

CONFIDENTIAL (FR)

December 13, 1978

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)	
	11/15/78	12/13/78	11/15/78	12/13/78	11/15/78	12/13/78	11/15/78	12/13/78
1975 1/	8.2	8.2	-1.3	-1.3	9.4	9.4	8.5	8.5
1976 1/	11.2	11.2	5.7	5.7	5.4	5.4	7.7	7.7
1977 1/	11.0	11.0	4.9	4.9	6.2	6.2	7.0	7.0
1978	11.5	11.7	3.9	3.9	7.5	7.8	6.0	6.0
1979	10.8	11.4	3.1	3.3	7.8	8.2	6.1	6.1
1978-I 1/	7.1	7.1	-1	-1	6.7	6.7	6.2	6.2
1978-II 1/	20.6	20.6	8.7	8.7	12.1	12.1	5.9	5.9
1978-III 1/	10.7	10.7	3.4	3.4	7.5	8.2	6.0	6.0
1978-IV	11.2	12.9	3.3	4.4	7.3	8.0	5.9	5.8
1979-I	11.3	12.1	3.4	3.7	7.9	8.3	5.9	5.8
1979-II	9.5	9.3	2.3	2.0	7.9	8.1	6.0	6.0
1979-III	8.4	8.5	1.6	1.5	7.0	7.3	6.2	6.2
1979-IV	8.9	8.9	1.4	1.2	7.1	7.3	6.4	6.4
Change:								
77-II to								
78-II	11.8	11.8	4.3	4.3	7.5	7.5	-1.2	-1.2
77-IV to								
78-IV	12.3	12.7	3.8	4.1	8.4	8.8	-.7	-.8
78-II to								
79-II	10.6	11.2	3.1	3.4	7.6	8.2	.1	.1
78-IV to								
79-IV	9.5	9.7	2.1	2.1	7.4	7.8	.5	.6
Memo:								
Growth Over Annual Policy Period:								
78-III to								
79-III	10.1	10.7	2.6	2.9	7.5	7.9	.2	.2
1/ Actual.								

CONFIDENTIAL - FR  
CLASS II FOMC

GROSS NATIONAL PRODUCT AND RELATED ITEMS  
(Quarterly figures are seasonally adjusted. Expenditures and income  
figures are billions of current dollars at annual rates.)

	1978				1979			
	I	II	III	IV	Projected			
	I	II	III	IV	I	II	III	IV
Gross national product	1992.0	2087.5	2141.4	2207.4	2271.1	2322.2	2370.3	2421.5
Final purchases	1975.3	2067.4	2127.6	2193.6	2256.3	2307.4	2356.5	2408.7
Private	1558.6	1642.7	1688.0	1741.0	1794.1	1835.9	1875.2	1914.4
Excluding net exports	1582.7	1648.2	1694.6	1746.5	1794.1	1836.0	1870.7	1906.8
Personal consumption expenditures	1276.7	1322.9	1357.7	1400.5	1439.6	1477.6	1509.2	1540.1
Goods	684.9	717.1	731.4	758.8	779.8	798.6	813.2	827.4
Services	591.8	605.8	626.3	641.7	659.8	679.0	696.0	712.7
Gross private domestic investment	322.7	345.4	350.6	359.8	369.3	373.2	375.3	379.5
Residential construction	100.3	105.3	108.9	111.4	113.1	111.1	108.7	108.5
Business fixed investment	205.6	220.1	227.9	234.6	241.4	247.3	252.8	258.2
Change in business inventories	16.7	20.1	13.8	13.8	14.8	14.8	13.8	12.8
Nonfarm	16.9	22.1	14.8	13.8	14.8	14.8	13.8	12.8
Net exports of goods and services <sup>1/</sup>	-24.1	-5.5	-6.6	-5.5	.0	-.1	4.5	7.6
Exports	181.7	205.4	213.8	224.3	234.0	242.3	250.5	258.4
Imports	205.8	210.9	220.3	229.7	233.9	242.3	245.9	250.7
Gov't. purchases of goods and services	416.7	424.7	439.6	452.6	462.2	471.5	481.3	494.3
Federal <sup>2/</sup>	151.5	147.2	154.0	161.0	163.7	166.2	169.3	175.6
State and local	265.2	277.6	285.6	291.6	298.5	305.3	312.0	318.7
Gross national product in constant (1972) dollars	1354.2	1382.6	1394.2	1409.4	1422.2	1429.1	1434.4	1438.8
Personal income	1628.9	1682.4	1730.6	1785.4	1829.3	1873.1	1920.9	1963.4
Wage and salary disbursements	1050.8	1090.2	1113.0	1148.8	1179.4	1204.8	1229.5	1257.4
Disposable personal income	1391.6	1433.3	1467.5	1510.8	1558.1	1594.1	1633.6	1668.0
Saving rate (per cent)	5.9	5.3	5.1	4.9	5.2	4.9	5.2	5.2
Corporate profits with I.V.A. and C.C. Adj.	132.6	163.4	168.4	172.5	174.2	178.3	181.7	186.1
Corporate profits before tax	172.1	205.5	208.6	214.3	215.9	220.0	223.2	227.4
Federal government surplus or deficit (-) (N.I.A. basis)	-52.6	-23.6	-22.6	-22.7	-26.1	-25.2	-29.6	-32.2
High employment surplus or deficit (-)	-2.9	17.5	22.3	13.1	13.6	19.8	20.8	23.0
State and local government surplus or deficit (-) (N.I.A. basis)	31.5	29.8	23.7	25.3	24.9	24.0	22.3	22.9
Excluding social insurance funds	11.5	9.3	2.1	3.1	2.1	.6	-1.7	-2.1
Civilian labor force (millions)	99.2	100.2	100.7	101.5	102.1	102.8	103.3	103.7
Unemployment rate (per cent)	6.2	5.9	6.0	5.8	5.8	6.0	6.2	6.4
Nonfarm payroll employment (millions)	84.3	85.7	86.1	87.0	87.4	87.8	88.0	88.3
Manufacturing	20.1	20.3	20.3	20.6	20.7	20.8	20.9	20.9
Industrial production (1967=100)	139.6	144.0	146.9	149.2	151.1	152.3	153.1	153.8
Capacity utilization: all mfg. (per cent)	82.1	84.0	84.9	85.7	85.9	85.8	85.5	85.0
Materials (per cent)	81.7	84.5	86.0	86.8	87.3	87.3	87.1	86.7
Housing starts, private (million units, A.R.)	1.72	2.11	2.08	2.00	1.85	1.75	1.65	1.60
New autos sales, (millions, A.R.)	10.80	12.12	11.16	11.05	10.75	10.60	10.45	10.30
Domestic models	8.80	10.01	9.19	9.00	8.90	8.85	8.80	8.75
Foreign models	2.00	2.11	1.98	2.05	1.85	1.75	1.65	1.55

<sup>1/</sup> Balance of payments data and details 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.

December 13, 1978

CONFIDENTIAL - FR  
CLASS II FOMCPER CENT CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS  
(Annual rates compounded quarterly)

	1978				1979			
	I	II	III	IV	Projected			
	I	II	III	IV	I	II	III	IV
<u>Constant (1972) dollars</u>								
Gross national product	-.1	8.7	3.4	4.4	3.7	2.0	1.5	1.2
Final purchases	-1.6	8.6	4.5	4.6	3.5	2.0	1.7	1.4
Private	-1.1	11.0	3.8	5.0	3.9	1.9	1.5	1.2
Excluding net exports	-1.0	7.7	3.9	4.6	2.8	1.9	.7	.7
Personal consumption expenditures	-1.4	6.0	4.2	5.2	3.2	3.0	1.7	1.2
Goods	-8.1	9.7	2.7	8.1	3.4	2.3	.9	.5
Services	7.0	1.9	6.1	1.9	3.1	3.8	2.7	2.3
Gross private domestic investment	11.3	15.2	-4.3	1.2	2.2	-2.9	-4.8	-2.8
Residential structures	-5.2	2.7	-1.5	-3.9	-5.6	-15.4	-16.7	-9.8
Business fixed investment	4.2	21.3	4.2	4.7	3.8	2.2	1.5	1.2
Gov't. purchases of goods and services	-3.5	-.2	7.1	2.9	2.1	2.1	2.5	2.2
Federal	-8.9	-15.3	14.4	5.6	1.6	1.9	3.2	2.6
State and local	-.1	9.6	3.2	1.4	2.4	2.3	2.0	1.9
Disposable personal income	1.1	3.5	3.3	4.3	4.6	1.7	3.1	1.5
<u>Current dollars</u>								
Gross national product	7.1	20.6	10.7	12.9	12.1	9.3	8.5	8.9
Final purchases	6.4	20.0	12.1	13.0	11.9	9.4	8.8	9.2
Private	7.0	23.4	11.5	13.2	12.8	9.6	8.8	8.6
Excluding net exports	7.1	17.6	11.7	12.8	11.4	9.7	7.8	7.9
Personal consumption expenditures	7.0	15.3	11.0	13.2	11.6	11.0	8.8	8.4
Goods	.5	20.2	8.2	15.8	11.5	10.0	7.5	7.2
Services	15.3	9.8	14.2	10.2	11.8	12.2	10.4	9.9
Gross private domestic investment	12.2	31.3	6.2	10.9	11.0	4.3	2.3	4.6
Residential structures	.5	21.0	14.7	9.5	6.2	-6.9	-8.4	-.7
Business fixed investment	11.1	31.2	15.0	12.3	12.1	10.1	9.2	8.8
Gov't. purchases of goods and services	4.1	7.9	14.8	12.4	8.8	8.3	8.6	11.2
Federal	-2.0	-10.9	20.1	19.5	6.9	6.2	7.7	15.7
State and local	7.8	19.9	12.4	8.7	9.8	9.4	9.1	8.9
Disposable personal income	9.8	12.5	9.9	12.3	13.1	9.6	10.3	8.7
Personal income	9.3	13.8	12.0	13.3	10.2	9.9	10.6	9.2
Wage and salary disbursements	12.1	15.9	8.6	13.5	11.1	8.9	8.5	9.4
Corporate profits with IVA & C.C. Adj.	-35.9	130.6	12.8	10.1	4.0	9.8	7.8	10.0
Corporate profits before tax	-13.2	103.3	6.2	11.4	3.2	7.6	6.0	7.7
Nonfarm payroll employment	3.8	6.9	2.1	4.0	2.0	1.8	1.3	1.2
Manufacturing	5.7	3.1	-.2	5.6	2.6	2.2	1.6	.8
Nonfarm business sector								
Output per hour	-3.1	1.7	2.3	.0	2.0	.9	.6	.6
Compensation per hour	12.2	8.2	9.5	8.8	12.3	8.6	8.6	8.5
Unit labor costs	15.7	6.4	7.1	8.8	10.1	7.6	8.0	7.9
GNP implicit deflator <sup>1/</sup>	7.2	11.0	7.1	8.1	8.1	7.2	7.0	7.6
Gross business product fixed-weighted price index <sup>2/</sup>	6.7	12.1	8.2	8.0	8.3	8.1	7.3	7.3
Industrial production	.9	13.2	8.3	6.4	5.1	3.3	2.2	1.7

<sup>1/</sup> Excluding Federal pay increase rates of change are: 1978 QI, 7.2 per cent; 1978 QIV, 7.5 per cent; 1979 QI, 8.0 per cent; 1979 QIV, 7.1 per cent.<sup>2/</sup> Using expenditures in 1972 as weights.

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

	1972	1973	1974	1975	1976	1977	Projected	
							1978	1979
Gross national product	1171.1	1306.6	1412.9	1528.8	1700.1	1887.2	2107.1	2346.3
Final purchases	1161.7	1288.6	1404.0	1539.6	1689.9	1871.6	2091.0	2332.3
Private	908.6	1019.1	1101.3	1201.2	1330.4	1477.6	1657.6	1854.9
Excluding net exports	911.9	1012.0	1095.3	1180.8	1323.0	1488.7	1668.0	1851.9
Personal consumption expenditures	733.0	809.9	889.6	979.1	1090.2	1206.5	1339.4	1491.6
Goods	410.5	457.5	498.3	541.5	599.2	657.4	723.0	804.7
Services	322.4	352.3	391.3	437.5	491.0	549.2	616.4	686.9
Gross private domestic investment	188.3	220.0	214.6	190.9	243.0	297.8	344.6	374.3
Residential construction	62.0	66.1	55.1	51.5	68.2	91.9	106.5	110.3
Business fixed investment	116.8	136.0	150.6	150.2	164.6	190.4	222.1	249.9
Change in business inventories	9.4	17.9	8.9	-10.7	10.2	15.6	16.1	14.0
Nonfarm	8.8	14.7	10.8	-14.3	12.2	15.0	16.9	14.0
Net exports of goods and services <sup>1/</sup>	-3.3	7.1	6.0	20.4	7.4	-11.1	-10.4	3.0
Exports	72.7	101.6	137.9	147.3	163.2	175.5	206.3	246.3
Imports	75.9	94.4	131.9	126.9	155.7	186.6	216.7	243.2
Gov't. purchases of goods and services	253.1	269.5	302.7	338.4	359.5	394.0	433.4	477.3
Federal <sup>2/</sup>	102.1	102.2	111.1	123.1	129.9	145.1	153.4	168.7
State and local	151.0	167.3	191.5	215.4	229.6	248.9	280.0	308.6
Gross national product in constant (1972) dollars	1171.1	1235.0	1217.8	1202.3	1271.0	1332.7	1385.1	1431.1
Personal income	942.5	1052.4	1154.9	1255.5	1380.9	1529.0	1706.8	1896.7
Wage and salary disbursements	633.8	701.3	764.6	805.9	890.1	983.6	1100.7	1217.8
Disposable personal income	801.3	901.7	984.6	1086.7	1184.4	1303.0	1450.8	1613.4
Saving rate (per cent)	6.2	7.8	7.3	7.7	5.7	5.1	5.3	5.1
Corporate profits with I.V.A. and C.C. Adj.	92.1	99.1	83.6	95.9	127.0	144.2	159.2	180.1
Corporate profits before tax	96.2	115.8	126.9	120.4	155.9	173.9	200.1	221.6
Federal government surplus or deficit (N.I.A. basis)	-17.3	-6.7	-10.7	-70.6	-53.8	-48.1	-30.4	-28.3
High employment surplus or deficit (-)	-5.9	-7	17.1	-19.4	-9.3	-4.6	12.5	19.3
State and local government surplus or deficit (-) (N.I.A. basis)	13.7	13.0	7.6	6.2	20.7	29.6	27.6	23.5
Excluding social insurance funds	5.6	4.1	-2.9	-6.2	5.5	11.5	6.5	-3
Civilian labor force (millions)	86.5	88.7	91.0	92.6	94.8	97.4	100.4	103.0
Unemployment rate (per cent)	5.6	4.9	5.6	8.5	7.7	7.0	6.0	6.1
Nonfarm payroll employment (millions)	73.7	76.8	78.3	76.9	79.4	82.3	85.8	87.9
Manufacturing	19.2	20.2	20.1	18.3	19.0	19.6	20.3	20.8
Industrial production (1967=100)	119.7	129.8	129.3	117.8	129.8	137.1	144.9	152.6
Capacity utilization: all manufacturing (per cent)	83.1	87.5	84.2	73.6	80.2	82.5	84.1	85.6
Materials (per cent)	88.0	92.4	87.7	73.6	80.4	81.9	84.8	87.1
Housing starts, private (million units, A.R.)	2.36	2.05	1.34	1.16	1.54	1.99	1.98	1.71
New auto sales, (millions, A.R.)	10.93	11.42	8.91	8.66	10.12	11.13	11.28	10.52
Domestic models	9.32	9.65	7.49	7.08	8.63	9.07	9.25	8.82
Foreign models	1.61	1.77	1.42	1.58	1.50	2.06	2.03	1.70

<sup>1/</sup> Balance of payments data 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.

December 13, 1978

CONFIDENTIAL - FR  
CLASS II FOMCPER CENT CHANGES IN GROSS NATIONAL PRODUCT  
AND RELATED ITEMS

	1972	1973	1974	1975	1976	1977	Projected	
							1978	1979
<u>Constant (1972) dollars</u>								
Gross national product	5.7	5.5	-1.4	-1.3	5.7	4.9	3.9	3.3
Final purchases	5.5	4.9	-.7	.2	4.3	4.7	3.8	3.5
Private	6.7	6.3	-1.4	-.3	5.5	5.3	4.3	3.7
Excluding net exports	7.0	5.1	-2.3	-1.0	6.4	6.0	4.3	3.0
Personal consumption expenditures	5.9	4.7	-.9	1.8	5.8	4.7	3.8	3.5
Goods	6.5	5.0	-3.4	.7	6.4	5.0	3.2	3.8
Services	5.3	4.4	2.3	3.2	5.0	4.4	4.6	3.2
Gross private domestic investment	12.9	10.0	-11.4	-22.3	21.6	13.2	7.1	-.2
Residential structures	18.8	-3.7	-24.6	-13.9	23.4	20.5	3.1	-7.8
Business fixed investment	8.1	12.2	-.3	-13.0	4.7	9.1	7.9	4.2
Gov't. purchases of goods and services	1.5	-.2	2.1	1.9	.1	2.4	2.1	2.8
Federal	-1.7	-5.4	-.8	.7	.1	5.2	-1.5	3.0
State and local	3.8	3.2	3.8	2.6	.1	.8	4.2	2.6
Disposable personal income	4.2	6.7	-1.5	2.1	3.5	4.1	4.1	3.4
<u>Current dollars</u>								
Gross national product	10.1	11.6	8.1	8.2	11.2	11.0	11.7	11.4
Final purchases	9.9	10.9	8.9	9.7	9.8	10.8	11.7	11.5
Private	10.3	12.2	8.1	9.1	10.8	11.1	12.2	11.9
Excluding net exports	11.0	11.0	8.2	7.8	12.0	12.5	12.0	11.0
Personal consumption expenditures	9.7	10.5	9.8	10.1	11.4	10.7	11.0	11.4
Goods	9.5	11.4	8.9	8.7	10.7	9.7	10.0	11.3
Services	9.9	9.3	11.1	11.8	12.2	11.8	12.2	11.4
Gross private domestic investment	17.7	16.8	-2.5	-11.0	27.3	22.6	15.7	8.6
Residential structures	25.0	6.6	-16.7	-6.5	32.5	34.8	15.9	3.6
Business fixed investment	12.2	16.4	10.8	-.3	9.6	15.7	16.6	12.5
Gov't. purchases of goods and services	8.3	6.5	12.3	11.8	6.2	9.6	10.0	10.1
Federal	6.1	.1	8.7	10.7	5.5	11.7	5.7	10.0
State and local	9.8	10.8	14.5	12.5	6.6	8.4	12.5	10.2
Disposable personal income	7.9	12.5	9.2	10.4	9.0	10.0	11.3	11.2
Personal income	9.7	11.7	9.7	8.7	10.0	10.7	11.6	11.1
Wage and salary disbursements	9.4	10.6	9.0	5.4	10.4	10.5	11.9	10.6
Corporate profits with IVA & C.C. Adj.	19.3	7.6	-15.6	14.7	32.4	13.5	10.4	13.1
Corporate profits before tax	17.3	20.4	9.6	-5.1	29.5	11.5	15.1	10.7
Nonfarm payroll employment	3.5	4.3	1.9	-1.7	3.2	3.6	4.3	2.5
Manufacturing	3.1	5.2	-.4	-8.7	3.7	3.4	3.4	2.5
Nonfarm business sector								
Output per hour	3.0	1.7	-2.9	1.9	3.6	1.3	.3	1.1
Compensation per hour	5.8	7.8	9.4	9.9	8.5	8.1	9.2	9.6
Unit labor costs	2.7	6.0	12.7	7.9	4.7	6.7	8.9	8.4
GNP implicit deflator	4.1	5.9	9.7	9.6	5.2	5.9	7.4	7.8
Gross business product fixed-weighted price index <sup>1/</sup>	3.3	5.7	10.4	9.4	5.4	6.2	7.8	8.2
Industrial production	9.2	8.4	-.4	-8.9	10.2	5.6	5.7	5.3

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

December 13, 1978

FEDERAL SECTOR ACCOUNTS  
(billions of dollars)

	Fiscal Year 1978*	FY 1979 e/				CY78 e/		CY79 e/		F.R.B. staff estimates Calendar quarters; unadjusted data							
		Admin. 1/	F.R. Board		Cong. 2/	F.R. Board		F.R. Board		1978				1979			
										I*	II*	III*	IV	I	II	III	IV
Unified budget receipts 3/	402.0	452.7	452.3	448.7	416.4	458.3		85.4	125.3	106.8	99.0	99.5	137.2	116.6	104.9		
Unified budget outlays 3/	450.8	491.6	491.0	487.5	460.7	500.2		111.2	111.3	114.9	123.3	121.3	122.6	123.8	132.5		
Surplus(+)/Deficit(-), unified budget	-48.8	-38.9	-38.7	-38.8	-44.3	-41.9		-25.8	14.0	-8.1	-24.3	-21.8	14.6	-7.2	-27.6		
Surplus(+)/Deficit(-), off-budget agencies 4/	-10.3	-12.9	-10.7	n.a.	-9.8	-11.2		-3.6	-2.3	-3.1	-0.8	-3.3	-3.8	-2.8	-1.3		
Means of financing combined deficits:																	
Net borrowing from public	59.1	n.a.	39.2	n.a.	53.4	51.6		20.8	2.5	15.1	15.0	16.3	-5.3	13.2	27.4		
Decrease in cash operating balance	-3.3	n.a.	10.4	n.a.	-0.8	1.1		5.9	-11.1	-4.9	9.3	5.1	-4.0	0	0		
Other 5/	3.2	n.a.	-0.3	n.a.	1.3	0.5		2.8	-3.2	1.0	0.7	3.7	-1.5	-3.2	1.5		
Cash operating balance, end of period	22.4	n.a.	12.0	n.a.	13.1	12.0		6.4	17.5	22.4	13.1	8.0	12.0	12.0	12.0		
Memo: Sponsored agency borrowing 6/	19.1	n.a.	18.9	n.a.	22.3	16.7		4.5	6.5	6.1	5.2	3.5	5.2	5.0	3.0		
<b>NIA Budget</b>										Seasonally adjusted annual rates							
Receipts	411.8 <sup>8/</sup>	n.a.	467.0 <sup>8/</sup>	n.a.	430.1	478.4		396.2	424.8	441.9	457.4	462.0	472.3	483.9	495.6		
Expenditures	451.4	495.6	494.8	n.a.	460.4	506.7		448.8	448.3	464.5	480.1	488.1	497.5	513.5	527.8		
Purchases (total)	151.3	166.8	165.1	n.a.	153.4	168.7		151.5	147.2	154.0	161.0	163.7	166.2	169.3	175.6		
Defense	98.3	104.7	104.8	n.a.	99.8	106.9		97.9	98.6	99.8	102.7	103.8	105.6	107.2	110.8		
Non-defense	52.9	62.1	60.3	n.a.	53.6	61.8		53.6	48.6	54.3	58.3	59.9	60.6	62.1	64.8		
All other expenditures	300.1 <sup>8/</sup>	328.8	329.7 <sup>8/</sup>	n.a.	307.0	338.0		297.3	301.1	310.5	319.1	324.4	331.3	344.2	352.2		
Surplus(+)/Deficit(-)	-39.6 <sup>8/</sup>	n.a.	-27.8 <sup>8/</sup>	n.a.	-30.3	-28.3		-52.6	-23.5	-22.6	-22.7	-26.1	-25.2	-29.6	-32.2		
High Employment Surplus(+)/Deficit(-) (NIA basis) 7/	5.2	n.a.	16.8	n.a.	12.5	19.3		-2.9	17.5	22.3	13.1	13.6	19.8	20.8	23.0		

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

1/ OMB October Budget Update (October 27, 1978), Mid-Session Review of the 1979 Budget (July 6, 1978) and the Department of Commerce.

2/ Second Concurrent Budget Resolution (September 20, 1978).

3/ Adjusted for accounting change in earned income credit payments--formerly treated as income tax refunds and now classified as outlays.

4/ Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank, and Pension Benefit Guaranty Corporation.

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

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

7/ FRB staff estimates.

8/ Quarterly average exceeds fiscal year total by \$1.0 billion for fiscal year 1978, and by \$3.5 billion for fiscal year 1979, due to spreading of wage base effect over calendar year. The fiscal year totals as published in the July 1978 Survey of Current Business are based on unadjusted data and do not conform to the average of four seasonally adjusted quarters. The FRB staff estimates, therefore, have been adjusted in order to make the Commerce Department and the staff estimates comparable.

	1977	1978 <sup>P</sup>	1979 <sup>P</sup>	1978				1979 <sup>P</sup>			
				I	II	III <sup>P</sup>	IV <sup>P</sup>	I	II	III	IV
1. <u>GNP NET EXPORTS</u> - Intl Acct. data	-11.1	-10.3	3.0	-23.8	-5.3	-6.6	-5.5	0	-.1	4.5	7.6
2. (GNP net exports - GNP Acct. data) <u>1/</u>	(-10.9)	(-10.4)	(3.0)	(-24.1)	(-5.5)	(-6.6*)	(-5.5)	(0)	(-.1)	(4.5)	(7.6)
3. a) Merchandise Trade Balance	-31.1	-35.1	-27.2	-44.8	-31.2	-31.8*	-32.6	-28.7	-29.9	-26.5	-23.9
4. Exports (excl. military)	120.6	141.5	170.7	122.7	140.3	148.1*	154.9	161.3	167.2	173.9	180.4
5. Agricultural	24.4	29.9	30.0	26.0	32.0	31.5*	29.9	30.2	29.7	30.0	29.9
6. Nonagricultural	96.2	111.6	140.7	96.6	108.3	116.6*	125.0	131.1	137.5	143.9	150.5
7. Imports	151.6	176.6	197.9	167.5	171.5	179.9*	187.5	190.0	197.1	200.4	204.3
8. Petroleum and petrol. products	45.0	42.8	47.9	39.8	43.2	43.3*	45.0	44.6	48.4	48.9	49.9
9. Nonpetroleum	106.7	133.8	150.0	127.7	128.2	136.6*	142.5	145.4	148.7	151.5	154.4
10. b) Military transactions, net <u>2/</u>	.9	1.6	3.0	.4	1.9	2.0	2.2	2.4	2.8	3.2	3.6
11. c) Investment income, net <u>3/</u>	17.3	20.5	23.6	18.4	21.3	20.4	21.8	22.9	23.4	24.0	24.0
12. d) Other services, net <u>4/</u>	1.7	2.7	3.7	2.2	2.8	2.8	3.1	3.4	3.6	3.8	3.9
13. <u>U.S. CURRENT ACCOUNT BALANCE</u>	-15.3	-17.1	-6.7	-27.4	-13.0	-14.0	-14.0	-9.6	-10.1	-5.2	-2.1
14. a) GNP net exports (line 1.)	-11.1	-10.3	3.0	-23.8	-5.3	-6.6	-5.5	0	-.1	4.5	7.6
15. b) U.S. Govt & private transfers <u>5/</u>	-4.2	-6.8	-9.7	-3.6	-7.7	-7.4	-8.5	-9.6	-10.0	-9.7	-9.7
16. <u>Constant (1972) dollars</u>	67.0	72.4	80.9	65.7	72.9	74.2	76.8	78.5	79.8	81.7	83.6
17. Merchandise exports (excl. military)	(0.3)	(8.1)	(11.7)	(4.5)	(51.3)	(7.4)	(14.3)	(9.5)	(6.6)	(10.0)	(9.1)
18. Merchandise imports	71.0	76.2	79.8	74.4	74.0	77.1	79.3	78.4	79.8	80.2	80.9
19. (% change, annual rates)	(13.0)	(7.3)	(4.7)	(6.6)	(-2.0)	(17.9)	(11.7)	(-4.9)	(7.4)	(2.4)	(3.2)
20. <u>Foreign Outlook - Ten Industrial Countries</u> <u>6/</u>											
Real GNP, % change, annual rates	2.9	3.7	4.0	5.5	4.1	3.2	3.6	4.5	4.3	4.0	4.0
21. Consumer Prices, <u>7/</u> % change, A.R.	7.9	5.4	6.1	4.9	6.8	3.9	5.7	6.3	6.4	7.3	7.4

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, and reinvested earnings of incorporated affiliates 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, and reinvested earnings of incorporated affiliates.

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

7/ Wholesale prices for Japan.

P/ Projected.

E/ Estimated.

\* Published data.

CONFIDENTIAL (FR)

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CURRENT ECONOMIC AND FINANCIAL CONDITIONS

By the Staff  
Board of Governors  
of the Federal Reserve System

GROSS OFFERINGS OF CORPORATE AND FOREIGN SECURITIES  
(Monthly totals or monthly averages, in millions of dollars)

	<u>1977</u>	<u>1978</u>					<u>1979</u>
	<u>Year</u>	<u>H1</u>	<u>QIII<sup>e/</sup></u>	<u>Oct.<sup>e/</sup></u>	<u>Nov.<sup>e/</sup></u>	<u>Dec.<sup>f/</sup></u>	<u>Jan.<sup>f/</sup></u>
<u>Seasonally adjusted</u>							
Corporate securities--total	4,518	3,587	4,676	3,759	3,750	3,500	3,700
Publicly offered bonds	2,016	1,489	2,314	1,619	1,700	1,750	1,800
Privately placed bonds	1,501	1,366	1,393	1,425	1,325	1,250	1,200
Stocks	1,001	732	969	715	725	500	700
<u>Not seasonally adjusted</u>							
Publicly offered bonds	2,016	1,695	1,724	1,800	1,600	1,400	2,200
By quality <u>1/</u>							
Aaa and Aa	1,089	820	870	950	1,100	--	--
Less than Aa <u>2/</u>	927	875	854	850	500	--	--
By type of borrower							
Utility	692	525	770	1,100	520	--	--
Industrial <u>3/</u>	700	578	540	400	480	--	--
Financial	624	592	414	300	600	--	--
Foreign securities--total	621	640	328	790	358	--	--
Publicly offered <u>4/</u>	437	466	183	750	250	--	--
Privately placed	184	174	145	40	108	--	--

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.

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

	1977	1978					
	Year	H1	QIII	Oct.	Nov. <sup>e/</sup>	Dec. <sup>f/</sup>	Jan. <sup>f/</sup>
<u>Seasonally adjusted</u>							
State and local government securities, gross offerings							
Total		5,811	6,364	4,120	5,600	5,350	4,400
Long-term		3,917	4,394	3,011	4,200	3,800	3,000
Short-term		1,894	1,970	1,109	1,400	1,550	1,400
U.S. Government securities, net offerings							
U.S. Treasury <sup>1/</sup>		3,654	3,080	-325	-255	-838	3,605
Sponsored agencies		2,320	1,641	307	3,053	1,258	1,238
<u>Not seasonally adjusted</u>							
State and local government securities, gross offerings							
Total	5,771	6,204	6,017	4,522	5,400	4,200	4,200
Long-term	3,891	4,092	4,187	3,087	4,100	3,000	3,000
Short-term	1,880	2,112	1,830	1,435	1,300	1,200	1,200
U.S. Government securities, net offerings							
U.S. Treasury <sup>1/</sup>	3,422	2,382	3,560	1,823	1,700	1,350	2,700
Sponsored agencies	601	2,012	2,130	697	2,667	797	915

<sup>1/</sup> Marketable issues only.

<sup>e/</sup> Estimated.

<sup>f/</sup> Forecasted.