

December 16, 1981

SUMMARY AND OUTLOOK

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

STAFF GNP PROJECTIONS

Percent changes, annual rate										
	Nominal GNP		Real GNP		Total		Gross domestic business product fixed-weighted price index		Unemployment rate (percent)	
	11/10/81	12/16/81	11/10/81	12/16/81	11/10/81	12/16/81	11/10/81	12/16/81	11/10/81	12/16/81
Annual changes:										
1979 1/	12.0	12.0	3.2	3.2	9.7	9.7	8.4	8.4	5.8	5.8
1980 1/	8.8	8.8	-.2	-.2	9.8	9.8	8.2	8.2	7.1	7.1
1981	11.1	11.1	1.8	1.8	9.4	9.4	9.2	9.4	7.6	7.6
1982	7.1	6.9	-.7	-.6	7.9	7.6	8.0	7.7	8.8	8.7
Quarterly changes:										
1980-Q1 1/	12.6	12.6	3.1	3.1	10.1	10.1	7.4	7.4	6.2	6.2
1980-Q2 1/	-1.1	-1.1	-9.9	-9.9	9.8	9.8	9.5	9.5	7.3	7.3
1980-Q3 1/	11.8	11.8	2.4	2.4	9.6	9.6	9.3	9.3	7.5	7.5
1980-Q4 1/	14.9	14.9	3.8	3.8	9.3	9.3	8.2	8.2	7.5	7.5
1981-Q1 1/	19.2	19.2	8.6	8.6	10.5	10.5	8.1	8.1	7.4	7.4
1981-Q2 1/	4.7	4.7	-1.6	-1.6	8.2	8.2	9.7	9.7	7.4	7.4
1981-Q3 1/	8.8	10.2	-.6	.6	9.6	9.8	11.2	14.4	7.2	7.2
1981-Q4	5.0	3.0	-4.2	-5.5	8.5	7.7	8.6	5.5	8.3	8.4
1982-Q1	5.2	4.6	-1.8	-2.2	7.5	7.1	7.2	7.0	8.6	8.9
1982-Q2	8.2	9.0	.9	1.9	7.4	7.4	7.1	7.0	8.8	9.2
1982-Q3	10.1	10.8	3.3	4.1	7.1	7.1	6.7	6.6	8.8	9.1
1982-Q4	10.7	10.0	3.2	3.1	6.7	6.4	6.6	6.4	8.8	9.0
Two-quarter changes:										
1980-Q2 1/	5.6	5.6	-3.6	-3.6	9.9	9.9	8.4	8.4	1.4	1.4
1980-Q4 1/	13.3	13.3	3.1	3.1	9.5	9.5	8.8	8.8	.2	.2
1981-Q2 1/	11.7	11.7	3.4	3.4	9.2	9.2	9.0	9.0	-.1	-.1
1981-Q4	6.8	6.5	-2.4	-2.5	9.1	8.7	9.9	9.9	.9	1.0
1982-Q2	6.7	6.8	-.4	-.2	7.4	7.2	7.1	7.0	.5	.8
1982-Q4	10.4	10.4	3.2	3.6	7.0	6.7	6.7	6.5	.0	-.2
Three-quarter changes:										
1979-Q4 1/	9.9	9.9	1.7	1.7	9.7	9.7	8.2	8.2	.1	.1
1980-Q4 1/	9.4	9.4	-.3	-.3	9.7	9.7	8.6	8.6	1.6	1.6
1981-Q4	9.2	9.1	.4	.4	9.2	9.0	9.5	9.5	.8	.9
1982-Q4	8.5	8.6	1.4	1.7	7.2	7.0	6.9	6.7	.5	.6

1/ Actual.

2/ Percent change from two quarters earlier.

3/ Percent change from four quarters earlier.

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

	1979				1980			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	2340.6	2374.6	2444.1	2496.3	2571.7	2564.8	2637.3	2730.6
Final purchases	2316.2	2341.5	2430.8	2497.1	2569.1	2557.4	2653.4	2748.0
Private	1858.0	1876.4	1955.4	2000.7	2052.3	2027.4	2119.9	2189.4
Excluding net exports	1838.1	1868.2	1937.5	1993.1	2044.1	2010.3	2075.4	2166.1
Personal consumption expenditures	1454.1	1478.0	1529.1	1582.3	1631.0	1626.8	1682.2	1751.0
Goods	784.3	793.8	824.8	855.3	882.0	858.4	883.0	926.8
Services	669.9	684.2	704.3	727.0	749.0	768.4	799.2	824.2
Gross private domestic investment	408.3	423.2	421.7	410.0	415.6	390.9	377.1	397.7
Residential construction	116.7	117.2	119.8	120.6	115.2	93.6	99.2	113.0
Business fixed investment	267.3	272.9	288.5	290.2	297.8	289.8	294.0	302.1
Change in business inventories	24.3	33.1	13.3	-.8	2.5	7.4	-16.0	-17.4
Nonfarm	20.8	29.2	7.8	-4.4	1.5	6.1	-12.3	-14.0
Net exports of goods and services <u>1/</u>	19.9	8.2	17.9	7.6	8.2	17.1	44.5	23.3
Exports	259.1	266.8	293.1	306.3	337.3	333.3	342.4	346.1
Imports	239.2	258.6	275.2	298.7	329.1	316.2	297.9	322.7
Gov't. purchases of goods and services	458.2	465.1	475.4	496.4	516.8	530.0	533.5	558.6
Federal <u>2/</u>	164.8	163.6	165.1	178.1	190.0	198.7	194.9	212.0
State and local	293.4	301.6	310.4	318.3	326.8	331.3	338.6	346.6
Gross national product in constant (1972) dollar	1479.9	1473.4	1488.2	1490.6	1501.9	1463.3	1471.9	1485.6
Personal income	1864.6	1906.3	1972.3	2032.0	2088.2	2114.5	2182.1	2256.2
Wage and salary disbursements	1194.8	1218.6	1248.6	1282.2	1314.7	1320.4	1341.8	1397.8
Disposable personal income	1580.2	1612.8	1663.8	1710.1	1765.1	1784.1	1840.6	1897.0
Saving rate (percent)	5.3	5.6	5.4	4.7	4.9	6.2	6.1	5.1
Corporate profits with I.V.A. and C.C. Adj	201.9	196.6	199.5	189.4	200.2	169.3	177.9	183.3
Corporate profits before tax	253.1	250.9	262.0	255.4	277.1	217.9	237.6	249.5
Federal government surplus or deficit (-)	-11.5	-8.1	-15.2	-24.5	-36.3	-66.5	-74.2	-67.9
(N.I.A. basis)	-4.7	5.1	-2.3	-7.1	-17.1	-21.5	-21.1	-13.3
High employment surplus or deficit (-)								
State and local government surplus or deficit (-) (N.I.A. basis)	29.5	21.9	26.5	28.9	26.6	23.9	28.6	37.1
Excluding social insurance funds	7.1	-1.7	2.1	4.0	1.3	-1.7	.9	8.1
Civilian labor force (millions)	102.3	102.4	103.2	103.7	104.2	104.7	105.0	105.2
Unemployment rate (percent)	5.8	5.7	5.8	5.9	6.2	7.3	7.5	7.5
Nonfarm payroll employment (millions)	89.0	89.7	90.2	90.5	90.8	90.5	90.2	90.8
Manufacturing	21.0	21.1	21.1	20.9	20.8	20.3	20.0	20.2
Industrial production (1967=100)	152.7	152.3	152.6	152.5	152.6	144.5	142.3	148.7
Capacity utilization: all mfg. (percent)	86.9	85.9	85.3	84.4	83.4	77.9	75.9	79.1
Materials (percent)	88.4	87.5	87.2	86.3	85.8	78.8	75.2	80.1
Housing starts, private (million units, A.R.)	1.64	1.84	1.79	1.59	1.23	1.06	1.39	1.54
New autos sales, (millions, A.R.)	11.56	10.65	10.79	9.80	10.65	7.68	8.80	9.04
Domestic models	9.30	8.16	8.63	7.43	7.87	5.53	6.51	6.57
Foreign models	2.25	2.49	2.16	2.37	2.77	2.14	2.29	2.47

1/ Balance of payments data and details underlying these estimates are shown in the International Developments section of this part of the Greenbook.

2/ Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

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PERCENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS
(Annual rates compounded quarterly)

	1979				1980			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Constant (1972) dollars</u>								
Gross national product	3.9	-1.7	4.1	.6	3.1	-9.9	2.4	3.8
Final purchases	2.5	-2.5	7.2	2.9	3.1	-10.4	4.1	4.4
Private	3.0	-3.0	8.7	2.2	2.2	-13.3	6.5	4.9
Excluding net exports	1.1	-1.6	5.5	1.9	-.4	-14.4	4.6	8.5
Personal consumption expenditures	.9	-1.2	4.7	3.6	.8	-9.8	5.1	7.0
Goods	-2.7	-4.6	6.0	4.2	-.3	-17.7	4.0	10.2
Services	5.5	3.0	3.1	2.8	2.1	.0	6.4	3.7
Gross private domestic investment	10.6	1.7	-9.9	-17.8	-5.6	-28.9	-10.0	11.1
Residential structures	-6.5	-10.8	-3.6	-3.1	-24.2	-60.2	16.0	64.2
Business fixed investment	5.2	-.4	13.4	-5.4	2.2	-19.9	-1.5	4.0
Gov't. purchases of goods and services	.7	-.5	1.2	6.1	6.9	2.5	-5.0	2.2
Federal	8.0	-7.9	-3.6	13.1	18.9	11.9	-13.1	2.0
National defense	2.2	3.8	2.0	7.1	9.8	6.2	-.1	5.9
State and local	-3.3	4.0	3.9	2.4	.6	-2.8	.3	2.3
Disposable personal income	3.1	.5	3.5	.8	1.3	-4.9	4.1	2.9
<u>Current dollars</u>								
Gross national product	12.7	5.9	12.2	8.8	12.6	-1.1	11.8	14.9
Final purchases	11.5	4.4	16.1	11.4	12.0	-1.8	15.9	15.0
Private	12.8	4.0	17.9	9.6	10.7	-4.8	19.5	13.8
Excluding net exports	10.8	6.7	15.7	12.0	10.6	-6.5	13.6	18.7
Personal consumption expenditures	11.0	6.7	14.6	14.7	12.9	-1.0	14.3	17.4
Goods	8.5	4.9	16.6	15.6	13.1	-10.3	12.0	21.4
Services	14.2	8.8	12.2	13.5	12.7	10.8	17.0	13.1
Gross private domestic investment	17.0	15.4	-1.5	-10.6	5.6	-21.8	-13.3	23.7
Residential structures	1.8	1.8	9.1	2.8	-16.7	-56.4	25.7	68.5
Business fixed investment	13.9	8.6	25.0	2.3	11.0	-10.4	6.0	11.5
Gov't. purchases of goods and services	6.3	6.2	9.2	18.8	17.5	10.6	2.6	20.2
Federal	10.7	-2.9	3.7	35.4	29.5	19.8	-7.5	40.2
National defense	8.2	8.2	15.0	26.2	23.2	12.4	8.4	35.0
State and local	3.9	11.6	12.2	10.6	11.2	5.6	9.1	9.7
Disposable personal income	13.5	8.5	13.3	11.6	13.5	4.4	13.3	12.8
Personal income	12.8	9.3	14.6	12.7	11.5	5.1	13.4	14.3
Wage and salary disbursements	13.5	8.2	10.2	11.2	10.5	1.8	6.6	17.8
Corporate profits with IVA & C.C. Adj.	-1.6	-10.1	6.0	-18.8	24.8	-48.9	21.9	12.7
Corporate profits before tax	8.3	-3.4	18.9	-9.7	38.6	-61.8	41.4	21.6
Nonfarm payroll employment	3.7	3.1	2.4	1.2	1.5	-1.6	-1.0	2.7
Manufacturing	3.5	2.1	-.1	-3.6	-2.4	-9.7	-5.9	3.7
Nonfarm business sector								
Output per hour	-.9	-1.6	-1.1	-.2	.3	-2.9	3.6	-.2
Compensation per hour	10.9	10.4	8.6	9.7	10.2	11.3	9.0	9.8
Unit labor costs	11.9	12.1	9.7	9.9	9.9	14.6	5.3	10.1
GNP implicit deflator 1/	8.4	7.8	7.8	8.1	9.3	9.8	9.2	10.7
Gross domestic business product								
fixed-weighted price index 2/	9.7	9.7	9.5	10.0	10.1	9.8	9.6	9.3
Excluding food and energy	7.5	7.2	6.9	11.1	7.4	9.5	9.3	8.2
Consumer price index (all urban)	10.2	12.5	14.0	14.3	16.5	13.1	7.7	12.9
Industrial production	5.4	-1.0	.8	-.3	.3	-19.6	-6.2	19.2

1/ Excluding Federal pay increases, rates of change were: 1979-Q1, 8.3 percent; 1979-Q4, 7.5 percent; 1980-Q1, 9.2 percent; 1980-Q4, 9.7 percent.

2/ Uses expenditures in 1972 as weights.

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

	1981				1982			
					Projected			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	2853.0	2885.8	2956.5	2978.2	3011.6	3077.4	3157.1	3233.3
Final purchases	2848.5	2862.5	2932.2	2965.2	3015.6	3076.4	3153.6	3228.3
Private	2272.0	2285.1	2343.9	2356.2	2401.7	2451.1	2517.0	2574.9
Excluding net exports	2242.8	2264.3	2321.9	2336.2	2380.4	2433.1	2503.6	2564.0
Personal consumption expenditures	1810.1	1829.1	1887.2	1912.3	1952.8	1996.3	2054.2	2101.7
Goods	964.3	962.6	988.4	989.1	1005.5	1025.0	1058.4	1085.4
Services	845.8	866.5	898.8	923.2	947.3	971.3	995.8	1016.3
Gross private domestic investment	437.1	458.6	459.1	436.9	423.6	437.8	452.9	467.3
Residential construction	116.7	110.7	101.6	94.6	95.6	100.6	108.6	116.1
Business fixed investment	315.9	324.6	333.2	329.3	332.0	336.2	340.8	346.2
Change in business inventories	4.5	23.3	24.3	13.0	-4.0	1.0	3.5	5.0
Nonfarm	6.8	21.5	19.5	13.0	-4.0	1.0	3.5	5.0
Net exports of goods and services <u>1/</u>	29.2	20.8	22.0	20.0	21.3	18.0	13.4	10.9
Exports	367.4	368.2	364.1	357.8	354.8	358.7	366.0	374.5
Imports	338.2	347.5	342.1	337.8	333.5	340.6	352.7	363.6
Gov't. purchases of goods and services	576.5	577.4	588.3	609.0	613.9	625.3	636.6	653.4
Federal <u>2/</u>	221.6	219.5	226.0	241.5	241.2	247.7	253.8	265.3
State and local	354.9	357.9	362.3	367.5	372.7	377.6	382.8	388.1
Gross national product in constant (1972) dollars	1516.4	1510.4	1512.8	1491.4	1483.3	1490.1	1505.1	1516.7
Personal income	2319.8	2368.5	2441.8	2490.1	2526.3	2572.0	2635.8	2689.3
Wage and salary disbursements	1442.9	1467.0	1497.8	1519.3	1536.8	1559.8	1589.2	1626.4
Disposable personal income	1947.8	1985.6	2041.7	2094.5	2127.1	2164.6	2252.3	2295.9
Saving rate (percent)	4.6	5.4	5.1	6.1	5.7	5.2	6.3	6.0
Corporate profits with I.V.A. and C.C. Adj.	203.0	190.3	191.2	171.7	159.6	174.8	195.0	204.9
Corporate profits before tax	257.0	229.0	230.9	208.7	191.3	202.7	219.5	224.8
Federal government surplus or deficit (-) (N.I.A. basis)	-46.6	-47.2	-54.9	-97.4	-101.5	-103.6	-148.1	-148.5
High employment surplus or deficit (-) <u>3/</u>	.4	6.6	4.8	-17.4	-6.3	.8	-45.4	-44.1
State and local government surplus or deficit (-) (N.I.A. basis)	36.9	36.1	37.2	34.4	34.7	36.5	40.0	41.3
Excluding social insurance funds	6.6	4.3	4.6	.4	-.6	-.1	2.1	2.1
Civilian labor force (millions)	105.8	106.8	106.4	107.0	107.2	107.4	107.6	107.9
Unemployment rate (percent)	7.4	7.4	7.2	8.4	8.9	9.2	9.1	9.0
Nonfarm payroll employment (millions)	91.2	91.5	91.9	91.5	91.0	90.7	90.8	91.1
Manufacturing	20.2	20.4	20.5	20.0	19.6	19.4	19.5	19.7
Industrial production (1967=100)	151.8	152.5	153.1	146.8	144.5	146.2	148.9	150.8
Capacity utilization: all mfg. (percent)	79.9	79.8	79.3	75.1	73.3	73.7	74.6	75.1
Materials (percent)	82.2	81.2	81.2	75.7	73.6	74.6	76.0	76.8
Housing starts, private (million units, A.R.)	1.39	1.18	.97	.88	1.00	1.10	1.25	1.25
New autos sales, (millions, A.R.)	9.96	7.89	9.04	7.50	8.20	8.70	9.20	9.05
Domestic models	7.31	5.63	6.90	5.30	6.00	6.40	6.80	6.65
Foreign models	2.66	2.25	2.14	2.20	2.20	2.30	2.40	2.40

- 1/ Balance of payments data and details underlying these estimates are shown in the International Developments section of this part of the Greenbook.
2/ Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.
3/ Estimates in table are evaluated at a 5.1 percent high employment unemployment rate. Evaluated at a 6.1 percent unemployment rate, the high employment budget would show a deficit of \$37.8 billion in 1980-Q4 and a deficit of \$44.1 billion in 1981-Q4, and a deficit of \$71.9 billion in 1982-Q4.

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PERCENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS
(Annual rates compounded quarterly)

	1981				1982			
					Projected			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Constant (1972) dollars</u>								
Gross national product	8.6	-1.6	.6	-5.5	-2.2	1.9	4.1	3.1
Final purchases	6.9	-4.7	-.2	-3.7	.1	1.2	3.7	2.9
Private	7.3	-4.5	.1	-5.0	.9	1.2	4.4	3.4
Excluding net exports	6.7	-3.2	2.3	-4.4	.7	1.9	5.2	3.9
Personal consumption expenditures	5.8	-2.1	4.0	-2.0	1.4	1.9	5.3	3.8
Goods	9.8	-5.3	4.3	-5.6	.8	1.7	7.8	5.0
Services	1.4	1.6	3.7	2.0	2.0	2.1	2.6	2.4
Gross private domestic investment	24.2	16.1	.7	-25.7	-17.9	7.3	7.3	6.3
Residential structures	3.6	-23.4	-32.6	-29.4	-2.1	15.1	27.0	22.2
Business fixed investment	13.3	-2.1	4.3	-10.9	-2.8	-1.2	-.6	.3
Gov't. purchases of goods and services	5.4	-5.6	-1.5	2.3	-3.3	.9	1.1	.8
Federal	14.8	-8.4	3.6	10.1	-5.9	5.3	4.9	3.4
National defense	1.1	2.6	-4.4	-2.2	-1.6	-1.8	-1.3	-.8
State and local	.2	-3.8	7.7	6.5	4.4	4.4	4.6	9.3
Disposable personal income	3.0	1.4	2.6	2.9	-.8	.0	10.1	2.2
<u>Current dollars</u>								
Gross national product	19.2	4.7	10.2	3.0	4.6	9.0	10.8	10.0
Final purchases	15.5	2.0	10.1	4.6	7.0	8.3	10.4	9.8
Private	16.0	2.3	10.7	2.1	8.0	8.5	11.2	9.5
Excluding net exports	14.9	3.9	10.6	2.5	7.8	9.2	12.1	10.0
Personal consumption expenditures	14.2	4.3	13.3	5.4	8.7	9.2	12.1	9.6
Goods	17.2	-.7	11.2	.3	6.8	8.0	13.7	10.6
Services	10.9	10.1	15.8	11.3	10.9	10.5	10.5	8.5
Gross private domestic investment	45.9	21.1	.5	-18.0	-11.6	14.1	14.5	13.3
Residential structures	14.0	-19.2	-29.0	-24.8	4.3	22.6	35.8	30.6
Business fixed investment	19.6	11.4	11.0	-4.6	3.3	5.2	5.6	6.5
Gov't. purchases of goods and services	13.5	.6	7.7	14.9	3.3	7.6	7.4	11.0
Federal	19.3	-3.7	12.3	30.6	-.5	11.2	10.2	19.4
National defense	10.4	8.7	16.0	29.0	10.9	10.4	9.6	27.1
State and local	10.0	3.3	5.0	5.9	5.8	5.4	5.6	5.7
Disposable personal income	11.2	8.0	11.8	10.7	6.4	7.3	17.2	8.0
Personal income	11.8	8.7	13.0	8.2	5.9	7.4	10.3	8.4
Wage and salary disbursements	13.5	6.9	8.7	5.9	4.7	6.1	7.8	9.7
Corporate profits with IVA & C.C. Adj.	50.4	-22.8	1.9	-35.0	-25.3	43.9	54.9	21.9
Corporate profits before tax	12.6	-37.0	3.4	-33.2	-29.4	26.1	37.6	9.9
Nonfarm payroll employment	1.8	1.4	1.7	-1.8	-2.2	-1.3	.5	1.2
Manufacturing	.5	4.2	2.4	-9.0	-8.2	-3.9	2.3	2.6
Nonfarm business sector								
Output per hour	4.3	1.4	-1.6	-4.0	.0	3.6	3.5	1.3
Compensation per hour	11.6	9.6	9.3	8.5	8.8	8.1	7.9	7.6
Unit labor costs hour	7.0	8.1	11.1	13.0	8.8	4.4	4.3	6.2
GNP implicit deflator 1/	9.8	6.4	9.5	9.0	6.9	7.1	6.4	6.7
Gross domestic business product								
fixed-weighted price index 2/	10.5	8.2	9.8	7.7	7.1	7.4	7.1	6.4
Excluding food and energy	8.1	9.7	14.4	5.5	7.0	7.0	6.6	6.4
Consumer price index (all urban)	10.8	7.5	12.0	8.2	8.0	7.3	7.4	6.2
Industrial production	8.3	1.9	1.6	-15.5	-6.1	4.8	7.6	5.2

1/ Excluding Federal pay increases, the rates of change are: 1981-Q1, 9.7 percent; 1981-Q4, 8.0 percent; 1982-Q1, 6.8 percent; 1982-Q4, 5.7 percent.

2/ Uses expenditures in 1972 as weights.

December 16, 1981

CONFIDENTIAL - FR
CLASS II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS
(Expenditures and income figures are billions of current dollars.)

	1975	1976	1977	1978	1979	1980	Projected 1981	1982
Gross national product	1549.2	1718.0	1918.0	2156.1	2413.9	2626.1	2918.3	3119.8
Final purchases	1556.1	1706.2	1897.0	2133.9	2396.4	2632.0	2902.1	3118.5
Private	1216.2	1344.1	1502.5	1701.3	1922.6	2097.3	2314.3	2486.2
Excluding net exports	1189.4	1330.4	1506.7	1701.9	1909.2	2074.0	2291.3	2470.3
Personal consumption expenditures	976.4	1084.3	1205.5	1348.7	1510.9	1672.8	1859.7	2026.2
Goods	539.5	598.5	657.8	729.1	814.5	887.6	976.1	1043.6
Services	437.0	485.7	547.7	619.6	696.3	785.2	883.6	982.7
Gross private domestic investment	206.1	257.9	322.3	375.3	415.8	395.3	447.9	445.4
Residential construction	55.3	72.0	95.8	111.3	118.6	105.3	105.9	105.2
Business fixed investment	157.7	174.1	205.5	242.0	279.7	296.0	325.7	338.8
Change in business inventories	-6.9	11.8	21.0	22.2	17.5	-5.9	16.3	1.4
Nonfarm	-10.5	13.9	20.2	21.8	13.4	-4.7	15.2	1.4
Net exports of goods and services <u>1/</u>	26.8	13.7	-4.2	-.6	13.4	23.3	23.0	15.9
Exports	154.9	170.9	183.3	219.8	281.3	339.8	364.4	363.5
Imports	128.1	157.1	187.5	220.4	267.9	316.5	341.4	347.6
Gov't. purchases of goods and services	339.9	362.1	394.5	432.6	473.8	534.7	587.8	632.3
Federal <u>2/</u>	122.7	129.2	143.9	153.4	167.9	198.9	227.1	252.0
State and local	217.2	232.9	250.6	279.2	305.9	335.8	360.6	380.3
Gross national product in constant (1972) dollars	1233.9	1300.4	1371.7	1436.9	1483.0	1480.7	1507.7	1498.8
Personal income	1265.0	1391.2	1538.0	1721.8	1943.8	2160.2	2405.1	2605.9
Wage and salary disbursements	806.4	889.9	983.8	1105.2	1236.1	1343.7	1481.7	1578.0
Disposable personal income	1096.1	1194.4	1311.5	1462.9	1641.7	1821.7	2017.4	2210.0
Saving rate (percent)	8.6	6.9	5.6	5.2	5.2	5.6	5.3	5.8
Corporate profits with I.V.A. and C.C. Adj.	110.5	138.1	164.7	185.5	196.8	182.7	189.0	183.6
Corporate profits before tax	132.1	166.3	192.6	223.3	255.4	245.5	231.3	209.6
Federal government surplus or deficit (N.I.A. basis)	-69.3	-53.1	-46.4	-29.2	-14.8	-61.2	-61.5	-125.5
High employment surplus or deficit (-)	-29.2	-20.1	-23.0	-15.7	-2.2	-18.2	-1.4	-23.8
State and local government surplus or deficit (-) (N.I.A. basis)	5.5	16.6	28.1	29.0	26.7	29.1	36.1	38.1
Excluding social insurance funds	-7.6	.9	10.1	9.0	2.9	2.1	3.9	.9
Civilian labor force (millions)	92.6	94.8	97.4	100.4	102.9	104.7	106.5	107.5
Unemployment rate (percent)	8.5	7.7	7.0	6.0	5.8	7.1	7.6	9.0
Nonfarm payroll employment (millions)	76.9	79.4	82.5	86.7	89.8	90.6	91.6	90.9
Manufacturing	18.3	19.0	19.7	20.5	21.0	20.3	20.3	19.5
Industrial production (1967=100)	117.8	130.5	138.1	146.1	152.5	147.0	151.0	147.6
Capacity utilization: all manufacturing (percent)	72.9	79.5	81.9	84.4	85.6	79.1	78.5	74.2
Materials (percent)	73.4	81.1	82.7	85.6	87.4	80.0	80.1	75.3
Housing starts, private (million units, A.R.)	1.16	1.54	1.99	2.02	1.75	1.29	1.10	1.15
New auto sales, (millions, A.R.)	8.66	10.12	11.13	11.28	10.70	9.04	8.64	8.79
Domestic models	7.08	8.63	9.07	9.29	8.38	6.62	6.31	6.46
Foreign models	1.58	1.50	2.06	1.99	2.32	2.42	2.33	2.32

1/ Balance of payments data underlying these estimates are shown in the International Developments section of this part of the Greenbook.2/ Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

CONFIDENTIAL - FR
CLASS II FOMC

**PERCENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS**

	1975	1976	1977	1978	1979	1980	Projected	1981	1982
<u>Constant (1972) dollars</u>									
Gross national product	-1.1	5.4	5.5	4.8	3.2	-.2	1.8	-.6	
Final purchases	.3	4.2	5.2	4.7	3.5	.7	1.1	-.1	
Private	-.1	5.3	6.0	15.4	4.0	.2	1.4	.0	
Excluding net exports	-.6	6.2	6.5	5.2	2.9	-1.0	2.2	.6	
Personal consumption expenditures	2.2	5.6	4.9	4.7	2.9	.5	2.7	1.5	
Goods	1.3	6.7	5.2	4.2	1.9	-1.4	2.6	.9	
Services	3.3	4.3	4.5	5.4	4.1	2.6	2.7	2.3	
Gross private domestic investment	-20.8	19.2	15.7	7.6	1.3	-12.5	5.0	-6.7	
Residential structures	-12.5	21.3	18.5	2.9	-5.2	-18.6	-5.6	-6.8	
Business fixed investment	-12.1	5.3	11.9	9.1	6.5	-3.0	1.6	-2.8	
Gov't. purchases of goods and services	2.1	.0	2.1	2.0	1.5	2.9	.1	-.6	
Federal	.8	-.7	4.1	-.9	1.9	6.3	2.1	2.0	
National defense	-.7	-2.3	.8	.0	2.6	5.7	-1.1	-2.2	
State and local	2.9	.5	.9	3.7	1.2	1.0	3.6	5.4	
Disposable personal income	2.0	3.6	3.6	4.4	3.1	.7	2.2	2.1	
<u>Current dollars</u>									
Gross national product	8.0	10.9	11.6	12.4	12.0	8.8	11.1	6.9	
Final purchases	9.6	9.6	11.2	12.5	12.3	9.8	10.3	7.5	
Private	9.0	10.5	11.8	13.2	13.0	9.1	10.3	7.4	
Excluding net exports	7.9	11.8	13.3	12.9	12.2	8.6	10.5	7.8	
Personal consumption expenditures	9.9	11.1	11.2	11.9	12.0	10.7	11.2	9.0	
Goods	9.0	10.9	9.9	10.8	11.7	9.0	10.0	6.9	
Services	11.1	11.2	12.7	13.1	12.4	12.8	12.5	11.2	
Gross private domestic investment	-9.9	25.1	25.0	16.5	10.8	-4.9	13.3	-.6	
Residential structures	-4.7	30.2	33.1	16.1	6.6	-11.3	.6	-.6	
Business fixed investment	.8	10.3	18.1	17.7	15.6	5.8	10.1	4.0	
Gov't. purchases of goods and services	11.8	6.5	8.9	9.7	9.5	12.9	9.9	7.6	
Federal	10.6	5.3	11.4	6.6	9.5	18.5	14.2	11.0	
National defense	7.7	3.7	8.5	7.1	11.2	18.4	7.4	5.4	
State and local	12.5	7.3	7.6	11.4	9.6	9.8	16.0	15.3	
Disposable personal income	9.8	9.0	9.8	11.5	12.2	11.0	10.7	9.5	
Personal income	8.2	10.0	10.6	12.0	12.9	11.1	11.3	8.3	
Wage and salary disbursements	5.3	10.4	10.6	12.3	11.8	8.7	10.3	6.5	
Corporate profits with IVA & C.C. Adj.	16.5	25.0	19.3	12.6	6.1	-7.2	3.4	-2.9	
Corporate profits before tax	-3.3	25.9	15.8	15.9	14.4	-3.9	-5.8	-9.4	
Nonfarm payroll employment	-1.7	3.2	3.9	5.1	3.6	.8	1.1	-.7	
Manufacturing	-8.8	3.7	3.6	4.2	2.6	-3.5	-.1	-3.6	
Nonfarm business sector									
Output per hour	2.1	3.2	2.0	-.2	-.7	-.3	1.0	.3	
Compensation per hour	9.4	9.6	8.1	7.6	9.7	10.0	10.1	8.5	
Unit labor costs	7.4	4.7	5.5	8.7	10.4	10.3	8.9	8.2	
GNP implicit deflator	9.6	5.2	5.8	7.3	8.5	9.0	9.1	7.5	
Gross domestic business product									
fixed-weighted price index 1/	9.2	5.5	6.3	7.8	9.7	9.8	9.4	7.6	
Excluding food and energy	9.2	6.0	6.5	7.5	8.4	8.2	9.4	7.7	
Consumer price index (all urban)	9.1	5.8	6.5	7.7	11.3	13.5	10.3	8.1	
Industrial production	-8.9	10.8	5.8	5.8	4.4	-3.5	2.7	-2.3	

^{1/} Uses expenditures in 1972 weights.

December 16, 1981

FEDERAL SECTOR ACCOUNTS
(billions of dollars)

	Fiscal Year 1980*	Fiscal Year 1981*	FRB Staff Estimates											
			FY 1982 e/ Admin. F.R. Board 1/			CY 1981 e/ F.R. Board			Calendar quarters; unadjusted data					
			CY 1980*	F.R. Board	IV*	I*	II*	1981	III*	IV	I	II	1982	
Unified budget receipts	520.1	602.6	662.4	625.4	533.0	619.5	127.0	135.2	183.7	156.7	143.9	143.3	188.3	149.9
Unified budget outlays	579.6	660.5	704.8	733.6	600.9	693.1	160.6	167.3	167.4	165.3	193.1	165.0	185.7	189.8
Surplus/deficit(-), unified budget	-59.5	-57.9	-42.5	-108.1	-67.9	-73.5	-33.6	-32.1	16.3	-8.6	-49.2	-21.7	2.6	-39.9
Surplus/deficit(-), off-budget agencies ²	-14.2	-21.0	-18.2	-20.4	-15.3	-23.1	-2.2	-6.4	-5.5	-6.9	-4.3	-5.5	-5.2	-5.5
Combined deficit to be financed	-73.7	-78.9	-60.7	-128.6	-83.2	-96.6	-35.8	-38.5	10.8	-15.5	-53.4	-27.2	-2.5	-45.4
Means of financing combined deficits:														
Net borrowing from public	70.5	79.3	59.0	122.3	79.3	87.9	27.7	35.8	-2.6	18.5	36.2	33.7	11.3	41.1
Decrease in cash operating balance	3.2	2.3	0.0	4.1	3.6	1.9	8.7	1.6	-5.7	-2.3	8.3	0.5	-7.0	2.3
Other ³	0.1	-2.7	1.7	2.1	0.3	6.8	-0.6	1.1	-2.5	-0.7	8.9	-7.0	-1.8	2.0
Cash operating balance, end of period	21.0	18.7	18.7	14.6	12.3	10.4	12.3	10.7	16.4	18.7	10.4	9.9	16.9	14.6
Memo: Sponsored agency borrowing ⁴	21.4	37.7	n.a.	20.4	24.3	32.9	9.0	3.6	9.7	15.4	4.2	5.5	4.9	5.8
<u>NIA Budget</u>														
Seasonally adjusted annual rates														
Receipts	527.3	612.4	678.3	629.9	540.8	625.7	573.2	617.4	621.0	637.9	626.3	627.7	640.9	624.8
Expenditures	578.2	666.5	719.3	742.5	602.0	687.2	641.1	664.0	668.2	692.8	723.7	729.1	744.5	772.9
Purchases	190.2	219.8	247.4	246.0	198.9	227.1	212.0	221.6	219.5	226.0	241.5	241.2	247.7	253.8
Defense	126.1	147.2	171.7	170.2	131.7	152.8	141.6	145.2	148.2	153.8	163.9	168.2	172.4	176.4
Nondefense	64.1	72.6	75.7	75.8	67.2	74.3	70.4	76.4	71.3	72.1	77.6	73.0	75.3	77.4
All other expenditures	388.0	446.7	471.9	496.5	403.1	460.1	429.1	442.4	448.7	466.8	482.2	487.9	496.8	519.1
Surplus/deficit(-)	-50.9	-54.1	-41.0	-112.6	-61.2	-61.5	-67.9	-46.6	-47.2	-54.9	-97.2	-102.1	-103.7	-148.1
High Employment (H.E.) surplus/deficit(-) evaluated at H.E. unemployment rate of:														
5.1 percent	-16.7	-0.4	n.a.	-17.1	-18.3	-1.4	-13.4	0.4	6.6	4.8	-17.4	-6.3	0.8	-45.4
6.1 percent	-39.6	-26.0	n.a.	-44.3	-41.8	-27.6	-37.8	-25.0	-19.3	-22.0	-44.1	-33.4	-27.0	-72.6

*--actual

e--estimated

n.a.--not available

1. OMB Mid-Session Review of the 1982 Budget, July 1981. On September 24, 1981, the Administration presented revised estimates of unified budget receipts and outlays for FY1982. The Fall Budget Program Fact Sheet estimates receipts of \$666.2 billion and outlays of \$709.3 billion for a deficit of \$43.1 billion.

2. Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, and Rural Telephone Bank.

3. Checks issued less checks paid, accrued items and other transactions.

4. FRB staff estimates include Federal Home Loan Banks, FNMA, Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives marketable debt on an offerings basis.

NOTE: Quarterly figures may not add to yearly totals due to rounding.

CONFIDENTIAL (FR)
CLASS II FOMC

OUTLOOK FOR U.S. NET EXPORTS AND RELATED ITEMS
(BILLIONS OF DOLLARS, SEASONALLY ADJUSTED ANNUAL RATES)

December 16, 1981

	1980 ANN.	1981 ^P ANN.	1982 ^P ANN.	1981				1982 ^P			
				Q I	Q II	Q III	Q IV ^P	Q I	Q II	Q III	Q IV
1. GNP NET EXPORTS											
CURRENT \$, NET	23.3	23.0	15.9	29.2	20.8	22.0	20.0	21.3	18.0	13.4	10.9
EXPORTS OF G&S	339.8	364.4	363.5	367.4	368.2	364.1	357.8	354.8	358.7	366.0	374.5
IMPORTS OF G&S	316.5	341.4	347.6	338.2	347.5	342.1	337.8	333.5	340.6	352.7	363.6
CONSTANT 72 \$, NET	52.0	43.6	35.8	50.9	46.2	39.8	37.4	38.3	36.5	34.7	33.6
EXPORTS OF G&S	161.1	158.8	149.4	162.5	161.5	158.2	153.2	149.2	148.6	149.4	150.3
IMPORTS OF G&S	109.1	115.3	113.6	111.6	115.4	118.4	115.8	110.9	112.0	114.7	116.7
TERMS OF TRADE (1972=100) 1/	72.7	77.5	79.5	74.6	75.7	79.7	80.1	79.1	79.4	79.7	79.9
2. U.S. MERCHANDISE TRADE BALANCE 2/											
EXPORTS (EXCL. MILITARY)	224.0	238.0	235.4	244.4	241.9	232.5	233.1	234.9	234.4	235.1	237.3
AGRICULTURAL	42.2	44.8	48.1	50.9	44.3	40.2	44.0	46.8	47.4	48.4	50.0
NONAGRICULTURAL	181.7	193.1	187.3	193.5	197.6	192.4	189.1	188.1	187.0	186.7	187.3
IMPORTS	249.3	263.1	266.9	263.1	269.6	260.8	261.3	259.8	261.2	269.2	277.3
PETROLEUM AND PRODUCTS	78.9	77.9	70.2	83.3	84.8	71.8	71.7	70.4	70.4	69.9	70.1
NONPETROLEUM	170.4	185.8	196.7	179.8	184.8	189.0	189.7	189.4	190.9	199.3	207.3
3. U.S. CURRENT ACCOUNT BALANCE											
OF WHICH: NET INVESTMENT INCOME	3.7	5.0	-3.3	13.1	4.3	2.4 ^P	0.4	3.7	0	-6.3	-10.5
	32.8	35.7	34.8	36.2	34.6	36.3 ^P	35.9	35.3	33.3	34.3	36.4
4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/											
REAL GNP, % CHANGE, ANNUAL RATES	1.8	0.4	1.5	0.5	0.6	0.4	0.8	1.8	2.0	2.4	2.5
CONSUMER PRICES, 4/, % CHANGE, ANNUAL RATES	10.5	9.6	8.8	10.8	10.8	8.1	8.9	9.1	9.0	8.2	7.7

1/ GNP EXPORT IMPLICIT DEFULATOR DIVIDED BY GNP IMPORT IMPLICIT DEFULATOR.

2/ INTERNATIONAL ACCOUNTS BASIS.

3/ GEOMETRIC WEIGHTS USED TO AGGREGATE FOREIGN REAL GNP AND CONSUMER PRICES -- PERCENT SHARE IN TEN-COUNTRY TOTAL MULTILATERAL TRADE. CANADA (9.1%), JAPAN (13.6%), UNITED KINGDOM (11.9%), GERMANY (20.8%), FRANCE (13.1%), ITALY (9.0%), BELGIUM (6.4%), THE NETHERLANDS (8.3%), SWITZERLAND (3.6%), SWEDEN (4.2%).

P/ PROJECTED.

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December 16, 1981

RECENT DEVELOPMENTS

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

GROSS OFFERINGS OF CORPORATE SECURITIES
(Monthly totals or monthly averages, millions of dollars)

	1981								
	Q1	Q2	Q3	Oct.	P	Nov.	P	Dec.	f
----- Seasonally adjusted -----									
Corporate; securities--total	5,942	6,886	4,176	3,850	10,325	6,600			
Publicly offered bonds ¹	3,443	3,007	1,603	2,000	8,200	4,800			
Privately placed bonds	523	843	759	700	700	700			
Stocks	1,976	3,036	1,814	1,150	1,425	1,100			
----- Not seasonally adjusted -----									
Publicly offered bonds--Total ¹	3,038	3,597	1,676	2,150	6,700	3,500			
By Industry									
Utility	1,125	1,275	960	1,395	1,250	--			
Industrial	1,289	1,383	345	275	2,650	--			
Financial	624	939	371	480	2,800	--			
By quality ²									
Aaa and Aa	914	1,246	685	610	3,675	--			
A and Baa	1,728	1,663	627	1,325	2,200	--			
Less than Baa ³	396	688	364	215	825	--			
Memo Items:									
Convertible bonds	439	491	150	155	330	--			
Original discount bonds									
Par value	167	1,175	343	135	3,500	--			
Gross proceeds	85	480	173	107	1,601	--			
Stocks--total	1,889	2,850	1,681	1,400	1,300	1,300			
By Industry									
Utility	499	1,012	711	500	700	--			
Industrial	1,186	1,425	567	500	400	--			
Financial	204	413	403	400	200	--			

p--preliminary. f--forecast.

1. Total reflects gross proceeds rather than par value of original discount bonds.
2. Bonds categorized according to Moody's bond ratings.
3. Includes issues not rated by Moody's.

FEDERAL GOVERNMENT AND SPONSORED AGENCY FINANCING¹
 (Total for period; billions of dollars)

	FY81	Nov. ^e	Dec. ^e	Q4 ^e	1982 Q1 ^f
<u>Treasury financing</u>					
Combined surplus/deficit(-)	-78.9	-13.6	-21.0	-53.4	-27.2
Means of financing deficit:					
(1) Net cash borrowing from the public	79.4	10.8	15.0	36.2	33.7
Marketable borrowings/ repayments(-)	88.9	11.0	15.7	37.5	36.4
Bills	23.0	4.8	11.2	21.7	17.7
Coupons	65.9	6.2	4.5	15.8	18.7
Nonmarketables	-9.5	-.2	-.7	-1.3	-2.7
(2) Decrease in the cash balance	2.3	8.5	-2.6	8.3	.5
(3) Other means of finance ²	-2.7	-5.7	8.5	8.9	-7.0
<u>Federally sponsored credit agencies net cash borrowing³</u>	37.5	-.3	1.5	3.8	4.0

e--estimated. f--forecast.

1. Numbers reported on a not seasonally adjusted, payment basis.
2. Includes checks issued less checks paid, accrued items and other transactions.
3. Includes debt of Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and the Federal Farm Credit Banks System.

mid-month and federal restrictions on annual volume totals for each state that have encouraged issuance of these bonds before year-end.

STATE AND LOCAL GOVERNMENT SECURITY OFFERINGS
(Monthly totals or monthly averages, billions of dollars)

	1980 Year	1981			
		H1	Q3	Oct.	Nov. ^e
----- Seasonally adjusted -----					
Total	6.22	6.61	6.46	8.90	7.80
Long-term	4.03	3.79	3.69	3.30	4.80
Short-term	2.19	2.82	2.77	5.60	3.00
----- Not seasonally adjusted -----					
Total	6.22	6.50	6.11	7.30	7.80
Long-term	4.03	3.87	3.34	3.50	5.00
Housing revenue bonds	1.28	.38	.24	.10	.90
Short-term	2.19	2.64	2.77	3.80	2.80

e--estimate.

Municipal bond yields have risen appreciably over the intermeeting period, both absolutely and relative to those on taxable obligations, as the long-term tax-exempt market continues to suffer from a lack of demand by major institutional investors. The ratio of tax-exempt to taxable yields rose to an average 87 percent in November, and by the end of the month it had reached a 9-year high of 90 percent.

Mortgage Markets

Residential mortgage formation has weakened in recent months. Growth in real estate loans at commercial banks slowed to a 6 percent annual rate during October and November, about 2 percentage points below the third quarter's reduced rate of expansion. October data for S&Ls (the latest available) indicate that these institutions reduced their holdings of mortgages by \$500 million (seasonally adjusted), one of the few declines recorded

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December 18, 1981

**SUPPLEMENT
CURRENT ECONOMIC AND FINANCIAL CONDITIONS**

**Prepared for the
Federal Open Market Committee**

**By the Staff
Board of Governors
of the Federal Reserve System**

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Disposable personal income rose in November at a 5-3/4 percent annual rate, following a rise at a 13 percent rate in October. The large increase in October had reflected the reduction in personal tax payments resulting from provisions of the Economic Recovery Tax Act of 1981. Personal saving, reflecting a larger rise in consumption expenditures than in disposable income, declined in November, and the saving rate fell back to 5.9 percent from 6.4 percent in October.

Revised Auto Assembly Schedules

U.S. producers of automobiles have revised their schedules of planned assemblies. Following a seasonally adjusted annual rate of 4.8 million units in November, assemblies at a 4.7 million unit rate are scheduled for December and at a 4.6 million unit rate in January of 1982.

Gross National Product

Gross national product in the third quarter of this year is now indicated to have risen at a 1.4 percent annual rate, instead of 0.6 percent as estimated a month ago. The increase in nominal GNP is now shown to have been at a 11.4 percent annual rate; instead of at a 10.2 percent rate. According to the revised estimates, the GNP implicit price deflator rose at a 9.9 percent annual rate in the third quarter (instead of at a 9.5 percent rate), and the gross domestic business product fixed-weighted price index rose at a 9.9 percent rate (instead of at a 9.8 percent rate.)

Inventory accumulation in the third quarter was a bit larger than estimated a month ago--in both nominal and real terms; and real final sales are now indicated to have edged up a trifle instead of declining

negligibly. Among the components of final sales, residential investment is now indicated to have declined more than estimated earlier, personal consumption expenditures to have increased less, and business fixed investment to have increased more. The saving rate in the third quarter, at 5.2 percent, is only a trifle higher than estimated earlier.

Corporate profits from the third quarter production, that is, with adjustments to eliminate effects of price changes on inventory book values and on depreciating fixed assets at original cost, are now estimated to have risen at an 11-3/4 percent annual rate, up from almost a 2 percent rate rise estimated earlier. Book profits before taxes are now estimated to have risen at a 9-3/4 percent annual rate, up from about a 3-1/4 percent rate rise indicated earlier.

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GROSS NATIONAL PRODUCT AND RELATED ITEMS: 1981-Q3
(Percentage change from preceding quarter at annual rates
except as noted; based on seasonally adjusted data)

	Commerce Department Estimates	
	12/18	11/19
<u>Constant Dollars</u>		
Gross National Product	1.4	.6
Final Purchases	.3	-.2
By Domestic Purchasers	1.2	1.5
Personal Consumption Expenditures	3.3	4.0
Goods	3.8	4.3
Services	2.6	3.7
Residential Investment	-36.2	-32.6
Business Fixed Investment	6.9	4.3
Inventory Investment	4.1*	3.2*
Net Exports of Goods and Services	-3.0*	-6.4*
Exports	-3.5	-8.1
Imports	5.5	10.9
Government Purchases of Goods and Services	-1.5	-1.5
Federal	3.1	3.6
National Defense	7.9	7.7
State and Local	-4.2	-4.4
Gross Domestic Product	.9	.6
Business	1.2	.9
<u>Current Dollars</u>		
Gross National Product	11.4	10.2
Final Purchases	10.9	10.1
By Domestic Purchases	9.7	10.0
Inventory Investment	4.2*	1.0*
Net Exports of Goods and Services	8.5*	1.2*
Ratio: Personal Saving to Disposable Income	5.2*	5.1*
<u>Price Measures</u>		
GNP Implicit Price Deflator	9.9	9.5
GNP Fixed-Weighted Price Index	9.5	9.4
PCE Implicit Price Deflator	9.0	8.9
PCE Fixed-Weighted Price Index	8.2	8.2
GDP Fixed-Weighted Price Index	9.9	9.9

* Change from preceding quarter, in billions of dollars, annual rate terms.

Percent.

Corrigenda

Part 1, page I-9.

The annual rates of change for the gross business product fixed-weighted price index excluding food and energy for 1981-Q3 and Q4 should be 11.2 percent and 8.6 percent, respectively.

Part 1, page I-9:

The annual rate percentage changes for federal government national defense purchases should read across the eight quarters as follows: 1.1, 2.6, 7.7, 6.5, 4.4, 4.4, 4.6, 9.3.

The annual rate percentages for state and local government purchases of goods and services should read across the eight quarters as follows: .2, -3.8, -4.4, -2.2, -1.6, -1.8, -1.3, -.8.

Part 2, page III-1:

In the next to last line, change "2 percentage points" to read "1-1/2 percentage points". As of the close of markets on December 17, the rate prevailing in the cash market for 3-month bills was 11-1/4 percent, while December 1982 bill futures were at 12-3/4 percent.

Part 2, page III-5:

In the table at the top of the page, the estimated inflows for Retail RPs for CBs (commercial banks) for October should be -0.5 billion and for Thrifts for November should be 0.6 billion.