

May 18, 1983

SUMMARY AND OUTLOOK

Prepared for the Federal Open Market Committee

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

May 18, 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			
	3/23/83	5/18/83	3/23/83	5/18/83	3/23/83	5/18/83	3/23/83	5/18/83	3/23/83	5/18/83
Annual changes:										
1981 <1>	11.6	11.6	1.9	1.9	9.6	9.6	9.4	9.4	7.6	7.6
1982 <1>	4.1	4.1	-1.7	-1.7	5.9	5.9	6.9	6.9	9.7	9.7
1983	6.6	7.1	2.5	2.7	3.9	4.1	4.6	4.9	10.3	10.0
1984	8.0	8.2	4.4	4.8	3.8	3.9	3.7	3.8	9.5	9.3
Quarterly changes:										
1982 Q1 <1>	-1.0	-1.0	-5.1	-5.1	4.4	4.4	5.3	5.3	8.8	8.8
Q2 <1>	6.8	6.8	2.1	2.1	3.8	3.8	5.9	5.9	9.4	9.4
Q3 <1>	5.8	5.8	.7	.7	5.9	5.9	5.2	5.2	10.0	10.0
Q4 <1>	2.6	2.6	-1.1	-1.1	4.3	4.3	4.7	4.7	10.7	10.7
1983 Q1 <1>	8.1	9.1	4.1	3.1	2.7	2.8	4.5	5.3	10.4	10.3
Q2	8.2	8.9	3.5	5.5	3.7	4.5	4.9	4.7	10.5	10.1
Q3	7.6	8.1	4.5	4.8	4.0	4.2	3.9	4.1	10.3	9.8
Q4	7.8	8.3	4.4	5.0	3.9	3.8	3.6	3.6	10.2	9.7
1984 Q1	8.0	7.9	4.4	4.7	3.8	3.7	3.6	3.6	9.9	9.6
Q2	7.9	8.1	4.3	4.6	3.7	3.8	3.6	3.7	9.6	9.4
Q3	8.4	8.4	4.8	4.8	3.7	3.8	3.6	3.7	9.4	9.1
Q4	8.9	9.0	5.0	4.9	3.6	3.8	3.5	3.7	9.1	8.9
Two-quarter changes: <2>										
1982 Q2 <1>	2.8	2.8	-1.6	-1.6	4.2	4.2	5.6	5.6	1.1	1.1
Q4 <1>	4.2	4.2	-.2	-.2	5.1	5.1	5.0	5.0	1.3	1.3
1983 Q2	8.2	9.0	3.8	4.3	3.2	3.7	4.7	5.0	-.2	-.6
Q4	7.7	8.2	4.5	4.9	3.9	4.0	3.7	3.8	-.3	-.4
1984 Q2	7.9	8.0	4.4	4.6	3.7	3.7	3.6	3.7	-.6	-.3
Q4	8.6	8.7	4.9	4.9	3.6	3.8	3.6	3.7	-.5	-.5
Four-quarter changes: <3>										
1981 Q4 <1>	9.6	9.6	.7	.7	8.9	8.9	9.3	9.3	.9	.9
1982 Q4 <1>	3.5	3.5	-.9	-.9	4.7	4.7	5.3	5.3	2.4	2.4
1983 Q4	7.9	8.6	4.1	4.6	3.6	3.8	4.2	4.4	-.5	-1.0
1984 Q4	8.3	8.4	4.6	4.7	3.7	3.8	3.6	3.7	-1.1	-.8

<1> Actual.

<2> Percent change from two quarters earlier.

<3> Percent change from four quarters earlier.

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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	2864.9	2901.8	2980.9	3003.2	2995.5	3045.2	3088.2	3108.2
Final purchases	2852.7	2877.2	2949.1	2989.9	3031.1	3061.4	3083.5	3156.5
Private	2274.6	2294.0	2348.9	2363.6	2401.0	2430.5	2431.8	2479.7
Excluding net exports	2243.4	2270.3	2323.0	2340.1	2369.7	2395.6	2424.9	2470.6
Personal consumption expenditures	1799.9	1819.4	1868.8	1884.5	1919.4	1947.8	1986.3	2030.8
Goods	957.5	960.0	982.5	976.1	987.0	995.7	1008.7	1027.5
Services	842.4	859.4	886.3	908.3	932.4	952.1	977.6	1003.3
Gross private domestic investment	455.7	475.5	486.0	468.9	414.8	431.5	443.3	391.5
Residential structures	113.6	109.5	101.2	95.5	93.4	95.5	94.3	101.4
Business fixed investment	330.0	341.3	353.0	360.2	357.0	352.2	344.2	338.4
Change in business inventories	12.2	24.6	31.8	13.2	-35.6	-16.2	4.7	-48.3
Nonfarm	10.0	19.3	24.6	6.0	-36.0	-15.0	3.7	-50.0
Net exports of goods and services <1>	31.2	23.7	25.9	23.5	31.3	34.9	6.9	9.1
Exports	365.4	368.9	367.2	367.9	359.9	365.8	349.5	328.1
Imports	334.2	345.1	341.3	344.4	328.6	330.9	342.5	319.1
Gov't. purchases of goods and services	578.1	583.2	600.2	626.3	630.1	630.9	651.7	676.8
Federal <2>	217.0	218.2	230.0	250.5	249.7	244.3	259.0	278.7
State and local	361.1	365.0	370.1	375.7	380.4	386.6	392.7	398.0
Gross national product in constant (1972) dollars	1507.8	1502.2	1510.4	1490.1	1470.7	1478.4	1481.1	1477.2
Personal income	2330.0	2380.6	2458.2	2494.6	2510.5	2552.7	2592.5	2624.0
Wage and salary disbursements	1452.8	1479.4	1512.3	1531.2	1541.6	1556.6	1570.0	1574.5
Disposable personal income	1958.7	1996.5	2060.0	2101.4	2117.1	2151.5	2198.1	2224.3
Saving rate (percent)	5.4	6.1	6.5	7.5	6.6	6.7	6.9	6.0
Corporate profits with I.V.A. and C.C. Adj.	200.3	185.1	193.1	183.9	157.1	155.4	166.2	164.6
Corporate profits before tax	253.1	225.4	233.3	216.5	171.6	171.7	180.3	175.9
Federal government surplus or deficit (-) (N.I.A. basis)	-39.7	-40.5	-58.0	-101.7	-118.4	-119.6	-156.0	-204.2
High employment surplus or deficit (-) <3>	10.4	22.0	5.9	-20.3	-15.6	-6.2	-32.7	-64.5
State and local government surplus or deficit(-) (N.I.A. basis)	31.3	32.9	33.5	29.1	27.7	32.1	32.3	36.4
Excluding social insurance funds	1.1	1.7	1.2	-4.2	-6.8	-3.6	-4.5	-1.6
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)	90.9	91.2	91.4	91.0	90.4	90.0	89.4	88.7
Manufacturing	20.2	20.3	20.3	19.9	19.4	19.1	18.7	18.2
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)	79.9	79.8	79.2	74.8	71.6	70.3	69.7	67.6
Materials (percent)	82.2	81.2	81.2	75.2	72.0	69.6	68.1	65.8
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 5.1 percent high employment unemployment rate. Evaluated at a 6.1 percent unemployment rate, the high employment budget would show a deficit of \$43.5 billion in 1981-Q4, and a deficit of \$89.5 billion in 1982-Q4.

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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	7.9	-1.5	2.2	-5.3	-5.1	2.1	.7	-1.1
Final purchases	5.4	-4.0	1.0	-2.3	.2	-.9	-1.3	5.4
Private	5.5	-4.0	.4	-4.4	1.0	.2	-3.5	3.9
Excluding net exports	4.7	-2.8	2.2	-3.6	.9	.6	-.9	4.1
Personal consumption expenditures	4.4	-2.7	2.9	-3.3	2.5	2.5	.6	4.5
Goods	6.9	-5.1	4.0	-6.2	2.0	2.5	-.4	6.6
Services	1.5	.1	1.7	.0	3.0	2.4	1.7	2.3
Gross private domestic investment	25.0	14.9	6.9	-22.6	-36.5	15.0	7.9	-37.3
Residential structures	1.0	-17.4	-31.9	-25.3	-10.2	12.9	-5.3	39.3
Business fixed investment	8.0	1.1	9.3	.6	-5.0	-11.8	-7.6	-6.0
Gov't. purchases of goods and services	5.2	-4.1	3.6	7.0	-2.9	-5.3	8.4	12.0
Federal	12.2	-3.2	14.8	20.4	-5.5	-13.5	23.1	32.8
National defense	8.0	11.5	7.6	10.1	-7.9	21.4	13.0	2.0
State and local	1.3	-4.6	-2.7	-.8	-1.1	.4	-.2	-.4
Disposable personal income	3.7	.6	4.8	1.2	-1.9	3.1	1.3	.3
<u>Current Dollars</u>								
Gross national product	19.6	5.3	11.4	3.0	-1.0	6.8	5.8	2.6
Final purchases	14.6	3.5	10.4	5.7	5.6	4.1	2.9	9.8
Private	14.8	3.5	9.9	2.5	6.5	5.0	.2	8.1
Excluding net exports	13.4	4.9	9.6	3.0	5.2	4.4	5.0	7.8
Personal consumption expenditures	13.0	4.4	11.3	3.4	7.6	6.1	8.1	9.3
Goods	14.7	1.0	9.7	-2.6	4.5	3.6	5.3	7.7
Services	11.1	8.3	13.2	10.3	11.0	8.7	11.2	11.0
Gross private domestic investment	52.2	18.5	9.2	-13.3	-38.8	17.2	11.4	-39.1
Residential structures	11.5	-13.4	-27.0	-20.8	-8.4	9.4	-4.9	33.6
Business fixed investment	16.7	14.5	14.3	8.4	-3.5	-5.3	-8.7	-6.6
Gov't. purchases of goods and services	13.7	3.6	12.2	18.6	2.4	.6	13.8	16.3
Federal	20.9	2.2	23.5	40.7	-1.4	-8.3	26.3	34.2
National defense	15.4	22.1	10.8	36.7	-1.8	26.4	15.6	15.4
State and local	9.7	4.4	5.7	6.2	5.0	6.7	6.5	5.5
Disposable personal income	12.3	7.9	13.4	8.3	3.0	6.7	8.9	4.9
Personal income	13.0	9.0	13.7	6.1	2.6	6.9	6.4	4.9
Wage and salary disbursements	12.0	7.5	9.2	5.1	2.7	3.9	3.5	1.2
Corporate profits with I.V.A. and C.C. Adj.	49.3	-27.1	18.4	-17.7	-46.7	-4.3	30.8	-3.8
Corporate profits before tax	12.2	-37.1	14.8	-25.8	-60.5	.2	21.6	-9.4
Nonfarm payroll employment	1.8	1.0	.8	-1.8	-2.4	-1.7	-2.9	-2.8
Manufacturing	1.3	2.8	.1	-8.1	-9.0	-7.2	-7.8	-9.8
Nonfarm business sector								
Output per hour	4.9	-1.2	-.3	-3.4	.7	.9	3.4	.4
Compensation per hour	11.9	7.2	9.0	7.4	7.9	6.0	6.6	5.5
Unit labor costs	6.6	8.4	9.4	11.2	7.2	5.1	3.1	5.1
GNP implicit deflator <1>	10.9	6.8	9.0	8.8	4.3	4.6	5.0	3.7
Gross domestic business product								
fixed-weighted price index <2>	10.4	8.6	9.3	7.4	4.4	3.8	5.9	4.3
Excluding food and energy	8.4	9.4	11.0	8.6	5.3	5.9	5.2	4.7
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, 10.8 percent; 1981-Q4, 7.8 percent; 1982-Q1, 4.2 percent; 1982-Q4, 3.3 percent.

<2> Uses expenditures in 1972 as weights.

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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.)

	1983				-Projected-			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross national product	3176.7	3245.1	3308.5	3375.0	3440.0	3507.8	3579.4	3657.7
Final purchases	3205.2	3242.6	3290.0	3340.0	3409.0	3478.8	3550.4	3625.9
Private	2529.7	2556.4	2591.5	2635.5	2683.6	2737.9	2796.0	2854.8
Excluding net exports	2513.1	2562.0	2617.1	2671.1	2722.5	2776.7	2832.1	2888.3
Personal consumption expenditures	2054.0	2092.3	2139.0	2183.5	2224.0	2265.0	2306.5	2349.0
Goods	1032.8	1049.8	1073.0	1094.5	1112.5	1131.5	1150.0	1169.5
Services	1021.2	1042.5	1066.0	1089.0	1111.5	1133.5	1156.5	1179.5
Gross private domestic investment	430.6	472.2	496.6	522.6	529.5	540.7	554.6	571.1
Residential structures	119.9	129.4	133.9	138.4	142.9	146.9	150.9	154.4
Business fixed investment	339.3	340.3	344.2	349.2	355.6	364.8	374.7	384.9
Change in business inventories	-28.5	2.5	18.5	35.0	31.0	29.0	29.0	31.8
Nonfarm	-26.6	2.5	17.5	27.0	30.0	33.0	34.0	36.8
Net exports of goods and services <1>	16.6	-5.6	-25.6	-35.6	-38.9	-38.8	-36.1	-33.5
Exports	330.2	328.3	330.1	337.8	347.7	362.2	378.4	395.6
Imports	313.6	333.9	355.7	373.3	386.6	400.9	414.6	429.2
Gov't. purchases of goods and services	675.5	686.2	698.5	704.5	725.4	740.9	754.4	771.1
Federal <2>	271.9	276.6	282.5	282.2	296.6	305.9	313.3	323.9
State and local	403.6	409.6	416.0	422.3	428.8	435.0	441.1	447.2
Gross national product in constant (1972) dollars	1488.5	1508.4	1526.2	1544.8	1562.6	1580.2	1598.9	1618.1
Personal income	2648.3	2703.8	2758.5	2817.7	2854.6	2903.7	2957.0	3014.4
Wage and salary disbursements	1597.8	1633.2	1663.7	1694.3	1723.8	1755.0	1786.2	1823.9
Disposable personal income	2247.0	2293.9	2352.3	2401.2	2435.9	2477.4	2521.7	2569.4
Saving rate (percent)	5.9	6.1	6.4	6.4	6.0	5.9	5.9	5.9
Corporate profits with I.V.A. and C.C. Adj.	184.2	192.7	202.7	214.8	216.1	223.4	238.0	253.5
Corporate profits before tax	177.8	182.1	188.4	197.8	195.1	198.4	209.2	221.0
Federal government surplus or deficit (-) (N.I.A. basis)	-172.5	-172.4	-192.9	-197.6	-191.3	-189.5	-190.0	-193.3
High employment surplus or deficit (-) <3>	-30.5	-29.4	-53.3	-59.6	-53.6	-54.6	-58.1	-64.7
State and local government surplus or deficit (-) (N.I.A. basis)	40.6	44.5	47.2	50.2	49.9	51.0	52.5	54.4
Excluding social insurance funds	1.3	3.7	4.8	6.2	4.1	3.6	3.4	3.6
Civilian labor force (millions)	110.5	111.2	111.6	112.1	112.6	113.2	113.6	114.1
Unemployment rate (percent)	10.3	10.1	9.8	9.7	9.6	9.4	9.1	8.9
Nonfarm payroll employment (millions)	88.9	89.4	90.1	90.7	91.3	92.0	92.8	93.6
Manufacturing	18.2	18.5	18.9	19.2	19.5	19.8	20.1	20.5
Industrial production (1967=100)	138.4	144.1	147.4	150.3	153.3	156.3	159.6	162.6
Capacity utilization: all manufacturing (percent)	69.1	71.5	72.8	73.8	74.8	75.8	76.9	77.8
Materials (percent)	68.3	71.5	73.5	75.2	76.9	78.5	80.2	81.6
Housing starts, private (million units, A.R.)	1.70	1.55	1.60	1.65	1.70	1.75	1.80	1.85
New auto sales (millions, A.R.)	8.44	8.70	9.20	9.50	9.50	9.40	9.80	10.00
Domestic models	6.06	6.50	6.80	7.00	7.10	7.20	7.40	7.50
Foreign models	2.38	2.20	2.40	2.50	2.40	2.20	2.40	2.50

<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 5.1 percent high employment unemployment rate. Evaluated at a 6.1 percent unemployment rate, the high employment budget would show a deficit of \$87.4 billion in 1983-Q4, and a deficit of \$96.7 billion in 1984-Q4.

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PERCENT 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	3.1	5.5	4.8	5.0	4.7	4.6	4.8	4.9
Final purchases	.9	1.7	2.8	2.9	5.2	4.9	4.9	4.6
Private	3.5	1.7	2.9	4.4	4.4	4.7	5.1	5.1
Excluding net exports	4.7	3.7	4.6	4.3	3.8	4.2	4.0	4.0
Personal consumption expenditures	2.3	3.1	4.7	4.1	3.3	3.4	3.2	3.3
Goods	3.1	2.8	5.4	4.4	3.2	3.6	3.1	3.4
Services	1.4	3.4	3.8	3.8	3.5	3.2	3.2	3.1
Gross private domestic investment	39.7	38.2	18.7	19.2	2.5	5.5	7.6	9.4
Residential structures	83.1	30.7	10.3	9.6	9.1	7.1	6.5	4.7
Business fixed investment	2.7	-5	2.2	3.4	5.1	7.8	8.5	8.6
Gov't. purchases of goods and services	-8.9	1.8	2.3	-3.1	8.9	5.5	3.8	2.4
Federal	-21.1	3.2	3.9	-9.2	20.6	11.5	7.1	3.8
National defense	.4	18.1	13.8	7.9	7.0	6.3	4.8	5.3
State and local	.7	1.0	1.2	1.3	1.7	1.5	1.5	1.4
Disposable personal income	1.8	4.0	5.9	4.1	1.7	2.8	3.0	3.5
<u>Current Dollars</u>								
Gross national product	9.1	8.9	8.1	8.3	7.9	8.1	8.4	9.0
Final purchases	6.3	4.7	6.0	6.2	8.5	8.5	8.5	8.8
Private	8.3	4.3	5.6	7.0	7.5	8.4	8.8	8.7
Excluding net exports	7.1	8.0	8.9	8.5	7.9	8.2	8.2	8.2
Personal consumption expenditures	4.6	7.7	9.2	8.6	7.6	7.6	7.5	7.6
Goods	2.1	6.7	9.1	8.3	6.7	7.0	6.7	7.0
Services	7.3	8.6	9.3	8.9	8.5	8.2	8.4	8.2
Gross private domestic investment	46.3	44.6	22.3	22.6	5.4	8.7	10.7	12.4
Residential structures	95.0	35.8	14.7	14.1	13.7	11.7	11.3	9.6
Business fixed investment	1.0	1.2	4.7	5.9	7.5	10.8	11.3	11.3
Gov't. purchases of goods and services	-8	6.5	7.4	3.5	12.4	8.8	7.5	9.2
Federal	-9.4	7.1	8.8	-4	22.0	13.1	10.0	14.2
National defense	4.9	22.6	18.4	15.5	11.3	9.2	8.7	15.6
State and local	5.7	6.1	6.4	6.2	6.3	5.9	5.7	5.6
Disposable personal income	4.1	8.6	10.6	8.6	5.9	7.0	7.4	7.8
Personal income	3.8	8.6	8.4	8.9	5.3	7.1	7.5	8.0
Wage and salary disbursements	6.1	9.2	7.7	7.6	7.1	7.4	7.3	8.7
Corporate profits with I.V.A. and C.C. Adj.	56.8	19.8	22.3	26.1	2.5	14.1	28.9	28.7
Corporate profits before tax	4.4	10.0	14.5	21.5	-5.3	6.8	23.7	24.5
Nonfarm payroll employment	.7	2.6	2.9	2.6	2.8	3.3	3.3	3.4
Manufacturing	.5	6.8	7.2	6.9	6.7	6.6	6.9	6.5
Nonfarm business sector								
Output per hour	4.8	3.7	3.0	2.9	1.8	1.2	1.0	1.3
Compensation per hour	6.1	4.6	4.4	4.2	6.1	4.1	4.2	4.2
Unit labor costs	1.3	.9	1.4	1.3	4.2	2.9	3.2	2.9
GNP implicit deflator <1>	5.8	3.2	3.1	3.2	3.1	3.4	3.4	4.0
Gross domestic business product								
fixed-weighted price index <2>	2.8	4.5	4.2	3.8	3.7	3.8	3.8	3.8
Excluding food and energy	5.3	4.7	4.1	3.6	3.6	3.7	3.7	3.7
Consumer price index (all urban)	-4	5.3	4.6	4.3	4.3	4.2	4.0	4.0
Industrial production	9.7	17.5	9.5	8.1	8.2	8.1	8.7	7.7

<1> Excluding Federal pay increases, the rates of change are: 1983-Q1, 5.8 percent; 1983-Q4, 2.9 percent; 1984-Q1, 3.0 percent; 1984-Q4, 3.4 percent.

<2> Uses expenditures in 1972 as weights.

May 18, 1983

CONFIDENTIAL - FR
CLASS II FOMCGROSS 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	2633.1	2937.7	3059.3	3276.3	3546.2
Final purchases	1895.3	2137.4	2403.5	2643.1	2917.3	3083.1	3269.5	3516.0
Private	1501.5	1705.5	1929.1	2104.7	2320.4	2435.7	2578.3	2768.1
Excluding net exports	1505.5	1706.6	1915.9	2079.5	2294.3	2415.2	2590.8	2804.9
Personal consumption expenditures	1204.4	1346.5	1507.2	1667.2	1843.2	1971.1	2117.2	2286.1
Goods	657.0	728.5	813.5	884.7	969.1	1004.8	1062.5	1140.9
Services	547.4	618.0	693.7	782.5	874.1	966.3	1054.7	1145.2
Gross private domestic investment	324.1	386.6	423.0	402.3	471.5	420.3	480.5	549.0
Residential construction	95.8	111.2	118.6	103.2	104.9	96.2	130.4	148.8
Business fixed investment	205.2	248.9	290.2	309.2	346.1	348.0	343.2	370.0
Change in business inventories	23.0	26.5	14.3	-10.0	20.5	-23.8	6.9	30.2
Nonfarm	21.9	25.4	8.6	-5.7	15.0	-24.3	5.1	33.5
Net exports of goods and services <1>	-4.0	-1.1	13.2	25.2	26.1	20.5	-12.5	-36.8
Exports	182.7	218.7	281.4	339.2	367.3	350.8	331.6	371.0
Imports	186.7	219.8	268.1	314.0	341.3	330.3	344.1	407.8
Gov't. purchases of goods and services	393.8	431.9	474.4	538.4	596.9	647.4	691.2	747.9
Federal <2>	143.4	153.6	168.3	197.2	228.9	257.9	278.3	309.9
State and local	250.4	278.3	306.0	341.2	368.0	389.4	412.9	438.0
Gross national product in constant (1972) dollars	1369.7	1438.6	1479.4	1474.0	1502.6	1476.9	1517.0	1590.0
Personal income	1540.4	1732.7	1951.2	2160.4	2415.8	2569.9	2732.1	2932.4
Wage and salary disbursements	983.2	1106.3	1237.6	1356.1	1493.9	1560.7	1647.2	1772.2
Disposable personal income	1314.0	1474.0	1650.2	1824.1	2029.1	2172.7	2323.6	2501.1
Saving rate (percent)	5.9	6.1	5.9	5.8	6.4	6.5	6.2	5.9
Corporate profits with I.V.A. and C.C.Adj.	167.3	192.4	194.8	181.6	190.6	160.8	198.6	232.8
Corporate profits before tax	194.7	229.1	252.7	242.4	232.1	174.9	186.5	205.9
Federal government surplus or deficit(-) (N.I.A. basis)	-45.9	-29.5	-16.1	-61.4	-60.0	-149.5	-183.9	-191.0
High employment surplus or deficit(-)	-20.5	-16.0	-2.0	-17.1	4.5	-29.7	-43.2	-57.8
State and local government surplus or deficit (-) (N.I.A. basis)	28.0	30.3	30.4	28.1	31.7	32.1	45.6	52.0
Excluding social insurance funds	10.1	10.0	6.6	.9	-1	-4.1	4.0	3.7
Civilian labor force (millions)	99.0	102.3	105.0	106.9	108.7	110.2	111.4	113.4
Unemployment rate (percent)	7.1	6.1	5.8	7.1	7.6	9.7	10.0	9.3
Nonfarm payroll employment (millions)	82.5	86.7	89.8	90.4	91.1	89.6	89.8	92.4
Manufacturing	19.7	20.5	21.0	20.3	20.2	18.8	18.7	20.0
Industrial production (1967=100)	138.1	146.1	152.5	147.0	150.9	138.6	145.0	157.9
Capacity utilization: all manufacturing (percent)	81.9	84.4	85.6	79.1	78.4	69.8	71.8	76.3
Materials (percent)	82.7	85.6	87.4	80.0	79.9	68.9	72.1	79.3
Housing starts, private (million units, A.R.)	1.96	2.00	1.72	1.30	1.10	1.06	1.63	1.78
New auto sales (millions, A.R.)	11.13	11.29	10.68	9.04	8.56	8.00	8.96	9.68
Domestic models	9.07	9.29	8.36	6.62	6.24	5.77	6.59	7.30
Foreign models	2.06	2.00	2.32	2.42	2.32	2.23	2.37	2.38

<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.

CONFIDENTIAL - FR
CLASS II FOMC

PERCENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1977	1978	1979	1980	1981	1982	--Projected--	
							1983	1984
<u>Constant (1972) Dollars</u>								
Gross national product	5.5	5.0	2.8	-.4	1.9	-1.7	2.7	4.8
Final purchases	5.1	4.9	3.5	.5	1.0	-.5	1.9	4.1
Private	6.0	5.6	4.0	.0	1.0	-1.0	2.1	4.3
Excluding net exports	6.5	5.5	2.9	-1.1	1.8	-.1	3.4	4.1
Personal consumption expenditures	5.0	4.5	2.7	.3	1.8	1.0	3.1	3.6
Goods	5.1	4.2	1.9	-1.5	1.9	.3	3.6	3.8
Services	4.9	4.8	3.7	2.4	1.7	1.8	2.5	3.5
Gross private domestic investment	16.1	10.5	-.2	-11.8	8.3	-12.8	11.4	11.0
Residential structures	18.6	2.8	-5.3	-20.1	-4.9	-10.2	32.7	9.5
Business fixed investment	11.7	12.8	7.3	-2.2	3.6	-3.7	-1.8	5.2
Gov't. purchases of goods and services	1.5	2.0	1.3	2.3	.9	1.5	.9	3.6
Federal	3.7	-.1	1.8	4.3	3.7	5.4	1.4	6.9
National defense	.8	.4	2.6	4.0	4.9	6.9	8.8	8.1
State and local	.2	3.3	1.1	1.1	-.8	-1.0	.5	1.4
Disposable personal income	4.0	4.9	2.7	.2	2.5	1.1	2.6	3.3
<u>Current Dollars</u>								
Gross national product	11.7	12.8	11.7	8.9	11.6	4.1	7.1	8.2
Final purchases	11.1	12.8	12.4	10.0	10.4	5.7	6.0	7.5
Private	11.7	13.6	13.1	9.1	10.2	5.0	5.9	7.4
Excluding net exports	13.2	13.4	12.3	8.5	10.3	5.3	7.3	8.3
Personal consumption expenditures	11.1	11.8	11.9	10.6	10.6	6.9	7.4	8.0
Goods	9.8	10.9	11.7	8.8	9.5	3.7	5.7	7.4
Services	12.7	12.9	12.2	12.8	11.7	10.5	9.1	8.6
Gross private domestic investment	25.7	19.3	9.4	-4.9	17.2	-10.9	14.3	14.2
Residential structures	33.1	16.1	6.6	-13.0	1.7	-8.3	35.6	14.1
Business fixed investment	17.9	21.3	16.6	6.5	12.0	.5	-1.4	7.8
Gov't. purchases of goods and services	8.8	9.7	9.8	13.5	10.9	8.5	6.8	8.2
Federal	11.0	7.1	9.6	17.1	16.1	12.6	7.9	11.4
National defense	8.0	8.0	11.5	17.5	17.0	16.2	15.0	13.1
State and local	7.5	11.2	9.9	11.5	7.9	5.8	6.0	6.1
Disposable personal income	10.0	12.2	12.0	10.5	11.2	7.1	6.9	7.6
Personal income	10.7	12.5	12.6	10.7	11.8	6.4	6.3	7.3
Wage and salary disbursements	10.5	12.5	11.9	9.6	10.2	4.5	5.5	7.6
Corporate profits with I.V.A. and C.C.Adj.	21.1	15.0	1.3	-6.8	5.0	-15.6	23.5	17.2
Corporate profits before tax	17.1	17.7	10.3	-4.0	-4.3	-24.6	6.7	10.4
Nonfarm payroll employment	3.9	5.1	3.6	.6	.8	-1.6	.2	3.0
Manufacturing	3.6	4.2	2.6	-3.6	-.6	-6.6	-.8	6.8
Nonfarm business sector								
Output per hour	2.2	.6	-1.3	-.9	1.4	.0	3.0	2.0
Compensation per hour	7.5	8.6	9.3	10.2	9.7	7.2	5.4	4.7
Unit labor costs	5.2	8.0	10.7	11.2	8.1	7.2	2.4	2.6
GNP implicit deflator	5.8	7.4	8.6	9.3	9.4	6.0	4.2	3.3
Gross domestic business product								
fixed-weighted price index <1>	6.1	8.0	9.9	10.1	9.6	5.9	4.1	3.9
Excluding food and energy	6.3	7.8	8.6	8.6	9.4	6.9	4.9	3.8
Consumer price index (all urban)	6.5	7.7	11.3	13.5	10.3	6.2	3.4	4.3
Industrial production	5.9	5.8	4.4	-3.6	2.6	-8.1	4.6	8.9

<1> Uses expenditures in 1972 as weights.

FEDERAL SECTOR ACCOUNTS

May 18, 1983

	Fiscal Year 1982*	FY1983e		FY1984e		CY1983e/ P.R. Board		FRB Staff Estimates Calendar quarters; unadjusted data								
		Admin. 1/	P.R. Board	Admin. 1/	P.R. Board	CY 1982*	P.R. Board	1982			1983			1984		
								IV*	I*	II	III	IV	I	II	III	
Unified budget receipts	617.8	598.3	601.0	653.7	657.4	608.8	608.4	137.0	139.8	170.9	153.2	144.4	154.2	187.0	171.8	
Unified budget outlays	728.4	808.5	805.0	843.9	858.0	739.5	810.5	205.3	200.8	195.7	203.2	210.8	213.3	217.7	216.2	
Surplus/deficit(-), unified budget	-110.6	-210.2	-204.0	-190.2	-200.6	-130.7	-202.2	-68.3	-61.0	-24.9	-50.0	-66.4	-59.1	-30.6	-44.5	
Surplus/deficit(-), off-budget agencies ²	-17.3	-16.8	-15.0	-14.4	-15.1	-14.9	-16.2	-1.1	-1.6	-4.8	-7.4	-2.4	-3.3	-4.3	-5.0	
Combined deficit to be financed	-127.9	-227.0	-219.0	-204.7	-215.7	-145.6	-218.4	-69.4	-62.6	-29.7	-57.4	-68.8	-62.4	-35.0	-49.5	
Means of financing combined deficit:																
Net borrowing from public	134.9	217.0	214.1	204.0	211.5	161.3	206.0	62.0	55.6	38.2	58.3	53.9	63.0	44.0	50.6	
Decrease in cash operating balance	-10.7	9.4	8.5	0.0	0.4	-7.8	7.3	9.6	4.3	-10.0	4.6	8.4	2.5	-5.3	-5.2	
Other ³	3.8	0.6	-3.6	-0.7	3.8	-7.9	5.1	-2.2	2.6	1.5	-5.5	6.5	-3.1	-3.8	4.2	
Cash operating balance, end of period	29.4	20.0	20.9	20.0	20.5	19.8	12.5	19.8	15.5	25.5	20.9	12.5	10.0	15.3	20.5	
Memo: Sponsored agency borrowing ⁴	20.3	n.a.	-2.5	n.a.	19.0	16.9	0.9	-0.6	-3.8	-0.8	2.5	3.0	4.0	6.0	6.0	
NIA Budget								Seasonally adjusted annual rates								
Receipts	619.0	631.2	634.3	682.3	690.7	613.9	645.6	615.0	629.6	647.0	645.5	660.2	666.4	699.9	716.4	
Expenditures	739.7	829.1	819.8	869.6	882.8	763.4	829.4	819.2	802.1	819.4	838.4	857.8	877.7	889.4	906.4	
Purchases	250.1	280.6	277.4	297.0	299.5	257.9	278.3	278.7	271.9	276.6	282.5	282.2	296.6	305.9	313.3	
Defense	173.0	199.3	198.2	229.2	226.1	178.6	205.4	189.3	191.6	201.6	210.3	218.0	223.9	228.9	233.7	
Nondefense	77.1	81.3	79.2	67.8	73.4	79.3	72.9	89.4	80.3	75.0	72.2	64.2	72.7	77.0	79.6	
All other expenditures	489.6	548.5	542.4	572.6	583.3	505.5	551.1	540.5	530.2	542.8	555.9	575.6	581.1	583.5	593.1	
Surplus/deficit(-)	-120.7	-197.9	-185.5	-187.6	-192.1	-149.5	-183.9	-204.2	-172.5	-172.4	-192.9	-197.6	-191.3	-189.5	-190.0	
High Employment (H.E.) surplus/deficit(-) evaluated at H.E. unemployment rate of:																
5.0 percent	-18.7	n.a.	-44.4	n.a.	-56.5	-29.7	-43.2	-64.5	-30.5	-29.4	-53.3	-59.6	-53.6	-54.6	-58.1	
6.0 percent	-43.0	n.a.	-70.3	n.a.	-85.8	-54.5	-69.7	-89.5	-55.7	-55.8	-80.2	-87.4	-82.5	-84.4	-89.0	
*--actual								e--estimated								
								n.a.--not available								

1. OMB Current Budget Estimates, April 1983 and NIA NIA translations, April 1983.

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

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

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

4. 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.

MAY 17, 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-P Q1	1983-P 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	20.5	-12.5	-36.8	7.0	9.0	16.6	-5.6	-25.6	-35.6	-38.9	-38.8	-36.1	-33.5
EXPORTS OF G+S	350.8	331.6	371.0	349.5	328.1	330.2	328.3	330.1	337.8	347.7	362.2	378.4	395.6
IMPORTS OF G+S	330.3	344.1	407.8	342.5	319.1	313.6	333.9	355.7	373.3	386.6	400.9	414.6	429.2
CONSTANT 72 \$, NET	31.8	17.6	20.2	27.5	27.2	24.0	18.4	13.8	14.4	16.2	18.0	21.5	25.1
EXPORTS OF G+S	148.1	137.6	147.7	147.5	138.8	138.5	136.8	136.7	138.7	141.3	145.2	149.9	154.4
IMPORTS OF G+S	116.3	120.0	127.5	120.0	111.6	114.5	118.4	122.9	124.3	125.1	127.2	128.3	129.3
TERMS OF TRADE (1972=100) 1/	83.4	84.2	78.5	83.0	82.7	87.0	85.1	83.4	81.1	79.6	79.1	78.2	77.2
2. U.S. MERCHANDISE TRADE BALANCE 2/	-36.3	-61.5	-93.4	-50.0	-48.5	-33.7	-53.0	-73.2	-86.0	-91.4	-92.6	-94.5	-95.0
EXPORTS (EXCL. MILITARY)	211.0	197.8	216.0	209.3	192.3	199.9	198.1	196.0	197.1	202.0	210.0	219.8	232.1
AGRICULTURAL	37.4	36.7	39.8	33.6	32.3	36.0	36.4	36.9	37.5	38.7	39.6	40.1	40.8
NONAGRICULTURAL	173.6	161.1	176.2	175.8	160.0	164.0	161.7	159.2	159.6	163.4	170.4	179.7	191.2
IMPORTS	247.3	259.3	309.3	259.3	240.8	233.7	251.0	269.2	283.2	293.4	302.6	314.3	327.0
PETROLEUM AND PRODUCTS	61.2	55.2	66.7	65.8	62.8	42.0	53.8	60.6	64.4	64.8	65.0	66.9	70.0
NONPETROLEUM	186.1	204.1	242.7	193.5	178.0	191.7	197.3	208.7	218.8	228.6	237.6	247.4	257.1
3. U.S. CURRENT ACCOUNT BALANCE	-8.1	-35.5	-63.2	-20.9	-24.4	-7.0	-28.1	-47.8	-59.3	-64.3	-64.9	-62.5	-61.2
OF WHICH: NET INVESTMENT INCOME	28.7	27.9	31.5	28.3	28.3	28.0	26.7	27.4	29.6	29.1	29.0	33.1	34.5
4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/													
REAL GNP, % CHANGE, ANNUAL RATES	-0.1	1.3	2.8	-2.2	1.7	2.3	1.8	1.3	2.9	3.3	3.0	3.1	3.4
CONSUMER PRICES, % CHANGE, ANNUAL RATES	8.1	5.7	5.6	6.0	6.0	4.5	5.6	5.8	5.9	5.7	5.4	4.9	5.0

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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

May 18, 1983

RECENT DEVELOPMENTS

Prepared for the Federal Open Market Committee

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

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

	1982		1983			
	Year	Q4	Q1P	Mar.P	Apr.P	May.F
-----Seasonally adjusted-----						
Corporate securities--total	8,118	10,092	10,696	12,606	11,724	10,800
Securities sold in U.S.	6,982	9,333	9,766	11,800	11,200	10,300
Publicly offered bonds ¹	3,619	5,274	4,643	5,400	6,200	6,100
Privately placed bonds	816	892	700	700	700	700
Stocks ²	2,547	3,167	4,413	5,700	4,300	3,500
Securities sold abroad ³	1,136	759	940	806	524	500
----Domestic offerings, not seasonally adjusted----						
Publicly offered bonds--total ¹	3,619	5,205	4,596	5,500	6,100	6,000
By industry						
Utility	976	1,304	1,002	1,600	1,655	--
Industrial	1,252	1,998	1,383	1,603	2,545	--
Financial	1,391	1,903	2,211	2,297	1,900	--
By quality ⁴						
Aaa and Aa	1,357	1,943	1,724	2,040	1,202	--
A and Baa	1,505	2,311	1,869	2,577	2,715	--
Less than Baa	283	552	588	306	1,253	--
No rating (or unknown)	473	399	415	577	930	--
Memo items:						
Convertible bonds	273	664	781	1,320	976	--
Original discount bonds						
Par value	946	1,094	165	195	700	--
Gross proceeds	276	183	134	150	554	--
Stocks--total ²	2,547	3,484	4,530	5,800	3,700	4,000
By industry						
Utility	871	1,283	1,171	1,800	900	--
Industrial	1,119	1,474	2,079	2,675	2,500	--
Financial	557	727	1,280	1,325	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.

p--preliminary. f--forecast.

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

	1983				
	Mar.	Apr. ^p	May ^f	Q1	Q2 ^f
<u>Treasury financing</u>					
Combined surplus/deficit(-)	-27.3	-2.3	-29.2	-62.5	-29.7
Means of financing deficit:					
Net cash borrowing from the public	31.3	2.8	20.8	55.6	38.2
Marketable borrowings/ repayments(-)	30.0	2.1	20.3	56.0	36.7
Bills	17.0	-5.9	3.0	20.1	.0
Coupons	13.0	8.0	17.3	35.9	36.7
Nonmarketable	1.3	.7	.5	-.4	1.5
Decrease in the cash balance	-5.5	-8.6	17.5	4.3	-10.0
Memo: Cash balance at end of period	15.5	24.1	6.6	15.5	25.5
Other ²	1.5	8.1	-9.1	2.6	1.5
<u>Federally sponsored credit agencies net cash borrowing³</u>					
FHLB	-1.1	-1.5	-.6	-4.1	-2.1
FNMA	-.9	-.9	.6	1.3	.5
Farm Credit Banks	-.2	.2	0	-1.0	.4
Other	.3	.2	.2	*	.4

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

p--preliminary. f--forecast. *--less than \$50 million.

the gross proceeds from municipal offerings in April were refundings--also continue to stimulate offerings.

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

	1982		1983		
	Year	Q4	Q1	Apr. ^e	May ^f
----- Seasonally adjusted -----					
Total	9.80	13.00	9.60	9.40	11.30
Long-term	6.40	8.75	6.65	7.00	8.60
Short-term ¹	3.40	4.25	2.95	2.40	2.70
----- Not seasonally adjusted -----					
Total	9.80	12.60	8.00	14.50	11.00
Long-term	6.40	9.10	5.65	8.50	8.50
Refundings	.35	.70	1.00	1.60	1.60
Mortgage revenue	1.00	1.20	.75	1.20	1.00
Short-term ¹	3.40	3.50	2.35	6.00 ²	2.50

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

2. Includes \$4.0 billion of notes sold by New York State which in recent years typically has sold a large volume of short-term notes in this month.
e--estimate. f--forecast.

Individuals reportedly remain the primary purchasers of municipal securities, through purchases of tax-exempt mutual fund shares as well as direct bond purchases. At the same time, dealers report that increased purchases by commercial banks and property and casualty insurance companies in recent weeks, albeit small by historical standards, have helped to absorb the heavy new-issue volume.

Mortgage Markets

Average interest rates on long-term, fixed-rate conventional home mortgages at S&Ls have fallen by 27 basis points since the last FOMC meeting to 12.59 percent; secondary market yields have receded by similar amounts. Reductions in yields on new issues of GNMA-guaranteed pass-through

CONFIDENTIAL (FR)
CLASS II - FOMC

May 20, 1983

SUPPLEMENT
CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

BUDGET ESTIMATES FOR FISCAL 1984
(Unified basis, billions of dollars)

	Administration		Congressional resolutions	
	January	April	House ¹	Senate ²
Receipts	660	654	689	671
Outlays	849	844	864	850
Deficit	189	190	174	179

Note: Underlying economic assumptions of the Administration and Congress differ slightly.

1. First Concurrent Budget Resolution, as passed by the House in March 1983.
2. First Concurrent Budget Resolution, as passed by the Senate May 19, 1983.