

CONFIDENTIAL (FR)

June 14, 1978

SUMMARY AND OUTLOOK

By the Staff
Board of Governors
of the Federal Reserve System

SUMMARY AND OUTLOOK

Actual.

June 14, 1978

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CONFIDENTIAL - FR
CLASS II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS
(Quarterly figures are seasonally adjusted. Expenditures and income
figures are billions of current dollars at annual rates.)

	1977		1978				1979	
	III	IV	I	II	III	IV	I	II
Gross national product	1915.9	1961.8	1993.4	2078.2	2132.4	2187.2	2250.0	2308.5
Final purchases	1892.2	1948.2	1973.7	2053.0	2106.2	2159.5	2220.5	2277.8
Private	1491.3	1534.4	1557.1	1622.9	1665.7	1705.3	1755.6	1802.2
Excluding net exports	1498.8	1552.6	1581.7	1641.3	1679.5	1719.0	1769.4	1815.7
Personal consumption expenditures	1218.9	1259.5	1281.9	1327.2	1358.9	1392.2	1435.9	1474.7
Goods	659.4	685.9	687.1	714.9	731.3	749.1	773.6	793.5
Services	559.5	573.7	594.8	612.3	627.6	643.1	662.3	681.2
Gross private domestic investment	303.6	306.7	319.5	339.3	346.8	354.5	363.0	371.7
Residential construction	92.5	99.7	100.1	104.6	105.1	105.1	105.1	105.6
Business fixed investment	187.5	193.5	199.7	209.5	215.5	221.7	228.4	235.4
Change in business inventories	23.6	13.5	19.7	25.2	26.2	27.7	29.5	30.7
Nonfarm	23.1	9.0	18.9	24.4	26.2	27.7	29.5	30.7
Net exports of goods and services ^{1/}	-7.5	-18.2	-24.6	-18.4	-13.8	-13.7	-13.8	-13.5
Exports	179.9	170.6	180.3	192.5	200.5	208.5	219.1	226.7
Imports	187.4	188.8	204.8	210.8	214.2	222.1	232.8	240.1
Gov't. purchases of goods and services	400.9	413.8	416.6	430.1	440.5	454.2	464.9	475.6
Federal ^{2/}	148.1	153.8	152.7	154.7	158.1	164.5	168.1	171.8
State and local	252.9	260.0	263.9	275.4	282.4	289.7	296.8	303.8
Gross national product in constant (1972) dollars	1347.4	1360.2	1358.8	1387.7	1400.4	1411.3	1426.9	1440.6
Personal income	1549.8	1603.0	1638.8	1691.7	1737.3	1783.0	1830.9	1876.6
Wage and salary disbursements	998.9	1029.1	1058.4	1095.6	1119.1	1146.4	1181.0	1210.3
Disposable personal income	1323.8	1368.3	1402.1	1444.2	1477.6	1517.2	1567.6	1604.7
Saving rate (per cent)	5.5	5.6	6.1	5.7	5.6	5.8	6.0	5.7
Corporate profits with I.V.A. and C.C. Adj.	149.0	144.8	126.8	148.8	157.4	158.3	158.3	162.7
Corporate profits before tax	172.8	178.3	172.2	194.9	200.1	200.7	201.2	206.1
Federal government surplus or deficit (N.I.A. basis)	-58.9	-60.0	-55.7	-41.8	-39.7	-40.3	-41.3	-36.4
High employment surplus or deficit (-)	-20.4	-22.1	-9.7	-3.8	-1.2	.5	-.8	4.6
State and local government surplus or deficit (-) (N.I.A. basis)	32.9	31.1	33.7	30.7	27.9	25.3	22.5	20.2
Excluding social insurance funds	17.4	15.4	17.6	14.1	10.8	7.7	4.4	1.6
Civilian labor force (millions)	97.6	98.6	99.2	100.2	100.7	101.2	101.8	102.3
Unemployment rate (per cent)	6.9	6.6	6.2	6.1	6.0	6.0	5.9	5.9
Nonfarm payroll employment (millions)	82.5	83.2	84.1	85.3	85.6	86.1	86.7	87.2
Manufacturing	19.6	19.8	20.1	20.2	20.3	20.4	20.7	20.9
Industrial production (1967=100)	138.4	139.3	139.7	143.6	145.6	147.5	150.3	152.4
Capacity utilization: all mfg. (per cent)	83.0	82.9	82.1	83.5	84.0	84.3	85.0	85.5
Materials (per cent)	82.3	82.2	81.7	83.8	84.4	84.8	85.9	86.5
Housing starts, private (million units, A.R.)	2.04	2.15	1.73	2.00	1.80	1.75	1.70	1.70
New autos sales, (millions, A.R.)	10.92	10.75	10.80	11.95	11.00	10.55	10.80	10.75
Domestic models	8.88	8.77	8.80	9.90	9.00	8.60	8.90	8.90
Foreign models	2.04	1.98	2.00	2.05	2.00	1.95	1.90	1.85

^{1/} Balance of payments data and details 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.

CONFIDENTIAL - FR
CLASS II FOMC

PER CENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS
(Annual rates compounded quarterly)

	1977		I	1978				1979	
	III	IV		II	Projected		I	II	
					III	IV			
<u>Constant (1972) dollars</u>									
Gross national product	5.1	3.8	-4	8.8	3.7	3.2	4.5	3.9	
Final purchases	4.4	6.1	-1.9	7.7	3.5	3.0	4.2	3.6	
Private	4.0	6.5	-1.4	7.9	3.4	2.8	4.5	3.7	
Excluding net exports	2.9	9.1	-5	6.5	2.5	2.6	4.3	3.5	
Personal consumption expenditures	3.0	9.3	-1.0	5.5	2.9	3.0	5.0	3.9	
Goods	.9	13.8	-7.6	7.2	3.1	3.2	5.7	3.7	
Services	5.4	4.3	7.5	3.5	2.6	2.8	4.3	4.1	
Gross private domestic investment	7.5	-6.4	12.8	19.0	2.2	2.2	3.4	3.8	
Residential structures	-7	17.6	-5.3	9.9	-6.1	-7.8	-7.8	-6.1	
Business fixed investment	3.9	4.0	5.5	12.1	4.3	4.7	5.2	5.1	
Gov't. purchases of goods and services	6.1	4.3	-3.7	6.8	4.1	3.6	2.8	3.3	
Federal	8.9	3.4	-9.0	-1	5.7	3.9	2.4	4.3	
State and local	4.4	4.9	-4	11.1	3.1	3.5	3.1	2.8	
Disposable personal income	4.3	9.5	1.7	3.4	2.6	4.0	5.8	2.6	
<u>Current dollars</u>									
Gross national product	10.2	9.9	6.6	18.1	10.8	10.7	12.0	10.8	
Final purchases	9.9	12.4	5.3	17.1	10.8	10.5	11.8	10.7	
Private	9.6	12.1	6.1	18.0	11.0	9.9	12.3	11.0	
Excluding net exports	8.9	15.1	7.7	16.0	9.6	9.7	12.3	10.9	
Personal consumption expenditures	8.6	14.0	7.3	14.9	9.9	10.2	13.2	11.1	
Goods	4.0	17.1	.7	17.2	9.5	10.1	13.7	10.7	
Services	14.3	10.5	15.6	12.3	10.4	10.3	12.5	11.9	
Gross private domestic investment	12.4	4.1	17.8	27.2	9.1	9.2	9.9	9.9	
Residential structures	7.7	35.0	1.7	19.2	1.9	.0	.0	1.9	
Business fixed investment	11.6	13.4	13.4	21.2	12.0	12.0	12.6	12.8	
Gov't. purchases of goods and services	11.0	13.5	2.8	13.6	10.0	13.0	9.8	9.5	
Federal	12.9	16.3	-2.6	5.3	9.1	17.2	9.0	9.1	
State and local	9.9	11.8	6.1	18.6	10.6	10.7	10.2	9.8	
Disposable personal income	10.0	14.2	10.3	12.6	9.6	11.2	13.9	9.8	
Personal Income	8.9	14.5	9.2	13.6	11.2	10.9	11.2	10.4	
Wage and salary disbursements	7.5	12.7	11.9	14.8	8.9	10.1	12.6	10.3	
Corporate profits with IVA & C.C. Adj.	27.6	-10.8	-41.2	89.6	25.2	2.3	.0	11.6	
Corporate profits before tax	-2.7	13.4	-13.0	64.1	10.9	1.2	1.1	10.1	
Nonfarm payroll employment	3.3	3.2	4.5	5.8	1.5	2.2	2.6	2.5	
Manufacturing	1.3	2.7	6.6	3.2	1.1	2.8	5.0	3.4	
Nonfarm business sector									
Output per hour	3.8	2.3	-2.7	3.0	3.3	1.8	2.1	2.0	
Compensation per hour	7.5	8.2	13.6	7.7	7.9	8.0	12.4	8.7	
Unit labor costs	3.5	5.8	16.8	4.7	4.6	6.0	10.1	6.6	
GNP implicit deflator 1/	4.8	5.9	7.1	8.6	6.9	7.3	7.2	6.7	
Gross business product fixed-weighted price index 2/	5.0	5.4	6.5	9.3	7.0	7.0	7.7	7.3	
Industrial production	4.2	2.6	1.2	11.6	5.7	5.3	7.8	5.7	

^{1/} Excluding Federal pay increase rates of change are: 1977 QIV, 5.1 per cent; 1978 QI, 7.0 per cent; 1978 QIV, 6.7 per cent; 1979 QI, 7.1 per cent.

^{2/} Using expenditures in 1972 as weights.

CONFIDENTIAL - FR
CLASS II FOMC

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

	1971	1972	1973	1974	1975	1976	1977	Projected 1978
Gross national product	1063.4	1171.1	1306.6	1412.9	1528.8	1706.5	1889.6	2097.8
Final purchases	1057.1	1161.7	1288.6	1404.0	1540.3	1693.1	1871.4	2073.1
Private	823.4	908.6	1019.1	1101.3	1201.4	1331.7	1476.4	1637.8
Excluding net exports	821.8	911.9	1012.0	1095.3	1181.0	1323.9	1487.3	1655.4
Personal consumption expenditures	668.2	733.0	809.9	889.6	980.4	1094.0	1211.2	1340.0
Goods	374.8	410.5	457.5	498.3	542.2	601.6	660.5	720.6
Services	293.4	322.4	352.3	391.3	438.2	492.3	550.7	619.4
Gross private domestic investment	160.0	188.3	220.0	214.6	189.1	243.3	294.2	340.0
Residential construction	49.6	62.0	66.1	55.1	51.5	68.0	91.0	103.7
Business fixed investment	104.1	116.8	136.0	150.6	149.1	161.9	185.1	211.6
Change in business inventories	6.4	9.4	17.9	8.9	-11.5	13.3	18.2	24.7
Nonfarm	5.1	8.8	14.7	10.8	-15.1	14.9	17.1	24.3
Net exports of goods and services ^{1/}	1.6	-3.3	7.1	6.0	20.4	7.8	-10.9	-17.6
Exports	65.6	72.7	101.6	137.9	147.3	162.9	174.7	195.4
Imports	64.0	75.9	94.4	131.9	126.9	155.1	185.6	213.0
Gov't. purchases of goods and services	233.7	253.1	269.5	302.7	338.9	361.4	395.0	435.3
Federal ^{2/}	96.2	102.1	102.2	111.1	123.3	130.1	145.4	157.5
State and local	137.5	151.0	167.3	191.5	215.6	231.2	249.6	277.8
Gross national product in constant (1972) dollars	1107.5	1171.1	1235.0	1217.8	1202.1	1274.7	1337.3	1389.5
Personal income	859.1	942.5	1052.4	1154.9	1253.4	1382.7	1536.7	1712.7
Wage and salary disbursements	579.4	633.8	701.3	764.6	805.7	891.8	990.0	1104.9
Disposable personal income	742.8	801.3	901.7	984.6	1084.4	1185.8	1309.2	1460.3
Saving rate (per cent)	7.7	6.2	7.8	7.3	7.4	5.6	5.1	5.8
Corporate profits with I.V.A. and C.C. Adj.	77.2	92.1	99.1	83.6	99.3	128.1	139.9	147.8
Corporate profits before tax	82.0	96.2	115.8	126.9	123.5	156.9	171.7	192.0
Federal government surplus or deficit (-) (N.I.A. basis)	-22.0	-17.3	-6.7	-10.7	-70.2	-54.0	-49.5	-44.4
High employment surplus or deficit (-)	-5.3	-5.9	-7	17.1	-20.3	-10.4	-8.7	-3.5
State and local government surplus or deficit (-) (N.I.A. basis)	3.7	13.7	13.0	7.5	5.9	18.4	29.2	29.4
Excluding social insurance funds	-3.8	5.6	4.1	-2.9	-6.2	3.9	13.7	12.5
Civilian labor force (millions)	84.1	86.5	88.7	91.0	92.6	94.8	97.4	100.3
Unemployment rate (per cent)	5.9	5.6	4.9	5.6	8.5	7.7	7.0	6.1
Nonfarm payroll employment (millions)	71.2	73.7	76.9	78.4	77.1	79.4	82.1	85.3
Manufacturing	18.6	19.1	20.1	20.0	18.3	19.0	19.6	20.3
Industrial production (1967=100)	109.6	119.7	129.8	129.3	117.8	129.8	137.1	144.1
Capacity utilization: all manufacturing (per cent)	78.0	83.1	87.5	84.2	73.6	80.2	82.4	83.5
Materials (per cent)	83.1	88.0	92.4	87.7	73.6	80.4	81.9	83.7
Housing starts, private (million units, A.R.)	2.05	2.36	2.05	1.34	1.16	1.54	1.19	1.82
New auto sales, (millions, A.R.)	10.24	10.93	11.42	8.91	8.66	10.12	11.13	11.08
Domestic models	8.68	9.32	9.65	7.49	7.08	8.63	9.07	9.08
Foreign models	1.56	1.61	1.77	1.42	1.58	1.50	2.06	2.00

- ^{1/} Balance of payments data and details 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 EOMOPER CENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1971	1972	1973	1974	1975	1976	1977	Projected 1978
<u>Constant (1972) dollars</u>								
Gross national product	3.0	5.7	5.5	-1.4	-1.3	6.0	4.9	3.9
Final purchases	2.8	5.5	4.9	-1.7	.2	4.5	4.7	3.5
Private	3.7	6.7	6.3	-1.4	-.3	5.6	5.3	3.6
Excluding net exports	4.0	7.0	5.1	-2.3	-1.0	6.4	6.0	3.9
Personal consumption expenditures	3.4	5.9	4.7	-.9	1.9	6.0	4.9	3.5
Goods	21.4	6.5	5.0	-3.4	.9	6.9	5.1	2.5
Services	3.0	5.3	4.4	2.3	3.0	4.9	4.6	4.7
Gross private domestic investment	7.8	12.9	10.0	-11.4	-22.0	22.2	13.0	8.0
Residential structures	29.2	18.8	-3.7	-24.6	-13.8	22.9	19.3	4.4
Business fixed investment	-1.8	8.1	12.2	-.3	-13.7	3.6	8.6	6.0
Gov't. purchases of goods and services	-.3	1.5	-.2	2.1	2.1	.5	2.5	3.2
Federal	-6.1	-1.7	-5.4	-.8	.9	-.2	5.1	1.3
State and local	4.3	3.8	3.2	3.8	2.8	1.0	1.1	4.4
Disposable personal income	3.7	4.2	6.7	-1.5	1.8	3.8	4.6	4.3
<u>Current dollars</u>								
Gross national product	8.2	10.1	11.6	8.1	8.2	11.6	10.7	11.0
Final purchases	8.0	9.9	10.9	8.9	9.7	9.9	10.5	10.8
Private	8.4	10.3	12.2	8.0	9.1	10.8	10.9	10.9
Excluding net exports	8.7	11.0	11.0	8.2	7.8	12.1	12.3	11.3
Personal consumption expenditures	8.0	9.7	10.5	9.8	10.2	11.6	10.7	10.6
Goods	7.2	9.5	11.4	8.9	8.8	11.0	9.8	9.1
Services	9.0	9.9	9.3	11.1	12.0	12.3	11.9	12.1
Gross private domestic investment	13.6	17.7	16.8	-2.5	-11.9	28.7	20.9	15.6
Residential structures	35.5	25.0	6.6	-16.6	-6.5	32.0	33.8	14.0
Business fixed investment	3.6	12.2	16.4	10.7	-1.0	8.6	14.3	14.3
Gov't. purchases of goods and services	6.8	8.3	6.5	12.3	12.0	6.6	9.3	10.2
Federal	.6	6.1	.1	8.7	11.0	5.5	11.8	8.3
State and local	11.6	9.8	10.8	14.5	12.6	7.2	8.0	11.3
Disposable personal income	8.3	7.9	12.5	9.2	10.1	9.4	10.4	11.5
Personal income	7.2	9.7	11.7	9.7	8.5	10.3	11.1	11.5
Wage and salary disbursements	6.0	9.4	10.6	9.0	5.4	10.7	11.0	11.6
Corporate profits with IVA & C.C. Adj.	13.7	19.3	7.6	-15.6	18.8	29.0	9.1	5.6
Corporate profits before tax	14.7	17.3	20.4	9.6	-2.7	27.0	9.4	11.8
Nonfarm payroll employment	.4	3.5	4.3	2.0	-1.7	3.1	3.4	3.8
Manufacturing	-4.0	2.8	5.1	-.1	-8.5	3.3	3.2	3.6
Nonfarm business sector								
Output per hour	2.9	3.0	1.7	-2.9	1.6	4.1	2.2	1.4
Compensation per hour	6.6	5.8	7.8	9.4	9.6	8.7	8.8	9.1
Unit labor costs	3.5	2.7	6.0	12.7	7.9	4.5	6.4	7.8
GNP implicit deflator	5.1	4.1	5.9	9.7	9.6	5.3	5.5	6.8
Gross business product fixed-weighted price index ^{1/}	4.4	3.3	5.7	10.3	9.5	5.5	5.9	6.7
Industrial production	1.7	9.2	8.4	-.4	-8.9	10.2	5.6	5.1

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

FEDERAL SECTOR ACCOUNTS
(billions of dollars)

June 14, 1978

	F.R. Staff Estimates																
	FY 1977*	FY 1978 e/		FY 1979 e/			CY 1977*	CY78e/	Calendar quarters; unadjusted data								
		Admin. 1/	F.R. Board	Admin. 1/	F.R. Board	Cong. 2/		F.R. Board	1977								
									IV*	I*	II	III	IV	I	II	III	
Unified budget receipts	356.9	400.5	400.3	439.8	448.9	447.9	365.2	412.9	84.5	84.9	125.4	105.4	97.2	98.7	136.2	116.8	
Unified budget outlays	401.9	453.5	452.4	499.4	498.0	498.8	416.1	461.9	113.3	110.7	111.9	116.5	122.8	121.3	124.5	129.5	
Surplus(+)/Deficit(-), unified budget	-45.0	-53.0	-52.1	-59.6	-49.1	-50.9	-50.9	-49.0	-28.8	-25.8	13.5	-11.1	-25.6	-22.6	11.7	-12.7	
Surplus(+)/Deficit(-), off-budget agencies 3/	-8.7	-11.5	-12.2	-12.5	-11.5	n.a.	-10.4	-12.6	-1.3	-3.6	-2.4	-4.9	-1.7	-3.9	-1.3	-4.6	
Means of financing combined deficits:																	
Net borrowing from public	53.5	57.2	53.7	74.7	63.6	n.a.	56.8	59.6	20.7 ^{8/}	20.8	0.4	11.8	26.6	25.5	-8.5	20.0	
Decrease in cash operating balance	-1.7	n.a.	8.0	0	-0.9	n.a.	-0.6	0.3	6.8 ^{8/}	5.9	-9.6	4.9	-0.9	0	0	0	
Other 4/	1.9	n.a.	2.8	-2.6	-2.0	n.a.	5.3	1.8	2.6	2.8	-1.9	-0.7	1.6	1.0	-1.9	-2.7	
Cash operating balance, end of period	19.1	12.0	11.1	12.0	12.0	n.a.	12.3	12.0	12.3	6.4	16.0	11.1	12.0	12.0	12.0	12.0	
Memo: Sponsored agency borrowing 5/	5.2	n.a.	19.3	n.a.	12.3	n.a.	6.8	20.6	2.0	4.5	6.1	6.7	3.3	1.0	3.5	4.5	
NIA Budget									Seasonally adjusted annual rates								
Receipts	361.9 ^{6/}	410.9	406.0 ^{6/}	451.6 ^{9/}	n.e.	n.a.	373.9	423.0	386.3	395.1	416.7	433.2	447.1	453.0	466.6	n.e.	
Expenditures	411.9	457.0	457.2	503.4	501.9	n.a.	423.4	467.7	446.3	450.8	458.5	473.1	488.2	495.8	504.8	519.0	
Purchases (total)	140.6	156.0	154.8	171.4	170.0	n.a.	145.5	157.5	153.8	152.7	154.7	158.1	164.5	168.1	171.8	175.6	
Defense	91.8	99.3	100.0	107.6	107.9	n.a.	94.3	101.6	98.5	99.5	100.6	101.5	104.6	105.5	109.0	111.5	
Non-defense	48.8	56.7	54.8	63.8	62.1	n.a.	51.2	55.9	55.3	53.2	54.1	56.6	59.9	61.6	62.8	64.1	
All other expenditures	271.4 ^{6/}	301.0	302.4 ^{6/}	332.0	331.9	n.a.	278.0	310.2	292.5	298.1	303.8	315.0	323.7	327.7	333.0	349.6	
Surplus(+)/Deficit(-)	-50.0 ^{6/}	-46.1	-51.2 ^{6/}	-51.8	n.e.	n.a.	-49.5	-44.7	-60.0	-55.7	-41.8	-39.9	-41.1	-42.8	-38.2	n.e.	
High Employment Surplus(+)/Deficit(-)																	
(NIA basis) 7/	-5.0	n.a.	-9.2	n.a.	2.4	n.a.	-8.7	-3.5	-22.1	-9.7	-3.8	-1.2	0.5	-0.8	4.6	5.3	
actual	e--estimated	r--revised	n.e.--not estimated	n.a.--not available	p--preliminary												

- 1/ The Budget of the United States Government, Fiscal Year 1979, January 1978 and OMB Current Budget Estimates, March 1978. The Administration has not yet published official fiscal year 1979 estimates that are consistent with its revised tax proposal.
- 2/ Congress' First Concurrent Resolution on the Budget (May 17, 1978).
- 3/ Includes Federal Financing Bank, Postal Service, U.S. Railway Association, Rural Electrification and Telephone Revolving fund, Housing for the Elderly or Handicapped Fund (until October 1977), 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 \$1.7 billion for fiscal year 1977 and by \$1.8 billion for fiscal year 1978 due to spreading of wage base effect over calendar year.
- 7/ Estimated by F.R.B. staff.
- 8/ Includes \$2.5 billion of borrowing from the Federal Reserve on September 30 which was repaid October 4.
- 9/ NIA estimates consistent with the March Update. The Survey of Current Business, March 1978.

	1976	1977 ^F	1978 ^P	1977 ^F				1978 ^P				1979 ^P	
				I	II	III	IV	I	II	III	IV	I	II
1. <u>GNP NET EXPORTS</u> - Intl Acct. data	7.8	-10.5	-13.5	-7.4	-4.5	-6.4	-23.6	-20.5	-14.3	-9.6	-9.6	-9.7	-9.4
2. (GNP net exports - GNP Acct. data) <u>1/</u>	(7.8)	(-10.9)	(-17.6)	(-8.2)	(-9.7)	(-7.5)	(-18.6)	(-24.6)*	(-18.4)	(-13.8)	(-13.7)	(-13.8)	(-13.5)
3. a) Merchandise Trade Balance	-9.3	-31.4	-39.1	-28.0	-26.4	-29.7	-41.5	-44.5*	-39.5	-35.8	-36.5	-38.1	-38.2
4. Exports (excl. military)	114.7	120.5	134.1	117.9	122.5	123.9	117.7	122.7*	132.3	137.9	143.6	151.0	157.1
5. Agricultural	23.4	24.4	26.8	24.9	26.1	23.8	22.6	26.0*	28.0	26.5	26.5	27.0	27.0
6. Nonagricultural	91.3	96.1	107.3	93.0	96.4	100.1	95.1	96.7*	104.3	111.4	117.1	124.0	130.1
7. Imports	124.0	151.9	173.2	146.0	149.0	153.6	159.2	167.2*	171.8	173.7	180.1	189.1	195.3
8. Petroleum and petrol. products	34.6	45.0	44.6	46.3	46.1	45.2	42.2	39.8*	43.8	45.7	49.1	50.7	52.1
9. Nonpetroleum	89.4	107.0	128.6	99.7	102.8	108.4	117.0	127.4*	128.0	128.0	131.0	138.4	143.2
10. b) Military transactions, net <u>2/</u>	--	1.0	2.6	1.7	.8	1.8	-.2	2.1	2.4	2.8	3.1	3.5	3.6
11. c) Investment income, net <u>3/</u>	14.3	17.4	20.3	17.6	18.9	18.2	15.2	19.3	20.1	20.7	20.9	22.1	22.2
12. d) Other services, net <u>4/</u>	2.7	2.5	2.7	1.4	2.2	3.3	2.9	2.6	2.7	2.7	2.9	2.8	2.9
13. <u>U.S. CURRENT ACCOUNT BALANCE</u>	-1.4	-20.4	-28.5	-16.6	-14.1	-16.7	-34.1	-34.6	-28.9	-24.6	-25.8	-27.0	-27.3
14. a) GNP net exports (line 1.)	7.8	-10.5	-13.5	-7.4	-4.5	-6.4	-23.6	-20.5	-14.3	-9.6	-9.6	-9.7	-9.4
15. b) U.S. Govt & private transfers <u>5/</u>	-9.2	-9.9	-15.0	-9.2	-9.6	-10.3	-10.5	-14.1	-14.6	-15.0	-16.2	-17.3	-17.9
<u>Constant (1972) dollars</u>													
16. Merchandise exports (excl. military)	66.7	67.0	69.4	66.2	67.7	68.9	65.0	65.7	69.1	70.6	72.2	74.3	76.0
17. (% change, annual rates)	(3.4)	(0.4)	(3.6)	(-7.0)	(10.0)	(7.0)	(-24.8)	(4.5)	(22.9)	(8.2)	(9.5)	(12.6)	(9.1)
18. Merchandise imports	62.8	71.2	74.9	70.1	69.9	71.1	73.5	74.4	75.1	74.6	75.6	77.5	78.9
19. (% change, annual rates)	(22.5)	(13.4)	(5.2)	(26.7)	(-1.2)	(7.4)	(14.3)	(4.9)	(3.7)	(-2.8)	(6.1)	(10.4)	(7.4)
<u>Foreign Outlook - Major Industrial Countries <u>6/</u></u>													
20. Real GNP, % change, annual rates	5.2	2.9	3.8	5.2	.6	1.2	3.6	4.6	4.7	4.1	4.2	4.8	4.5
21. Wholesale Prices, % change, A.R. <u>7/</u>	9.4	8.7	4.9	10.6	7.4	3.6	2.6	5.3	5.9	5.8	5.7	5.7	5.9

1/ Differs from 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, remittances and pensions, and exports to Israel financed by U.S. military assistance grants.

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.

*/ Published data.

NOTE: 1977 trade data include revised seasonal factors which have not yet been published.

CONFIDENTIAL (FR)

June 14, 1978

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)

	1977		1978				
	Year	QIV	QI ^{e/}	Apr. ^{e/}	May ^{e/}	June ^{f/}	July ^{f/}
	<u>Gross offerings</u>						
Corporate securities--total	4,518	5,361	3,390	3,300	3,200	3,800	3,100
Publicly offered bonds	2,016	1,955	1,582	2,000	1,700	1,800	1,700
By quality <u>1/</u>							
Aaa and Aa	1,089	1,010	765	1,125	825	--	--
Less than Aa <u>2/</u>	927	945	817	875	875	--	--
By type of borrower							
Utility	692	660	475	425	500	--	--
Industrial <u>3/</u>	700	490	546	675	700	--	--
Financial	624	805	561	900	500	--	--
Privately placed bonds	1,501	2,000	1,155	800	800	1,200	800
Stocks	1,001	1,406	653	500	700	800	600
Foreign securities--total	621	482	537	554	860	--	--
Publicly offered <u>4/</u>	437	342	425	550	650	300	300
Privately placed	184	140	112	4	210	--	--
State and local govt. securities--total	5,771	4,812	5,096	8,489	7,100	5,300	4, ~
Long-term	3,891	3,595	3,518	3,500	5,100	3,300	3,000
Short-term	1,880	1,217	1,578	4,989	2,000	2,000	1,500
	<u>Net offerings</u>						
U.S. Treasury	3,433	7,167	7,180	-11,445	659	1,200	1,100
Sponsored Federal agencies	604	703	1,804	811	3,754	1,678	1,392

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.

June 16, 1978

CONFIDENTIAL (FR)
CLASS II FOMC

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

Privately-owned new housing units started in May, at a seasonally adjusted annual rate of 2.075 million units, were 4.9 per cent below the April rate, which was up 6.9 per cent from the preceding month. Starts of single-family units declined 0.8 per cent and multi-family unit starts declined 1.38 per cent. Starts declined appreciably in the Northeast area of the country and moderately in the North Central and West.

Permits issued for new housing units in May, at an annual rate of 1.587 million units, were 8.8 per cent below those in the preceding month. About two-thirds of the May decline was in permits for single-family units, which declined 3.6 per cent.

The Domestic Financial Economy

No textual addendums to the Greenbook were required, but the usual updating of the interest rate developments and monetary aggregates tables are contained on pages 6 and 7, respectively.

CORRECTIONS

Part I: Pages I-19 and I-20 are misnumbered. Page I-20 should precede--rather than follow--page I-19.

Part I: Page I-4 line 10 should read: Outlays are \$452 billion for FY 1978 and \$498 for FY 1979--each about \$1-1/2 billion below last month.