-193.6	-146.4	-206.7
State/local surpl./def.		42.4	45.1	42.6	34.4	30.3	28.5	26.1	18.0	20.4	27.6
Ex. social ins. funds		-16.4	-14.8	-18.3	-27.4	-32.2	-34.9	-38.2	-46.9	-44.7	-38.0
PRICES AND COSTS											
GDP implicit deflator	% change	5.4	4.2	3.4	3.7	4.4	4.4	4.7	3.2	5.0	3.1
GDP fixed-wt. price index		4.8	4.5	3.5	3.7	5.0	4.6	4.8	3.2	5.4	3.3
Gross domestic purchases											
fixed-wt. price index		5.3	4.6	2.8	4.0	6.1	3.5	5.0	5.8	3.2	2.4
CPI		4.7	6.4	3.3	3.9	7.2	4.1	7.0	6.9	3.3	2.4
Ex. food and energy		4.9	4.2	3.8	4.7	5.6	5.5	5.8	4.2	6.5	3.8
ECI, hourly compensation <sup>2</sup>		4.6	4.1	5.3	4.8	5.6	4.7	4.7	3.8	4.9	4.5
Nonfarm business sector											
Output per hour		-3.3	-2.0	-.2	-.5	.1	2.7	-1.2	.2	.0	2.0
Compensation per hour		2.9	1.3	3.6	4.1	5.1	8.9	7.1	4.8	2.9	4.9
Unit labor cost		6.5	3.3	3.8	4.6	5.0	6.1	8.4	4.6	2.8	2.8

1. Not at an annual rate.

2. Private-industry workers.

Item	Units	Projected									
		1991		1992				1993			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EXPENDITURES											
Nominal GDP	Bill. \$	5709.2	5739.7	5820.6	5890.2	5960.7	6042.1	6132.3	6215.8	6301.8	6389.8
Real GDP	Bill. 87\$	4862.7	4868.0	4900.9	4925.6	4953.9	4987.6	5022.5	5059.0	5097.9	5138.6
Real GDP	% change	1.8	.4	2.7	2.0	2.3	2.7	2.8	2.9	3.1	3.2
Gross domestic purchases		3.4	-.4	2.6	2.8	2.6	2.7	2.9	3.0	3.2	3.1
Final sales		-.7	-.2	4.8	.5	1.8	2.3	2.3	2.5	2.8	3.1
Private dom. final purch.		1.9	.1	5.1	1.9	2.7	3.4	3.3	3.4	3.6	3.6
Personal cons. expend.		2.3	.0	5.0	1.0	2.3	2.8	2.8	2.8	2.8	2.9
Durables		9.5	-5.7	15.9	-1.0	4.2	6.5	5.9	5.9	5.5	5.9
Nondurables		.0	-3.9	5.3	-.8	1.1	1.7	1.9	2.0	2.0	2.0
Services		2.2	3.7	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.6
Business fixed invest.		-3.7	-3.4	3.1	6.4	5.9	5.4	5.4	5.3	5.9	5.9
Producers' dur. equip.		6.7	-1.6	3.5	10.6	9.6	8.6	8.3	7.7	7.5	7.4
Nonres. structures		-23.9	-7.8	2.5	-3.6	-3.1	-2.8	-2.1	-1.2	1.4	1.8
Res. structures		10.9	12.3	11.7	5.9	1.6	9.2	6.4	7.2	11.4	9.4
Exports		7.3	9.7	2.5	3.0	4.8	5.7	6.3	6.7	6.9	7.0
Imports		22.3	2.1	1.5	9.5	6.9	5.4	6.6	7.1	7.5	5.8
Government purchases		-3.4	-5.4	2.9	-1.4	-.9	-2.3	-1.9	-1.0	-.3	.1
Federal		-8.1	-13.6	1.1	-.6	-.9	-5.4	-5.1	-4.4	-3.8	-3.0
Defense		-8.9	-15.7	-3.4	-3.7	-2.4	-8.6	-8.3	-7.3	-6.5	-5.3
State and local		-.1	.8	4.1	-1.8	-1.0	-.1	.4	1.3	1.9	2.1
Change in bus. invent.	Bill. 87\$	.1	7.6	-16.6	1.4	8.2	13.2	20.3	26.0	30.3	32.6
Nonfarm		-2.8	9.2	-16.3	.8	7.3	12.0	18.7	24.3	28.3	30.4
Net exports		-31.1	-21.3	-20.1	-29.3	-32.6	-32.6	-33.5	-34.7	-36.3	-35.0
Nominal GDP	% change	4.1	2.2	5.8	4.9	4.9	5.6	6.1	5.6	5.7	5.7
EMPLOYMENT AND PRODUCTION											
Nonfarm payroll employ.	Millions	108.3	108.2	108.1	108.5	108.8	109.2	109.6	110.1	110.6	111.2
Unemployment rate <sup>1</sup>	%	6.8	6.9	7.2	7.3	7.3	7.2	7.1	6.9	6.8	6.7
Industrial prod. index	% change	6.6	-.7	-2.8	5.8	4.2	5.0	4.7	4.2	3.7	3.5
Capacity util. rate-mfg <sup>1</sup>	%	78.7	78.2	77.3	78.1	78.4	78.9	79.3	79.4	79.6	79.8
Housing starts	Millions	1.04	1.10	1.26	1.17	1.22	1.26	1.29	1.32	1.36	1.39
Auto sales in U.S.		8.60	8.19	8.28	8.41	8.55	8.73	8.90	9.07	9.25	9.43
North American produced		6.31	6.06	6.03	6.25	6.40	6.55	6.70	6.85	7.00	7.15
Other		2.29	2.13	2.25	2.16	2.15	2.18	2.20	2.22	2.25	2.28
INCOME AND SAVING											
Nominal GNP	Bill. \$	5720.1	5750.7	5840.7	5908.6	5982.4	6061.7	6155.8	6238.5	6326.8	6411.2
Nominal GNP	% change	4.3	2.2	6.4	4.7	5.1	5.4	6.4	5.5	5.8	5.4
Nominal personal income		2.7	3.5	5.3	4.4	4.4	6.1	7.4	5.9	5.9	6.4
Real disposable income		.3	.9	3.8	2.1	.6	2.7	3.8	2.7	2.6	3.1
Personal saving rate <sup>1</sup>	%	5.0	5.2	5.0	5.3	4.9	4.9	5.1	5.1	5.0	5.1
Corp. profits, IVA&CCAdj	% change	3.5	13.0	60.8	14.9	8.8	18.8	7.3	8.6	3.4	11.6
Profit share of GNP <sup>1</sup>	%	5.4	5.5	6.1	6.2	6.3	6.5	6.5	6.5	6.5	6.6
Federal govt. surpl./def.	Bill. \$	-210.2	-243.1	-284.4	-292.2	-278.9	-273.3	-272.8	-263.6	-249.8	-244.8
State/local surpl./def.		31.8	40.3	38.9	44.5	51.2	53.8	58.1	59.0	63.0	63.5
Ex. social ins. funds		-33.8	-24.8	-26.2	-21.1	-14.8	-12.6	-8.7	-8.2	-4.7	-4.8
PRICES AND COSTS											
GDP implicit deflator	% change	2.1	1.7	3.1	2.7	2.5	2.8	3.2	2.5	2.5	2.4
GDP fixed-wt. price index		2.6	2.1	3.3	2.7	2.8	2.9	3.4	2.7	2.7	2.6
Gross domestic purchases											
fixed-wt. price index		2.5	2.2	3.0	3.0	3.3	2.9	3.1	2.7	2.7	2.6
CPI		2.7	3.6	2.9	3.6	4.1	3.4	3.0	3.1	3.1	3.1
Ex. food and energy		4.0	3.7	3.9	4.0	3.5	3.4	3.3	3.2	3.1	3.1
ECI, hourly compensation <sup>2</sup>		4.1	4.0	4.0	3.8	3.7	3.7	3.6	3.5	3.5	3.4
Nonfarm business sector											
Output per hour		1.7	1.3	2.7	1.4	1.3	1.7	1.4	1.5	1.5	1.6
Compensation per hour		3.5	2.2	2.2	4.1	3.7	3.7	4.0	3.7	3.6	3.6
Unit labor cost		1.7	.9	-.5	2.7	2.4	2.0	2.6	2.2	2.1	2.0

1. Not at an annual rate.

2. Private-industry workers.

Strictly Confidential (FR)  
Class II FOMC

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

June 26, 1992

Item	1989				1990				1991		1988	1989	1990	1991
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2				
Real GDP	30.1	22.6	13.2	14.1	21.1	19.5	3.0	-48.2	-31.1	16.7	154.2	80.0	-4.6	12.9
Gross domestic purchases	8.6	13.3	21.1	4.3	7.1	16.0	16.2	-82.7	-43.7	10.4	120.9	47.3	-43.4	3.0
Final sales	9.8	25.0	31.9	4.3	55.1	-6.7	11.3	-3.1	-29.5	14.4	193.1	71.0	56.6	-26.0
Private dom. final purch.	-4.1	4.3	30.7	-7.0	27.0	-15.3	25.1	-48.0	-48.7	8.3	158.3	23.9	-11.2	-21.3
Personal cons. expend.	-2.0	7.7	32.5	.5	17.2	-.2	22.6	-29.4	-10.7	11.3	128.2	38.7	10.2	19.3
Durables	-5.6	6.3	14.4	-18.7	17.1	-14.0	1.6	-16.3	-13.2	-1.9	34.5	-3.6	-11.6	-11.8
Nondurables	.3	-3.8	8.1	3.9	-.9	-4.1	3.4	-9.0	-.8	2.3	32.2	8.5	-10.6	-8.9
Services	3.4	5.1	10.0	15.3	1.1	17.8	17.7	-4.2	3.2	10.9	61.4	33.8	32.4	40.0
Business fixed invest.	1.2	3.6	1.1	-3.4	9.4	-6.4	11.2	-11.0	-25.4	-4.3	28.2	2.5	3.2	-38.9
Producers' dur. equip.	-.9	6.4	-2.3	-3.6	5.7	-3.0	10.1	-1.5	-18.2	.0	30.4	-.4	11.3	-13.9
Nonres. structures	2.1	-2.8	3.4	.2	3.7	-3.4	1.1	-9.6	-7.1	-4.4	-2.2	2.9	-8.2	-25.0
Res. structures	-3.4	-6.9	-3.1	-4.0	.3	-8.7	-8.6	-7.6	-12.6	1.3	2.0	-17.4	-24.6	-1.6
Change in bus. invent.	20.3	-2.3	-18.7	9.8	-34.0	26.1	-8.2	-45.1	-1.6	2.4	-39.0	9.1	-61.2	38.8
Nonfarm	5.3	-2.4	-7.5	12.2	-43.6	21.0	-5.6	-35.6	-5.4	.3	-31.6	7.6	-63.8	34.9
Farm	15.1	.0	-11.2	-2.4	9.6	5.2	-2.7	-9.5	3.8	2.1	-7.4	1.5	2.6	3.9
Net exports	21.5	9.3	-7.9	9.8	14.0	3.5	-13.2	34.5	12.6	6.3	33.3	32.7	38.8	9.9
Exports	13.0	18.3	1.0	15.3	10.4	5.9	-.5	20.9	-10.0	23.2	52.1	47.6	36.7	35.5
Imports	-8.5	8.9	9.0	5.4	-3.5	2.3	12.9	-13.7	-22.6	16.9	18.8	14.8	-2.0	25.6
Government purchases	-7.6	11.4	9.1	1.5	14.1	5.1	-.6	10.4	6.6	-.2	1.5	14.4	29.0	-14.6
Federal	-9.3	7.1	4.7	-7.0	5.4	4.0	-4.9	4.2	9.1	1.0	-13.2	-4.5	8.7	-11.9
Defense	-9.6	3.8	6.8	-6.8	1.6	2.3	-5.8	4.0	7.4	-2.4	-9.3	-5.8	2.1	-13.3
Nondefense	.3	3.3	-2.1	-.2	3.7	1.8	.9	.2	1.7	3.4	-3.9	1.3	6.6	1.4
State and local	1.7	4.3	4.3	8.5	8.8	1.1	4.3	6.2	-2.6	-1.0	14.7	18.8	20.4	-2.6

1. Annual changes are from Q4 to Q4.



Strictly Confidential (FR)  
Class II FOMC

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

June 26, 1992

Item	Projected										Projected			
	1991		1992				1993				1990	1991	1992	1993
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Real GDP	22.0	5.3	32.9	24.7	28.4	33.7	34.9	36.6	38.9	40.7	-4.6	12.9	119.6	151.0
Gross domestic purchases	40.8	-4.5	31.7	33.9	31.7	33.6	35.8	37.7	40.5	39.5	-43.4	3.0	130.9	153.5
Final sales	-8.6	-2.3	57.2	6.7	21.6	28.7	27.8	30.9	34.6	38.4	56.6	-26.0	114.1	131.6
Private dom. final purch.	18.4	.7	49.3	19.0	27.1	33.9	33.0	34.2	36.9	37.0	-11.2	-21.3	129.3	141.1
Personal cons. expend.	18.8	-.1	40.2	8.4	18.8	22.8	22.9	23.8	23.6	24.2	10.2	19.3	90.1	94.4
Durables	9.4	-6.1	15.5	-1.1	4.4	6.8	6.3	6.4	6.1	6.6	-11.6	-11.8	25.7	25.4
Nondurables	-.1	-10.3	13.4	-2.1	2.9	4.4	5.0	5.3	5.3	5.3	-10.6	-8.9	18.6	20.8
Services	9.6	16.3	11.3	11.5	11.4	11.5	11.6	12.1	12.2	12.3	32.4	40.0	45.8	48.1
Business fixed invest.	-4.8	-4.4	3.9	8.0	7.5	6.9	7.1	7.0	7.9	8.1	3.2	-38.9	26.3	30.0
Producers' dur. equip.	5.8	-1.5	3.1	9.3	8.7	7.9	7.8	7.4	7.4	7.4	11.3	-13.9	29.0	30.1
Nonres. structures	-10.5	-3.0	.9	-1.3	-1.1	-1.0	-.8	-.4	.5	.6	-8.2	-25.0	-2.6	-.1
Res. structures	4.5	5.2	5.1	2.7	.8	4.2	3.1	3.5	5.5	4.7	-24.6	-1.6	12.8	16.7
Change in bus. invent.	30.5	7.5	-24.2	18.0	6.8	5.0	7.1	5.7	4.3	2.3	-61.2	38.8	5.6	19.4
Nonfarm	28.0	12.0	-25.5	17.1	6.5	4.7	6.7	5.6	4.0	2.1	-63.8	34.9	2.8	18.4
Farm	2.5	-4.5	1.3	.9	.3	.3	.4	.1	.3	.2	2.6	3.9	2.8	1.0
Net exports	-18.8	9.8	1.2	-9.2	-3.3	.0	-.9	-1.2	-1.6	1.2	38.8	9.9	-11.3	-2.5
Exports	9.5	12.8	3.4	4.1	6.6	8.0	8.9	9.6	10.0	10.3	36.7	35.5	22.1	38.9
Imports	28.3	3.0	2.2	13.3	9.9	8.0	9.9	10.8	11.6	9.1	-2.0	25.6	33.4	41.4
Government purchases	-8.2	-12.8	6.7	-3.2	-2.2	-5.3	-4.3	-2.2	-.8	.2	29.0	-14.6	-4.0	-7.1
Federal	-8.2	-13.8	1.0	-.6	-.8	-5.1	-4.8	-4.0	-3.4	-2.7	8.7	-11.9	-5.5	-14.9
Defense	-6.6	-11.7	-2.3	-2.5	-1.6	-5.8	-5.5	-4.7	-4.1	-3.3	2.1	-13.3	-12.2	-17.6
Nondefense	-1.6	-2.1	3.3	1.9	.8	.7	.7	.7	.7	.6	6.6	1.4	6.7	2.7
State and local	-.1	1.1	5.6	-2.6	-1.4	-.2	.5	1.8	2.6	2.9	20.4	-2.6	1.4	7.8

1. Annual changes are from Q4 to Q4.