

CONFIDENTIAL (FR)

October 12, 1977

**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 changes, annual rate							
	Nominal GNP		Real GNP		Gross business product fixed-weighted price index		Unemployment rate (per cent)	
	9/14/77	10/12/77	9/14/77	10/12/77	9/14/77	10/12/77	9/14/77	10/12/77
1974 <sup>1/</sup>	8.1	8.1	-1.4	-1.4	10.4	10.4	5.6	5.6
1975 <sup>1/</sup>	8.2	8.2	-1.3	-1.3	9.5	9.5	8.5	8.5
1976 <sup>1/</sup>	11.6	11.6	6.0	6.0	5.4	5.4	7.7	7.7
1977	10.9	10.8	4.9	4.8	6.0	6.0	7.1	7.1
1978	11.4	11.3	4.9	4.7	6.3	6.4	6.7	6.6
1977-I <sup>1/</sup>	13.2	13.2	7.5	7.5	6.8	6.8	7.4	7.4
1977-II <sup>1/</sup>	13.7	13.7	6.1	6.2	7.5	7.5	7.0	7.0
1977-III	10.3	9.2	4.4	3.8	5.5	5.3	7.1	7.0
1977-IV	12.0	12.4	5.1	5.2	5.9	6.0	7.0	6.9
1978-I	11.6	11.4	5.0	4.8	6.6	6.8	6.8	6.7
1978-II	10.9	11.2	4.8	4.7	6.3	6.5	6.7	6.7
1978-III	10.6	10.6	4.5	4.3	6.2	6.2	6.6	6.6
1978-IV	11.5	11.3	4.5	4.3	6.3	6.3	6.6	6.6
Change:								
76-II to 77-II <sup>1/</sup>	10.5	10.5	4.6	4.7	6.1	6.1	-.4	-.4
76-IV to 77-IV	12.3	12.1	5.8	5.7	6.4	6.4	-.9	-1.0
77-II to 78-II	11.2	11.0	4.8	4.6	6.1	6.1	-.3	-.3
77-IV to 78-IV	11.1	11.1	4.7	4.5	6.3	6.4	-.4	-.3

<sup>1/</sup> Actual.

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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.)

	1977				1978			
	I	II	III	IV	Projected			
					I	II	III	IV
Gross National Product	1810.8	1869.9	1911.3	1967.9	2021.9	2076.3	2129.3	2187.2
Final purchases	1797.0	1848.2	1895.3	1947.1	2003.6	2052.3	2103.8	2159.2
Private	1422.1	1457.6	1491.6	1529.5	1575.6	1614.1	1654.9	1697.2
Excluding net exports	1430.3	1467.3	1504.8	1543.3	1587.8	1629.6	1670.9	1713.8
Personal consumption expenditures	1172.4	1194.0	1221.5	1248.0	1280.6	1312.3	1343.8	1377.2
Goods	643.6	653.0	663.0	675.5	693.3	709.8	726.8	745.0
Services	528.8	541.1	558.5	572.5	587.3	602.5	617.0	632.2
Gross private domestic investment	271.8	294.9	299.3	316.1	325.5	341.3	352.6	364.6
Residential construction	81.0	90.8	95.3	101.3	106.8	110.3	113.3	115.8
Business fixed investment	177.0	182.4	188.0	194.0	200.4	207.0	213.8	220.8
Change in business inventories	13.8	21.7	16.0	20.8	18.3	24.0	25.5	28.0
Nonfarm	14.1	22.4	14.0	20.5	18.3	24.0	25.5	28.0
Net exports of goods and services <sup>1/</sup>	-8.2	-9.7	-13.2	-13.8	-12.2	-15.5	-16.0	-16.6
Exports	170.4	178.1	175.3	180.6	188.4	195.0	201.9	208.0
Imports	178.6	187.7	188.4	194.3	200.5	210.4	217.8	224.5
Gov't. purchases of goods and services	374.9	390.6	403.7	417.6	428.0	438.2	448.9	462.0
Federal <sup>2/</sup>	136.3	143.6	150.3	156.4	159.0	161.8	165.3	171.4
State and local	238.5	247.0	253.4	261.2	269.0	276.4	283.6	290.6
Gross national product in constant (1972) dollars	1311.0	1330.7	1343.2	1360.4	1376.4	1392.3	1407.1	1421.8
Personal income	1476.8	1517.2	1549.5	1598.0	1637.6	1678.4	1726.3	1773.6
Wage and salary disbursements	951.3	980.9	997.0	1025.3	1053.3	1078.3	1104.8	1134.2
Disposable income	1252.4	1292.5	1323.6	1363.5	1403.0	1435.5	1468.9	1506.3
Saving rate (per cent)	4.1	5.3	5.4	6.1	6.4	6.2	6.2	6.2
Corporate profits with I.V.A. and C.C. Adj.	125.4	140.2	148.0	155.0	151.3	158.5	162.3	168.2
Corporate profits before tax	161.7	174.0	180.2	187.0	183.6	191.0	194.8	200.7
Federal government surplus or deficit (-) (N.I.A. basis)	-38.8	-40.3	-53.4	-57.9	-55.4	-48.6	-42.1	-39.0
High employment surplus or deficit (-)	9.4	-.5	-12.5	-18.8	-14.4	-8.6	-2.8	-.7
State and local government surplus or deficit (-) (N.I.A. basis)	27.3	25.4	28.2	28.2	27.4	26.8	25.7	23.9
Excluding social insurance funds	11.9	9.9	11.7	11.1	9.9	8.8	7.2	4.9
Civilian labor force (millions)	96.1	97.2	97.6	98.2	98.7	99.3	99.9	100.4
Unemployment rate (per cent)	7.4	7.0	7.0	6.9	6.7	6.7	6.6	6.6
Nonfarm payroll employment (millions)	80.9	81.9	82.5	83.2	83.8	84.4	85.0	85.5
Manufacturing	19.3	19.6	19.6	19.8	20.1	20.3	20.5	20.7
Industrial production (1967=100)	133.6	137.0	138.8	141.4	144.0	146.7	149.1	151.5
Capacity utilization: all manufacturing (per cent)	81.2	82.6	82.9	83.8	84.5	85.2	85.7	86.2
Materials (per cent)	80.4	82.6	82.4	83.4	84.3	85.4	86.0	86.7
Housing starts, private (millions, A.R.)	1.76	1.91	2.05	2.15	2.25	2.15	2.10	2.05
Sales new autos, (millions, A.R.)	11.12	11.70	10.92	11.20	11.35	11.40	11.40	11.40
Domestic models	9.28	9.34	8.88	9.20	9.45	9.50	9.50	9.50
Foreign models	1.84	2.36	2.04	2.00	1.90	1.90	1.90	1.90

<sup>1/</sup> Balance of payments data and projection underlying these estimates are shown in the International Developments section of this part of the Greenbook.

<sup>2/</sup> Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

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CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

	1977				1978			
	I	II	III	IV	Projected		III	IV
	I	II	III	IV	I	II	III	IV
	-----Billions of dollars-----							
Gross National Product	55.4	59.1	41.4	56.6	54.0	54.4	53.0	57.9
Inventory change	14.7	7.9	-5.7	4.8	-2.5	5.7	1.5	2.5
Final purchases	40.7	51.2	47.1	51.8	56.5	48.7	51.5	55.4
Private	35.8	35.5	34.0	37.9	46.1	38.5	40.8	42.3
Net exports	-11.2	-1.5	-3.5	-6	1.6	-3.3	-5	-6
Excluding net exports	47.0	37.0	37.5	38.5	44.5	41.8	41.3	42.9
Personal consumption expenditures	33.4	21.6	27.5	26.5	32.6	31.7	31.5	33.4
Goods	18.5	9.4	10.0	12.5	17.8	16.5	17.0	18.2
Services	14.9	12.3	17.4	14.0	14.8	15.2	14.5	15.2
Residential fixed investment	4.3	9.8	4.5	6.0	5.5	3.5	3.0	2.5
Business fixed investment	9.4	5.4	5.6	6.0	6.4	6.6	6.8	7.0
Government	4.9	15.7	13.1	13.9	10.4	10.2	10.7	13.1
Federal	2.1	7.3	6.7	6.1	2.6	2.8	3.5	6.1
State and local	2.7	8.5	6.4	7.8	7.8	7.4	7.2	7.0
GNP in constant (1972) dollars	23.6	19.7	12.4	17.2	16.0	15.8	14.8	14.8
Final purchases	12.0	16.3	15.9	14.3	15.9	12.6	14.1	13.1
Private	13.3	9.6	10.1	11.1	13.2	10.0	11.2	11.4
	----- In Per Cent Per Year <sup>1/</sup> -----							
Gross National Product	13.2	13.7	9.2	12.4	11.4	11.2	10.6	11.3
Final purchases	9.6	9.9	10.6	11.4	12.1	10.1	10.4	11.0
Private	10.7	10.4	9.7	10.6	12.6	10.1	10.5	10.6
Personal consumption expenditures	12.2	7.6	9.5	9.0	10.9	10.3	10.0	10.3
Goods	12.4	6.0	6.3	7.8	11.0	9.9	9.9	10.4
Services	12.0	9.6	13.5	10.4	10.7	10.8	10.0	10.2
Gross private domestic investment	55.5	38.6	6.1	24.4	12.4	20.9	13.9	14.3
Residential structures	24.2	57.9	21.3	27.7	23.6	13.8	11.3	9.1
Business fixed investment	24.5	12.8	12.9	13.4	13.9	13.8	13.8	13.8
Gov't. purchases of goods and services	5.4	17.9	14.1	14.5	10.3	9.9	10.1	12.2
Federal	6.6	23.3	20.0	17.2	6.8	7.2	8.9	15.6
State and local	4.7	14.9	10.8	12.9	12.5	11.5	10.8	10.2
GNP in constant (1972) dollars	7.5	6.2	3.8	5.2	4.8	4.7	4.3	4.3
Final purchases	3.8	5.1	4.9	4.4	4.8	3.7	4.2	3.8
Private	5.3	3.8	3.9	4.3	5.0	3.7	4.2	4.2
GNP implicit deflator <sup>2/</sup>	5.3	7.1	5.2	6.8	6.3	6.2	6.0	6.8
Gross business product fixed-weighted price index <sup>3/</sup>	6.8	7.5	5.3	6.0	6.8	6.5	6.2	6.3
Personal income	13.1	11.4	8.8	13.1	10.3	10.3	11.9	11.4
Wage and salary disbursements	12.7	13.0	6.7	11.8	11.4	9.8	10.2	11.1
Disposable income	10.1	13.4	10.0	12.6	12.1	9.6	9.6	10.6
Corporate profits before tax	19.1	34.1	15.0	15.9	-7.1	17.2	8.1	12.7
Nonfarm payroll employment	4.3	4.9	3.0	3.2	3.2	2.8	2.7	2.8
Manufacturing	5.3	6.4	.7	4.7	4.4	4.5	3.9	3.5
Nonfarm business sector								
Output per hour	5.0	.4	2.6	2.2	2.2	2.2	2.0	2.0
Compensation per hour	11.7	7.4	7.0	7.7	11.2	7.8	7.9	7.9
Unit labor costs	6.3	6.9	4.4	5.5	9.0	5.6	5.9	5.9
Industrial production	6.2	10.6	5.4	7.7	7.6	7.6	6.6	6.6
Housing starts, private	-2.6	37.7	34.1	21.0	19.9	-16.6	-9.0	-9.2
Sales new autos	53.4	22.5	-24.2	10.5	5.5	1.8	.0	.0
Domestic models	55.1	2.6	-18.4	15.2	11.3	2.1	.0	.0
Foreign models	45.2	170.5	-43.9	-8.2	-18.5	.0	.0	.0

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

<sup>2/</sup> Excluding Federal pay increases rates of change are: 1977-I, 5.3 per cent; 1977-IV, 6.1 per cent; 1978-I, 6.3 per cent; 1978-IV, 6.1 per cent.

<sup>3/</sup> Using expenditures in 1972 as weights.

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

	1971	1972	1973	1974	1975	1976	1977	1978
Gross National Product	1063.4	1171.1	1306.6	1412.9	1528.8	1706.5	1890.0	2103.7
Final purchases	1057.1	1161.7	1288.6	1404.0	1540.3	1693.1	1871.9	2079.7
Private	823.4	908.6	1019.1	1101.3	1201.4	1331.7	1475.2	1635.5
Excluding net exports	821.8	911.9	1012.0	1095.3	1181.0	1323.9	1486.4	1650.5
Personal consumption expenditures	668.2	733.0	809.9	889.6	980.4	1093.9	1209.0	1328.5
Goods	374.8	410.5	457.5	498.3	542.2	601.6	658.8	718.7
Services	293.4	322.4	352.3	391.3	438.2	492.3	550.2	609.7
Gross private domestic investment	160.0	188.3	220.0	214.6	189.1	243.3	295.5	346.0
Residential construction	49.6	62.0	66.1	55.1	51.5	68.0	92.1	111.5
Business fixed investment	104.1	116.8	136.0	150.6	149.1	161.9	185.4	210.5
Change in business inventories	6.4	9.4	17.9	8.9	-11.5	13.3	18.1	23.9
Nonfarm	5.1	8.8	14.7	10.8	-15.1	14.9	17.7	23.9
Net exports of goods and services	1.6	-3.3	7.1	6.0	20.4	7.8	-11.2	-15.1
Exports	65.6	72.7	101.6	137.9	147.3	162.9	176.1	198.3
Imports	64.0	75.9	94.4	131.9	126.9	155.1	187.3	213.3
Gov't. purchases of goods and services	233.7	253.1	269.5	302.7	338.9	361.4	396.7	444.3
Federal	96.2	102.1	102.2	111.1	123.3	130.1	146.6	164.4
State and local	137.5	151.0	167.3	191.5	215.6	231.2	250.0	279.9
Gross national product in constant (1972) dollars	1107.5	1171.1	1235.0	1217.8	1202.1	1274.7	1336.3	1399.4
Personal income	859.1	942.5	1052.4	1154.9	1253.4	1382.7	1535.4	1704.0
Wage and salary disbursements	579.4	633.8	701.3	764.6	805.7	891.8	988.6	1092.6
Disposable income	742.8	801.3	901.7	984.6	1084.4	1185.8	1308.0	1453.4
Saving rate (per cent)	7.7	6.2	7.8	7.3	7.4	5.6	5.3	6.2
Corporate profits with I.V.A. and C.C. Adj.	77.2	92.1	99.1	83.6	99.3	128.1	142.2	160.1
Corporate profits before tax	82.0	56.2	115.8	126.9	123.5	156.9	175.7	192.5
Federal government surplus or deficit (-) (N.I.A. basis)	-22.0	-17.3	-6.7	-10.7	-70.2	-54.0	-47.6	-46.3
High employment surplus or deficit (-)	-5.3	-5.9	-7	17.1	-20.3	-10.4	-5.6	-6.6
State and local government surplus or deficit (-) (N.I.A. basis)	3.7	13.7	13.0	7.5	5.9	18.4	27.3	26.0
Excluding social insurance funds	-3.8	5.6	4.1	-2.9	-6.2	3.9	11.2	7.7
Civilian labor force (millions)	84.1	86.5	88.7	91.0	92.6	94.8	97.3	99.6
Unemployment rate (per cent)	6.0	5.6	4.9	5.6	8.5	7.7	7.1	6.6
Nonfarm payroll employment (millions)	71.2	73.7	76.9	78.4	77.1	79.4	82.1	84.7
Manufacturing	18.6	19.1	20.1	20.0	18.3	19.0	19.6	20.4
Industrial production (1967=100)	109.6	119.7	129.8	129.3	117.8	129.8	137.7	147.8
Capacity utilization: all manufacturing (per cent)	78.0	83.1	87.5	84.2	73.6	80.2	82.6	85.4
Materials (per cent)	83.1	88.0	92.4	87.7	73.6	80.4	82.2	85.6
Housing starts, private (millions, A.R.)	2.05	2.36	2.05	1.34	1.16	1.54	1.97	2.14
Sales new autos (millions, A.R.)	10.24	10.93	11.42	8.91	8.66	10.12	11.24	11.39
Domestic models	8.68	9.32	9.65	7.49	7.08	8.63	9.15	9.49
Foreign models	1.56	1.61	1.77	1.42	1.58	1.50	2.06	1.90

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CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

	1971	1972	1973	1974	1975	1976	1977	1978
Billions of Dollars								
Gross National Product	81.0	107.7	135.5	106.3	115.9	177.7	183.5	213.7
Inventory change	2.6	3.0	8.5	-9.0	-20.4	24.8	4.8	5.9
Final purchases	78.5	104.6	126.9	115.4	136.3	152.8	178.8	207.8
Private	63.7	85.2	110.5	82.2	100.1	130.3	143.5	160.2
Net exports	-2.3	-4.9	10.4	-1.1	14.4	-12.6	-19.0	-3.8
Excluding net exports	66.0	90.1	100.1	83.3	85.7	142.9	162.5	164.0
Personal consumption expenditures	49.4	64.8	76.9	79.7	90.8	113.5	115.1	119.5
Goods	25.2	35.7	47.0	40.8	43.9	59.4	57.2	60.0
Services	24.3	29.0	29.9	39.0	46.9	54.1	57.9	59.5
Residential fixed investment	13.0	12.4	4.1	-11.0	-3.6	16.5	24.1	19.5
Business fixed investment	3.6	12.7	19.2	14.6	-1.5	12.8	23.5	25.1
Government	14.8	19.4	16.4	33.2	36.2	22.5	35.3	47.6
Federal	.6	5.9	.1	8.9	12.2	6.8	16.5	17.7
State and local	14.3	13.5	16.3	24.2	24.1	15.6	18.8	29.9
GNP in constant (1972) dollars	32.2	63.6	63.9	-17.2	-15.7	72.6	61.6	63.1
Final purchases	29.9	60.8	56.8	-8.6	2.1	54.2	58.8	58.4
Private	30.7	57.1	57.4	-13.8	-3.2	52.8	51.2	44.9
In Per Cent Per Year								
Gross National Product	8.2	10.1	11.6	8.1	8.2	11.6	10.8	11.3
Final purchases	8.0	9.9	10.9	8.9	9.7	9.9	10.6	11.1
Private	8.4	10.3	12.2	8.1	9.1	10.8	10.8	10.9
Personal consumption expenditures	8.0	9.7	10.5	9.8	10.2	11.6	10.5	9.9
Goods	7.2	9.5	11.4	8.9	8.8	11.0	9.5	9.1
Services	9.0	9.9	9.3	11.1	12.0	12.4	11.8	10.8
Gross private domestic investment	13.6	17.7	16.8	-2.5	-11.9	28.7	21.5	17.1
Residential structures	35.5	25.1	6.6	-16.7	-6.5	32.2	35.4	21.1
Business fixed investment	3.6	12.3	16.4	10.8	-1.0	8.6	14.5	13.6
Gov't. purchases of goods and services	6.8	8.3	6.5	12.3	12.0	6.6	9.8	12.0
Federal	.6	6.1	.1	8.7	11.0	5.5	12.7	12.1
State and local	11.6	9.8	10.8	14.5	12.6	7.2	8.1	11.9
GNP in constant (1972) dollars	3.0	5.7	5.5	-1.4	-1.3	6.0	4.8	4.7
Final purchases	2.8	5.5	4.9	-7	.2	4.5	4.6	4.4
Private	3.7	6.7	6.3	-1.4	-.3	5.6	5.1	4.3
GNP implicit deflator	5.1	4.1	5.8	9.7	9.6	5.3	5.6	6.3
Gross business product fixed-weighted price index <sup>1/</sup>	4.4	3.3	5.7	10.4	9.5	5.4	6.4	6.4
Personal income	7.2	9.7	11.7	9.7	8.5	10.3	11.0	11.0
Wage and salary disbursements	6.0	9.4	10.7	9.0	5.4	10.7	10.9	10.5
Disposable income	8.3	7.9	12.5	9.2	10.1	9.4	10.3	11.1
Corporate profits before tax	14.7	17.3	20.4	9.6	-2.7	27.0	12.0	9.6
Nonfarm payroll employment	.4	3.5	4.3	2.0	-1.7	3.1	3.4	3.1
Manufacturing	-4.0	2.8	5.1	-.1	-8.5	3.3	3.3	4.0
Nonfarm business sector								
Output per hour	2.9	3.0	1.7	-2.9	1.6	4.1	2.1	2.1
Compensation per hour	6.6	5.8	7.8	9.4	9.6	8.7	8.7	8.5
Unit labor costs	3.5	2.7	6.0	12.7	7.9	4.5	6.5	6.4
Industrial production	1.7	9.2	8.4	-.4	-8.9	10.2	6.1	7.3
Housing starts	43.1	14.9	-13.2	-34.6	-13.3	32.6	27.9	8.9
Sales new autos	21.9	6.8	-4.7	-14.5	-2.8	16.9	11.0	1.4
Domestic models	21.9	7.4	3.5	-22.4	-5.5	21.9	6.4	3.4
Foreign models	21.8	3.1	9.7	-19.9	11.4	-5.1	37.6	-7.8

<sup>1/</sup>Using expenditures in 1972 as weights.

FEDERAL SECTOR ACCOUNTS  
(billions of dollars)

	Fiscal	FY 1977 e/		FY 1978 e/			CY	CY 1977 e/	F.R.B. staff estimates							
	Year	Admin.	F.R.	Admin.	F.R.	Cong.	1976	F.R.	Calendar quarters; unadjusted data							
	1976*	est. 1/	Board	est. 1/	Board	est. 2/	*	Board	1977				1978			
									I*	II*	III	IV	I	II	III	
Unified budget receipts	299.2	358.3	357.1	401.4	395.9	397.0	317.6	366.5	79.0	110.5	91.5	85.6	84.9	120.4	104.9	
Unified budget outlays	365.7	406.4	401.5	462.9	455.5	458.3	374.2	410.4	97.6	101.8	103.1	107.9	109.3	115.3	123.0	
Surplus(+)/Deficit(-), unified budget	-66.5	-48.1	-44.4	-61.5	-59.6	-61.3	-56.6	-43.9	-18.7	8.6	-11.5	-22.3	-24.4	5.1	-18.1	
Surplus(+)/Deficit(-), off-budget agencies 3/	-7.3	-10.1	-9.0	-7.7	-9.5	n.a.	-5.7	-9.0	-4.3	.1	-5.3	0.5	-4.2	-0.1	-5.6	
Means of financing combined deficits:																
Net borrowing from public	82.9	n.a.	53.4	n.a.	63.6	n.a.	69.0	50.6	17.6	-1.1	19.5 <sup>8/</sup>	14.6 <sup>8/</sup>	28.1	-3.5	24.4	
Decrease in cash operating balance	-7.2	n.a.	0.8	n.a.	7.1	n.a.	-3.2	0.7	2.6	-7.2	-2.8 <sup>8/</sup>	8.1 <sup>8/</sup>	-1.0	0	0	
Other 4/	-1.9	n.a.	2.5	n.a.	-1.5	n.a.	-3.5	2.5	2.7	-.4	.1	-0.8	1.5	-1.5	-0.7	
Cash operating balance, end of period	14.8	n.a.	19.1	n.a.	12.0	n.a.	11.7	11.0	9.0	16.3	19.1 <sup>8/</sup>	11.0 <sup>8/</sup>	12.0	12.0	12.0	
Memo: Sponsored agency borrowing 5/	3.4	n.a.	6.3	n.a.	n.e.	n.a.	2.9	6.5	.7	2.9	2.3	0.6	1.9	n.e.	n.e.	
NIA Budget									Seasonally adjusted annual rates							
Receipts	312.5	365.4	363.4 <sup>6/</sup>	415.3	410.4 <sup>6/</sup>	n.a.	332.3	375.8	364.9	371.2	377.4	389.6	403.5	417.2	435.8	
Outlays	373.1	417.2	411.6	469.3	462.5	n.a.	386.3	423.4	403.7	411.5	430.8	447.5	458.9	465.8	477.9	
Purchases (total)	127.0	143.6	141.1	163.5	160.6	n.a.	130.1	146.7	136.3	143.6	150.3	156.4	159.0	161.8	165.3	
Defense	85.9	92.8	92.0	105.2	103.1	n.a.	86.8	95.0	89.7	93.4	96.6	100.4	102.3	104.0	105.8	
Non-defense	41.2	50.8	49.1	58.3	57.5	n.a.	43.3	51.7	46.7	50.2	53.7	56.0	56.7	57.8	59.5	
All other outlays	246.1	273.6	270.5 <sup>6/</sup>	305.8	301.9 <sup>6/</sup>	n.a.	256.2	276.7	267.4	267.9	280.5	291.1	299.9	304.0	312.6	
Surplus(+)/Deficit(-)	-60.6	-51.8	-48.2 <sup>6/</sup>	-54.0	-52.1 <sup>6/</sup>	n.a.	-54.0	-47.6	-38.8	-40.3	-53.4	-57.9	-55.4	-48.6	-42.1	
High Employment Surplus(+)/Deficit(-)																
(NIA basis) 7/	-15.7	n.a.	-2.8	n.a.	-11.1	n.a.	-10.4	-5.6	9.5	-0.5	-12.5	-18.8	-14.4	-8.6	-2.8	
	*actual	e--estimated	r--revised	n.e.--not estimated				n.a.--not available		p--preliminary						

1/ OMB Mid Session Review of the 1978 Budget, (July 1, 1977).

2/ Congress' Second Concurrent Resolution on the Budget (September 15, 1977).

3/ Includes Federal Financing Bank, Postal Service, U.S. Railway Association, Rural Electrification and Telephone Revolving fund, Housing for the Elderly or Handicapped Fund, and Pension Benefit Guaranty Corporation.

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

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

6/ Quarterly average exceeds fiscal year total by \$1.1 billion for FY 1977 due to spreading of wage base effect over calendar year.

7/ Estimated by F.R.B. staff. The high employment budget forecast incorporates the Department of Commerce's July, 1977 GNP revisions.

8/ Includes \$2.5 billion of borrowing from the Federal Reserve on September 30 which was repaid October 4.



	1976	1977 <sup>P</sup>	1978 <sup>P</sup>	1976		1977				1978 <sup>P</sup>			
				III	IV	I	II	III <sup>P</sup>	IV <sup>P</sup>	I	II	III	IV
<u>Billions of dollars</u>													
1. GNP NET EXPORTS - Intl Acct. data	7.7	-10.3	-14.0	7.8	2.9	-7.4	-8.7	-12.2	-12.8	-11.2	-14.6	-15.0	-15.6
2. (GNP net exports - GNP Acct. data) <u>1/</u>	(7.8)	(-11.2)	(-15.1)	(7.9)	(3.0)	(-8.2)	(-9.7)	(-13.2)	(-13.8)	(-12.2)	(-15.5)	(-16.0)	(-16.6)
3. a) Merchandise Trade Balance	-9.3	-32.2	-38.8	-11.2	-14.4	-28.4	-31.4	-34.1	-34.7	-34.8	-38.9	-40.4	-41.3
4. Exports (excl. military)	114.7	120.5	135.1	118.4	118.8	117.8	122.0	119.2	123.1	127.3	132.3	137.8	143.0
5. Agricultural	23.4	24.1	22.6	25.0	23.5	24.5	26.8	22.9	22.4	21.9	22.2	22.9	23.5
6. Nonagricultural	91.3	96.4	112.5	93.5	95.3	93.4	95.2	96.3	100.7	105.4	110.1	114.9	119.5
7. Imports	124.0	152.7	173.9	129.6	133.2	146.2	153.4	153.3	157.8	162.1	171.2	178.2	184.3
8. Petroleum and petrol. products	34.6	45.6	47.3	37.6	37.4	44.1	47.7	44.8	45.6	43.8	47.4	48.8	49.3
9. Nonpetroleum	89.4	107.1	126.6	92.0	95.9	102.1	105.7	108.5	112.2	118.3	123.8	129.4	135.0
10. b) Military transactions, net <u>2/</u>	--	1.6	1.6	.6	.5	1.7	1.5	1.6	1.5	1.6	1.6	1.6	1.6
11. c) Investment income, net <u>3/</u>	14.3	18.5	21.2	15.3	14.4	17.9	18.7	18.5	18.7	20.2	20.9	21.8	21.9
12. d) Other services, net <u>4/</u>	2.7	1.8	2.0	3.1	2.4	1.4	2.5	1.8	1.7	1.8	1.8	2.0	2.2
13. U.S. CURRENT ACCOUNT BALANCE <u>2/</u>	-1.0	-19.9	-26.5	-1.6	-6.0	-16.5	-17.8	-21.9	-23.2	-23.2	-27.0	-27.6	-28.2
14. a) GNP net exports (line 1.)	7.7	-10.3	-14.0	7.8	2.9	-7.4	-8.7	-12.2	-12.8	-11.2	-14.6	-15.0	-15.6
15. b) U.S. Govt & private transfers <u>5/</u>	-8.7	-9.6	-12.5	-9.3	-8.9	-9.0	-9.1	-9.7	-10.4	-12.0	-12.4	-12.6	-12.6
<u>Constant (1972) dollars</u>													
16. Merchandise exports (excl. military)	66.7	67.2	71.9	68.4	67.3	66.1	67.4	66.6	68.5	69.7	71.1	72.6	73.9
17. (% change, annual rates)	(3.4)	(0.7)	(7.0)	(13.0)	(-6.6)	(-7.4)	(8.2)	(-4.5)	(11.7)	(7.4)	(7.8)	(8.7)	(7.0)
18. Merchandise imports	62.8	71.5	77.3	64.9	66.1	70.2	72.0	71.1	72.6	73.8	76.7	78.6	80.0
19. (% change, annual rates)	(22.5)	(13.8)	(8.1)	(29.1)	(7.4)	(27.2)	(10.4)	(-5.3)	(8.7)	(6.6)	(16.5)	(10.0)	(7.0)
<u>Foreign Outlook - Major Industrial Countries <u>6/</u></u>													
20. Real GNP, % change, annual rates	5.2	3.1	4.7	1.6	2.9	4.9	1.2	2.9	4.9	5.3	5.3	5.7	4.9
21. Wholesale Prices, % change, annual rates <u>7/</u>	7.5	8.9	6.0	11.7	8.7	10.4	7.4	4.1	6.1	6.1	6.1	6.6	7.0

1/ Lags Intl. Acct. data (line 1) in the inclusion of revisions and new data.

2/ Excludes grants to Israel under military assistance acts and exports financed by those grants.

3/ Excludes U.S. Govt. interest payments to foreigners, which are included in line 15.

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

5/ Includes U.S. Govt grants, U.S. Govt interest payments to foreigners, and remittances and pensions.

6/ Weighted by the shares of Canada, France, Germany, Italy, Japan and the United Kingdom in the sum of the real GNP of the six countries in dollar terms.

7/ Data are largely manufactured goods prices.

P/ Projected.

E/ Estimated.

W/ Published data.

CONFIDENTIAL (FR)

October 12, 1977

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

By the Staff  
Board of Governors  
of the Federal Reserve System

III-10  
SECURITY OFFERINGS  
(Monthly totals or monthly averages, in millions of dollars)

	<u>1976</u> <u>Year</u>	<u>HI</u>	<u>QIIIe/</u>	<u>Aug.e/</u>	<u>1977</u> <u>Sept.e/</u>	<u>Oct.f/</u>	<u>Nov.f/</u>
<u>Gross offerings</u>							
Corporate securities--total	4,445	4,149	3,566	3,400	3,300	4,100	3,700
Publicly offered bonds	2,204	2,018	2,033	1,900	1,800	2,400	2,000
By quality <u>1/</u>							
Aaa and Aa	1,040	1,152	1,017	625	875	--	--
Less than Aa <u>2/</u>	1,154	866	1,016	1,275	925	--	--
By type of borrower							
Utility	675	753	588	385	930	--	--
Industrial	874	590	750	750	300	--	--
Other <u>3/</u>	655	675	695	765	570	--	--
Privately placed bonds	1,317	1,216	933	900	900	1,000	1,000
Stocks	924	915	600	600	600	700	700
By type of issue							
Common	692	672	333	400	250	--	--
Preferred	232	243	267	200	350	--	--
Foreign securities--total	852	581	707	345	700	--	--
Publicly offered <u>4/</u>	520	443	520	150	475	300	300
Privately placed	332	138	187	195	225	--	--
State and local gov't. securities--total	4,756	6,335	5,173	5,300	5,600	5,800	5,700
Long-term	2,932	4,043	3,667	4,000	3,800	4,500	4,200
Short-term	1,824	2,292	1,506	1,300	1,800	1,300	1,500
<u>Net offerings</u>							
U.S. Treasury	4,925	1,383	3,867	10,200	700	3,300	8,800
Sponsored Federal agencies	245	701	665	1,147	379	367	466

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.