

September 28, 1983

SUMMARY AND OUTLOOK

Prepared for the Federal Open Market Committee

By the staff of the Board of Governors of the Federal Reserve System

September 28, 1983

STAFF GNP PROJECTIONS

Percent changes, annual rate										
Nominal GNP		Real GNP		Gross domestic business product fixed-weighted price index				Unemployment rate (percent)		
				Total		Excluding food and energy				
8/17/83	9/28/83	8/17/83	9/28/83	8/17/83	9/28/83	8/17/83	9/28/83	8/17/83	9/28/83	
Annual changes:										
1981 <1>	12.2	12.2	2.6	2.6	9.5	9.5	9.3	9.3	7.6	7.6
1982 <1>	4.0	4.0	-1.9	-1.9	6.0	6.0	6.9	6.9	9.7	9.7
1983	7.9	7.7	3.2	3.3	4.4	4.2	5.2	5.0	9.7	9.7
1984	9.4	9.4	5.0	5.0	4.5	4.5	4.3	4.4	8.6	8.6
Quarterly changes:										
1982 Q1 <1>	-1.4	-1.4	-5.5	-5.5	4.9	4.9	5.8	5.8	8.8	8.8
Q2 <1>	6.6	6.6	1.0	1.0	4.5	4.5	6.4	6.4	9.4	9.4
Q3 <1>	2.7	2.7	-1.0	-1.0	5.8	5.8	5.4	5.4	10.0	10.0
Q4 <1>	2.5	2.5	-1.3	-1.3	3.8	3.8	3.9	3.9	10.7	10.7
1983 Q1 <1>	8.2	8.2	2.6	2.6	3.6	3.6	6.7	6.7	10.3	10.3
Q2 <1>	13.5	13.3	8.7	9.7	5.3	4.1	4.7	3.5	10.1	10.1
Q3	12.4	11.1	8.2	6.9	4.3	4.4	4.4	4.8	9.3	9.4
Q4	8.6	9.1	4.8	4.8	4.5	4.8	4.3	4.7	9.0	9.1
1984 Q1	8.7	8.8	4.1	4.1	4.2	4.4	4.0	4.3	8.8	8.9
Q2	8.6	8.8	4.1	4.3	4.5	4.5	4.3	4.3	8.7	8.8
Q3	8.5	9.0	3.8	4.4	4.7	4.7	4.5	4.4	8.5	8.6
Q4	8.6	8.8	3.8	4.1	4.9	4.9	4.8	4.7	8.4	8.4
Two-quarter changes: <2>										
1982 Q2 <1>	2.5	2.5	-2.3	-2.3	4.7	4.7	6.1	6.1	1.1	1.1
Q4 <1>	2.6	2.6	-1.2	-1.2	4.7	4.7	4.6	4.6	1.3	1.3
1983 Q2 <1>	10.8	10.7	5.6	6.1	4.4	3.9	5.7	5.1	-6	-6
Q4	10.5	10.1	6.5	5.8	4.4	4.6	4.4	4.7	-1.1	-1.0
1984 Q2	8.7	8.8	4.1	4.2	4.4	4.5	4.1	4.3	-3	-3
Q4	8.5	8.9	3.8	4.3	4.8	4.8	4.6	4.6	-3	-4
Four-quarter changes: <3>										
1981 Q4 <1>	10.8	10.8	2.0	2.0	8.7	8.7	9.2	9.2	.9	.9
1982 Q4 <1>	2.6	2.6	-1.7	-1.7	4.7	4.7	5.4	5.4	2.4	2.4
1983 Q4	10.7	10.4	6.0	6.0	4.4	4.2	5.0	4.9	-1.7	-1.6
1984 Q4	8.6	8.9	4.0	4.2	4.6	4.6	4.4	4.4	-6	-7

<1> Actual.

<2> Percent change from two quarters earlier.

<3> Percent change from four quarters earlier.

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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.).

	1981				1982			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	2866.6	2912.5	3004.9	3032.2	3021.4	3070.2	3090.7	3109.6
Final sales	2855.7	2897.5	2971.4	3017.9	3047.1	3081.4	3095.6	3165.9
Private	2279.4	2314.0	2371.1	2395.1	2417.3	2449.8	2439.9	2486.2
Domestic final purchases	2247.5	2292.9	2348.3	2365.9	2387.4	2416.5	2439.0	2480.6
Personal consumption expenditures	1802.8	1835.8	1886.1	1904.1	1938.9	1972.8	2008.8	2046.9
Goods	953.2	964.0	984.6	978.5	989.1	997.6	1010.0	1025.1
Services	849.6	871.8	901.5	925.6	949.7	975.2	998.9	1021.8
Gross private domestic investment	455.5	472.1	495.8	476.2	422.9	432.5	425.3	377.4
Residential structures	111.6	109.5	101.7	94.3	87.3	91.0	87.9	96.8
Business fixed investment	333.1	347.6	360.6	367.6	361.3	352.7	342.3	337.0
Change in business inventories	10.9	15.0	33.6	14.3	-25.7	-11.2	-4.9	-56.4
Nonfarm	8.1	5.0	24.1	6.2	-27.6	-8.8	-2.3	-53.7
Net exports of goods and services <1>	31.9	21.1	22.8	29.2	29.9	33.3	.9	5.6
Exports	367.3	369.2	367.5	371.0	358.4	364.5	346.0	321.6
Imports	335.4	348.1	344.7	341.7	328.5	331.2	345.0	316.1
Gov't. purchases of goods and services	576.3	583.5	600.3	622.8	629.8	631.6	655.7	679.7
Federal <2>	215.7	220.4	232.4	248.5	249.7	244.1	261.7	279.2
State and local	360.5	363.2	367.9	374.3	380.0	387.5	394.0	400.5
Gross national product in constant (1972) dollars	1510.1	1512.5	1525.8	1506.9	1485.8	1489.3	1485.7	1480.7
Personal income	2338.3	2394.2	2490.9	2516.6	2528.1	2563.2	2591.3	2632.0
Wage and salary disbursements	1451.7	1478.1	1512.3	1530.6	1542.8	1563.8	1579.8	1586.0
Disposable personal income	1967.6	2010.4	2092.0	2120.5	2127.9	2159.0	2191.5	2227.8
Saving rate (percent)	5.7	6.0	7.2	7.5	6.1	5.9	5.6	5.4
Corporate profits with I.V.A. and C.C. Adj.	194.7	185.0	197.6	192.0	162.0	166.8	168.5	161.9
Corporate profits before tax	243.9	219.0	227.7	217.2	173.2	178.8	177.3	167.5
Federal government surplus or deficit (-) (N.I.A. basis)	-43.4	-47.3	-62.4	-95.8	-108.5	-113.2	-158.3	-208.2
High employment surplus or deficit (-) <3>	-15.4	-12.3	-29.7	-46.4	-38.1	-32.7	-64.9	-99.6
State and local government surplus or deficit(-) (N.I.A. basis)	35.3	36.7	37.3	32.0	28.8	32.0	31.3	32.9
Excluding social insurance funds	5.4	6.1	5.9	.2	-3.5	-.8	-2.1	-1.2
Civilian labor force (millions)	108.2	108.8	108.6	109.1	109.3	110.1	110.6	111.0
Unemployment rate (percent)	7.4	7.4	7.4	8.3	8.8	9.4	10.0	10.7
Nonfarm payroll employment (millions)	91.0	91.2	91.4	91.0	90.3	89.9	89.3	88.8
Manufacturing	20.2	20.3	20.3	19.9	19.4	19.1	18.7	18.3
Industrial production (1967=100)	151.8	152.5	153.0	146.3	141.7	139.4	138.2	135.2
Capacity utilization: all manufacturing (percent)	80.6	80.8	80.3	75.9	72.9	71.6	71.0	69.0
Materials (percent)	82.7	81.9	82.0	76.2	73.0	70.7	69.4	67.1
Housing starts, private (million units, A.R.)	1.39	1.18	.96	.87	.90	.95	1.12	1.26
New auto sales (millions, A.R.)	9.96	7.89	9.04	7.36	8.12	7.53	7.78	8.57
Domestic models	7.31	5.63	6.90	5.13	5.90	5.53	5.56	6.08
Foreign models	2.66	2.25	2.14	2.23	2.22	1.99	2.22	2.49

<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.

<3> Estimates in table are evaluated at a 6.0 percent high employment unemployment rate.

September 28, 1983

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

	1981				1982			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Constant (1972) Dollars</u>								
Gross national product	9.0	.7	3.6	-4.9	-5.5	1.0	-1.0	-1.3
Final sales	6.8	-.9	1.6	-2.3	-1.3	-.8	-1.5	4.5
Private	7.3	-.6	1.1	-3.7	-1.6	.1	-4.0	3.0
Domestic final purchases	6.6	.8	2.6	-3.9	.0	.8	-.9	3.4
Personal consumption expenditures	5.9	.5	3.5	-3.0	2.4	3.1	.9	3.6
Goods	8.3	-1.6	3.5	-6.8	2.0	1.5	-.1	5.1
Services	3.3	2.8	3.6	1.4	2.9	4.7	2.1	1.9
Gross private domestic investment	26.3	12.9	12.3	-22.4	-34.1	3.4	-5.8	-34.6
Residential structures	-2.3	-11.7	-30.7	-30.2	-28.5	17.9	-13.0	53.2
Business fixed investment	13.2	6.0	8.7	-1.6	-5.9	-14.3	-8.8	-6.6
Gov't. purchases of goods and services	4.5	-2.0	3.8	3.9	-.2	-5.0	9.4	10.6
Federal	12.5	2.2	15.2	10.0	.2	-14.0	26.3	28.3
National defense	6.7	13.4	6.3	7.5	-1.3	13.0	14.0	5.1
State and local	.1	-4.6	-2.7	.2	-.5	1.3	-.4	-.1
Disposable personal income	4.4	1.9	8.9	-1.4	-3.4	1.9	-.3	2.6
<u>Current Dollars</u>								
Gross national product	20.5	6.6	13.3	3.7	-1.4	6.6	2.7	2.5
Final sales	16.1	6.0	10.6	6.4	3.9	4.6	1.9	9.4
Private	16.9	6.2	10.2	4.1	3.8	5.5	-1.6	7.8
Domestic final purchases	15.3	8.3	10.0	3.0	3.7	5.0	3.8	7.0
Personal consumption expenditures	14.7	7.5	11.4	3.9	7.5	7.2	7.5	7.8
Goods	16.6	4.6	8.8	-2.5	4.4	3.5	5.1	6.1
Services	12.7	10.9	14.3	11.1	10.8	11.2	10.1	9.5
Gross private domestic investment	49.9	15.4	21.6	-14.9	-37.8	9.5	-6.5	-38.0
Residential structures	7.9	-7.5	-25.6	-26.0	-26.5	18.2	-13.0	46.9
Business fixed investment	21.4	18.7	15.8	8.0	-6.7	-9.1	-11.3	-6.0
Gov't. purchases of goods and services	12.9	5.1	12.0	15.9	4.6	1.2	16.1	15.5
Federal	18.8	8.9	23.6	30.7	2.1	-8.7	32.1	29.5
National defense	12.9	23.8	10.2	33.9	3.5	18.0	20.8	16.5
State and local	9.6	2.9	5.3	7.2	6.2	8.1	6.8	6.8
Disposable personal income	13.1	9.0	17.2	5.6	1.4	6.0	6.1	6.8
Personal income	13.6	9.9	17.2	4.2	1.8	5.7	4.5	6.4
Wage and salary disbursements	11.7	7.5	9.6	4.9	3.2	5.6	4.2	1.6
Corporate profits with I.V.A. and C.C. Adj.	51.1	-18.5	30.2	-10.9	-49.3	12.4	4.1	-14.8
Corporate profits before tax	17.2	-35.0	16.9	-17.2	-59.6	13.6	-3.3	-20.3
Nonfarm payroll employment	1.7	.9	1.1	-1.8	-3.0	-1.8	-2.7	-2.3
Manufacturing	.8	2.4	.1	-7.2	-9.5	-7.5	-7.7	-8.6
Nonfarm business sector								
Output per hour	5.2	.4	3.8	-4.4	.1	-.4	2.3	1.3
Compensation per hour	11.5	7.3	9.6	7.6	10.0	5.8	7.2	5.8
Unit labor costs	6.0	6.9	5.6	12.6	9.9	6.2	4.7	4.4
GNP implicit deflator <1>	10.6	5.9	9.4	9.0	4.3	5.6	3.7	3.8
Gross domestic business product								
fixed-weighted price index <2>	10.6	8.1	9.2	7.2	4.9	4.5	5.8	3.8
Excluding food and energy	9.0	8.9	10.6	8.2	5.8	6.4	5.4	3.9
Consumer price index (all urban)	10.5	8.5	12.1	7.1	3.0	5.3	7.7	1.9
Industrial production	8.4	1.9	1.4	-16.6	-11.8	-6.5	-3.4	-8.2

<1> Excluding Federal pay increases, rates of change were: 1981-Q1, 10.5 percent; 1981-Q4, 8.1 percent; 1982-Q1, 4.2 percent; 1982-Q4, 3.5 percent.

<2> Uses expenditures in 1972 as weights.

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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.)

	1983				Projected 1984			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	3171.5	3272.0	3359.5	3433.8	3507.0	3581.5	3659.8	3737.9
Final sales	3210.9	3286.6	3337.9	3396.6	3467.5	3547.7	3627.9	3705.8
Private	2533.5	2603.2	2643.3	2689.9	2736.4	2795.0	2858.4	2919.5
Domestic final purchases	2516.5	2611.7	2669.7	2734.6	2788.3	2847.7	2909.6	2970.3
Personal consumption expenditures	2073.0	2147.0	2187.2	2239.0	2281.6	2325.0	2368.7	2413.9
Goods	1035.6	1077.3	1098.6	1127.7	1147.0	1166.3	1186.6	1206.2
Services	1037.4	1069.7	1088.6	1111.3	1134.6	1158.7	1182.1	1207.7
Gross private domestic investment	404.1	450.1	504.1	532.8	546.2	556.5	572.8	588.5
Residential structures	111.3	128.4	139.1	143.1	144.1	149.6	156.6	160.6
Business fixed investment	332.1	336.3	343.4	352.5	362.6	373.1	384.3	395.8
Change in business inventories	-39.4	-14.5	21.6	37.2	39.5	33.8	31.9	32.1
Nonfarm	-39.0	-10.3	24.6	30.2	43.5	37.8	29.9	30.1
Net exports of goods and services <1>	17.0	-8.5	-26.4	-44.7	-51.9	-52.7	-51.2	-50.8
Exports	326.9	327.1	332.8	339.1	345.7	360.0	372.7	387.3
Imports	309.9	335.6	359.2	383.8	397.7	412.7	423.9	438.1
Gov't. purchases of goods and services	677.4	683.4	694.6	706.7	731.1	752.7	769.5	786.3
Federal <2>	273.5	273.7	275.7	278.8	294.4	307.4	315.3	322.9
State and local	404.0	409.7	418.9	427.9	436.7	445.3	454.2	463.4
Gross national product in constant (1972) dollars	1490.1	1525.1	1550.6	1569.0	1585.0	1601.8	1619.2	1635.6
Personal income	2657.7	2713.6	2768.3	2846.4	2898.8	2951.3	3010.1	3067.9
Wage and salary disbursements	1610.7	1648.4	1681.8	1720.2	1754.8	1786.6	1819.7	1853.5
Disposable personal income	2255.9	2301.0	2367.6	2431.9	2476.3	2521.6	2570.8	2619.6
Saving rate (percent)	5.4	4.0	4.9	5.2	5.1	5.1	5.2	5.2
Corporate profits with I.V.A. and C.C. Adj.	181.8	218.2	248.1	253.7	251.6	265.5	280.9	297.7
Corporate profits before tax	169.7	203.3	220.8	220.4	212.3	220.2	229.6	240.4
Federal government surplus or deficit (-) (N.I.A. basis)	-183.3	-166.1	-185.1	-199.5	-194.2	-197.3	-196.3	-196.6
High employment surplus or deficit (-) <3>	-72.4	-65.1	-95.5	-114.8	-112.9	-121.9	-126.4	-130.9
State and local government surplus or deficit (-) (N.I.A. basis)	40.4	51.7	53.6	57.5	54.9	52.2	49.0	45.8
Excluding social insurance funds	5.5	16.1	17.3	20.5	17.2	13.8	9.9	6.0
Civilian labor force (millions)	110.5	111.2	112.1	112.5	113.0	113.5	113.9	114.4
Unemployment rate (percent)	10.3	10.1	9.4	9.1	8.9	8.8	8.6	8.4
Nonfarm payroll employment (millions)	88.8	89.5	90.3	91.3	91.9	92.5	93.2	93.9
Manufacturing	18.3	18.5	18.8	19.3	19.6	19.8	20.1	20.4
Industrial production (1967=100)	138.5	144.5	150.5	153.4	155.7	157.9	160.6	163.1
Capacity utilization: all manufacturing (percent)	70.7	73.8	76.7	77.8	78.5	79.3	80.2	81.1
Materials (percent)	70.1	73.5	76.6	78.1	79.4	80.5	81.8	83.0
Housing starts, private (million units, A.R.)	1.69	1.68	1.81	1.65	1.65	1.75	1.80	1.80
New auto sales (millions, A.R.)	8.46	9.08	9.30	9.80	9.90	9.80	9.95	10.10
Domestic models	6.06	6.81	6.90	7.40	7.50	7.60	7.65	7.70
Foreign models	2.40	2.27	2.40	2.40	2.40	2.20	2.30	2.40

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

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September 28, 1983

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

	1983				Projected 1984			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Constant (1972) Dollars</u>								
Gross national product	2.6	9.7	6.9	4.8	4.1	4.3	4.4	4.1
Final sales	.6	6.8	2.5	2.8	4.0	5.3	4.8	4.2
Private	3.0	8.8	2.9	3.3	3.1	4.6	4.8	4.2
Domestic final purchases	3.9	11.9	5.1	5.5	3.3	3.7	3.7	3.1
Personal consumption expenditures	2.9	10.0	3.0	5.0	2.7	2.5	2.3	2.2
Goods	4.4	13.5	3.7	6.4	2.4	2.1	2.1	1.6
Services	1.4	6.4	2.2	3.3	3.1	3.0	2.5	2.9
Gross private domestic investment	28.7	49.8	52.9	22.1	6.7	2.4	7.4	6.3
Residential structures	57.3	79.5	34.8	7.6	-1.7	10.8	14.5	4.8
Business fixed investment	-1.5	7.9	9.0	8.3	8.3	8.3	8.5	8.1
Gov't. purchases of goods and services	-8.8	-1.1	1.1	1.1	7.9	8.2	4.6	4.4
Federal	-18.0	-2.8	-1.9	-1.6	16.1	17.1	7.5	6.8
National defense	6.5	7.4	12.9	19.0	6.4	6.4	3.3	5.0
State and local	-1.8	.0	3.2	2.9	2.7	2.5	2.6	2.7
Disposable personal income	2.9	3.5	7.2	6.4	2.4	2.2	2.5	2.1
<u>Current Dollars</u>								
Gross national product	8.2	13.3	11.1	9.1	8.8	8.8	9.0	8.8
Final sales	5.8	9.8	6.4	7.2	8.6	9.6	9.3	8.9
Private	7.8	11.5	6.3	7.2	7.1	8.9	9.4	8.8
Domestic final purchases	5.9	16.0	9.2	10.1	8.1	8.8	9.0	8.6
Personal consumption expenditures	5.2	15.1	7.7	9.8	7.8	7.8	7.7	7.9
Goods	4.2	17.1	8.1	11.0	7.0	6.9	7.1	6.8
Services	6.3	13.0	7.3	8.6	8.7	8.8	8.3	8.9
Gross private domestic investment	31.4	53.9	57.3	24.8	10.4	7.8	12.2	11.4
Residential structures	75.3	76.7	37.9	12.0	2.8	16.2	20.1	10.6
Business fixed investment	-5.7	5.1	8.8	11.0	12.0	12.1	12.6	12.5
Gov't. purchases of goods and services	-1.3	3.6	6.7	7.2	14.5	12.4	9.2	9.0
Federal	-8.0	.3	3.0	4.6	24.3	18.9	10.7	10.0
National defense	7.8	10.7	16.1	24.1	16.1	10.4	7.8	9.3
State and local	3.5	5.8	9.3	8.9	8.5	8.1	8.2	8.4
Disposable personal income	5.1	8.2	12.1	11.3	7.5	7.5	8.0	7.8
Personal income	4.0	8.7	8.3	11.8	7.6	7.4	8.2	7.9
Wage and salary disbursements	6.4	9.7	8.4	9.5	8.3	7.4	7.6	7.6
Corporate profits with I.V.A. and C.C. Adj.	59.0	107.5	67.0	9.4	-3.2	23.9	25.3	26.2
Corporate profits before tax	5.4	106.0	39.0	-7	-13.8	15.6	18.3	20.2
Nonfarm payroll employment	.1	2.9	3.8	4.4	2.8	2.6	3.0	3.0
Manufacturing	-.1	5.2	7.3	9.9	6.4	5.6	5.7	5.6
Nonfarm business sector								
Output per hour	3.7	6.1	4.8	1.8	.9	1.0	1.2	1.1
Compensation per hour	6.8	4.3	4.5	4.5	6.4	4.7	4.8	4.8
Unit labor costs	3.0	-1.6	-.3	2.7	5.5	3.7	3.6	3.6
GNP implicit deflator <1>	5.5	3.3	4.0	4.1	4.5	4.3	4.4	4.5
Gross domestic business product								
fixed-weighted price index <2>	3.6	4.1	4.4	4.8	4.4	4.5	4.7	4.9
Excluding food and energy	6.7	3.5	4.8	4.7	4.3	4.3	4.4	4.7
Consumer price index (all urban)	-.4	4.3	4.7	5.0	4.9	5.0	5.2	5.3
Industrial production	10.1	18.3	18.0	7.9	6.1	5.8	7.0	6.4

<1> Excluding Federal pay increases, the rate of change in 1984-Q1 is 4.1 percent.

<2> Uses 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.)

	1977	1978	1979	1980	1981	1982	—Projected—	
							1983	1984
Gross national product	1918.3	2163.9	2417.8	2631.7	2954.1	3073.0	3309.2	3621.6
Final sales	1895.3	2137.4	2403.5	2641.5	2935.6	3097.5	3308.0	3587.2
Private	1501.5	1705.5	1929.1	2103.7	2339.9	2448.3	2617.5	2827.3
Domestic final purchases	1505.5	1706.6	1915.9	2079.7	2313.6	2430.9	2633.1	2879.0
Personal consumption expenditures	1204.4	1346.5	1507.2	1668.1	1857.2	1991.9	2161.5	2347.3
Goods	657.0	728.5	813.5	883.5	970.0	1005.5	1084.8	1176.5
Services	547.4	618.0	693.7	784.5	887.1	986.4	1076.7	1170.8
Gross private domestic investment	324.1	386.6	423.0	401.9	474.9	414.5	472.8	566.0
Residential construction	95.8	111.2	118.6	102.9	104.3	90.8	130.5	152.7
Business fixed investment	205.2	248.9	290.2	308.8	352.2	348.3	341.1	378.9
Change in business inventories	23.0	26.5	14.3	-9.8	18.5	-24.5	1.2	34.3
Nonfarm	21.9	25.4	8.6	-4.5	10.9	-23.1	1.4	35.3
Net exports of goods and services <1>	-4.0	-1.1	13.2	23.9	26.3	17.4	-15.7	-51.6
Exports	182.7	218.7	281.4	338.8	368.8	347.6	331.5	366.4
Imports	186.7	219.8	268.1	314.8	342.5	330.2	347.1	418.1
Gov't. purchases of goods and services	393.8	431.9	474.4	537.8	595.7	649.2	690.5	759.9
Federal <2>	143.4	153.6	168.3	197.0	229.2	258.7	275.4	310.0
State and local	250.4	278.3	306.0	340.8	366.5	390.5	415.1	449.9
Gross national product in constant (1972) dollars	1369.7	1438.6	1479.4	1475.0	1513.8	1485.4	1533.7	1610.4
Personal income	1540.4	1732.7	1951.2	2165.3	2435.0	2578.6	2746.5	2982.0
Wage and salary disbursements	983.2	1106.3	1237.6	1356.7	1493.2	1568.1	1665.3	1803.6
Disposable personal income	1314.0	1474.0	1650.2	1828.9	2047.6	2176.5	2339.1	2547.1
Saving rate (percent)	5.9	6.1	5.9	6.0	6.6	5.8	4.9	5.1
Corporate profits with I.V.A. and C.C.Adj.	167.3	192.4	194.8	175.4	192.3	164.8	225.4	273.9
Corporate profits before tax	194.7	229.1	252.7	234.6	227.0	174.2	203.5	225.6
Federal government surplus or deficit(-) (N.I.A. basis)	-45.9	-29.5	-16.1	-61.2	-62.2	-147.1	-183.5	-196.1
High employment surplus or deficit(-)	-30.6	-29.2	-18.6	-36.0	-25.9	-58.8	-87.0	-123.0
State and local government surplus or deficit (-) (N.I.A. basis)	28.0	30.3	30.4	30.6	35.3	31.3	50.8	50.5
Excluding social insurance funds	10.1	10.0	6.6	3.5	4.4	-1.9	14.9	11.7
Civilian labor force (millions)	99.0	102.3	105.0	106.9	108.7	110.2	111.6	113.7
Unemployment rate (percent)	7.1	6.1	5.8	7.1	7.6	9.7	9.7	8.6
Nonfarm payroll employment (millions)	82.5	86.7	89.8	90.4	91.2	89.6	90.0	92.9
Manufacturing	19.7	20.5	21.0	20.3	20.2	18.9	18.7	20.0
Industrial production (1967=100)	138.1	146.1	152.5	147.0	150.9	138.6	146.7	159.3
Capacity utilization: all manufacturing (percent)	82.2	84.7	86.0	79.6	79.4	71.1	74.8	79.8
Materials (percent)	82.6	85.6	87.6	80.4	80.7	70.1	74.6	81.2
Housing starts, private (million units, A.R.)	1.96	2.00	1.72	1.30	1.10	1.06	1.71	1.75
New auto sales (millions, A.R.)	11.13	11.29	10.68	9.04	8.56	8.00	9.16	9.94
Domestic models	9.07	9.29	8.36	6.62	6.24	5.77	6.79	7.61
Foreign models	2.06	2.00	2.32	2.42	2.32	2.23	2.37	2.33

<1> Balance of payments data 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.

	1977	1978	1979	1980	1981	1982	--Projected--	
							1983	1984
<u>Constant (1972) Dollars</u>								
Gross national product	5.5	5.0	2.8	-.3	2.6	-1.9	3.3	5.0
Final sales	5.1	4.9	3.5	.5	1.8	-.7	2.5	4.1
Private	6.0	5.6	4.0	.1	2.0	-1.3	3.0	4.0
Domestic final purchases	6.5	5.5	2.9	-1.0	2.7	-.1	4.7	4.5
Personal consumption expenditures	5.0	4.5	2.7	.5	2.7	1.4	4.3	3.5
Goods	5.1	4.2	1.9	-1.4	2.1	.1	5.5	3.8
Services	4.9	4.8	3.7	2.7	3.3	2.9	2.9	3.1
Gross private domestic investment	16.1	10.5	-.2	-11.8	9.2	-14.5	13.1	15.5
Residential structures	18.6	2.8	-5.3	-20.3	-5.1	-15.4	40.5	12.6
Business fixed investment	11.7	12.8	7.3	-2.4	5.2	-4.8	-.8	8.4
Gov't. purchases of goods and services	1.5	2.0	1.3	2.2	.8	1.8	.4	4.6
Federal	3.7	-.1	1.8	4.2	3.8	5.6	.7	7.6
National defense	.8	.4	2.6	3.9	5.2	7.1	9.3	9.0
State and local	.2	3.3	1.1	1.0	-1.0	-.5	.2	2.6
Disposable personal income	4.0	4.9	2.7	.6	3.2	.5	3.2	3.8
<u>Current Dollars</u>								
Gross national product	11.7	12.8	11.7	8.8	12.2	4.0	7.7	9.4
Final sales	11.1	12.8	12.4	9.9	11.1	5.5	6.8	8.4
Private	11.7	13.6	13.1	9.0	11.2	4.6	6.9	8.0
Domestic final purchases	13.2	13.4	12.3	8.5	11.2	5.1	8.3	9.3
Personal consumption expenditures	11.1	11.8	11.9	10.7	11.3	7.3	8.5	8.6
Goods	9.8	10.9	11.7	8.6	9.8	3.7	7.9	8.5
Services	12.7	12.9	12.2	13.1	13.1	11.2	9.2	8.7
Gross private domestic investment	25.7	19.3	9.4	-5.0	18.2	-12.7	14.1	19.7
Residential structures	33.1	16.1	6.6	-13.2	1.4	-13.0	43.8	17.1
Business fixed investment	17.9	21.3	16.6	6.4	14.1	-1.1	-2.1	11.1
Gov't. purchases of goods and services	8.8	9.7	9.8	13.4	10.8	9.0	6.4	10.0
Federal	11.0	7.1	9.6	17.1	16.3	12.9	6.5	12.6
National defense	8.0	8.0	11.5	17.3	17.4	16.5	14.2	14.5
State and local	7.5	11.2	9.9	11.4	7.5	6.6	6.3	8.4
Disposable personal income	10.0	12.2	12.0	10.8	12.0	6.3	7.5	8.9
Personal income	10.7	12.5	12.6	11.0	12.5	5.9	6.5	8.6
Wage and salary disbursements	10.5	12.5	11.9	9.6	10.1	5.0	6.2	8.3
Corporate profits with I.V.A. and C.C.Adj.	21.1	15.0	1.3	-9.9	9.6	-14.3	36.8	21.5
Corporate profits before tax	17.1	17.7	10.3	-7.1	-3.3	-23.2	16.8	10.9
Nonfarm payroll employment	3.9	5.1	3.6	.6	.8	-1.7	.4	3.2
Manufacturing	3.6	4.2	2.6	-3.6	-.6	-6.5	-.8	6.8
Nonfarm business sector								
Output per hour	2.2	.6	-1.5	-.7	1.9	-.1	3.3	1.9
Compensation per hour	7.5	8.6	9.0	10.4	9.8	7.8	5.8	5.1
Unit labor costs	5.2	8.0	10.7	11.1	7.7	7.9	2.3	3.1
GNP implicit deflator	5.8	7.4	8.6	9.2	9.4	6.0	4.3	4.2
Gross domestic business product								
fixed-weighted price index <1>	6.1	8.0	9.9	10.0	9.5	6.0	4.2	4.5
Excluding food and energy	6.3	7.8	8.6	8.5	9.3	6.9	5.0	4.4
Consumer price index (all urban)	6.5	7.6	11.3	13.5	10.3	6.2	3.2	4.9
Industrial production	5.9	5.8	4.4	-3.6	2.6	-8.1	5.8	8.6

<1> Uses expenditures in 1972 as weights.

FEDERAL SECTOR ACCOUNTS
(Billions of dollars)

	Fiscal Year 1982*	FY1983e		FY1984e 2/		CY 1982*	CY1983e/ F.R. Board	FRB Staff Estimates Calendar quarters; unadjusted data							
		Admin. 1/	F.R. Board	Admin. 1/	F.R. Board			1982		1983			1984		
								IV*	I*	II*	III	IV	I	II	III
Unified budget receipts	618	600	601	668	662	609	611	137	140	167	158	147	154	189	172
Unified budget outlays	728	810	798	848	860	740	804	205	201	196	197	211	213	218	218
Surplus/deficit(-), unified budget	-111	-210	-197	-180	-198	-131	-193	-68	-61	-29	-39	-64	-59	-30	-45
Surplus/deficit(-), off-budget agencies ³	-17	-16	-11	-14	-15	-15	-13	-1	-2	-4	-4	-2	-3	-4	-5
Combined deficit to be financed	-128	-226	-209	-194	-213	-146	-206	-69	-63	-34	-43	-66	-63	-34	-50
Means of financing combined deficit:															
Net borrowing from public	135	216	212	194	198	161	197	62	56	47	48	47	55	51	46
Decrease in cash operating balance	-11	9	-8	0	17	-8	2	10	4	-13	-9	19	11	-13	1
Other ⁴	4	1	4	0	-2	-8	7	-2	3	-1	4	1	-3	-4	4
Cash operating balance, end of period	29	20	37	20	20	20	18	20	15	28	37	18	7	21	20
Item: Sponsored agency borrowing ⁵	20	n.a.	-2	n.a.	21	17	2	-2	-3	0	2	2	5	7	7
NIA Budget															
								Seasonally adjusted annual rates							
Receipts	628	632	633	701	691	617	645	613	623	653	644	660	686	701	719
Expenditures	740	827	819	873	888	764	828	821	807	819	829	860	880	898	915
Purchases	251	280	276	300	299	259	275	279	274	274	276	279	294	307	315
Defense	173	199	198	227	229	179	205	191	194	199	207	219	227	233	237
Nondefense	78	81	78	73	70	79	71	89	79	74	69	60	68	75	78
All other expenditures	489	547	543	573	589	506	553	542	533	545	553	581	585	591	600
Surplus/deficit(-)	-112	-198	-186	-172	-197	-147	-183	-208	-183	-166	-185	-199	-194	-197	-196
High Employment (H.R.) surplus/deficit(-) evaluated at the unemployment rate of 6 percent	-46	n.a.	-83	n.a.	-119	-59	-87	-100	-72	-65	-95	-115	-113	-122	-126
		*--actual			e--estimated			n.a.--not available							

1. Mid-Session Review of the 1984 Budget, July 1983.

2. The August CBO reestimate of the First Concurrent Resolution on the Budget -- Fiscal Year 1984 indicated revenues of \$677 billion and outlays of \$860 billion; outlays would be \$8.5 billion higher if the "Reserve fund" for recession relief is fully utilized.

3. Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank and (beginning in FY1982) the Strategic Petroleum Reserve.

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

5. FRB staff estimates and actuals include Federal Home Loan Banks, FHLMC (excluding participation certificates), FNMA (excluding mortgage-backed securities), Federal Land Banks, Federal Intermediate Credit Banks for Cooperatives, and Student Loan Marketing Association marketable debt on a payment basis.

NOTE: Quarterly figures may not add to yearly totals due to rounding.

SEPTEMBER 27, 1983

OUTLOOK FOR U.S. NET EXPORTS AND RELATED ITEMS
(BILLIONS OF DOLLARS, SEASONALLY ADJUSTED ANNUAL RATES)

	1982 ANN.	1983-P ANN.	1984-P ANN.	1982 Q3	1982 Q4	1983 Q1	1983 Q2	1983-P Q3	1983-P Q4	1984-P Q1	1984-P Q2	1984-P Q3	1984-P Q4
1. GNP NET EXPORTS													
CURRENT \$, NET	17.4	-15.7	-51.6	1.0	5.5	17.0	-8.5	-26.4	-44.7	-51.9	-52.7	-51.2	-50.8
EXPORTS OF G+S	347.6	331.5	366.5	346.0	321.6	326.9	327.1	332.8	339.1	345.7	360.0	372.7	387.3
IMPORTS OF G+S	330.2	347.1	418.1	345.0	316.1	309.9	335.6	359.2	383.8	397.7	412.7	423.9	438.1
CONSTANT 72 \$, NET	28.9	9.4	3.2	24.0	23.0	20.5	12.3	5.8	-0.9	-1.5	1.2	4.8	8.3
EXPORTS OF G+S	147.3	136.7	143.5	146.4	136.5	137.3	136.2	136.6	136.8	137.7	141.7	145.2	149.5
IMPORTS OF G+S	118.4	127.3	140.3	122.4	113.5	116.8	123.9	130.7	137.7	139.2	140.4	140.4	141.2
TERMS OF TRADE (1972=100) 1/	84.6	89.0	85.8	83.9	84.6	89.7	88.7	88.7	89.0	88.0	86.5	85.1	83.6
2. U.S. MERCHANDISE TRADE BALANCE 2/	-36.4	-65.8	-109.5	-52.3	-45.4	-35.2	-58.6	-75.4	-93.9	-103.2	-108.7	-111.0	-115.0
EXPORTS (EXCL. MILITARY)	211.2	198.0	210.6	209.0	193.4	198.0	195.7	198.2	200.1	202.0	207.2	212.9	220.4
AGRICULTURAL	37.2	36.6	40.0	33.8	33.1	36.0	35.3	36.1	38.8	40.0	41.1	40.2	38.7
NONAGRICULTURAL	174.0	161.4	170.6	175.2	160.3	162.0	160.3	162.2	161.3	161.9	166.2	172.8	181.7
IMPORTS	247.6	263.8	320.1	261.3	238.8	233.3	254.3	273.7	294.0	305.2	315.9	323.9	335.3
PETROLEUM AND PRODUCTS	61.2	55.6	67.5	68.9	60.5	42.0	52.1	63.2	65.2	65.3	66.6	67.4	70.6
NONPETROLEUM	186.4	208.2	252.6	192.3	178.3	191.3	202.2	210.5	228.8	239.9	249.3	256.5	264.7
3. U.S. CURRENT ACCOUNT BALANCE	-11.2	-43.6	-81.4	-26.4	-26.5	-14.3	-38.8	-50.8	-70.4	-79.5	-81.9	-81.8	-82.5
OF WHICH: NET INVESTMENT INCOME	27.3	25.8	30.9	27.3	24.0	20.4	23.7	29.8	29.4	28.3	30.1	31.4	33.7
4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/													
REAL GNP, % CHANGE, ANNUAL RATES	-0.1	1.2	2.4	-1.8	0.6	2.7	1.3	1.9	2.2	2.7	2.3	2.6	3.0
CONSUMER PRICES, % CHANGE, ANNUAL RATES	8.1	5.7	5.4	6.0	6.0	4.5	6.0	5.1	5.6	5.5	5.5	5.1	5.1

1/ GNP EXPORT IMPLICIT DEFLATOR DIVIDED BY GNP IMPORT IMPLICIT DEFLATOR

2/ INTERNATIONAL ACCOUNTS BASIS

3/ GEOMETRIC WEIGHTS USED TO AGGREGATE FOREIGN REAL GNP AND CONSUMER PRICES — PERCENT SHARE IN TEN-COUNTRY TOTAL MULTILATERAL TRADE.

GERMANY (20.8%), JAPAN (13.6%), FRANCE (13.1%), UNITED KINGDOM (11.8%), CANADA (9.1%), ITALY (9.0%), THE NETHERLANDS (8.3%), BELGIUM (6.4%), SWEDEN (4.2%), SWITZERLAND (3.6%)

P/ PROJECTED

September 28, 1983

RECENT DEVELOPMENTS

Prepared for the Federal Open Market Committee

By the staff of the Board of Governors of the Federal Reserve System

III-6

GROSS OFFERINGS OF SECURITIES BY U.S. CORPORATIONS
(Monthly totals or monthly averages, millions of dollars)

	1982	1983				
	Year	Q1	Q2	July ^p	Aug. ^p	Sept. ^f
----- Seasonally adjusted -----						
Corporate securities--total	8,153	10,872	11,467	8,491	7,062	7,200
Securities sold in U.S.	7,017	9,935	10,834	7,885	6,700	6,200
Publicly offered bonds ¹	3,653	4,621	4,975	2,585	2,300	2,500
Privately placed bonds	817	700 ^e	700 ^e	700 ^e	700 ^e	700
Stocks ²	2,547	4,614	5,159	4,600	3,700	3,000
Securities sold abroad ³	1,136	937	633	606	362	1,000
--- Domestic offerings, not seasonally adjusted ---						
Publicly offered bonds--total ¹	3,653	4,575	5,092	2,550	2,550	2,300
By industry						
Utility	976	986	1,385	1,570	355	--
Industrial	1,236	1,292	2,300	288	600	--
Financial	1,441	2,297	1,407	692	1,595	--
By quality ⁴						
Aaa and Aa	1,370	1,757	1,210	414	1,410	--
A and Baa	1,505	1,885	2,219	1,756	410	--
Less than Baa	286	563	825	221	225	--
No rating (or unknown)	492	370	838	159	505	--
Memo items:						
Equity based bonds ⁵	302	861	1,271	1,231	457	--
Original discount bonds						
Par value	952	163	440	20	0	--
Gross proceeds	281	133	366	16	0	--
Stocks--total ²	2,547	4,734	4,949	4,000	3,000	3,100
By industry						
Utility	871	1,203	693	430	400	--
Industrial	1,119	2,148	3,064	2,500	2,300	--
Financial	557	1,383	1,192	1,070	300	--

1. Total reflects gross proceeds rather than par value of original discount bonds.
 2. Includes equity issues associated with debt/equity swaps.
 3. Notes and bonds, not seasonally adjusted.
 4. Bonds categorized according to Moody's bond ratings.
 5. Includes bonds convertible into equity and bonds with warrants attached where the warrants entitle the holder to purchase equity in the future.
- p--preliminary. f--forecast. e--estimate.

TREASURY AND AGENCY FINANCING¹
(Total for period; billions of dollars)

	1983				
	FY83	Aug. ^p	Sept. ^f	03 ^f	Q4 ^f
<u>Treasury financing</u>					
Combined surplus/deficit(-)	-208.8	-18.8	-1.8	-43.3	-66.2
Means of financing deficit:					
Net cash borrowing from the public	212.4	20.5	15.5	47.9	46.6
Marketable borrowings/ repayments(-)	200.3	19.7	13.3	44.6	44.4
Bills	62.9	2.8	.4	6.5	12.4
Coupons	137.4	16.9	12.9	38.1	32.0
Nonmarketable	12.1	.8	2.2	3.3	2.2
Decrease in the cash balance	-7.6	3.2	-18.5	-9.0	18.9
Memo: Cash balance at end of period	37.0	18.5	37.0	37.0	18.1
Other ²	4.0	-4.9	4.8	4.4	.7
<u>Federally sponsored credit agencies net cash borrowing³</u>					
FHLB	-8.8	.0	.0	.2	.9
FNMA	5.0	.5	.2	1.0	1.2
Farm Credit Banks	-.6	.4	-.5	.6	-.6
FHLMC	1.2	.1	.1	-.1	.3
SLMA	1.4	.2	.3	.6	.5

1. Numbers reported on a not seasonally adjusted, payment basis.

2. Includes checks issued less checks paid, accrued items and other transactions.

3. Includes debt of Federal Home Loan Banks, the Federal National Mortgage Association, the Federal Farm Credit Bank System, the Federal Home Loan Mortgage Corporation, and the Student Loan Marketing Association. Excludes mortgage pass-through securities issued by FNMA and FHLMC.

p--preliminary. f--forecast.

The volume of such offerings in September appears to have remained comparatively moderate.

GROSS OFFERINGS OF SECURITIES BY STATE AND LOCAL GOVERNMENTS
(Monthly totals or monthly averages; billions of dollars)

	1982	1983				
	Year	QI	QII	July ^e	Aug. ^e	Sept. ^f
----- Seasonally adjusted -----						
Total	10.29	10.30	10.89	7.56	11.45	7.60
Long-term	6.58	7.21	8.01	4.41	6.40	5.30
Short-term ¹	3.71	3.09	2.88	3.15	5.05	2.30
----- Not seasonally adjusted -----						
Total	10.29	8.65	13.09	7.08	10.80	7.50
Long-term	6.58	6.23	9.11	4.08	5.80	5.00
Refundings	.27	.94	1.95	.44	1.60	--
Mortgage revenue	1.24	1.07	1.26	1.37	1.60	--
Short-term ¹	3.71	2.42	3.98	3.00	5.00	2.50

1. These figures do not include tax-exempt commercial paper.

e--estimate. f--forecast.

As shown in the table, a sizable portion of the August volume comprised refunding issues. Because funds raised for refunding purposes are subject to investment yield restrictions under the arbitrage provisions of the federal tax code, the proceeds from many of these issues likely will be invested in specially tailored nonmarketable Treasury securities (S.L.G.S.) until refunding occurs. During the first eight months of this year, the Treasury issued more than \$8 billion of S.L.G.S. to accommodate much of the \$9.3 billion in state and local government refunding offerings that came to market over a comparable period.

Housing issues accounted for a good part of the new capital (nonrefunding) volume during August, continuing the step-up in such issues that began in July. Apparently, issuers have been accelerating mortgage bond issuance