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October 31, 1984

SUMMARY AND OUTLOOK

Prepared for the Federal Open Market Committee

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

DOMESTIC NONFINANCIAL DEVELOPMENTS

Recent Developments. Final demand appears to have revived a bit in early autumn after the lull during the summer. However, domestic output recently has been damped by the efforts in a few sectors to reduce inventory growth and by the growing displacement of U.S. produced goods by imports. Price and wage inflation, on the whole, has remained in about the same range as in the first half of the year.

Industrial production declined 0.6 percent in September, the first drop since late 1982. About half of the September decrease was attributable to a sharp cutback in motor vehicle production that stemmed from both the one-week strike at General Motors and continuing production problems with 1985 models. Outside the auto sector, output has been curtailed since July in a number of industries—including metals, construction supplies, and nondurable consumer goods and materials—in an attempt to adjust inventories. In addition, the rise in production of business equipment last month was much smaller than in the preceding five months. Early indicators suggest some rise in industrial output in October, although motor vehicle assemblies will show little change owing to the impact of the Canadian strike on domestic production.

Gains in payroll employment also slowed markedly in the past few months. On a strike-adjusted basis, employment rose only 65,000 in September—the smallest rise since the expansion began. Manufacturing employment fell 125,000 in September and was no higher than in June. Outside of manufacturing, there were large gains in the third quarter at trade establishments and state and local governments, but employment

growth in the service sector--which had been quite strong earlier in the expansion--slowed appreciably. The civilian unemployment rate--at 7.4 percent in September--was little changed from the average for the second quarter. However, more recent data show that initial claims for unemployment insurance edged up in the first half of October, an indication that layoffs may have picked up in some sectors.

Consumer spending in real terms rose vigorously in September, after declining in July and August. Increases in retail sales were widespread in September, with notable advances at general merchandise stores and other nondurable goods outlets. But sales of domestic autos have averaged only 7-1/2 million units at an annual rate since the beginning of September, most likely because of limited supplies of 1985 General Motors cars. For the third quarter as a whole, personal consumption expenditures showed little growth, and the saving rate rose to 6.3 percent--the highest level in more than two years.

Business fixed investment advanced at a brisk rate in the third quarter, although much less rapidly than the exceptional first-half pace. In the equipment area, there were substantial gains in outlays for both heavy industrial machinery and high-technology items such as office and communication equipment, but spending for nonresidential construction rose only slightly. Among forward-looking indicators, new orders for non-defense capital goods picked up in September, but were no higher than the second-quarter average. The respondents to the McGraw-Hill Survey anticipated an increase in nominal plant and equipment spending of about 10 percent in 1985, compared with the 14 percent increase estimated by the Commerce Department for this year.

Business inventories have risen appreciably since early summer and reports of overstocking have become more prevalent. In particular, stocks at nonauto retail outlets are notably high in relation to the current pace of sales. At the factory level, inventory-sales ratios generally remain low, although firms in a number of industries--including metals, apparel, and some types of capital equipment--have adjusted output in the past few months in an apparent response to sagging orders and import competition.

Housing starts rebounded somewhat in September but remained 15 percent below the peak in the first quarter. In the single-family area, starts have hovered around 1 million units since early summer, while multifamily activity has been reduced sharply in the past few months. However, mortgage rates have dropped since midyear, suggesting an easing of the downward pressures on homebuilding activity. Indeed, sales of new homes jumped 22 percent in September.

Incoming price and wage data indicate that inflation has held around the pace of the first half of 1984. The consumer price index increased 0.4 percent in September, while the producer price index declined for the second month in a row. Import competition and stable energy prices, on balance, continued to exert a restraining influence on domestic inflation rates.

Wage inflation also remained relatively moderate through the third quarter. The employment cost index, which covers both blue- and white-collar workers, rose at a 3-1/4 percent annual rate, and preliminary data for hourly compensation in the nonfarm business sector showed a 3-3/4 percent rise. With output up only slightly in the third quarter,

productivity in the nonfarm sector was unchanged after rising rapidly through the first year and a half of the expansion.

Outlook. The staff projects that real GNP will rise at a 3-1/2 percent annual rate in the fourth quarter, compared with the 2-3/4 percent gain in the third quarter. In contrast to the third quarter, the projected growth this quarter stems from a robust gain in private domestic final demand. Personal consumption expenditures are expected to reaccelerate, given that household incomes and financial positions have continued to strengthen and measures of consumer confidence are still quite high. A substantial advance is also anticipated for business fixed investment. But a sizable share of the increase in overall final demand is expected to be met out of reduced inventory investment rather than current production, thereby damping the growth of GNP. Prices, as measured by the fixed-weighted price index for gross domestic business product, are projected to rise at a 4 percent annual rate, about the same pace as in the first three quarters of the year.

Regarding monetary policy, the staff assumes that the increases in M1 and M2 this year will fall below the midpoints of the 1984 ranges. The aggregates are assumed to grow a bit faster in 1985--around the midpoints of the tentative targets established in July. Interest rates have been lowered in the near term and generally should be under only moderate, if any, upward pressure over the course of 1985. Fiscal policy assumptions are little changed from the last Greenbook. The staff projects a deficit of around \$180 billion in fiscal year 1985, which incorporates the \$25 billion in deficit-reduction measures that were enacted by the last Congress. The staff's expectation regarding the

exchange rate is about the same as in September, with the dollar projected to depreciate moderately over the course of 1985.

Real GNP is expected to grow about 3-1/4 percent over the four quarters of 1985, with business fixed investment and defense spending expected to provide much of the stimulus to growth. Household outlays for automobiles and other durables are anticipated to regain some vigor next year, but personal consumption expenditures in the aggregate are projected to advance somewhat less rapidly than in 1984, owing to the smaller rise in disposable income. Reflecting the lower level of mortgage rates, housing activity is expected to improve slightly from current levels. On balance, real output at the end of 1985 is projected to be virtually the same as in the last Greenbook; given that growth path, the civilian unemployment rate is projected to decline to 6-3/4 percent at the end of 1985.

Price inflation still is anticipated to pick up a bit in 1985, mainly because of the upward pressure on domestic inflation rates stemming from the projected depreciation of the dollar. In addition, the gradual tightening of labor markets is expected to bring somewhat larger increases in compensation rates. In the agricultural area, estimates of supply prospects remain good, and food prices in 1985 are projected to rise only about in line with general inflation. Oil prices for next year have been lowered in response to recent developments in world petroleum markets, and energy prices in the aggregate are expected to rise less rapidly than other prices. Overall, the fixed-weighted price index for gross business product is projected to increase 4-1/2 percent in 1985, 1/2 percentage point more than in 1984.

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 | | | | | |
| | 9/26/84 | 10/31/84 | 9/26/84 | 10/31/84 | 9/26/84 | 10/31/84 | 9/26/84 | 10/31/84 | 9/26/84 | 10/31/84 | | |
| Annual changes: | | | | | | | | | | | | |
| 1982 | <1> | 3.8 | 3.8 | -2.1 | -2.1 | 6.0 | 6.0 | 7.0 | 7.0 | 9.7 | 9.7 | |
| 1983 | <1> | 7.7 | 7.7 | 3.7 | 3.7 | 3.8 | 3.8 | 4.6 | 4.6 | 9.6 | 9.6 | |
| 1984 | | 11.0 | 11.0 | 7.0 | 6.9 | 4.0 | 4.0 | 4.3 | 4.3 | 7.5 | 7.5 | |
| 1985 | | 7.8 | 7.6 | 3.5 | 3.5 | 4.4 | 4.2 | 4.7 | 4.8 | 6.9 | 6.9 | |
| Quarterly changes: | | | | | | | | | | | | |
| 1983 | Q1 | <1> | 8.5 | 8.5 | 3.3 | 3.3 | 2.7 | 2.7 | 4.9 | 4.9 | 10.4 | 10.4 |
| | Q2 | <1> | 12.3 | 12.3 | 9.4 | 9.4 | 3.9 | 3.9 | 3.5 | 3.5 | 10.1 | 10.1 |
| | Q3 | <1> | 10.1 | 10.1 | 6.8 | 6.8 | 4.5 | 4.5 | 5.4 | 5.4 | 9.4 | 9.4 |
| | Q4 | <1> | 10.6 | 10.6 | 5.9 | 5.9 | 3.5 | 3.5 | 3.8 | 3.8 | 8.5 | 8.5 |
| 1984 | Q1 | <1> | 14.9 | 14.9 | 10.1 | 10.1 | 4.2 | 4.2 | 3.4 | 3.4 | 7.9 | 7.9 |
| | Q2 | <1> | 10.7 | 10.7 | 7.1 | 7.1 | 4.1 | 4.1 | 5.4 | 5.4 | 7.5 | 7.5 |
| | Q3 | <1> | 6.3 | 6.3 | 2.7 | 2.7 | 3.6 | 3.6 | 4.2 | 4.4 | 7.5 | 7.5 |
| | Q4 | | 8.8 | 7.4 | 4.3 | 3.4 | 4.4 | 4.1 | 4.6 | 4.5 | 7.2 | 7.3 |
| 1985 | Q1 | | 8.1 | 8.2 | 3.2 | 3.4 | 4.5 | 4.3 | 4.6 | 4.8 | 7.0 | 7.1 |
| | Q2 | | 7.1 | 7.3 | 2.9 | 3.3 | 4.5 | 4.4 | 4.6 | 4.8 | 6.9 | 7.0 |
| | Q3 | | 7.3 | 7.3 | 2.8 | 3.1 | 4.7 | 4.6 | 4.9 | 4.8 | 6.8 | 6.9 |
| | Q4 | | 7.7 | 7.3 | 3.0 | 2.9 | 5.0 | 4.7 | 5.3 | 4.9 | 6.7 | 6.8 |
| Two-quarter changes: <2> | | | | | | | | | | | | |
| 1983 | Q2 | <1> | 10.4 | 10.4 | 6.3 | 6.3 | 3.3 | 3.3 | 4.2 | 4.2 | -0.5 | -0.5 |
| | Q4 | <1> | 10.3 | 10.3 | 6.4 | 6.4 | 4.0 | 4.0 | 4.6 | 4.6 | -1.6 | -1.6 |
| 1984 | Q2 | <1> | 12.8 | 12.8 | 8.6 | 8.6 | 4.2 | 4.2 | 4.4 | 4.4 | -1.0 | -1.0 |
| | Q4 | | 7.5 | 6.8 | 3.5 | 3.0 | 4.0 | 3.9 | 4.4 | 4.4 | -0.3 | -0.2 |
| 1985 | Q2 | | 7.6 | 7.8 | 3.0 | 3.4 | 4.5 | 4.3 | 4.6 | 4.8 | -0.3 | -0.3 |
| | Q4 | | 7.5 | 7.3 | 2.9 | 3.0 | 4.9 | 4.6 | 5.1 | 4.8 | -0.2 | -0.2 |
| Four-quarter changes: <3> | | | | | | | | | | | | |
| 1982 | Q4 | <1> | 2.7 | 2.7 | -1.5 | -1.5 | 4.7 | 4.7 | 5.3 | 5.3 | 2.4 | 2.4 |
| 1983 | Q4 | <1> | 10.4 | 10.4 | 6.3 | 6.3 | 3.7 | 3.7 | 4.4 | 4.4 | -2.1 | -2.1 |
| 1984 | Q4 | | 10.1 | 9.8 | 6.0 | 5.8 | 4.1 | 4.0 | 4.4 | 4.4 | -1.3 | -1.2 |
| 1985 | Q4 | | 7.5 | 7.5 | 3.0 | 3.2 | 4.7 | 4.5 | 4.9 | 4.8 | -0.5 | -0.5 |

<1> Actual.

<2> Percent change from two quarters earlier.

<3> Percent change from four quarters earlier.

October 31, 1984

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.)

| | 1982 | | | | 1983 | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Gross National Product | 3026.0 | 3061.2 | 3080.1 | 3109.6 | 3173.8 | 3267.0 | 3346.6 | 3431.7 |
| Final sales | 3043.1 | 3072.1 | 3095.5 | 3170.8 | 3216.8 | 3286.4 | 3350.9 | 3419.0 |
| Private | 2412.2 | 2438.4 | 2439.2 | 2489.8 | 2538.0 | 2604.2 | 2661.1 | 2727.6 |
| Domestic final purchases | 2384.5 | 2402.9 | 2432.6 | 2483.5 | 2518.4 | 2610.7 | 2677.5 | 2757.4 |
| Personal consumption expenditures | 1931.3 | 1960.9 | 2001.3 | 2046.1 | 2070.4 | 2141.6 | 2181.4 | 2230.2 |
| Goods | 985.8 | 992.2 | 1007.0 | 1025.6 | 1034.6 | 1073.0 | 1095.8 | 1122.8 |
| Services | 945.4 | 968.6 | 994.2 | 1020.6 | 1035.8 | 1068.6 | 1085.7 | 1107.5 |
| Gross private domestic investment | 436.2 | 431.2 | 415.9 | 376.2 | 405.0 | 449.6 | 491.9 | 540.0 |
| Residential structures | 87.5 | 90.9 | 89.0 | 97.9 | 113.3 | 129.8 | 142.3 | 143.4 |
| Business fixed investment | 365.7 | 351.2 | 342.2 | 339.3 | 334.6 | 339.3 | 353.9 | 383.9 |
| Change in business inventories | -17.0 | -10.9 | -15.3 | -61.1 | -42.9 | -19.4 | -4.3 | 12.7 |
| Nonfarm | -20.9 | -9.5 | -11.1 | -54.3 | -32.6 | -5.4 | 11.6 | 14.1 |
| Net exports of goods and services <1> | 27.7 | 35.5 | 6.6 | 6.3 | 19.6 | -6.5 | -16.4 | -29.8 |
| Exports | 359.4 | 366.3 | 346.3 | 321.7 | 328.5 | 328.1 | 342.0 | 346.1 |
| Imports | 331.7 | 330.8 | 339.7 | 315.4 | 308.9 | 334.5 | 358.4 | 375.9 |
| Gov't. purchases of goods and services | 630.9 | 633.7 | 656.3 | 681.0 | 678.8 | 682.2 | 689.8 | 691.4 |
| Federal <2> | 249.8 | 245.0 | 261.6 | 279.4 | 273.0 | 270.5 | 269.2 | 266.3 |
| State and local | 381.1 | 388.7 | 394.7 | 401.6 | 405.8 | 411.6 | 420.6 | 425.1 |
| Gross national product in constant (1972) dollars | 1483.5 | 1480.5 | 1477.1 | 1478.8 | 1491.0 | 1524.8 | 1550.2 | 1572.7 |
| Personal income | 2536.3 | 2568.3 | 2594.2 | 2639.4 | 2662.8 | 2714.7 | 2763.3 | 2836.5 |
| Wage and salary disbursements | 1546.3 | 1564.2 | 1578.0 | 1586.4 | 1608.1 | 1642.1 | 1671.3 | 1715.4 |
| Disposable personal income | 2132.0 | 2156.8 | 2195.8 | 2237.5 | 2261.4 | 2302.9 | 2367.4 | 2428.6 |
| Saving rate (percent) | 6.7 | 6.3 | 6.1 | 5.8 | 5.7 | 4.2 | 5.0 | 5.3 |
| Corporate profits with I.V.A. and C.C. Adj. | 159.8 | 161.8 | 163.3 | 151.7 | 179.0 | 216.6 | 245.0 | 260.0 |
| Corporate profits before tax | 167.5 | 169.9 | 168.9 | 155.9 | 161.6 | 198.1 | 227.4 | 225.5 |
| Federal government surplus or deficit (-) (N.I.A. basis) | -106.2 | -112.1 | -163.8 | -210.7 | -185.8 | -167.3 | -180.9 | -180.5 |
| High employment surplus or deficit (-) <3> | -36.9 | -30.3 | -71.5 | -107.8 | -81.0 | -74.4 | -102.3 | -113.1 |
| State and local government surplus or deficit(-) (N.I.A. basis) | 32.6 | 34.2 | 33.3 | 31.4 | 34.0 | 43.8 | 47.4 | 51.2 |
| Excluding social insurance funds | .5 | .9 | -1.0 | -3.8 | -2.0 | 6.9 | 9.5 | 12.0 |
| Civilian labor force (millions) | 109.4 | 110.2 | 110.5 | 110.8 | 110.7 | 111.3 | 112.1 | 112.0 |
| Unemployment rate (percent) | 8.8 | 9.4 | 10.0 | 10.6 | 10.4 | 10.1 | 9.4 | 8.5 |
| Nonfarm payroll employment | 90.4 | 89.9 | 89.2 | 88.7 | 88.8 | 89.6 | 90.4 | 91.7 |
| Manufacturing | 19.4 | 19.0 | 18.6 | 18.1 | 18.1 | 18.3 | 18.6 | 19.0 |
| Industrial production (1967=100) | 141.7 | 139.4 | 138.2 | 135.2 | 138.5 | 144.5 | 151.8 | 155.5 |
| Capacity utilization: all manufacturing (percent) | 72.9 | 71.6 | 71.1 | 69.0 | 70.7 | 73.9 | 77.4 | 78.9 |
| Materials (percent) | 73.0 | 70.7 | 69.4 | 67.2 | 70.1 | 73.5 | 77.5 | 79.6 |
| Housing starts, private (million units, A.R.) | .88 | .96 | 1.12 | 1.27 | 1.64 | 1.69 | 1.78 | 1.70 |
| New auto sales (millions, A.R.) | 8.12 | 7.53 | 7.78 | 8.57 | 8.46 | 9.10 | 9.22 | 9.94 |
| Domestic models | 5.90 | 5.53 | 5.56 | 6.08 | 6.06 | 6.81 | 6.92 | 7.29 |
| Foreign models | 2.22 | 1.99 | 2.22 | 2.49 | 2.40 | 2.28 | 2.31 | 2.65 |

<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 Account table which follows.

<3> Estimates in table are evaluated at a 6 percent high employment unemployment rate.

October 31, 1984

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

| | 1982 | | | | 1983 | | | |
|--|-------|-------|-------|-------|-------|-------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Constant (1972) Dollars | | | | | | | | |
| Gross national product | -4.7 | -0.8 | -0.9 | .5 | 3.3 | 9.4 | 6.8 | 5.9 |
| Final sales | -1.0 | -1.5 | -0.3 | 5.5 | 1.1 | 6.4 | 4.9 | 4.2 |
| Private | -1.4 | -0.9 | -2.3 | 4.1 | 3.5 | 8.6 | 6.2 | 6.3 |
| Domestic final purchases | .7 | -0.6 | .6 | 4.8 | 4.0 | 12.1 | 6.9 | 9.7 |
| Personal consumption expenditures | 2.9 | 2.2 | 2.2 | 5.1 | 2.6 | 10.0 | 3.8 | 6.8 |
| Goods | 2.7 | 1.5 | 1.8 | 6.7 | 3.5 | 12.6 | 5.4 | 9.5 |
| Services | 3.1 | 3.0 | 2.7 | 3.4 | 1.5 | 7.3 | 2.1 | 3.8 |
| Gross private domestic investment | -29.9 | -8.1 | -11.6 | -29.9 | 34.0 | 52.5 | 38.4 | 37.0 |
| Residential structures | -29.5 | 16.4 | -8.2 | 51.1 | 64.4 | 78.5 | 31.6 | 4.0 |
| Business fixed investment | -3.8 | -17.6 | -7.0 | -5.7 | .2 | 9.5 | 18.7 | 30.6 |
| Gov't. purchases of goods and services | .8 | -4.3 | 8.3 | 11.1 | -8.1 | -2.6 | -.5 | -4.3 |
| Federal | 3.6 | -12.6 | 24.3 | 28.6 | -17.3 | -5.9 | -5.3 | -8.7 |
| National defense | 2.1 | 13.3 | 13.4 | 6.6 | 7.0 | 7.4 | -1.9 | 9.2 |
| State and local | -1.1 | 1.4 | -.7 | .2 | -1.1 | -.2 | 2.7 | -1.4 |
| Disposable personal income | -1.2 | .8 | 1.2 | 3.7 | 2.1 | 3.4 | 7.7 | 8.2 |
| Current Dollars | | | | | | | | |
| Gross national product | -0.3 | 4.7 | 2.5 | 3.9 | 8.5 | 12.3 | 10.1 | 10.6 |
| Final sales | 4.6 | 3.9 | 3.1 | 10.1 | 5.9 | 8.9 | 8.1 | 8.4 |
| Private | 4.4 | 4.4 | .1 | 8.6 | 8.0 | 10.8 | 9.0 | 10.4 |
| Domestic final purchases | 5.2 | 3.1 | 5.0 | 8.6 | 5.7 | 15.5 | 10.6 | 12.5 |
| Personal consumption expenditures | 8.6 | 6.3 | 8.5 | 9.3 | 4.8 | 14.5 | 7.6 | 9.3 |
| Goods | 6.0 | 2.6 | 6.1 | 7.6 | 3.6 | 15.7 | 8.8 | 10.2 |
| Services | 11.4 | 10.2 | 11.0 | 11.1 | 6.1 | 13.3 | 6.6 | 8.3 |
| Gross private domestic investment | -32.8 | -4.5 | -13.5 | -33.1 | 34.3 | 51.9 | 43.2 | 45.3 |
| Residential structures | -27.4 | 16.5 | -8.1 | 46.4 | 79.4 | 72.3 | 44.4 | 3.3 |
| Business fixed investment | -2.5 | -14.9 | -9.9 | -3.3 | -5.4 | 5.7 | 18.5 | 38.4 |
| Gov't. purchases of goods and services | 5.4 | 1.8 | 15.0 | 15.9 | -1.3 | 2.0 | 4.5 | .9 |
| Federal | 4.8 | -7.5 | 30.0 | 30.1 | -8.9 | -3.6 | -2.0 | -4.3 |
| National defense | 6.9 | 17.4 | 19.5 | 17.9 | 8.0 | 9.8 | 3.3 | 13.2 |
| State and local | 5.8 | 8.2 | 6.3 | 7.2 | 4.2 | 5.8 | 9.0 | 4.4 |
| Disposable personal income | 4.3 | 4.7 | 7.4 | 7.8 | 4.3 | 7.5 | 11.7 | 10.7 |
| Personal income | 4.7 | 5.1 | 4.1 | 7.2 | 3.6 | 8.0 | 7.3 | 11.0 |
| Wage and salary disbursements | 3.8 | 4.7 | 3.6 | 2.1 | 5.6 | 8.7 | 7.3 | 11.0 |
| Corporate profits with I.V.A. and C.C.Adj. | -44.2 | 5.1 | 3.8 | -25.5 | 93.9 | 114.4 | 63.7 | 26.8 |
| Corporate profits before tax | -57.7 | 5.9 | -2.3 | -27.4 | 15.4 | 125.8 | 73.6 | -3.3 |
| Nonfarm payroll employment | -2.7 | -1.9 | -3.1 | -2.3 | .5 | 3.4 | 3.7 | 5.8 |
| Manufacturing | -9.2 | -8.7 | -8.9 | -9.5 | -0.9 | 5.0 | 7.0 | 9.1 |
| Nonfarm business sector | | | | | | | | |
| Output per hour | 2.5 | -1.6 | 3.6 | 1.1 | 4.4 | 8.1 | 2.1 | 1.0 |
| Compensation per hour | 10.5 | 5.9 | 7.5 | 5.1 | 5.7 | 3.5 | 2.2 | 4.1 |
| Unit labor costs | 7.9 | 7.6 | 3.7 | 4.0 | 1.3 | -4.2 | .1 | 3.0 |
| GNP implicit deflator <1> | 4.6 | 5.6 | 3.4 | 3.4 | 5.0 | 2.6 | 3.1 | 4.4 |
| Gross domestic business product | | | | | | | | |
| fixed-weighted price index <2> | 5.3 | 4.4 | 5.6 | 3.7 | 2.7 | 3.9 | 4.5 | 3.5 |
| Excluding food and energy | 5.6 | 6.7 | 5.2 | 3.9 | 4.9 | 3.5 | 5.4 | 3.8 |
| Consumer price index (all urban) | 3.8 | 5.5 | 7.3 | 1.5 | .3 | 4.4 | 4.1 | 4.5 |
| Industrial production | -11.8 | -6.5 | -3.4 | -8.2 | 10.1 | 18.4 | 21.8 | 10.2 |

<1> Excluding the federal pay increase, the rate of change in 1982-Q4 was 3.0 percent.

<2> Uses expenditures in 1972 as weights.

October 31, 1984

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.)

| | 1984 | | | | Projected 1985 | | | |
|--|--------|--------|--------|--------|-------------------|--------|--------|--------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Gross National Product | 3553.3 | 3644.7 | 3701.2 | 3767.4 | 3842.2 | 3910.9 | 3980.4 | 4051.5 |
| Final sales | 3479.5 | 3594.1 | 3628.8 | 3711.6 | 3797.4 | 3869.1 | 3940.1 | 4018.3 |
| Private | 2775.1 | 2850.4 | 2861.9 | 2927.1 | 2995.2 | 3051.8 | 3106.2 | 3168.0 |
| Domestic final purchases | 2826.6 | 2909.1 | 2947.4 | 3011.4 | 3075.9 | 3139.6 | 3203.1 | 3268.6 |
| Personal consumption expenditures | 2276.5 | 2332.7 | 2359.3 | 2412.0 | 2461.4 | 2509.1 | 2556.4 | 2606.8 |
| Goods | 1152.2 | 1179.0 | 1180.6 | 1207.1 | 1230.0 | 1250.5 | 1270.1 | 1292.1 |
| Services | 1124.4 | 1153.7 | 1178.7 | 1204.9 | 1231.4 | 1258.6 | 1286.3 | 1314.7 |
| Gross private domestic investment | 623.8 | 627.0 | 660.5 | 655.2 | 659.3 | 672.3 | 687.0 | 695.0 |
| Residential structures | 151.2 | 155.6 | 156.6 | 155.5 | 157.8 | 160.9 | 163.9 | 166.0 |
| Business fixed investment | 398.8 | 420.8 | 431.5 | 443.9 | 456.7 | 469.6 | 482.8 | 495.8 |
| Change in business inventories | 73.8 | 50.6 | 72.4 | 55.8 | 44.8 | 41.8 | 40.3 | 33.2 |
| Nonfarm | 60.6 | 47.0 | 63.2 | 50.8 | 42.8 | 40.8 | 40.3 | 33.2 |
| Net exports of goods and services <1> | -51.5 | -58.7 | -85.5 | -84.3 | -80.6 | -87.8 | -96.9 | -100.7 |
| Exports | 358.9 | 362.4 | 375.5 | 379.9 | 388.2 | 395.2 | 403.9 | 415.1 |
| Imports | 410.4 | 421.1 | 461.0 | 464.2 | 468.9 | 482.9 | 500.8 | 515.8 |
| Gov't. purchases of goods and services | 704.4 | 743.7 | 766.9 | 784.6 | 802.2 | 817.2 | 833.9 | 850.3 |
| Federal <2> | 267.6 | 296.4 | 307.7 | 315.8 | 324.3 | 330.7 | 339.0 | 347.1 |
| State and local | 436.8 | 447.4 | 459.2 | 468.8 | 477.9 | 486.5 | 494.9 | 503.2 |
| Gross national product in constant (1972) dollars | 1610.9 | 1638.8 | 1649.6 | 1663.5 | 1677.6 | 1691.5 | 1704.3 | 1716.6 |
| Personal income | 2920.5 | 2984.5 | 3047.5 | 3108.0 | 3175.4 | 3232.9 | 3289.4 | 3354.9 |
| Wage and salary disbursements | 1755.7 | 1793.1 | 1818.8 | 1851.2 | 1888.9 | 1923.6 | 1957.4 | 1991.4 |
| Disposable personal income | 2502.2 | 2554.3 | 2604.8 | 2654.4 | 2714.3 | 2761.2 | 2807.0 | 2861.4 |
| Saving rate (percent) | 6.1 | 5.7 | 6.3 | 6.0 | 6.2 | 5.9 | 5.7 | 5.6 |
| Corporate profits with I.V.A. and C.C. Adj. | 277.4 | 291.2 | 284.7 | 288.7 | 289.1 | 289.7 | 292.2 | 295.6 |
| Corporate profits before tax | 243.3 | 246.2 | 226.3 | 227.5 | 227.2 | 226.8 | 226.8 | 226.7 |
| Federal government surplus or deficit (-) (N.I.A. basis) | -161.3 | -163.9 | -173.2 | -183.0 | -190.1 | -188.1 | -187.8 | -196.0 |
| High employment surplus or deficit (-) <3> | -113.4 | -129.8 | -141.0 | -154.5 | -165.1 | -166.5 | -168.0 | -177.6 |
| State and local government surplus or deficit(-) (N.I.A. basis) | 54.0 | 54.3 | 46.5 | 46.5 | 46.9 | 47.0 | 47.2 | 47.2 |
| Excluding social insurance funds | 13.5 | 12.4 | 3.2 | 2.5 | 2.4 | 2.0 | 1.7 | 1.2 |
| Civilian labor force (millions) | 112.6 | 113.6 | 113.7 | 114.3 | 114.8 | 115.3 | 115.8 | 116.3 |
| Unemployment rate (percent) | 7.9 | 7.5 | 7.5 | 7.3 | 7.1 | 7.0 | 6.9 | 6.8 |
| Nonfarm payroll employment | 92.8 | 93.8 | 94.5 | 95.3 | 96.1 | 96.8 | 97.4 | 98.1 |
| Manufacturing | 19.4 | 19.6 | 19.7 | 19.8 | 19.9 | 20.1 | 20.2 | 20.3 |
| Industrial production (1967=100) | 159.8 | 163.1 | 165.7 | 166.8 | 168.3 | 170.1 | 171.8 | 173.5 |
| Capacity utilization: all manufacturing (percent) | 80.7 | 81.8 | 82.6 | 82.6 | 82.7 | 82.7 | 82.8 | 82.8 |
| Materials (percent) | 81.6 | 82.7 | 82.7 | 82.8 | 82.8 | 82.9 | 83.1 | 83.2 |
| Housing starts, private (million units, A.R.) | 1.97 | 1.90 | 1.66 | 1.70 | 1.75 | 1.80 | 1.75 | 1.75 |
| New auto sales (millions, A.R.) | 10.46 | 10.68 | 10.32 | 10.35 | 10.85 | 11.05 | 11.25 | 11.20 |
| Domestic models | 8.16 | 8.26 | 7.97 | 7.70 | 8.40 | 8.50 | 8.60 | 8.45 |
| Foreign models | 2.30 | 2.42 | 2.34 | 2.65 | 2.45 | 2.55 | 2.65 | 2.75 |

<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 Account table which follows.

<3> Estimates in table are evaluated at a 6 percent high employment unemployment rate.

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

October 31, 1984

| | 1984 | | | | Projected 1985 | | | |
|--|--------------------------------|------|-------|------|-------------------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| | <u>Constant (1972) Dollars</u> | | | | | | | |
| Gross national product | 10.1 | 7.1 | 2.7 | 3.4 | 3.4 | 3.3 | 3.1 | 2.9 |
| Final sales | 3.6 | 10.3 | .0 | 5.3 | 4.8 | 3.8 | 3.3 | 3.7 |
| Private | 4.2 | 8.5 | -1.9 | 5.5 | 5.3 | 4.0 | 3.2 | 3.7 |
| Domestic final purchases | 7.6 | 9.5 | 1.5 | 5.3 | 4.9 | 4.1 | 3.4 | 3.4 |
| Personal consumption expenditures | 4.6 | 7.9 | .2 | 5.3 | 4.4 | 3.4 | 2.7 | 2.9 |
| Goods | 7.8 | 10.7 | -1.5 | 6.9 | 5.2 | 3.6 | 2.5 | 3.0 |
| Services | 1.2 | 4.6 | 2.1 | 3.4 | 3.3 | 3.2 | 2.9 | 2.8 |
| Gross private domestic investment | 71.5 | -2.2 | 23.4 | -4.8 | - .8 | 4.2 | 4.7 | .8 |
| Residential structures | 20.8 | 1.3 | 2.7 | -5.3 | 1.9 | 3.3 | 2.9 | .6 |
| Business fixed investment | 20.5 | 21.4 | 7.9 | 8.7 | 8.3 | 7.8 | 7.3 | 6.6 |
| Gov't. purchases of goods and services | 1.0 | 18.6 | 8.6 | 4.4 | 2.6 | 2.8 | 3.8 | 3.5 |
| Federal | -2.8 | 45.4 | 14.3 | 6.3 | 2.6 | 3.7 | 6.2 | 5.4 |
| National defense | 3.8 | 12.0 | 7.3 | 8.6 | 8.2 | 6.6 | 7.3 | 6.3 |
| State and local | 3.5 | 3.7 | 5.0 | 2.8 | 2.7 | 2.2 | 2.2 | 2.2 |
| Disposable personal income | 8.6 | 6.3 | 3.5 | 4.0 | 5.2 | 2.6 | 1.8 | 2.8 |
| <u>Current Dollars</u> | | | | | | | | |
| Gross national product | 14.9 | 10.7 | 6.3 | 7.4 | 8.2 | 7.3 | 7.3 | 7.3 |
| Final sales | 7.3 | 13.8 | 3.9 | 9.4 | 9.6 | 7.8 | 7.5 | 8.2 |
| Private | 7.1 | 11.3 | 1.6 | 9.4 | 9.6 | 7.1 | 7.3 | 8.2 |
| Domestic final purchases | 10.4 | 12.2 | 5.4 | 9.0 | 8.8 | 8.6 | 8.3 | 8.4 |
| Personal consumption expenditures | 8.6 | 10.2 | 4.6 | 9.2 | 8.4 | 8.0 | 7.8 | 8.1 |
| Goods | 10.9 | 9.6 | .5 | 9.3 | 7.8 | 6.8 | 6.4 | 7.1 |
| Services | 6.2 | 10.8 | 9.0 | 9.2 | 9.1 | 9.1 | 9.1 | 9.1 |
| Gross private domestic investment | 78.1 | 2.1 | 23.1 | -3.2 | 2.5 | 8.2 | 9.0 | 4.8 |
| Residential structures | 23.6 | 12.2 | 2.6 | -2.8 | 6.0 | 8.1 | 7.7 | 5.2 |
| Business fixed investment | 16.5 | 24.0 | 10.6 | 12.0 | 12.0 | 11.8 | 11.7 | 11.3 |
| Gov't. purchases of goods and services | 7.7 | 24.3 | 13.1 | 9.5 | 9.3 | 7.7 | 8.4 | 8.1 |
| Federal | 2.0 | 50.5 | 16.1 | 11.0 | 11.2 | 8.1 | 10.4 | 9.9 |
| National defense | 12.5 | 14.6 | 8.6 | 12.8 | 17.2 | 11.2 | 12.1 | 11.4 |
| State and local | 11.5 | 10.1 | 11.0 | 8.6 | 8.1 | 7.4 | 7.1 | 6.9 |
| Disposable personal income | 12.7 | 8.6 | 8.1 | 7.8 | 9.3 | 7.1 | 6.8 | 8.0 |
| Personal income | 12.4 | 9.1 | 8.7 | 8.2 | 9.0 | 7.4 | 7.2 | 8.2 |
| Wage and salary disbursements | 9.7 | 8.8 | 5.9 | 7.3 | 8.4 | 7.6 | 7.2 | 7.1 |
| Corporate profits with I.V.A. and C.C.Adj. | 29.8 | 21.4 | -8.6 | 5.8 | .4 | .9 | 3.4 | 4.8 |
| Corporate profits before tax | 35.5 | 4.9 | -28.6 | 2.2 | - .7 | - .6 | - .1 | - .1 |
| Nonfarm payroll employment | 4.8 | 4.5 | 3.1 | 3.3 | 3.3 | 3.0 | 2.7 | 2.6 |
| Manufacturing | 7.5 | 4.5 | 2.0 | 2.0 | 3.1 | 2.6 | 2.4 | 2.0 |
| Nonfarm business sector | | | | | | | | |
| Output per hour | 2.9 | 5.5 | .0 | .6 | .9 | .8 | .7 | .8 |
| Compensation per hour | 6.1 | 3.7 | 3.7 | 4.0 | 4.8 | 4.6 | 4.8 | 5.0 |
| Unit labor costs | 3.1 | -1.7 | 3.7 | 3.4 | 3.9 | 3.8 | 4.1 | 4.2 |
| GNP implicit deflator <1> | 4.4 | 3.3 | 3.6 | 3.8 | 4.6 | 3.9 | 4.1 | 4.3 |
| Gross domestic business product | | | | | | | | |
| fixed-weighted price index <2> | 4.2 | 4.1 | 3.6 | 4.1 | 4.3 | 4.4 | 4.6 | 4.7 |
| Excluding food and energy | 3.4 | 5.4 | 4.4 | 4.5 | 4.8 | 4.8 | 4.8 | 4.9 |
| Consumer price index (all urban) | 5.0 | 3.7 | 3.5 | 4.1 | 4.1 | 4.4 | 4.8 | 4.9 |
| Industrial production | 11.5 | 8.6 | 6.5 | 2.7 | 3.6 | 4.3 | 4.1 | 4.0 |

<1> Excluding Federal pay increase, the rate of change in 1984-Q1 is 4.0 percent and in 1985-Q1 is 4.2 percent.
 <2> Uses expenditures in 1972 as weights.

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CLASS II FOMC

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

| | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | ---Projected--- | |
|---|--------|--------|--------|--------|--------|--------|-----------------|--------|
| | | | | | | | 1984 | 1985 |
| Gross national product | 2163.9 | 2417.8 | 2631.7 | 2957.8 | 3069.3 | 3304.8 | 3666.7 | 3946.2 |
| Final sales | 2137.4 | 2403.5 | 2641.5 | 2931.7 | 3095.4 | 3318.3 | 3603.5 | 3906.2 |
| Private | 1705.5 | 1929.1 | 2103.7 | 2335.2 | 2444.9 | 2632.7 | 2853.6 | 3080.3 |
| Domestic final purchases | 1706.6 | 1915.9 | 2079.7 | 2307.2 | 2425.9 | 2641.0 | 2923.6 | 3171.8 |
| Personal consumption expenditures | 1346.5 | 1507.2 | 1668.1 | 1849.1 | 1984.9 | 2155.9 | 2345.1 | 2533.4 |
| Goods | 728.5 | 813.5 | 883.5 | 966.1 | 1002.7 | 1081.5 | 1179.7 | 1260.7 |
| Services | 618.0 | 693.7 | 784.5 | 883.0 | 982.2 | 1074.4 | 1165.4 | 1272.7 |
| Gross private domestic investment | 386.6 | 423.0 | 401.9 | 484.2 | 414.9 | 471.6 | 641.6 | 678.4 |
| Residential construction | 111.2 | 118.6 | 102.9 | 104.3 | 91.4 | 132.2 | 154.7 | 162.1 |
| Business fixed investment | 248.9 | 290.2 | 308.8 | 353.9 | 349.6 | 352.9 | 423.7 | 476.2 |
| Change in business inventories | 26.5 | 14.3 | -9.8 | 26.0 | -26.1 | -13.5 | 63.1 | 40.0 |
| Nonfarm | 25.4 | 8.6 | -4.5 | 18.2 | -24.0 | -3.1 | 55.4 | 39.3 |
| Net exports of goods and services <1> | -1.1 | 13.2 | 23.9 | 28.0 | 19.0 | -8.3 | -70.0 | -91.5 |
| Exports | 218.7 | 281.4 | 338.8 | 369.9 | 348.4 | 336.2 | 369.2 | 400.6 |
| Imports | 219.8 | 268.1 | 314.8 | 341.9 | 329.4 | 344.4 | 439.2 | 492.1 |
| Gov't. purchases of goods and services | 431.9 | 474.4 | 537.8 | 596.5 | 650.5 | 685.5 | 749.9 | 825.9 |
| Federal <2> | 153.6 | 168.3 | 197.0 | 228.9 | 258.9 | 269.7 | 296.9 | 335.3 |
| State and local | 278.3 | 306.0 | 340.8 | 367.6 | 391.5 | 415.8 | 453.0 | 490.7 |
| Gross national product in constant (1972) dollars | 1438.6 | 1479.4 | 1475.0 | 1512.0 | 1480.0 | 1534.7 | 1640.7 | 1697.5 |
| Personal income | 1732.7 | 1951.2 | 2165.3 | 2429.5 | 2584.6 | 2744.3 | 3015.1 | 3263.2 |
| Wage and salary disbursements | 1106.3 | 1237.6 | 1356.7 | 1493.1 | 1568.7 | 1659.2 | 1804.7 | 1940.3 |
| Disposable personal income | 1474.0 | 1650.2 | 1828.9 | 2041.7 | 2180.5 | 2340.1 | 2578.9 | 2785.9 |
| Saving rate (percent) | 6.1 | 5.9 | 6.0 | 6.7 | 6.2 | 5.0 | 5.0 | 5.9 |
| Corporate profits with I.V.A. and C.C.Adj. | 192.4 | 194.8 | 175.4 | 189.9 | 159.1 | 225.1 | 285.5 | 291.7 |
| Corporate profits before tax | 229.1 | 252.7 | 234.6 | 221.2 | 165.5 | 203.1 | 235.8 | 226.9 |
| Federal government surplus or deficit (-) (N.I.A. basis) | -29.5 | -16.1 | -61.2 | -64.3 | -148.2 | -178.6 | -170.3 | -190.5 |
| High employment surplus or deficit (-) | -33.9 | -20.8 | -36.4 | -31.3 | -61.6 | -92.7 | -134.7 | -169.3 |
| State and local government surplus or deficit (-) (N.I.A. basis) | 30.3 | 30.4 | 30.6 | 37.6 | 32.9 | 44.1 | 50.3 | 47.1 |
| Excluding social insurance funds | 10.0 | 6.6 | 3.5 | 7.8 | -8 | 6.6 | 7.9 | 1.8 |
| Civilian labor force (millions) | 102.3 | 105.0 | 106.9 | 108.7 | 110.2 | 111.6 | 113.6 | 115.6 |
| Unemployment rate (percent) | 6.1 | 5.8 | 7.1 | 7.6 | 9.7 | 9.6 | 7.5 | 6.9 |
| Nonfarm payroll employment (millions) | 86.7 | 89.8 | 90.4 | 91.2 | 89.6 | 90.1 | 94.1 | 97.1 |
| Manufacturing | 20.5 | 21.0 | 20.3 | 20.2 | 18.8 | 18.5 | 19.6 | 20.1 |
| Industrial production (1967=100) | 146.1 | 152.5 | 147.0 | 150.9 | 138.6 | 147.6 | 163.8 | 170.9 |
| Capacity utilization: all manufacturing (percent) | 84.7 | 86.0 | 79.6 | 79.4 | 71.1 | 75.2 | 81.9 | 82.8 |
| Materials (percent) | 85.6 | 87.6 | 80.4 | 80.7 | 70.1 | 75.2 | 82.4 | 83.0 |
| Housing starts, private (million units, A.R.) | 2.00 | 1.72 | 1.30 | 1.10 | 1.06 | 1.70 | 1.80 | 1.76 |
| New auto sales (millions, A.R.) | 11.29 | 10.68 | 9.04 | 8.56 | 8.00 | 9.18 | 10.45 | 11.09 |
| Domestic models | 9.29 | 8.36 | 6.62 | 6.24 | 5.77 | 6.79 | 8.02 | 8.49 |
| Foreign models | 2.00 | 2.32 | 2.42 | 2.32 | 2.23 | 2.39 | 2.43 | 2.60 |

<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.

October 31, 1984

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CLASS II FOMCPERCENT CHANGES IN GROSS NATIONAL PRODUCT
AND RELATED ITEMS

| | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | ---Projected--- | |
|--|------|------|-------|------|-------|------|-----------------|------|
| | | | | | | | 1984 | 1985 |
| <u>Constant (1972) Dollars</u> | | | | | | | | |
| Gross national product | 5.0 | 2.8 | -.3 | 2.5 | -2.1 | 3.7 | 6.9 | 3.5 |
| Final sales | 4.9 | 3.5 | .5 | 1.5 | -.7 | 3.2 | 4.9 | 4.2 |
| Private | 5.6 | 4.0 | .1 | 1.6 | -1.3 | 4.1 | 5.2 | 4.0 |
| Domestic final purchases | 5.5 | 2.9 | -1.0 | 2.2 | -.2 | 5.6 | 7.6 | 4.4 |
| Personal consumption expenditures | 4.5 | 2.7 | .5 | 2.0 | 1.3 | 4.8 | 5.3 | 3.7 |
| Goods | 4.2 | 1.9 | -1.4 | 1.7 | .4 | 6.0 | 7.3 | 4.2 |
| Services | 4.8 | 3.7 | 2.7 | 2.3 | 2.5 | 3.4 | 3.0 | 3.2 |
| Gross private domestic investment | 10.5 | -.2 | -11.8 | 10.7 | -15.9 | 13.7 | 31.7 | 2.8 |
| Residential structures | 2.8 | -5.3 | -20.3 | -5.5 | -14.8 | 41.6 | 13.2 | .9 |
| Business fixed investment | 12.8 | 7.3 | -2.4 | 5.5 | -4.6 | 2.5 | 19.0 | 8.7 |
| Gov't. purchases of goods and services | 2.0 | 1.3 | 2.2 | .9 | 2.0 | -.3 | 3.8 | 4.8 |
| Federal | -.1 | 1.8 | 4.2 | 3.7 | 6.1 | -.7 | 5.9 | 7.7 |
| National defense | .5 | 2.6 | 3.9 | 5.0 | 7.6 | 7.1 | 6.6 | 7.8 |
| State and local | 3.3 | 1.1 | 1.0 | -.6 | -.6 | .0 | 2.4 | 2.9 |
| Disposable personal income | 4.9 | 2.7 | .6 | 2.7 | .9 | 3.5 | 6.7 | 3.7 |
| <u>Current Dollars</u> | | | | | | | | |
| Gross national product | 12.8 | 11.7 | 8.8 | 12.4 | 3.8 | 7.7 | 11.0 | 7.6 |
| Final sales | 12.8 | 12.4 | 9.9 | 11.0 | 5.6 | 7.2 | 8.6 | 8.4 |
| Private | 13.6 | 13.1 | 9.0 | 11.0 | 4.7 | 7.7 | 8.4 | 7.9 |
| Domestic final purchases | 13.4 | 12.3 | 8.5 | 10.9 | 5.1 | 8.9 | 10.7 | 8.5 |
| Personal consumption expenditures | 11.8 | 11.9 | 10.7 | 10.9 | 7.3 | 8.6 | 8.3 | 8.0 |
| Goods | 10.9 | 11.7 | 8.6 | 9.3 | 3.8 | 7.9 | 9.1 | 6.9 |
| Services | 12.9 | 12.2 | 13.1 | 12.6 | 11.2 | 9.4 | 8.5 | 9.2 |
| Gross private domestic investment | 19.3 | 9.4 | -5.0 | 20.5 | -14.3 | 13.7 | 36.0 | 5.7 |
| Residential structures | 16.1 | 6.6 | -13.2 | 1.3 | -12.4 | 44.7 | 17.0 | 4.8 |
| Business fixed investment | 21.3 | 16.6 | 6.4 | 14.6 | -1.2 | .9 | 20.1 | 12.4 |
| Gov't. purchases of goods and services | 9.7 | 9.8 | 13.4 | 10.9 | 9.0 | 5.4 | 9.4 | 10.1 |
| Federal | 7.1 | 9.6 | 17.1 | 16.2 | 13.1 | 4.2 | 10.1 | 12.9 |
| National defense | 8.0 | 11.5 | 17.3 | 17.2 | 16.8 | 11.7 | 11.2 | 13.0 |
| State and local | 11.2 | 9.9 | 11.4 | 7.9 | 6.5 | 6.2 | 9.0 | 8.3 |
| Disposable personal income | 12.2 | 12.0 | 10.8 | 11.6 | 6.8 | 7.3 | 10.2 | 8.0 |
| Personal income | 12.5 | 12.6 | 11.0 | 12.2 | 6.4 | 6.2 | 9.9 | 8.2 |
| Wage and salary disbursements | 12.5 | 11.9 | 9.6 | 10.1 | 5.1 | 5.8 | 8.8 | 7.5 |
| Corporate profits with I.V.A. and C.C.Adj. | 15.0 | 1.2 | -9.9 | 8.3 | -16.2 | 41.5 | 26.8 | 2.2 |
| Corporate profits before tax | 17.7 | 10.3 | -7.1 | -5.7 | -25.2 | 22.7 | 16.1 | -3.8 |
| Nonfarm payroll employment | 5.1 | 3.6 | .6 | .8 | -1.7 | .6 | 4.4 | 3.2 |
| Manufacturing | 4.2 | 2.6 | -3.6 | -.6 | -6.9 | -1.5 | 5.9 | 2.6 |
| Nonfarm business sector | | | | | | | | |
| Output per hour | .6 | -1.5 | -.7 | 1.5 | .2 | 3.5 | 2.8 | 1.0 |
| Compensation per hour | 8.6 | 9.0 | 10.3 | 9.6 | 8.0 | 4.9 | 4.2 | 4.4 |
| Unit labor costs | 8.0 | 10.7 | 11.1 | 8.0 | 7.7 | 1.4 | 1.4 | 3.4 |
| GNP implicit deflator | 7.4 | 8.6 | 9.2 | 9.6 | 6.0 | 3.8 | 3.8 | 4.0 |
| Gross domestic business product | | | | | | | | |
| fixed-weighted price index <1> | 8.0 | 9.9 | 10.0 | 9.6 | 6.0 | 3.8 | 4.0 | 4.2 |
| Excluding food and energy | 7.8 | 8.6 | 8.5 | 9.4 | 7.0 | 4.6 | 4.3 | 4.8 |
| Consumer price index (all urban) | 7.6 | 11.3 | 13.5 | 10.3 | 6.1 | 3.2 | 4.3 | 4.2 |
| Industrial production | 5.8 | 4.4 | -3.6 | 2.6 | -8.1 | 6.4 | 11.0 | 4.3 |

<1> Uses expenditures in 1972 as weights.

FEDERAL SECTOR ACCOUNTS
(Billions of dollars)

| | Fiscal Year 1983* | Fiscal Year 1984* | FY 1985 ^o /2/ | | CY 1984 ^o FRB Staff | FRB staff estimates | | | | | | | | | |
|--|-------------------------|-------------------------|--------------------------|--------------|--------------------------------------|--|----------------------------------|------|------|------|------|------|------|------|--|
| | | | Admin. 1/ | FRB Staff | | Calendar quarters; not seasonally adjusted | | | | | | | | | |
| | | | | | | 1983 | | | | 1984 | | | | 1985 | |
| | | | | | | IV* | I* | II* | III* | IV | I | II | III | | |
| Unified budget receipts | 601 | 666 | 764 | 742 | 613 | 683 | 149 | 155 | 187 | 175 | 166 | 171 | 215 | 190 | |
| Unified budget outlays | 796 | 842 | 931 | 925 | 804 | 862 | 213 | 209 | 211 | 208 | 234 | 231 | 231 | 229 | |
| Surplus/deficit(-), unified budget | -195 | -175 | -167 | -183 | -191 | -179 | -63 | -54 | -24 | -33 | -68 | -60 | -16 | -39 | |
| Surplus/deficit(-), off-budget agencies ¹ | -12 | -10 | -13 | -11 | -5 | -11 | 1 | -2 | -4 | -5 | -2 | -3 | -4 | -5 | |
| Combined deficit to be financed | -208 | -185 | -180 | -197 | -196 | -192 | -62 | -57 | -28 | -38 | -70 | -63 | -20 | -44 | |
| Means of financing combined deficit: | | | | | | | | | | | | | | | |
| Net borrowing from public | 212 | 171 | 178 | 183 | 187 | 192 | 36 | 49 | 31 | 54 | 58 | 57 | 27 | 41 | |
| Decrease in cash operating balance | -8 | 7 | 0 | 10 | 8 | -5 | 25 | -2 | 1 | -17 | 14 | 1 | -5 | 0 | |
| Other ⁴ | 3 | 8 | 2 | 4 | 6 | 7 | 1 | 10 | -3 | 1 | -1 | 4 | -2 | 2 | |
| Cash operating balance, end of period | 37 | 30 | 20 | 20 | 12 | 17 | 12 | 14 | 14 | 30 | 17 | 15 | 20 | 20 | |
| Memo: Sponsored agency borrowing ⁵ | -3 | 31 | n.a. | 22 | 2 | 34 | 3 | 6 | 9 | 13 | 6 | 6 | 5 | 5 | |
| NIA Budget | | | | | | | | | | | | | | | |
| Receipts ⁶ | 629 | 690 | 788 | 755 | 641 | 709 | Seasonally adjusted annual rates | | | | | | | | |
| Expenditures | 816 | 860 | 952 | 942 | 820 | 880 | 655 | 686 | 704 | 716 | 731 | 747 | 762 | 778 | |
| Purchases | 273 | 284 | 337 | 327 | 270 | 297 | 835 | 848 | 868 | 889 | 914 | 937 | 950 | 966 | |
| Defense | 196 | 217 | 252 | 244 | 201 | 223 | 266 | 268 | 296 | 308 | 316 | 324 | 331 | 339 | |
| Nondefense | 77 | 68 | 84 | 83 | 69 | 74 | 207 | 213 | 221 | 225 | 232 | 242 | 248 | 255 | |
| All other expenditures | 543 | 576 | 615 | 614 | 550 | 583 | 59 | 54 | 76 | 82 | 84 | 83 | 82 | 84 | |
| Surplus/deficit(-) | -186 | -170 | -164 | -187 | -179 | 70 | 569 | 580 | 572 | 581 | 598 | 613 | 620 | 627 | |
| High employment surplus/deficit(-) evaluated at 6 percent unemployment | -91 | -124 | n.a. | -164 | -93 | -135 | -180 | -161 | -164 | -173 | -183 | -190 | -188 | -188 | |
| | *-actual | | | e--estimated | | | n.a.--not available | | | | | | | | |

1. OMB Mid-Session Review of the 1985 Budget, August 1984.
 2. The GBO baseline budget estimates show revenues of \$751 billion, outlays of \$929 billion and a deficit of \$178 billion in fiscal year 1985 (The Economic and Budget Outlook: An Update, August 1984).

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

3. Includes Federal Financing Bank, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank and Strategic Petroleum Reserve.
 4. Checks issued less checks paid, accrued items and other transactions.
 5. Sponsored agency borrowing includes net debt issuance by Federal Home Loan Banks, FHLMC (excluding participation certificates), FNMA (excluding mortgage-backed securities), Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, and Student Loan Marketing Association marketable debt on a payment basis.
 6. Actuals available through 1984 Q2 only; FR estimates for later periods.

DOMESTIC FINANCIAL DEVELOPMENTS

Recent Developments. Interest rates dropped further over the intermeeting period. Short-term rates were down 100 to 125 basis points while long-term rates were generally off 20 to 90 basis points. The markets were buoyed by a further drop in the federal funds rate, evidently reflecting, in the context of the earlier easing of reserve positions, an unwinding of the unusual reluctance to borrow from the discount window that emerged in the aftermath of the Continental Illinois run. Markets also responded favorably to incoming information indicating that the rate of expansion of economic activity has slowed appreciably and that inflationary forces will remain subdued; monetary behavior also exerted a favorable influence, with M1 and M2 remaining comfortably within their annual ranges and M3 staying near its upper end. The spread of private over Treasury yields narrowed further, as concerns about bank soundness abated; lower funding costs led to cuts in the prime rate totaling $3/4$ of a percentage point.

Partial data suggest that growth in M1 was weak again in October, following some pickup in September. Owing to weakness in its M1 component, growth in M2 appears to have slowed in October after some acceleration in September from the sluggish summer pace. Within its nontransactions component, stronger inflows to money market mutual funds--boosted by lagging share yields--about offset some further moderation in small time deposit growth in October. By contrast, M3 likely accelerated again in October. Institution-only money funds rose sharply--also reflecting favorable rate relationships--while a large drop in Treasury balances at commercial banks boosted issuance of CDs, and large time deposits at thrifts resumed growing.

Borrowing by domestic nonfinancial sectors slowed markedly in September. An unusually large budget surplus in September temporarily reduced federal borrowing. Private sector credit demands also moderated. Growth in mortgage indebtedness appears to have slowed, accompanying the lower pace of housing activity in the summer. Indications are that growth in consumer credit--while remaining brisk--continued to ebb from the very rapid pace of the second quarter. In the business sector, a slackening of merger activity appears to have reduced business borrowing in September even though the margin of capital expenditures over internal funds likely remained sizable.

In October, business borrowing likely strengthened as a record volume of bond offerings--boosted by the sizable drop in long-term rates--appears to have been accompanied by only a modest slowing of borrowing in short-term markets. Favorable conditions in the long-term markets also have induced a large volume of offerings by state and local units. Following the raising of the federal debt ceiling in mid-October, Treasury borrowing surged, including the sale of \$1 billion of 4-year notes aimed at foreign investors. Commercial bank data through mid-October show little sign of a pickup in consumer and real estate lending.

Outlook. The staff anticipates that interest rates generally will fluctuate around current lower levels over the next several months. Growth in total domestic nonfinancial debt is expected to moderate only a bit during the fourth quarter and early 1985 from the pace of the third quarter. Credit demands by the federal government will remain heavy and business needs to finance inventories and capital expenditures will

continue to outstrip internally generated funds by a substantial margin. Credit demands by households and state and local governments are likely to moderate slightly.

The Treasury is expected to run a combined deficit of \$70 billion in the current calendar quarter. Borrowing by the Treasury in the fourth quarter, after allowing for seasonal variations, will strengthen, despite a drop in the cash balance, but then slow a bit in early 1985.

In the business sector, the financing gap should be largely unchanged in coming months. Recent declines in long-term interest rates are expected to continue to encourage reliance on long-term debt offerings; short-term borrowing from banks and in the commercial paper market is likely to remain below the merger-boosted pace of the first half of the year, even though some scope exists at current market levels for a further drop in the prime rate. Growth in consumer debt is expected to continue to moderate, in line with a reduced pace of consumer spending from earlier in the year and a stepped up volume of loan repayments. Mortgage borrowing is likely to level out, but at a reduced pace from that of the third quarter.

INTERNATIONAL DEVELOPMENTS

Recent developments. The trade-weighted average value of the dollar rose moderately to a new record level following the last FOMC meeting, but then fell back to a little below the initial level. There was considerable volatility in the exchange market in the intermeeting period. Early in the period support of the dollar appears to have been associated with expectations of relatively strong U.S. growth with a low inflation rate. However, as U.S. interest rates, especially short-term rates, continued to decline relative to foreign rates, and incoming data suggested a slowing economy and sluggish monetary growth, the dollar weakened.

Intervention sales of dollars by the United States were made on one occasion.

While the dollar depreciated somewhat against most major currencies over the period, it rose 1-3/4 percent against sterling, which was depressed by ongoing labor problems and a likely drop in British oil revenues.

The pattern of economic developments in other major industrial countries has not changed significantly in recent months, though activity in the United Kingdom has been reduced by the continuation of the coal miners' strike. Elsewhere in Europe expansion is somewhat hesitant, and in Japan the rise of industrial production decelerated somewhat in recent months. The most recent unemployment rate in each of the major foreign countries is up from the level at the beginning of the year. Inflation

rates generally remained low, or continued to decline where they had been higher, as in France and Italy.

Several major debtors are in the process of negotiating longer-run reschedulings with their bank creditors. The Philippines and Venezuela recently reached agreements in principle with their bank creditors on financing arrangements, and Argentina, Brazil, and Chile have begun discussions covering 1985 and subsequent years. However, most of these borrowers have immediate difficulties to overcome. Brazil's inflation remains high, but the trade surplus has already exceeded the year's target; Chile's tightened fiscal policy is generating considerable political unrest; and Argentina and the Philippines need to take further actions to satisfy all the conditions required for approval of their IMF programs.

Net new bank lending to non-OPEC developing countries amounted to \$4.7 billion in the second quarter, according to the BIS data. Increases in claims on Mexico, Brazil, and Chile mainly reflected drawings on loans arranged earlier as part of financial packages, and accounted for more than half of the total. Much of the remainder was accounted for by new lending to Egypt and Israel.

The U.S. trade deficit in August dropped back from the July peak, but the July-August average of \$138 billion (SAAR) was far above the first-half rate. Non-oil imports were up sharply in July-August, especially for office machines and electronic equipment but also across a broad spectrum of commodities. There may be a temporary element in the rise in imports connected with the anticipation of the imposition of trade restrictions on steel and textiles, or with large inventory

accumulations. Oil imports were up slightly, with volume rising somewhat as prices eased a little. Exports also rose in July-August from the first-half rate, though less rapidly than imports, and agricultural exports tended down. Just-released trade data for September (to be discussed in the Greenbook supplement) indicate a continued high deficit rate.

Net capital inflows in August were reported in most categories, and were probably sufficient to match the current deficit for the month. Banks reduced their positions with foreign banks, and U.S. nonbanks drew down their Eurodollar holdings; foreign net purchases of U.S. corporate bonds were up (possibly reflecting the lifting of the withholding tax on domestic issues -- which should greatly reduce the use of offshore financial subsidiaries as intermediary borrowers); foreigners, including the World Bank, purchased a large quantity of U.S. Treasury securities. Sales of Treasury securities will be encouraged as the Treasury implements a program of selling issues specially designed to attract foreign investors, by assuring that the ultimate holders will not be identified.

Foreign official assets in the United States rose considerably in August, despite some reduction in OPEC holdings. In September, however, there was a sizable reduction in official holdings at the New York Federal Reserve Bank, related primarily to intervention sales of dollars.

New data for corporate capital flows in the second quarter showed additional inflows, largely related to the financing of mergers;

these inflows will reduce the large positive residual shown in the preliminary balance-of-payments reports.

Outlook. Projections for the U.S. current account deficits in 1984 and 1985 now stand at \$100 billion and \$124 billion, respectively. Both figures are about \$5 billion above the previous estimate. A large element in the difference was the higher level of imports shown in July-August trade data, while exports were lower than expected. On the other hand, a lower level of oil prices has tended to lower the projected trade deficit. No major change is expected in the trend of foreign industrial production or prices. The staff continues to project a moderate decline of the dollar's exchange value over the period to the end of 1985.

OCTOBER 30, 1984

OUTLOOK FOR U.S. NET EXPORTS AND RELATED ITEMS
(BILLIONS OF DOLLARS, SEASONALLY ADJUSTED ANNUAL RATES)

| | ANNUAL | | | 1983 | | 1984 | | | | 1985 | | | |
|--------------------------------------|--------|--------|--------|-------|-------|--------|--------|---------------------|--------|--------|--------|--------|--------|
| | 1983 | 1984-P | 1985-P | Q3 | Q4 | Q1 | Q2 | Q3 | Q4-P | Q1-P | Q2-P | Q3-P | Q4-P |
| 1. GNP EXPORTS AND IMPORTS 1/ | | | | | | | | | | | | | |
| CURRENT \$, NET | -8.2 | -70.0 | -91.5 | -16.4 | -29.8 | -51.5 | -58.7 | -85.5 | -84.3 | -80.6 | -87.8 | -96.9 | -100.7 |
| EXPORTS OF G+S | 336.2 | 369.2 | 400.6 | 342.0 | 346.1 | 358.9 | 362.4 | 375.5 | 379.9 | 388.2 | 395.2 | 403.9 | 415.1 |
| IMPORTS OF G+S | 344.4 | 439.2 | 492.1 | 358.4 | 375.9 | 410.4 | 421.1 | 461.0 | 464.2 | 468.9 | 482.9 | 500.8 | 515.8 |
| CONSTANT 72 \$, NET | 12.6 | -16.1 | -21.7 | 11.9 | 1.9 | -8.3 | -11.5 | -22.6 | -22.2 | -21.1 | -21.6 | -22.6 | -21.6 |
| EXPORTS OF G+S | 139.4 | 147.8 | 153.9 | 141.6 | 141.0 | 144.9 | 144.7 | 150.2 | 151.4 | 152.4 | 152.9 | 154.0 | 156.2 |
| IMPORTS OF G+S | 126.9 | 163.9 | 175.6 | 129.7 | 139.1 | 153.2 | 156.2 | 172.8 | 173.6 | 173.4 | 174.4 | 176.6 | 177.8 |
| 2. U.S. MERCHANDISE TRADE BALANCE 2/ | -61.1 | -112.9 | -125.7 | -70.0 | -77.6 | -103.4 | -102.9 | -124.9 ^P | -120.3 | -115.2 | -122.7 | -130.1 | -134.9 |
| EXPORTS | 200.3 | 219.7 | 237.1 | 201.7 | 207.3 | 215.7 | 218.4 | 220.0 ^P | 224.8 | 230.2 | 234.5 | 239.1 | 244.7 |
| AGRICULTURAL | 36.6 | 37.2 | 37.5 | 37.2 | 39.2 | 41.2 | 37.1 | 34.0 ^P | 36.3 | 37.1 | 37.7 | 37.7 | 37.4 |
| NONAGRICULTURAL | 163.6 | 182.6 | 199.6 | 164.5 | 168.1 | 174.5 | 181.3 | 186.0 ^P | 188.5 | 193.1 | 196.8 | 201.4 | 207.2 |
| IMPORTS | 261.3 | 332.6 | 362.9 | 271.8 | 284.9 | 319.2 | 321.3 | 344.9 ^P | 345.1 | 345.4 | 357.2 | 369.2 | 379.6 |
| PETROLEUM AND PRODUCTS | 53.8 | 58.4 | 64.2 | 63.7 | 57.1 | 55.4 | 59.6 | 57.3 ^P | 61.4 | 60.8 | 62.7 | 65.7 | 67.4 |
| NONPETROLEUM | 207.5 | 274.2 | 298.7 | 208.1 | 227.8 | 263.8 | 261.7 | 287.6 ^P | 283.7 | 284.6 | 294.5 | 303.5 | 312.2 |
| 3. U.S. CURRENT ACCOUNT BALANCE | -41.6 | -101.3 | -123.8 | -47.4 | -68.8 | -78.7 | -97.6 | -113.2 ^P | -115.9 | -110.7 | -119.0 | -129.4 | -135.9 |
| OF WHICH: NET INVESTMENT INCOME | 23.5 | 20.2 | 11.3 | 28.7 | 20.5 | 31.0 | 14.6 | 20.1 ^P | 14.9 | 13.0 | 12.6 | 10.0 | 9.9 |
| 4. FOREIGN OUTLOOK 3/ | | | | | | | | | | | | | |
| REAL GNP--TEN INDUSTRIAL 4/ | 1.5 | 2.9 | 2.7 | 2.6 | 4.0 | 4.4 | -0.7 | 4.2 | 2.9 | 2.7 | 2.7 | 2.7 | 2.7 |
| REAL GNP--NONOPEC LDC 5/ | 0.4 | 2.7 | 3.7 | 0.9 | 1.3 | 4.2 | 3.4 | 3.5 | 3.6 | 3.7 | 3.9 | 4.1 | 4.2 |
| CONSUMER PRICES--TEN IND. 4/ | 5.7 | 4.9 | 4.3 | 5.3 | 5.5 | 5.3 | 4.8 | 2.6 | 4.5 | 4.4 | 4.8 | 4.6 | 4.6 |

- 1/ NATIONAL INCOME AND PRODUCT ACCOUNT DATA.
 2/ INTERNATIONAL ACCOUNTS BASIS.
 3/ PERCENT CHANGE, ANNUAL RATES.
 4/ WEIGHTED BY MULTILATERAL TRADE-WEIGHTS OF G-10 COUNTRIES PLUS SWITZERLAND.
 5/ WEIGHTED BY SHARE IN NONOPEC LDC GNP.
 P/ PROJECTED

II - T - 1

SELECTED DOMESTIC NONFINANCIAL DATA
(Seasonally adjusted)

| | Latest data | | | Percent change from | | |
|--|-------------|--------------|---------|---------------------|-----------------------|--------------|
| | Period | Release date | Data | Preceding period | Three periods earlier | Year earlier |
| (At annual rates) | | | | | | |
| Civilian labor force | Sept. | 10-05-84 | 113.7 | 2.2 | - .6 | 1.3 |
| Unemployment rate (%) <u>1/</u> | Sept. | 10-05-84 | 7.4 | 7.5 | 7.1 | 9.2 |
| Insured unemployment rate (%) <u>1/</u> | July | 10-25-84 | 2.7 | 2.7 | 2.8 | 3.6 |
| Nonfarm employment, payroll (mil.) | Sept. | 10-05-84 | 94.7 | 1.8 | 2.3 | 4.0 |
| Manufacturing | Sept. | 10-05-84 | 19.6 | -7.5 | - .6 | 4.8 |
| Nonmanufacturing | Sept. | 10-05-84 | 75.1 | 4.2 | 3.0 | 3.8 |
| Private nonfarm: | | | | | | |
| Average weekly hours (hr.) <u>1/</u> | Sept. | 10-05-84 | 35.3 | 35.2 | 35.3 | 35.2 |
| Hourly earnings (\$) <u>1/</u> | Sept. | 10-05-84 | 8.40 | 8.34 | 8.33 | 8.09 |
| Manufacturing: | | | | | | |
| Average weekly hours (hr.) <u>1/</u> | Sept. | 10-05-84 | 40.5 | 40.4 | 40.6 | 40.7 |
| Unit labor cost (1967=100) | Sept. | 10-31-84 | 83.1 | - .4 | -1.9 | -7.2 |
| Industrial production (1967=100) | Sept. | 10-16-84 | 165.1 | -7.2 | 1.7 | 7.3 |
| Consumer goods | Sept. | 10-16-84 | 161.6 | -11.8 | -3.4 | 2.7 |
| Business equipment | Sept. | 10-16-84 | 188.5 | 3.2 | 16.3 | 18.8 |
| Defense & space equipment | Sept. | 10-16-84 | 137.7 | 11.4 | 12.6 | 13.1 |
| Materials | Sept. | 10-16-84 | 162.1 | -13.2 | -2.0 | 6.5 |
| Consumer prices all items (1967=100) | Sept. | 10-24-84 | 313.5 | 4.2 | 4.4 | 4.2 |
| All items, excluding food & energy | Sept. | 10-24-84 | 304.4 | 5.1 | 5.3 | 5.0 |
| Food | Sept. | 10-24-84 | 303.8 | -1.2 | 3.3 | 3.9 |
| Producer prices: (1967=100) | | | | | | |
| Finished goods | Sept. | 10-12-84 | 291.4 | -2.1 | .0 | 1.7 |
| Intermediate materials, nonfood | Sept. | 10-12-84 | 325.6 | - .4 | -1.1 | 1.9 |
| Crude foodstuffs & feedstuffs | Sept. | 10-12-84 | 252.2 | - .5 | -5.5 | -1.6 |
| Personal income (\$ bil.) <u>2/</u> | Sept. | 10-18-84 | 3,071.1 | 10.2 | 8.6 | 10.3 |
| (Not at annual rates) | | | | | | |
| Mfgs. new orders dur. goods (\$ bil.) | Sept. | 10-31-84 | 98.1 | -3.8 | -1.1 | 7.2 |
| Capital goods industries | Sept. | 10-31-84 | 34.1 | - .1 | -2.7 | 11.9 |
| Nondefense | Sept. | 10-31-84 | 27.6 | 4.0 | -1.7 | 9.0 |
| Defense | Sept. | 10-31-84 | 6.5 | -14.3 | -7.0 | 26.2 |
| Inventories to sales ratio: <u>1/</u> | | | | | | |
| Manufacturing and trade, total | August | 10-15-84 | 1.35 | 1.34 | 1.32 | 1.35 |
| Manufacturing | Sept. | 10-31-84 | 1.50 | 1.48 | 1.46 | 1.46 |
| Trade | August | 10-15-84 | 1.25 | 1.23 | 1.22 | 1.23 |
| Ratio: Mfgs.' durable goods inventories to unfilled orders <u>1/</u> | Sept. | 10-31-84 | .542 | .536 | .529 | .556 |
| Retail sales, total (\$ bil.) | Sept. | 10-31-84 | 108.5 | 1.6 | - .7 | 9.0 |
| GAP <u>3/</u> | Sept. | 10-31-84 | 23.0 | 2.1 | -1.5 | 10.4 |
| Auto sales, total (mil. units.) <u>2/</u> | Sept. | 10-03-84 | 10.2 | 2.6 | -2.4 | 14.2 |
| Domestic models | Sept. | 10-03-84 | 7.8 | 3.5 | -2.0 | 14.2 |
| Foreign models | Sept. | 10-03-84 | 2.4 | - .3 | -3.9 | 14.5 |
| Housing starts, private (thous.) <u>2/</u> | Sept. | 10-17-84 | 1,676 | 8.9 | -10.7 | - .2 |
| Leading indicators (1967=100) | Sept. | 10-31-84 | 164.6 | .4 | -1.4 | 2.9 |

1. Actual data used in lieu of percent changes for earlier periods.

2. At annual rates.

3. Excludes mail order houses.