

CONFIDENTIAL (FR)

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

May 15, 1974

By the Staff
Board of Governors
of the Federal Reserve System

May 15, 1974

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.)

	1973	1974 Proj.	1973				1974 Ip
			I	II	III	IV	
Gross National Product	1289.1	1398.0	1242.5	1272.0	1304.5	1337.5	1351.8
Final purchases	1281.1	1389.2	1237.8	1267.5	1299.8	1319.4	1344.0
Private	1004.0	1080.3	969.2	992.2	1020.8	1033.8	1048.1
Excluding net exports	998.2	1078.0	969.2	989.4	1013.2	1021.0	1038.6
Personal consumption expenditures	804.0	877.2	779.4	795.6	816.0	825.2	844.6
Durable goods	130.8	129.8	132.2	132.8	132.8	125.6	124.5
Nondurable goods	335.9	377.3	322.2	330.3	341.6	349.6	362.3
Services	337.3	370.2	325.0	332.6	341.6	350.0	357.8
Gross private domestic investment	202.1	209.6	194.5	198.2	202.0	213.9	201.8
Residential construction	58.0	49.9	59.0	59.6	59.2	54.0	49.5
Business fixed investment	136.2	150.9	130.9	134.1	138.0	141.8	144.4
Change in business inventories	8.0	8.8	4.6	4.5	4.7	18.0	7.8
Nonfarm	7.3	8.3	4.4	4.4	3.2	17.3	6.8
Net exports of goods and services ^{1/}	5.8	2.3	.0	2.8	7.6	12.8 ^{2/}	9.5 ^{2/}
Exports	102.0	132.8	89.7	97.2	104.5	116.4 ^{2/}	125.9 ^{2/}
Imports	96.2	130.5	89.7	94.4	97.0	103.6	116.4
Gov't. purchases of goods and services	277.1	308.9	268.6	275.3	279.0	285.6	295.9
Federal	106.6	115.7	105.5	107.3	106.8	106.8	111.3
Defense	73.9	79.1	74.3	74.2	74.2	73.0	76.2
Other	32.7	36.6	31.2	33.1	32.7	33.8	35.1
State & local	170.5	193.2	163.0	168.0	172.2	178.8	184.6
Gross national product in constant (1958) dollars	837.4	835.5	829.3	834.3	841.3	844.6	832.0
GNP implicit deflator (1958 = 100)	153.9	167.3	149.8	152.5	155.1	158.4	162.5
Personal income	1035.4	1136.3	996.6	1019.0	1047.1	1078.9	1093.9
Wage and salary disbursements	691.5	748.6	666.7	682.6	699.3	717.2	726.0
Disposable income	882.5	968.6	851.5	869.7	891.1	917.8	930.5
Personal saving	54.8	64.6	50.0	51.0	51.1	67.1	60.6
Saving rate (per cent)	6.2	6.7	5.9	5.9	5.7	7.3	6.5
Corporate profits & inventory val. adj.	109.0	116.1	104.3	107.9	112.0	111.9	107.5
Corporate profits before tax	126.3	141.9	119.6	128.9	129.0	127.4	138.4
Federal government receipts and expenditures, (N.I.A. basis)							
Receipts	265.0	292.5	253.6	262.4	269.5	274.3	285.9
Expenditures	264.0	298.4	258.6	262.4	265.6	269.6	281.3
Surplus or deficit (-)	1.0	-5.9	-5.0	.0	4.0	4.7	4.6
High employment surplus or deficit (-)	-1.3	-.8	-2.4	-1.7	-2.1	1.1	3.2
State and local government surplus or deficit (-), (N.I.A. basis)	10.5	3.4	13.9	11.5	10.4	6.0	5.8
Total labor force (millions)	91.0	93.2	90.0	90.8	91.3	92.2	92.8
Armed forces "	2.3	2.3	2.4	2.3	2.3	2.3	2.3
Civilian labor force "	88.7	90.9	87.6	88.5	89.0	89.9	90.5
Unemployment rate (per cent)	4.9	5.4	5.0	4.9	4.7	4.7	5.2
Nonfarm payroll employment (millions)	75.6	77.1	74.6	75.3	75.7	76.6	76.7
Manufacturing	19.8	19.9	19.6	19.8	19.8	20.1	19.9
Industrial production (1967 = 100)	125.6	125.8	123.1	124.8	126.7	127.0	124.7
Capacity utilization, mfg. (per cent) ^{3/}	83.0	80.0	82.8	83.3	83.3	82.6	80.4
Major materials (per cent) ^{3/}	93.2	89.1	92.8	92.8	94.1	93.2	90.2
Housing starts, private (millions, A.R.)	2.04	1.65	2.39	2.21	2.01	1.58	1.60
Sales new autos (millions, A.R.)	11.44	9.52	12.23	11.73	11.74	10.09	9.07
Domestic models	9.67	8.02	10.27	9.87	10.11	8.44	7.49
Foreign models	1.77	1.50	1.96	1.86	1.63	1.65	1.59
^{1/} Net exports of g. & s. (bal. of paymts.)	6.9	4.8	.7	2.4	8.6	15.9 ^{2/}	12.0 ^{2/}
Exports	102.7	135.5	90.2	97.2	105.0	118.7 ^{2/}	128.6 ^{2/}
Imports	95.8	130.7	89.4	94.8	96.4	102.8	116.6

^{2/} Includes effects of shipments of military equipment and supplies to Israel; for 1973-IV these are now estimated at \$2.5 billion, annual rate, and considered as a sale, with \$2.4 billion coming from U.S. military stocks and thus reducing defense purchases by that amount; for 1974-I they are estimated at \$.5 billion, annual rate, all from defense stocks.

^{3/} Incorporates new revisions in series.

May 15, 1974

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 Proj.	1974				1975	
		Ip	II	III	Projection	I	II
					IV		
Gross National Product	1398.0	1351.8	1380.0	1412.0	1448.0	1478.0	1505.0
Final purchases	1389.2	1344.0	1370.0	1403.2	1439.5	1469.8	1496.8
Private	1080.3	1048.1	1065.5	1090.4	1117.3	1138.9	1157.9
Excluding net exports	1078.0	1038.6	1063.0	1091.0	1119.5	1143.2	1165.0
Personal consumption expenditures	877.2	844.6	866.3	888.2	909.7	928.2	947.1
Durable goods	129.8	124.5	129.0	131.6	133.9	135.2	136.4
Nondurable goods	377.3	362.3	371.5	382.3	392.9	401.6	410.8
Services	370.2	357.8	365.8	374.3	382.9	391.4	399.9
Gross private domestic investment	209.6	201.8	206.7	211.6	218.3	223.2	226.1
Residential construction	49.9	49.5	48.3	49.8	52.1	52.9	51.4
Business fixed investment	150.9	144.4	148.4	153.0	157.7	162.1	166.5
Change in business inventories	8.8	7.8	10.0	8.8	8.5	8.2	8.2
Nonfarm	8.3	6.8	10.0	8.5	8.0	8.0	8.0
Net exports of goods and services ^{1/}	2.3	9.5 ^{2/}	2.5	- .6	-2.2	-4.3	-7.1
Exports	132.8	125.9 ^{2/}	132.8	135.2	137.4	137.8	139.1
Imports	130.5	116.4	130.3	135.8	139.6	142.1	146.2
Gov't. purchases of goods and services	308.9	295.9	304.5	312.8	322.2	330.9	338.9
Federal	115.7	111.3	114.4	116.3	120.8	123.4	125.8
Defense	79.1	76.2	78.3	79.2	82.7	84.6	86.1
Other	36.6	35.1	36.1	37.1	38.1	38.8	39.7
State & local	193.2	184.6	190.1	196.5	201.4	207.5	213.1
Gross national product in constant (1958) dollars	835.5	832.0	831.2	836.3	842.5	847.3	851.9
GNP implicit deflator (1958 = 100)	167.3	162.5	166.0	168.8	171.9	174.4	176.7
Personal income	1136.3	1093.9	1122.0	1152.5	1176.7	1201.5	1225.7
Wage and salary disbursements	748.6	726.0	738.7	757.2	772.3	788.1	803.3
Disposable income	968.6	930.5	954.5	983.8	1005.5	1022.6	1042.5
Personal saving	64.6	60.6	61.9	68.3	67.4	65.0	65.1
Saving rate (per cent)	6.7	6.5	6.5	6.9	6.7	6.4	6.2
Corporate profits & inventory val. adj.	116.1	107.5	112.6	118.0	126.3	129.1	130.6
Corporate profits before tax	141.9	138.4	142.0	142.5	144.5	144.0	142.5
Federal government receipts and expenditures, (N.I.A. basis)							
Receipts	292.5	285.9	292.6	293.6	297.7	307.4	312.1
Expenditures	298.4	281.3	294.1	305.4	312.9	319.5	325.7
Surplus or deficit (-)	-5.9	4.6	-1.5	-11.8	-15.2	-12.1	-13.6
High employment surplus or deficit (-)	- .8	3.2	.8	-4.3	-3.1	9.0	10.4
State and local government surplus or deficit (-), (N.I.A. basis)	3.4	5.8	3.2	2.2	2.4	- .2	-2.6
Total labor force (millions)	93.2	92.8	92.9	93.4	93.7	93.9	94.2
Armed forces "	2.3	2.3	2.3	2.3	2.3	2.2	2.2
Civilian labor force "	90.9	90.5	90.6	91.1	91.4	91.7	92.0
Unemployment rate (per cent)	5.4	5.2	5.2	5.5	5.7	5.9	6.1
Nonfarm payroll employment (millions)	77.1	76.7	77.0	77.2	77.3	77.4	77.5
Manufacturing	19.9	19.9	19.9	19.9	19.9	19.9	19.9
Industrial production (1967 = 100)	125.8	124.7	125.1	126.2	127.3	128.2	129.2
Capacity utilization, mfg. (per cent) ^{3/}	80.0	80.4	79.9	79.8	79.8	79.6	79.5
Major materials (per cent) ^{3/}	89.1	90.2	89.1	88.7	88.3	88.3	88.3
Housing starts, private (millions, A.R.)	1.65	1.60	1.60	1.70	1.70	1.60	1.50
Sales new autos (millions, A.R.)	9.52	9.07	9.40	9.70	9.90	10.00	10.00
Domestic models	8.02	7.49	8.00	8.20	8.40	8.50	8.50
Foreign models	1.50	1.59	1.40	1.50	1.50	1.50	1.50

1/ Net exports of g. & s. (bal. of paymts.)	4.8	12.0 ^{2/}	5.0	1.9	.3	-1.8	-4.6
Exports	135.5	128.6 ^{2/}	135.5	137.9	140.1	140.5	141.8
Imports	130.7	116.6	130.5	136.0	139.8	142.3	146.4

2/ Includes effects of shipments of military equipment and supplies to Israel; for 1974-I these are now estimated at \$.5 billion, annual rate, and considered as a sale, all from U.S. military stocks and thus reducing defense purchases by that amount.

3/ Incorporates new revisions in series.

CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1973	1974 Proj.	1973				1974
			I	II	III	IV	Ip
-----Billions of Dollars-----							
Gross National Product	133.9	108.9	43.3	29.5	32.5	33.0	14.3
Inventory change	2.0	.8	-3.6	-.1	.2	13.3	10.2
Final purchases	132.0	108.1	46.8	29.7	32.3	19.6	24.6
Private	121.9	76.3	38.9	23.0	28.6	13.0	14.3
Net exports	28.5	-3.5	3.5	2.8	4.8	5.2	-3.3
Excluding net exports	105.4	79.8	35.4	20.2	23.8	7.8	17.0
Personal consumption expenditures	77.5	73.2	26.8	16.2	20.4	9.2	19.4
Durable goods	13.4	-1.0	9.3	.6	.0	-7.2	-1.1
Nondurable goods	36.0	41.4	11.5	8.1	11.3	8.0	12.7
Services	28.1	32.9	6.0	7.6	9.0	8.4	7.8
Residential fixed investment	4.0	-8.1	2.1	.6	-.4	-5.2	-4.5
Business fixed investment	18.0	14.7	6.6	3.2	3.9	3.8	2.6
Government	22.1	31.8	7.9	6.7	3.7	6.6	10.3
Federal	2.2	9.1	2.8	1.8	-.5	.0	4.5
State and local	20.0	22.7	5.0	5.0	4.2	6.6	5.8
GNP in constant (1958) dollars	46.7	-1.9	17.0	5.0	7.0	3.3	-12.6
Final purchases	45.7	-1.9	20.0	5.0	7.3	-6.2	-5.0
Private	44.0	-3.9	19.1	4.2	7.5	-5.3	-14.6
-----Per Cent Per Year ^{1/} -----							
Gross National Product	11.6	8.4	15.2	9.9	10.6	10.5	4.4
Final purchases	11.5	8.4	16.7	9.9	10.6	6.2	7.7
Private	12.0	7.6	17.8	9.8	12.0	5.2	5.6
Personal consumption expenditures	10.7	9.1	15.0	8.6	10.7	4.6	9.7
Durable goods	11.4	-.8	33.9	1.8	.0	-20.0	-3.5
Nondurable goods	12.0	12.3	15.6	10.4	14.4	9.7	15.3
Services	9.1	9.8	7.7	9.7	11.3	10.2	9.2
Gross private domestic investment	13.3	3.7	11.2	7.8	7.9	25.7	-20.8
Residential structures	7.4	-14.0	15.6	4.1	-2.7	-30.8	-29.4
Business fixed investment	15.2	10.8	23.0	10.1	12.2	11.5	7.5
Gov't. purchases of goods & services	8.7	11.5	12.7	10.4	5.5	9.8	15.2
Federal	2.1	8.5	11.4	7.0	-1.9	.0	17.9
Defense	-.7	7.0	10.9	-.5	.0	-6.3	18.7
Other	8.6	11.9	12.4	26.7	-4.7	14.1	16.3
State and local	13.3	13.3	13.3	12.8	10.4	16.2	13.6
GNP in constant (1958) dollars	5.9	-.2	8.7	2.4	3.4	1.6	-5.8
Final purchases	5.8	-.2	10.3	2.4	3.6	-2.9	-2.4
Private	6.8	-.6	12.0	2.5	4.4	3.0 ^{2/}	-8.1 ^{2/}
GNP implicit deflator	5.4	8.7	6.1	7.3	7.0	8.8 ^{2/}	10.8 ^{2/}
Private GNP fixed weighted index ^{3/}	6.1	9.2	7.0	7.9	7.6	8.6	12.5
Personal income	10.2	9.7	8.7	9.3	11.5	12.7	5.7
Wage and salary disbursements	10.1	8.3	11.6	9.9	10.2	10.6	5.0
Disposable income	10.7	9.8	11.5	8.8	10.2	12.5	5.7
Corporate profits before tax	28.9	12.4	61.5	34.9	.3	-4.9	39.3
Federal government receipts and expenditures (N.I.A. basis)							
Receipts	15.9	10.4	31.3	14.6	11.3	7.8	18.0
Expenditures	7.9	13.0	-2.6	6.0	5.0	6.2	18.5
Nonfarm payroll employment	3.9	2.0	4.5	3.7	2.2	4.4	.8
Manufacturing	4.7	.5	5.4	4.7	1.2	4.5	-2.9
Industrial production	9.0	.2	10.0	5.6	6.2	1.0	-7.1
Housing starts, private	-13.4	-19.3	1.0	-27.0	-32.0	-61.3	2.9
Sales new autos	4.6	-16.8	4.6	-15.4	.2	-45.5	-34.5
Domestic models	3.7	-17.1	16.0	-14.9	10.1	-51.5	-38.0
Foreign models	9.8	-15.3	42.3	-18.1	-41.7	5.8	-14.0

^{1/} Percentage rates are annual rates compounded quarterly.^{2/} Excluding Federal pay increases rates of change are: 1973-IV, 8.2 per cent and 1974-I, 10.7 per cent.^{3/} Using expenditures in 1967 as weights.

CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1974 Proj.	1974 Projection				1975	
		Ip	II	III	IV	I	II
-----Billions of Dollars-----							
Gross National Product	108.9	14.3	28.2	32.0	36.0	30.0	27.0
Inventory change	.8	-10.2	2.2	-1.2	-.3	-.3	.0
Final purchases	108.1	24.6	26.0	33.2	36.3	30.3	27.0
Private	76.3	14.3	17.4	24.9	26.9	21.6	19.0
Net exports	-3.5	-3.3	-7.0	-3.1	-1.6	-2.1	-2.8
Excluding net exports	79.8	17.0	24.4	28.0	28.5	23.7	21.8
Personal consumption expenditures	73.2	19.4	21.7	21.9	21.5	18.5	18.9
Durable goods	-1.0	-1.1	4.5	2.6	2.3	1.3	1.2
Nondurable goods	41.4	12.7	9.2	10.8	10.6	8.7	9.2
Services	32.9	7.8	8.0	8.5	8.6	8.5	8.5
Residential fixed investment	-8.1	-4.5	-1.2	1.5	2.3	.8	-1.5
Business fixed investment	14.7	2.6	4.0	4.6	4.7	4.4	4.4
Government	31.8	10.3	8.6	8.3	9.4	8.7	8.0
Federal	9.1	4.5	3.1	1.9	4.5	2.6	2.4
State and local	22.7	5.8	5.5	6.4	4.9	6.1	5.6
GNP in constant (1958) dollars	-1.9	-12.6	-.8	5.1	6.2	4.8	4.6
Final purchases	-1.9	-5.0	-1.4	4.5	6.3	4.8	4.4
Private	-3.9	-7.0	-2.0	4.2	6.2	4.4	3.9
-----Per Cent Per Year ^{1/} -----							
Gross National Product	8.4	4.4	8.6	9.6	10.6	8.5	7.5
Final purchases	8.4	7.7	8.0	10.1	10.8	8.7	7.6
Private	7.6	5.6	6.8	9.7	10.2	8.0	6.8
Personal consumption expenditures	9.1	9.7	10.7	10.5	10.0	8.4	8.4
Durable goods	-.8	-3.5	15.3	8.3	7.2	3.9	3.6
Nondurable goods	12.3	15.3	10.6	12.1	11.6	9.2	9.5
Services	9.8	9.2	9.2	9.6	9.5	9.2	9.0
Gross private domestic investment	3.7	-20.8	10.1	9.8	13.3	9.3	5.3
Residential structures	-14.0	-29.4	-9.4	13.0	19.8	6.3	-10.9
Business fixed investment	10.8	7.5	11.5	13.0	12.9	11.6	11.3
Gov't. purchases of goods & services	11.5	15.2	12.1	11.4	12.6	11.2	10.0
Federal	8.5	17.9	11.6	6.8	16.4	8.9	8.0
Defense	7.0	18.7	11.5	4.7	18.9	9.5	7.3
Other	11.9	16.3	11.9	11.5	11.2	7.6	9.6
State and local	13.3	13.6	12.5	14.2	10.4	12.7	11.2
GNP in constant (1958) dollars	-.2	-5.8	-.4	2.4	3.0	2.3	2.2
Final purchases	-.2	-2.4	-6.5	2.2	3.0	2.3	2.1
Private	-.6	-4.0 ^{2/}	-1.2	2.5	3.7	2.6	2.2
GNP implicit deflator	8.7	10.8 ^{2/}	9.0	7.0	7.3 ^{2/}	6.0 ^{2/}	5.2
Private GNP fixed weighted index ^{3/}	9.2	12.5	9.3	7.0	6.7	5.8	5.2
Personal income	9.7	5.7	10.7	11.3	8.7	8.7	8.3
Wage and salary disbursements	8.3	5.0	7.2	10.4	8.2	8.4	7.9
Disposable income	9.8	5.7	10.7	12.9	9.1	7.0	8.0
Corporate profits before tax	12.4	39.3	10.8	1.4	5.7	-1.4	-4.1
Federal government receipts and expenditures (N.I.A. basis)							
Receipts	10.4	18.0	9.7	1.4	5.7	13.7	6.3
Expenditures	13.0	18.5	19.5	16.3	10.2	8.7	8.0
Nonfarm payroll employment	2.0	.8	1.6	1.0	.5	.5	.5
Manufacturing	.5	-2.9	.0	.0	.0	.0	.0
Industrial production	.2	-7.1	1.3	3.3	3.7	3.0	3.1
Housing starts, private	-19.3	2.9	.0	27.4	.0	-21.5	-22.8
Sales new autos	-16.8	-34.5	15.4	13.4	8.5	4.1	.0
Domestic models	-17.1	-38.0	30.1	10.4	10.1	4.8	.0
Foreign models	-15.3	-14.0	-39.9	31.8	.0	.0	.0

^{1/} Percentage rates are annual rates compounded quarterly.^{2/} Excluding Federal pay increases rates of change are: 1974-I, 10.7 per cent; 1974-IV, 6.2 per cent; 1975-I, 5.5 per cent.^{3/} Using expenditures in 1967 as weights.

with an AT&T issue accounting for \$500 million. Another large volume, \$2.1 billion, is forecast for June. This would put second quarter public bond volume above the first quarter level, and sharply higher than the 1973 average. Corporate stock and privately placed bond volume is estimated to have been light in April and is expected to continue so in May and June.

CORPORATE AND MUNICIPAL LONG-TERM SECURITY OFFERINGS
(Monthly or monthly averages, in millions of dollars)

	1973		1974			
	Year	QIV	QI ^{e/}	April ^{e/}	May ^{f/}	June ^{f/}
Corporate securities -						
Total	2,779	3,399	3,136	3,050	3,400	3,500
Public bonds	1,125	1,675	1,900	1,700	2,300	2,100
Privately placed bonds	725	686	663	500	500	550
Stock	929	1,038	574	850	600	850
State and local government securities	1,942	2,157	2,037	2,300	2,100	2,000
^{e/} Estimated.						
^{f/} Forecast.						

Total corporate security offerings in the first half of 1974 have been exceptionally large, particularly when considered in light of the contemporaneous surge in short-term business borrowing. There have clearly been large needs for funds to finance plant and equipment expenditures and for working capital, and internal funds generation has slowed. The financing gap may in fact be greater than is indicated

PROJECTION OF TREASURY CASH OUTLOOK
(In billions of dollars)

	Apr. ^e	May	June	July
<u>Total net borrowing</u>	-2.3	-.7	-1.7	3.3
Weekly and monthly bills	--	.6	.4	--
Tax bills	-4.5	--	-4.5	--
Coupon issues, net	1.5	4.1	--	--
As yet unspecified new borrowing	--	--	1.5	3.0
Special foreign series	.5	--	--	--
Agency transactions, debt repayment, etc.	.3	-5.4	.9	.3
Plus: <u>Other net financial sources</u> <u>a/</u>	-1.2	.8	-2.4 ^{b/}	2.1 ^{b/}
Plus: <u>Budget surplus or deficit</u> (-)	6.6	-4.2	7.9	-8.1
Equals: <u>Change in cash balance</u>	3.1 ^{c/}	-4.1	3.8	-2.7
Memoranda: Level of cash balance, end of period	11.5 ^{c/}	7.4	11.2	8.5
Derivation of budget surplus or deficit:				
Budget receipts	29.6	20.3	32.0	19.9
Budget outlays	23.0	24.5	24.1	28.0
Maturing coupon issues held by public	--	5.6 ^{d/}	--	--
Sales of financial assets	.4	.2	.1	.6
Budget agency borrowing	*	--	.7	.1
Net borrowing by government-sponsored agencies	.8	1.2	2.1	2.2

e--Estimated.

*--Less than \$50 million.

a/ Checks outstanding less checks paid and other accrual items.

b/ Reflects assumption of \$2.4 billion in deferred receipts from auction of offshore oil leases.

c/ Actual.

d/ In the May refinancing, \$3.75 billion of notes and \$.3 billion of bonds have been sold to provide funds for a partial refinancing of the \$5.6 billion of publicly-held bonds and notes maturing May 15.

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

							F.R.B. Staff Estimates				
		Fiscal 1974 e/		Fiscal 1975 e/		Calendar Years		Calendar Quarters			
		Adm. Est.	F.R.	Adm. Est.	F.R.	1973	1974	1974			
		5-13-74	Board	5-13-74	Board	Actual	FRB e/	I*	II	III	IV Jan-June
Federal Budget							Unadjusted data				
Surplus/deficit		-3.5	-2.8	-11.4	-13.0	-7.9	-11.2	-7.1	10.3	-5.5	-8.9 1.3
Receipts		266.0	266.7	294.0	291.0	250.4	278.5	60.5	81.9	71.3	64.8 154.9
Outlays		269.5	269.5	305.4	304.0	258.3	289.7	67.6	71.6	76.8	73.7 153.6
Means of financing:											
Net borrowing from the public		n.a.	4.6	n.a.	n.e.	7.9	10.5	3.4	-4.7	3.4	8.4 n.e.
Decrease in cash operating balance		n.a.	1.4	n.a.	n.e.	.7	2.4	2.0	-2.8	2.0	1.2 n.e.
Other <u>1/</u>		n.a.	-3.1	n.a.	n.e.	-.7	-1.7	1.7	-2.8	.1	-.7 n.e.
Cash operating balance, end of period		n.a.	11.2	n.a.	n.e.	10.4	8.0	8.4	11.2	9.2	8.0 n.e.
Memo <u>2/</u> : Sales of financial assets <u>3/</u>		n.a.	2.0	n.a.	5.3	3.6	3.7	.5 ^e	.7	1.5	1.0 2.7
Budget agency borrowing <u>4/</u>		1.7	1.7	n.a.	n.e.	-.1	2.0	.4 ^e	.7	.4	.4 n.e.
Sponsored agency borrowing <u>5/</u>		13.6	13.4	n.a.	n.e.	16.3	15.0	--	4.1	6.1	4.8 n.e.
National Income Sector							Seasonally adjusted annual rates				
Surplus/deficit		n.a.	.4 _{6/}	n.a.	-13.8 _{7/}	.9	-6.0	4.6	-1.5	-11.8	-15.2 -12.8
Receipts		n.a.	278.9 _{7/}	n.a.	302.1 _{6/}	265.0	292.4	285.9	292.6	293.6	297.7 309.8
Expenditures		n.a.	278.5 _{7/}	n.a.	315.9 _{6/}	264.0	298.4	281.3	294.1	305.4	312.9 322.6
High Employment surplus/deficit (NIA basis) <u>8/</u>		n.a.	.8	n.a.	3.0	-1.3	-.8	3.2	.8	-4.3	-3.1 9.7
* Actual	e--projected	n.e.--not estimated				n.a.--not available			p.--preliminary		

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Footnotes continued

- 1/ Includes such items as deposit fund accounts and clearing accounts.
- 2/ The sum of sponsored and budget agency debt issues and financial asset sales does not necessarily reflect the volume of debt absorbed by the public, since both the sponsored and budget agencies acquire a portion of these issues. Most of the market activities of budget agencies are expected to be handled by the Federal Financing Bank in fiscal year 1975.
- 3/ Includes net sales of loans held by the Farmers Home Adm., Government National Mortgage Assn., Federal Housing Adm., and Veterans Adm. Receipts from these sales are netted against Federal Budget Outlays shown above.
- 4/ Includes, for example, debt issued by the U.S. Postal Service, Export-Import Bank, and Tennessee Valley Authority, which is included in the Net Treasury Borrowing from the Public shown above.
- 5/ Federally-sponsored credit agencies, i.e., Federal Home Loan Banks, Federal National Mortgage Assn., Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives.
- 6/ Quarterly averages exceed fiscal year total by \$1.7 billion for fiscal 1974 and \$.6 billion for fiscal 1975 due to spreading of wage base effect over calendar year.
- 7/ Fiscal year exceeds quarterly average by \$.9 billion due to seasonal adjustment.
- 8/ Estimated by F.R. Board Staff.

CONFIDENTIAL (FR)

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

May 17, 1974

By the Staff
Board of Governors
of the Federal Reserve System

May 17, 1974

F.R. Confidential

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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.)

	1973-IV		1974-I			
	Amount	Change	Prel. 4/18/74	Change	Final 5/17/74	Change
		from 73-III	Amount	from 73-IV	Amount	from 73-IV
Gross National Product	1337.5	33.0	1351.8	14.3	1352.2	14.7
Final purchases	1319.4	19.6	1344.0	24.6	1346.7	27.3
Private	1033.8	13.0	1048.1	14.3	1048.9	15.1
Excluding net exports	1021.0	7.8	1038.6	17.6	1038.0	17.0
Personal consumption expenditures	825.2	9.2	844.6	19.4	844.6	19.4
Durable goods	125.6	-7.2	124.5	-1.1	125.0	-.6
Nondurable goods	349.6	8.0	362.3	12.7	362.3	12.7
Services	350.0	8.4	357.8	7.8	357.3	7.3
Gross private domestic investment	213.9	11.9	201.8	-12.1	198.9	-15.0
Residential construction	54.0	-5.2	49.5	-4.5	49.3	-4.7
Business fixed investment	141.8	3.8	144.4	2.6	144.1	2.3
Change in business inventories	18.0	13.3	7.8	-10.2	5.5	-12.5
Nonfarm	17.3	14.1	6.8	-10.5	5.0	-12.3
Net exports of goods and services	12.8	5.2	9.5	-3.3	10.9	-1.9
Exports	116.4	11.9	125.9	9.5	130.4	14.0
Imports	103.6	6.6	116.4	12.8	119.4	15.8
Gov. purchases of goods and services	285.6	6.6	295.9	10.3	297.8	12.2
Federal	106.8	.0	111.3	4.5	112.1	5.3
Defense	73.0	-1.2	76.2	3.2	76.3	3.3
Other	33.8	1.1	35.1	1.3	35.8	2.0
State and local	178.8	6.6	184.6	5.8	185.7	6.9
GNP in constant (1958) dollars	844.6	3.3	832.0	-12.6	831.0	-13.6
Personal income	1078.9	31.8	1093.9	15.0	1094.4	15.5
Wage and salary disbursements	717.2	17.9	726.0	8.8	726.2	9.0
Disposable personal income	917.8	26.7	930.5	12.7	931.4	13.6
Personal saving	67.1	16.0	60.6	-6.5	61.5	-5.6
Saving rate (per cent)	7.3	--	6.5	--	6.6	--
Corporate profits and I.V.A.	111.9	-.1	107.5*	-4.4*	108.9	-3.0
Corporate profits before tax	127.4	-1.6	138.4*	11.0*	140.1	12.7
-----Per Cent Change at Annual Rate-----						
Gross National Product		10.5		4.4		4.5
Gross Private Product		10.3		3.8		3.9
Gross Private Nonfarm Product		7.8		3.7		3.9
GNP in constant prices		1.6		-5.8		-6.3
GPP in constant prices		1.5		-6.5		-7.1
GPNNFP in constant prices		-.1		-6.2		-6.7
GNP implicit price deflator		8.8		10.8		11.5
GNP fixed weighted price index		8.9		11.5		12.4
GPP fixed weighted price index		8.6		12.5		13.5

* FR staff estimates.