

CONFIDENTIAL (FR)

June 15, 1977

SUMMARY AND OUTLOOK

By the Staff
Board of Governors
of the Federal Reserve System

SUMMARY AND OUTLOOK

STAFF GNP PROJECTIONS

	Per cent changes, annual rate							
	Nominal GNP		Real GNP		Gross business product fixed-weighted price index		Unemployment rate (per cent)	
	5/11/77	6/15/77	5/11/77	6/15/77	5/11/77	6/15/77	5/11/77	6/15/77
1973 ^{1/}	11.6	11.6	5.5	5.5	5.7	5.7	4.9	4.9
1974 ^{1/}	8.2	8.2	-1.7	-1.7	10.2	10.2	5.6	5.6
1975 ^{1/}	7.3	7.3	-1.8	-1.8	9.3	9.3	8.5	8.5
1976 ^{1/}	11.6	11.6	6.1	6.1	5.2	5.2	7.7	7.7
1977	11.0	11.3	5.0	5.1	6.0	6.3	6.9	6.9
1976-III ^{1/}	8.5	8.5	3.9	3.9	4.3	4.3	7.8	7.8
1976-IV ^{1/}	8.5	8.5	2.6	2.6	4.9	4.9	7.9	7.9
1977-I ^{1/}	11.3	12.2	5.2	6.4	6.8	6.5	7.4	7.4
77-II	14.0	14.2	7.0	6.6	6.1	7.1	6.9	6.9
77-III	11.9	12.3	5.6	5.6	5.5	5.8	6.8	6.8
1977-IV	12.7	12.3	6.1	5.5	5.6	5.8	6.7	6.7
1978-I	12.5	11.9	6.1	5.5	6.0	6.2	6.5	6.6
1978-II	11.7	11.3	5.8	5.4	5.8	6.0	6.4	6.5
Change:								
75-IV to 76-IV ^{1/}	9.9	9.9	5.0	5.0	4.5	4.5	-.5	-.5
76-II to 77-II	10.6	10.8	4.7	4.9	5.6	5.7	-.5	-.5
76-IV to 77-IV	12.5	12.8	6.0	6.0	6.0	6.3	-1.2	-1.2
77-II to 78-II	12.2	12.0	5.9	5.5	5.7	6.0	-.5	-.4
^{1/} Actual								

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CLASS 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	1796.1	1856.9	1911.7	1967.9	2024.0	2079.0
Final purchases	1694.7	1743.4	1782.4	1840.1	1892.9	1945.6	1997.2	2047.2
Private	1325.1	1367.2	1403.9	1451.3	1491.4	1530.8	1572.4	1611.9
Excluding net exports	1320.4	1363.0	1413.2	1459.0	1495.3	1533.8	1576.2	1619.0
Personal consumption expenditures	1088.5	1122.0	1159.1	1192.5	1218.0	1245.8	1277.8	1312.0
Goods	599.4	618.0	638.7	659.8	673.3	688.6	707.0	726.8
Services	489.1	504.0	520.4	532.7	544.7	557.2	570.8	585.2
Gross private domestic investment	247.0	242.8	267.9	283.3	296.1	310.3	325.2	338.8
Residential construction	68.9	75.5	80.2	85.7	91.0	96.0	100.3	102.3
Business fixed investment	163.0	165.6	173.9	180.8	186.3	192.0	198.1	204.7
Change in business inventories	15.1	1.7	13.8	16.8	18.8	22.3	26.8	31.8
Nonfarm	15.6	2.2	13.0	16.3	18.8	22.3	26.8	31.8
Net exports of goods and services ^{1/}	4.7	4.2	-9.3	-7.7	-3.9	-3.0	-3.8	-7.1
Exports	167.7	168.5	170.5	176.7	182.1	186.9	192.2	197.7
Imports	163.0	164.3	179.8	184.4	186.0	189.9	196.0	204.8
Gov't. purchases of goods and services	369.6	376.2	378.5	388.8	401.5	414.8	424.8	435.3
Federal 2/	134.5	138.9	138.2	141.3	146.6	152.5	155.7	159.3
State and local	235.0	237.4	240.3	247.5	254.9	262.3	269.1	276.0
Gross national product in constant (1972) dollars	1272.2	1280.4	1300.3	1321.2	1339.2	1357.1	1375.4	1393.6
Personal income	1386.0	1421.7	1464.0	1507.1	1546.1	1588.6	1625.2	1665.8
Wage and salary disbursements	897.8	921.0	947.1	979.4	1005.4	1034.8	1059.7	1086.7
Disposable income	1190.2	1216.5	1245.8	1288.2	1324.8	1360.3	1397.5	1430.5
Saving rate (per cent)	6.4	5.6	4.8	5.3	5.9	6.3	6.5	6.2
Corporate profits with I.V.A. and C.C. Adj.	122.0	117.8	116.2	122.8	131.9	139.1	142.0	149.2
Corporate profits before tax	150.2	154.2	156.3	159.1	164.7	169.4	169.3	175.5
Federal government surplus or deficit (-) (N.I.A. basis)	-57.4	-59.3	-41.3	-44.8	-54.4	-56.4	-56.5	-51.6
High employment surplus or deficit (-)	-9.9	-8.3	10.1	.5	-10.2	-13.7	-13.5	-10.5
State and local government surplus or deficit (-) (N.I.A. basis)	12.7	21.9	20.1	21.2	24.7	25.2	25.7	25.3
Excluding social insurance funds	-6	8.4	6.3	6.8	9.7	9.6	9.7	8.8
Civilian labor force (millions)	95.3	95.7	96.1	97.1	97.7	98.2	98.8	99.3
Unemployment rate (per cent)	7.8	7.9	7.4	6.9	6.8	6.7	6.6	6.5
Nonfarm payroll employment (millions)	79.7	80.1	80.9	81.8	82.4	83.1	83.7	84.4
Manufacturing	19.0	19.0	19.3	19.6	19.8	20.0	20.3	20.6
Industrial production (1967=100)	130.9	131.8	133.4	137.5	139.6	142.1	145.0	148.3
Capacity utilization: all manufacturing (per cent)	80.8	80.6	81.0	82.9	83.5	84.4	85.5	86.8
Materials (per cent)	81.3	80.2	80.1	82.6	83.1	84.1	85.2	86.6
Housing starts, private (millions, A.R.)	1.57	1.77	1.77	1.93	1.97	2.00	2.00	2.00
Sales new autos, (millions, A.R.)	10.16	10.00	11.12	11.60	11.70	11.55	11.50	11.60
Domestic models	8.61	8.32	9.28	9.30	9.70	9.75	9.80	9.90
Foreign models	1.55	1.68	1.84	2.30	2.00	1.80	1.70	1.70

^{1/} Balance of payments data and projection underlying these estimates are shown in the International Developments section of this part of the Greenbook.^{2/} Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

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CLASS II FOMCCHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1976		1977				1978	
	III	IV	I	II	III	IV	I	II
	Projected							
	Billions of dollars							
Gross National Product	34.6	35.3	51.0	60.7	54.8	56.2	56.1	55.0
Inventory change	-.9	-13.4	12.1	3.0	2.0	3.5	4.5	5.0
Final purchases	35.5	48.7	39.0	57.7	52.8	52.7	51.6	50.0
Private	27.9	42.1	36.7	47.4	40.1	39.4	41.6	39.5
Net exports	-4.6	-.5	-13.5	1.6	3.8	.9	-.8	-3.3
Excluding net exports	32.5	42.6	50.2	45.8	36.3	38.5	42.4	42.8
Personal consumption expenditures	23.8	33.5	37.1	33.4	25.5	27.8	32.0	34.2
Goods	9.6	18.6	20.7	21.1	13.5	15.3	18.4	19.8
Services	14.2	14.9	16.4	12.3	12.0	12.5	13.6	14.4
Residential fixed investment	3.6	6.6	4.7	5.5	5.3	5.0	4.3	2.0
Business fixed investment	5.1	2.6	8.3	6.9	5.5	5.7	6.1	6.6
Government	7.6	6.6	2.3	10.3	12.7	13.3	10.0	10.5
Federal	3.3	4.4	-.7	3.1	5.3	5.9	3.2	3.6
State and local	4.1	2.4	2.9	7.2	7.4	7.4	6.8	6.9
GNP in constant (1972) dollars	12.2	8.2	19.9	20.8	18.0	17.9	18.3	18.3
Final purchases	13.2	17.5	11.6	19.3	17.1	15.2	15.4	14.8
Private	11.3	17.7	14.5	16.0	12.5	12.2	13.0	12.1
	In Per Cent Per Year ^{1/}							
Gross National Product	8.5	8.5	12.2	14.2	12.3	12.3	11.9	11.3
Final purchases	8.8	12.0	9.3	13.6	12.0	11.6	11.0	10.4
Private	8.9	13.3	11.2	14.2	11.5	11.0	11.3	10.4
Personal consumption expenditures	9.2	12.9	13.9	12.0	8.8	9.4	10.7	11.1
Goods	6.7	13.0	14.1	13.9	8.4	9.4	11.1	11.7
Services	12.5	12.8	13.7	9.8	9.3	9.5	10.1	10.5
Gross private domestic investment	13.8	-6.7	48.2	25.1	19.3	20.6	20.6	17.8
Residential structures	24.3	43.7	27.5	30.4	27.1	23.9	19.2	8.2
Business fixed investment	13.5	6.5	21.7	16.8	12.7	12.8	13.3	14.0
Gov't. purchases of goods & services	8.6	7.4	2.5	11.4	13.7	13.9	10.0	10.3
Federal	10.7	13.6	-1.9	9.4	15.9	17.1	8.7	9.6
State and local	7.4	4.0	5.1	12.5	12.5	12.1	10.8	10.7
GNP in constant (1972) dollars	3.9	2.6	6.4	6.6	5.6	5.5	5.5	5.4
Final purchases	4.3	5.7	3.7	6.1	5.3	4.7	4.7	4.4
Private	4.7	7.3	5.8	6.4	4.9	4.7	4.9	4.5
GNP implicit deflator ^{2/}	4.4	5.8	5.5	7.2	6.4	6.5	6.1	5.6
Gross business product fixed-weighted price index ^{3/}	4.3	4.9	6.5	7.1	5.8	5.8	6.2	6.0
Personal income	7.2	10.7	12.4	12.3	10.8	11.5	9.5	10.4
Wage and salary disbursements	7.8	10.7	11.8	14.4	11.0	12.2	10.0	10.6
Disposable income	6.2	9.1	10.0	14.3	11.8	11.2	11.4	9.8
Corporate profits before tax	11.4	11.1	5.6	7.4	15.0	11.9	-.4	15.7
Nonfarm payroll employment	2.0	2.0	4.1	4.4	3.1	3.2	3.2	3.5
Manufacturing	.0	.0	6.5	5.7	4.7	4.6	5.7	5.7
Nonfarm business sector								
Output per hour	2.6	-1.2	4.1	.7	2.7	2.6	2.6	2.4
Compensation per hour	7.1	7.0	10.3	8.7	7.9	8.5	9.9	8.1
Unit labor costs	4.3	8.3	6.0	8.0	5.2	5.9	7.3	5.7
Industrial production	4.7	2.8	4.9	13.0	6.2	7.3	8.4	9.4
Housing starts, private	41.3	61.5	.0	41.4	8.6	6.2	.0	.0
Sales new autos	-6.8	-6.2	52.9	18.4	3.5	-5.0	-1.7	3.5
Domestic models	-12.4	-12.8	54.8	.9	18.3	2.1	2.1	4.1
Foreign models	34.2	38.0	43.9	144.1	-42.8	-34.4	-20.4	.0

^{1/} Percentage rates are annual rates compounded quarterly.^{2/} Excluding Federal pay increases rates of change are: 1976-IV, 5.3 per cent; 1977-I, 5.4 per cent; 1977-IV, 5.9 per cent; 1978-I, 6.0 per cent.^{3/} Using expenditures in 1972 as weights.

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CLASS II FOMC

GROSS 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	1883.2
Final purchases	978.6	1057.1	1161.7	1288.6	1402.5	1531.0	1679.7	1865.2
Private	759.7	823.4	908.6	1019.1	1099.2	1192.0	1314.1	1469.4
Excluding net exports	755.8	821.8	911.9	1012.0	1091.7	1171.5	1307.5	1475.3
Personal consumption expenditures	618.8	668.2	733.0	809.9	887.5	973.2	1079.7	1203.8
Goods	349.6	374.8	410.5	457.5	497.8	540.8	596.9	665.1
Services	269.1	293.4	322.4	352.3	389.6	432.4	482.8	538.7
Gross private domestic investment	140.8	160.0	188.3	220.0	215.0	183.7	239.6	289.4
Residential construction	36.6	49.6	62.0	66.1	55.1	51.2	67.7	88.2
Business fixed investment	100.5	104.1	116.8	136.0	149.2	147.1	160.0	183.3
Change in business inventories	3.8	6.4	9.4	17.9	10.7	-14.6	11.9	17.9
Nonfarm	3.7	5.1	8.8	14.7	12.2	-17.6	11.9	17.6
Net exports of goods and services	3.9	1.6	-3.3	7.1	7.5	20.5	6.6	-6.0
Exports	62.5	65.6	72.7	101.6	144.4	148.1	162.7	179.0
Imports	58.5	64.0	75.9	94.4	136.9	127.6	156.0	185.0
Gov't. purchases of goods and services	218.9	233.7	253.1	269.5	303.3	339.0	365.6	395.9
Federal	95.6	96.2	102.1	102.2	111.6	124.4	133.4	144.6
State and local	123.2	137.5	151.0	167.3	191.6	214.5	232.2	251.2
Gross national product in constant (1972) dollars	1075.3	1107.5	1171.1	1235.0	1214.0	1191.7	1264.7	1329.5
Personal income	801.3	859.1	942.5	1052.4	1153.3	1249.7	1375.3	1526.5
Wage and salary disbursements	546.5	579.4	633.8	701.3	765.0	806.7	890.4	991.7
Disposable income	685.9	742.8	801.3	901.7	982.9	1080.9	1181.7	1304.8
Saving rate (per cent)	7.4	7.7	6.2	7.8	7.3	7.8	6.5	5.6
Corporate profits with I.V.A. and C.C. Adj.	67.9	77.2	92.1	99.1	84.8	91.6	117.8	127.5
Corporate profits before tax	71.5	82.0	96.2	115.8	127.6	114.5	147.9	162.4
Federal government surplus or deficit (-) (N.I.A. basis)	-12.1	-22.0	-17.3	-6.7	-11.5	-71.2	-58.6	-49.2
High employment surplus or deficit (-)	3.0	-5.3	-5.9	-.7	16.8	-17.2	-11.2	-3.3
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	22.8
Excluding social insurance funds	-4.0	-3.8	5.6	4.1	-2.8	-5.1	.9	8.1
Civilian labor force (millions)	82.8	84.1	86.5	88.7	91.0	92.6	94.8	97.3
Unemployment rate (per cent)	5.0	6.0	5.6	4.9	5.6	8.5	7.7	6.9
Nonfarm payroll employment (millions)	70.9	71.2	73.7	76.9	78.4	77.1	79.4	82.1
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	138.2
Capacity utilization: all manufacturing (per cent)	79.2	78.0	83.1	87.5	84.2	73.6	80.1	83.0
Materials (per cent)	84.3	83.1	88.0	92.4	87.7	73.6	80.3	82.5
Housing starts, private (millions, A.R.)	1.43	2.05	2.36	2.05	1.33	1.16	1.54	1.92
Sales new autos (millions, A.R.)	8.40	10.24	10.93	11.42	8.91	8.66	10.12	11.49
Domestic models	7.12	8.68	9.32	9.65	7.49	7.08	8.63	9.51
Foreign models	1.28	1.56	1.61	1.77	1.42	1.58	1.50	1.99

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CLASS II FOMC

CHANGES 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	191.6
Inventory change	-5.6	2.6	3.0	8.5	-7.2	-25.3	26.5	6.0
Final purchases	52.4	78.5	104.6	126.9	113.9	128.5	148.7	185.5
Private	41.4	63.7	85.2	110.5	80.1	92.8	122.1	155.3
Net exports	2.1	-2.3	-4.9	10.4	.4	13.0	-13.9	-12.6
Excluding net exports	39.3	66.0	90.1	100.1	79.7	79.8	136.0	167.8
Personal consumption expenditures	39.1	49.4	64.8	76.9	77.6	85.7	106.5	124.1
Goods	17.1	25.2	35.7	47.0	40.3	43.0	56.1	68.2
Services	21.9	24.3	29.0	29.9	37.3	42.8	50.4	55.9
Residential fixed investment	-1.3	13.0	12.4	4.1	-11.0	-3.9	16.5	20.5
Business fixed investment	1.6	3.6	12.7	19.2	13.2	-2.1	12.9	23.3
Government	11.0	14.8	19.4	16.4	33.8	35.7	26.6	30.3
Federal	-1.9	.6	5.9	.1	9.4	12.8	9.0	11.2
State and local	12.8	14.3	13.5	16.3	24.3	22.9	17.7	19.0
GNP in constant (1972) dollars	-3.5	32.2	63.6	63.9	-21.0	-22.3	73.0	64.8
Final purchases	2.8	29.9	60.8	56.8	-13.0	-1.8	52.9	61.4
Private	9.3	30.7	57.1	57.4	-16.9	-6.4	49.8	57.6
-----In Per Cent Per Year-----								
Gross National Product	5.0	8.2	10.1	11.6	8.2	7.3	11.6	11.3
Final purchases	5.7	8.0	9.9	10.9	8.8	9.2	9.7	11.0
Private	5.8	8.4	10.3	12.2	7.9	8.4	10.2	11.8
Personal consumption expenditures	6.7	8.0	9.7	10.5	9.6	9.7	10.9	11.5
Goods	5.1	7.2	9.5	11.4	8.8	8.6	10.4	11.4
Services	8.9	9.0	9.9	9.3	10.6	11.0	11.7	11.6
Gross private domestic investment	-3.7	13.6	17.7	16.8	-2.3	-14.6	30.5	20.8
Residential structures	-3.4	35.5	25.1	6.6	-16.7	-7.1	32.4	30.3
Business fixed investment	1.6	3.6	12.3	16.4	9.7	-1.4	8.7	14.6
Gov't. purchases of goods & services	5.3	6.8	8.3	6.5	12.5	11.8	7.9	8.3
Federal	-1.9	.6	6.1	.1	9.2	11.5	7.2	8.4
State and local	11.6	11.6	9.8	10.8	14.5	11.9	8.2	8.2
GNP in constant (1972) dollars	-.3	3.0	5.7	5.5	-1.7	-1.8	6.1	5.1
Final purchases	.3	2.8	5.5	4.9	-1.1	-.1	4.4	4.9
Private	1.1	3.7	6.7	6.3	-1.7	-.7	5.3	5.8
GNP implicit deflator	5.4	5.1	4.1	5.8	10.0	9.3	5.1	5.9
Gross business product fixed-weighted price index ^{1/}	4.4	4.4	3.3	5.7	10.2	9.3	5.2	6.3
Personal income	7.4	7.2	9.7	11.7	9.6	8.4	10.1	11.0
Wage and salary disbursements	6.2	6.0	9.4	10.7	9.1	5.5	10.4	11.4
Disposable income	8.8	8.3	7.9	12.5	9.0	10.0	9.3	10.4
Corporate profits before tax	-14.3	14.7	17.3	20.4	10.2	-10.3	29.2	9.8
Nonfarm payroll employment	.7	.4	3.5	4.3	2.0	-1.7	3.0	3.4
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	2.1
Compensation per hour	6.7	6.6	5.8	7.8	9.4	9.5	7.4	8.4
Unit labor costs	6.5	3.5	2.7	6.0	13.4	7.7	3.6	6.3
Industrial production	-3.0	1.7	9.2	8.4	-.4	-8.9	10.2	6.5
Housing starts	-2.7	43.4	15.1	-13.1	-35.1	-12.2	32.8	24.7
Sales new autos	-12.2	21.9	6.7	4.5	-22.0	-2.8	16.9	13.5
Domestic models	-15.8	21.9	7.4	3.5	-22.4	-5.5	21.9	10.2
Foreign models	15.3	21.9	3.2	9.9	-19.8	11.3	-5.1	32.7

^{1/} Using expenditures in 1972 as weights.

FEDERAL SECTOR ACCOUNTS
(Billions of dollars)

	Fiscal Year	FY 1977 e/ Admin. F.R.		FY 1978 e/ Admin. F.R. Cong.			CY 1976	CY 1977 e/ F.R.	F.R.B. staff estimates Calendar quarters; unadjusted data						
	1976*	est. 1/ Board		est. 1/ Board		est. 2/ Board	*	Board	1977			1978			
									I*	II	III	IV	I	II	III
Unified budget receipts	300.0	359.5	358.4	404.7	395.0	396.3	318.5	367.6	79.5	109.7	93.1	85.3	86.5	118.6	104.5
Unified budget outlays	366.5	408.2	405.4	462.6	457.8	461.0	375.1	415.8	98.2	104.0	104.3	109.3	110.5	117.0	121.0
Surplus(+)/Deficit(-), unified budget	-66.5	-48.7	-47.0	-57.9	-62.8	-64.7	-56.6	-48.2	-18.7	5.7	-11.2	-24.0	-24.0	1.6	-16.5
Surplus(+)/Deficit(-), off-budget agencies 3/	-7.3	-10.8	-9.8	-8.5	-6.8	n.a.	-5.7	-6.7	-4.3	.4	-6.4	3.6	-6.3	.3	-4.4
Means of financing combined deficits:															
Net borrowing from public	82.9	n.a.	46.7	n.a.	69.9	n.a.	69.0	49.9	17.6	-1.1	12.8	20.6	28.8	-.4	20.9
Decrease in cash operating balance	-7.2	n.a.	7.1	n.a.	.3	n.a.	-3.2	1.7	2.6	-5.1	3.8	.3	0.0	0.0	0.0
Other 4/	-1.9	n.a.	2.8	n.a.	-.5	n.a.	-3.5	3.2	2.7	.1	.9	-.5	1.5	-1.5	0.0
Cash operating balance, end of period	14.8	n.a.	10.3	n.a.	10.0	n.a.	11.7	10.0	9.0	14.1	10.3	10.0	10.0	10.0	10.0
Memo: Sponsored agency borrowing 5/	3.4	n.a.	5.6	n.a.	n.e.	n.a.	2.9	7.1	.7	2.5	2.0	1.9	n.e.	n.e.	n.e.
NIA Budget									Seasonally adjusted, annual rates						
Receipts	313.6	368.3	364.3 ^{6/}	421.2	n.e.	n.a.	330.3	375.9	366.3	370.3	377.7	389.2	403.4	416.6	n.e.
Outlays	373.0	419.1	415.1	468.4	463.5	n.a.	388.9	425.1	407.6	415.1	432.1	445.6	459.9	468.2	480.2
Purchases (total)	127.2	144.2	141.2	162.4	157.4	n.a.	133.4	144.6	138.2	141.3	146.6	152.5	155.7	159.3	162.2
Defense	85.8	92.8	92.8	105.0	102.4	n.a.	88.2	94.8	91.5	93.2	95.2	99.3	101.8	103.5	105.2
Non-defense	41.4	51.4	48.4	57.4	55.0	n.a.	45.2	49.8	46.7	48.1	51.4	53.2	53.9	55.8	57.0
All other outlays	245.8	274.9	273.8 ^{6/}	306.0	306.0	n.a.	255.5	280.4	269.4	273.8	285.5	293.1	304.2	308.9	318.0
Surplus(+)/Deficit(-)	-59.4	-51.0	-50.9 ^{6/}	-47.2	n.e.	n.a.	-58.6	-49.2	-41.3	-44.8	-54.4	-56.4	-56.5	-51.6	n.e.
High Employment Surplus(+)/Deficit(-) (NIA basis) 7/	-14.7	n.a.	-2.0	n.a.	n.e.	n.a.	-11.2	-3.3	10.1	.5	-10.2	-13.7	-13.5	-10.5	n.e.

*actual e--estimated r--revised n.e.--not estimated n.a.--not available p--preliminary

1/ OMB Current Budget Estimates, April 1977 and Department of Commerce.

2/ Congress' First Concurrent Resolution on the Budget (May 17, 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 \$.9 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.

CONFIDENTIAL (FR)
CLASS II FOMC

U.S. Net Exports and Related Items
(seasonally adjusted annual rates)

June 15, 1977

	1975	1976	1977 ^P	1 9 7 6				1 9 7 7 ^P				1978 ^P	
				I	II	III	IV	I	II	III	IV	I	II
<u>Billions of dollars</u>													
Net Exports of Goods and Services (GNP basis of net exports) <u>1/</u>	16.3 (20.5)	4.4 (6.6)	-8.5 (-6.0)	5.7 (8.4)	6.2 (9.3)	4.8 (4.7)	.9 (4.2)	-11.2 (-9.3) ^r	-10.0 (-7.7)	-6.6 (-3.9)	-6.0 (-3.0)	-6.9 (-3.8)	-10.3 (-7.1)
Merchandise trade balance (excl. military)	9.0	-9.2	-25.1	-5.3	-6.1	-11.1	-14.3	-27.3 ^r	-26.6	-23.4	-23.0	-24.1	-27.7
Exports (excl. military)	107.1	114.7	124.1	108.0	113.5	118.4	118.9	118.4 ^r	122.5	126.1	129.4	133.7	138.2
Agricultural	22.2	23.4	24.8	21.5	23.1	25.3	23.7	24.4 ^r	25.2	25.1	24.4	24.8	25.0
Nonagricultural	84.8	91.3	99.3	86.5	90.5	93.1	95.2	94.0 ^r	97.3	101.0	105.0	108.9	113.2
Imports	98.1	123.9	149.2	113.3	119.7	129.5	133.2	145.7 ^r	149.1	149.5	152.4	157.8	165.9
Fuels	28.5	37.1	43.9	32.5	35.3	40.1	40.7	46.7 ^r	45.5	42.3	41.2	42.4	45.9
Nonfuels	69.5	86.8	105.3	80.8	84.4	89.5	92.5	99.0 ^r	103.6	107.2	111.2	115.4	120.0
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 (--)	-13.3 (-13.3)	1.2 (1.3)	2.6 (2.3)	-2.9 (-.2)	-3.3 (-3.5)	-15.9 (-15.9)	-14.8 (-14.8)	-11.6 (-11.6)	-11.0 (-11.0)	-11.9 (-11.9)	-15.3 (-15.3)
<u>Constant (1972) dollars</u>													
Merchandise exports (excl. military) (% change, annual rates)	64.6 (-2.4)	66.5 (+2.9)	67.4 (+1.3)	63.8 (-16.1)	66.5 (+17.4)	68.4 (+12.6)	67.3 (-6.6)	66.4 (-5.3)	67.0 (+4.0)	67.6 (+4.0)	68.5 (+5.3)	69.7 (+7.4)	70.9 (+7.4)
Merchandise imports (% change, annual rates)	51.3 (-12.5)	62.6 (+22.0)	69.1 (+10.4)	58.7 (+41.7)	60.9 (+15.6)	64.9 (+29.1)	66.1 (+7.4)	69.5 (+22.5)	69.7 (+1.2)	68.7 (+6.1)	69.1 (+2.6)	70.7 (+9.5)	73.4 (+16.5)
<u>Foreign Outlook - Major Industrial Countries <u>4/</u></u>													
Real GNP, % change, annual rates	-8	5.0	3.8	9.5	3.2	1.6	3.2	4.9	4.1	4.1	5.3	5.3	4.9
Wholesale Prices, % change, A.R. <u>5/</u>	5.8	9.5	9.8	11.3	17.0	11.7	8.7	10.8	9.1	7.4	7.0	6.1	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.

^{p/} Projected.

^{e/} Estimated.

^{r/} Revised.

CONFIDENTIAL (FR)

June 15, 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				
	Year	QIV	QI ^e /	Apr. ^e /	May ^e /	June ^f /	July ^f /
	<u>Gross offerings</u>						
Corporate securities--							
Total	4,446	4,652	3,882	3,450	3,350	4,000	3,200
Publicly offered bonds	2,204	2,184	2,148	1,800	1,300	1,800	1,500
By quality 1/							
Aaa and Aa	1,050	792	1,230	1,125	525	--	--
Less than Aa 2/	1,154	1,392	918	675	775	--	--
By type of borrower							
Utility	675	732	734	870	385	--	--
Industrial	874	805	710	750	150	--	--
Other	655	647	704	180	765	--	--
Privately placed bonds	1,317	1,615	927	1,200	1,000	1,200	900
Stocks	924	853	807	450	1,050	1,000	800
By type of issuer							
Manufacturing	186	69	105	150	50	--	--
Public utility	575	589	564	160	850	--	--
Other	163	195	138	140	150	--	--
Foreign securities--							
Total	857	816	464	745	525	--	--
Publicly offered 3/	520	598	286	600	350	825	300
Privately placed	337	218	178	145	175	--	--
State and local gov't. securities--Total	4,771	4,371	5,152	8,500	5,600	5,800	4,800
Long-term	2,948	3,053	3,565	3,500	4,200	4,200	3,500
Short-term	1,823	1,318	1,587	5,000	1,400	1,600	1,300
	<u>Net offerings</u>						
U.S. Treasury	4,850	5,435	4,703	-2,400	-2,500	1,300	1,500
Sponsored Federal agencies	361	647	678	5	527	970	364

1/ Bonds categorized according to Moody's bond ratings.

2/ Includes issues not rated by Moody's.

3/ Classified by original offering date.

e/ Estimated.

f/ Forecast.

Table 1

Real Fixed Gross Investment in Major Industrial Countries, 1970-77
(Percentage Change from Preceding Period)

IV . 15

	1970-74			1976				f
	Annual	1975	1976	(Seasonally Adjusted)				1977
	Average	Year	Year	Q1	Q2	Q3	Q4	Year
Canada - Total	6.4	1.8	2.2	-1.2	1.6	-5.6	2.7	-0.4
Mach., Equip., & Non-Res. Construction	5.7	5.0	-2.9	-2.7	0.4	-7.7	4.3	
Residential Construction	8.8	8.0	18.8	3.6	4.8	0.3	-1.3	
France - Total	5.6	-3.4	4.5 ^P					0.7
Mach., Equip., & Non-Res. Construction	5.0	-3.8	6.8					
Residential Construction	7.0	-2.6	-0.1					
Germany - Total	2.3	-4.2	4.7	0.9	1.4	-1.1	2.9	4.5
Mach., Equip., & Non-Res. Construction	2.4	-2.3	5.5					
Residential Construction	1.9	-12.1	1.7					
Italy - Total	2.3	-13.0	2.3	2.6	1.4	0.7	3.6	2.0
Mach., Equip., & Non-Res. Construction	3.9	-13.8	3.7					
Residential Construction	-1.4	-10.9	-1.2					
Japan - Total	5.7	-2.8	4.8	4.9	2.2	-0.2	-1.7	5 - 5-1/2
Machinery & Equip. (Private)	4.5	-13.1	1.7	3.2	1.2	00.4	0.5	
Dwellings (Private)	6.2	7.3	10.8	11.4	-1.2	0.1	-3.5	
Government	9.0	11.1	5.6	2.7	6.6	1.2	-3.7	
United Kingdom - Total	1.8	-1.3	-4.3	0.7	-2.7	-0.1	-3.2	-3.3
Mach. Equip., & Non-Res. Construction	2.0	-2.9	-5.2	0.2	-1.4	-0.3	-3.9	
Residential Construction	0.8	6.8	-0.3	2.8	-8.2	0.7	0.0	
United States - Total	3.95	-13.7	8.7	2.8	2.5	2.7	2.4	11.5
Mach. Equip., & Non-Res. Construction	4.1	-13.3	3.9	1.9	2.0	2.3	0.2	
Residential Construction	4.9	-14.7	22.7	5.3	3.6	3.7	7.8	

Sources: 1970-76 national sources. Blanks indicate data not available.

p = preliminary.

f = forecast -- OECD, national sources and FRB staff.

CONFIDENTIAL (FR)
CLASS II - FOMC

June 17, 1977

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

The book value of retail trade inventories rose at a \$7.6 billion annual rate in April--substantially slower than the \$18.2 billion annual rate rise in March and \$12.0 billion rate increase in the first quarter. On net, all of the April accumulation was at non-durables retailers--particularly general merchandise stores. Durable goods sellers actually reduced their stocks by about \$.4 billion; excluding autos, however, durable stocks were up \$.5 billion in the month.

Manufacturing and trade inventories were accumulated in April in book value terms at a \$35.6 billion annual rate, slightly more than the \$32.8 billion first quarter gain. The ratio of inventories to sales for all manufacturing and trade in April edged up to 1.45 from 1.43 in March.

The Domestic Financial Economy

No textual addendums to the Greenbook were required, but the usual updating of interest rate developments is contained in the table on page 7.

ERRATA

Part I: Page I-2, line 10: change "April" to "March".

Page I-16, line 14: change "smaller to" to
"similar to".

Part II: Page II-15, line 16: change "nonresidential" to
"residential".

Page III-16, line 18: change "sales of FNMA" to
"sales to FNMA".