

CONFIDENTIAL (FR)

August 17, 1983

SUMMARY AND OUTLOOK

By the Staff
Board of Governors
of the Federal Reserve System

August 17, 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				
7/6/83	8/17/83	7/6/83	8/17/83	7/6/83	8/17/83	7/6/83	8/17/83	7/6/83	8/17/83	
Annual changes:										
1981 <1>	11.6	12.2	1.9	2.6	9.6	9.5	9.4	9.3	7.6	7.6
1982 <1>	4.1	4.0	-1.7	-1.9	5.9	6.0	6.9	6.9	9.7	9.7
1983	7.7	7.9	3.2	3.2	4.3	4.4	4.9	5.2	9.8	9.7
1984	8.7	9.4	4.9	5.0	4.2	4.5	4.1	4.3	8.9	8.6
Quarterly changes:										
1982 Q1 <1>	-1.0	-1.4	-5.1	-5.5	4.4	4.9	5.3	5.8	8.8	8.8
Q2 <1>	6.8	6.6	2.1	1.0	3.8	4.5	5.9	6.4	9.4	9.4
Q3 <1>	5.8	2.7	.7	-1.0	5.9	5.8	5.2	5.4	10.0	10.0
Q4 <1>	2.6	2.5	-1.1	-1.3	4.3	3.8	4.7	3.9	10.7	10.7
1983 Q1 <1>	8.3	8.2	2.6	2.6	3.0	3.6	5.5	6.7	10.3	10.3
Q2 <1>	11.4	13.5	7.5	8.7	5.1	5.3	4.6	4.7	10.0	10.1
Q3	10.6	12.4	7.1	8.2	4.6	4.3	4.3	4.4	9.6	9.3
Q4	8.2	8.6	5.0	4.8	3.7	4.5	3.7	4.3	9.4	9.0
1984 Q1	7.9	8.7	4.3	4.1	4.0	4.2	3.9	4.0	9.2	8.8
Q2	8.3	8.6	4.2	4.1	4.2	4.5	4.2	4.3	9.0	8.7
Q3	8.6	8.5	4.1	3.8	4.4	4.7	4.4	4.5	8.8	8.5
Q4	8.6	8.6	4.1	3.8	4.4	4.9	4.4	4.8	8.6	8.4
Two-quarter changes: <2>										
1982 Q2 <1>	2.8	2.5	-1.6	-2.3	4.2	4.7	5.6	6.1	1.1	1.1
Q4 <1>	4.2	2.6	-.2	-1.2	5.1	4.7	5.0	4.6	1.3	1.3
1983 Q2 <1>	9.8	10.8	5.0	5.6	4.0	4.4	5.0	5.7	-.7	-.6
Q4	9.4	10.5	6.0	6.5	4.1	4.4	4.0	4.4	-.6	-1.1
1984 Q2	8.1	8.7	4.2	4.1	4.1	4.4	4.1	4.1	-.4	-.3
Q4	8.6	8.5	4.1	3.8	4.4	4.8	4.4	4.6	-.4	-.3
Four-quarter changes: <3>										
1981 Q4 <1>	9.6	10.8	.7	2.0	8.9	8.7	9.3	9.2	.9	.9
1982 Q4 <1>	3.5	2.6	-.9	-1.7	4.7	4.7	5.3	5.4	2.4	2.4
1983 Q4	9.6	10.7	5.5	6.0	4.1	4.4	4.5	5.0	-1.3	-1.7
1984 Q4	8.3	8.6	4.2	4.0	4.3	4.6	4.2	4.4	-.8	-.6

<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	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>	5.8	10.3	-6.3	-22.6	-12.8	-6.9	-38.3	-72.3
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 5.1 percent high employment unemployment rate. Evaluated at a 6.1 percent unemployment rate, the high employment budget would show a deficit of \$46.0 billion in 1981-Q4, and a deficit of \$97.3 billion in 1982-Q4.

CONFIDENTIAL - FR
CLASS II FOMC

PERCENT 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	3273.7	3370.8	3440.9	3513.8	3586.7	3660.2	3736.1
Final sales	3210.9	3284.2	3342.9	3385.1	3473.6	3554.7	3628.2	3704.1
Private	2533.5	2600.9	2645.6	2686.7	2738.2	2800.6	2857.6	2918.5
Domestic final purchases	2516.5	2613.4	2680.0	2735.9	2793.3	2855.0	2914.4	2976.1
Personal consumption expenditures	2073.0	2151.3	2203.7	2251.9	2296.7	2340.9	2383.3	2429.6
Goods	1035.6	1077.9	1100.9	1124.5	1148.0	1168.1	1188.1	1207.8
Services	1037.4	1073.4	1102.8	1127.4	1148.7	1172.8	1195.2	1221.8
Gross private domestic investment	404.1	451.5	504.1	539.8	536.8	546.1	563.1	578.5
Residential structures	111.3	126.8	134.5	133.5	137.0	144.5	151.0	154.5
Business fixed investment	332.1	335.3	341.8	350.5	359.6	369.6	380.1	392.0
Change in business inventories	-39.4	-10.6	27.8	55.8	40.2	32.0	32.0	32.0
Nonfarm	-39.0	-8.6	17.8	31.8	37.2	44.0	44.0	44.0
Net exports of goods and services <1>	17.0	-12.5	-34.4	-49.2	-55.1	-54.4	-56.8	-57.6
Exports	326.9	321.7	328.0	333.9	343.7	357.0	366.6	380.5
Imports	309.9	334.3	362.4	383.1	398.8	411.4	423.4	438.1
Gov't. purchases of goods and services	677.4	683.3	697.3	698.4	735.4	754.1	770.6	785.6
Federal <2>	273.5	274.8	279.8	271.6	299.0	308.7	316.5	322.1
State and local	404.0	408.6	417.5	426.8	436.4	445.4	454.1	463.5
Gross national product in constant (1972) dollars	1490.1	1521.4	1551.9	1570.2	1586.0	1602.0	1617.1	1632.4
Personal income	2657.7	2715.0	2789.8	2863.3	2894.6	2946.1	3007.5	3066.5
Wage and salary disbursements	1610.7	1649.6	1693.7	1728.2	1761.9	1795.3	1829.6	1863.7
Disposable personal income	2255.9	2302.8	2383.0	2444.0	2473.3	2517.5	2567.9	2617.2
Saving rate (percent)	5.4	3.9	4.8	5.2	4.4	4.3	4.5	4.5
Corporate profits with I.V.A. and C.C. Adj.	181.8	212.1	235.5	241.4	245.5	257.9	265.1	278.3
Corporate profits before tax	169.7	197.6	215.0	216.4	217.5	226.9	232.0	243.1
Federal government surplus or deficit (-) (N.I.A. basis)	-183.3	-165.3	-190.0	-191.8	-186.7	-185.6	-184.1	-181.8
High employment surplus or deficit (-) <3>	-44.9	-34.2	-70.8	-75.9	-73.0	-76.2	-77.8	-77.9
State and local government surplus or deficit (-) (N.I.A. basis)	40.4	51.3	58.8	60.0	56.8	54.1	51.3	48.3
Excluding social insurance funds	5.5	15.7	22.5	23.0	19.1	15.7	12.2	8.5
Civilian labor force (millions)	110.5	111.2	112.0	112.4	112.9	113.3	113.8	114.3
Unemployment rate (percent)	10.3	10.1	9.3	9.0	8.8	8.7	8.5	8.4
Nonfarm payroll employment (millions)	88.8	89.4	90.6	91.4	92.0	92.6	93.3	93.9
Manufacturing	18.3	18.5	18.9	19.2	19.5	19.8	20.1	20.4
Industrial production (1967=100)	138.5	144.4	150.1	152.7	155.0	157.1	159.2	161.4
Capacity utilization: all manufacturing (percent)	70.7	73.7	76.4	77.5	78.2	78.9	79.6	80.3
Materials (percent)	70.1	73.5	76.4	77.9	79.3	80.5	81.5	82.5
Housing starts, private (million units, A.R.)	1.69	1.69	1.65	1.55	1.60	1.70	1.75	1.80
New auto sales (millions, A.R.)	8.46	9.08	9.80	9.70	9.90	9.70	9.90	10.00
Domestic models	6.06	6.81	7.40	7.40	7.50	7.50	7.60	7.60
Foreign models	2.40	2.27	2.40	2.30	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.

<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 5.0 percent high employment unemployment rate. Evaluated at a 6.0 percent unemployment rate, the high employment budget would show a deficit of \$102.2 billion in 1983-Q4, and a deficit of \$106.3 billion in 1984-Q4.

August 17, 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	8.7	8.2	4.8	4.1	4.1	3.8	3.8
Final sales <1>	.6	5.5	3.6	1.4	6.5	5.1	3.9	3.9
Private	3.0	7.1	3.8	3.0	4.1	4.9	3.9	4.2
Domestic final purchases	3.9	11.0	6.5	4.4	4.0	3.8	3.3	3.1
Personal consumption expenditures	2.9	10.0	5.7	4.4	3.3	2.5	2.0	2.2
Goods	4.4	13.0	5.5	4.8	4.3	2.4	2.1	1.5
Services	1.4	6.8	5.8	4.0	2.2	2.6	1.9	2.9
Gross private domestic investment	28.7	45.0	50.4	29.3	-7.6	2.9	8.3	6.7
Residential structures	57.3	61.1	21.7	-6.8	6.0	17.8	13.2	3.6
Business fixed investment	-1.5	4.6	6.9	8.0	7.4	7.7	7.8	8.6
Gov't. purchases of goods and services	-8.8	-.9	2.7	-5.1	17.1	5.8	3.9	2.9
Federal	-18.0	-.6	1.4	-17.3	41.9	11.0	6.9	3.5
National defense	6.5	14.1	15.5	7.2	6.5	5.8	4.7	5.0
State and local	-1.8	-1.0	3.6	3.8	3.1	2.4	1.9	2.4
Disposable personal income	2.9	3.0	10.1	6.0	.1	1.9	2.8	2.1
<u>Current Dollars</u>								
Gross national product	8.2	13.5	12.4	8.6	8.7	8.6	8.5	8.6
Final sales	5.8	9.5	7.3	5.1	10.9	9.7	8.5	8.6
Private	7.8	11.1	7.1	6.4	7.9	9.4	8.4	8.8
Domestic final purchases	5.9	16.3	10.6	8.6	8.7	9.1	8.6	8.7
Personal consumption expenditures	5.2	16.0	10.1	9.0	8.2	7.9	7.4	8.0
Goods	4.2	17.4	8.8	8.9	8.6	7.2	7.0	6.8
Services	6.3	14.6	11.4	9.2	7.8	8.7	7.9	9.2
Gross private domestic investment	31.4	55.8	55.5	31.4	-2.2	7.1	13.0	11.4
Residential structures	75.3	68.2	26.5	-2.9	10.9	23.8	19.2	9.6
Business fixed investment	-5.7	3.9	8.0	10.6	10.8	11.6	11.9	13.1
Gov't. purchases of goods and services	-1.3	3.5	8.4	.6	22.9	10.6	9.0	8.0
Federal	-8.0	1.9	7.5	-11.2	46.9	13.6	10.5	7.3
National defense	7.8	16.5	21.0	10.9	16.3	9.7	9.3	9.3
State and local	3.5	4.6	9.0	9.2	9.3	8.5	8.0	8.5
Disposable personal income	5.1	8.6	14.7	10.6	4.9	7.3	8.3	7.9
Personal income	4.0	8.9	11.5	11.0	4.4	7.3	8.6	8.1
Wage and salary disbursements	6.4	10.0	11.1	8.4	8.0	7.8	7.9	7.7
Corporate profits with I.V.A. and C.C. Adj.	59.0	85.1	52.2	10.4	6.8	21.9	11.7	21.4
Corporate profits before tax	5.4	84.3	40.4	2.6	1.9	18.5	9.4	20.5
Nonfarm payroll employment	.1	2.9	5.4	3.6	2.6	2.6	2.9	2.7
Manufacturing	-.1	5.2	8.7	7.4	6.4	5.9	5.8	5.7
Nonfarm business sector								
Output per hour	3.7	4.3	4.3	2.0	1.1	.9	1.2	1.0
Compensation per hour	6.8	4.6	4.5	4.5	6.6	4.7	4.8	4.8
Unit labor costs	3.0	.2	.2	2.5	5.4	3.8	3.6	3.8
GNP implicit deflator	5.5	4.5	3.8	3.6	4.5	4.3	4.5	4.5
Gross domestic business product								
fixed-weighted price index <2>	3.6	5.3	4.3	4.5	4.2	4.5	4.7	4.9
Excluding food and energy	6.7	4.7	4.4	4.3	4.0	4.3	4.5	4.8
Consumer price index (all urban)	-.4	4.3	4.2	4.7	4.8	5.0	5.2	5.3
Industrial production	10.1	18.0	17.1	7.1	6.2	5.5	5.5	5.6

<1> Excluding Federal Commodity Credit Corporation net purchases, growth rates for final sales are: 1983-Q1, 2.7 percent; 1983-Q2, 6.3 percent; 1983-Q3, 4.4 percent; 1983-Q4, 3.2 percent; 1984-Q1, 3.9 percent.

<2> Uses expenditures in 1972 as weights.

August 17, 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	2631.7	2954.1	3073.0	3314.2	3624.2
Final sales	1895.3	2137.4	2403.5	2641.5	2935.6	3097.5	3305.8	3590.2
Private	1501.5	1705.5	1929.1	2103.7	2339.9	2448.3	2616.7	2828.7
Domestic final purchases	1505.5	1706.6	1915.9	2079.7	2313.6	2430.9	2636.4	2884.7
Personal consumption expenditures	1204.4	1346.5	1507.2	1668.1	1857.2	1991.9	2170.0	2362.6
Goods	657.0	728.5	813.5	883.5	970.0	1005.5	1084.7	1178.0
Services	547.4	618.0	693.7	784.5	887.1	986.4	1085.2	1184.6
Gross private domestic investment	324.1	386.6	423.0	401.9	474.9	414.5	474.9	556.1
Residential construction	95.8	111.2	118.6	102.9	104.3	90.8	126.5	146.7
Business fixed investment	205.2	248.9	290.2	308.8	352.2	348.3	339.9	375.3
Change in business inventories	23.0	26.5	14.3	-9.8	18.5	-24.5	8.4	34.0
Nonfarm	21.9	25.4	8.6	-4.5	10.9	-23.1	.5	42.3
Net exports of goods and services <1>	-4.0	-1.1	13.2	23.9	26.3	17.4	-19.8	-56.0
Exports	182.7	218.7	281.4	338.8	368.8	347.6	327.6	361.9
Imports	186.7	219.8	268.1	314.8	342.5	330.2	347.4	417.9
Gov't. purchases of goods and services	393.8	431.9	474.4	537.8	595.7	649.2	689.1	761.4
Federal <2>	143.4	153.6	168.3	197.0	229.2	258.7	274.9	311.6
State and local	250.4	278.3	306.0	340.8	366.5	390.5	414.2	449.8
Gross national product in constant (1972) dollars	1369.7	1438.6	1479.4	1475.0	1513.8	1485.4	1533.4	1609.4
Personal income	1540.4	1732.7	1951.2	2165.3	2435.0	2578.6	2756.4	2978.7
Wage and salary disbursements	983.2	1106.3	1237.6	1356.7	1493.2	1568.1	1670.5	1812.6
Disposable personal income	1314.0	1474.0	1650.2	1828.9	2047.6	2176.5	2346.4	2544.0
Saving rate (percent)	5.9	6.1	5.9	6.0	6.6	5.8	4.8	4.4
Corporate profits with I.V.A. and C.C.Adj.	167.3	192.4	194.8	175.4	192.3	164.8	217.7	261.7
Corporate profits before tax	194.7	229.1	252.7	234.6	227.0	174.2	199.7	229.9
Federal government surplus or deficit(-) (N.I.A. basis)	-45.9	-29.5	-16.1	-61.2	-62.2	-147.1	-182.6	-184.5
High employment surplus or deficit(-)	-20.4	-16.0	-2.0	-17.2	-3.2	-32.6	-56.5	-76.2
State and local government surplus or deficit (-) (N.I.A. basis)	28.0	30.3	30.4	30.6	35.3	31.3	52.6	52.6
Excluding social insurance funds	10.1	10.0	6.6	3.5	4.4	-1.9	16.7	13.9
Civilian labor force (millions)	99.0	102.3	105.0	106.9	108.7	110.2	111.5	113.6
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	90.1	92.9
Manufacturing	19.7	20.5	21.0	20.3	20.2	18.9	18.7	19.9
Industrial production (1967=100)	138.1	146.1	152.5	147.0	150.9	138.6	146.4	158.2
Capacity utilization: all manufacturing (percent)	82.2	84.7	86.0	79.6	79.4	71.1	74.6	79.3
Materials (percent)	82.6	85.6	87.6	80.4	80.7	70.1	74.5	81.0
Housing starts, private (million units, A.R.)	1.96	2.00	1.72	1.30	1.10	1.06	1.65	1.71
New auto sales (millions, A.R.)	11.13	11.29	10.68	9.04	8.56	8.00	9.26	9.88
Domestic models	9.07	9.29	8.36	6.62	6.24	5.77	6.92	7.55
Foreign models	2.06	2.00	2.32	2.42	2.32	2.23	2.34	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.

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	-.3	2.6	-1.9	3.2	5.0
Final sales	5.1	4.9	3.5	.5	1.8	-.7	2.3	4.3
Private	6.0	5.6	4.0	.1	2.0	-1.3	2.8	4.2
Domestic final purchases	6.5	5.5	2.9	-1.0	2.7	-.1	4.6	4.6
Personal consumption expenditures	5.0	4.5	2.7	.5	2.7	1.4	4.6	3.8
Goods	5.1	4.2	1.9	-1.4	2.1	.1	5.5	4.2
Services	4.9	4.8	3.7	2.7	3.3	2.9	3.5	3.3
Gross private domestic investment	16.1	10.5	-.2	-11.8	9.2	-14.5	12.5	12.4
Residential structures	18.6	2.8	-5.3	-20.3	-5.1	-15.4	34.5	10.8
Business fixed investment	11.7	12.8	7.3	-2.4	5.2	-4.8	-1.6	7.5
Gov't. purchases of goods and services	1.5	2.0	1.3	2.2	.8	1.8	.2	5.1
Federal	3.7	-.1	1.8	4.2	3.8	5.6	.4	8.7
National defense	.8	.4	2.6	3.9	5.2	7.1	10.1	7.7
State and local	.2	3.3	1.1	1.0	-1.0	-.5	.1	2.7
Disposable personal income	4.0	4.9	2.7	.6	3.2	.5	3.5	3.4
<u>Current Dollars</u>								
Gross national product	11.7	12.8	11.7	8.8	12.2	4.0	7.9	9.4
Final sales	11.1	12.8	12.4	9.9	11.1	5.5	6.7	8.6
Private	11.7	13.6	13.1	9.0	11.2	4.6	6.9	8.1
Domestic final purchases	13.2	13.4	12.3	8.5	11.2	5.1	8.5	9.4
Personal consumption expenditures	11.1	11.8	11.9	10.7	11.3	7.3	8.9	8.9
Goods	9.8	10.9	11.7	8.6	9.8	3.7	7.9	8.6
Services	12.7	12.9	12.2	13.1	13.1	11.2	10.0	9.2
Gross private domestic investment	25.7	19.3	9.4	-5.0	18.2	-12.7	14.6	17.1
Residential structures	33.1	16.1	6.6	-13.2	1.4	-13.0	39.4	16.0
Business fixed investment	17.9	21.3	16.6	6.4	14.1	-1.1	-2.4	10.4
Gov't. purchases of goods and services	8.8	9.7	9.8	13.4	10.8	9.0	6.1	10.5
Federal	11.0	7.1	9.6	17.1	16.3	12.9	6.3	13.3
National defense	8.0	8.0	11.5	17.3	17.4	16.5	15.0	13.2
State and local	7.5	11.2	9.9	11.4	7.5	6.6	6.1	8.6
Disposable personal income	10.0	12.2	12.0	10.8	12.0	6.3	7.8	8.4
Personal income	10.7	12.5	12.6	11.0	12.5	5.9	6.9	8.1
Wage and salary disbursements	10.5	12.5	11.9	9.6	10.1	5.0	6.5	8.5
Corporate profits with I.V.A. and C.C.Adj.	21.1	15.0	1.3	-9.9	9.6	-14.3	32.1	20.2
Corporate profits before tax	17.1	17.7	10.3	-7.1	-3.3	-23.2	14.6	15.1
Nonfarm payroll employment	3.9	5.1	3.6	.6	.8	-1.7	.5	3.2
Manufacturing	3.6	4.2	2.6	-3.6	-.6	-6.5	-.8	6.6
Nonfarm business sector								
Output per hour	2.2	.6	-1.5	-.7	1.9	-.1	3.0	1.8
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	2.8	3.2
GNP implicit deflator	5.8	7.4	8.6	9.2	9.4	6.0	4.5	4.2
Gross domestic business product								
fixed-weighted price index <1>	6.1	8.0	9.9	10.0	9.5	6.0	4.4	4.5
Excluding food and energy	6.3	7.8	8.6	8.5	9.3	6.9	5.2	4.3
Consumer price index (all urban)	6.5	7.6	11.3	13.5	10.3	6.2	3.1	4.8
Industrial production	5.9	5.8	4.4	-3.6	2.6	-8.1	5.6	8.0

<1> Uses expenditures in 1972 as weights.

FEDERAL SECTOR ACCOUNTS
(Billions of dollars)

	Fiscal Year 1982*	FY1983a		FY1984a 2/		CY 1982*	FY1983a/ P.R. Board	FRB Staff Estimates Calendar quarters; unadjusted data								
		Admin. 1/	P.R. Board	Admin. 1/	P.R. Board			1982			1983			1984		
								IV*	I*	II*	III	IV	I	II	III	
Unified budget receipts	618	600	602	668	667	609	612	137	140	167	158	147	156	189	174	
Unified budget outlays	728	810	805	848	858	740	810	205	201	196	203	210	213	218	217	
Surplus/deficit(-), unified budget	-111	-210	-203	-180	-192	-131	-198	-68	-61	-29	-45	-63	-57	-29	-43	
Surplus/deficit(-), off-budget agencies ³	-17	-16	-14	-14	-15	-15	-15	-1	-2	-4	-7	-2	-3	-4	-5	
Combined deficit to be financed	-128	-226	-217	-194	-207	-146	-213	-69	-63	-34	-52	-65	-60	-33	-48	
Means of financing combined deficit:																
Net borrowing from public	135	216	213	194	202	161	208	62	56	47	48	57	54	47	44	
Decrease in cash operating balance	-11	9	4	0	6	-8	0	10	4	-13	3	6	10	-10	0	
Other ⁴	4	1	1	0	0	-8	6	-2	3	-1	1	3	-3	-4	4	
Cash operating balance, end of period	29	20	25	20	20	20	20	20	15	28	25	20	10	20	20	
Memo: Sponsored agency borrowing ⁵	20	n.a.	0	n.a.	25	17	6	0	-4	-1	5	6	5	7	7	
NIA Budget																
								Seasonally adjusted annual rates								
Receipts	628	632	634	701	700	617	647	613	623	650	650	665	695	711	729	
Expenditures	740	827	821	873	887	764	830	821	807	815	840	857	882	897	913	
Purchases	251	280	278	300	299	259	275	279	274	275	280	272	299	309	316	
Defense	173	199	200	227	227	179	206	191	194	202	212	217	226	231	236	
Nondefense	78	81	78	73	71	79	69	89	79	73	68	54	73	78	80	
All other expenditures	489	547	543	573	588	506	555	542	533	540	560	585	583	588	596	
Surplus/deficit(-)	-112	-198	-187	-172	-187	-147	-183	-208	-183	-165	-190	-192	-187	-186	-184	
High Employment (H.E.) surplus/deficit(-) evaluated at H.E. unemployment rate of:																
5.0 percent	-20	n.a.	-55	n.a.	-76	-33	-56	-72	-45	-34	-71	-76	-73	-76	-78	
6.0 percent	-44	n.a.	-81	n.a.	-103	-57	-82	-97	-69	-60	-96	-102	-100	-104	-106	
	a—actual			e—estimated				n.a.—not available								

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

2. In the First Concurrent Resolution on the Budget — Fiscal Year 1984, the Congress recommended revenues of \$679.6 billion and outlays of \$849.5 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: Details may not add to totals because of rounding.

AUGUST 16, 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	-19.8	-56.0	1.0	5.5	17.0	-12.6	-34.4	-49.2	-55.1	-54.4	-56.8	-57.5
EXPORTS OF G+S	347.6	327.6	362.0	346.0	321.6	326.9	321.7	328.0	333.9	343.7	357.0	366.6	380.5
IMPORTS OF G+S	330.2	347.4	417.9	345.0	316.1	309.9	334.3	362.4	383.1	398.8	411.4	423.4	438.1
CONSTANT 72 \$, NET	28.9	7.7	3.0	24.0	23.0	20.5	10.2	2.3	-2.0	-1.5	2.1	4.1	7.4
EXPORTS OF G+S	147.3	135.5	143.4	146.4	136.5	137.3	134.2	134.9	135.8	138.5	142.2	144.3	148.6
IMPORTS OF G+S	118.4	127.8	140.4	122.4	113.5	116.8	124.0	132.6	137.8	140.0	140.1	140.2	141.1
TERMS OF TRADE (1972=100) 1/	84.6	89.0	84.8	83.9	84.6	89.7	88.9	89.0	88.5	87.1	85.5	84.2	82.6
2. U.S. MERCHANDISE TRADE BALANCE 2/	-36.4	-67.8	-113.7	-52.3	-45.4	-35.0	-59.4	-80.0	-96.9	-107.8	-111.6	-115.2	-120.0
EXPORTS (EXCL. MILITARY)	211.2	198.2	208.6	209.0	193.4	198.3	196.1	199.4	199.2	200.2	205.2	211.1	217.9
AGRICULTURAL	37.2	37.1	39.2	33.8	33.1	36.0	35.4	37.9	39.1	39.6	40.4	39.7	37.2
NONAGRICULTURAL	174.0	161.1	169.4	175.2	160.3	162.2	160.7	161.5	160.1	160.7	164.8	171.5	180.7
IMPORTS	247.6	266.0	322.3	261.3	238.8	233.2	255.5	279.4	296.1	308.1	316.8	326.3	338.0
PETROLEUM AND PRODUCTS	61.2	56.3	70.0	68.9	60.5	42.0	52.1	63.0	68.0	68.3	68.9	69.8	73.1
NONPETROLEUM	186.4	209.8	252.3	192.3	178.3	191.2	203.4	216.4	228.1	239.8	248.0	256.5	264.8
3. U.S. CURRENT ACCOUNT BALANCE	-11.2	-45.2	-85.0	-26.4	-26.5	-12.2	-37.1 ^P	-57.3	-74.1	-81.8	-82.9	-86.7	-88.6
OF WHICH: NET INVESTMENT INCOME	27.3	24.6	30.2	27.3	24.0	20.9	24.8 ^P	25.8	27.0	29.1	30.7	29.4	31.5
4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/													
REAL GNP, % CHANGE, ANNUAL RATES	0.0	1.1	2.4	-1.9	0.7	2.2	1.6	1.6	2.0	2.9	2.5	2.8	3.2
CONSUMER PRICES, % CHANGE, ANNUAL RATES	8.1	5.7	5.5	6.0	6.0	4.5	6.0	5.7	5.5	5.7	5.5	5.0	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

August 17, 1983

RECENT DEVELOPMENTS

Prepared for the Federal Open Market Committee

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

to 5.5 percent over the four quarters of 1983) accounts for most of the revision since the January budget projection (see table).

RECONCILIATION OF MID-SESSION REVIEW AND
JANUARY BUDGET DEFICIT ESTIMATES
(Unified budget, fiscal years, billions of dollars)

	1983	1984	1985	1986	1987	1988
January budget estimate	-208	-189	-194	-148	-142	-117
Changed due to:						
Economic assumptions	9	24	29	33	36	47
Policy	-4	-9	*	-7	-5	-4
Technical reestimates	-7	-6	-5	-7	-7	-8
Mid-Session Review estimate	-210	-180	-170	-129	-118	-82

*Less than \$1/2 billion.

In the state and local government sector, activity over the past few months has generally shown little change. However, construction spending, which has declined 10 percent since the start of the year, could begin to pick up. The high volume of recently-issued debt, more favorable construction costs, and increased federal highway aid may well signal an incipient rise in building and repair activity. On the revenue side, the recovery in economic activity generated a rapid rise in personal and indirect business taxes in the second quarter.

Wages and Labor Costs

In spite of the recovery in labor demand, wage increases continued to moderate during the first half of the year. Both the hourly earnings index, which covers wages paid to production and nonsupervisory workers, and the more comprehensive employment cost index for all private nonfarm employees rose at about a 4-1/2 percent annual rate during the first half of 1983, roughly 1-1/2 to 2 percentage points less than

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

	1982	1983				
	Year	Q1	Q2 ^p	June ^p	July ^p	Aug. ^f
----- Seasonally adjusted -----						
Corporate securities--total	8,121	10,815	10,929	8,211	7,850	7,700
Securities sold in U.S.	6,985	9,878	10,300	7,700	7,300	7,200
Publicly offered bonds ¹	3,622	4,588	5,000	1,700	2,700	2,200
Privately placed bonds	816	700 ^e	700 ^e	700 ^e	700 ^e	700
Stocks ²	2,547	4,590	4,600	5,300	3,900	4,300
Securities sold abroad ³	1,136	937	629	511	550	500
--- Domestic offerings, not seasonally adjusted ---						
Publicly offered bonds--total ¹	3,622	4,542	5,100	2,300	2,650	2,500
By industry						
Utility	976	986	1,400	730	1,570	--
Industrial	1,236	1,292	2,300	1,150	325	--
Financial	1,410	2,264	1,400	420	755	--
By quality ⁴						
Aaa and Aa	1,357	1,724	1,160	355	415	--
A and Baa	1,505	1,885	2,220	895	1,755	--
Less than Baa	286	563	830	170	220	--
No rating (or unknown)	474	370	890	880	260	--
Memo items:						
Equity based bonds ⁵	302	861	1,209	904	1,231	--
Original discount bonds						
Par value	942	163	440	25	20	--
Gross proceeds	281	133	373	21	16	--
Stocks--total ²	2,547	4,710	4,440	4,800	3,400	3,500
By industry						
Utility	871	1,203	590	500	300	--
Industrial	1,119	2,124	2,890	3,500	2,500	--
Financial	557	1,383	960	800	600	--

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				
	July ^p	Aug. ^f	Sept. ^f	Q2	Q3 ^f
<u>Treasury financing</u>					
Combined surplus/deficit(-)	-23.4	-20.6	-7.6	-33.5	-51.6
Means of financing deficit:					
Net cash borrowing from the public	11.7	19.6	16.9	46.9	48.2
Marketable borrowings/ repayments(-)	11.5	19.6	15.7	41.1	46.8
Bills	3.3	2.7	2.4	2.4	8.4
Coupons	8.2	16.9	13.3	38.7	38.4
Nonmarketable	.2	0	1.2	5.8	1.4
Decrease in the cash balance	6.3	8.7	-12.1	-12.5	2.9
Memo: Cash balance at end of period	21.7	13.0	25.1	28.0	25.1
Other ²	5.4	-7.7	2.8	-.9	.5
<u>Federally sponsored credit agencies net cash borrowing³</u>					
FHLB	.3	.2	.3	-3.1	.8
FNMA	.3	.5	.6	-.1	1.4
Farm Credit Banks	.7	.5	.5	.6	1.7
FHLMC	*	.2	.3	1.3	.5
SLMA	.3	.2	.3	.8	.8

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. *--less than \$50 million.