

November 9, 1983

SUMMARY AND OUTLOOK

Prepared for the Federal Open Market Committee

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

November 9, 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				
9/28/83	11/9/83	9/28/83	11/9/83	9/28/83	11/9/83	9/28/83	11/9/83	9/28/83	11/9/83	
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	7.7	7.9	3.3	3.5	4.2	4.2	5.0	5.0	9.7	9.6
1984	9.4	10.1	5.0	5.5	4.5	4.7	4.4	4.6	8.6	8.3
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>	13.3	13.3	9.7	9.7	4.1	4.1	3.5	3.5	10.1	10.1
Q3 <1>	11.1	11.6	6.9	7.9	4.4	4.1	4.8	4.8	9.4	9.4
Q4	9.1	11.2	4.8	6.3	4.8	4.8	4.7	4.7	9.1	8.7
1984 Q1	8.8	9.8	4.1	4.8	4.4	4.7	4.3	4.7	8.9	8.6
Q2	8.8	8.9	4.3	4.2	4.5	4.8	4.3	4.7	8.8	8.4
Q3	9.0	8.8	4.4	4.2	4.7	4.9	4.4	4.7	8.6	8.2
Q4	8.8	9.0	4.1	4.2	4.9	5.0	4.7	4.9	8.4	8.0
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>	10.7	10.7	6.1	6.1	3.9	3.9	5.1	5.1	-0.6	-0.6
Q4	10.1	11.4	5.8	7.1	4.6	4.5	4.7	4.8	-1.0	-1.4
1984 Q2	8.8	9.4	4.2	4.5	4.5	4.8	4.3	4.7	-0.3	-0.3
Q4	8.9	8.9	4.3	4.2	4.8	5.0	4.6	4.8	-0.4	-0.4
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	10.4	11.1	6.0	6.6	4.2	4.2	4.9	4.9	-1.6	-2.0
1984 Q4	8.9	9.1	4.2	4.3	4.6	4.9	4.4	4.7	-0.7	-0.7

<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	188.0	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>	-43.4	-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)	38.3	36.7	37.3	32.0	28.8	32.0	31.3	32.9
Excluding social insurance funds	3.4	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)	131.8	132.5	133.0	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	71.1	69.0
Materials (percent)	82.7	81.9	82.0	76.2	73.0	70.7	69.4	67.2
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.

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	3272.0	3363.3	3454.0	3535.8	3612.1	3689.0	3769.6
Final sales	3210.9	3286.6	3351.5	3416.9	3485.4	3574.3	3651.2	3730.5
Private	2533.5	2603.2	2649.7	2710.6	2763.7	2819.6	2876.5	2937.1
Domestic final purchases	2516.5	2611.7	2675.6	2751.9	2817.7	2879.0	2941.6	3005.3
Personal consumption expenditures	2073.0	2147.0	2186.5	2248.0	2298.8	2345.6	2390.1	2437.4
Goods	1035.6	1077.3	1102.9	1134.0	1157.6	1177.0	1197.9	1219.1
Services	1037.4	1069.7	1083.6	1114.0	1141.2	1168.6	1192.2	1218.3
Gross private domestic investment	404.1	450.1	501.0	541.0	569.3	571.2	589.3	607.0
Residential structures	111.3	128.4	140.7	142.7	144.7	147.2	152.7	155.7
Business fixed investment	332.1	336.3	348.4	361.2	374.2	386.2	398.8	412.2
Change in business inventories	-39.4	-14.5	11.8	37.1	50.4	37.8	37.8	39.1
Nonfarm	-39.0	-10.3	22.3	34.1	43.6	40.0	37.0	37.3
Net exports of goods and services <1>	17.0	-8.5	-25.9	-41.3	-54.0	-59.4	-65.1	-68.2
Exports	326.9	327.1	339.2	345.0	351.9	363.1	372.2	385.5
Imports	309.9	335.6	365.1	386.3	406.0	422.5	437.3	453.6
Gov't. purchases of goods and services	677.4	683.4	701.8	706.3	721.7	754.7	774.7	793.4
Federal <2>	273.5	273.7	281.2	275.0	280.7	304.7	315.3	324.2
State and local	404.0	409.7	420.6	431.3	441.0	450.0	459.4	469.2
Gross national product in constant (1972) dollars	1490.1	1525.1	1554.4	1578.3	1597.0	1613.4	1629.9	1646.9
Personal income	2657.7	2713.6	2761.4	2852.8	2923.9	2968.0	3027.6	3087.8
Wage and salary disbursements	1610.7	1648.4	1681.5	1730.9	1769.9	1804.7	1839.0	1873.9
Disposable personal income	2255.9	2301.0	2361.5	2435.8	2496.1	2535.0	2585.2	2636.0
Saving rate (percent)	5.4	4.0	4.7	5.0	5.2	4.8	4.9	4.9
Corporate profits with I.V.A. and C.C. Adj.	181.8	218.2	254.6	258.3	261.4	269.7	283.3	299.5
Corporate profits before tax	169.7	203.3	231.5	229.2	226.3	228.6	236.2	246.4
Federal government surplus or deficit (-) (N.I.A. basis)	-183.3	-166.1	-187.9	-187.9	-183.6	-184.3	-187.3	-188.8
High employment surplus or deficit (-) <3>	-72.4	-65.2	-102.7	-111.8	-112.2	-119.0	-127.3	-133.5
State and local government surplus or deficit (-) (N.I.A. basis)	40.4	51.7	54.5	59.1	56.0	51.5	47.6	44.4
Excluding social insurance funds	5.5	16.1	17.9	22.1	18.3	13.1	8.5	4.6
Civilian labor force (millions)	110.5	111.2	112.2	112.2	113.0	113.5	113.9	114.4
Unemployment rate (percent)	10.3	10.1	9.4	8.7	8.6	8.4	8.2	8.0
Nonfarm payroll employment (millions)	88.8	89.5	90.2	91.4	92.2	93.0	93.6	94.2
Manufacturing	18.3	18.5	18.8	19.1	19.5	19.8	20.1	20.4
Industrial production (1967=100)	138.5	144.5	151.5	156.0	158.3	160.6	163.2	165.7
Capacity utilization: all manufacturing (percent)	70.7	73.9	77.3	79.2	79.9	80.7	81.6	82.5
Materials (percent)	70.1	73.5	77.4	80.0	81.3	82.5	83.9	85.1
Housing starts, private (million units, A.R.)	1.69	1.68	1.79	1.65	1.65	1.70	1.75	1.75
New auto sales (millions, A.R.)	8.46	9.10	9.22	9.70	9.70	9.90	10.05	10.10
Domestic models	6.06	6.81	6.92	7.30	7.40	7.50	7.55	7.60
Foreign models	2.40	2.28	2.31	2.40	2.30	2.40	2.50	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.

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

CONFIDENTIAL - FR
CLASS II FOMC

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	2.6	9.7	7.9	6.3	4.8	4.2	4.2	4.2
Final sales	.6	6.8	5.1	2.9	3.3	6.0	4.2	4.2
Private	3.0	8.8	5.0	4.6	3.8	3.8	3.7	4.0
Domestic final purchases	3.9	11.9	6.2	7.2	4.8	3.5	3.3	3.3
Personal consumption expenditures	2.9	10.0	3.5	6.5	4.0	2.7	2.0	2.2
Goods	4.4	13.5	5.3	6.8	3.9	1.8	2.0	1.8
Services	1.4	6.4	1.4	6.2	4.2	3.6	2.0	2.7
Gross private domestic investment	28.7	49.8	44.3	35.5	18.3	-4.0	8.6	8.0
Residential structures	57.3	79.5	37.0	1.6	.8	1.8	10.0	2.4
Business fixed investment	-1.5	7.9	14.6	13.1	11.2	9.1	9.3	9.6
Gov't. purchases of goods and services	-8.8	-1.1	5.7	-3.8	1.3	16.1	6.3	4.8
Federal	-18.0	-2.8	6.8	-15.1	-1.9	39.7	11.4	7.6
National defense	6.5	7.4	7.2	11.6	9.2	9.5	6.2	6.2
State and local	-1.8	.0	5.0	4.4	3.4	2.7	2.8	3.0
Disposable personal income	2.9	3.5	6.7	7.9	4.9	.7	2.3	2.2
<u>Current Dollars</u>								
Gross national product	8.2	13.3	11.6	11.2	9.8	8.9	8.8	9.0
Final sales	5.8	9.8	8.1	8.0	8.3	10.6	8.9	9.0
Private	7.8	11.5	7.3	9.5	8.1	8.3	8.3	8.7
Domestic final purchases	5.9	16.0	10.2	11.9	9.9	9.0	9.0	8.9
Personal consumption expenditures	5.2	15.1	7.6	11.7	9.3	8.4	7.8	8.2
Goods	4.2	17.1	9.8	11.8	8.6	6.9	7.3	7.3
Services	6.3	13.0	5.3	11.7	10.1	10.0	8.3	9.0
Gross private domestic investment	31.4	53.9	53.5	36.0	22.6	1.3	13.3	12.6
Residential structures	75.3	76.7	44.5	5.7	5.7	7.1	15.8	8.1
Business fixed investment	-5.7	5.1	15.3	15.5	15.2	13.5	13.7	14.1
Gov't. purchases of goods and services	-1.3	3.6	11.2	2.6	9.0	19.6	11.0	10.0
Federal	-8.0	.3	11.4	-8.5	8.6	38.8	14.7	11.8
National defense	7.8	10.7	13.4	16.0	18.8	14.5	11.0	11.6
State and local	3.5	5.8	11.1	10.6	9.3	8.4	8.6	8.8
Disposable personal income	5.1	8.2	10.9	13.2	10.3	6.4	8.2	8.1
Personal income	4.0	8.7	7.2	13.9	10.3	6.2	8.3	8.2
Wage and salary disbursements	6.4	9.7	8.3	12.3	9.3	8.1	7.8	7.8
Corporate profits with I.V.A. and C.C. Adj.	59.0	107.5	85.4	5.9	4.9	13.3	21.9	24.8
Corporate profits before tax	5.4	106.0	68.1	-3.9	-5.0	4.1	14.1	18.3
Nonfarm payroll employment	.1	2.9	3.4	5.4	3.7	3.1	2.8	2.7
Manufacturing	-.1	5.2	7.0	7.6	7.1	6.7	6.2	6.1
Nonfarm business sector								
Output per hour	3.7	6.6	5.0	1.4	1.0	.7	1.2	1.6
Compensation per hour	6.8	4.3	4.5	5.1	6.8	5.2	5.3	5.3
Unit labor costs	3.0	-2.1	-.5	3.7	5.7	4.4	4.1	3.6
GNP implicit deflator <1>	5.5	3.3	3.4	4.6	4.7	4.6	4.5	4.6
Gross domestic business product								
fixed-weighted price index <2>	3.6	4.1	4.1	4.8	4.7	4.8	4.9	5.0
Excluding food and energy	6.7	3.5	4.8	4.7	4.7	4.7	4.7	4.9
Consumer price index (all urban)	-.4	4.3	4.7	5.4	5.2	5.3	5.4	5.5
Industrial production	10.1	18.4	21.0	12.1	6.0	5.9	6.6	6.3

<1> Excluding the Federal pay increase, the rate of change in 1984-Q1 is 4.4 percent.
<2> Uses expenditures in 1972 as weights.

November 9, 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	3315.2	3651.6
Final sales	1895.3	2137.4	2403.5	2641.5	2935.6	3097.5	3316.5	3610.4
Private	1501.5	1705.5	1929.1	2103.7	2339.9	2448.3	2624.3	2849.2
Domestic final purchases	1505.5	1706.6	1915.9	2079.7	2313.6	2430.9	2638.9	2910.9
Personal consumption expenditures	1204.4	1346.5	1507.2	1668.1	1857.2	1991.9	2163.6	2368.0
Goods	657.0	728.5	813.5	883.5	970.0	1005.5	1087.4	1187.9
Services	547.4	618.0	693.7	784.5	887.1	986.4	1076.2	1180.1
Gross private domestic investment	324.1	386.6	423.0	401.9	474.9	414.5	474.0	584.2
Residential construction	95.8	111.2	118.6	102.9	104.3	90.8	130.8	150.1
Business fixed investment	205.2	248.9	290.2	308.8	352.2	348.3	344.5	392.8
Change in business inventories	23.0	26.5	14.3	-9.8	18.5	-24.5	-1.3	41.3
Nonfarm	21.9	25.4	8.6	-4.5	10.9	-23.1	1.8	39.5
Net exports of goods and services <1>	-4.0	-1.1	13.2	23.9	26.3	17.4	-14.7	-61.7
Exports	182.7	218.7	281.4	338.8	368.8	347.6	334.6	368.2
Imports	186.7	219.8	268.1	314.8	342.5	330.2	349.2	429.8
Gov't. purchases of goods and services	393.8	431.9	474.4	537.8	595.7	649.2	692.2	761.1
Federal <2>	143.4	153.6	168.3	197.0	229.2	258.7	275.8	306.2
State and local	250.4	278.3	306.0	340.8	366.5	390.5	416.4	454.9
Gross national product in constant (1972) dollars	1369.7	1438.6	1479.4	1475.0	1513.8	1485.4	1537.0	1621.8
Personal income	1540.4	1732.7	1951.2	2165.3	2435.0	2578.6	2746.4	3001.8
Wage and salary disbursements	983.2	1106.3	1237.6	1356.7	1493.2	1568.1	1667.9	1821.9
Disposable personal income	1314.0	1474.0	1650.2	1828.9	2047.6	2176.5	2338.5	2563.0
Saving rate (percent)	5.9	6.1	5.9	6.0	6.6	5.8	4.8	4.9
Corporate profits with I.V.A. and C.C.Adj.	167.3	192.4	194.8	175.4	192.3	164.8	228.2	278.5
Corporate profits before tax	194.7	229.1	252.7	234.6	227.0	174.2	208.4	234.4
Federal government surplus or deficit(-) (N.I.A. basis)	-45.9	-29.5	-16.1	-61.2	-62.2	-147.1	-181.3	-186.0
High employment surplus or deficit(-)	-30.6	-29.2	-18.6	-36.0	-25.9	-58.8	-88.0	-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	51.4	49.9
Excluding social insurance funds	10.1	10.0	6.6	3.5	4.4	-1.9	15.4	11.1
Civilian labor force (millions)	99.0	102.3	105.0	106.9	108.7	110.2	111.5	113.7
Unemployment rate (percent)	7.1	6.1	5.8	7.1	7.6	9.7	9.6	8.3
Nonfarm payroll employment (millions)	82.5	86.7	89.8	90.4	91.2	89.6	90.0	93.3
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	147.6	161.9
Capacity utilization: all manufacturing (percent)	82.2	84.7	86.0	79.6	79.4	71.1	75.3	81.2
Materials (percent)	82.6	85.6	87.6	80.4	80.7	70.1	75.2	83.2
Housing starts, private (million units, A.R.)	1.96	2.00	1.72	1.30	1.10	1.06	1.70	1.71
New auto sales (millions, A.R.)	11.13	11.29	10.68	9.04	8.56	8.00	9.12	9.94
Domestic models	9.07	9.29	8.36	6.62	6.24	5.77	6.77	7.51
Foreign models	2.06	2.00	2.32	2.42	2.32	2.23	2.35	2.43

<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 FOMCPERCENT 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	3.5	5.5
Final sales	5.1	4.9	3.5	.5	1.8	-.7	2.8	4.4
Private	6.0	5.6	4.0	.1	2.0	-1.3	3.3	4.4
Domestic final purchases	6.5	5.5	2.9	-1.0	2.7	-.1	5.0	5.3
Personal consumption expenditures	5.0	4.5	2.7	.5	2.7	1.4	4.4	4.1
Goods	5.1	4.2	1.9	-1.4	2.1	.1	5.7	4.4
Services	4.9	4.8	3.7	2.7	3.3	2.9	3.0	3.9
Gross private domestic investment	16.1	10.5	-.2	-11.8	9.2	-14.5	13.0	18.9
Residential structures	18.6	2.8	-5.3	-20.3	-5.1	-15.4	40.3	9.8
Business fixed investment	11.7	12.8	7.3	-2.4	5.2	-4.8	.2	11.0
Gov't. purchases of goods and services	1.5	2.0	1.3	2.2	.8	1.8	.6	4.2
Federal	3.7	-.1	1.8	4.2	3.8	5.6	.9	5.4
National defense	.8	.4	2.6	3.9	5.2	7.1	8.1	8.8
State and local	.2	3.3	1.1	1.0	-1.0	-.5	.5	3.3
Disposable personal income	4.0	4.9	2.7	.6	3.2	.5	3.3	4.3
<u>Current Dollars</u>								
Gross national product	11.7	12.8	11.7	8.8	12.2	4.0	7.9	10.1
Final sales	11.1	12.8	12.4	9.9	11.1	5.5	7.1	8.9
Private	11.7	13.6	13.1	9.0	11.2	4.6	7.2	8.6
Domestic final purchases	13.2	13.4	12.3	8.5	11.2	5.1	8.6	10.3
Personal consumption expenditures	11.1	11.8	11.9	10.7	11.3	7.3	8.6	9.4
Goods	9.8	10.9	11.7	8.6	9.8	3.7	8.2	9.2
Services	12.7	12.9	12.2	13.1	13.1	11.2	9.1	9.7
Gross private domestic investment	25.7	19.3	9.4	-5.0	18.2	-12.7	14.4	23.2
Residential structures	33.1	16.1	6.6	-13.2	1.4	-13.0	44.1	14.8
Business fixed investment	17.9	21.3	16.6	6.4	14.1	-1.1	-1.1	14.0
Gov't. purchases of goods and services	8.8	9.7	9.8	13.4	10.8	9.0	6.6	10.0
Federal	11.0	7.1	9.6	17.1	16.3	12.9	6.6	11.0
National defense	8.0	8.0	11.5	17.3	17.4	16.5	13.3	14.8
State and local	7.5	11.2	9.9	11.4	7.5	6.6	6.6	9.2
Disposable personal income	10.0	12.2	12.0	10.8	12.0	6.3	7.4	9.6
Personal income	10.7	12.5	12.6	11.0	12.5	5.9	6.5	9.3
Wage and salary disbursements	10.5	12.5	11.9	9.6	10.1	5.0	6.4	9.2
Corporate profits with I.V.A. and C.C.Adj.	21.1	15.0	1.3	-9.9	9.6	-14.3	38.5	22.0
Corporate profits before tax	17.1	17.7	10.3	-7.1	-3.3	-23.2	19.6	12.5
Nonfarm payroll employment	3.9	5.1	3.6	.6	.8	-1.7	.4	3.7
Manufacturing	3.6	4.2	2.6	-3.6	-.6	-6.5	-1.0	6.8
Nonfarm business sector								
Output per hour	2.2	.6	-1.5	-.7	1.9	-.1	3.4	1.9
Compensation per hour	7.5	8.6	9.0	10.4	9.8	7.8	5.8	5.4
Unit labor costs	5.2	8.0	10.7	11.1	7.7	7.9	2.3	3.5
GNP implicit deflator	5.8	7.4	8.6	9.2	9.4	6.0	4.2	4.4
Gross domestic business product								
fixed-weighted price index <1>	6.1	8.0	9.9	10.0	9.5	6.0	4.2	4.7
Excluding food and energy	6.3	7.8	8.6	8.5	9.3	6.9	5.0	4.6
Consumer price index (all urban)	6.5	7.6	11.3	13.5	10.3	6.2	3.3	5.2
Industrial production	5.9	5.8	4.4	-3.6	2.6	-8.1	6.5	9.7

<1> Uses expenditures in 1972 as weights.

FEDERAL SECTOR ACCOUNTS
(Billions of dollars)

	Fiscal Year 1982*	Fiscal Year 1983*	FY1984e 2/		CY 1982*	CY1983e/ P.R. Board	FRR Staff Estimates Calendar quarters; not seasonally adjusted										
			Admin. 1/	P.R. Board			1982				1983				1984		
							IV*	I*	II*	III*	IV	I	II	III			
Unified budget receipts	618	601	668	667	609	612	137	140	167	157	149	155	190	174			
Unified budget outlays	728	796	848	857	740	803	205	201	196	194	212	216	214	215			
Surplus/deficit(-), unified budget	-111	-195	-180	-190	-131	-190	-68	-61	-29	-37	-63	-61	-25	-41			
Surplus/deficit(-), off-budget agencies ³	-17	-12	-14	-15	-15	-14	-1	-2	-4	-5	-3	-3	-5	-5			
Combined deficit to be financed	-128	-208	-194	-205	-146	-204	-69	-63	-34	-42	-66	-64	-29	-46			
Means of financing combined deficit:																	
Net borrowing from public	135	212	194	187	161	195	62	56	47	48	44	56	43	43			
Decrease in cash operating balance	-11	-8	0	17	-8	5	10	4	-13	-9	22	5	-10	0			
Other ⁴	4	3	0	1	-8	5	-2	3	-1	4	-0	3	-4	3			
Cash operating balance, end of period	59	37	20	20	20	15	20	15	28	37	15	10	20	20			
Memo: Sponsored agency borrowing ⁵	80	0	n.a.	23	17	3	-2	-3	0	1	4	5	7	7			
NIA Budget																	
							Seasonally adjusted annual rates										
Receipts	628	693	701	699	617	646	613	623	653	644	666	695	709	726			
Expenditures	740	820	873	885	764	828	821	807	819	832	854	879	893	913			
Purchases	251	277	300	294	259	276	279	274	274	281	275	281	305	315			
Defense	173	196	227	226	179	203	191	194	199	206	214	223	231	237			
Nondefense	78	79	73	68	79	73	89	79	74	75	61	58	74	78			
All other expenditures	489	543	573	591	506	552	542	533	545	551	579	598	588	598			
Surplus/deficit(-)	-112	-186	-172	-186	-147	-181	-208	-183	-166	-188	-188	-184	-184	-187			
High Employment (H.E.) surplus/deficit(-) evaluated at the unemployment rate of 6 percent	-46	-85	-83	-118	-59	-88	-100	-72	-65	-103	-112	-112	-119	-127			
	a--actual		e--estimated				n.a.--not available										

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

2. The August CBO estimate of the First Concurrent Resolution on the Budget -- Fiscal Year 1984 indicated revenues of \$677 billion and outlays of \$840 billion. The lack of Congressional action on revenue measures has led CBO to reestimate FY1984 receipts to be \$666 billion and outlays to be \$858 billion. Outlays in either estimate 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. FRR 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.

NOVEMBER 8, 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 Q3	1983-P Q4	1984-P Q1	1984-P Q2	1984-P Q3	1984-P Q4
1. GNP NET EXPORTS													
CURRENT \$, NET	17.4	-14.7	-61.7	1.0	5.5	17.0	-8.5	-25.9	-41.3	-54.0	-59.4	-65.0	-68.2
EXPORTS OF G+S	347.6	334.6	368.2	346.0	321.6	326.9	327.1	339.2	345.0	351.9	363.1	372.2	385.5
IMPORTS OF G+S	330.2	349.2	429.8	345.0	316.1	309.9	335.6	365.1	386.3	406.0	422.5	437.3	453.6
CONSTANT 72 \$, NET	28.9	10.7	-0.1	24.0	23.0	20.5	12.3	8.8	1.1	-2.0	-1.1	0.2	2.5
EXPORTS OF G+S	147.3	138.2	144.3	146.4	136.5	137.3	136.2	139.9	139.6	140.5	143.0	145.1	148.6
IMPORTS OF G+S	118.4	127.6	144.4	122.4	113.5	116.8	123.9	131.1	138.4	142.5	144.1	145.0	146.1
TERMS OF TRADE (1972=100) 1/	84.6	88.5	85.8	83.9	84.6	89.7	88.7	87.1	88.6	88.0	86.6	85.1	83.6
2. U.S. MERCHANDISE TRADE BALANCE 2/	-36.4	-63.2	-111.6	-52.3	-45.4	-35.2	-58.6	-71.6	-87.4	-101.6	-108.9	-115.7	-120.1
EXPORTS (EXCL. MILITARY)	211.2	200.5	214.1	209.0	193.4	198.0	195.7	203.1	205.4	206.6	211.1	214.9	224.0
AGRICULTURAL	37.2	37.5	39.6	33.8	33.1	36.0	35.3	37.8	40.7	40.0	40.3	39.3	39.0
NONAGRICULTURAL	174.0	163.1	174.5	175.2	160.3	162.0	160.3	165.3	164.7	166.6	170.9	175.6	185.0
IMPORTS	247.6	263.7	325.7	261.3	238.8	233.3	254.3	274.6	292.8	308.2	320.0	330.6	344.1
PETROLEUM AND PRODUCTS	61.2	56.5	68.2	68.9	60.5	42.0	52.1	66.3	65.5	65.8	67.2	68.4	71.6
NONPETROLEUM	186.4	207.3	257.5	192.3	178.3	191.3	202.2	208.3	227.3	242.4	252.8	262.2	272.5
3. U.S. CURRENT ACCOUNT BALANCE	-11.2	-40.7	-87.0	-26.4	-26.5	-14.3	-38.8	-46.5 ^P	-63.3	-77.3	-84.1	-91.1	-95.5
OF WHICH: NET INVESTMENT INCOME	27.3	26.2	27.8	27.3	24.0	20.4	23.7	30.5 ^P	30.4	29.1	28.2	27.3	26.8
4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/													
REAL GNP, % CHANGE, ANNUAL RATES	0.0	1.2	2.3	-1.7	0.6	2.5	1.5	1.7	2.3	2.5	2.4	2.5	2.8
CONSUMER PRICES, % CHANGE, ANNUAL RATES	8.1	5.7	5.5	6.0	6.0	4.5	6.0	5.3	5.4	5.5	5.6	5.3	5.3

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

November 9, 1983

RECENT DEVELOPMENTS

COMPARISON OF ACTUAL AND PROJECTED FEDERAL BUDGET TOTALS FOR FISCAL 1983
(Unified budget, billions of dollars)

	Budget estimate (January)	Mid-session review projection (July)	Actual (October)	July projection less actual
Receipts	597.5	599.9	600.6	-.7
Total outlays	805.2	809.8	795.9	13.9
Outlays by function:				
National defense	214.8	214.8	210.5	4.3
International affairs	11.9	11.0	8.9	2.1
Agriculture	21.1	25.3	22.2	3.1
Education, training, employment and social services	26.7	27.2	25.7	1.5
Health	82.4	82.3	81.2	1.1
All other functions	448.3	449.2	447.4	1.8
Deficit(-)	-207.7	-209.8	-195.3	-14.5

Note--Detail may not sum to totals due to rounding.

III-6

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

	1982	1983				
	Year	H1	Q3 ^p	Sept. ^p	Oct. ^p	Nov. ^f
	----- Seasonally adjusted -----					
Corporate securities--total	8,153	11,170	7,905	7,722	7,610	7,100
Securities sold in U.S.	7,017	10,385	7,275	6,800	6,900	6,500
Publicly offered bonds ¹	3,653	4,798	2,675	3,100	3,100	2,900
Privately placed bonds	817	700 ^e	700 ^e	700 ^e	700 ^e	700
Stocks ²	2,547	4,887	3,900	3,000	3,100	2,900
Securities sold abroad ³	1,136	785	630	922	710	600
	--- Domestic offerings, not seasonally adjusted ---					
Publicly offered bonds--total ¹	3,653	4,833	2,675	2,900	3,100	2,700
By industry						
Utility	976	1,185	870	690	560	--
Industrial	1,236	1,796	530	635	350	--
Financial	1,441	1,852	1,275	1,575	2,190	--
Mortgage-backed	75	127	345	571	943	--
By quality ⁴						
Aaa and Aa	1,370	1,478	900	1,110	1,115	--
A and Baa	1,505	2,051	1,140	1,105	765	--
Less than Baa	286	694	240	280	225	--
No rating (or unknown)	492	610	395	405	995	--
Memo items:						
Equity based bonds ⁵	302	1,068	693	390	360	--
Original discount bonds						
Par value	952	302	117	215	200	--
Gross proceeds	281	250	100	180	171	--
Stocks--total ²	2,547	4,842	3,475	3,100	3,100	3,000
By industry						
Utility	871	948	460	300	900	--
Industrial	1,119	2,606	2,095	1,800	1,600	--
Financial	557	1,288	920	1,000	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			
	FY83	Oct. ^p	Nov. ^{f,2}	Dec. ^f	04 ^f
<u>Treasury financing</u>					
Combined surplus/deficit(-)	-207.7	-25.7	-24.0	-16.2	-65.9
Means of financing deficit:					
Net cash borrowing from the public	212.3	11.7	14.5	18.0	44.2
Marketable borrowings/ repayments(-)	200.5	11.2	14.4	17.5	43.1
Bills	62.8	-0.8	.4	11.3	10.9
Coupons	137.7	12.0	14.0	6.2	32.2
Nonmarketable	11.8	.5	.1	.5	1.1
Decrease in the cash balance	-7.7	10.0	19.4	-7.3	22.1
Memo: Cash balance at end of period	37.1	27.1	7.7	15.0	15.0
Other ³	3.1	4.0	-9.9	5.5	-.4
<u>Federally sponsored credit</u>					
<u>agencies net cash borrowing⁴</u>	-2.7	1.7	.9	1.3	3.9
FHLB	-8.6	.6	.2	.7	1.5
FNMA	3.9	.2	.5	.5	1.2
Farm Credit Banks	-.8	.2	-.1	-.2	-.1
FHLMC	1.2	.5	.1	.1	.7
SLMA	1.6	.2	.2	.2	.6

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

2. Assumes enactment of an increase in the debt ceiling in time for new funds to be raised in auctions yet to be announced.

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

4. 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--staff forecast.

\$6.4 billion (seasonally adjusted) in October, after a \$5.5 billion monthly average in the third quarter. Since midyear, municipal bond volume has been running substantially below that of the first half when interest rates generally were lower and offerings were boosted by concern about the impending registration requirement that went into effect on July 1. Both long- and short-term municipal volumes are expected to be down from their October levels this month.

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

	1982	1983				
	Year	QI	QII	QIII ^e	Oct. ^e	Nov. ^f
----- Seasonally adjusted -----						
Total	10.29	10.32	11.05	8.92	10.30	6.7
Long-term	6.58	7.23	8.17	5.48	6.40	4.5
Short-term ¹	3.71	3.09	2.88	3.43	3.90	2.2
----- Not seasonally adjusted -----						
Total	10.29	8.66	13.27	8.50	9.70	7.2
Long-term	6.58	6.24	9.29	5.07	6.40	5.2
Refundings	.27	.94	2.00	.77	.94	--
Mortgage revenue ²	1.24	1.07	1.27	1.43	2.16	--
Short-term ¹	3.71	2.42	3.98	3.43	3.30	2.0

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

2. Includes mortgages for home ownership as well as multifamily rental structures.

e--estimate. f--staff forecast.

Note--figures may not add due to rounding.

In October, as they have since midyear, housing-related issues accounted for a substantial portion of long-term municipal bond offerings; such issues accounted for about a third of October's volume, compared with only 15 percent of average monthly volume in the first half of the year. In particular, tax-exempt bond issuance to finance single-family mortgages