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SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

(Including a Preliminary Report on the Informal Survey
of Authorizations for Capital Spending, July 1969)

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

August 8, 1969

SUPPLEMENTAL NOTES

The Domestic Economy

On August 6th, three major aluminum companies increased the price of aluminum ingot by one cent a pound to 28 cents a pound and raised the price of some fabricated aluminum products by an average of 4 per cent. However, failure of the leading producer to increase the ingot price suggests that the other companies will lower the price by 27 cents a pound. On the other hand, the leading producer has already raised the price of some fabricated aluminum prices by 4 per cent, and it is virtually certain that at least selective increases will spread throughout the industry.

As noted in the Greenbook, following the recent increases in prices of steel products by U.S. Steel, General Motors notified U.S. Steel not to ship it any steel at the new prices until G.M. could reevaluate the competition steel price situation. When the steel price increases shortly became industry-wide, G.M. notified U.S. Steel to resume shipments at the new prices but also indicated they were continuing to study the impact of the recent steel increases.

In the Census survey of consumers, taken in July, households reported somewhat improved income expectations and indicated moderately higher new and used car purchase plans, but a decline was expected in new house purchases.

The index of expected new car purchases, according to the Census forecasting equation, suggests that new car sales in the second half of 1969 will be up by about 100,000 units from the 9.7 million

annual rate (including imports) of the second quarter. The index of expected used car purchases in July rose one percentage point from April, but was off slightly from a year earlier.

The number of houses which families expect to purchase is off sharply from both a year earlier and April. Expected expenditures on household durables, on the other hand, are virtually unchanged from April and up considerably from a year earlier. This movement in the indexes is rather surprising since historically there has been a close correlation between expenditures on new houses and expenditures on household durables.

INDEXES OF EXPECTED PURCHASES AND EXPENDITURES
(January-April 1967 = 100)
Seasonally adjusted

	1968		1969		
	July	Oct.	Jan.	Apr.	July
Expected new car purchases	104.2	104.5	102.8	103.6	104.6
Expected used car purchases	101.9	100.8	99.2	99.8	100.8
Expected house purchases	106.7	101.8	96.9	101.2	97.0
Expected expenditures on household durables	102.6	103.9	105.8	106.6	106.3

The Domestic Financial Situation

Preliminary estimates suggest that mutual savings banks actually lost savings during July, for the first time since 1959. (July 1966 was not, of course, a crisis month for MSB's.) The outflow was concentrated in New York--primarily in New York City. Savings banks in Massachusetts, which pay slightly higher than ceiling rates, experienced inflows normal for the month. There is evidence that outflows from New York City savings banks have continued, at a reduced pace, into the first week of August. On a seasonally adjusted basis, the rate of growth in mutual savings banks deposits declined considerably further in July.

SAVINGS GROWTH AT NONBANK DEPOSITARY INSTITUTIONS
(Seasonally adjusted annual rate in per cent)

	MSB	S&L	Both
1969 - I	6.2	6.1	6.1
II	4.2	3.5	3.7
April	3.0	1.7	2.1
May	6.6	4.5	5.2
June p/	3.1	4.3	3.9
July p/	1.2	.2	.5
June-July p/	2.2	2.2	2.2

p/ Preliminary.

Note: Because of seasonal adjustment difficulties, month-to-month patterns may not be significant.

The estimated increase in commercial bank credit during July has been revised downward significantly from that presented in the Greenbook, reflecting reductions in all major credit categories. The financing-related increase in bank holdings of U.S. Government securities is now estimated to have been substantially less, and the liquidation of other securities--mainly municipals--is estimated to have been somewhat larger. Loan expansion--exclusive of that associated with matched sale-purchase transactions--has been revised downward by nearly half. Consequently, total bank credit--again exclusive of the influence of these transactions--has remained virtually unchanged since the end of May.

Loan expansion also has slowed markedly since the end of May, reflecting mainly the sharp reduction in business loan growth, although expansion of real estate and consumer loans also has moderated. Business loans are estimated to have risen only \$100 million in July, after remaining unchanged in June. Even with the inclusion of loans sold outright to bank holding companies and affiliates, the average monthly increase in business loans in June and July would still only be about one third of that earlier in the year.

NET CHANGE IN BANK CREDIT
All Commercial Banks
(Seasonally adjusted percentage change, at annual rates)

	1968 QIV	1969		
		1st 5 months	June- July	July
Total loans and investments ^{1/}	10.7	3.9	2.0(0.2) ^{2/}	5.2(1.5) ^{2/}
U.S. Government securities	-15.6	-21.5	7.5	15.0
Other securities	26.9	--	-6.7	-11.8
Total loans	13.1	11.2	3.2(0.5) ^{2/}	7.8(2.3) ^{2/}
Business loans	15.2	16.8	0.6	1.2
All other loans	11.9	7.7	4.8(0.4) ^{2/}	11.2(2.2) ^{2/}

^{1/} Last Wednesday-of-month series. Data for July are preliminary estimates and are subject to revision.

^{2/} Figures in parentheses are adjusted to exclude \$1.2 billion of System matched sale-purchase transactions.

KEY INTEREST RATES

	1969			
	Lows	Highs	July 14	Aug. 7
Short-Term Rates				
Federal funds (weekly averages)	5.95 (1/1)	9.57 (8/6)	9.07 (7/9)	9.57 (8/6)
3-months				
Treasury bills (bid)	5.91 (3/24)	7.14 (7/29)	6.94	6.97
Bankers' acceptances	6.38 (2/17)	8.50 (7/9)	8.50 (7/10)	8.00
Euro-dollars	7.14 (1/2)	12.50 (6/10)	11.20 (7/9)	10.36
Federal agencies	6.08 (3/26)	7.81 (7/23)	7.44 (7/9)	7.58
Finance paper	6.25 (2/6)	8.25 (7/30)	7.50 (7/10)	8.00
CD's (prime NYC)				
Highest quoted new issue	6.00	6.00	6.00	6.00
Secondary market	6.45 (2/13)	8.70 (7/23)	8.70 (7/9)	8.50
6-months				
Treasury bills (bid)	6.04 (3/25)	7.38 (7/15)	7.35	7.11
Bankers' acceptances	6.50 (2/17)	8.62 (7/9)	8.62 (7/10)	8.13
Commercial paper	6.25 (1/7)	8.75 (7/9)	8.75 (7/9)	8.50
Federal agencies	6.32 (1/16)	8.14 (7/30)	7.98 (7/9)	7.82
CD's (prime NYC)				
Highest quoted new issue	6.25	6.25	6.25	6.25
Secondary	6.50 (1/30)	9.00 (7/23)	9.00 (7/9)	8.50
1-year				
Treasury bills (bid)	5.86 (1/16)	7.47 (7/1)	7.09	7.30
Prime municipals	3.90 (1/2)	5.40 (6/11)	5.30	5.30
Intermediate and Long-Term				
Treasury coupon issues				
5-years	6.11 (1/20)	7.08 (7/9)	6.94	6.96
20-years	5.91 (4/14)	6.46 (5/28)	6.22	6.17
Corporate				
Seasoned Aaa	6.56 (1/2)	7.10 (7/16)	7.08 (7/10)	7.00
Baa	7.26 (2/3)	7.88 (8/6)	7.83 (7/10)	7.88
New Issue Aaa				
No call protection	7.05 (1/9)	7.80 (6/18)	--	--
Call protection	6.90 (2/20)	7.76 (6/18)	7.68 (7/10)	7.57
Municipal				
Bond Buyer Index	4.82 (1/23)	5.93 (7/30)	5.65 (7/9)	5.80
Moody's Aaa	4.57 (1/2)	5.78 (7/31)	5.52 (7/9)	5.70
Mortgage--implicit yield				
in FNMA weekly auction <u>1/</u>	7.66 (1/9)	8.47 (7/7)	8.47 (7/7)	8.28 (8/4)

1/ Yield on 6-month forward commitment after allowance for commitment fee and required purchase and holding of FNMA stock. Assumes discount on 30-year loan amortized over 15 years.

August 8, 1969.

PRELIMINARY REPORT: INFORMAL SURVEY OF
AUTHORIZATIONS FOR CAPITAL SPENDING
July 1969*

A survey of current authorizations for capital spending of about 200 of the largest corporations, conducted in late July by the Federal Reserve System, indicates that companies outside the utility industry have reduced somewhat their spending authorizations for the second half of this year from what they had planned six months ago. For the year 1970, planned spending authorizations for the nonutility firms were about the same as had been anticipated earlier this year. On the other hand, the utility companies, which have a long lead time between authorizations and actual expenditures, report they have increased their planned authorizations for capital spending both for the second half of this year and for next year. For all reporting companies combined, the decline from earlier plans in the second half

* The survey included approximately the 200 corporations that were planning the largest expenditures for plant and equipment in 1969. The chief executive officer in each company was contacted directly by a President of a Federal Reserve District Bank during the latter part of July. Each company was asked for its current amount of authorizations or appropriations for capital spending for the second half of 1969 and for the full year 1970, and also for the authorizations or appropriations as anticipated six months earlier. The companies were also asked, by way of background, for actual authorizations or appropriations for the last half of 1968 and the first half of 1969, and for the average time lag between authorizations and actual expenditures for plant and equipment. Returns were received from 193 companies, including 121 in manufacturing, 18 in transportation, 6 in retail trade, and 48 in utilities. These firms are not necessarily representative of actual or anticipated authorizations for capital spending in their respective industries.

of this year is less than 1 per cent and for the year 1970 authorizations have been raised by 2 per cent (Table I).

As distinct from revision of earlier plans, authorizations of these reporting corporations for 1970 are about the same as the amount now planned for the year 1969 (Table IV). This is in sharp contrast to the second half of this year, when authorizations are running 16 per cent above the second half of 1968 level. This sharp increase is broadly consistent with the findings of the Commerce-SEC survey published in early June. These findings would not be inconsistent with some decline in fixed capital spending at some time in 1970 from the record level now indicated for the second half of this year.

A much higher proportion of the companies surveyed indicate that they have made revisions in their authorizations for the last half of this year than for the year 1970 (Table II). Almost one-third of the nonutility companies reported that they have reduced their authorizations for the second half of 1969, while one-quarter increased theirs and the remainder have not changed their schedules. In contrast, only one-quarter of the nonutility firms reported any reduction and only one-seventh any increase in planned authorizations for 1970. About three-fifths of the reporting firms have not thus far this year, altered their capital authorizations for 1970. The significance of this differential revision pattern for the second half of this year and for 1970 is not clear. It could mean simply that at any given point of time corporations are more actively concerned with near-term developments than those with even a modestly longer time-horizon.

Because the Federal Reserve survey asked for the amounts authorized for capital spending rather than for actual outlays, it is difficult to translate the results into projections of the actual expenditures in 1969 and 1970. Most manufacturing corporations indicated that there is an average lag between authorizations and actual expenditures of 6 to 12 months. For the transportation companies, the lag is somewhat longer, 12 to 18 months. And the utilities reported lags averaging about 12 to 24 months. These lags would suggest that changes in authorizations for the second half of 1969 would show up in actual expenditures mainly in 1970.

Many reasons were given for revisions in authorizations. A number of nonutility companies indicated that tight money led to their reductions. Others, especially in transportation, listed prospective repeal of the investment tax credit as the reason for cutbacks. Uncertain business conditions also were reported as playing a prompting role in reconsideration of authorization volume. A large number of respondents noted that, although tight money is a problem, they are still planning to maintain or even increase their authorizations because they need additional capacity, fear further cost increases, or had recently embarked on expansion programs which could not efficiently be scaled back.

Our over-all impression of the survey results is that current capital expenditure authorizations are being watched closely and are subject to rather prompt revision, but that such changes would be more

likely to flow from general business conditions than from high interest rates and restricted availability of credit. However, it is important to note that the results of this informal survey may be biased in this regard, since it was limited to the "giants" of industry who can be presumed to have less difficulty generating or obtaining funds for capital expansion programs than do smaller firms.

TABLE I

PER CENT CHANGE IN AUTHORIZATIONS FOR CAPITAL SPENDING
FROM SIX MONTHS EARLIER, ALL FIRMS

Industry	1969-2nd Half	1970-Year
Total	-0.7	2.0
Total, Nonutilities	-2.7	-0.5
Manufacturing	-2.8	-0.1
Transportation & Retail	-2.2	-2.9
Utilities	3.2	5.9

TABLE II

CHANGES IN AUTHORIZATIONS FOR CAPITAL SPENDING
FROM SIX MONTHS EARLIER, ALL FIRMS
Per Cent Distribution of Companies Reporting

Industry	1969-2nd Half			1970-Year		
	Increase	Decrease	No Change	Increase	Decrease	No Change
Total	27	29	44	20	22	58
Total, Nonutilities	22	32	46	13	26	61
Manufacturing	23	33	44	14	25	61
Transportation & Retail	13	30	57	12	29	59
Utilities	43	23	34	38	13	49

TABLE III

CHANGES IN AUTHORIZATIONS FOR CAPITAL SPENDING
FROM SIX MONTHS EARLIER, MANUFACTURING FIRMS
Per Cent Distribution of Companies Reporting

Class	1969-2nd Half			1970-Year		
	Increase	Decrease	No Change	Increase	Decrease	No Change
Total	23	33	44	14	25	61
I	22	45	33	12	19	69
II	24	32	44	20	18	62
III	22	31	47	9	32	59

NOTE: Class is based on planned 1969 plant and equipment expenditures.
I = \$250 million or more
II = \$100 - 250 million
III = \$25 - 100 million

TABLE IV

AUTHORIZATIONS FOR CAPITAL SPENDING
COMPARED WITH YEAR EARLIER PERIOD, ALL FIRMS^{1/}

(Per cent change)

Industry	1969-2nd Half	1970-Year
Total	15.6	0.8
Total, Nonutilities	17.8	-2.4
Manufacturing	15.5	-2.4
Transportation & Retail	29.2	-25.8
Utilities	11.8	6.0

^{1/} Anticipated authorizations for second half of 1969 and for year 1970.

TABLE V

AUTHORIZATIONS FOR CAPITAL SPENDING
 COMPARED WITH YEAR EARLIER PERIOD, ALL FIRMS^{1/}
 Per Cent Distribution of Companies Reporting

Industry	1969-2nd Half			1970-Year		
	Increase	Decrease	No Change	Increase	Decrease	No Change
Total	62	35	3	49	48	3
Total, Nonutilities	61	34	5	42	53	5
Manufacturing	59	35	6	45	50	5
Transportation & Retail	70	30	0	28	67	5
Utilities	64	36	0	66	33	0

^{1/} Anticipated authorizations for second half of 1969 and for year 1970.

Selected Comments by Respondents

Firms Reducing Authorizations:

"Tightness of money ('haven't run out yet but it is scarce and expensive'), and uncertainty as to future business activity levels."

"Plans might have been further reduced if it were not for the continuing pressures of higher wage costs, lower productivity, and the continued threat of inflation."

"The Federal Reserve and other monetary and fiscal officials from published statements erroneously conclude, in my opinion, that capital spending has been increased on the basis of 'do it now even if it is not needed because it will cost more later.' This is not the case. None of our capital expenditures are based on such a premise. The reductions we are making are because we greatly fear that the monetary stringencies being exercised are too severe and that we face a recession, therefore we find it necessary to defer needed projects in order to preserve our capital against what we believe will be a severe period ahead. As you and others know directly from me, repeal of the 7% investment tax credit will prove to be unwise and ultimately inflationary because this would reduce the incentive to productivity and hence the supply of goods and services."

"Markets developing more slowly than anticipated."

"Anticipated lag in business activity. Higher costs."

"Decline is accounted for by construction delays and delays in securing equipment and not by a change in plans."

"Cash situation tight; earnings below expected level."

"Uncertainties in general economic picture; high interest rates; anti-inflationary measures in general."

"Heavily curtailed due to money market conditions. Fiscal policy dangerous."

"Curtailling because of money costs and anticipated slowdown in residential construction."

Firms Increasing Authorizations:

"Increase not due (at least directly) to economic conditions."

"Increases due to expectations of higher construction costs, higher taxes, and inflation in general."

"Increases due to expectations of continuation of current economic conditions, i.e., to beat increasing cost."

"Increase in consumer demand as well as greater opportunities for cost reducing projects offering rapid payout."

"Starting new program of capital expenditures just to 'stay competitive' in particular lines. Stabilization policies will have no impact on this kind of investment decision."

"Suggests greater restraint by Federal Government in its budget."

Firms Making No Changes:

"Investment decisions have not been affected by either tight money or the prospect of a softening of the economy over the next few months."

"Any change which might be made in plans for capital spending will be based on many factors such as supply-demand forecasts and technical evaluations, as well as economic and financial factors. Rarely would economic or financial factors alone control planning for capital spending."

"Price or availability of money has had no influence on capital expenditures up to now. Costs of construction, however, have been an influence as they relate to labor and material for construction of new plants."

"No change due to interest rates or business outlook."

"The suspension of the investment tax credit and tight money will force a tighter look at all projects."

"No change. Growth in consumer products; need the capacity even if slowdown in economy."

"The primary incentive for capital expenditures is not related to interest cost, but rather whether the investment will increase productivity enough to offset increasing labor costs."

"If we had not already planned significant reductions, I am sure things like the repeal of the investment tax credit and the tax surcharge would have been reflected in an even greater reduction. "

To facilitate easy reference, the staff is distributing the recently revised data for the national income and products accounts in a separate attachment, rather than as an appendix to the Greenbook.

REVISION OF U. S. NATIONAL INCOME AND PRODUCT
ACCOUNTS, 1966-1968*

The annual revision of the U.S. national income and product accounts this July presented new estimates for the three years 1966-1968. But the broad patterns of economic developments shown by the revised figures are essentially unchanged from those indicated by the earlier figures.

Current dollar GNP has been raised by one-fourth of 1 per cent for 1966 and by one-half of 1 per cent for 1967 and 1968. Constant dollar GNP is little changed from the earlier figures, with revisions in the price deflator offsetting those in the current dollar estimates. The GNP implicit price deflator is now shown to have risen at a rate of 3.2 per cent in 1967 and 4.0 per cent in 1968, rather than the 3.1 per cent and 3.8 per cent, respectively, shown by the earlier figures. The annual rate of increase in the deflator in the first quarter of this year is 4.7 per cent, in contrast to the earlier 4.3 per cent; and the rate for the second quarter is 4.8 per cent. (Note: these rates of change are computed from unpublished, unrounded data and should not be quoted publicly.)

Personal income and disposable income have been raised only slightly. But consumption expenditures for 1968 were revised up by more than income; thus, both personal saving and the ratio of saving to disposable income for 1968 and for the first quarter of 1969 are now significantly lower than shown earlier.

RATIO OF PERSONAL SAVING TO DISPOSABLE PERSONAL INCOME
(Per Cent)

	1968	1968				1969	
		I	II	III	IV	I	II
Revised figures	6.5	6.9	7.2	5.6	6.3	5.4	5.8
Previous figures	6.9	7.1	7.5	6.3	6.8	6.1	n.a.

The annual revisions in the national income and product figures incorporate a wide range of both new and revised data from various sources which have become available since the earlier estimates were made. The quarterly estimates also reflect the updating of seasonal adjustments. The revised GNP expenditure and income series, along with other related items regularly included in the Greenbook, are shown in the following tables, which also include annual data back to 1961 for convenient reference.

* Prepared by J.C.G. Peret, Senior Economist, National Income, Labor Force, and Trade Section, Division of Research and Statistics.

GROSS NATIONAL PRODUCT AND RELATED ITEMS
(Quarterly figures are seasonally adjusted. Expenditures and income figures are billions of dollars, with quarterly figures at annual rates.)

	1968				1969			
	I	II	III	IV	I	IIp	III	IV
Gross National Product	835.3	858.7	876.4	892.5	908.7	925.1		
Final sales	833.6	848.8	869.2	882.0	902.1	915.6		
Private	640.2	650.4	666.7	675.3	692.1	703.1		
Personal consumption expenditures	520.6	530.3	544.9	550.7	562.0	570.7		
Durable goods	79.5	81.8	85.8	86.3	88.4	90.4		
Nondurable goods	226.1	228.5	233.3	234.3	238.6	240.6		
Services	215.1	220.0	225.8	230.1	235.0	239.8		
Gross private domestic investment	119.4	126.6	125.2	133.9	135.2	139.9		
Residential construction	28.6	30.3	29.9	31.9	33.3	32.4		
Business fixed investment	89.1	86.4	88.1	91.5	95.3	98.0		
Change in business inventories	1.6	9.9	7.2	10.5	6.6	9.5		
Nonfarm	1.3	10.3	7.5	10.7	6.6	9.3		
Net Exports	1.9	3.4	3.6	1.2	1.5	2.0		
Gov't. purchases of goods & services	193.4	198.4	202.5	206.7	210.0	212.5		
Federal	96.3	99.0	100.9	101.9	101.6	100.6		
Defense	76.1	77.9	78.8	79.3	79.0	78.7		
Other	20.1	21.1	22.1	22.5	22.6	21.9		
State & local	97.1	99.4	101.7	104.8	108.5	111.9		
Gross national product in constant (1958) dollars	693.3	705.8	712.8	718.5	723.1	727.3		
GNP implicit deflator (1958=100)	120.5	121.7	122.9	124.2	125.7	127.2		
Personal income	664.3	680.1	696.1	711.2	724.4	740.7		
Wages and salaries	448.2	459.0	470.7	482.1	493.3	504.1		
Disposable income	575.0	587.4	593.4	604.3	610.7	623.0		
Personal saving	39.9	42.3	33.2	38.0	33.0	36.4		
Saving rate (per cent)	6.9	7.2	5.6	6.3	5.4	5.8		
Corporate profits before tax	87.9	90.7	91.5	94.5	95.5	n.a.		
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	165.7	170.8	181.4	187.3	198.1	n.a.		
Expenditures	174.1	180.3	184.2	187.4	189.0	190.5		
Surplus or deficit (-)	-8.4	-9.5	-2.8	-0.1	9.1	n.a.		
Total labor force (millions)	81.8	82.2	82.4	82.6	83.7	83.8		
Armed forces "	3.5	3.5	3.6	3.5	3.5	3.5		
Civilian labor force "	78.4	78.7	78.8	79.1	80.2	80.3		
Unemployment rate (per cent)	3.7	3.6	3.6	3.4	3.3	3.5		
Nonfarm payroll employment (millions)	67.1	67.6	68.1	68.7	69.5	70.0		
Manufacturing	19.6	19.7	19.8	19.9	20.1	20.1		
Industrial production (1957-59=100)	162.1	164.2	165.2	167.4	170.2	172.8		
Capacity utilization, manufacturing (per cent)	84.9	84.8	84.0	84.2	84.5	84.4		
Housing starts, private (millions A. R.)	1.50	1.44	1.55	1.60	1.72	1.51		
Sales new U.S.-made autos (millions, A. R.)	8.19	8.44	9.01	8.82	8.37	8.54		

GROSS NATIONAL PRODUCT AND RELATED ITEMS
 (Quarterly figures are seasonally adjusted. Expenditures and income
 figures are billions of dollars, with quarterly figures at annual rates.)

	1966				1967			
	I	II	III	IV	I	II	III	IV
Gross National Product	729.5	743.3	755.9	770.7	774.2	783.5	800.4	816.1
Final sales	718.2	727.1	744.0	750.8	765.2	780.2	792.6	806.6
Private	570.2	573.7	583.3	585.6	591.0	601.7	611.3	620.2
Personal consumption expenditures	457.8	461.9	471.2	474.5	480.9	489.8	495.7	502.6
Durable goods	71.2	68.5	71.3	71.9	70.0	73.5	73.3	75.2
Nondurable goods	202.6	206.4	209.6	209.1	213.2	214.4	215.8	216.8
Services	183.9	186.9	190.2	193.5	197.7	201.8	206.6	210.6
Gross private domestic investment	117.5	122.4	119.6	126.2	113.6	109.4	117.7	123.3
Residential construction	27.4	26.0	24.7	22.1	21.4	23.1	26.5	28.8
Business fixed investment	78.8	80.3	83.0	84.2	83.3	83.0	83.5	85.0
Change in business inventories	11.3	16.2	11.9	19.9	9.0	3.4	7.8	9.5
Nonfarm	10.9	16.2	12.4	20.4	9.1	3.0	7.0	8.0
Net Exports	6.2	5.6	4.4	4.9	5.4	5.8	5.6	3.8
Gov't. purchases of goods & services	148.0	153.4	160.7	165.2	174.2	178.5	181.3	186.4
Federal	72.8	75.6	80.5	82.1	87.8	90.3	91.3	93.5
Defense	55.3	58.5	63.3	65.6	69.9	71.9	73.0	74.6
Other	17.5	17.2	17.2	16.5	17.9	18.4	18.4	18.9
State & local	75.2	77.7	80.1	83.0	86.4	88.1	90.0	92.9
Gross national product in constant (1958) dollars	649.1	655.0	660.2	668.1	666.5	670.5	678.0	683.5
GNP implicit deflator (1958=100)	112.4	113.5	114.5	115.4	116.2	116.9	118.1	119.4
Personal income	570.3	580.7	592.9	605.0	615.2	622.2	634.5	645.9
Wages and salaries	380.4	390.3	400.0	407.4	413.2	417.7	426.5	436.5
Disposable income	499.9	506.0	515.9	525.6	534.4	541.6	550.3	559.8
Personal saving	29.6	31.2	31.6	37.7	40.0	37.7	40.7	43.1
Saving rate (per cent)	5.9	6.2	6.1	7.2	7.5	7.0	7.4	7.7
Corporate profits before tax	83.9	84.2	85.5	83.2	78.4	79.1	79.5	84.4
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	136.4	141.4	145.3	147.0	147.5	148.3	152.0	156.4
Expenditures	135.0	138.4	146.5	151.1	159.5	161.4	165.3	168.8
Surplus or deficit (-)	1.4	3.0	-1.2	-4.1	-12.0	-13.2	-13.4	-12.3
Total labor force (millions)	78.1	78.5	79.1	79.8	80.2	80.3	81.1	81.6
Armed forces "	2.9	3.1	3.2	3.3	3.4	3.5	3.5	3.5
Civilian labor force "	75.2	75.5	75.9	76.5	76.8	76.8	77.6	78.2
Unemployment rate (per cent)	3.8	3.8	3.8	3.7	3.7	3.9	3.9	3.9
Nonfarm payroll employment (millions)	62.8	63.7	64.4	64.9	65.4	65.6	65.9	66.5
Manufacturing	18.8	19.2	19.4	19.5	19.6	19.4	19.4	19.5
Industrial production (1957-59=100)	152.3	155.3	157.7	159.3	157.2	156.0	157.2	159.7
Capacity utilization, manufacturing (per cent)	90.5	90.8	90.6	90.0	87.1	85.0	84.3	84.8
Housing starts, private (millions A. R.)	1.42	1.28	1.08	.92	1.12	1.21	1.41	1.45
Sales new U.S.-made autos (millions, A. R.)	9.07	8.00	8.29	8.19	7.16	8.11	7.57	7.44

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CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1968				1969			
	I	II	III	IV	I	IIp	III	IV
-----In billions of dollars-----								
Gross National Product	19.2	23.4	17.7	16.1	16.2	16.4		
Final sales	27.0	15.2	20.4	12.8	20.1	13.5		
Private	20.0	10.2	16.3	8.6	16.8	11.0		
GNP in constant (1958) dollars	9.8	12.5	7.0	5.7	4.6	4.2		
Final sales	17.0	5.0	9.5	2.7	8.2	1.9		
Private	13.1	1.7	9.6	1.3	7.8	2.5		
-----In per cent per year-----								
Gross National Product	9.4	11.2	8.2	7.4	7.3	7.2		
Final sales	13.4	7.3	9.6	5.9	9.1	6.0		
Private	12.9	6.4	10.0	5.2	9.9	6.4		
Personal consumption expenditures	14.3	7.5	11.0	4.3	8.2	6.2		
Durable goods	22.9	11.6	19.6	2.3	9.7	9.0		
Nondurable goods	17.2	4.2	8.4	1.7	7.3	3.4		
Services	8.5	9.1	10.5	7.6	8.5	8.2		
Gross private domestic investment	-12.7	24.1	-4.4	27.8	3.9	13.9		
Residential construction	-2.8	-23.8	-5.3	26.8	17.6	-10.8		
Business fixed investment	19.3	-12.1	7.9	15.4	16.6	11.3		
Gov't purchases of goods & services	15.0	10.3	8.3	8.3	6.4	4.8		
Federal	12.0	11.2	7.7	4.0	-1.2	-3.9		
Defense	8.0	9.5	4.6	2.5	-1.5	-1.5		
Other	25.4	19.9	19.0	7.2	1.8	-12.4		
State & local	18.1	9.5	9.3	12.2	14.1	12.5		
GNP in constant (1958) dollars ^{1/}	5.7	7.2	3.9	3.2	2.5	2.4		
Final sales	10.1	2.9	5.5	1.5	4.6	1.1		
Private	9.8	1.2	7.0	0.9	5.6	1.8		
GNP implicit deflator ^{1/}	3.6	3.9	4.3	4.1	4.7	4.8		
Personal income	11.4	9.5	9.4	8.7	7.4	9.0		
Wages and salaries	10.7	9.6	10.2	9.7	9.3	8.8		
Disposable income	10.9	8.6	4.1	7.3	4.2	8.1		
Corporate profits before tax	16.6	12.7	3.5	13.1	4.2	n.a.		
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	23.8	12.3	24.8	13.0	23.1	n.a.		
Expenditures	12.6	14.2	8.7	6.9	3.4	3.2		
Nonfarm payroll employment	3.6	3.0	3.0	3.5	4.7	2.9		
Manufacturing	2.0	2.0	2.0	2.0	4.0	0.0		
Industrial production	6.0	5.2	2.4	5.3	6.7	6.1		
Housing starts, private	15.5	-16.3	29.7	14.5	28.2	-49.2		
Sales new U.S.-made autos	40.6	12.0	27.1	-8.5	-20.4	8.4		

^{1/} Per cent per year changes based on unpublished unrounded data. NOT FOR PUBLICATION.

CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1966				1967			
	I	II	III	IV	I	II	III	IV
-----In billions of dollars-----								
Gross National Product	19.5	13.8	12.6	14.8	3.5	9.3	16.9	15.7
Final sales	17.9	8.9	16.9	6.8	14.4	15.0	12.4	14.0
Private	13.2	3.5	9.6	2.3	5.4	10.7	9.6	8.9
GNP in constant (1958) dollars	12.5	5.9	5.2	7.9	-1.6	4.0	7.5	5.5
Final sales	11.1	1.2	9.5	0.4	8.5	9.4	3.3	4.1
Private	8.1	-1.7	5.1	-2.5	2.5	6.9	3.0	2.8
-----In per cent per year-----								
Gross National Product	11.0	7.6	6.8	7.8	1.8	4.8	8.6	7.8
Final sales	10.2	5.0	9.3	3.7	7.7	7.8	6.4	7.1
Private	9.5	2.5	6.7	1.6	3.7	7.2	6.4	5.8
Personal consumption expenditures	9.3	3.6	8.1	2.8	5.4	7.4	4.8	5.6
Durable goods	13.4	-15.2	16.3	3.4	-10.6	20.0	-1.1	10.4
Nondurable goods	9.7	7.5	6.2	-1.0	7.8	2.2	2.6	1.9
Services	7.1	6.5	7.1	6.9	8.7	8.3	9.5	7.7
Gross private domestic investment	15.2	16.7	-9.1	22.1	-39.9	-14.8	30.3	19.0
Residential construction	0.0	-20.4	-20.0	-42.1	-12.7	31.8	58.9	34.7
Business fixed investment	13.6	7.6	13.4	5.8	-4.3	-1.4	2.4	7.2
Gov't purchases of goods & services	13.1	14.6	19.0	11.2	21.8	9.9	6.3	11.3
Federal	15.4	15.4	25.9	7.9	27.8	11.4	4.4	9.6
Defense	21.3	23.1	32.8	14.5	26.2	11.4	6.1	8.8
Other	-2.3	-6.9	0.0	-16.3	33.9	11.2	0.0	10.9
State & local	10.9	13.3	12.4	14.5	16.4	7.9	8.6	12.9
GNP in constant (1958) dollars ^{1/}	7.9	3.6	3.2	4.8	-0.9	2.4	4.5	3.2
Final sales	7.1	0.7	5.9	0.2	5.2	5.7	2.0	2.4
Private	6.4	-1.3	4.0	-1.9	1.9	5.3	2.3	2.1
GNP implicit deflator ^{1/}	3.1	3.9	3.6	3.0	2.8	2.4	4.1	4.6
Personal income	8.5	7.3	8.4	8.2	6.7	4.5	7.9	7.2
Wages and salaries	8.6	10.4	9.9	7.4	5.7	4.4	8.4	9.4
Disposable income	6.8	4.9	7.8	7.5	6.7	5.4	6.4	6.9
Corporate profits before tax	6.3	1.4	6.2	-10.8	-23.1	3.6	2.0	24.7
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	28.3	14.7	11.0	4.7	1.4	2.2	10.0	11.6
Expenditures	20.2	10.1	23.4	12.6	22.2	4.8	9.7	8.5
Nonfarm payroll employment	n.a.	5.7	4.4	3.1	3.1	1.2	1.8	3.6
Manufacturing	8.7	8.5	4.2	2.1	2.0	-4.1	0.0	2.1
Industrial production	14.1	7.9	6.2	4.1	-5.3	-3.1	3.1	6.4
Housing starts, private	-20.0	-41.9	-61.8	-59.7	87.7	32.2	65.9	10.8
Sales new U.S.-made autos	19.6	-47.3	14.6	-5.0	-50.1	53.2	-26.9	-6.8

^{1/} Per cent per year changes based on unpublished unrounded data. NOT FOR PUBLICATION

GROSS NATIONAL PRODUCT AND RELATED ITEMS
(Expenditures and income figures are billions of dollars.)

	1961	1962	1963	1964	1965	1966	1967	1968
Gross National Product	520.1	560.3	590.5	632.4	684.9	749.9	793.5	865.7
Final sales	518.1	554.3	584.6	626.6	675.3	735.1	786.2	858.4
Private	410.5	437.2	462.1	497.9	538.3	578.3	613.4	665.4
Personal consumption expenditures	335.2	355.1	375.0	401.2	432.8	466.3	492.3	536.6
Durable goods	44.2	49.5	53.9	59.2	66.3	70.8	73.0	83.3
Nondurable goods	155.9	162.6	168.6	178.7	191.1	206.9	215.1	230.6
Services	135.1	143.0	152.4	163.3	175.5	188.6	204.2	222.8
Gross private domestic investment	71.7	83.0	87.1	94.0	108.1	121.4	116.0	126.3
Residential construction	22.6	25.3	27.0	27.1	27.2	25.0	25.0	30.2
Business fixed investment	47.0	51.7	54.3	61.1	71.3	81.6	83.7	88.8
Change in business inventories	2.0	6.0	5.9	5.8	9.6	14.8	7.4	7.3
Nonfarm	1.7	5.3	5.1	6.4	8.6	15.0	6.8	7.4
Net Exports	5.6	5.1	5.9	8.5	6.9	5.3	5.2	2.5
Gov't. purchases of goods & services	107.6	117.1	122.5	128.7	137.0	156.8	180.1	200.3
Federal	57.4	63.4	64.2	65.2	66.9	77.8	90.7	99.5
Defense	47.8	51.6	50.8	50.0	50.1	60.7	72.4	78.0
Other	9.6	11.8	13.5	15.2	16.8	17.1	18.4	21.5
State & local	50.2	53.7	58.2	63.5	70.1	79.0	89.3	100.7
Gross national product in constant (1958) dollars	497.2	529.8	551.0	581.1	617.8	658.1	674.6	707.6
GNP implicit deflator (1958=100)	104.6	105.8	107.2	108.8	110.9	113.9	117.6	122.3
Personal income	416.8	442.6	465.5	497.5	538.9	587.2	629.4	687.9
Wages and salaries	278.1	296.1	311.1	333.7	358.9	394.5	423.5	465.0
Disposable income	364.4	385.3	404.6	438.1	473.2	511.9	546.5	590.0
Personal saving	21.2	21.6	19.9	26.2	28.4	32.5	40.4	38.4
Saving rate (per cent)	5.8	5.6	4.9	6.0	6.0	6.4	7.4	6.5
Corporate profits before tax	50.3	55.4	59.4	66.8	77.8	84.2	80.3	91.1
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	98.3	106.5	114.5	115.0	124.7	142.5	151.1	176.3
Expenditures	102.1	110.3	113.9	118.1	123.5	142.8	163.8	181.5
Surplus or deficit (-)	-3.8	-3.8	0.6	-3.0	1.2	-0.2	-12.7	-5.2
Total labor force (millions)	73.0	73.4	74.6	75.8	77.2	78.9	80.8	82.3
Armed forces "	2.6	2.8	2.7	2.7	2.7	3.1	3.4	3.5
Civilian labor force "	70.5	70.6	71.8	73.1	74.5	75.8	77.3	78.7
Unemployment rate (per cent)	6.7	5.5	5.7	5.2	4.5	3.8	3.8	3.6
Nonfarm payroll employment (millions)	54.0	55.6	56.7	58.3	60.8	64.0	65.9	67.9
Manufacturing	16.3	16.9	17.0	17.3	18.1	19.2	19.4	19.8
Industrial production (1957-59=100)	109.7	118.3	124.3	132.3	143.4	156.3	158.1	164.7
Capacity utilization, manufacturing (per cent)	78.5	82.1	83.3	85.7	88.5	90.5	85.3	84.5
Housing starts, private (millions A.R.)	1.31	1.46	1.61	1.53	1.47	1.17	1.29	1.51
Sales new U.S.-made autos (millions, A.R.)	5.56	6.75	7.33	7.62	8.76	8.38	7.57	8.62

CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

	1961	1962	1963	1964	1965	1966	1967	1968
-----In billions of dollars-----								
Gross National Product	16.4	40.2	30.2	41.9	52.5	65.0	43.6	72.2
Final sales	17.9	36.2	30.3	42.0	48.7	59.8	51.1	72.2
Private	9.9	26.7	24.9	35.8	40.4	40.0	35.1	52.0
GNP in constant (1958) dollars	9.5	32.6	21.2	30.1	36.7	40.3	16.5	33.0
Final sales	11.0	28.6	21.4	30.0	33.6	35.4	23.5	33.3
Private	5.4	21.6	19.3	28.4	30.1	23.6	10.0	24.9
-----In per cent per year-----								
Gross National Product	3.3	7.7	5.4	7.1	8.3	9.5	5.8	9.1
Final sales	3.6	7.0	5.5	7.2	7.8	8.9	7.0	9.2
Private	2.5	6.5	5.7	7.7	8.1	7.4	6.1	8.5
Personal consumption expenditures	3.1	5.9	5.6	7.0	7.9	7.7	5.6	9.0
Durable goods	-2.4	12.0	8.9	9.8	12.0	6.8	3.1	14.1
Nondurable goods	3.0	4.3	3.7	6.0	6.9	8.3	4.0	7.2
Services	5.0	5.8	6.6	7.2	7.5	7.5	8.3	9.1
Gross private domestic investment	-4.1	15.8	4.9	7.9	15.0	12.3	-4.4	8.9
Residential construction	-0.9	11.9	6.7	0.4	0.4	-8.1	0.0	20.8
Business fixed investment	-2.9	10.0	5.0	12.5	16.7	14.4	2.6	6.1
Gov't purchases of goods & services	8.0	8.8	4.6	5.1	6.4	14.5	14.9	11.2
Federal	7.3	10.5	1.3	1.6	2.6	16.3	16.6	9.7
Defense	6.5	7.9	-1.6	-1.6	0.2	21.2	19.3	7.7
Other	11.6	22.9	14.4	12.6	10.5	1.8	7.6	16.8
State & local	8.9	7.0	8.4	9.1	10.4	12.7	13.0	12.8
GNP in constant (1958) dollars	1.9	6.6	4.0	5.5	6.3	6.5	2.5	4.9
Final sales	2.3	5.8	4.1	5.5	5.8	5.8	3.6	5.0
Private	1.4	5.5	4.6	6.5	6.5	4.8	1.9	4.7
GNP implicit deflator	1.3	1.1	1.3	1.5	1.9	2.7	3.2	4.0
Personal income	3.9	6.2	5.2	6.9	8.3	9.0	7.2	9.3
Wages and salaries	2.7	6.5	5.1	7.3	7.6	9.9	7.4	9.8
Disposable income	4.1	5.7	5.0	8.3	8.0	8.2	6.8	8.0
Corporate profits before tax	1.2	10.1	7.2	12.5	16.5	8.1	-4.6	13.4
Federal government receipts and expenditures (N.I.A. basis)								
Receipts	1.9	8.3	7.5	0.4	8.4	14.3	6.0	16.7
Expenditures	9.8	8.0	3.3	3.7	4.6	15.6	14.7	10.8
Nonfarm payroll employment	-0.4	3.0	2.0	2.8	4.3	5.3	3.0	3.0
Manufacturing	-3.0	3.7	0.6	1.8	4.6	6.1	1.0	2.1
Industrial production	0.9	7.8	5.1	6.4	8.4	9.0	1.2	4.2
Housing starts, private	4.9	11.4	10.1	-5.0	-3.7	-20.9	10.9	16.7
Sales new U.S.-made autos	-9.5	21.5	8.6	3.9	15.1	-4.4	-9.7	14.0