

CONFIDENTIAL (FR)

March 14, 1979

SUMMARY AND OUTLOOK

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

SUMMARY AND OUTLOOK

STAFF GNP PROJECTIONS

	Per cent changes, annual rate							
	Nominal GNP		Real GNP		Gross business product fixed-weighted price index		Unemployment rate (per cent)	
	1/31/79	3/14/79	1/31/79	3/14/79	1/31/79	3/14/79	1/31/79	3/14/79
1976 1/	11.2	11.2	5.7	5.7	5.4	5.4	7.7	7.7
1977 1/	11.0	11.0	4.9	4.9	6.2	6.2	7.0	7.0
1978 1/	11.6	11.6	3.9	4.0	7.8	7.7	6.0	6.0
1979	11.9	11.8	3.6	3.3	8.5	8.9	6.1	6.0
1980	9.0	9.1	1.4	1.3	7.6	7.9	6.8	6.8
1978-III 1/	9.6	9.6	2.6	2.6	8.0	8.0	6.0	6.0
1978-IV 1/	14.7	15.0	6.1	6.4	8.3	8.0	5.8	5.8
1979-I	13.3	12.2	4.0	3.0	8.9	9.6	5.8	5.7
1979-II	9.8	10.4	2.0	1.9	8.4	9.2	6.0	5.9
1979-III	8.2	8.2	1.3	1.0	7.6	7.9	6.2	6.1
1979-IV	8.9	9.2	1.2	1.0	7.7	8.0	6.3	6.3
1980-I	9.3	9.4	1.3	1.4	7.8	8.1	6.5	6.5
1980-II	9.0	9.2	1.3	1.4	7.6	7.8	6.7	6.7
1980-III	8.6	8.8	1.5	1.4	7.1	7.3	6.9	6.9
1980-IV	9.2	9.5	1.6	1.5	7.1	7.3	7.1	7.1
Change:								
77-IV to 78-IV 1/	12.9	13.0	4.3	4.3	8.8	8.7	-.8	-.8
78-IV to 79-IV	10.1	10.0	2.1	1.7	8.1	8.7	.5	.5
79-IV to 80-IV	9.0	9.2	1.4	1.4	7.4	7.6	.8	.8
Memo:								
Growth Over Annual Policy Period:								
78-IV to 79-IV	10.1	10.0	2.1	1.7	8.1	8.7	.5	.5

1/ Actual.

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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			
					Projected			
	I	II	III	IV	I	II	III	IV
Gross national product	2276.5	2333.5	2379.7	2432.4	2487.7	2542.8	2596.7	2656.1
Final purchases	2253.0	2309.5	2356.7	2409.4	2465.2	2521.3	2576.2	2636.6
Private	1789.2	1840.1	1876.1	1916.7	1962.8	2009.2	2054.4	2101.5
Excluding net exports	1798.5	1845.7	1883.6	1924.3	1964.9	2007.2	2049.5	2093.9
Personal consumption expenditures	1441.2	1482.8	1516.0	1549.7	1582.7	1616.8	1651.0	1687.5
Goods	779.7	802.3	818.1	834.5	849.4	865.0	881.1	898.1
Services	661.5	680.5	697.9	715.2	733.3	751.8	769.9	789.4
Gross private domestic investment	380.8	386.9	390.6	397.6	404.7	411.9	419.0	425.9
Residential construction	114.1	112.7	110.9	111.9	113.6	116.1	118.6	121.4
Business fixed investment	243.2	250.2	256.7	262.7	268.6	274.3	279.9	285.0
Change in business inventories	23.5	24.0	23.0	23.0	22.5	21.5	20.5	19.5
Nonfarm	23.5	24.0	23.0	23.0	22.5	21.5	20.5	19.5
Net exports of goods and services 1/	-9.3	-5.6	-7.5	-7.6	-2.1	2.0	4.9	7.6
Exports	228.9	241.0	249.5	257.4	268.3	277.3	284.8	292.7
Imports	238.1	246.5	256.9	264.9	270.3	275.2	279.8	285.0
Gov't. purchases of goods and services	463.8	469.4	480.6	492.7	502.4	512.1	521.8	535.1
Federal 2/	165.0	163.9	168.6	174.2	177.1	179.7	182.1	188.0
State and local	298.8	305.5	312.0	318.5	325.3	332.4	339.7	347.1
Gross national product in constant (1972) dollars	1432.4	1430.2	1433.8	1437.5	1442.3	1447.2	1452.2	1457.7
Personal income	1833.9	1882.3	1935.0	1982.0	2023.4	2066.9	2119.9	2167.1
Wage and salary disbursements	1181.7	1208.2	1232.5	1260.0	1287.8	1313.1	1339.2	1368.9
Disposable personal income	1559.9	1599.6	1643.9	1682.1	1716.9	1752.4	1796.5	1834.0
Saving rate (per cent)	5.1	4.8	5.3	5.3	5.2	5.1	5.5	5.3
Corporate profits with I.V.A. and C.C. Adj.	179.7	182.4	179.4	180.6	181.7	186.0	188.6	193.8
Corporate profits before tax	229.2	231.4	226.4	228.6	230.9	236.3	239.9	243.2
Federal government surplus or deficit (-) (N.I.A. basis)	-21.0	-16.5	-28.0	-29.7	-24.2	-20.5	-23.8	-22.4
High employment surplus or deficit (-)	2.6	11.5	5.5	8.4	19.6	28.3	29.7	35.2
State and local government surplus or deficit (-) (N.I.A. basis)	26.1	26.6	25.4	25.4	24.4	23.3	22.3	22.2
Excluding social insurance funds	2.6	2.5	.7	.1	-1.5	-3.2	-4.7	-5.4
Civilian labor force (millions)	102.5	103.1	103.7	104.2	104.8	105.3	105.8	106.3
Unemployment rate (per cent)	5.7	5.9	6.1	6.3	6.5	6.7	6.9	7.1
Nonfarm payroll employment (millions)	87.7	88.1	88.4	88.8	89.1	89.4	89.6	89.8
Manufacturing	20.9	21.0	21.0	20.9	20.9	20.9	20.9	20.9
Industrial production (1967=100)	151.2	152.4	153.2	153.8	154.4	154.9	155.3	155.8
Capacity utilization: all mfg. (per cent)	85.9	85.8	85.4	84.9	84.4	83.9	83.3	82.8
Materials (per cent)	87.8	87.8	87.5	87.2	86.9	86.6	86.2	85.8
Housing starts, private (million units, A.R.)	1.85	1.75	1.65	1.60	1.70	1.70	1.75	1.75
New autos sales, (millions, A.R.)	11.10	10.70	10.50	10.35	10.30	10.40	10.40	10.50
Domestic models	9.00	8.90	8.80	8.75	8.70	8.75	8.75	8.80
Foreign models	2.10	1.80	1.70	1.60	1.60	1.65	1.65	1.70

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

	1979				1980			
					Projected			
	I	II	III	IV	I	II	III	IV
<u>Constant (1972) dollars</u>								
Gross national product	3.0	1.9	1.0	1.0	1.4	1.4	1.4	1.5
Final purchases	.9	1.9	1.1	1.1	1.5	1.5	1.6	1.7
Private	.8	2.8	.6	1.1	1.4	1.6	1.7	1.8
Excluding net exports	1.1	1.8	.5	.9	.7	1.0	1.3	1.5
Personal consumption expenditures	1.1	2.7	1.3	1.3	.8	1.1	1.5	1.8
Goods	-1.3	2.1	.3	.5	-.2	.3	1.0	1.3
Services	3.9	3.4	2.5	2.2	1.9	2.1	2.0	2.5
Gross private domestic investment	15.7	-1.6	-3.1	-1.3	-.5	-.5	-1.1	-1.2
Residential structures	-8.8	-14.6	-15.9	-7.0	-3.4	.1	.4	1.2
Business fixed investment	5.7	3.6	2.5	1.7	1.3	.9	.6	-.3
Gov't. purchases of goods and services	1.2	-1.8	3.0	1.1	1.5	1.5	1.5	1.4
Federal	1.0	-7.0	6.5	1.3	1.7	1.1	.9	.7
State and local	1.4	1.4	1.1	1.0	1.4	1.7	1.8	1.8
Disposable personal income	3.3	1.4	3.4	1.7	.5	.8	3.1	1.3
<u>Current dollars</u>								
Gross national product	12.2	10.4	8.2	9.2	9.4	9.2	8.8	9.5
Final purchases	9.9	10.4	8.4	9.2	9.6	9.4	9.0	9.7
Private	10.3	11.9	8.1	8.9	10.0	9.8	9.3	9.5
Excluding net exports								
Personal consumption expenditures	10.7	12.1	9.3	9.2	8.8	8.9	8.7	9.1
Goods	9.3	12.1	8.1	8.3	7.3	7.6	7.7	7.9
Services	12.4	12.0	10.6	10.3	10.5	10.5	10.0	10.5
Gross private domestic investment	25.0	6.6	3.9	7.4	7.3	7.3	7.1	6.8
Residential structures	2.9	-4.8	-6.2	3.7	6.2	9.1	8.9	9.8
Business fixed investment	14.3	12.0	10.8	9.7	9.3	8.8	8.4	7.5
Gov't. purchases of goods and services	8.3	4.9	9.9	10.5	8.1	7.9	7.8	10.6
Federal	6.7	-2.6	12.0	14.0	6.8	6.0	5.5	13.6
State and local	9.2	9.3	8.8	8.6	8.8	9.0	9.1	9.0
Disposable personal income	13.1	10.6	11.5	9.6	8.5	8.5	10.4	8.6
Personal income	10.8	11.0	11.7	10.1	8.6	8.9	10.7	9.2
Wage and salary disbursements	11.8	9.3	8.3	9.2	9.1	8.1	8.2	9.2
Corporate profits with IVA & C.C. Adj.	.9	6.1	-6.4	2.7	2.6	9.8	5.7	11.5
Corporate profits before tax	3.6	3.9	-8.3	4.0	4.0	9.8	6.2	5.6
Nonfarm payroll employment	3.7	1.8	1.4	1.7	1.4	1.2	1.0	1.0
Manufacturing	5.9	1.3	.5	-.6	-.5	-.5	-.3	-.2
Nonfarm business sector								
Output per hour	.6	.9	.4	.5	.9	1.0	1.0	1.0
Compensation per hour	10.6	9.2	8.8	8.7	10.1	8.6	8.6	8.5
Unit labor costs	9.9	8.3	8.4	8.2	9.2	7.5	7.5	7.4
GNP implicit deflator 1/	8.9	8.3	7.1	8.0	7.9	7.7	7.3	7.8
Gross business product fixed-weighted price index 2/	9.6	9.2	7.9	8.0	8.1	7.8	7.3	7.3
Industrial production	4.3	3.3	2.1	1.5	1.6	1.2	1.1	1.2

Excluding Federal pay increase rates of change are: 1979 QI, 8.9 per cent; 1979 QIV, 7.5 per cent; 1980 QI, 8.0 per cent; 1980 QIV, 7.3 per cent.
Using 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.)*

	1977				1978			
	I	II	III	IV	I	II	III	IV
Gross national product	1806.8	1867.0	1916.8	1958.1	1992.0	2087.5	2136.1	2212.1
Final purchases	1796.5	1850.0	1894.9	1945.0	1975.3	2067.4	2122.5	2200.5
Private	1421.5	1461.2	1495.4	1532.5	1558.6	1642.7	1682.7	1745.9
Excluding net exports	1430.0	1467.1	1502.4	1555.7	1582.7	1648.2	1693.4	1753.7
Personal consumption expenditures	1167.7	1188.6	1214.5	1255.2	1276.7	1322.9	1356.9	1405.1
Goods	639.1	649.2	657.1	684.1	684.9	717.1	731.2	762.7
Services	528.6	539.4	557.5	571.1	591.8	605.8	625.8	642.5
Gross private domestic investment	272.5	295.6	309.7	313.5	322.7	345.4	350.1	360.1
Residential construction	81.6	91.4	94.3	100.2	100.3	105.3	109.0	113.3
Business fixed investment	180.6	187.2	193.5	200.3	205.6	220.1	227.5	235.2
Change in business inventories	10.3	17.0	21.9	13.1	16.7	20.1	13.6	11.6
Nonfarm	11.1	16.5	22.0	10.4	16.9	22.1	14.6	12.2
Net exports of goods and services <u>1/</u>	-8.5	-5.9	-7.0	-23.2	-24.1	-5.5	-10.7	-7.8
Exports	170.9	178.1	180.8	172.1	181.7	205.4	210.1	222.0
Imports	179.4	184.0	187.8	195.2	205.8	210.9	220.8	229.7
Gov't. purchases of goods and services	375.0	388.8	399.5	412.5	416.7	424.7	439.8	454.6
Federal <u>2/</u>	138.3	142.9	146.8	152.2	151.5	147.2	154.0	162.3
State and local	236.7	245.9	252.7	260.3	265.2	277.6	285.8	292.3
Gross national product in constant (1972) dollar	1306.7	1325.5	1343.9	1354.5	1354.2	1382.6	1391.4	1413.0
Personal income	1470.7	1508.6	1543.7	1593.0	1628.9	1682.4	1731.7	1787.3
Wage and salary disbursements	946.4	973.4	993.6	1021.2	1050.8	1090.2	1113.2	1149.2
Disposable personal income	1248.0	1285.3	1319.1	1359.6	1391.6	1433.3	1468.4	1512.3
Saving rate (per cent)	4.2	5.3	5.6	5.4	5.9	5.3	5.2	4.6
Corporate profits with I.V.A. and C.C. Adj.	129.9	143.7	154.8	148.2	132.6	163.4	165.2	179.3
Corporate profits before tax	164.8	175.1	177.5	178.3	172.1	205.5	205.4	227.1
Federal government surplus or deficit (-) (N.I.A. basis)	-37.3	-40.3	-56.4	-58.6	-52.6	-23.6	-22.8	-21.2
High employment surplus or deficit (-)	-1.2	-9.1	-28.2	-29.8	-17.7	1.4	3.8	.8
State and local government surplus or deficit (-) (N.I.A. basis)	29.5	28.5	31.2	29.0	31.5	29.8	23.4	28.2
Excluding social insurance funds	12.5	10.8	12.8	9.9	11.5	9.3	1.8	5.3
Civilian labor force (millions)	96.2	97.1	97.6	98.5	99.3	100.1	100.8	101.5
Unemployment rate (per cent)	7.4	7.2	6.9	6.6	6.2	6.0	6.0	5.8
Nonfarm payroll employment (millions)	80.8	82.0	82.7	83.5	84.3	85.7	86.1	87.0
Manufacturing	19.4	19.6	19.7	19.9	20.1	20.3	20.3	20.6
Industrial production (1967=100)	133.6	137.0	138.4	139.3	139.6	144.0	147.0	149.6
Capacity utilization: all mfg. (per cent)	81.2	82.7	83.0	82.9	82.1	84.0	85.0	85.8
Materials (per cent)	80.4	82.6	82.3	82.2	81.7	84.5	86.0	87.5
Housing starts, private (million units, A.R.)	1.81	1.93	2.02	2.09	1.80	2.10	2.04	2.07
New autos sales, (millions, A.R.)	11.12	11.70	10.92	10.75	10.80	12.12	11.16	11.07
Domestic models	9.28	9.34	8.88	8.77	8.80	10.01	9.19	9.06
Foreign models	1.84	2.36	2.04	1.98	2.00	2.11	1.98	2.00

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ASS II FOMCPER CENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS
(Annual rates compounded quarterly)

	1977				1978			
	I	II	III	IV	I	II	III	IV
<u>Constant (1972) dollars</u>								
Gross national product	7.3	5.9	5.7	3.2	-1.1	8.7	2.6	6.4
Final purchases	5.3	4.6	5.0	4.7	-1.6	8.6	3.7	7.0
Private	6.1	3.7	4.8	4.8	-1.1	11.0	2.8	7.7
Excluding net exports	6.9	3.8	4.3	8.7	-1.0	7.7	3.7	7.5
Personal consumption expenditures	5.1	1.4	4.1	9.0	-1.4	6.0	4.1	8.0
Goods	5.2	1.2	2.4	13.5	-8.1	9.7	2.6	11.6
Services	4.9	1.5	6.1	3.9	7.0	1.9	5.9	3.8
Gross private domestic investment	32.8	25.7	9.7	-2.9	11.3	15.2	-5.1	1.0
Residential structures	10.2	37.8	5.2	11.1	-5.2	2.7	-1.6	3.7
Business fixed investment	19.0	7.5	5.3	5.3	4.2	21.3	3.5	5.7
Gov't. purchases of goods and services	2.4	8.0	5.8	4.2	-3.5	-2.2	7.2	4.1
Federal	5.1	10.7	6.4	2.9	-8.9	-15.3	14.3	3.7
State and local	.7	6.3	5.4	5.1	-1	9.6	3.4	5.7
Disposable personal income	1.7	6.2	5.9	7.8	1.1	3.5	3.6	5.7
<u>Current dollars</u>								
Gross national product	13.7	14.0	11.1	8.9	7.1	20.6	9.6	15.0
Final purchases	11.0	12.5	10.1	11.0	6.4	20.0	11.1	15.5
Private	11.3	11.6	9.7	10.3	7.0	23.4	10.1	15.9
Excluding net exports	14.9	10.8	10.0	15.0	7.1	17.6	11.4	15.0
Personal consumption expenditures	12.5	7.3	9.0	14.1	7.0	15.3	10.7	15.0
Goods	12.1	6.5	5.0	17.5	.5	20.2	8.1	18.4
Services	13.1	8.4	14.1	10.1	15.3	9.8	13.9	11.1
Gross private domestic investment	48.0	38.5	20.5	5.1	12.2	31.3	5.5	12.0
Residential structures	25.1	57.8	13.5	27.3	.5	21.0	14.9	16.8
Business fixed investment	25.9	15.3	14.1	14.8	11.1	31.2	14.3	14.3
Gov't. purchases of goods and services	9.9	15.5	11.5	13.7	4.1	7.9	15.0	14.2
Federal	11.5	14.0	11.3	15.7	-2.0	-10.9	20.0	23.2
State and local	9.0	16.4	11.6	12.5	7.8	19.9	12.4	9.5
Disposable personal income	9.0	12.5	10.9	12.9	9.8	12.5	10.2	12.5
Personal income	11.7	10.7	9.6	13.4	9.3	13.8	12.2	13.5
Wage and salary disbursements	12.0	11.9	8.6	11.6	12.1	15.9	8.7	13.6
Corporate profits with IVA & C.C. Adj.	26.4	49.8	34.7	-16.0	-35.9	130.6	4.5	38.8
Corporate profits before tax	29.1	27.5	5.6	1.8	-13.2	103.3	-.2	49.4
Nonfarm payroll employment	3.9	5.6	3.6	4.0	3.8	6.9	2.1	4.0
Manufacturing	5.2	5.7	1.5	3.2	5.7	3.1	-.2	6.0
Nonfarm business sector								
Output per hour	2.4	-1.4	3.7	.5	-3.1	1.7	2.3	2.3
Compensation per hour	8.3	6.5	8.1	7.6	12.2	8.2	9.6	9.0
Unit labor costs	5.8	8.0	4.2	7.1	15.7	6.4	7.1	6.5
GNP implicit deflator 1/	6.0	7.7	5.1	5.5	7.2	11.0	6.9	8.1
Gross business product fixed-weighted price index 2/	6.7	7.9	4.7	6.3	6.7	12.1	8.0	8.0
Industrial production	6.2	10.6	4.2	2.6	.9	13.2	8.6	7.3

^{1/} Excluding Federal pay increase rates of change are: 1977:Q1, 5.9 per cent; 1977:QIV, 4.8 per cent; 1978:Q1, 7.2 per cent; 1978:QIV, 7.6 per cent.
 Using expenditures in 1972 as weights.

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GROSS NATIONAL PRODUCT AND RELATED ITEMS
(Expenditures and income figures are billions of current dollars.)

	1973	1974	1975	1976	1977	1978	Projected 1979	1980
Gross national product	1306.6	1412.9	1528.8	1700.1	1887.2	2106.9	2355.5	2570.8
Final purchases	1288.6	1404.0	1539.6	1689.9	1871.6	2091.4	2332.2	2549.8
Private	1019.1	1101.3	1201.2	1330.4	1477.6	1657.4	1855.5	2032.0
Excluding net exports	1012.0	1095.3	1180.8	1323.0	1488.7	1669.4	1863.0	2028.9
Personal consumption expenditures	809.9	889.6	979.1	1090.2	1206.5	1340.4	1497.4	1634.5
Goods	457.5	498.3	541.5	599.2	657.4	724.0	808.6	873.4
Services	352.3	391.3	437.5	491.0	549.2	616.4	688.8	761.1
Gross private domestic investment	220.0	214.6	190.9	243.0	297.8	344.6	389.0	415.4
Residential construction	66.1	55.1	51.5	68.2	91.9	107.0	112.4	117.4
Business fixed investment	136.0	150.6	150.2	164.6	190.4	222.1	253.2	276.9
Change in business inventories	17.9	8.9	-10.7	10.2	15.6	15.5	23.4	21.0
Nonfarm	14.7	10.8	-14.3	12.2	15.0	16.4	23.4	21.0
Net exports of goods and services <u>1/</u>	7.1	6.0	20.4	7.4	-11.1	-12.0	-7.5	3.1
Exports	101.6	137.9	147.3	163.2	175.5	204.8	244.2	280.7
Imports	94.4	131.9	126.9	155.7	186.6	216.8	251.6	277.6
Gov't. purchases of goods and services	269.5	302.7	338.4	359.5	394.0	434.0	476.6	517.8
Federal <u>2/</u>	102.2	111.1	123.1	129.9	145.1	153.7	167.9	181.7
State and local	167.3	191.5	215.4	229.6	248.9	280.2	308.7	336.1
Gross national product in constant (1972) dollars	1235.0	1217.8	1202.3	1271.0	1332.7	1385.3	1431.1	1449.5
Personal income	1052.4	1154.9	1255.5	1380.9	1529.0	1707.6	1908.3	2094.3
Wage and salary disbursements	701.3	764.6	805.9	890.1	983.6	1100.9	1220.6	1327.2
Disposable personal income	901.7	984.6	1086.7	1184.4	1303.0	1451.4	1621.4	1774.9
Saving rate (per cent)	7.8	7.3	7.7	5.7	5.1	5.3	5.1	5.3
Corporate profits with I.V.A. and C.C. Adj.	99.1	83.6	95.9	127.0	144.2	160.2	180.5	187.5
Corporate profits before tax	115.8	126.9	120.4	155.9	173.9	202.6	228.9	237.6
Federal government surplus or deficit (N.I.A. basis)	-6.7	-10.7	-70.6	-53.8	-48.1	29.7	-23.8	-22.7
High employment surplus or deficit (-)	-7	17.1	-25.5	-18.0	-17.1	-2.9	7.8	28.2
State and local government surplus or deficit (-) (N.I.A. basis)	13.0	7.6	6.2	20.7	29.6	28.3	25.9	23.0
Excluding social insurance funds	4.1	-2.9	-6.2	5.5	11.5	7.1	1.5	-3.7
Civilian labor force (millions)	88.7	91.0	92.6	94.8	97.4	100.4	103.4	105.5
Unemployment rate (per cent)	4.9	5.6	8.5	7.7	7.0	6.0	6.0	6.8
Nonfarm payroll employment (millions)	76.8	78.3	76.9	79.4	82.3	85.8	88.3	89.5
Manufacturing	20.2	20.1	18.3	19.0	19.6	20.3	20.9	20.9
Industrial production (1967=100)	129.8	129.3	117.8	129.8	137.1	145.1	152.6	155.0
Capacity utilization: all manufacturing (per cent)	87.5	84.2	73.6	80.2	82.5	84.2	85.5	83.6
Materials (per cent)	92.4	87.7	73.6	80.4	81.9	84.9	87.5	86.3
Housing starts, private (million units, A.R.)	2.05	1.34	1.16	1.54	1.99	2.02	1.71	1.72
New auto sales, (millions, A.R.)	11.42	8.91	8.66	10.12	11.13	11.29	10.66	10.40
Domestic models	9.65	7.49	7.08	8.63	9.07	9.27	8.86	8.75
Foreign models	1.77	1.42	1.58	1.50	2.06	2.02	1.80	1.65

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.

March 31, 1979

~~CONFIDENTIAL - FR
SS II FOMC~~PER CENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1973	1974	1975	1976	1977	1978	Projected 1979	1980
<u>Constant (1972) dollars</u>								
Gross national product	5.5	-1.4	-1.3	5.7	4.9	4.0	3.3	1.3
Final purchases	4.9	-.7	.2	4.3	4.7	3.9	3.1	1.4
Private	6.3	-1.4	-.3	5.5	5.3	4.3	3.3	1.4
Excluding net exports	5.1	-2.3	-1.0	6.4	6.0	4.6	3.0	1.0
Personal consumption expenditures	4.7	-.9	1.8	5.8	4.7	4.0	3.4	1.3
Goods	5.0	-3.4	.7	6.4	5.0	3.4	3.2	.4
Services	4.4	2.3	3.2	5.0	4.4	4.6	3.6	2.2
Gross private domestic investment	10.0	-11.4	-22.3	21.6	13.2	7.0	3.2	-1.2
Residential structures	-3.7	-24.6	-13.9	23.4	20.5	3.8	-6.9	-5.2
Business fixed investment	12.2	-.3	-13.0	4.7	9.1	7.8	5.3	1.4
Gov't. purchases of goods and services	-.2	2.1	1.9	.1	2.4	2.2	2.1	1.4
Federal	-5.4	-.8	.7	.1	5.2	-1.3	1.8	1.4
State and local	3.2	3.8	2.6	.1	.8	4.3	2.2	1.4
Disposable personal income	6.7	-1.5	2.1	3.5	4.1	4.3	3.3	1.6
<u>Current dollars</u>								
Gross national product	11.6	8.1	8.2	11.2	11.0	11.6	11.8	9.1
Final purchases	10.9	8.9	9.7	9.8	10.8	11.7	11.5	9.3
Private	12.2	8.1	9.1	10.8	11.1	12.2	12.0	9.5
Excluding net exports	11.0	8.2	7.8	12.0	12.5	12.1	11.6	8.9
Personal consumption expenditures	10.5	9.8	10.1	11.4	10.7	11.1	11.7	9.2
Goods	11.4	8.9	8.7	10.7	9.7	10.1	11.7	8.0
Services	9.3	11.1	11.8	12.2	11.8	12.3	11.7	10.5
Gross private domestic investment	16.8	-2.5	-11.0	27.3	22.6	15.7	12.9	6.8
Residential structures	6.6	-16.7	-6.5	32.5	34.8	16.4	5.0	4.5
Business fixed investment	16.4	10.8	-.3	9.6	15.7	16.7	14.0	9.4
Gov't. purchases of goods and services	6.5	12.3	11.8	6.2	9.6	10.2	9.8	8.6
Federal	-.1	8.7	10.7	5.5	11.7	6.0	9.2	8.2
State and local	10.8	14.5	12.5	6.6	8.4	12.6	10.2	8.9
Disposable personal income	12.5	9.2	10.4	9.0	10.0	11.4	11.7	9.5
Personal income	11.7	9.7	8.7	10.0	10.7	11.7	11.8	9.7
Wage and salary disbursements	10.6	9.0	5.4	10.4	10.5	11.9	10.9	8.7
Corporate profits with IVA & C.C. Adj.	7.6	-15.6	14.7	32.4	13.5	11.1	12.7	3.9
Corporate profits before tax	20.4	9.6	-5.1	29.5	11.5	16.5	13.0	3.8
Nonfarm payroll employment	4.3	1.9	-1.7	3.2	3.6	4.3	3.0	1.4
Manufacturing	5.2	-.4	-8.7	3.7	3.4	3.5	3.0	-.2
Nonfarm business sector								
Output per hour	1.7	-2.9	1.9	3.6	1.3	.5	1.2	.8
Compensation per hour	7.8	9.4	9.9	8.5	8.1	9.3	9.4	9.1
Unit labor costs	6.0	12.7	7.9	4.7	6.7	8.7	8.1	8.2
GNP implicit deflator	5.9	9.7	9.6	5.2	5.9	7.4	8.3	7.7
Gross business product fixed-weighted price index 1/	5.7	10.4	9.4	5.4	6.2	7.7	8.9	7.9
Industrial production	8.4	-.4	-8.9	10.2	5.6	5.8	5.2	1.6

1/ Using expenditures in 1972 as weights.

FEDERAL SECTOR ACCOUNTS
(billions of dollars)

March 14, 1979

	Fiscal Year 1978*	FRB Staff Estimates														
		FY 1979 e/ 1/		FY 1980 e/ 1/		CY 1978*	CY F.R. Board	Calendar quarters; unadjusted data								
		Admin.	F.R. Board	Admin.	F.R. Board			III*	IV*	I	II	III	IV			
Unified budget receipts	402.0	456.0	458.0	502.6	505.9	416.9	468.6	106.8	99.5	102.6	137.0	119.0	110.0	109.6	151.9	134.4
Unified budget outlays	450.8	493.4	493.1	531.6	538.5	460.6	503.2	114.9	123.2	122.1	123.2	124.6	133.3	133.0	135.1	137.1
Surplus(+) / Deficit(-), unified budget	-48.8	-37.4	-35.1	-29.0	-32.6	-43.7	-34.6	-8.1	-23.7	-19.5	13.8	-5.6	-23.3	-23.4	16.8	-2.7
Surplus(+) / Deficit(-), off-budget agencies ^{2/}	-10.3	-12.0	-11.2	-12.0	-11.5	-9.1	-12.1	-3.1	-0.1	-3.6	-4.1	-3.4	-1.0	-3.0	-4.0	-3.5
Combined deficit to be financed	-59.1	-49.4	-46.3	-41.0	-44.1	-52.8	-46.7	-11.2	-23.8	-23.1	9.7	-9.0	-24.3	-26.4	12.8	-6.2
Means of financing combined deficits:																
Net borrowing from public	59.1	40.0	32.8	39.0	42.7	53.6	36.9	15.1	15.2	8.8	1.5	7.3	19.3	19.8	-2.8	6.4
Decrease in cash operating balance	-3.3	7.4	7.4	0.0	0.0	-4.0	4.3	-4.9	6.1	9.8	-9.5	1.0	3.0	4.0	-8.0	1.0
Other ^{3/}	3.2	2.0	6.1	2.0	1.4	3.2	5.5	1.0	2.6	4.7	-1.7	0.5	2.0	2.6	-2.0	-1.2
Cash operating balance, end of period	22.4	15.0	15.0	15.0	15.0	16.3	12.0	22.4	16.3	6.5	16.0	15.0	12.0	8.0	16.0	15.0
Memo: Sponsored agency borrowing ^{4/}	19.1	n.a.	23.0	n.a.	14.8	22.0	21.9	6.1	4.9	6.5	6.5	5.1	3.8	3.0	4.0	4.0
NIA Budget																
Receipts ^{5/}	413.8	464.3	471.5	513.8	520.5	431.6	484.1	441.7	462.6	468.6	479.3	488.7	500.0	512.9	525.1	538.3
Expenditures ^{5/}	450.6	496.3	496.4	539.2	543.6	461.3	507.9	464.5	483.5	489.6	495.8	516.7	529.7	537.1	545.6	562.1
Purchases (total)	151.1	166.0	165.0	178.2	178.3	153.7	167.9	154.0	162.3	165.0	163.9	168.6	174.2	177.1	179.7	182.1
Defense	98.1	105.1	104.8	115.4	114.6	99.5	107.1	99.6	102.1	103.6	105.7	107.7	111.6	113.6	115.6	117.7
Non-defense	53.0	60.9	60.2	62.8	63.6	54.2	60.8	54.5	60.2	61.4	52.2	60.9	62.6	63.5	64.1	64.4
All other expenditures	299.5	330.3	331.4	361.0	365.3	307.6	340.0	310.5	321.2	324.6	331.9	348.1	355.5	360.0	365.9	380.0
Surplus(+) / Deficit(-) ^{5/}	-36.8	-32.0	-24.9	-25.4	-23.1	-29.7	-23.8	-22.8	-20.9	-21.0	-16.5	-28.0	-29.7	-24.2	-20.5	-23.8
High Employment Surplus(+)/ Deficit(-) (NIA basis) ^{6/}	-10.6	n.a.	5.1	n.a.	21.5	-2.9	7.0	3.8	0.8	2.6	11.5	5.5	8.4	19.6	28.3	29.7

*--actual

e--estimated

r--revised

n.a.--not available

1/ The Budget of the United States Government, Fiscal Year 1980, January 1979.

2/ Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank, and Pension Benefit Guaranty Corporation.

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

4/ Includes Federal Home Loan Banks, FNMA, Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives.

5/ The fiscal year totals as published by the BEA "Fiscal Year 1980 Budget Translation," January 1979, are based on unadjusted data and do not conform to the average of four seasonally adjusted quarters. The FRB staff estimates, therefore, have been adjusted in order to make the BEA and the staff estimates comparable.

6/ FRB staff estimates are consistent with the Council's new potential GNP series as reported in the Economic Report of the President, January 1979.

	1978 ^e	1979 ^P	1980 ^P	1978		1979 ^P				1980 ^P			
				III	IV ^e	I	II	III	IV	I	II	III	IV
GNP NET EXPORTS OF GOODS AND SERVICES													
1. International Acct. data	-10.3	0	10.8	-9.6	.2	-1.7	2.0	.1	0	5.5	9.6	12.5	15.2
2. (GNP account data 1/)	(-12.0)	(-7.5)	(3.7)	(-10.7)	(-7.8)*	(-9.3)	(-5.6)	(-7.5)	(-7.6)	(-2.1)	(2.0)	(4.9)	(7.6)
3. a) Merchandise Trade Balance	-34.1	-28.8	-21.9	-32.0	-25.2*	-29.2	-26.6	-29.3	-30.2	-26.3	-22.9	-20.4	-18.1
4. Exports (excl. military)	141.9	171.5	199.5	145.9	157.5*	159.1	168.6	176.1	182.3	189.3	196.1	203.0	209.6
5. Agricultural	29.9	30.4	32.4	31.7	31.1*	29.2	30.6	31.2	30.7	31.6	31.9	32.8	33.4
6. Nonagricultural	112.0	141.1	167.1	114.2	126.3*	130.0	137.9	144.9	151.6	157.8	164.1	170.2	176.2
7. Imports	176.0	200.3	221.4	177.9	182.7*	188.3	195.2	205.3	212.5	215.6	219.0	223.4	227.7
8. Petroleum and petrol. products	42.3	50.2	57.9	43.5	43.2*	42.5	46.7	53.9	57.5	56.4	57.4	58.4	59.5
9. Nonpetroleum	133.7	150.2	163.5	134.4	139.4*	145.8	148.5	151.4	155.0	159.2	161.6	165.0	168.2
10. b) Other transactions, net	23.8	28.8	32.7	22.4	25.0	27.5	28.6	29.3	30.2	31.8	32.5	32.9	33.3
11. Investment Income, net 2/	19.9	23.6	25.1	19.1	20.8	23.2	23.5	23.7	23.9	25.0	25.3	25.1	25.0
12. Other, net 3/	3.9	5.2	7.6	3.3	4.2	4.3	5.1	5.6	6.3	6.8	7.2	7.8	8.3
13. U.S. CURRENT ACCOUNT BALANCE	-16.6	-9.7	.5	-15.3	-8.0	-11.8	-8.5	-9.5	-9.3	-5.1	-1.1	2.6	5.6
14. a) GNP net exports (line 1.)	-10.3	0	10.8	-9.6	.2	-1.7	2.0	.1	0	5.5	9.6	12.5	15.2
15. b) U.S. Govt & private transfers 4/	-6.3	-9.7	-10.3	-5.7	-7.8	-10.1	-10.5	-9.6	-9.3	-10.6	-10.7	-9.9	-9.6
Constant (1972) dollars													
16. Merchandise exports (excl. military)	71.9	78.7	85.1	73.1	75.5	75.2	78.0	80.1	81.7	83.1	84.5	85.7	86.9
17. (% change, annual rates)	(7.4)	(9.5)	(8.0)	(-.8)	(13.4)	(-1.2)	(15.2)	(11.2)	(8.2)	(7.4)	(6.6)	(6.1)	(5.3)
18. Merchandise imports	75.8	79.0	81.4	76.3	76.7	77.7	77.7	79.7	80.8	80.6	80.9	81.7	82.3
19. (% change, annual rates)	(7.0)	(4.1)	(3.1)	(10.0)	(2.4)	(5.3)	(.4)	(10.4)	(5.7)	(-.8)	(1.6)	(3.6)	(3.2)
Foreign Outlook - Ten Industrial Countries 5/													
20. Real GNP, % change, annual rates	3.5	3.8	3.8	2.9	4.4	3.1	4.1	4.3	4.0	3.7	3.5	3.7	3.9
21. Consumer Prices, 6/ % change, A.R.	4.4	5.2	5.4	2.8	3.3	6.8	5.7	6.0	5.4	5.4	5.2	5.0	5.1

1/ Lines 1 and 2 are defined identically but, data in line 2 differ from Intl. Acct. data (line 1) in that they usually lag the Intl. Acct. data in the inclusion of revisions and new information in published data.

2/ Excluding U.S. Govt. interest payments to foreigners, and reinvested earnings of incorporated affiliates. These are included in line 15.

3/ Includes travel, transportation, fees and royalties, miscellaneous other service transactions, and military transactions.

4/ Includes U.S. Govt. grants, U.S. Govt. interest payments to foreigners, remittances and pensions, exports to Israel financed by U.S. military assistance grants, and reinvested earnings of incorporated affiliates.

5/ Weighted by the shares of Canada, France, Germany, Italy, Japan, United Kingdom, Netherlands, Sweden, Belgium and Switzerland in the sum of the real GNP of the ten countries in dollar terms.

6/ Wholesale prices for Japan.

p/ Projected.

e/ Estimated.

*/ Published data.

NOTE: A revised methodology for seasonally adjusting merchandise exports and imports was introduced with the January data. Data for 1978 have been revised accordingly. The new seasonal pattern results in a smaller 1978-IV trade deficit and a larger 1978-I deficit; there is no change in the annual figures. These changes will be incorporated in the published GNP data in July 1979.

Part 2

March 14, 1979

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

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

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

	1978			1979			
	H1	QIII	QIV ^{e/}	Jan. ^{e/}	Feb. ^{e/}	Mar. ^{f/}	Apr. ^{f/}
<u>Seasonally adjusted</u>							
Corporate securities--total	3,587	4,822	3,384	2,925	3,300	2,775	2,875
Publicly offered bonds	1,489	2,365	1,525	1,050	1,275	1,200	1,275
Privately placed bonds	1,366	1,428	1,114	1,200	1,200	1,200	1,200
Stocks	732	1,029	745	675	825	375	400
<u>Not seasonally adjusted</u>							
Publicly offered bonds	1,695	1,761	1,480	1,275	1,250	1,600	1,200
By quality <u>1/</u>							
Aaa and Aa	820	885	883	1,025	650	--	--
Less than Aa <u>2/</u>	875	876	597	250	600	--	--
By type of borrower							
Utility	525	770	625	400	825	--	--
Industrial <u>3/</u>	578	560	405	375	175	--	--
Financial	592	431	450	500	250	--	--
Foreign securities--total	640	328	449	926	655	--	--
Publicly offered <u>4/</u>	466	183	336	675	610	100	300
Privately placed	174	145	113	251	45	--	--

1/ Bonds categorized according to Moody's bond ratings.

2/ Includes issues not rated by Moody's.

3/ Includes equipment trust certificates.

4/ Classified by original offering date.

e/ Estimated.

f/ Forecast.

GOVERNMENT SECURITY OFFERINGS
(Monthly totals or monthly averages, in millions of dollars)

	1978			1979			
	H1	QIII	QIV	Jan.	Feb. <u>e</u> /	Mar. <u>f</u> /	Apr. <u>f</u> /
<u>Seasonally adjusted</u>							
State and local government securities, gross offerings							
Total	5,682	6,236	5,813	4,975	4,500	5,100	6,100
Long-term	3,887	4,378	4,018	2,850	2,550	3,300	3,800
Short-term	1,795	1,858	1,795	2,125	1,950	1,800	2,300
U.S. Government securities, net offerings							
U.S. Treasury ^{1/}	3,654	3,080	-945	3,276	4,322	6,071	-3,972
Sponsored agencies	2,320	1,641	1,788	1,776	4,431	2,146	1,694
<u>Not seasonally adjusted</u>							
State and local government securities, gross offerings							
Total	6,118	5,985	5,187	4,496	4,400	5,300	6,400
Long-term	4,104	4,217	3,747	2,900	2,700	3,400	3,400
Short-term	2,014	1,768	1,440	1,596	1,700	1,900	3,000
U.S. Government securities, net offerings							
U.S. Treasury ^{1/}	2,382	3,560	1,152	2,371	7,795	7,300	-10,400
Sponsored agencies	2,012	2,130	1,635	1,454	3,043	2,000	1,530

1/ Marketable issues only.

e/ Estimated.

f/ Forecasted.