

CONFIDENTIAL (FR)

April 13, 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)	
	3/9/77	4/13/77	3/9/77	4/13/77	3/9/77	4/13/77	3/9/77	4/13/77
1973 <sup>1/</sup>	11.6	11.6	5.5	5.5	5.7	5.7	4.9	4.9
1974 <sup>1/</sup>	8.2	8.2	-1.7	-1.7	10.2	10.2	5.6	5.6
1975 <sup>1/</sup>	7.3	7.3	-1.8	-1.8	9.3	9.3	8.5	8.5
1976 <sup>1/</sup>	11.5	11.6	6.1	6.1	5.2	5.2	7.7	7.7
1977	10.9	11.0	5.0	5.0	5.5	5.9	7.2	7.1
1976-III <sup>1/</sup>	8.5	8.5	3.9	3.9	4.3	4.3	7.8	7.8
1976-IV <sup>1/</sup>	8.3	8.5	2.4	2.6	4.9	4.9	7.9	7.9
1977-I	10.6	11.4	4.5	4.8	6.1	6.4	7.4	7.4
1977-II	14.2	13.7	7.9	7.2	5.5	5.8	7.2	7.1
1977-III	12.3	12.4	6.3	6.4	5.2	5.6	7.1	7.0
1977-IV	13.0	12.8	6.1	5.9	5.3	5.7	7.0	6.9
1978-I	12.0	11.7	5.7	5.7	5.3	5.6	6.7	6.7
1978-II	11.5	11.3	5.7	5.6	5.3	5.7	6.6	6.6
Change:								
75-IV to 76-IV <sup>1/</sup>	9.8	9.9	5.0	5.0	4.5	4.5	-.5	-.5
76-II to 77-II	10.4	10.5	4.7	4.6	5.2	5.3	-.2	-.3
76-IV to 77-IV	12.5	12.6	6.2	6.0	5.5	5.9	-.9	-1.0
77-II to 78-II	12.2	12.1	6.0	5.9	5.3	5.6	-.6	-.5

<sup>1/</sup> Actual

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

	1976		1977				1978	
	III	IV	I	II	III	Projected IV	I	II
Gross National Product	1709.8	1745.1	1792.8	1851.1	1905.9	1964.3	2019.6	2074.5
Final purchases	1694.7	1743.4	1785.8	1840.6	1890.9	1944.3	1994.1	2042.5
Private	1325.1	1367.2	1404.6	1449.4	1487.8	1527.5	1568.4	1606.8
Excluding net exports	1320.4	1363.0	1406.5	1450.1	1489.5	1528.5	1569.3	1610.8
Personal consumption expenditures	1088.5	1122.0	1156.8	1188.0	1214.5	1241.5	1271.0	1303.0
Goods	599.4	618.0	636.8	654.7	668.7	683.2	699.2	717.2
Services	489.1	504.0	520.0	533.3	545.8	558.3	571.8	585.8
Gross private domestic investment	247.0	242.8	256.7	272.6	290.0	307.0	323.8	339.8
Residential construction	68.9	75.5	77.1	83.6	90.1	95.4	99.7	101.7
Business fixed investment	163.0	165.6	172.6	178.5	184.9	191.6	198.6	206.1
Change in business inventories	15.1	1.7	7.0	10.5	15.0	20.0	25.5	32.0
Nonfarm	15.6	2.2	7.0	10.0	15.0	20.0	25.5	32.0
Net exports of goods and services <sup>1/</sup>	4.7	4.2	-1.9	-.7	-1.7	-1.0	-.9	-4.0
Exports	167.7	168.5	172.1	178.0	183.3	188.5	193.2	198.5
Imports	163.0	164.3	174.0	178.7	185.0	189.5	194.1	202.5
Gov't. purchases of goods and services	369.6	376.2	381.2	391.2	403.1	416.8	425.7	435.7
Federal <sup>2/</sup>	134.5	138.9	140.1	143.0	147.2	153.3	156.0	159.8
State and local	235.0	237.4	241.1	248.2	255.9	263.5	269.7	275.9
Gross national product in constant (1972) dollars	1272.2	1280.4	1295.5	1318.1	1338.5	1357.7	1376.6	1395.5
Personal income	1386.0	1421.7	1459.3	1500.4	1541.2	1577.3	1615.3	1657.0
Age and salary disbursements	897.8	921.0	947.9	972.0	998.0	1027.3	1054.6	1081.9
Disposable income	1190.2	1216.5	1247.4	1312.3	1321.4	1350.1	1384.3	1418.7
Saving rate (per cent)	6.4	5.6	5.1	7.4	5.9	5.9	6.1	6.1
Corporate profits with I.V.A. and C.C. Adj.	122.0	118.1	118.2	132.3	141.0	149.9	152.5	159.5
Corporate profits before tax	150.2	154.5	156.1	166.3	171.5	177.9	177.5	183.5
Federal government surplus or deficit (-) (N.I.A. basis)	-57.4	-59.2	-53.4	-86.1	-66.6	-60.0	-56.2	-54.3
High employment surplus or deficit (-)	-9.9	-8.4	-2.1	-38.1	-17.3	-12.7	-8.9	-7.8
State and local government surplus or deficit (-) (N.I.A. basis)	12.7	21.9	22.6	23.0	25.8	24.9	24.8	25.4
Excluding social insurance funds	-.6	8.4	8.8	8.9	11.4	10.2	9.8	10.1
Civilian labor force (millions)	95.3	95.7	96.1	96.6	97.1	97.6	98.2	98.7
Unemployment rate (per cent)	7.8	7.9	7.4	7.1	7.0	6.9	6.7	6.6
Nonfarm payroll employment (millions)	79.7	80.1	80.9	81.5	82.2	82.9	83.5	84.1
Manufacturing	19.0	19.0	19.3	19.6	19.8	20.0	20.2	20.4
Industrial production (1967=100)	130.9	131.7	133.5	136.4	139.4	142.1	145.1	148.6
Capacity utilization: all manufacturing (per cent)	80.8	80.6	80.9	81.9	83.1	84.2	85.3	86.8
Materials (per cent)	81.3	80.3	80.0	81.0	82.3	83.4	84.7	86.2
Housing starts, private (millions, A.R.)	1.57	1.77	1.65	1.85	1.95	2.00	2.00	2.00
Sales new autos, (millions, A.R.)	10.16	10.00	11.12	11.65	11.55	11.25	11.35	11.60
Domestic models	8.61	8.32	9.28	10.00	10.00	9.75	9.85	10.00
Foreign models	1.55	1.68	1.84	1.65	1.55	1.50	1.50	1.60

<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

	1976		1977				1978	
	III	IV	Projected				I	II
			I	II	III	IV		
-----Billions of dollars-----								
Gross National Product	34.6	35.3	47.7	58.3	54.8	58.4	55.3	54.9
Inventory change	-.9	-13.4	5.3	3.5	4.5	5.0	5.5	6.5
Final purchases	35.5	48.7	42.4	54.8	50.3	53.4	49.8	48.4
Private	27.9	42.1	37.4	44.8	38.4	39.7	40.9	38.4
Net exports	-4.6	-.5	-6.1	1.2	-1.0	.7	.1	-3.1
Excluding net exports	32.5	42.6	43.5	43.6	39.4	39.0	40.8	41.5
Personal consumption expenditures	23.8	33.5	34.8	31.2	26.5	27.0	29.5	32.0
Goods	9.6	18.6	18.8	17.9	14.0	14.5	16.0	18.0
Services	14.2	14.9	16.0	13.3	12.5	12.5	13.5	14.0
Residential fixed investment	3.6	6.6	1.6	6.5	6.5	5.3	4.3	2.0
Business fixed investment	5.1	2.6	7.0	5.9	6.4	6.7	7.0	7.5
Government	7.6	6.6	5.0	10.0	11.9	13.7	8.9	10.0
Federal	3.3	4.4	1.2	2.9	4.2	6.1	2.7	3.8
State and local	4.1	2.4	3.7	7.1	7.7	7.6	6.2	6.2
GNP in constant (1972) dollars	12.2	8.2	15.1	22.6	20.5	19.2	18.9	18.8
Final purchases	13.2	17.5	11.6	20.3	17.4	16.0	15.4	14.7
Private	11.3	17.7	12.5	17.0	13.2	12.7	13.6	12.2
-----In Per Cent Per Year <sup>1/</sup> -----								
Gross National Product	8.5	8.5	11.4	13.7	12.4	12.8	11.7	11.3
Final purchases	8.8	12.0	10.1	12.9	11.4	11.8	10.6	10.1
Private	8.9	13.3	11.4	13.4	11.0	11.1	11.1	10.2
Personal consumption expenditures	9.2	12.9	13.0	11.2	9.2	9.2	9.8	10.5
Goods	6.7	13.0	12.7	11.7	8.8	9.0	9.7	10.7
Services	12.5	12.8	13.3	10.6	9.7	9.5	10.0	10.2
Gross private domestic investment	13.8	-6.7	24.9	27.2	28.1	25.6	23.8	21.3
Residential structures	24.3	43.7	8.7	38.2	34.9	25.7	19.3	8.3
Business fixed investment	13.5	6.5	18.0	14.4	15.1	15.3	15.4	16.0
Gov't. purchases of goods & services	8.6	7.4	5.4	10.9	12.7	14.3	8.8	9.7
Federal	10.7	13.6	3.6	8.5	12.3	17.6	7.2	10.1
State and local	7.4	4.0	6.5	12.3	13.0	12.4	9.7	9.5
GNP in constant (1972) dollars	3.9	2.6	4.8	7.2	6.4	5.9	5.7	5.6
Final purchases	4.3	5.7	3.7	6.4	5.4	4.9	4.7	4.4
Private	4.7	7.3	5.0	6.8	5.2	4.9	5.2	4.6
GNP implicit deflator <sup>2/</sup>	4.4	5.8	6.3	6.1	5.7	6.6	5.7	5.4
Gross business product fixed-weight price index <sup>3/</sup>	4.3	4.9	6.4	5.8	5.6	5.7	5.6	5.7
Personal income	7.2	10.7	11.0	11.8	11.3	9.7	10.0	10.7
Wage and salary disbursements	7.8	10.7	12.2	10.6	11.1	12.3	11.1	10.8
Disposable income	6.2	9.1	10.5	22.5	2.8	9.0	10.5	10.3
Corporate profits before tax	11.4	12.0	4.1	28.8	13.1	15.7	-.8	14.1
Nonfarm payroll employment	2.0	2.0	4.1	3.0	3.5	3.5	2.9	2.9
Manufacturing	.0	.0	6.5	6.4	4.1	4.1	4.1	4.0
Nonfarm business sector								
Output per hour	2.6	-1.0	2.3	4.7	3.1	2.8	2.5	2.4
Compensation per hour	7.1	7.2	9.5	7.6	8.6	7.8	9.1	7.7
Unit labor costs	4.3	8.2	7.2	2.9	5.5	5.0	6.6	5.3
Industrial production	4.7	2.5	5.6	9.1	8.9	8.2	8.5	10.1
Housing starts, private	41.3	61.5	-24.5	58.0	23.4	10.7	.0	.0
Sales new autos	-6.8	-6.2	52.9	20.5	-3.4	-10.0	3.6	9.1
Domestic models	-12.4	-12.8	54.8	34.8	.0	-9.6	4.2	6.2
Foreign models	34.2	38.0	43.9	-35.3	-22.1	-12.3	.0	29.5

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

<sup>2/</sup>Excluding Federal pay increases rates of change are: 1976-IV, 5.3 per cent; 1977-I, 6.2 per cent; 1977-IV, 6.0 per cent; 1978-I, 5.6 per cent.

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

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CONFIDENTIAL - FR  
II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS  
(Expenditures and income figures are billions of dollars)

	1970	1971	1972	1973	1974	1975	1976	Projected 1977
Gross National Product	982.4	1063.4	1171.1	1306.6	1413.2	1516.3	1691.6	1878.5
Final purchases	978.6	1057.1	1161.7	1288.6	1402.5	1531.0	1679.7	1865.4
Private	759.7	823.4	908.6	1019.1	1099.2	1192.0	1314.1	1467.3
Excluding net exports	755.8	821.8	911.9	1012.0	1091.7	1171.5	1307.5	1468.6
Personal consumption expenditures	618.8	668.2	733.0	809.9	887.5	973.2	1079.7	1200.2
Goods	349.6	374.8	410.5	457.5	497.8	540.8	596.9	660.8
Services	269.1	293.4	322.4	352.3	389.6	432.4	482.8	539.3
Gross private domestic investment	140.8	160.0	188.3	220.0	215.0	183.7	239.6	281.6
Residential construction	36.6	49.6	62.0	66.1	55.1	51.2	67.7	86.5
Business fixed investment	100.5	104.1	116.8	136.0	149.2	147.1	160.0	181.9
Change in business inventories	3.8	6.4	9.4	17.9	10.7	-14.6	11.9	13.1
Nonfarm	3.7	5.1	8.8	14.7	12.2	-17.6	11.9	13.0
Net exports of goods and services	3.9	1.6	-3.3	7.1	7.5	20.5	6.6	-1.3
Exports	62.5	65.6	72.7	101.6	144.4	148.1	162.7	180.5
Imports	58.5	64.0	75.9	94.4	136.9	127.6	156.0	181.8
Gov't. purchases of goods and services	218.9	233.7	253.1	269.5	303.3	339.0	365.6	398.1
Federal	95.6	96.2	102.1	102.2	111.6	124.4	133.4	145.9
State and local	123.2	137.5	151.0	167.3	191.6	214.5	232.2	252.2
Gross national product in constant (1972) dollars	1075.3	1107.5	1171.1	1235.0	1214.0	1191.7	1264.7	1327.4
Personal income	801.3	859.1	942.5	1052.4	1153.3	1249.7	1375.3	1519.5
Wage and salary disbursements	546.5	579.4	633.8	701.3	765.0	806.7	890.4	986.3
Disposable income	685.9	742.8	801.3	901.7	982.9	1080.9	1181.7	1307.8
Saving rate (per cent)	7.4	7.7	6.2	7.8	7.3	7.8	6.5	6.1
Corporate profits with I.V.A. and C.C. Adj.	67.9	77.2	92.1	99.1	84.8	91.6	117.9	135.3
Corporate profits before tax	71.5	82.0	96.2	115.8	127.6	114.5	148.0	167.9
Federal government surplus or deficit (-) (N.I.A. basis)	-12.1	-22.0	-17.3	-6.7	-11.5	-71.2	-58.6	-66.5
High employment surplus or deficit (-)	3.0	-5.3	-5.9	-7	16.8	-17.2	-11.2	-17.5
State and local government surplus or deficit (-) (N.I.A. basis)	2.8	3.7	13.7	13.0	7.3	6.9	14.0	24.1
Excluding social insurance funds	-4.0	-3.8	5.6	4.1	-2.8	-5.1	.9	9.8
Civilian labor force (millions)	82.8	84.1	86.5	88.7	91.0	92.6	94.8	96.8
Unemployment rate (per cent)	5.0	6.0	5.6	4.9	5.6	8.5	7.7	7.1
Nonfarm payroll employment (millions)	70.9	71.2	73.7	76.9	78.4	77.1	79.4	81.9
Manufacturing	19.3	18.6	19.1	20.1	20.0	18.3	19.0	19.7
Industrial production (1967=100)	107.8	109.6	119.7	129.8	129.3	117.8	129.8	137.9
Capacity utilization: all manufacturing (per cent)	79.2	78.0	83.1	87.5	84.2	73.6	80.1	82.5
Materials (per cent)	84.3	83.1	88.0	92.4	87.7	73.6	80.3	81.7
Housing starts, private (millions, A.R.)	1.43	2.05	2.36	2.05	1.33	1.16	1.54	1.86
Sales new autos (millions, A.R.)	8.40	10.24	10.93	11.42	8.91	8.66	10.12	11.39
Domestic models	7.12	8.68	9.32	9.65	7.49	7.08	8.63	9.76
Foreign models	1.28	1.56	1.61	1.77	1.42	1.58	1.50	1.64

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CLASS II FOMCCHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

	1970	1971	1972	1973	1974	1975	1976	Projected 1977
—Billions of Dollars—								
Gross National Product	46.9	81.0	107.7	135.5	106.6	103.1	175.3	186.9
Inventory change	-5.6	2.6	3.0	8.5	-7.2	-25.3	26.5	1.2
Final purchases	52.4	78.5	104.6	126.9	113.9	128.5	148.7	185.7
Private	41.4	63.7	85.2	110.5	80.1	92.8	122.1	153.2
Net exports	2.1	-2.3	-4.9	10.4	.4	13.0	-13.9	-7.9
Excluding net exports	39.3	66.0	90.1	100.1	79.7	79.8	136.0	161.1
Personal consumption expenditures	39.1	49.4	64.8	76.9	77.6	85.7	106.5	120.5
Goods	17.1	25.2	35.7	47.0	40.3	43.0	56.1	63.9
Services	21.9	24.3	29.0	29.9	37.3	42.8	50.4	56.5
Residential fixed investment	-1.3	13.0	12.4	4.1	-11.0	-3.9	16.5	18.8
Business fixed investment	1.6	3.6	12.7	19.2	13.2	-2.1	12.9	21.9
Government	11.0	14.8	19.4	16.4	33.8	35.7	26.6	32.5
Federal	-1.9	.6	5.9	.1	9.4	12.8	9.0	12.5
State and local	12.8	14.3	13.5	16.3	24.3	22.9	17.7	20.0
GNP in constant (1972) dollars	-3.5	32.2	63.6	63.9	-21.0	-22.3	73.0	62.7
Final purchases	2.8	29.9	60.8	56.8	-13.0	-1.8	52.9	62.5
Private	9.3	30.7	57.1	57.4	-16.9	-6.4	49.8	56.7
—In Per Cent Per Year—								
Gross National Product	5.0	8.2	10.1	11.6	8.2	7.3	11.6	11.0
Final purchases	5.7	8.0	9.9	10.9	8.8	9.2	9.7	11.1
Private	5.8	8.4	10.3	12.2	7.9	8.4	10.2	11.7
Personal consumption expenditures	6.7	8.0	9.7	10.5	9.6	9.7	10.9	11.2
Goods	5.1	7.2	9.5	11.4	8.8	8.6	10.4	10.7
Services	8.9	9.0	9.9	9.3	10.6	11.0	11.7	11.7
Gross private domestic investment	-3.7	13.6	17.7	16.8	-2.3	-14.6	30.5	17.5
Residential structures	-3.4	35.5	25.1	6.6	-16.7	-7.1	32.4	27.8
Business fixed investment	1.6	3.6	12.3	16.4	9.7	-1.4	8.7	13.7
Gov't. purchases of goods & services	5.3	6.8	8.3	6.5	12.5	11.8	7.9	8.9
Federal	-1.9	.6	6.1	.1	9.2	11.5	7.2	9.4
State and local	11.6	11.6	9.8	10.8	14.5	11.9	8.2	8.6
GNP in constant (1972) dollars	-.3	3.0	5.7	5.5	-1.7	-1.8	6.1	5.0
Final purchases	.3	2.8	5.5	4.9	-1.1	-.1	4.4	5.0
Private	1.1	3.7	6.7	6.3	-1.7	-.7	5.3	5.7
GNP implicit deflator	5.4	5.1	4.1	5.8	10.0	9.3	5.1	5.8
Gross business product fixed weighted price index <sup>1/</sup>	4.4	4.4	3.3	5.7	10.2	9.3	5.2	5.9
Personal income	7.4	7.2	9.7	11.7	9.6	8.4	10.1	10.5
Wage and salary disbursements	6.2	6.0	9.4	10.7	9.1	5.5	10.4	10.8
Disposable income	8.8	8.3	7.9	12.5	9.0	10.0	9.3	10.7
Corporate profits before tax	-14.3	14.7	17.3	20.4	10.2	-10.3	29.3	13.4
Nonfarm payroll employment	.7	.4	3.5	4.3	2.0	-1.7	3.0	3.1
Manufacturing	-4.5	-3.6	2.7	5.2	-5	-8.5	3.8	3.7
Nonfarm business sector								
Output per hour	.2	2.9	3.0	1.7	-3.5	1.6	3.7	2.4
Compensation per hour	6.7	6.6	5.8	7.8	9.4	9.5	7.4	8.0
Unit labor costs	6.5	3.5	2.7	6.0	13.4	7.7	3.6	5.6
Industrial production	-3.0	1.7	9.2	8.4	-.4	-8.9	10.2	6.2
Housing starts, private	-2.7	43.4	15.1	-13.1	-35.1	-12.2	32.8	20.8
Sales of new autos	-12.2	21.9	6.7	4.5	-22.0	-2.8	16.9	12.5
10 models	-15.8	21.9	7.4	3.5	-22.4	-5.5	21.9	13.1
15 models	15.3	21.9	3.2	9.9	-19.8	11.3	-5.1	9.3

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

FEDERAL SECTOR ACCOUNTS  
(Billions of dollars)

	Fiscal Year 1976*	FY 1977 e/ 1/ Admin. est. 2/	F.R. Board	FY 1978 e/ Admin. est. 2/	F.R. Board	CY 1976 *	CY 1977 F.R. Board	F.R.B. staff estimates							
								Calendar quarters; unadjusted data							
								1976 IV*	1977 I	II	III	IV	1978 I	II	
Unified budget receipts	300.0	349.4	346.7	401.6	394.0	318.5	355.8	76.2	79.0	99.2	92.3	85.3	86.9	117.7	
Unified budget outlays	366.5	417.4	410.5	459.4	456.5	375.1	422.9	99.0	97.2	105.9	108.4	111.4	109.1	115.8	
Surplus(+)/Deficit(-), unified budget	-66.5	-68.0	-63.8	-57.7	-62.5	-56.6	-67.1	-22.8	-18.2	-6.7	-16.1	-26.1	-22.2	1.9	
Surplus(+)/Deficit(-), off-budget entities 3/	-7.3	-10.8	-10.7	-8.5	-6.8	-5.7	-7.5	.4	-4.6	-1.0	-5.5	3.6	-6.3	.3	
Means of financing combined deficits:															
Net borrowing from public	82.9	73.0	65.9	65.8	70.4	69.0	71.6	17.4	17.7	12.6	18.2	23.1	26.0	2.4	
Decrease in cash operating balance	-7.2	n.a.	7.5	n.a.	-.6	-3.2	1.7	5.7	2.7	-3.3	2.4	-.1	1.0	-3.1	
Other 4/	-1.9	n.a.	1.0	n.a.	-.5	-3.5	1.3	-.8	2.4	-1.6	1.0	-.5	1.5	-1.5	
Cash operating balance, end of period	14.8	n.a.	9.9	n.a.	10.5	11.7	10.0	11.7	9.0	12.3	9.9	10.0	9.0	12.1	
Memo: Sponsored agency borrowing 5/	3.4	n.a.	5.1	n.a.	n.e.	2.9	6.1	.4	1.0	1.8	1.8	1.4	n.e.	n.e.	
NIA Budget								Seasonally adjusted, annual rates							
Receipts	313.6	357.4	353.9 <sup>6/</sup>	414.7	n.e.	330.3	365.0	346.4	358.2	339.0	375.2	387.6	402.7	415.0	
Outlays	373.0	426.3	421.0	466.0	463.9	388.9	431.5	405.6	411.6	425.1	441.8	447.6	458.9	469.3	
Purchases (total)	127.2	145.0	142.3	160.7	157.9	133.5	145.9	138.9	140.1	143.0	147.2	153.3	156.0	159.8	
Defense	85.8	94.8	93.4	105.1	102.8	88.2	95.6	91.3	92.0	93.7	96.7	100.0	102.2	103.8	
Non-defense	41.4	50.2	48.9	55.6	55.1	45.2	50.3	47.6	48.1	49.3	50.5	53.3	53.8	56.0	
All other outlays	245.8	281.3	278.7 <sup>6/</sup>	305.3	306.0	255.4	285.6	266.7	271.5	282.1	294.6	294.3	302.9	309.5	
Surplus(+)/Deficit(-)	-59.4	-68.9	-67.2 <sup>6/</sup>	-51.3	n.e.	-58.7	-66.5	-59.3	-53.4	-86.1	-66.6	-60.0	-56.2	-54.3	
High Employment Surplus(+)/Deficit(-) (NIA basis) 7/	-14.7	n.a.	-16.5	n.a.	n.e.	-11.2	-17.5	-8.4	-2.1	-38.1	-17.3	-12.7	-8.9	-7.8	

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- \*actual      e--estimated      r--revised      n.e.--not estimated      n.a.--not available      p--preliminary
- 1/ Congress' Third Concurrent Resolution on the Budget (March 3, 1977) set receipts at \$347.7, outlays at \$417.5 and unified deficit at \$69.8.
- 2/ Fiscal Year 1978 Budget Revisions, February 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 \$.8 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 Council of Economic Advisors revised estimates of potential GNP and also fully incorporates taxes on inventory profits beginning 1973.



April 13, 1977

	1975	1976	1977 <sup>P</sup>	1 9 7 6				1 9 7 7 <sup>P</sup>				1978 <sup>P</sup>	
				I	II	III	IV	I	II	III	IV	I	II
<b>Billions of dollars</b>													
Net Exports of Goods and Services (GNP basis of net exports) <u>1/</u>	16.3 (20.5)	4.4 (6.6)	-5.0 (-1.3)	5.7 (8.4)	6.2 (9.3)	4.8 (4.7)	.9 (4.2)	-5.1 (-1.9)	-4.3 (-7)	-5.7 (-1.7)	-5.3 (-1.0)	-5.3 (-9)	-8.5 (-4.0)
Merchandise trade balance (excl. military)	9.0	-9.2	-21.6	-5.3	-6.1	-11.1	-14.3	-21.2	-20.9	-22.5	-22.3	-22.5	-25.9
Exports (excl. military)	107.1	114.7	125.6	108.0	113.5	118.4	118.9	120.0	123.8	127.3	131.0	134.7	139.0
Agricultural	22.2	23.4	24.0	21.5	23.1	25.3	23.7	23.8	24.0	24.0	24.0	24.0	24.3
Nonagricultural	84.8	91.3	101.6	86.5	90.5	93.1	95.2	96.2	99.8	103.3	107.0	110.7	114.7
Imports	98.1	123.9	147.2	113.3	119.7	129.5	133.2	141.2	144.7	149.8	153.3	157.2	164.9
Fuels	28.5	37.1	42.0	32.5	35.3	40.1	40.7	41.7	41.8	42.6	42.1	42.1	45.6
Nonfuels	69.5	86.8	105.2	80.8	84.4	89.5	92.5	99.5	102.9	107.2	111.2	115.1	119.3
Military and Service Transactions, net	7.3	13.6	16.6	11.0	12.4	15.9	15.2	16.1	16.6	16.8	17.0	17.2	17.4
Military transactions, net	-9	.4	1.9	-1	-6	1.4	.9	1.6	1.8	2.0	2.0	2.0	2.0
Investment income, net	6.0	10.5	12.0	9.1	9.9	11.1	12.0	11.9	12.0	11.9	12.0	12.2	12.3
Other services, net	2.2	2.7	2.7	1.9	3.1	3.4	2.3	2.6	2.8	2.9	3.0	3.0	3.1
U.S. Current Account Balance <u>2/</u> (excl. special transactions with Israel) <u>3/</u>	11.7 (12.0)	-.6 (--)	-9.8 (-9.8)	1.2 <sup>e</sup> (1.3)	2.6 (2.3)	-2.9 (-.2)	-3.3 (-3.5)	-9.8 (-9.8)	-9.1 (-9.1)	-10.7 (-10.7)	-10.3 (-10.3)	-10.3 (-10.3)	-13.5 (-13.5)
<b>Constant (1972) dollars</b>													
Merchandise exports (excl. military) (% change, annual rates)	64.6 (-2.4)	66.5 (+2.9)	68.1 (+2.4)	63.8 (+16.1)	66.4 (+17.4)	68.4 (+12.6)	67.3 (-6.6)	67.3 (--)	67.6 (+1.6)	68.3 (+4.1)	69.3 (+6.1)	70.3 (+5.7)	71.4 (+6.6)
Merchandise imports (% change, annual rates)	51.3 (-12.5)	62.6 (+22.0)	69.0 (+10.2)	58.7 (+41.7)	60.9 (+15.6)	64.9 (+29.1)	66.1 (+7.4)	68.0 (+12.1)	68.2 (+1.2)	69.5 (+7.8)	70.1 (+3.6)	71.0 (+5.3)	73.6 (+15.6)
<b>Foreign Outlook - Major Industrial Countries <u>4/</u></b>													
Real GNP, % change, annual rate	-.7	5.0	3.4	9.5	3.2	2.0	2.8	3.2	3.6	4.9	5.3	5.3	5.0
Wholesale Prices, % change, A.R. <u>5/</u>	5.8	9.5	9.7	11.2	17.0	11.7	8.7	10.4	8.2	7.8	7.4	6.6	6.1

1/ The GNP account excludes from service imports, U.S. Government interest payments to foreigners (\$4.5 billion in 1976), and excludes from exports, military shipments to Israel under cash grant programs (\$300 million in 1976). It also lags the international accounts data significantly in taking account of data revisions.

2/ Includes goods and services plus private and official remittances and pensions and U.S. Government grants.

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

4/ 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.

5/ Data are largely manufactured goods prices.

<sup>P</sup>/ Projected

<sup>e</sup>/ Estimated

CONFIDENTIAL (FR)

April 13, 1977

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

By the Staff  
Board of Governors  
of the Federal Reserve System

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

	1976			1977			
	H1	QIII	QIV	Q1e/	Mar.e/	Apr.f/	Mayf/
<u>Gross offerings</u>							
Corporate securities--							
Total	4,663	3,804	4,606	4,200	4,900	3,400	3,800
Publicly offered bonds	2,499	1,635	2,184	2,200	2,550	1,800	1,800
By quality <u>1/</u>							
Aaa and Aa	1,354	700	658	1,230	1,140	--	--
Less than Aa <u>2/</u>	1,145	935	1,526	970	1,410	--	--
By type of borrower							
Utility	720	580	735	745	1,175	--	--
Industrial	1,055	575	805	710	675	--	--
Other	724	480	644	745	700	--	--
Privately placed bonds	1,051	1,549	1,569	1,267	1,400	1,200	1,200
Stocks	1,112	620	853	733	950	400	800
Foreign securities--							
Total	928	702	816	542	165	--	--
Publicly offered <u>3/</u>	530	422	598	286	125	600	250
Privately placed	398	280	218	256	40	--	--
State and local gov't securities--							
Total	5,122	4,471	4,371	4,817	5,200	8,400	5,100
Long-term	2,976	2,790	3,053	3,567	4,000	3,400	3,600
Short-term	2,146	1,681	1,318	1,250	1,200	5,000	1,500
<u>Net offerings</u>							
U.S. Treasury	5,128	5,215	5,984	4,703	3,765	-500	10,500
Sponsored Federal agencies	207	383	647	564	2,358	483	-408

e/ Estimated.

f/ Forecast.

1/ Bonds categorized according to Moody's bond ratings.2/ Includes issues not rated by Moody's3/ Classified by original offering date.