

CONFIDENTIAL (FR)

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

By the Staff
Board of Governors
of the Federal Reserve System

June 12, 1968

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GROSS NATIONAL PRODUCT AND RELATED ITEMS

(Quarterly figures are seasonally adjusted. Expenditures and income
figures are billions of dollars, with quarterly figures at annual rates)

	1966	1967	1967				1968		
						Projected			
			II	III	IV	I	II	III	
Gross National Product	743.3	785.0	775.1	791.2	807.3	826.7	848.7	861.2	
Final sales	729.9	779.8	774.6	787.4	798.1	824.0	842.7	855.2	
Private purchases	575.6	603.5	599.6	609.2	616.4	635.7	649.3	657.9	
Personal consumption expenditures	465.9	491.7	489.7	495.3	501.8	518.7	529.2	537.1	
Durable goods	70.3	72.1	72.5	72.7	73.8	78.4	80.2	80.8	
Nondurable goods	207.5	217.5	217.2	218.5	220.3	228.1	232.5	236.0	
Services	188.1	202.1	200.0	204.1	207.7	212.1	216.5	220.3	
Gross private domestic investment	118.0	112.1	105.1	112.2	120.8	118.0	122.6	122.9	
Residential construction	24.4	24.4	23.1	25.6	27.6	28.2	29.1	27.9	
Business fixed investment	80.2	82.6	81.5	82.8	84.0	87.2	87.5	89.5	
Change in business inventories	13.4	5.2	.5	3.8	9.2	2.7	6.0	6.0	
Nonfarm	13.7	4.8	.6	3.4	7.7	1.8	5.5	6.0	
Net Exports	5.1	4.8	5.3	5.4	3.0	1.7	3.5	3.9	
Gov't purchases of goods & services	154.3	176.3	175.0	178.2	181.7	188.3	193.4	197.3	
Federal	77.0	89.9	89.5	90.9	92.2	96.2	98.9	100.8	
Defense	60.5	72.5	72.5	73.3	74.2	76.7	79.1	80.6	
Other	16.5	17.4	17.0	17.6	18.0	19.5	19.8	20.2	
State and local	77.2	86.4	85.4	87.4	89.5	92.1	94.5	96.5	
Gross National Product in constant (1958) dollars	652.6	669.3	664.7	672.0	679.6	689.7	701.4	704.6	
GNP Implicit deflator (1958=100)	113.9	117.3	116.6	117.7	118.8	119.9	121.0	122.2	
Personal income	584.0	626.4	619.1	631.0	642.5	659.0	675.2	687.6	
Wages and salaries	394.6	423.8	418.3	426.2	435.9	447.6	457.0	466.3	
Disposable income	508.8	544.7	540.0	548.2	557.9	571.5	586.7	591.0	
Personal saving	29.8	38.7	36.0	38.5	41.6	38.0	42.4	38.5	
Saving rate (per cent)	5.9	7.1	6.7	7.0	7.5	6.6	7.2	6.5	
Corporate profits before tax	83.8	80.8	78.9	80.0	85.1	88.8p	95.8	95.0	
Federal government receipts and expenditures (N.I.A. basis)									
Receipts	143.2	151.8	148.1	152.7	157.3	164.9p	172.4	180.7	
Expenditures	142.9	164.3	162.8	165.9	167.9	175.6	182.7	185.5	
Surplus or deficit (-)	.3	-12.5	-14.7	-13.2	-10.7	-10.7p	-10.3	-4.8	
Total labor force (millions)	78.9	80.8	80.3	81.1	81.6	81.9	82.2	82.7	
Armed forces	3.1	3.4	3.5	3.5	3.5	3.5	3.5	3.6	
Civilian labor force "	75.8	77.3	76.8	77.6	78.2	78.4	78.7	79.1	
Unemployment rate (per cent)	3.8	3.8	3.8	3.9	3.9	3.6	3.5	3.7	
Nonfarm payroll employment (millions)	64.0	66.0	65.7	66.1	66.7	67.4	67.9	68.2	
Manufacturing	19.2	19.4	19.4	19.3	19.5	19.6	19.7	19.6	
Industrial production (1957-59=100)	156.3	157.8	155.9	157.2	159.5	162.0	164.0	165.2	
Capacity utilization, manufacturing (per cent)	90.5	85.1	84.9	84.1	84.4	84.4	84.2	83.6	
Housing starts, private (millions A.R.)	1.17	1.29	1.21	1.41	1.44	1.50	1.47	1.33	
Sales new U.S.-made autos (millions, A. R.)	8.38	7.57	8.11	7.57	7.44	8.19	8.50	8.40	

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CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1966	1967	1967			1968		
						Projected		
			II	III	IV	I	II	III
----- In Billions of Dollars -----								
Gross National Product	59.4	41.7	8.8	16.1	16.1	19.4	22.0	12.5
Final sales	55.4	49.9	15.4	12.8	10.7	25.9	18.7	12.5
Private purchases	37.5	27.9	10.8	9.6	7.2	19.3	13.6	8.6
GNP in constant (1958) dollars	35.9	16.7	4.0	7.3	7.6	10.1	11.7	3.2
Final sales	32.1	24.6	10.3	4.2	2.5	16.2	8.5	3.2
Private purchases	21.9	10.4	7.1	3.0	1.7	11.9	5.5	3.6
--- In Per Cent; Quarterly Changes are at Annual Rates --								
Gross National Product	8.7	5.6	4.6	8.3	8.1	9.6	10.6	5.9
Final sales	8.2	6.8	8.1	6.6	5.4	13.0	9.1	5.9
Private purchases	7.0	4.8	7.3	6.4	4.7	12.5	8.6	5.3
Personal consumption expenditures	7.6	5.5	7.9	4.6	5.2	13.5	8.1	6.0
Durable goods	6.5	2.6	17.9	1.1	6.1	24.9	9.2	3.0
Nondurable goods	8.5	4.8	5.6	2.4	3.3	14.2	7.7	6.0
Services	6.9	7.4	6.9	8.2	7.1	8.5	8.3	7.0
Gross private domestic investment	9.9	- 5.0	-19.2	27.0	30.7	- 9.3	15.6	1.0
Residential construction	- 9.6	0.0	31.8	43.3	31.2	8.7	12.8	-16.5
Business fixed investment	12.8	3.0	- 2.0	6.4	5.8	15.2	1.4	9.1
Gov't purchases of goods & services	13.1	14.3	10.8	7.3	7.9	14.5	10.8	8.1
Federal	15.3	16.8	11.0	6.3	5.7	17.4	11.2	7.7
Defense	20.8	19.8	13.1	4.4	4.9	13.5	12.5	7.6
Other	- 1.2	5.5	4.8	14.1	9.1	33.3	6.2	8.1
State & local	10.9	11.9	10.1	9.4	9.6	11.6	10.4	8.5
GNP in constant (1958) dollars	5.8	2.6	2.4	4.4	4.5	5.9	6.8	1.8
Final sales	5.3	3.8	6.3	2.5	1.5	9.7	4.9	1.8
Private purchases	4.4	2.0	5.5	2.3	1.3	9.0	4.1	2.6
GNP Implicit deflator	2.7	3.0	2.1	3.9	3.6	3.7	3.7	4.0*
Personal income	8.6	7.3	4.0	7.7	7.3	10.3	9.8	7.3
Wages and salaries	9.9	7.4	3.5	7.6	9.1	10.7	8.4	8.1
Disposable income	7.8	7.1	5.5	6.1	7.1	9.7	10.6	2.9
Corporate profits before tax	9.5	- 3.6	- 0.5	5.6	25.5	17.4p	31.5	- 3.3
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	14.7	6.0	- 2.7	12.4	12.0	19.3p	18.2	19.3
Expenditures	15.8	15.0	4.7	7.6	4.8	18.3	16.2	6.1
Nonfarm payroll employment	5.3	3.1	0.6	2.4	3.6	4.2	3.0	1.8
Manufacturing	6.1	1.0	- 4.1	- 2.1	4.1	2.0	2.0	- 2.0
Industrial production	9.0	1.0	- 3.1	3.3	5.9	6.3	4.9	2.9
Housing starts, private	-20.4	10.3	32.1	66.1	8.5	16.7	- 8.0	-38.1
Sales new U.S.-made autos	- 4.4	- 9.7	53.1	-26.6	- 6.9	39.2	15.1	- 4.7

* Excluding the pay increase of Federal government military and civilian employees the annual rate increase is 3.4 per cent.

NEW BUDGET AND FEDERAL SECTOR IN NATIONAL INCOME ACCOUNTS
(In billions of dollars)

	Fiscal years				Calendar quarters				
	Actual		1968		1967		1968		
	1966	1967	Budget ^{1/} Document	F.R.B. ^e	III	IV	I	II ^e	III ^e
<u>Quarterly data, unadjusted</u>									
New Budget:									
Surplus/deficit	-3.7	-8.8	-19.8	-23.9	-8.5	-11.0	-8.6	4.2	-4.5
Receipts	130.9	149.6	155.8	154.3	35.4	31.9	36.3	50.7	43.6
Total expenditures and net lending	134.6	158.4	175.6	178.1	43.9	42.9	44.8	46.5	48.1
Means of financing:									
Total borrowing from the public	6.0	3.6	20.8	23.2	9.0	10.1	6.7	-2.6	8.0
Decrease in cash operating balance	.6	5.2	-1.0	1.2	-1.0	1.1	.1	.9	-4.1
Other ^{2/}	-2.9	--	--	-.4	.5	-.2	1.8	-2.5	.6
Cash operating balance, end of period	10.9	5.7	6.7	4.5	6.7	5.6	5.4	4.5	8.6
<u>Seasonally adjusted annual rate</u>									
Federal surplus/deficit									
in national income accounts	.9	-7.5	-10.0	-11.2 ^{3/}	-13.2	-10.7	-10.7	-10.3	-4.8
Receipts ^{3/}	132.9	147.6	161.1	161.8	152.7	157.3	164.9	172.4	180.7
Expenditures	131.9	155.1	171.1	173.0	165.9	167.9	175.6	182.7	185.5

e - Projections assume enactment of Conference Committee bill in late June.

1/ New Budget receipts in Budget Document include the original surtax proposal, amounting to a total of \$2.7 billion for surtax and acceleration.

2/ Includes various accrual items, such as deposit fund accounts and clearing accounts.

3/ Quarterly receipts do not add to fiscal year totals. Retroactive corporate surtax liability is excluded from the first quarter 1968 receipts as published by Commerce Department, but is included in the second quarter estimate. Fiscal year 1968 total incorporates entire retroactive corporate surtax liability.