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SUMMARY AND OUTLOOK

By the Staff  
Board of Governors  
of the Federal Reserve System

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## **SUMMARY AND OUTLOOK**

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## STAFF GNP PROJECTIONS

	Per cent change, annual rate							
	Changes in nominal GNP (\$ billions)		Real GNP		Gross private product fixed-weighted price index		Unemployment rate (per cent)	
	12/10/75	1/14/76 <sup>1/</sup>	12/10/75	1/14/76 <sup>1/</sup>	12/10/75	1/14/76 <sup>1/</sup>	12/10/75	1/14/76
1972 <sup>2/</sup>	103.1	103.1	6.2	6.2	3.3	3.3	5.6	5.6
1973 <sup>2/</sup>	136.9	136.9	5.9	5.9	6.3	6.3	4.9	4.9
1974 <sup>2/</sup>	102.5	102.5	-2.1	-2.1	11.4	11.4	5.6	5.6
1975	80.2	n.a.	-2.9	n.a.	9.2	n.a.	8.5	8.5
1976	168.9	n.a.	5.6	n.a.	6.0	n.a.	8.0	8.0
1974-I <sup>2/</sup>	14.8	14.8	-7.0	-7.0	14.1	14.1	5.2	5.2
II <sup>2/</sup>	25.0	25.0	-1.6	-1.6	12.3	12.3	5.1	5.1
III <sup>2/</sup>	32.5	32.5	-1.9	-1.9	13.8	13.8	5.5	5.5
IV <sup>2/</sup>	14.6	14.6	-9.0	-9.0	12.6	12.6	6.6	6.6
1975-I <sup>2/</sup>	-14.3	-14.3	-11.4	-11.4	7.7	7.7	8.3	8.3
II <sup>2/</sup>	24.3	24.3	1.9	1.9	5.5	5.5	8.9	8.9
III <sup>2/</sup>	62.6	62.6	13.2	13.2	7.3	7.3	8.4	8.4
IV	45.6	47.9	5.0	6.1	6.5	5.9	8.4	8.4
1976-I	37.7	37.0	4.8	4.5	5.9	5.6	8.2	8.2
II	39.4	40.3	4.8	4.5	5.6	5.6	8.1	8.1
III	39.5	41.0	4.6	4.3	5.3	5.6	7.9	7.9
IV	41.2	42.5	4.3	4.0	5.0	5.5	7.9	7.9
Change:								
74-II to								
75-II <sup>2/</sup>	57.1	n.a.	-5.3	n.a.	9.8	n.a.	3.8	3.8
74-IV to								
75-IV	118.3	n.a.	1.8	n.a.	6.7	n.a.	1.8	1.8
75-II to								
76-II	185.4	193.1	6.9	8.7	6.3	n.a.	- .8	- .8
75-IV to								
76-IV	157.8	160.8	4.7	4.3	5.4	5.6	- .5	- .5

<sup>1/</sup> Projected figures are based on indications of effects of new revisions in income and product data and may not be strictly comparable to previous projections.

<sup>2/</sup> Actual.

## REVISED NATIONAL INCOME AND PRODUCT ACCOUNTS

The GNP and related income and product data shown in the following tables for the period 1974-I through 1975-III are the Commerce Department unrevised previously-published estimates. The staff projection of GNP and related items for the period 1975-IV through 1976-IV are based on STRICTLY CONFIDENTIAL indications of the effects of the revisions on major income and product accounts components to be released on January 16 by the Department of Commerce. The new revisions of the accounts include, in addition to the usual statistical revisions, twenty definitional and classificational revisions--some of which are relatively large and affect relationships among various components of the accounts significantly. Because detail on both the nature of these revisions and their magnitude are not available, the projections of some of the N.I.P.A. components may be more tenuous than usual.

The revised estimates of the national income and product accounts (N.I.P.A.) to be released on Friday will be for those N.I.P.A. tables which will be carried regularly in the Survey of Current Business and will in general cover the period 1947-I through 1975-III. A brief description of the highlights of the revision is scheduled for release about the middle of next week. Preliminary estimates for the final quarter of last year are scheduled to be released on January 20.

The revised N.I.P.A. data for the period 1970-I through 1975-III and for 1968-1975 will be included in the Supplement to this Greenbook, along with a brief discussion of some of the more important effects of the revisions on major income and product account components.

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

	1975	1976				1975	1976
	IV	I	II	III	IV		
	-----Revised N.I.P.A.* Basis-----						
Gross National Product	1576.4	1613.4	1653.7	1694.7	1737.2	1499.8	1674.8
Final purchases	1567.4	1600.4	1639.2	1679.7	1721.2	1511.7	1660.1
Private	1223.4	1252.1	1283.8	1316.5	1347.1	1180.7	1299.9
Excluding net exports	1202.9	1236.4	1269.8	1302.9	1333.5	1159.6	1285.7
Personal consumption expenditures	998.3	1024.2	1048.9	1072.7	1096.1	963.1	1060.5
Durable goods	133.8	137.3	141.0	145.0	150.1	127.1	143.4
Nondurable goods	424.6	435.3	445.5	454.7	463.4	410.0	449.7
Services	439.9	451.6	462.4	473.0	482.6	426.0	467.4
Gross private domestic investment	213.6	225.2	235.4	245.2	253.4	184.7	239.8
Residential construction	54.3	58.0	62.8	67.0	68.9	48.5	64.2
Business fixed investment	150.3	154.2	158.1	163.2	168.5	148.1	161.0
Change in business inventories	9.0	13.0	14.5	15.0	16.0	-11.9	14.6
Nonfarm	7.0	12.0	14.5	15.0	16.0	-12.9	14.4
Net exports of goods and services <sup>1/</sup>	20.5	15.7	14.0	13.6	13.6	21.0	14.2
Exports	151.5	154.7	158.5	163.1	167.5	147.2	161.0
Imports	131.0	139.0	144.5	149.5	153.9	126.2	146.7
Gov't. purchases of goods and services	344.0	348.3	355.4	363.2	374.1	331.0	360.3
Federal	130.0	131.8	133.8	135.8	141.0	123.2	135.6
Defense	88.8	89.6	91.1	92.2	95.9	84.3	92.2
Other	41.2	42.2	42.7	43.6	45.1	38.9	43.4
State and local	214.0	216.5	221.6	227.4	233.1	207.8	224.7
Gross national product in constant (1972) dollars	1219.3	1232.8	1246.6	1259.9	1272.2	1186.9	1252.8
GNP implicit deflator (1972=100)	129.3	130.9	132.7	134.5	136.6	126.3	133.7
Personal income	1294.5	1326.7	1354.7	1387.0	1418.4	1245.9	1371.7
Wage and salary disbursements	830.2	850.4	870.9	890.7	913.4	801.5	881.4
Disposable income	1113.6	1143.8	1168.8	1194.6	1220.7	1076.6	1187.0
Personal saving	91.3	95.5	95.6	97.5	100.1	89.6	97.2
Saving rate (per cent)	8.2	8.3	8.2	8.2	8.2	8.3	8.2
Corporate profits with I.V.A. and C.C.Adj.	117.6	120.4	128.3	136.5	142.8	101.6	132.0
Corporate profits with I.V.A., without C.C.Adj.	123.6	126.4	134.3	142.0	148.3	107.1	137.8
Corporate profits before tax	134.6	136.4	143.3	150.0	155.3	117.4	146.3
Federal government receipts and expenditures, (N.I.A. basis)							
Receipts <sup>2/</sup>	302.9	309.0	317.9	329.6	339.3	282.5	324.0
Expenditures	374.8	384.9	391.1	401.5	412.8	357.1	397.6
Surplus or deficit (-) <sup>2/</sup>	-71.9	-75.9	-73.2	-71.9	-73.5	-74.6	-73.5
High employment surplus or deficit (-)	-5.4	-11.7	-7.3	-8.6	-5.3	-8.9	-8.2
State and local government surplus or deficit (-) (N.I.A. basis)	13.6	15.0	14.7	13.7	13.8	10.3	14.3
	-----Published Basis-----						
Total labor force (millions)	95.4	95.8	96.3	96.7	97.1	94.9	96.5
Armed forces "	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Civilian labor force "	93.2	93.6	94.1	94.5	94.9	92.7	94.3
Unemployment rate (per cent)	8.4	8.2	8.1	7.9	7.9	8.5	8.0
Nonfarm payroll employment (millions)	77.6	78.0	78.5	79.0	79.3	77.0	78.7
Manufacturing	18.5	18.6	18.8	18.9	19.0	18.4	18.8
Industrial production (1967=100)	117.5	119.5	121.5	123.3	125.1	113.4	122.4
Capacity utilization, mfg. (per cent)	70.6	71.3	71.9	72.4	72.8	68.7	72.1
Major materials (per cent)	80.6	81.2	81.9	82.3	82.7	74.9	82.0
Housing starts, private (millions, A.R.)	1.43	1.55	1.65	1.70	1.73	1.19	1.66
Sales new autos (millions, A.R.)	9.20	9.60	9.75	10.00	10.20	8.66	9.89
Domestic models	7.90	8.10	8.25	8.50	8.70	7.09	8.39
Foreign models	1.30	1.50	1.50	1.50	1.50	1.57	1.50

\*N.I.P.A.: National Income and Product

## Accounts

Exports of g. & s. (Bal. of paymts)	16.6	11.2	9.1	8.7	8.7	16.9	9.4
Imports	152.0	154.9	158.7	163.3	167.7	147.5	161.2
Imports	135.4	143.7	149.6	154.6	159.0	130.7	151.7

<sup>2/</sup> Federal government N.I.A. receipts in 1975-II reflect the \$8.1 billion rebate of 1974 individual income taxes and in 1975-III and following quarters the \$9.3 billion reduction in 1975 individual income taxes; the withholding rates associated with the latter reduction are assumed to be continued in 1976.

<sup>3/</sup> Includes \$.3 billion, annual rate of shipments of military equipment and supplies to Israel which are not included in GNP exports.

CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

	1975	1976				1975	1976
	IV	I	II	III	IV		
Gross National Product	47.9	37.0	40.3	41.0	42.5	92.9	175.0
Inventory change	11.3	4.0	1.5	.5	1.0	-21.6	26.5
Final purchases	36.6	33.0	38.8	40.5	41.5	114.5	148.4
Private	26.7	28.7	31.7	32.7	30.6	84.6	119.2
Net exports	-1.6	-4.8	-1.7	-.4	.0	13.3	-6.8
Excluding net exports	28.3	33.5	33.4	33.1	30.6	71.2	26.1
Personal consumption expenditures	20.9	25.9	24.7	23.8	23.4	77.2	97.4
Durable goods	2.8	3.5	3.7	4.0	5.1	5.2	16.3
Nondurable goods	8.2	10.7	10.2	9.2	8.7	34.3	39.7
Services	10.7	11.7	10.8	10.6	9.6	37.7	41.4
Residential fixed investment	3.9	3.7	4.8	4.2	1.9	-6.1	15.7
Business fixed investment	3.5	3.9	3.9	5.1	5.3	13.1	12.9
Government	9.9	4.3	7.1	7.8	10.9	29.9	29.3
Federal	5.8	1.8	2.0	2.0	5.2	11.5	2.4
State and local	4.1	2.5	5.0	5.8	5.7	18.4	6.9
GNP in constant (1972) dollars	18.0	13.5	13.8	13.3	12.3	-23.8	25.9
Final purchases	10.3	9.8	13.0	13.7	11.4	-7.7	46.6
Private	7.9	10.1	10.9	11.1	9.2	-10.9	28.6
-----In Per Cent Per Year <sup>1/</sup> -----							
Gross national product	13.1	9.7	10.4	10.3	10.4	6.6	11.7
Final purchases	9.9	8.7	10.1	10.3	10.3	8.2	9.8
Private	9.2	9.7	10.5	10.6	9.6	7.7	10.1
Personal consumption expenditures	8.8	10.8	10.0	9.4	9.0	8.7	10.1
Durable goods	6.2	10.9	11.2	11.8	14.8	4.3	12.8
Nondurable goods	8.1	10.5	9.7	8.5	7.9	.3	9.7
Services	10.4	11.1	9.9	9.5	8.4	9.7	9.7
Gross private domestic investment	44.3	23.6	19.4	17.7	14.1	-13.0	29.8
Residential structures	34.7	30.2	37.4	29.6	11.8	-11.2	32.4
Business fixed investment	9.9	10.8	10.5	13.5	13.6	.1	8.7
Gov't purchases of goods & services	12.4	5.1	8.4	9.1	12.6	9.9	8.9
Federal	20.0	5.7	6.2	6.1	16.2	10.3	10.1
Defense	19.7	3.7	6.9	4.9	17.0	8.9	9.4
Other	20.8	10.1	4.8	8.7	14.5	13.4	11.6
State and local	8.0	4.8	9.8	10.9	10.4	9.7	8.1
GNP in constant (1972) dollars	6.2	4.5	4.5	4.3	4.0	-2.0	5.6
Final purchases	3.5	3.3	4.3	4.5	3.7	-.6	3.9
Private	3.4	4.3	4.6	4.6	3.8	-1.1	4.8
GNP implicit deflator <sup>2/</sup>	6.6	5.0	5.6	5.7	6.2	8.7	5.9
Private GNP fixed weighted index <sup>3/</sup>	5.9	5.6	5.6	5.6	5.5	8.9	5.9
Personal income	11.0	10.3	8.7	9.9	9.4	7.9	10.1
Wage and salary disbursements	11.8	10.1	10.0	9.4	10.6	5.0	10.0
Disposable income	10.3	11.3	9.0	9.1	9.0	9.5	9.8
Corporate profits before tax	16.7	5.5	21.8	20.1	14.9	-11.1	14.6
Federal Government receipts and expenditures (N.I.A. basis)							
Receipts	13.7	8.3	12.0	15.6	12.3	-2.0	14.7
Expenditures	12.7	11.2	6.6	11.1	11.7	19.0	11.3
Nonfarm payroll employment	3.2	2.1	2.6	2.6	1.5	-1.8	2.2
Manufacturing	4.4	2.2	4.4	2.1	2.1	-8.2	2.2
Industrial production	12.1	7.0	6.9	6.1	6.0	-9.1	7.9
Housing starts, private	65.9	38.0	28.4	12.7	7.2	-11.0	39.5
Sales new autos	-.4	18.6	6.4	10.7	8.2	-2.4	14.2
Domestic models	21.8	10.5	7.6	12.7	9.7	-4.8	18.3
Foreign models	-65.0	77.3	.0	.0	.0	10.6	-4.5

<sup>1/</sup> Percentage rates are annual rates compounded quarterly.

<sup>2/</sup> Excluding Federal pay increases rates of change are: 1975-IV, 5.9 per cent; 1976-I, 4.9 per cent; and 1976-IV, 5.5 per cent.

<sup>3/</sup> Using expenditures in 1967 as weights.

## CLASS II FOMC

## GROSS NATIONAL PRODUCT AND RELATED ITEMS

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

	1974				1975		
	I	II	III	IV	I	II	III
	Published Basis						
Gross National Product	1358.8	1383.8	1416.3	1430.9	1416.6	1330.9	1504.4
Final purchases	1341.9	1370.3	1407.6	1413.1	1435.8	1471.9	1509.8
Private	1045.6	1065.9	1095.3	1089.3	1104.2	1133.8	1166.3
Excluding net exports	1034.3	1067.4	1098.4	1087.4	1095.4	1117.6	1153.3
Personal consumption expenditures	840.6	869.1	901.3	895.8	913.2	938.6	968.8
Durable goods	123.9	129.5	136.1	120.7	124.9	130.6	138.6
Nondurable goods	364.4	375.8	389.0	391.7	398.8	410.1	322.7
Services	352.4	363.8	376.2	383.5	389.5	397.9	407.5
Gross private domestic investment	210.5	211.8	205.8	209.4	163.1	148.1	179.1
Residential construction	48.4	48.8	46.2	40.4	35.3	36.4	41.0
Business fixed investment	145.2	149.4	150.9	151.2	146.9	142.7	143.6
Change in business inventories	16.9	13.5	8.7	17.8	-19.2	-31.0	-5.5
Nonfarm	13.1	10.4	6.6	17.5	-17.8	-30.6	-7.2
Net exports of goods and services <sup>1/</sup>	11.3	-1.5	-3.1	1.9	8.8	16.2	13.0
Exports	131.2	138.5	143.6	147.5	142.2	136.0	142.7
Imports	119.9	140.0	146.7	145.7	133.4	119.8	129.8
Gov't. purchases of goods and services	296.3	304.4	312.3	323.8	331.6	338.1	343.5
Federal	111.5	114.3	117.2	124.5	126.5	128.4	130.5
Defense	75.8	76.6	78.4	84.0	84.7	84.8	86.1
Other	35.7	37.7	38.8	40.6	41.8	43.6	44.4
State & local	184.8	190.1	195.1	199.3	205.1	209.7	213.0
Gross national product in constant (1958) dollars	830.5	827.1	823.1	804.0	780.0	783.6	808.6
GNP implicit deflator (1958 = 100)	163.6	167.3	172.1	178.0	181.6	183.9	186.1
Personal income	1112.5	1134.6	1168.2	1186.9	1193.4	1220.5	1255.2
Wage and salary disbursements	727.6	745.2	763.0	769.2	765.1	773.0	791.4
posable income	950.6	966.5	993.1	1008.8	1015.5	1078.5	1079.6
Personal saving	84.4	71.5	65.5	86.5	75.9	113.8	84.6
Saving rate (per cent)	8.9	7.4	6.6	8.6	7.5	10.6	7.8
Corporate profits & inventory val. adj.	107.7	105.6	105.8	103.4	94.3	104.9	123.0
Corporate profits before tax	135.4	139.0	157.0	131.5	101.2	113.3	134.6
Federal government receipts and expenditures, (N.I.A. basis)							
Receipts	278.1	288.6	302.8	294.7	284.1	251.8	295.8
Expenditures	281.0	291.6	304.7	319.3	338.5	355.0	362.7
Surplus or deficit (-)	-2.8	-3.0	-1.9	-24.5	-54.4	-103.3	-67.0
High employment surplus or deficit (-)	14.5	10.5	26.1	21.0	11.0	-35.8	-5.0
State and local government surplus or deficit (-), (N.I.A. basis)	3.2	2.0	2.1	-1.1	-1.6	-1.9	4.1
Total labor force (millions)	92.7	92.9	93.6	94.0	94.0	94.7	95.4
Armed forces "	2.2	2.3	2.2	2.2	2.2	2.2	2.2
Civilian labor force "	90.5	90.6	91.4	91.8	91.8	92.5	93.2
Unemployment rate (per cent)	5.2	5.1	5.5	6.6	8.4	8.9	
Nonfarm payroll employment (millions)	78.2	78.5	78.7	78.3	76.9	76.4	77.0
Manufacturing	20.2	19.8	20.1	19.6	18.5	18.1	18.3
Industrial production (1967 = 100)	124.9	125.5	125.4	121.3	111.6	110.4	114.2
Capacity utilization, mfg. (per cent)	80.5	80.1	79.4	75.7	68.2	67.0	69.0
Major materials (per cent)	90.2	90.2	88.5	79.1	70.0	70.9	78.0
Housing starts, private (millions, A.R.)	1.61	1.53	1.21	1.00	1.00	1.07	1.26
Sales new autos (millions, A.R.)	9.04	9.17	10.07	7.38	3.31	7.90	9.21
Domestic models	7.49	7.92	8.52	6.05	6.60	6.33	7.52
Foreign models	1.55	1.25	1.55	1.33	1.71	1.57	1.69
1/ Net exports of g. & s. (Bal. of paymts)	12.0	.3	-1.9	4.0	12.7	20.1	18.2
Exports	133.3	142.0	148.7	153.7	148.4	140.8	149.0
Imports	121.4	141.7	149.7	149.7	135.7	120.7	130.8

2/ Federal government N.I.A. receipts in 1975-II reflects the \$8.1 billion rebate of 1974 individual income taxes and in 1975-III and following quarters the \$9.3 billion reduction in 1975 individual income taxes; the withholding rates associated with the latter reduction are assumed to be continued in 1976.

3/ Includes \$.3 billion, annual rate of shipments of military equipment and supplies to Israel which are not included in GNP exports.

Class II FOMC

CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

	1974				1975		
	I	II	III	IV	I	II	III
	-----Published Basis-----						
Gross National Product	14.8	25.0	32.5	14.6	-14.3	24.3	63.5
Inventory change	-12.0	-3.4	-4.8	9.1	-37.0	-11.8	25.5
Final purchases	26.8	28.4	37.3	5.5	22.7	36.1	37.9
Private	16.9	20.3	29.4	-6.0	14.9	29.6	32.5
Net exports	2.0	-12.8	-1.6	5.0	6.9	7.4	-3.2
Excluding net exports	14.9	33.1	31.0	-11.0	8.0	22.2	35.7
Personal consumption expenditures	16.7	28.5	32.2	-5.5	17.4	25.4	30.2
Durable goods	-4	5.6	6.6	-15.4	4.2	5.7	8.0
Nondurable goods	12.3	11.4	13.2	2.7	7.1	11.3	12.6
Services	5.0	11.4	12.4	7.3	6.0	8.4	9.6
Residential fixed investment	-5.2	.4	-2.6	-5.8	-5.1	1.1	4.6
Business fixed investment	3.3	4.2	1.5	.3	-4.3	-4.2	.9
Government	9.9	8.1	7.9	11.5	7.8	6.5	5.4
Federal	3.1	2.8	2.9	7.3	2.0	1.9	2.1
State and local	6.9	5.3	5.0	4.2	5.8	4.6	3.3
GNP in constant (1958) dollars	-15.2	-3.4	-4.0	-19.1	-24.0	3.6	25.0
Final purchases	-5.8	-1.0	-.8	-25.0	-1.3	8.9	10.2
Private	-6.1	-.8	-.9	-25.4	-2.7	7.4	9.3
	-----In Per Cent Per Year <sup>1/</sup> -----						
Gross National Product	4.5	7.6	9.7	4.2	-3.9	7.0	18.8
Final purchases	8.4	8.7	11.3	1.6	6.6	10.4	10.7
Private	6.7	8.0	11.5	-2.2	5.6	11.2	12.0
Personal consumption expenditures	8.4	14.3	15.7	-2.4	8.0	11.6	13.5
Durable goods	-1.3	19.3	22.0	-38.1	14.7	19.5	26.8
Nondurable goods	14.7	13.1	14.8	2.8	7.4	11.8	12.9
Services	5.9	13.6	14.3	8.0	6.4	8.9	10.0
Less private domestic investment	-22.7	2.5	-10.9	7.2	-63.2	-32.0	113.9
Residential structures	-33.5	3.3	-19.7	-41.5	-41.7	13.1	61.0
Business fixed investment	9.6	12.1	4.1	.8	-10.9	-11.0	2.5
Gov't purchases of goods & services	14.6	11.4	10.8	15.6	10.0	8.1	6.5
Federal	11.9	10.4	10.5	27.3	6.6	6.1	6.7
Defense	2.7	4.3	9.7	31.8	3.4	.5	6.3
Other	35.3	24.4	12.2	19.9	12.4	18.4	7.5
State and local	16.4	12.0	10.9	8.9	12.2	9.3	6.4
GNP in constant (1958) dollars	-7.0	-1.6	-1.9	-9.0	-11.4	1.9	13.4
Final purchases	-2.8	-.5	-.4	-11.7	-.7	4.6	5.2
Private	-3.5	-.5	-.5	-14.3	-1.7	4.7	5.8
GNP implicit deflator <sup>2/</sup>	12.3	9.4	11.9	14.4	8.4	5.1	4.8
Private GNP fixed weighted index <sup>3/</sup>	12.7	11.1	12.7	12.5	7.5	5.5	7.0
Personal income	4.9	8.2	12.4	6.6	2.2	9.4	11.9
Wage and salary disbursements	6.0	10.0	9.9	3.3	-2.1	4.2	9.9
Disposable income	4.9	6.9	11.5	6.5	2.7	27.2	.4
Corporate profits before tax	48.3	11.1	62.8	-50.8	-64.9	57.1	99.2
Federal Government receipts and expenditures (N.I.A. basis)							
Receipts	15.4	16.0	21.2	-10.3	-13.6	-38.3	90.4
Expenditures	16.3	16.0	19.2	20.6	26.3	21.0	9.0
Nonfarm payroll employment	1.5	1.5	1.0	-2.0	-7.0	-2.6	3.2
Manufacturing	-2.0	-7.7	6.2	-9.6	-20.6	-8.4	4.5
Industrial production	-6.5	1.9	-.3	-12.5	-28.4	-4.2	14.5
Housing starts, private	-2.4	-18.4	-60.9	-53.3	.0	31.1	92.3
Sales new autos	-37.1	5.9	45.4	-71.2	60.8	-18.3	84.7
Domestic models	-40.0	25.0	33.9	-74.6	41.6	-15.4	99.2
Foreign models	-20.2	-57.7	136.4	-45.8	173.3	-28.9	34.3

<sup>1/</sup> Percentage rates are annual rates compounded quarterly.

Excluding Federal pay increases rates of change are: 1975-I, 8.3 per cent.

<sup>3/</sup> Using expenditures in 1967 as weights.



State and local government demands continue to be stronger than anticipated several months ago. Employment growth has continued at a strong pace since mid year--expanding at an annual rate of about half a million--and new construction spending has held up. Indeed, recent preliminary data suggest that the value of construction spending put-in-place probably increased in the fourth quarter rather than showing the expected decline. Nevertheless, the recent problems of New York, high municipal interest rates, and tight budget positions are expected to have a dampening influence on State and local spending through the first half of next year.

On the Federal government side, the recently signed Revenue Adjustment Act of 1975 provided tax relief roughly in conformance with staff assumptions. The legislation temporarily extends the tax reductions enacted in early 1975 and continues 1975 withholding rates through June. (A detailed description of this legislation is presented in the Appendix.) The staff is now projecting a fiscal year 1976 unified budget deficit of about \$73 billion, up by \$2.5 billion from the last Greenbook projection. Unified outlays for FY 1976 have been revised upward by \$2.0 billion to \$372 billion. In early December, the Interior Department raised only \$0.4 billion from its sale of offshore oil leases, approximately \$2 billion less than was anticipated (receipts from the sale of oil leases are treated as an offset to outlays). Our estimate of outlays is nearly \$3 billion below the \$374.9 billion target set by the Congress in the Second Concurrent Resolution of December 11, 1975. The major differences are due to assumptions about Congressional spending initiatives for special revenue sharing and public service employment.

CONFIDENTIAL (FR)

January 14, 1976

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

By the Staff  
Board of Governors  
of the Federal Reserve Board

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

	1975				1976	
	Year <sup>e/</sup>	QIV <sup>e/</sup>	Nov. <sup>e/</sup>	Dec. <sup>e/</sup>	Jan. <sup>f/</sup>	Feb. <sup>f/</sup>
<u>Gross offerings</u>						
Corporate securities--Total	4,358	3,958	3,750	3,550	3,150	3,050
Publicly offered bonds	2,717	1,946	1,700	1,750	1,600	1,600
By quality						
Aaa and Aa <sup>1/</sup>	1,422	776	650	625	--	--
Less than Aa <sup>1/</sup>	1,295	1,170	1,050	1,125	--	--
By type of borrower						
Utility	925	783	850	625	--	--
Industrial	1,432	767	475	675	--	--
Other	360	396	375	450	--	--
Privately placed bonds	743	946	1,200	1,000	750	750
Stocks	898	1,066	850	800	800	700
Foreign securities--Total <sup>2/</sup>	451	634	825	975	580	400
Canadian	213	251	550	100	380	--
Other	238	383	275	875	200	--
State and local government securities						
Long-term	2,535	2,217	2,331	2,050	2,100	2,000
Short-term	2,433	2,266	2,101	2,000	2,000	2,000
<u>Net Offerings</u>						
U.S. Treasury <sup>2/</sup>	7,326 <sup>e/</sup>	7,931 <sup>e/</sup>	4,083	9,850 <sup>e/</sup>	7,700 <sup>f/</sup>	6,900 <sup>f/</sup>
Sponsored Federal Agencies	2,247	1,758	352	463	594	604

e/ Estimated.

f/ Forecast.

<sup>1/</sup> Bonds categorized according to Moody's bond ratings.<sup>2/</sup> Includes only publicly offered issues of marketable securities.