

July 6, 1983

## **SUMMARY AND OUTLOOK**

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Prepared for the Federal Open Market Committee

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

July 6, 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				
5/18/83	7/6/83	5/18/83	7/6/83	5/18/83	7/6/83	5/18/83	7/6/83	5/18/83	7/6/83	
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	7.1	7.7	2.7	3.2	4.1	4.3	4.8	4.9	10.0	9.8
1984	8.2	8.7	4.8	4.9	3.9	4.2	3.8	4.1	9.3	8.9
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>	9.1	8.3	3.1	2.6	2.8	3.0	5.3	5.5	10.3	10.3
Q2	8.9	11.4	5.5	7.5	4.5	5.1	4.7	4.6	10.1	10.0
Q3	8.1	10.6	4.8	7.1	4.2	4.6	4.1	4.3	9.8	9.6
Q4	8.3	8.2	5.0	5.0	3.8	3.7	3.6	3.7	9.7	9.4
1984 Q1	7.9	7.9	4.7	4.3	3.7	4.0	3.6	3.9	9.6	9.2
Q2	8.1	8.3	4.6	4.2	3.8	4.2	3.7	4.2	9.4	9.0
Q3	8.4	8.6	4.8	4.1	3.8	4.4	3.7	4.4	9.1	8.8
Q4	9.0	8.6	4.9	4.1	3.8	4.4	3.7	4.4	8.9	8.6
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	9.0	9.8	4.3	5.0	3.7	4.0	5.0	5.0	-.6	-.7
Q4	8.2	9.4	4.9	6.0	4.0	4.1	3.8	4.0	-.4	-.6
1984 Q2	8.0	8.1	4.6	4.2	3.7	4.1	3.7	4.1	-.3	-.4
Q4	8.7	8.6	4.9	4.1	3.8	4.4	3.7	4.4	-.5	-.4
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	8.6	9.6	4.6	5.5	3.8	4.1	4.4	4.5	-1.0	-1.3
1984 Q4	8.4	8.3	4.7	4.2	3.8	4.3	3.7	4.2	-.8	-.8

&lt;1&gt; Actual.

&lt;2&gt; Percent change from two quarters earlier.

&lt;3&gt; Percent change from four quarters earlier.

July 6, 1983

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	2864.9	2901.8	2980.9	3003.2	2995.5	3045.2	3088.2	3108.2
Final sales	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
Domestic final purchases	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	-64.3
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)	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) <4>	80.6	80.8	80.3	75.9	72.9	71.6	71.0	69.0
Materials (percent) <4>	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

&lt;1&gt; Balance of payments data and details underlying these estimates are shown in the International Developments section of this part of the Greenbook.

&lt;2&gt; Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

&lt;3&gt; 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.

&lt;4&gt; Capacity measures have been revised back to 1967.

July 6, 1983

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

	1981				1982			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Constant (1972) Dollars</u>								
Gross national product	7.9	-1.5	2.2	-5.3	-5.1	2.1	.7	-1.1
Final sales	5.4	-4.0	1.0	-2.3	.2	-9.9	-1.3	5.4
Private	5.5	-4.0	.4	-4.4	1.0	.2	-3.5	3.9
Domestic final purchases	4.7	-2.8	2.2	-3.6	.9	.6	-9.9	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 sales	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
Domestic final purchases	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	1.7	.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	4.9	-1.3	-.3	-3.5	.7	.9	3.4	.4
Compensation per hour	11.8	7.1	9.0	7.3	7.9	6.0	6.6	5.5
Unit labor costs	6.6	8.6	9.3	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

&lt;1&gt; 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.

&lt;2&gt; 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	3170.6	3257.5	3340.3	3406.7	3472.4	3542.0	3615.7	3690.7
Final sales	3206.9	3252.1	3316.0	3352.7	3443.4	3515.0	3588.2	3661.7
Private	2530.6	2570.1	2616.9	2664.9	2714.3	2770.1	2828.3	2888.6
Domestic final purchases	2511.0	2581.5	2646.7	2707.0	2760.9	2817.7	2876.5	2936.5
Personal consumption expenditures	2052.9	2109.3	2165.0	2215.0	2256.3	2299.4	2344.4	2390.3
Goods	1034.4	1062.0	1090.0	1113.0	1131.8	1151.4	1171.4	1191.8
Services	1018.5	1047.3	1075.0	1102.0	1124.5	1148.0	1173.0	1198.5
Gross private domestic investment	421.7	477.6	506.0	546.0	533.6	545.3	559.6	575.2
Residential structures	121.0	134.0	140.0	144.0	148.0	152.0	155.5	159.0
Business fixed investment	337.1	338.2	341.7	348.0	356.6	366.3	376.6	387.2
Change in business inventories	-36.3	5.4	24.3	54.0	29.0	27.0	27.5	29.0
Nonfarm	-35.6	8.0	22.1	29.0	31.0	34.0	35.5	37.0
Net exports of goods and services <1>	19.6	-11.4	-29.8	-42.1	-46.6	-47.6	-48.2	-47.9
Exports	332.4	328.7	336.1	343.4	353.1	363.8	375.2	389.6
Imports	312.8	340.0	365.9	385.5	399.7	411.4	423.4	437.5
Gov't. purchases of goods and services	676.3	682.0	699.1	687.8	729.1	744.9	759.9	773.1
Federal <2>	274.1	275.3	284.0	264.8	299.2	307.9	315.7	321.3
State and local	402.2	406.7	415.1	423.0	429.9	437.0	444.2	451.8
Gross national product in constant (1972) dollars	1486.7	1513.9	1540.0	1558.7	1575.2	1591.3	1607.4	1623.6
Personal income	2648.2	2708.6	2774.8	2848.5	2877.5	2930.4	2987.9	3042.4
Wage and salary disbursements	1597.3	1638.1	1681.0	1709.8	1742.2	1774.7	1809.0	1843.1
Disposable personal income	2247.2	2295.8	2372.4	2432.9	2460.8	2505.6	2553.5	2599.2
Saving rate (percent)	5.9	5.4	6.1	6.3	5.6	5.5	5.5	5.4
Corporate profits with I.V.A. and C.C. Adj.	186.1	196.2	215.5	228.7	224.4	231.2	242.7	258.0
Corporate profits before tax	177.9	180.4	197.3	206.9	200.6	204.4	212.6	224.2
Federal government surplus or deficit (-) (N.I.A. basis)	-174.0	-163.3	-193.2	-193.0	-192.6	-191.6	-191.7	-190.7
High employment surplus or deficit (-) <3>	-31.9	-24.6	-64.0	-64.6	-64.2	-65.1	-66.3	-65.9
State and local government surplus or deficit (-) (N.I.A. basis)	42.3	51.9	56.3	58.8	56.2	56.2	56.0	56.6
Excluding social insurance funds	3.0	11.1	13.9	14.8	10.4	8.8	6.9	5.8
Civilian labor force (millions)	110.5	111.0	111.7	112.1	112.6	113.1	113.7	114.2
Unemployment rate (percent)	10.3	10.0	9.6	9.4	9.2	9.0	8.8	8.6
Nonfarm payroll employment (millions)	88.8	89.5	90.7	91.3	91.9	92.5	93.3	94.1
Manufacturing	18.3	18.5	18.9	19.2	19.5	19.8	20.1	20.5
Industrial production (1967=100)	138.5	144.4	148.5	151.4	154.3	156.9	159.8	162.9
Capacity utilization: all manufacturing (percent)<4>	70.7	73.8	75.6	76.9	77.9	78.9	79.9	81.1
Materials (percent)<4>	70.0	72.8	74.9	76.6	78.5	79.9	81.6	83.4
Housing starts, private (million units, A.R.)	1.69	1.65	1.65	1.65	1.65	1.70	1.75	1.85
New auto sales (millions, A.R.)	8.44	9.00	9.30	9.50	9.70	9.60	9.80	10.00
Domestic models	6.06	6.80	7.10	7.20	7.30	7.40	7.50	7.60
Foreign models	2.38	2.20	2.20	2.30	2.40	2.20	2.30	2.40

&lt;1&gt; Balance of payments data and details underlying these estimates are shown in the International Developments section of this part of the Greenbook.

&lt;2&gt; Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

&lt;3&gt; 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 \$94.1 billion in 1983-Q4, and a deficit of \$101.9 billion in 1984-Q4.

&lt;4&gt; Based on revised capacity measures.

July 6, 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	7.5	7.1	5.0	4.3	4.2	4.1	4.1
Final sales <1>	1.3	2.5	4.7	1.4	7.5	4.4	4.1	4.0
Private	4.0	3.3	4.7	4.9	4.3	4.3	4.1	4.3
Domestic final purchases	5.0	7.0	5.8	5.2	3.7	3.9	3.9	3.9
Personal consumption expenditures	2.5	5.9	6.0	5.1	3.1	3.2	3.2	3.2
Goods	3.7	6.6	6.4	5.2	3.1	3.2	3.1	3.0
Services	1.2	5.2	5.4	5.1	3.0	3.2	3.4	3.4
Gross private domestic investment	32.0	58.4	22.4	31.7	-11.7	5.4	7.1	7.8
Residential structures	80.5	44.7	14.7	7.3	6.7	6.3	4.3	3.9
Business fixed investment	3.9	2.9	2.3	5.0	6.9	7.8	8.0	8.0
Gov't. purchases of goods and services	-9.1	-.7	4.8	-12.5	22.1	4.8	3.8	2.7
Federal	-20.2	-.7	7.3	-31.7	61.9	9.5	7.0	3.8
National defense	6.4	11.7	13.6	7.9	7.0	6.3	4.8	5.3
State and local	-.4	-.7	3.1	2.8	1.6	1.7	1.7	1.9
Disposable personal income	2.3	3.6	8.8	6.1	.2	2.8	3.0	2.3
<u>Current Dollars</u>								
Gross national product	8.3	11.4	10.6	8.2	7.9	8.3	8.6	8.6
Final sales	6.5	5.8	8.1	4.5	11.3	8.6	8.6	8.4
Private	8.5	6.4	7.5	7.5	7.6	8.5	8.7	8.8
Domestic final purchases	6.7	11.7	10.5	9.4	8.2	8.5	8.6	8.6
Personal consumption expenditures	4.4	11.4	11.0	9.6	7.7	7.9	8.1	8.1
Goods	2.7	11.1	11.0	8.7	6.9	7.1	7.1	7.1
Services	6.2	11.8	11.0	10.4	8.4	8.6	9.0	9.0
Gross private domestic investment	34.6	64.5	26.0	35.6	-8.8	9.1	10.9	11.6
Residential structures	102.6	50.5	19.1	11.9	11.6	11.3	9.5	9.3
Business fixed investment	-1.6	1.3	4.2	7.6	10.3	11.3	11.7	11.7
Gov't. purchases of goods and services	-.3	3.4	10.4	-6.3	26.3	9.0	8.3	7.1
Federal	-6.4	1.8	13.3	-24.4	63.0	12.1	10.5	7.3
National defense	12.9	13.8	21.0	10.9	16.3	9.8	9.3	9.3
State and local	4.2	4.6	8.5	7.8	6.7	6.8	6.8	7.0
Disposable personal income	4.2	8.9	14.0	10.6	4.7	7.5	7.9	7.4
Personal income	3.7	9.4	10.1	11.1	4.1	7.6	8.1	7.5
Wage and salary disbursements	5.9	10.6	10.9	7.0	7.8	7.7	8.0	7.8
Corporate profits with I.V.A. and C.C. Adj.	63.4	23.5	45.4	27.0	-7.3	12.7	21.4	27.7
Corporate profits before tax	4.6	5.8	42.9	21.1	-11.6	7.8	17.0	23.7
Nonfarm payroll employment	.1	3.1	5.4	2.5	2.6	2.9	3.5	3.4
Manufacturing	-.1	5.0	8.8	7.7	7.0	6.2	6.0	6.3
Nonfarm business sector								
Output per hour	4.7	3.1	2.7	3.1	1.9	1.6	.9	.8
Compensation per hour	6.0	4.0	4.9	4.5	6.3	4.5	4.6	4.6
Unit labor costs	1.2	.9	2.1	1.4	4.3	2.9	3.7	3.7
GNP implicit deflator	5.5	3.6	3.3	3.1	3.5	3.9	4.3	4.3
Gross domestic business product								
fixed-weighted price index <2>	3.0	5.1	4.6	3.7	4.0	4.2	4.4	4.4
Excluding food and energy	5.5	4.6	4.3	3.7	3.9	4.2	4.4	4.4
Consumer price index (all urban)	-.4	4.7	4.9	4.3	4.5	4.6	4.5	4.5
Industrial production	10.0	18.2	11.8	8.0	7.9	6.9	7.6	8.0

<1> Excluding Federal Commodity Credit Corporation net purchases, growth rates for final sales are:  
1983-Q1, 3.6 percent; 1983-Q2, 3.3 percent; 1983-Q3, 5.0 percent; 1983-Q4, 4.7 percent; 1984-Q1,  
3.9 percent.

<2> Uses expenditures in 1972 as weights.

July 6, 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	3293.8	3580.2
Final sales	1895.3	2137.4	2403.5	2643.1	2917.3	3083.1	3281.9	3552.1
Private	1501.5	1705.5	1929.1	2104.7	2320.4	2435.7	2595.6	2800.3
Domestic final purchases	1505.5	1706.6	1915.9	2079.5	2294.3	2415.2	2611.5	2847.9
Personal consumption expenditures	1204.4	1346.5	1507.2	1667.2	1843.2	1971.1	2135.5	2322.6
Goods	657.0	728.5	813.5	884.7	969.1	1004.8	1074.8	1161.6
Services	547.4	618.0	693.7	782.5	874.1	966.3	1060.7	1161.0
Gross private domestic investment	324.1	386.6	423.0	402.3	471.5	420.3	487.8	553.4
Residential construction	95.8	111.2	118.6	103.2	104.9	96.2	134.8	153.6
Business fixed investment	205.2	248.9	290.2	309.2	346.1	348.0	341.2	371.7
Change in business inventories	23.0	26.5	14.3	-10.0	20.5	-23.8	11.9	28.1
Nonfarm	21.9	25.4	8.6	-5.7	15.0	-24.3	5.9	34.4
Net exports of goods and services <1>	-4.0	-1.1	13.2	25.2	26.1	20.5	-15.9	-47.6
Exports	182.7	218.7	281.4	339.2	367.3	350.8	335.1	370.4
Imports	186.7	219.8	268.1	314.0	341.3	330.3	351.0	418.0
Gov't. purchases of goods and services	393.8	431.9	474.4	538.4	596.9	647.4	686.3	751.7
Federal <2>	143.4	153.6	168.3	197.2	228.9	257.9	274.5	311.0
State and local	250.4	278.3	306.0	341.2	368.0	389.4	411.7	440.7
Gross national product in constant (1972) dollars	1369.7	1438.6	1479.4	1474.0	1502.6	1476.9	1524.8	1599.4
Personal income	1540.4	1732.7	1951.2	2160.4	2415.8	2569.9	2745.1	2959.5
Wage and salary disbursements	983.2	1106.3	1237.6	1356.1	1493.9	1560.7	1656.5	1792.2
Disposable personal income	1314.0	1474.0	1650.2	1824.1	2029.1	2172.7	2337.1	2529.8
Saving rate (percent)	5.9	6.1	5.9	5.8	6.4	6.5	5.9	5.5
Corporate profits with I.V.A. and C.C.Adj.	167.3	192.4	194.8	181.6	190.6	160.8	206.6	239.1
Corporate profits before tax	194.7	229.1	252.7	242.4	232.1	174.9	190.6	210.5
Federal government surplus or deficit(-) (N.I.A. basis)	-45.9	-29.5	-16.1	-61.4	-60.0	-149.5	-180.9	-191.7
High employment surplus or deficit(-)	-20.5	-16.0	-2.0	-17.1	4.5	-29.8	-46.3	-65.4
State and local government surplus or deficit (-) (N.I.A. basis)	28.0	30.3	30.4	28.1	31.7	32.1	52.4	56.2
Excluding social insurance funds	10.1	10.0	6.6	.9	-1	-4.1	10.7	8.0
Civilian labor force (millions)	99.0	102.3	105.0	106.9	108.7	110.2	111.3	113.4
Unemployment rate (percent)	7.1	6.1	5.8	7.1	7.6	9.7	9.8	8.9
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	20.0
Industrial production (1967=100)	138.1	146.1	152.5	147.0	150.9	138.6	145.7	158.5
Capacity utilization: all manufacturing (percent) <3>	82.2	84.7	86.0	79.6	79.4	71.1	73.9	79.4
Materials (percent) <3>	82.6	85.6	87.6	80.4	80.7	70.1	73.2	80.9
Housing starts, private (million units, A.R.)	1.96	2.00	1.72	1.30	1.10	1.06	1.66	1.74
New auto sales (millions, A.R.)	11.13	11.29	10.68	9.04	8.56	8.00	9.06	9.78
Domestic models	9.07	9.29	8.36	6.62	6.24	5.77	6.79	7.45
Foreign models	2.06	2.00	2.32	2.42	2.32	2.23	2.27	2.33

&lt;1&gt; Balance of payments data underlying these estimates are shown in the International Developments section of this part of the Greenbook.

&lt;2&gt; Components of purchases and total receipts and total expenditures are shown in the Federal Sector Accounts table which follows.

&lt;3&gt; Based on revised capacity measures.

July 6, 1983

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	-.4	1.9	-1.7	3.2	4.9
Final sales	5.1	4.9	3.5	.5	1.0	-.5	2.2	4.4
Private	6.0	5.6	4.0	.0	1.0	-1.0	2.8	4.4
Domestic final purchases	6.5	5.5	2.9	-1.1	1.8	-.1	4.3	4.5
Personal consumption expenditures	5.0	4.5	2.7	.3	1.8	1.0	3.9	4.0
Goods	5.1	4.2	1.9	-1.5	1.9	.3	4.6	4.1
Services	4.9	4.8	3.7	2.4	1.7	1.8	3.0	3.9
Gross private domestic investment	16.1	10.5	-.2	-11.8	8.3	-12.8	14.0	9.9
Residential structures	18.6	2.8	-5.3	-20.1	-4.9	-10.2	35.5	9.1
Business fixed investment	11.7	12.8	7.3	-2.2	3.6	-3.7	-.9	6.1
Gov't. purchases of goods and services	1.5	2.0	1.3	2.3	.9	1.5	.0	4.7
Federal	3.7	-.1	1.8	4.3	3.7	5.4	-.3	8.8
National defense	.8	.4	2.6	4.0	4.9	6.9	9.2	7.7
State and local	.2	3.3	1.1	1.1	-.8	-1.0	.2	1.9
Disposable personal income	4.0	4.9	2.7	.2	2.5	1.1	3.1	3.5
<u>Current Dollars</u>								
Gross national product	11.7	12.8	11.7	8.9	11.6	4.1	7.7	8.7
Final sales	11.1	12.8	12.4	10.0	10.4	5.7	6.4	8.2
Private	11.7	13.6	13.1	9.1	10.2	5.0	6.6	7.9
Domestic final purchases	13.2	13.4	12.3	8.5	10.3	5.3	8.1	9.1
Personal consumption expenditures	11.1	11.8	11.9	10.6	10.6	6.9	8.3	8.8
Goods	9.8	10.9	11.7	8.8	9.5	3.7	7.0	8.1
Services	12.7	12.9	12.2	12.8	11.7	10.5	9.8	9.5
Gross private domestic investment	25.7	19.3	9.4	-4.9	17.2	-10.9	16.1	13.4
Residential structures	33.1	16.1	6.6	-13.0	1.7	-8.3	40.1	14.0
Business fixed investment	17.9	21.3	16.6	6.5	12.0	.5	-1.9	8.9
Gov't. purchases of goods and services	8.8	9.7	9.8	13.5	10.9	8.5	6.0	9.5
Federal	11.0	7.1	9.6	17.1	16.1	12.6	6.5	13.3
National defense	8.0	8.0	11.5	17.5	17.0	16.2	15.5	13.0
State and local	7.5	11.2	9.9	11.5	7.9	5.8	5.7	7.0
Disposable personal income	10.0	12.2	12.0	10.5	11.2	7.1	7.6	8.2
Personal income	10.7	12.5	12.6	10.7	11.8	6.4	6.8	7.8
Wage and salary disbursements	10.5	12.5	11.9	9.6	10.2	4.5	6.1	8.2
Corporate profits with I.V.A. and C.C.Adj.	21.1	15.0	1.3	-6.8	5.0	-15.6	28.5	15.7
Corporate profits before tax	17.1	17.7	10.3	-4.0	-4.3	-24.6	9.0	10.4
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	6.9
Nonfarm business sector								
Output per hour	2.2	.6	-1.3	-.9	1.4	.0	2.8	2.0
Compensation per hour	7.5	8.6	9.3	10.2	9.7	7.2	5.4	5.0
Unit labor costs	5.2	8.0	10.7	11.2	8.1	7.2	2.5	2.9
GNP implicit deflator	5.8	7.4	8.6	9.3	9.4	6.0	4.3	3.6
Gross domestic business product								
fixed-weighted price index <1>	6.1	8.0	9.9	10.1	9.6	5.9	4.3	4.2
Excluding food and energy	6.3	7.8	8.6	8.6	9.4	6.9	4.9	4.1
Consumer price index (all urban)	6.5	7.7	11.3	13.5	10.3	6.2	3.3	4.5
Industrial production	5.9	5.8	4.4	-3.6	2.6	-8.1	5.1	8.8

&lt;1&gt; Uses expenditures in 1972 as weights.



## FEDERAL SECTOR ACCOUNTS

July 6, 1983

	Fiscal Year 1982*	FY1983e		FY1984e 2/		CY 1982*	CY1983e/ F.R. Board	FRB Staff Estimates Calendar quarters; unadjusted data								
		Admin. 1/	F.R. Board	Admin. 1/	F.R. Board			1982			1983			1984		
								IV*	I*	II	III	IV	I	II	III	
Unified budget receipts	617.8	598.3	600.0	653.7	663.0	608.8	608.1	137.0	139.8	167.6	155.5	145.2	155.4	188.6	173.7	
Unified budget outlays	728.4	808.5	804.5	843.9	860.7	739.5	810.1	205.3	200.8	196.8	201.6	210.9	213.6	218.3	217.9	
Surplus/deficit(-), unified budget	-110.6	-210.2	-204.6	-190.2	-197.7	-130.7	-202.0	-68.3	-61.0	-29.2	-46.2	-65.7	-58.2	-29.7	-44.2	
Surplus/deficit(-), off-budget agencies <sup>3</sup>	-17.3	-16.8	-14.0	-14.4	-15.1	-14.9	-15.2	-1.1	-1.6	-4.2	-7.0	-2.4	-3.3	-4.3	-5.0	
Combined deficit to be financed	-127.9	-227.0	-218.5	-204.7	-212.8	-145.6	-217.2	-69.4	-62.6	-33.3	-53.2	-68.1	-61.5	-34.0	-49.2	
Means of financing combined deficit:																
Net borrowing from public	134.9	217.0	213.0	204.0	210.8	161.3	204.9	62.0	55.6	44.5	50.9	53.9	63.0	46.3	47.6	
Decrease in cash operating balance	-10.7	9.4	8.4	0.0	-1.8	-7.8	6.5	9.6	4.3	-12.5	7.0	7.7	1.6	-8.5	-2.6	
Other <sup>4</sup>	3.8	0.6	-2.9	-0.7	3.8	-7.9	5.8	-2.2	2.6	1.4	-4.8	6.5	-3.1	-3.8	4.2	
Cash operating balance, end of period	29.4	20.0	21.0	20.0	22.8	19.8	13.3	19.8	15.5	28.0	21.0	13.3	11.7	20.2	22.8	
Memo: Sponsored agency borrowing <sup>5</sup>	20.3	n.a.	0.3	n.a.	23.5	16.9	6.7	-0.4	-3.8	-0.2	4.7	6.0	4.5	6.5	6.5	
NIA Budget								Seasonally adjusted annual rates								
Receipts	619.0	631.2	634.6	682.3	693.7	613.9	646.9	615.0	629.5	648.7	646.3	663.2	688.4	703.0	720.3	
Expenditures	739.7	829.1	818.5	869.6	885.9	763.4	827.8	819.2	803.5	812.0	839.5	856.2	881.0	894.6	912.0	
Purchases	250.1	280.6	278.0	297.0	296.9	257.9	274.5	278.7	274.1	275.3	284.0	264.8	299.2	307.9	315.7	
Defense	173.0	199.3	199.4	229.2	227.2	178.6	206.3	189.3	195.2	201.6	211.4	217.0	225.3	230.6	235.8	
Nondefense	77.1	81.3	78.7	67.8	69.7	79.3	68.3	89.4	79.0	73.7	72.6	47.8	73.9	77.3	79.9	
All other expenditures	489.6	548.5	540.5	572.6	589.0	505.5	553.2	540.5	529.4	536.7	555.5	591.4	581.8	586.7	596.3	
Surplus/deficit(-)	-120.7	-197.9	-183.7	-187.6	-192.2	-149.5	-180.9	-204.2	-174.0	-163.3	-193.2	-193.0	-192.6	-191.6	-191.7	
High Employment (H.E.) surplus/deficit(-) evaluated at H.E. unemployment rate of:																
5.0 percent	-18.8	n.a.	-46.1	n.a.	-65.1	-29.8	-46.2	-64.3	-31.9	-24.6	-64.0	-64.6	-64.2	-65.1	-66.3	
6.0 percent	-43.0	n.a.	-71.2	n.a.	-96.9	-54.5	-72.4	-89.5	-55.0	-49.9	-90.5	-94.1	-95.3	-97.6	-100.5	
	*--actual						e--estimated						n.a.--not available			

1. OMB Current Budget Estimates, April 1983 and BEA NIA translations, April 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: Quarterly figures may not add to yearly totals due to rounding.

JULY 5, 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-P Q2	1983-P Q3	1983-P Q4	1984-P Q1	1984-P Q2	1984-P Q3	1984-P Q4
<b>1. GNP NET EXPORTS</b>													
CURRENT \$, NET	20.5	-15.9	-47.5	7.0	9.0	19.6	-11.4	-29.8	-42.1	-46.6	-47.6	-48.1	-47.9
EXPORTS OF G+S	350.8	335.1	370.4	349.5	328.1	332.4	328.7	336.1	343.4	353.1	363.8	375.2	389.6
IMPORTS OF G+S	330.3	351.0	418.0	342.5	319.1	312.8	340.0	365.9	385.5	399.7	411.4	423.4	437.5
CONSTANT 72 \$, NET	31.8	15.1	13.9	27.5	27.2	24.7	14.3	11.1	10.4	12.2	13.5	14.3	15.7
EXPORTS OF G+S	148.1	138.5	147.5	147.5	138.8	138.9	135.9	138.5	140.8	143.6	146.0	148.4	151.9
IMPORTS OF G+S	116.2	123.4	133.5	120.0	111.6	114.2	121.7	127.4	130.4	131.4	132.5	134.1	136.2
TERMS OF TRADE (1972=100) 1/	83.4	85.2	80.3	83.0	82.7	87.4	86.5	84.5	82.5	80.8	80.2	80.1	79.9
<b>2. U.S. MERCHANDISE TRADE BALANCE 2/</b>	-36.4	-68.4	-106.5	-52.3	-45.4	-35.0	-59.5	-82.0	-97.1	-104.4	-106.3	-107.3	-108.0
EXPORTS (EXCL. MILITARY)	211.2	195.4	208.8	209.0	193.4	198.3	194.9	194.1	194.3	197.1	203.5	212.1	222.7
AGRICULTURAL	37.2	35.5	37.0	33.8	33.1	36.0	34.7	35.3	35.8	36.2	36.7	37.2	37.7
NONAGRICULTURAL	174.0	159.9	171.9	175.2	160.3	162.2	160.1	158.8	158.5	160.9	166.8	174.9	184.9
IMPORTS	247.6	263.8	315.3	261.3	238.8	233.2	254.4	276.1	291.4	301.6	309.8	319.4	330.7
PETROLEUM AND PRODUCTS	61.2	56.4	68.5	68.9	60.5	42.0	53.2	62.8	67.7	67.8	66.9	68.2	71.2
NONPETROLEUM	186.4	207.4	246.8	192.3	178.3	191.2	201.2	213.3	223.7	233.8	242.8	251.2	259.4
<b>3. U.S. CURRENT ACCOUNT BALANCE</b>	-11.2	-43.7	-74.4	-26.4	-26.5	-12.2	-37.4	-55.6	-69.7	-73.6	-73.9	-75.8	-74.2
OF WHICH: NET INVESTMENT INCOME	27.3	26.3	33.0	27.3	24.0	20.9	24.5	29.0	30.7	33.0	33.6	31.8	33.4
<b>4. FOREIGN OUTLOOK - TEN INDUSTRIAL COUNTRIES 3/</b>													
REAL GNP, % CHANGE, ANNUAL RATES	0.0	1.2	2.6	-1.6	0.9	2.3	1.6	1.4	2.4	3.0	2.8	3.0	3.4
CONSUMER PRICES, % CHANGE, ANNUAL RATES	8.1	5.8	5.5	6.0	6.0	4.5	6.3	5.6	5.6	5.6	5.6	4.9	4.8

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

July 6, 1983

## **RECENT DEVELOPMENTS**

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Prepared for the Federal Open Market Committee

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

Table 1

CONGRESSIONAL BUDGET PLAN--FISCAL YEAR 1984  
(Unified budget, fiscal years, billions of dollars)

	1983	1984	1985	1986
Revenues	604.3	679.6	750.5	835.8
Outlays				
Excluding anti-recession reserve	807.4	849.5	906.8	963.0
Including anti-recession reserve	<u>812.9</u>	<u>858.9</u>	<u>911.6</u>	<u>966.6</u>
Deficit				
Excluding anti-recession reserve	-203.1	-169.9	-156.3	-127.2
Including anti-recession reserve	-208.6	-179.3	-161.1	-130.8

Table 2  
CONGRESSIONAL BUDGET INITIATIVES  
(Unified budget, fiscal years, billions of dollars)

	1983	1984	1985	1986
a) CBO baseline deficit <sup>1</sup>	-194.6	-200.9	-210.5	-226.7
b) Enacted legislation <sup>2</sup>	-2.4	5.6	9.6	13.8
c) Economic assumptions and technical reestimates	<u>-4.9</u>	<u>12.3</u>	<u>17.1</u>	<u>16.7</u>
d) Congressional baseline deficit	-201.9	-183.0	-183.8	-196.2
Policy initiatives: <sup>3</sup>				
e) National defense cuts	--	2.1	12.4	15.0
f) Anti-recession reserve	-5.4	-8.5	-3.4	-2.0
g) Entitlements and other mandatory spending	--	-.5	-.5	1.2
h) Nondefense discretionary spending	-1.0	-2.3	-2.4	*
i) Civilian agency pay raises	--	.9	1.2	1.6
j) Net interest	.1	-.6	.4	3.5
k) Offsetting receipts	--	.6	.1	.1
l) Revenues	<u>-.1</u>	<u>12.0</u>	<u>15.0</u>	<u>46.0</u>
m) Congressional deficit	-208.6	-179.3	-161.1	-130.8
Memo:				
n) Congressional deficit excluding reserve <sup>4</sup>	-203.1	-169.9	-156.3	-127.2

\*--Less than \$50 million.

1. The CBO's Baseline Budget Projections (February 1983) with minor technical revisions. This is the baseline that was used by the House and Senate budget committees in their deliberations.

2. The Social Security Amendments of 1983; the jobs bill and other minor legislation.

3. Initiative that increase the deficit are shown with a minus sign.

4. The deficit declines by more than the amount shown for the reserve fund due to saving of interest costs on a lower debt.

Note: Details may not add to totals due to rounding.

Table 3  
COMPARISON OF ECONOMIC ASSUMPTIONS<sup>1</sup>  
(Calendar years, percent)

	1983	1984	1985	1986
Real GNP (year-over-year)				
Congressional Budget Resolution	2.8	5.1	4.1	3.7
CBO	2.1	4.7	4.1	3.7
Administration	2.9	4.3	4.0	4.0
GNP Deflator (year-over-year)				
Congressional Budget Resolution	4.7	4.6	4.7	4.3
CBO	4.6	4.7	4.7	4.3
Administration	4.4	4.8	4.9	4.6
Unemployment Rate (annual average)				
Congressional Budget Resolution	10.1	9.3	8.5	7.9
CBO	10.6	9.8	9.0	8.4
Administration	10.0	9.1	8.4	7.7
Treasury Bill Rate (annual average)				
Congressional Budget Resolution	7.8	7.4	7.2	6.6
CBO	6.8	7.4	7.2	6.6
Administration	8.0	7.9	7.4	6.8

1. Economic assumptions underlying the Congressional Budget Resolution are from the Conference Report, First Concurrent Resolution on the Budget-Fiscal Year 1984, (June 21, 1983). The CBO assumptions are from The Outlook for Economic Recovery (February 1983), and the Administration's assumptions are from the April Update, Fiscal Year 1984 Budget, (April 12, 1983).

Table 4

ALTERNATIVE BUDGET PLANS<sup>1</sup>  
(Unified budget, fiscal years, billions of dollars)

	1983	1984	1985	1986
Receipts				
Congressional Budget	604.3	679.6	750.5	835.8
President's Budget	598.3	653.7	732.4	843.8
Outlays				
Congressional Budget excluding Reserve	807.4	849.5	906.8	963.0
Congressional Budget including Reserve	812.9	858.9	911.6	966.6
President's Budget	808.5	843.9	917.0	988.4
Deficit				
Congressional Budget excluding Reserve	-203.1	-169.9	-156.3	-127.2
Congressional Budget including Reserve	-208.6	-179.3	-161.1	-130.8
President's Budget	-210.2	-190.2	-184.6	-144.6

1. The Congressional Budget was passed as the First Concurrent Resolution on the Budget--Fiscal Year 1984 on June 23, 1983. The President's budget is the April update of the FY1984 budget.

TREASURY AND AGENCY FINANCING<sup>1</sup>  
(Total for period; billions of dollars)

	1983				
	May	June <sup>e</sup>	July <sup>f</sup>	02 <sup>e</sup>	03 <sup>f</sup>
<u>Treasury financing</u>					
Combined surplus/deficit(-)	-30.5	1.5	-21.2	-33.4	-53.1
Means of financing deficit:					
Net cash borrowing from the public	18.5	23.3	12.5	44.5	50.9
Marketable borrowings/ repayments(-)	17.4	21.5	12.0	40.9	48.2
Bills	-8	9.0	3.2	2.2	9.2
Coupons	18.2	12.5	8.8	38.7	39.0
Nonmarketable	1.1	1.8	.5	3.6	2.7
Decrease in the cash balance	18.9	-22.8	7.5	-12.5	7.0
Memo: Cash balance at end of period	5.2	28.0	20.5	28.0	21.0
Other <sup>2</sup>	-6.9	-2.0	1.2	1.4	-4.8
<u>Federally sponsored credit agencies net cash borrowing<sup>3</sup></u>					
FHLB	-6	-7	-3	-2.8	.5
FNMA	-1.3	*	.6	-6	1.8
Farm Credit Banks	-6	.7	.4	.2	1.2
FHLMC	.3	1.0	*	2.0	.5
SLMA	.4	.2	.2	1.0	.7

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.

e--estimated. f--forecast. \*--less than \$50 million.



CONFIDENTIAL (FR)  
CLASS II - FOMC

July 8, 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

THE DOMESTIC NONFINANCIAL ECONOMY

Economic Forecasts Used in Budget Projections

The revised economic forecast of the Administration, which will be used in the mid-session Review of the Budget (expected in the latter part of July), was released on June 29, by the Council of Economic Advisers. This forecast is shown below in comparison with the economic forecast used by the Congress in the recently adopted First Congressional Resolution on the Budget for fiscal year 1984.

Revised Economic Forecasts of Administration and Congress  
(Calendar years, percent)

	1983		1984	
	<u>Admin.</u>	<u>Cong.</u>	<u>Admin.</u>	<u>Cong.</u>
Nominal GNP				
Q4 to Q4	10.4	na	9.7	na
year to year	7.8	7.5	10.2	9.9
Real GNP				
Q4 to Q4	5.5	na	4.5	na
year to year	3.1	2.8	5.2	5.1
Deflator				
Q4 to Q4	4.6	na	5.0	na
year to year	4.6	4.7	4.8	4.6
Unemployment Rate				
Q4	9.6	na	8.6	na
annual average	9.9	10.1	8.9	9.3
Treasury-bill rates				
Q4	9.0	na	8.3	n.a.
annual average	8.6	7.8	8.5	7.4