

**CONFIDENTIAL (FR)**

# **CURRENT ECONOMIC and FINANCIAL CONDITIONS**

**Prepared for the  
Federal Open Market Committee**

*By the Staff*

**BOARD OF GOVERNORS  
OF THE FEDERAL RESERVE SYSTEM**

July 10, 1974

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to change relatively little rather than increasing as had been anticipated four weeks ago. The unemployment rate is now projected to rise to about 6-1/2 per cent by mid-1975, even though growth in the civilian labor force is expected to be relatively slow.

## STAFF GNP PROJECTIONS

|                              | Per cent change annual rate             |         |                                                           |         |         |         |         |         |                      |  |
|------------------------------|-----------------------------------------|---------|-----------------------------------------------------------|---------|---------|---------|---------|---------|----------------------|--|
|                              | Changes in<br>nominal GNP<br>\$ billion |         | Gross private<br>product<br>fixed weighted<br>price index |         |         |         |         |         | Unemployment<br>rate |  |
|                              |                                         |         | Real GNP                                                  |         |         |         |         |         |                      |  |
|                              | 6/12/74                                 | 7/10/74 | 6/12/74                                                   | 7/10/74 | 6/12/74 | 7/10/74 | 6/12/74 | 7/10/74 |                      |  |
| 1971 <u>1/</u>               | 78.3                                    | 78.3    | 3.2                                                       | 3.2     | 4.6     | 4.6     | 5.9     | 5.9     |                      |  |
| 1972 <u>1/</u>               | 99.7                                    | 99.7    | 6.1                                                       | 6.1     | 3.2     | 3.2     | 5.6     | 5.6     |                      |  |
| 1973 <u>1/</u>               | 133.9                                   | 133.9   | 5.9                                                       | 5.9     | 6.1     | 6.1     | 4.9     | 4.9     |                      |  |
| 1974 <u>1/</u>               | 107.2                                   | 103.2   | - .6                                                      | - .8    | 9.6     | 9.7     | 5.5     | 5.4     |                      |  |
| 1973: I <u>1/</u>            | 43.3                                    | 43.3    | 8.7                                                       | 8.7     | 7.0     | 7.0     | 5.0     | 5.0     |                      |  |
| II <u>1/</u>                 | 29.5                                    | 29.5    | 2.4                                                       | 2.4     | 7.9     | 7.9     | 4.9     | 4.9     |                      |  |
| III <u>1/</u>                | 32.5                                    | 32.5    | 3.4                                                       | 3.4     | 7.0     | 7.0     | 4.7     | 4.7     |                      |  |
| IV <u>1/</u>                 | 33.0                                    | 33.0    | 1.6                                                       | 1.6     | 8.6     | 8.6     | 4.7     | 4.7     |                      |  |
| 1974: I <u>1/</u>            | 14.7                                    | 14.7    | -6.3                                                      | -6.3    | 13.5    | 13.5    | 5.2     | 5.2     |                      |  |
| II                           | 27.8                                    | 23.1    | - .5                                                      | - .8    | 9.4     | 9.0     | 5.2     | 5.1     |                      |  |
| III                          | 29.5                                    | 29.2    | 1.3                                                       | .2      | 7.6     | 8.8     | 5.6     | 5.5     |                      |  |
| IV                           | 33.9                                    | 32.5    | 2.2                                                       | 1.3     | 7.1     | 7.8     | 5.9     | 5.8     |                      |  |
| 1975: I                      | 27.4                                    | 26.5    | 1.6                                                       | .8      | 6.0     | 6.7     | 6.1     | 6.2     |                      |  |
| II                           | 25.0                                    | 24.5    | 1.6                                                       | .8      | 5.3     | 6.0     | 6.3     | 6.5     |                      |  |
| Change:<br>72-IV to<br>73-IV | 138.3                                   | 138.3   | 4.0                                                       | 4.0     | 7.8     | 7.8     | - .6    | - .6    |                      |  |
| 73-IV to<br>74-IV            | 105.9                                   | 98.5    | - .9                                                      | -1.5    | 9.4     | 9.8     | 1.2     | 1.1     |                      |  |
| 74-II to<br>75-II            | 115.8                                   | 112.7   | 1.7                                                       | .8      | 6.5     | 7.3     | 1.1     | 1.4     |                      |  |

1/ Actual.

July 10, 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<br>Proj. | 1974<br>Projection  |        |        |        | 1975   |        |
|----------------------------------------------------------------------|---------------|---------------------|--------|--------|--------|--------|--------|
|                                                                      |               | I                   | II     | III    | IV     | I      | II     |
| Gross National Product                                               | 1392.3        | 1352.2              | 1375.3 | 1404.5 | 1437.0 | 1463.5 | 1488.0 |
| Final purchases                                                      | 1386.8        | 1346.7              | 1372.1 | 1398.0 | 1430.5 | 1457.0 | 1481.5 |
| Private                                                              | 1076.6        | 1048.9              | 1066.3 | 1083.8 | 1107.3 | 1126.5 | 1144.2 |
| Excluding net exports                                                | 1076.2        | 1038.0              | 1065.1 | 1089.0 | 1112.8 | 1134.9 | 1154.5 |
| Personal consumption expenditures                                    | 876.5         | 844.6               | 867.2  | 887.5  | 906.8  | 925.1  | 942.3  |
| Durable goods                                                        | 132.4         | 125.0               | 131.2  | 135.0  | 138.5  | 141.5  | 143.5  |
| Nondurable goods                                                     | 374.0         | 362.3               | 370.0  | 378.0  | 385.8  | 393.1  | 400.3  |
| Services                                                             | 370.1         | 357.3               | 366.0  | 374.5  | 382.5  | 390.5  | 398.5  |
| Gross private domestic investment                                    | 205.2         | 198.9               | 201.1  | 208.1  | 212.5  | 216.3  | 218.7  |
| Residential construction                                             | 49.2          | 49.3                | 49.4   | 49.1   | 49.1   | 49.1   | 47.9   |
| Business fixed investment                                            | 150.5         | 144.1               | 148.5  | 152.5  | 156.9  | 160.7  | 164.3  |
| Change in business inventories                                       | 5.4           | 5.5                 | 3.2    | 6.5    | 6.5    | 6.5    | 6.5    |
| Nonfarm                                                              | 4.9           | 5.0                 | 2.5    | 6.0    | 6.0    | 6.5    | 6.5    |
| Net exports of goods and services <sup>1/</sup>                      | .4            | 10.9 <sup>2/</sup>  | 1.2    | -5.2   | -5.4   | -8.4   | -10.3  |
| Exports                                                              | 134.2         | 130.4 <sup>2/</sup> | 135.2  | 134.4  | 136.7  | 136.9  | 138.0  |
| Imports                                                              | 133.8         | 119.4               | 134.0  | 139.6  | 142.1  | 145.3  | 148.3  |
| Gov't. purchases of goods and services                               | 310.2         | 297.8               | 305.8  | 314.2  | 323.1  | 330.5  | 337.3  |
| Federal                                                              | 116.0         | 112.1               | 114.4  | 116.8  | 120.7  | 122.4  | 123.9  |
| Defense                                                              | 78.4          | 76.3                | 77.0   | 78.5   | 81.9   | 83.0   | 84.0   |
| Other                                                                | 37.6          | 35.8                | 37.4   | 38.3   | 38.8   | 39.4   | 39.9   |
| State & local                                                        | 194.2         | 185.7               | 191.4  | 197.4  | 202.4  | 208.1  | 213.4  |
| Gross national product in<br>constant (1958) dollars                 | 830.7         | 831.0               | 829.4  | 829.9  | 832.6  | 834.3  | 836.0  |
| GNP implicit deflator (1958 = 100)                                   | 167.6         | 162.7               | 165.8  | 169.2  | 172.6  | 175.4  | 178.0  |
| Personal income                                                      | 1135.7        | 1094.4              | 1121.5 | 1150.5 | 1176.2 | 1202.3 | 1227.2 |
| Wage and salary disbursements                                        | 753.3         | 726.2               | 744.7  | 762.7  | 779.4  | 796.9  | 813.5  |
| Disposable income                                                    | 965.1         | 931.4               | 954.1  | 977.2  | 997.7  | 1019.3 | 1039.5 |
| Personal saving                                                      | 62.5          | 61.5                | 61.2   | 63.4   | 63.7   | 66.0   | 68.1   |
| Saving rate (per cent)                                               | 6.5           | 6.6                 | 6.4    | 6.5    | 6.4    | 6.5    | 6.6    |
| Corporate profits & inventory val. adj.                              | 114.0         | 112.9               | 110.9  | 113.7  | 118.5  | 117.0  | 115.5  |
| Corporate profits before tax                                         | 144.3         | 144.0               | 146.7  | 143.0  | 143.5  | 136.5  | 132.5  |
| Federal government receipts and<br>expenditures, (N.I.A. basis)      |               |                     |        |        |        |        |        |
| Receipts                                                             | 294.5         | 285.6               | 292.2  | 296.9  | 303.2  | 307.3  | 311.4  |
| Expenditures                                                         | 298.5         | 282.3               | 294.4  | 304.6  | 312.5  | 319.1  | 325.1  |
| Surplus or deficit (-)                                               | -4.0          | 3.3                 | -2.2   | -7.7   | -9.3   | -11.8  | -13.7  |
| High employment surplus or deficit (-)                               | 3.0           | 2.4                 | .3     | 1.8    | 7.6    | 15.2   | 20.3   |
| State and local government surplus or<br>deficit (-), (N.I.A. basis) | 3.7           | 4.6                 | 4.5    | 3.1    | 2.9    | 1.3    | .2     |
| Total labor force (millions)                                         | 93.1          | 92.8                | 92.9   | 93.2   | 93.5   | 93.8   | 94.1   |
| Armed forces "                                                       | 2.3           | 2.3                 | 2.3    | 2.2    | 2.2    | 2.2    | 2.2    |
| Civilian labor force "                                               | 90.9          | 90.5                | 90.6   | 91.0   | 91.3   | 91.6   | 91.9   |
| Unemployment rate (per cent)                                         | 5.4           | 5.2                 | 5.1    | 5.5    | 5.8    | 6.2    | 6.5    |
| Nonfarm payroll employment (millions)                                | 77.0          | 76.7                | 77.1   | 77.1   | 77.1   | 77.1   | 77.2   |
| Manufacturing                                                        | 19.9          | 19.9                | 19.9   | 19.9   | 19.8   | 19.8   | 19.8   |
| Industrial production (1967 = 100)                                   | 125.7         | 124.9               | 125.2  | 125.9  | 126.6  | 127.3  | 127.9  |
| Capacity utilization, mfg. (per cent)                                | 80.0          | 80.5                | 80.2   | 79.9   | 79.6   | 79.3   | 78.9   |
| Major materials (per cent)                                           | 89.8          | 90.2                | 90.5   | 89.6   | 88.9   | 88.0   | 87.1   |
| Housing starts, private (millions, A.R.)                             | 1.54          | 1.63                | 1.51   | 1.50   | 1.50   | 1.45   | 1.40   |
| Sales new autos (millions, A.R.)                                     | 9.22          | 9.04                | 9.20   | 9.25   | 9.40   | 9.50   | 9.50   |
| Domestic models                                                      | 7.90          | 7.49                | 7.95   | 8.00   | 8.15   | 8.25   | 8.25   |
| Foreign models                                                       | 1.33          | 1.55                | 1.25   | 1.25   | 1.25   | 1.25   | 1.25   |
| <sup>1/</sup> Net exports of g. & s. (Bal. of Paymts.)               | 1.0           | 11.6                | 1.8    | -4.6   | -4.8   | -7.8   | -9.7   |
| Exports                                                              | 135.2         | 131.5               | 136.3  | 135.5  | 137.8  | 138.0  | 139.1  |
| Imports                                                              | 134.2         | 119.9               | 134.5  | 140.1  | 142.6  | 145.8  | 148.8  |

<sup>2/</sup> 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.

CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

|                                                             | 1974<br>Proj. | 1974               |       |      |      | 1975  |       |
|-------------------------------------------------------------|---------------|--------------------|-------|------|------|-------|-------|
|                                                             |               | Projection         |       |      |      | I     | II    |
|                                                             |               | I                  | II    | III  | IV   |       |       |
| -----Billions of Dollars-----                               |               |                    |       |      |      |       |       |
| Gross National Product                                      | 103.2         | 14.7               | 23.1  | 29.2 | 32.5 | 26.5  | 24.5  |
| Inventory change                                            | -2.6          | -12.5              | -2.3  | 3.3  | .0   | .0    | .0    |
| Final purchases                                             | 105.7         | 27.3               | 25.4  | 25.9 | 32.5 | 26.5  | 24.5  |
| Private                                                     | 72.6          | 15.1               | 17.4  | 17.5 | 23.6 | 19.1  | 17.7  |
| Net exports                                                 | -5.4          | -1.9               | -9.7  | -6.4 | -.2  | -3.0  | -1.9  |
| Excluding net exports                                       | 78.0          | 17.0               | 27.1  | 23.9 | 23.8 | 22.1  | 19.6  |
| Personal consumption expenditures                           | 72.5          | 19.4               | 22.6  | 20.2 | 19.4 | 18.3  | 17.2  |
| Durable goods                                               | 1.6           | -.6                | 6.2   | 3.7  | 3.6  | 3.0   | 2.0   |
| Nondurable goods                                            | 38.1          | 12.7               | 7.7   | 8.0  | 7.8  | 7.3   | 7.2   |
| Services                                                    | 32.8          | 7.3                | 8.7   | 8.5  | 8.0  | 8.0   | 8.0   |
| Residential fixed investment                                | -8.8          | -4.7               | .1    | -.3  | .0   | .0    | -1.2  |
| Business fixed investment                                   | 14.3          | 2.3                | 4.4   | 4.0  | 4.4  | 3.8   | 3.6   |
| Government                                                  | 33.1          | 12.2               | 8.0   | 8.4  | 8.9  | 7.4   | 6.8   |
| Federal                                                     | 9.4           | 5.3                | 2.3   | 2.4  | 3.9  | 1.7   | 1.5   |
| State and local                                             | 23.7          | 6.9                | 5.7   | 6.0  | 5.0  | 5.7   | 5.3   |
| GNP in constant (1958) dollars                              | -6.7          | -13.6              | -1.6  | .5   | 2.7  | 1.7   | 1.7   |
| Final purchases                                             | -4.1          | -4.6               | .7    | -2.4 | 2.6  | 1.7   | 1.4   |
| Private                                                     | -6.4          | -7.3               | .7    | -2.7 | 3.2  | 2.3   | 1.2   |
| -----Per Cent Per Year <sup>1/</sup> -----                  |               |                    |       |      |      |       |       |
| Gross National Product                                      | 8.0           | 4.5                | 7.0   | 8.8  | 9.6  | 7.6   | 6.9   |
| Final purchases                                             | 8.3           | 8.5                | 7.8   | 7.8  | 9.6  | 7.6   | 6.9   |
| Private                                                     | 7.2           | 6.0                | 6.8   | 6.7  | 9.0  | 7.1   | 6.4   |
| Personal consumption expenditures                           | 9.0           | 9.7                | 11.1  | 9.7  | 9.0  | 8.3   | 7.6   |
| Durable goods                                               | 1.2           | -1.9               | 21.4  | 12.1 | 10.8 | 8.9   | 5.8   |
| Nondurable goods                                            | 11.3          | 15.3               | 8.8   | 8.9  | 8.5  | 7.8   | 7.5   |
| Services                                                    | 9.7           | 8.6                | 10.1  | 9.6  | 8.8  | 8.6   | 8.4   |
| Gross private domestic investment                           | 1.5           | -25.2              | 4.5   | 14.7 | 8.7  | 7.3   | 4.5   |
| Residential structures                                      | -15.2         | -30.5              | .8    | -2.4 | .0   | .0    | -9.4  |
| Business fixed investment                                   | 10.5          | 6.6                | 12.8  | 11.2 | 12.1 | 10.0  | 9.3   |
| Gov't. purchases of goods & services                        | 11.9          | 18.2               | 11.2  | 11.4 | 11.8 | 9.5   | 8.5   |
| Federal                                                     | 8.8           | 21.4               | 8.5   | 8.7  | 14.0 | 5.8   | 5.0   |
| Defense                                                     | 6.1           | 19.3               | 3.7   | 8.0  | 18.5 | 5.5   | 4.9   |
| Other                                                       | 15.0          | 25.9               | 19.1  | 10.0 | 5.3  | 6.3   | 5.2   |
| State and local                                             | 13.9          | 16.4               | 12.9  | 13.1 | 10.5 | 11.7  | 10.6  |
| GNP in constant (1958) dollars                              | -.8           | -6.3               | -.8   | .2   | 1.3  | .8    | .8    |
| Final purchases                                             | -.5           | -2.2               | .3    | -1.1 | 1.3  | .8    | .7    |
| Private                                                     | -.9           | -4.2 <sup>2/</sup> | .4    | -1.6 | 1.9  | 1.4   | .7    |
| GNP implicit deflator                                       | 8.9           | 11.5 <sup>2/</sup> | 7.9   | 8.5  | 8.1  | 6.7   | 6.0   |
| Private GNP fixed weighted index <sup>3/</sup>              | 9.7           | 13.5               | 9.0   | 8.8  | 7.8  | 6.7   | 6.0   |
| Personal income                                             | 9.7           | 5.9                | 10.3  | 10.8 | 9.2  | 9.2   | 8.5   |
| Wage and salary disbursements                               | 8.9           | 5.1                | 10.6  | 10.0 | 9.1  | 9.3   | 8.6   |
| Disposable income                                           | 9.4           | 6.1                | 10.1  | 10.0 | 8.7  | 8.9   | 8.2   |
| Corporate profits before tax                                | 14.3          | 63.2               | 7.7   | -9.7 | 1.4  | -18.1 | -11.2 |
| Federal government receipts and expenditures (N.I.A. basis) |               |                    |       |      |      |       |       |
| Receipts                                                    | 11.1          | 17.5               | 9.6   | 6.6  | 8.8  | 5.5   | 5.4   |
| Expenditures                                                | 13.1          | 20.2               | 18.3  | 14.6 | 10.8 | 8.7   | 7.7   |
| Nonfarm payroll employment                                  | 1.9           | .8                 | 1.9   | .0   | .0   | .0    | .5    |
| Manufacturing                                               | .3            | -2.9               | .1    | .0   | -1.0 | -1.0  | .0    |
| Industrial production                                       | .0            | -6.5               | 1.1   | 2.2  | 2.0  | 2.2   | 2.1   |
| Housing starts, private                                     | -24.5         | 11.6               | -26.0 | -2.6 | .0   | -12.7 | -13.1 |
| Sales new autos                                             | -19.4         | -35.3              | 7.2   | 13.1 | 6.6  | 4.3   | .0    |
| Domestic models                                             | -18.3         | -38.0              | 27.1  | 15.3 | 7.7  | 5.0   | .0    |
| Foreign models                                              | -24.9         | -19.8              | -58.2 | .0   | .0   | .0    | .0    |

<sup>1/</sup> Percentage rates are annual rates compounded quarterly.<sup>2/</sup> Excluding Federal pay increases rates of change are: 1974-I, 11.4 per cent; 1974-IV, 7.0 per cent; 1975-I, 6.0 per cent.<sup>3/</sup> Using expenditures in 1967 as weights.

Corporate financing in July is expected to be unseasonably heavy although the amount is particularly uncertain at this time. The postponement activity of late June has continued in July. The calendar includes over \$1 billion of long-term issues by Citicorp and Chase Manhattan specifically designed to attract individual investors instead of the institutional buyers which normally dominate the bond market. The interest rate on the issues will change every six months, and will be one percentage point above the average of the 3-month Treasury bill rate in the first three bill auctions the month before the interest payment date. Also, the investor has the option, on each interest payment date, of redeeming the issues at par. If the issues are successful, other institutions may try this form of financing. On the other hand, if they are cancelled because of political or regulatory pressures, several other nonbank companies that are registered for traditional bond financing but do not have definite offering dates could jump in to fill some of the resulting void in the market. Given current and expected schedulings, the August volume of offerings will be slightly less than July, although still quite large for this month.

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

|                                       | <u>1973</u><br>Year | QI    | QII <u>e/</u> | <u>1974</u><br>June <u>e/</u> | July <u>f/</u> | Aug. <u>f/</u> |
|---------------------------------------|---------------------|-------|---------------|-------------------------------|----------------|----------------|
| Corporate securities -                |                     |       |               |                               |                |                |
| Total                                 | 2,779               | 3,066 | 3,122         | 2,960                         | 3,500          | 2,950          |
| Public bonds                          | 1,125               | 1,939 | 2,200         | 2,000                         | 2,400          | 2,000          |
| Privately placed bonds                | 725                 | 534   | 467           | 500                           | 400            | 400            |
| Stock                                 | 929                 | 593   | 455           | 460                           | 700            | 550            |
| State and local government securities | 1,942               | 2,037 | 2,133         | 2,000                         | 1,900          | 1,800          |

e/ Estimated.

f/ Forecast.

PROJECTION OF TREASURY CASH OUTLOOK  
(In billions of dollars)

|                                                         | June <sup>e</sup>  | July             | Aug. | Sept. |
|---------------------------------------------------------|--------------------|------------------|------|-------|
| <u>Total net borrowing</u>                              | -3.4               | 4.5              | .7   | .9    |
| Weekly and monthly bills                                | 1.6                | .8               | .8   | --    |
| Tax bills                                               | --                 | 2.0              | --   | -2.0  |
| Coupon issues, net                                      | --                 | --               | --   | --    |
| As yet unspecified new borrowing                        | --                 | 1.0              | --   | 2.5   |
| Special foreign series                                  | -1.0               | -.8              | -.8  | --    |
| Budget agency transactions with the public              | .2                 | --               | --   | --    |
| Net Federal Financing Bank transactions with the public | --                 | 1.5              | .7   | .4    |
| Debt repayment                                          | -4.2               | --               | --   | --    |
| Plus: <u>Other net financial sources</u> <u>a/</u>      | -1.4 <sup>b/</sup> | .9 <sup>b/</sup> | -1.5 | --    |
| Plus: <u>Budget surplus or deficit</u> (-)              | 7.6                | -6.3             | -2.6 | 4.0   |
| Equals: <u>Change in cash balance</u>                   | 2.8 <sup>c/</sup>  | -.9              | -3.4 | 4.9   |
| Memoranda: Level of cash balance, end of period         | 9.2 <sup>c/</sup>  | 8.3              | 4.9  | 9.8   |
| Derivation of budget surplus or deficit:                |                    |                  |      |       |
| Budget receipts                                         | 30.9               | 20.3             | 24.0 | 28.6  |
| Budget outlays                                          | 23.3               | 26.6             | 26.6 | 24.6  |
| Maturing coupon issues held by public                   | --                 | --               | 4.4  | 1.9   |
| Net borrowing by government-sponsored agencies          | 2.9                | 2.9              | 1.1  | 2.0   |

e--estimated.

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

b/ Reflects assumption of \$1.2 billion in deferred receipts from auction of offshore oil leases.

c/ Actual.

**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 |       |                 |       | Half-Yr. |  |
|                                                                 | Adm. Est.                        | F.R.                | Adm. Est.           | F.R.                | 1973                | 1974   | 1974              |       |                 |       | 1975     |  |
|                                                                 | 5-30-74                          | Board               | 5-30-74             | Board               | Actual              | FRB e/ | I*                | II    | III             | IV    | Jan-June |  |
| <b>Federal Budget</b>                                           | Unadjusted data                  |                     |                     |                     |                     |        |                   |       |                 |       |          |  |
| Surplus/deficit                                                 | -3.5                             | -3.0                | -11.4               | -9.1                | -7.9                | -8.6   | -7.1              | 10.3  | -4.9            | -6.9  | 2.7      |  |
| Receipts                                                        | 266.0                            | 264.5               | 294.0               | 294.9               | 250.4               | 280.1  | 60.5              | 79.8  | 72.9            | 66.9  | 155.1    |  |
| Outlays                                                         | 269.5                            | 267.5               | 305.4               | 304.0               | 258.3               | 288.8  | 67.6              | 69.6  | 77.8            | 73.8  | 152.4    |  |
| Means of financing:                                             |                                  |                     |                     |                     |                     |        |                   |       |                 |       |          |  |
| Net borrowing from the public                                   | n.a.                             | 3.4                 | n.a.                | n.e.                | 7.9                 | 10.4   | 3.4               | -5.9  | 6.1             | 6.8   | n.e.     |  |
| Decrease in cash operating balance                              | n.a.                             | 3.4                 | n.a.                | n.e.                | .7                  | 2.6    | 2.0               | -.8   | -.6             | 2.0   | n.e.     |  |
| Other 1/                                                        | n.a.                             | -3.9                | n.a.                | n.e.                | -.7                 | -4.4   | 1.7               | -3.6  | -.6             | -1.9  | n.e.     |  |
| Cash operating balance, end of period                           | n.a.                             | 9.2                 | n.a.                | n.e.                | 10.4                | 7.8    | 8.4               | 9.2   | 9.8             | 7.8   | n.e.     |  |
| Memo <sup>2/</sup> : Sales of financial assets to the public 3/ |                                  |                     |                     |                     |                     |        |                   |       |                 |       |          |  |
| Borrowing from the public; 4/                                   |                                  |                     |                     |                     |                     |        |                   |       |                 |       |          |  |
| Budget agency                                                   | 1.7                              | 1.2                 | n.a.                | n.e.                | -.1                 | 5.0    | .4                | .2    | 2.6             | 1.8   | n.e.     |  |
| Federal Financing Bank                                          | --                               | --                  |                     |                     | --                  |        | --                | --    |                 |       |          |  |
| Treasury borrowing, net 5/                                      | n.a.                             | 2.3                 | n.a.                | n.e.                | 8.1                 | 5.3    | 2.9               | -6.1  | 3.5             | 5.0   | n.e.     |  |
| Sponsored agency borrowing                                      | 13.6                             | 15.2                | n.a.                | n.e.                | 16.3                | 15.8   | --                | 5.9   | 6.0             | 3.8   | n.e.     |  |
| <b>National Income Sector</b>                                   | Seasonally adjusted annual rates |                     |                     |                     |                     |        |                   |       |                 |       |          |  |
| Surplus/deficit                                                 | -.6                              | -.2                 | -12.8               | -11.3               | .9                  | -4.0   | 3.3               | -2.2  | -7.7            | -9.3  | -12.8    |  |
| Receipts                                                        | 278.2                            | 278.7 <sup>6/</sup> | 304.3               | 304.1 <sup>6/</sup> | 265.0               | 294.5  | 285.6             | 292.2 | 296.9           | 303.2 | 309.4    |  |
| Expenditures                                                    | 278.8                            | 278.9 <sup>7/</sup> | 317.1               | 315.4               | 264.0               | 298.5  | 282.3             | 294.4 | 304.6           | 312.5 | 322.1    |  |
| High Employment surplus/deficit (NIA basis) 8/                  | n.a.                             | .4                  | n.a.                | 11.2                | -1.3                | 3.0    | 2.4               | .3    | 1.8             | 7.6   | 17.8     |  |
| * Actual                                                        | e--projected                     |                     | n.e.--not estimated |                     | n.a.--not available |        |                   |       | p --preliminary |       |          |  |



Footnotes continued

- 1/ Includes such items as deposit fund accounts and clearing accounts.
- 2/ The sum of sponsored and budget agency debt issues, financial asset sales, and borrowing by the Federal Financing Bank 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 Government National Mortgage Assn., Federal Housing Adm., and Veterans,Adm. Receipts from these sales are netted against Federal Budget Outlays shown above.
- 4/ Budget agencies such as U.S. Postal Service, Export-Import Bank, and Tennessee Valley Authority, borrow directly from the public or from the Federal Financing Bank. The Federal Financing Bank in turn borrows from the public or from the Treasury. To avoid double counting only net borrowing from the public is shown in the table.
- 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.