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SUPPLEMENT
CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

TABLE OF CONTENTS

Page

THE DOMESTIC NONFINANCIAL ECONOMY

Employment and Unemployment	1
Average Hourly Earnings Index	2
Business Fixed Investment	2
Manufacturers' Inventories	3
Corrigendum	4

TABLES:

Changes in Employment	5
Selected Unemployment Rates	5
Hourly Earnings Index	6
Business Capital Spending Indicators	7
Business Capital Spending Commitments	7
Manufacturers' Inventories	8
Manufacturers' Inventory/Sales Ratios	8
Monetary Aggregates.	9
Commercial Bank Credit	10
Selected Financial Market Quotations	11

U.S. INTERNATIONAL TRANSACTIONS

U.S. Merchandise Trade	12
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SUPPLEMENTAL NOTES

Employment and Unemployment

The recent indication of weakening in the demand for labor was reflected in a 675,000 drop in total employment in September, as measured by the household survey. This decline was concentrated among adult women, and on an occupational basis among craft and clerical workers. Additionally, the number of persons working part-time for economic reasons rose sharply--by 350,000. The civilian labor force fell by 365,000 in September, and the participation rate declined further and was the lowest since the one-month low last September. Unemployment rose 309,000 to almost 8 million, and the unemployment rate rose to 7.5 percent from 7.2 percent, the average of the rate in the last half of last year.

Total nonagricultural payroll employment in September was about unchanged--down 54,000 (considered not to be statistically significant), the same as in July, and 1.4 million higher than a year earlier. Employment by state and local governments fell dramatically in September--by 145,000, reflecting fewer teachers and other school personnel having jobs and to some extent the teachers' strike in the Philadelphia school system. Excluding employment by state and local governments, nonfarm payroll employment rose moderately--90,000--and only a little less than in August. Manufacturing employment rose 20,000 in September-- all at nondurable goods industries as employment at most major nondurable goods industries declined a little. Employment in construction continued to decline, while that in services continued to increase sharply. The work

week dropped appreciably--0.5 hour in manufacturing with about half this decline apparently caused by the rare occurrence of the survey's reference week including Labor Day, when reported hours are less because some workers not at work do not draw holiday pay and because overtime work is reduced.

Average Hourly Earnings Index

Wage rates for private nonfarm production workers as measured by the volatile hourly earnings index rose at a 3-3/4 percent annual rate in September, following a 13-1/2 percent rate of rise in August. Based on the preliminary data, the index for these workers in the third quarter increased at a 7-3/4 percent annual rate from the second quarter; this continues to represent a gradual deceleration in wage increases for production workers so far this year from last year's rapid rate. Over the first three quarters of this year, this measure of wage rate trends has risen at an 8-1/2 percent annual rate compared with 9-1/2 percent over 1980. The wage deceleration has been most pronounced in manufacturing-- from 11 percent during 1980 to a 9-1/4 percent annual rate so far this year; the rate of increase in this index for workers outside of manufacturing have slowed 3/4 percentage point to an 8-1/2 percent rate.

Business Fixed Investment

New data on business fixed investment suggest on balance somewhat greater weakness in this--both in the third quarter and in the near-term-- than indicated by the earlier information. Revised data show that in nominal terms manufacturers' shipments of nondefense capital goods rose 1.3 percent in August (instead of 2.7 percent as indicated by advance estimates) and in July and August they averaged 2.1 percent below their

June peak. In real terms August shipments of these goods are estimated to have declined 0.4 percent, and in July and August together to have averaged 3-3/4 percent below their June level (instead of being about unchanged as indicated by the advance sample data). Data on private nonresidential construction in August indicates that in real terms this was unchanged at the record high July rate 3 percent above the rate in the second quarter.

Total contracts and orders for plant and equipment in constant dollar terms show that these have edged down in July and August to about their April-May average. The new data for August for manufacturers show that new orders for nondefense capital goods were about unchanged, instead of rising 2.4 percent as indicated by the advance sample figures; orders for aircraft and parts were revised down about as much as the total for all nondefense capital goods, and they now show a substantial decline for August instead of a small rise. In real terms nondefense capital goods new orders are estimated to have declined 2.6 percent in August.

Manufacturers' Inventories

The book value of inventories held by all manufacturers rose at a \$9.2 billion annual rate in August, down from the large \$26.0 billion rate of accumulation in July. Stock of durable goods were built up at a \$13.8 billion rate, with increases quite widespread; large increases occurred in primary metals and machinery; inventories of motor vehicles and parts were reduced substantially, apparently as 1982-model cars were transferred to dealers. Nondurable goods producers' inventories were

liquidated at a \$4.6 billion annual rate; stocks of petroleum and coal products were reduced at a \$5.5 billion rate and were at the lowest level since last January. Work in process of all manufacturers rose at a \$7.1 billion annual rate and stocks of finished goods increased at a \$11.2 billion rate; inventories of materials and supplies were reduced. The ratio of inventories to shipments for all manufacturers rose to 1.62 in August from 1.60 in July, and was the highest since last September; quite large increases occurred from most major types of durable goods producers except transportation equipment. The inventory-shipments ratio for non-durable goods producers edged down slightly, mainly because of the reduction in stocks of petroleum and coal products.

Corrigendum:

Part I, page I-11, Table on Percent Changes in Gross National Product and Related Items:

Compensation per hour in the private nonfarm business sector is projected to change in annual rate percentage terms as follows. 1981: Q1, 11.6; Q2 9.6, Q3 9.1, Q4 8.6; 1982: Q1 8.9, Q2 8.1, Q3 7.9, Q4 7.9.

Part II, page III-14: Footnote 1, second line:
"to facilitate sales by buyers" should read "to facilitate sales by builders ..."

CHANGES IN EMPLOYMENT¹
(Thousands of employees; based on seasonally adjusted data)

	1979	1980	1981				
			Q2	Q3	July	Aug.	Sept.
-Average monthly changes-							
<u>Nonfarm payroll employment</u> ²	170	34	89	87	265	49	-54
Strike adjusted	176	28	117	70	220	27	-36
Manufacturing	-5	-58	78	37	111	-18	19
Durable	1	-47	60	16	55	3	-10
Nondurable	-6	-12	18	21	56	-21	29
Construction	15	-12	-44	-10	-12	0	-19
Trade	30	12	27	50	79	75	-5
Finance and services	84	79	76	74	95	41	86
Private nonfarm production workers	103	-9	110	158	293	65	117
Manufacturing production workers	-16	-67	57	35	82	-22	45
<u>Total employment</u> ³	172	-42	-7	-41	570	-18	-674
Nonagricultural	174	-48	-3	-56	577	-130	-615

1. Average change from final month of preceding period to final month of period indicated. These figures are revised to reflect new seasonal factors and the 1980 benchmark to the establishment survey data.

2. Survey of establishments. Strike-adjusted data noted.

3. Survey of households.

SELECTED UNEMPLOYMENT RATES
(Percent; based on seasonally adjusted data)

	1979	1980	1981				
			Q2	Q3	July	Aug.	Sept.
Total, 16 years and older	5.8	7.1	7.4	7.2	7.0	7.2	7.5
Teenagers	16.1	17.7	19.2	18.7	18.1	18.8	19.3
20-24 years old	9.0	11.5	12.3	11.7	11.3	11.8	12.1
Men, 25 years and older	3.3	4.7	4.8	4.8	4.7	4.8	5.0
Women, 25 years and older	4.8	5.5	5.7	5.7	5.7	5.5	5.9
White	5.1	6.3	6.6	6.3	6.2	6.1	6.5
Black and other	11.3	13.2	13.7	14.6	13.6	15.0	15.1
Fulltime workers	5.3	6.8	7.1	6.9	6.7	6.7	7.2
White collar	3.3	3.7	4.0	4.0	4.1	3.9	4.1
Blue collar	6.9	10.0	9.8	9.6	9.4	9.3	10.2

HOURLY EARNINGS INDEX¹
 (Percentage change at annual rates;
 based on seasonally adjusted data)²

	1980	1981					
		Q1	Q2	Q3	Aug.	Sept.	1st 3 quarters ³
Total private nonfarm	9.6	9.6	8.3	7.7	13.6	3.8	8.6
Manufacturing	10.9	9.3	9.7	8.7	8.5	12.9	9.2
Durable	11.6	9.4	9.6	8.8	8.9	12.0	9.3
Nondurable	9.8	9.1	10.0	8.4	7.8	14.2	9.1
Contract construction	7.6	9.2	4.9	8.4	6.9	-1.7	7.5
Transportation and public utilities	9.4	9.4	11.0	6.1	16.4	3.7	8.8
Total trade	8.8	9.6	7.1	6.4	11.5	1.7	7.7
Services	9.5	9.8	8.5	8.1	23.1	-3.5	8.8

1. Excludes the effect of interindustry shifts in employment and fluctuations in overtime pay in manufacturing.
2. Changes over periods longer than one quarter are measured from final quarter of preceding period to final quarter of period indicated. Quarterly changes are at compound rates; monthly changes are not compounded.
3. Changes from fourth quarter of 1980 to third quarter of 1981 at compound annual rates.

BUSINESS CAPITAL SPENDING INDICATORS
(Percentage change from preceding comparable period;
based on seasonally adjusted data)

	1980		1981			
	Q4	Q1	Q2	June	July	Aug.
Nondefense capital goods shipments						
Current dollars	4.2	1.4	3.2	2.3	-2.7	1.3
Constant dollars ¹	.6	.3	-.5	2.3	-3.3	.4
Addendum: Sales of heavy-weight trucks (thousands)	230	246	230	190	200	240
Nonresidential construction						
Current dollars	1.8	8.0	1.7	1.6	2.3	.0
Constant dollars	.3	5.7	1.2	1.7	1.7	.2
Addendum: Oil and gas well drilling (millions of feet)	26.5	24.7	30.1	30.4	29.5	25.0

1. FRB staff estimate.

BUSINESS CAPITAL SPENDING COMMITMENTS
(Percentage change from preceding comparable period;
based on seasonally adjusted data)

	1980		1981			
	Q4	Q1	Q2	June	July	Aug.
Nondefense capital goods orders						
Current dollars	3.4	1.2	1.9	-2.7	4.3	-.1
Constant dollars	2.6	-2.5	.8	-3.7	4.5	2.6
Machinery						
Current dollars	6.2	1.1	3.1	-.9	-3.5	4.8
Constant dollars ¹	3.9	-2.0	.6	-2.2	-4.0	4.7
Addenda: Ratio of current dollar unfilled orders to shipments						
Total	6.40	6.32	6.10	5.99	6.17	6.09
Machinery	4.79	4.68	4.62	4.53	4.54	4.53
Nonresidential building permits						
Current dollars	-.8	10.1	.5	10.6	31.4	---
Constant dollars ¹	-1.8	8.6	-1.3	10.6	30.7	---

1. FRB staff estimate.

MANUFACTURERS' INVENTORIES: CHANGE IN BOOK VALUE
(Billions of dollars; seasonally adjusted, annual rate)

	1980		1981			
	Q4	Q1	Q2	June	July(r)	Aug.(p)
Total	4.6	34.2	12.7	5.4	26.0	9.2
Durable	5.8	18.5	9.8	12.5	26.1	13.8
Nondurable	-1.2	15.2	3.0	-7.1	-.2	-4.6
Stage of Fabrication						
Materials & Supplies	2.7	10.1	.9	2.1	18.3	-9.1
Work-in-Process	5.6	13.3	4.0	-6.4	7.5	7.1
Finished Goods	-3.7	10.8	7.8	9.8	.1	11.2

Detail may not add to totals because of rounding.

r = revised

p = preliminary

MANUFACTURERS' INVENTORY/SALES RATIOS

	1980		1981			
	Q4	Q1	Q2	June	July(r)	Aug.(p)
Total	1.68	1.58	1.60	1.57	1.60	1.62
Durable	2.21	2.09	2.05	2.01	2.08	2.12
Nondurable	1.14	1.11	1.12	1.10	1.10	1.09

r = revised.

p = preliminary.

MONETARY AGGREGATES

(Based on seasonally adjusted data unless otherwise noted)¹

	1981						Sept. '80
	01	02	03 ^e	July	Aug.	Sept. ^e	to Sept. '81 ^e
---- Percentage change at annual rates ----							
<u>Money stock measures</u>							
1. M1-A	-20.8	-5.3	-3.7	-2.0	3.0	-8.0	-6.9
2. (Adjusted) ²	(-1.7)	(5.1)	(-1.5)	(1.8)	(6.5)	(-5.2)	n.a.
3. M1-B	4.9	8.7	0.3	3.6	7.5	-2.8	4.9
4. (Adjusted) ²	(-0.8)	(5.3)	(-0.7)	(2.6)	(6.9)	(-4.0)	n.a.
5. M2	8.3	10.6	7.3	7.4	12.1	7.3	8.7
6. M3	12.4	10.6	10.4	8.7	13.9	8.6	11.5
<u>Selected components</u>							
7. Currency	5.5	7.9	5.0	9.0	4.0	-1.0	6.4
8. Demand deposits	-32.9	-11.8	-8.0	-7.6	1.5	-11.7	-12.7
9. Other checkable deposits	372.3	107.4	21.5	34.0	31.3	27.1	183.9
10. M2 minus M1-B (11+12+13+16)	9.4	11.3	9.7	8.7	13.6	10.5	10.0
11. Overnight RPs and Eurodollars, NSA ³	0.0	58.9	22.5	-15.1	52.0	-76.3	16.1
12. Money market mutual fund shares, NSA	84.5	113.7	87.8	112.4	99.2	94.9	100.6
13. Commercial banks	6.0	4.2	6.8	5.7	10.8	6.3	6.9
14. savings deposits	-30.5	-11.9	-19.6	-11.5	-29.9	-21.7	-17.0
15. small time deposits	30.2	13.4	21.0	14.5	31.3	19.7	23.5
16. Thrift institutions	3.5	-0.3	-2.9	-6.2	-3.9	0.4	1.1
17. savings deposits	-29.6	-12.6	-23.0	-21.1	-25.4	-28.6	-19.1
18. small time deposits	19.0	4.7	5.1	-0.7	4.4	10.8	11.0
19. Large time deposits	39.6	10.3	24.9	12.9	27.3	6.5	27.9
20. at commercial banks, net ⁴	40.6	10.1	27.1	13.6	28.8	4.8	28.1
21. at thrift institutions	34.7	11.2	14.3	7.5	22.3	14.6	27.6
22. Term RPs, NSA	18.1	12.2	38.6	31.1	-2.8	74.7	33.6
--Average monthly change in billions of dollars--							
<u>MEMORANDA:</u>							
23. Managed liabilities at commercial banks (24+25)	3.8	8.5	6.0	7.9	10.9	-0.8	7.0
24. Large time deposits, gross	5.1	7.5	7.0	8.8	9.6	2.5	6.7
25. Nondeposit funds	-1.3	1.0	-1.0	-0.9	1.3	-3.3	0.3
26. Net due to related foreign institutions, NSA	-1.6	0.5	0.8	-0.1	4.3	-1.9	-0.1
27. Other ⁵	0.2	0.5	-1.7	-0.8	-3.0	-1.4	0.4
28. U.S. government deposits at commercial banks ⁶	1.2	-0.3	-0.7	0.9	-2.6	-0.3	-0.2

1. Quarterly growth rates are computed on a quarterly average basis.
 2. Figures in parentheses have been adjusted to remove the distorting effects since the beginning of 1981 of shifts of funds out of demand deposits and other accounts into NOW accounts. Based on a variety of evidence, it is estimated that 77-1/2 percent of inflows into other checkable deposits--in excess of "trend"--was from demand deposits in January, and 72-1/2 percent in subsequent months.
 3. Overnight and continuing contract RPs issued to the nonbank public by commercial banks, net of amounts held by money market mutual funds, plus overnight Eurodollar deposits issued by Caribbean branches of U.S. member banks to U.S. nonbank customers. Excludes retail RPs.
 4. Net of large-denomination time deposits held by money market mutual funds and thrift institutions.
 5. Consists of borrowings from other than commercial banks in the form of federal funds purchased, securities sold under agreements to repurchase and other liabilities for borrowed money (including borrowings from the Federal Reserve), loans sold to affiliates, loan RPs, and other minor items. Changes since October 1980 are partially estimated.
 6. Consists of Treasury demand deposits at commercial banks and Treasury note balances.
 n.a.--not available. e--estimated.

COMMERCIAL BANK CREDIT AND SHORT- AND INTERMEDIATE-TERM BUSINESS CREDIT
(Percentage changes at annual rates, based on seasonally adjusted data)¹

	1980		1981				Aug. 80	to Aug. 81
	Q3	Q4	Q1	Q2	June	July	Aug.	
----- Commercial Bank Credit -----								
1. Total loans and investments at banks ²	12.9	14.6	7.8	7.3	5.7	5.7	10.3	10.2
2. Investments	20.5	11.9	10.5	6.2	7.5	5.7	4.9	9.2
3. Treasury securities	39.1	11.1	14.8	15.7	18.4	11.1	-10.0	13.0
4. Other securities	11.5	12.3	8.2	1.3	1.6	2.7	13.1	7.2
5. Total loans ²	10.2	15.6	6.9	7.7	5.3	5.4	12.3	10.5
6. Business loans ²	15.4	21.0	6.6	10.1	15.3	18.3	19.8	15.0
7. Security loans	-10.2	60.1	27.3	36.2	23.9	-58.5	-110.8	12.7
8. Real estate loans	4.5	11.0	9.4	7.3	5.3	6.2	9.7	8.9
9. Consumer loans	-7.6	-0.2	-1.4	-1.1	1.4	-0.7	-1.4	-1.0
-- Short- and Intermediate-Term Business Credit --								
Total short- and intermediate-term business credit (sum of lines 14, 15 and 16)	8.9	14.5	13.9	14.8	21.5	21.1	n.a.	n.a.
11. Business loans net of bankers acceptances	14.3	24.2	5.8	9.0	14.3	18.1	23.2	15.8
12. Commercial paper issued by nonfinancial firms ³	-19.3	-3.0	30.7	40.9	82.9	7.8	77.1	24.6
13. Sum of lines 11 & 12	10.3	21.2	8.3	12.6	22.0	16.9	29.8	16.8
14. Line 13 plus loans at foreign branches ⁴	9.6	19.6	11.6	12.7	22.3	18.7	31.7	17.4
15. Finance company loans to business ⁵	-4.6	14.6	8.5	19.3	30.8	26.8	n.a.	n.a.
16. Total bankers acceptances outstanding ⁵	21.0	-15.7	35.6	23.1	5.8	28.9	n.a.	n.a.

1. Average of Wednesdays for domestic chartered banks and average of current and preceding ends of months for foreign-related institutions.

2. Loans include outstanding amounts of loans reported as sold outright to a bank's own foreign branches, unconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and unconsolidated nonbank subsidiaries of the holding company.

3. Average of Wednesdays.

Loans at foreign branches are loans made to U.S. firms by foreign branches of domestic chartered banks.

5. Based on average of current and preceding ends of months.

n.a.--not available.

SELECTED FINANCIAL MARKET QUOTATIONS¹
(Percent)

	1981				Change from:	
	June	FOMC	FOMC	Oct.	June	FOMC
	Low	July 7	Aug. 18	1	Low	Aug. 18
<u>Short-term rates</u>						
Federal funds ²	18.40	19.93	18.19	15.00	-3.40	-3.19
Treasury bills						
3-month	13.72	14.89	15.72	14.57	.85	-1.15
6-month	13.45	14.47	15.62	14.80	1.35	-.82
1-year	12.65	13.63	14.74	14.63	1.98	-.11
Commercial paper						
1-month	16.54	17.92	18.02	15.38	-1.16	-2.64
3-month	15.65	16.68	17.63	15.89	.24	-1.74
6-month	14.58	15.38	17.09	15.94	1.36	-1.15
Large negotiable CDs ³						
1-month	16.76	17.97	18.14	15.59	-1.17	-2.55
3-month	16.12	17.34	18.08	16.71	.59	-1.37
6-month	15.25	16.66	18.20	16.97	1.72	-1.23
Eurodollar deposits ²						
1-month	16.75	18.86	18.66	16.40	-.35	-2.26
3-month	16.75	18.19	18.73	17.61	.86	-1.12
Bank prime rate	20.00	20.00	20.50	19.50	-.50	-1.00
<u>Intermediate- and long-term rates</u>						
U.S. Treasury (constant maturity)						
3-year	13.86	14.73	15.99	16.40	2.54	.41
10-year	13.08	14.04	14.79	15.75	2.67	.96
30-year	12.59	13.42	13.95	15.14	2.55	1.19
Municipal (Bond Buyer)	10.59	10.85 ⁴	11.94 ⁴	12.93	2.34	.99
Corporate Aaa						
New issue	14.35	--	--	--	--	--
Recently offered	14.59	14.94 ⁵	16.63 ⁵	17.75 ^p	3.16	1.12
Primary conventional mortgages	16.62	16.64 ⁵	17.27 ⁵	18.36 ⁵	1.74	1.09
	1980		1981		Percent change from:	
	Dec. 31	High	Aug. FOMC	Oct. 1	1981 High	Aug. FOMC
<u>Stock Prices</u>						
Dow-Jones Industrial	963.99	1,024.05	924.37	852.26	-16.8	-7.8
NYSE Composite	77.86	79.14	75.55	67.50	-14.7	-10.7
AMEX Composite	348.99	380.36	367.94	300.00	-21.1	-18.5
NASDAQ (OTC)	202.34	223.47	207.01	181.09	-19.0	-12.5

1. One-day quotes except as noted.

2. Averages for statement week closest to date shown.

3. Secondary market.

4. One-day quotes for preceding Thursday.

5. One-day quotes for preceding Friday.

U.S. International Transactions

U.S. Merchandise Trade. In August the U.S. merchandise trade deficit was substantially larger than in July. Exports declined somewhat from July levels, and the value of imports rose substantially. About one-third of the import increase was in oil as the volume imported rose to 6.5 million barrels per day from low July rates (see the table on the next page); the price of imported oil declined by about 60 cents per barrel to average about \$33.10 per barrel in August (8 percent below the April peak price). The remaining two-thirds of the August import increase was broadly spread among industrial supplies (partly steel), machinery, consumer goods, and automotive imports from both Canada and from other countries.

U.S. Merchandise Trade*

	1981					
	<u>1Q</u>	<u>2Q</u>	<u>July/Aug.</u>	<u>June</u>	<u>July</u>	<u>August</u>
<u>Value (Bil. \$, SAAR)</u>						
<u>Exports</u>	244.4	241.9	229.5	239.4	232.9	226.0
Agricultural	50.9	44.3	38.5	41.0	38.2	38.8
Nonagricultural	193.5	197.6	191.0	198.4	194.7	187.2
<u>Imports</u>	263.1	269.6	265.7	264.8	245.7	285.8
Petroleum	83.3	84.8	72.6	84.1	66.2	79.0
Nonpetroleum	179.8	184.8	193.1	180.7	179.5	206.8
<u>Trade Balance</u>	<u>-18.7</u>	<u>-27.7</u>	<u>-36.2</u>	<u>-25.4</u>	<u>-12.8</u>	<u>-59.8</u>
<u>Volume (Bil. 72\$, SAAR)</u>						
<u>Exports -Agricultural</u>	19.5	17.5	n.a.	16.5	15.7	n.a.
-Nonagric.	73.2	73.3	n.a.	73.7	70.6	n.a.
<u>Imports -Petroleum</u>	6.3	6.2	n.a.	6.2	5.1	n.a.
-Nonpetrol.	67.8	70.7	n.a.	69.7	69.2	n.a.

*/ International Transactions and GNP basis.

When July and August are taken together, the trade deficit was only moderately larger than the second-quarter average. The value of exports fell about 5 percent. Declines in such items as agricultural commodities (particularly corn), civilian aircraft, and metals more than offset the strong pick-up in coal exports (following the strike) and in other items such as automotive shipments to Canada and construction machinery.

Imports in July-August combined declined by 1 percent from the second-quarter level. A sharp decline in oil imports outweighed a 5 percent rise in nonoil imports. The volume of oil imported in July-August averaged 9 percent less than in the second quarter. Despite sharp month-to-month fluctuations, the trend in oil imports this year has been downward as a result of a drawdown of U.S. oil stocks as well as a continued decline in consumption.

	1981 U.S. Oil Imports					
	<u>1Qtr.</u>	<u>2Qtr.</u>	<u>July/Aug.</u>	<u>June</u>	<u>July</u>	<u>August</u>
Volume (mbd, SA)	6.59	6.52	5.96	6.48	5.38	6.54
Price (\$/BBL)	34.63	35.62	33.39	35.40	33.69	33.09
Value (Bil.\$, SAAR)	83.3	84.8	72.6	84.1	66.2	79.0

The average price of imported oil declined by about \$2.30 per barrel from June to August, reflecting the continued weakness in world oil markets. The August meeting of OPEC failed to reach an agreement on a unified OPEC oil price. Although the Saudis apparently were willing to increase their price by \$2 per barrel in conjunction with corresponding decreases by other producers, they decided to freeze their price at \$32/barrel in the absence of an agreement. At the same time, the Saudis cut production by 1 mb/d in September as a gesture of cooperation as well as to encourage

price cuts by producers facing recent large declines in sales. Nigeria cut its oil price by \$4/barrel (10 percent) following the OPEC meeting, and similar pressure exists for Libya and Algeria to reduce their prices.

The increase in nonoil imports in July-August was spread primarily among industrial supplies (natural gas and steel in particular), machinery, consumer goods, and automotive imports from Canada. A small increase was recorded in the value of automotive imports from Japan and Europe; the increase was about equally divided among passenger cars, trucks, and parts.