

ECONOMIC FORECAST FOR 1959

Before the Philadelphia Rotary Club,
12:30 p.m. on Wednesday, January 14, 1959
Burgundy Room, Bellevue-Stratford Hotel.

Philadelphia Rotary Club, Burgundy Room,
Bellevue-Stratford Hotel, Philadelphia,
12:30 p.m., Wednesday, January 14, 1959.

THE BUSINESS OUTLOOK FOR 1959

MEMBER: L.H.B.M.A. - a perquisite of office.

December Motto: "It's a Nice Day. Let's Louse
it up Some Way."

Charles Hoeflich asked me to speak informally, off the record.

Hazards yet necessity to forecast. No crystal ball.

Tail-end of forecasting season.

1. Agree with standard forecast - audience
nothing new
2. Go out on limb to be dramatic
 - and probably wrong
 - or a scoop if right - not necessarily.
 - as an unknown poet reminds us:

"As we approach life's gray December,
These in the main are our regrets.
When we're right no one remembers,
When we're wrong no one forgets."

Forecasting is analyzing the behavior of people -- whether we like that
behavior or not.

So before talking of 1959, let us look at what we as a people have been doing for the past decade.

I find some basic facts have been overlooked.

Where I differ from standard forecast is in the implications of these changes.

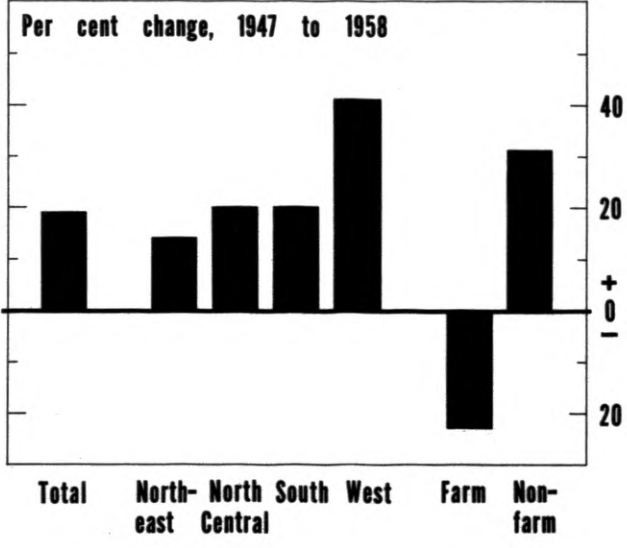
Not too different for 1959.

Is it a mere interlude -

Between the post war explosion
in population
and restocking durables
or a transition to something different?

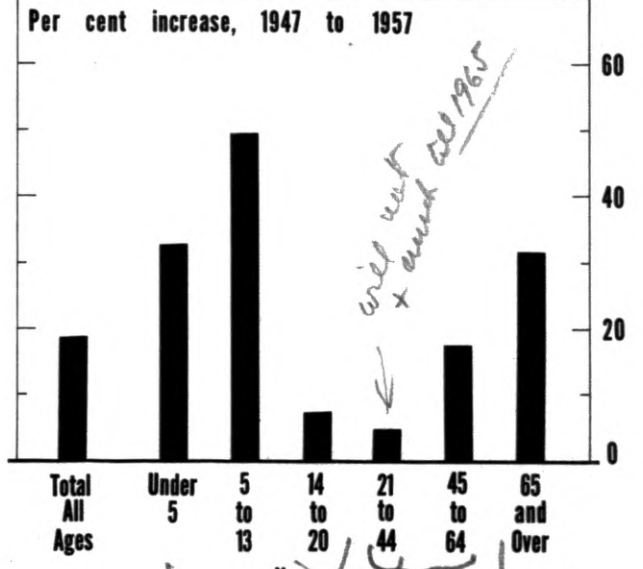
122.5 mill.

GROWTH IN POPULATION



Suburbia

GROWTH IN POPULATION



wild west + growth 1965

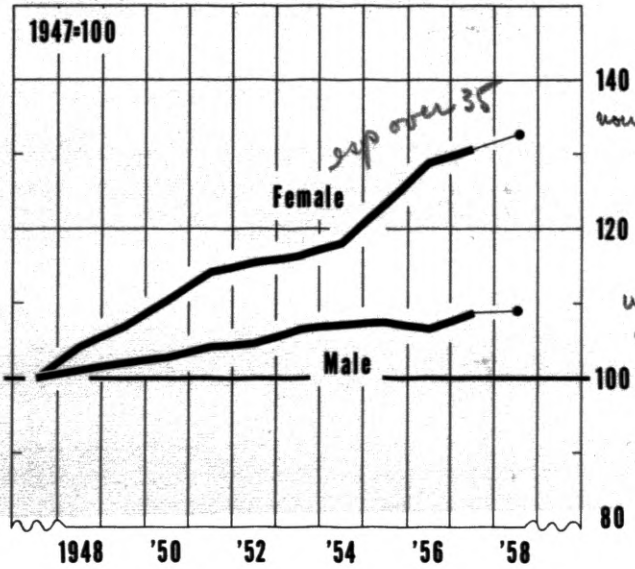
Years +107% +30%

Age @ 1st war

now men 23 women 20 } -1/2 from pre war

68.5 mill

GROWTH IN LABOR FORCE

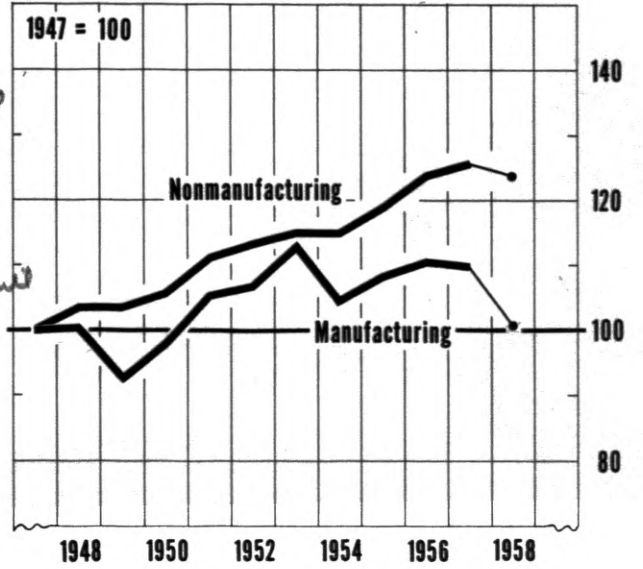


exp over 35

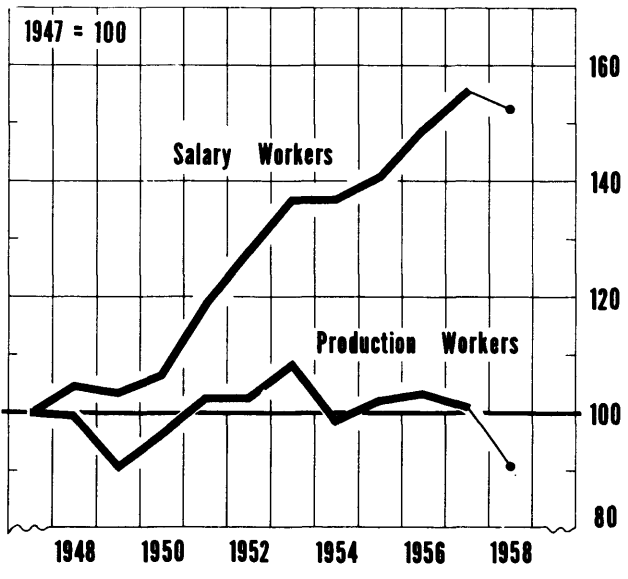
now 22.7 mill or 33.1%

now 45.8 mill or 66.9%

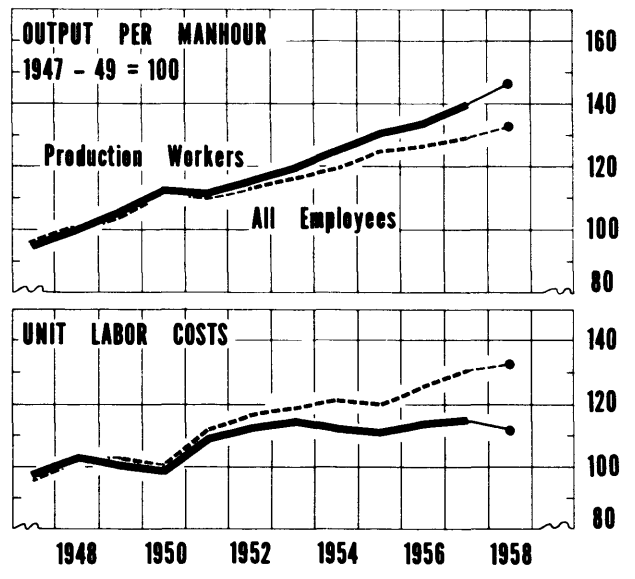
NONFARM EMPLOYMENT



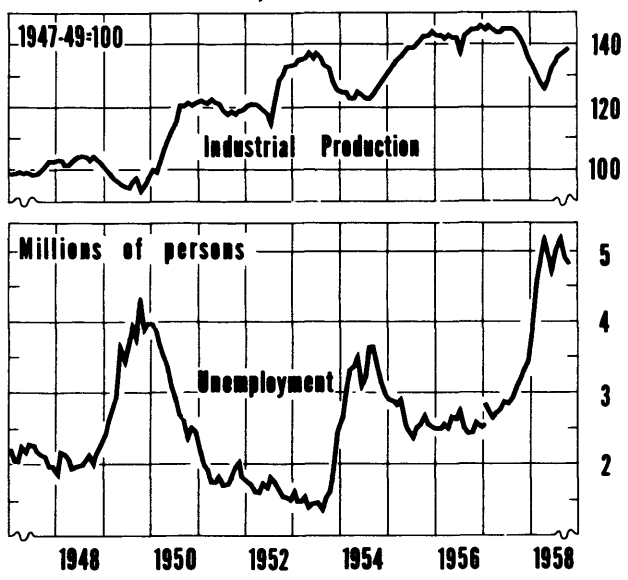
MANUFACTURING EMPLOYMENT



MANUFACTURING



PRODUCTION, UNEMPLOYMENT



LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

[Bureau of the Census estimates without seasonal adjustment. Thousands of persons 14 years of age and over]

5

part - was withdrawn

Year or month	Total non-institutional population	Total labor force	Civilian labor force					Not in the labor force
			Total	Employed ¹			Unemployed	
				Total	In nonagricultural industries	In agriculture		
1945	105,370	65,140	53,860	52,820	44,240	8,580	1,040	40,230
1946	106,370	60,820	57,520	55,250	46,930	8,320	2,270	45,550
1947	107,458	61,608	60,168	58,027	49,761	8,266	2,142	45,850
1948	108,482	62,748	61,442	59,378	51,405	7,973	2,064	45,733
1949	109,623	63,571	62,105	58,710	50,684	8,026	3,395	46,051
1950	110,780	64,599	63,099	59,957	52,450	7,507	3,142	46,181
1951	111,924	65,832	62,884	61,005	53,951	7,054	1,879	46,092
1952	113,119	66,410	62,966	61,293	54,488	6,805	1,673	46,710
1953	115,095	67,362	63,815	62,213	55,651	6,562	1,602	47,732
1954	116,220	67,818	64,468	61,238	54,734	6,504	3,230	48,402
1955	117,388	68,896	65,848	63,193	56,464	6,730	2,654	48,492
1956	118,734	70,387	67,530	64,979	58,394	6,585	2,551	48,348
1957	120,445	70,746	67,946	65,011	58,789	6,222	2,936	49,699
1957—Nov.	121,109	70,790	68,061	64,873	59,057	5,817	3,188	50,318
1957—Dec.	121,221	70,458	67,770	64,396	59,012	5,385	3,374	50,763
1958—Jan.	121,325	69,379	66,732	62,238	57,240	4,998	4,494	51,947
1958—Feb.	121,432	69,804	67,160	61,988	57,158	4,830	5,173	51,627
1958—Mar.	121,555	70,158	67,510	62,311	57,239	5,072	5,198	51,397
1958—Apr.	121,656	70,681	68,027	62,907	57,349	5,558	5,120	50,975
1958—May	121,776	71,603	68,965	64,061	57,789	6,272	4,904	50,173
1958—June	121,900	73,049	70,418	64,981	58,081	6,900	5,437	48,851
1958—July	121,993	73,104	70,473	65,179	58,461	6,718	5,294	48,889
1958—Aug.	122,092	72,703	70,067	65,367	58,746	6,621	4,699	49,389
1958—Sept.	122,219	71,375	68,740	64,629	58,438	6,191	4,111	50,844
1958—Oct.	122,361	71,743	69,111	65,306	58,902	6,404	3,805	50,618
1958—Nov.	122,486	71,112	68,485	64,653	58,958	5,695	3,833	51,374

¹ Includes self-employed, unpaid family, and domestic service workers.
² Beginning 1957 persons waiting to start new wage and salary jobs and those on temporary layoff, previously considered as employed (with a job but not at work), are classified as unemployed, and a small group in school and waiting to start new jobs (previously included as employed) are classified as not in the labor force.

NOTE.—Information relating to persons 14 years of age and over is obtained through interviews of households on a sample basis. Monthly data relate to the calendar week that contains the 12th day; annual data are averages of monthly figures.

EMPLOYMENT IN NONAGRICULTURAL ESTABLISHMENTS, BY INDUSTRY DIVISION

[Bureau of Labor Statistics. In thousands of persons]

Year or month	Total	Manufacturing	Mining	Contract construction	Transportation and public utilities	Trade	Finance	Service	Fed. State & local government
		15,302	826	1,132	3,872	7,532	1,394	4,055	5,967
		14,461	852	1,661	4,023	9,196	1,586	4,621	5,607
		15,290	943	1,982	4,122	9,519	1,641	4,807	5,456
		15,321	982	2,169	4,141	9,513	1,711	4,925	5,614
		14,178	918	2,165	3,949	9,513	1,736	5,000	5,837
1950	44,738	14,967	889	2,333	3,977	9,645	1,824	5,077	6,026
1951	47,347	16,104	916	2,603	4,166	10,012	1,892	5,264	6,389
1952	48,303	16,334	885	2,634	4,185	10,281	1,967	5,411	6,609
1953	49,681	17,238	852	2,622	4,221	10,527	2,038	5,538	6,645
1954	48,431	15,995	777	2,593	4,009	10,520	2,122	5,664	6,751
1955	50,056	16,563	777	2,759	4,062	10,846	2,219	5,916	6,914
1956	51,766	16,903	807	2,929	4,161	11,221	2,308	6,160	7,277
1957	52,162	16,782	809	2,808	4,151	11,302	2,348	6,336	7,626
SEASONALLY ADJUSTED									
1957—Nov.	51,758	16,455	789	2,710	4,104	11,290	2,372	6,367	7,671
1957—Dec.	51,516	16,252	784	2,679	4,070	11,237	2,365	6,382	7,747
1958—Jan.	51,223	15,965	766	2,652	4,045	11,305	2,368	6,368	7,754
1958—Feb.	50,575	15,648	747	2,455	3,990	11,235	2,367	6,367	7,766
1958—Mar.	50,219	15,389	733	2,573	3,930	11,116	2,360	6,330	7,788
1958—Apr.	50,054	15,243	723	2,624	3,890	11,050	2,356	6,352	7,816
1958—May	50,147	15,202	718	2,698	3,877	11,087	2,370	6,360	7,835
1958—June	50,315	15,275	713	2,698	3,888	11,105	2,367	6,392	7,877
1958—July	50,411	15,310	709	2,693	3,877	11,121	2,363	6,433	7,903
1958—Aug.	50,570	15,330	701	2,711	3,867	11,175	2,377	6,420	7,989
1958—Sept.	50,780	15,329	707	2,698	3,858	11,151	2,392	6,440	8,005
1958—Oct.	50,586	15,369	707	2,700	3,882	11,160	2,389	6,403	7,976
1958—Nov.	50,773	15,599	704	2,680	3,872	11,133	2,383	6,424	7,978
WITHOUT SEASONAL ADJUSTMENT									
1957—Nov.	52,316	16,561	793	2,805	4,114	11,557	2,360	6,367	7,759
1957—Dec.	52,610	16,302	788	2,613	4,094	12,076	2,353	6,318	8,067
1958—Jan.	50,477	15,863	766	2,387	3,985	11,140	2,344	6,240	7,749
1958—Feb.	49,777	15,597	747	2,177	3,944	10,948	2,343	6,240	7,789
1958—Mar.	49,690	15,357	733	2,314	3,910	10,939	2,348	6,267	7,822
1958—Apr.	49,726	15,104	716	2,491	3,883	10,940	2,356	6,384	7,850
1958—May	49,949	15,023	711	2,685	3,874	10,961	2,370	6,455	7,870
1958—June	50,413	15,206	717	2,806	3,904	11,035	2,391	6,485	7,866
1958—July	50,178	15,141	705	2,881	3,907	10,984	2,410	6,465	7,664
1958—Aug.	50,576	15,442	708	2,953	3,897	11,011	2,413	6,482	7,678
1958—Sept.	51,237	15,735	711	2,927	3,886	11,151	2,392	6,472	7,943
1958—Oct.	51,135	15,542	707	2,889	3,892	11,231	2,377	6,467	8,030
1958—Nov.	51,325	15,697	708	2,774	3,882	11,397	2,371	6,424	8,072

NOTE.—Data include all full- and part-time employees who worked during, or received pay for, the pay period ending nearest the 15th of the month. Proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the armed forces are excluded. Figures for October and November 1958 are preliminary. Back data may be obtained from the Bureau of Labor Statistics.

Some implications:

Teenagers and Retired people are not great

Home buyers

Car buyers

Durable goods buyers *appliances - Hi-Fi?*

Returning G.I. in a hurry to establish family.

Will be confronted increasingly with

costs of education - which are rising.

Suburbia and big cars have created needs for

Streets

Highways

Garages

Sewers

The "Golden Sixties" will not begin next New Year but will be the late Sixties.

Philadelphia Rotary

Net effect not great on 1959.

I do not differ much from standard forecast for 1959.

We compile them.

Incidentally, these have become more optimistic
month by month.

BOARD ESTIMATES

Consumers in better financial position
larger incomes
more assets
less debt

1958

	YEAR 1958	4TH QUARTER	AS % OF TOTAL*
H 57-3 - 445.6			
L 58-1 - 425.8			
GROSS NATL. PRODUCT	\$436.6	452.5 ✓	100 % ✓
CONSUMER EXP.	290.6	296.5 ✓	65.5 ✓
DURABLES	36.7	39.0 ✓	8.6 ✓
NON DURABLES	142.0	143.9 ✓ +56	31.8 ✓ 57%
SERVICES	111.9	113.6 ✓ +5 up	25.1 ✓
BUSINESS EXP.	53.1	59.8 ✓	13.2 ✓
CONSTRUCTION	36.4	37.9 ✓	8.4 ✓
RESIDENTIAL	17.8	19.9 ✓	4.4 ✓
PRODUCERS' EQUIPM.	22.6	22.9 ✓	5.1 ✓
INVENTORIES	-5.9	-1.0 ✓	0 ✓
FOREIGN	0.5	0.5 ✓	0.1 ✓
GOVERNMENT	92.4	95.7 ✓	21.1 ✓
FEDERAL	52.8	54.8 ✓	12.1 ✓
NATIONAL SECURITY		40.9	
STATE & LOCAL	39.6	40.9 ✓ +2	9.0 ✓

* MAY NOT ADD TO TOTAL DUE TO ROUNDING

Inventories changes Q IV - 1949 -6 to Q IV - 1950 +11 = 17 turnabout
 Q III - 1954 -4 to Q II - 1955 +5 = 9
 Q I - 1958 -9.5 to

Philadelphia Rotary

Objectively - on the over-all - it should be a record-breaking year in -

G.N.P.

Possibly in Industrial Production

Consumer - more income, more assets. less instalment debt
But it will not be a comfortable year.

Nagging unemployment

Dissension internationally

domestically

Congressional Inquiries

The critical second and third quarters -

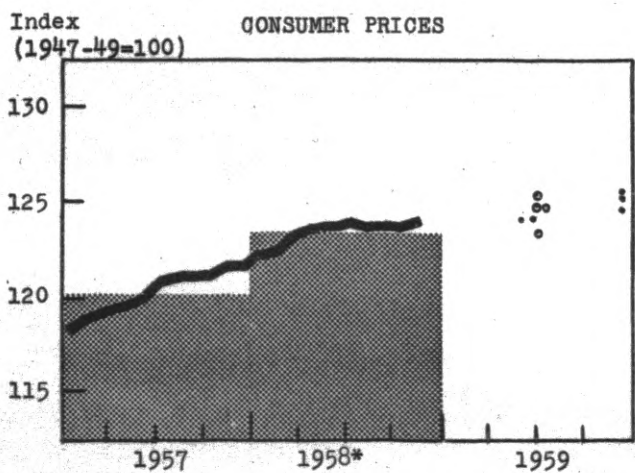
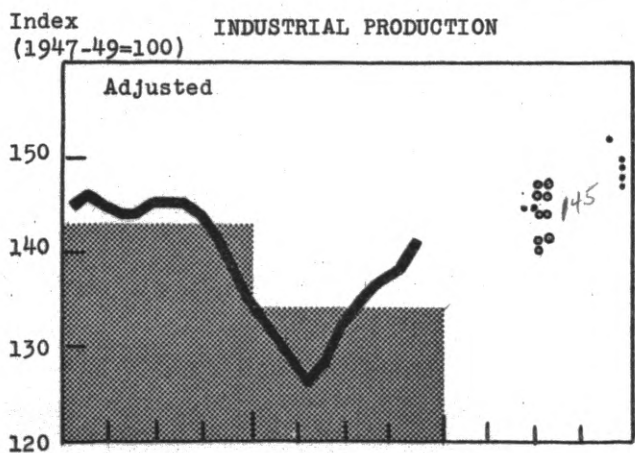
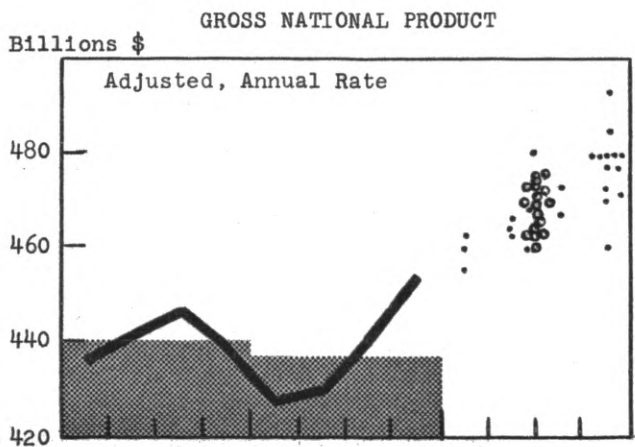
Steel negotiations.

No prediction on Federal Reserve Policy!

This brings me to the point of the story

When to stop!

OVER-ALL OUTLOOK

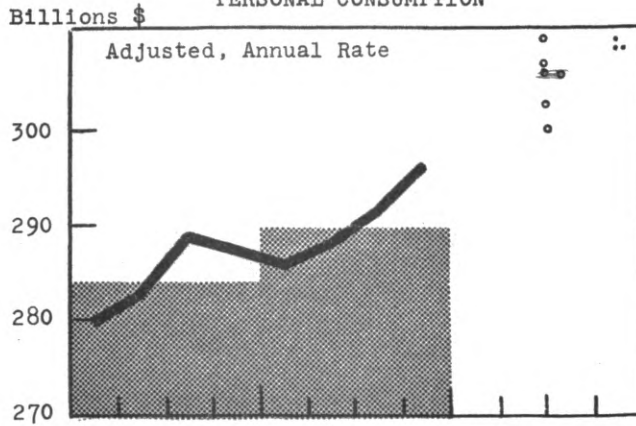


*Year and fourth quarter estimated

• Average for the year

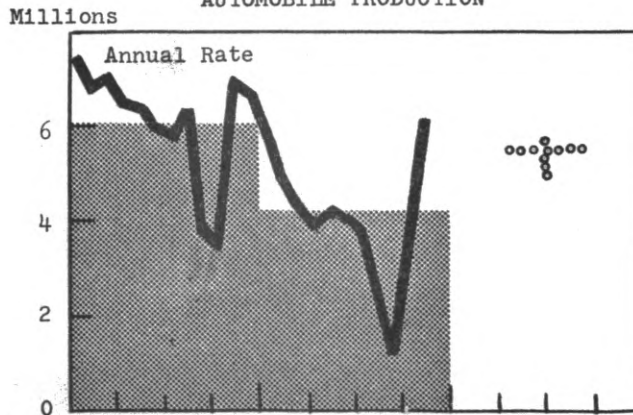
CONSUMER

PERSONAL CONSUMPTION



*Serv + 6
Non Bus + 6
Dua*

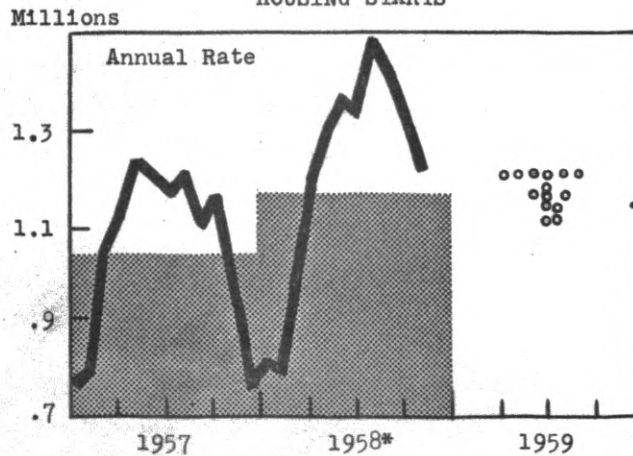
AUTOMOBILE PRODUCTION



*Domestic 5.5 mil,
Imports .3-.4
ca 6.0*

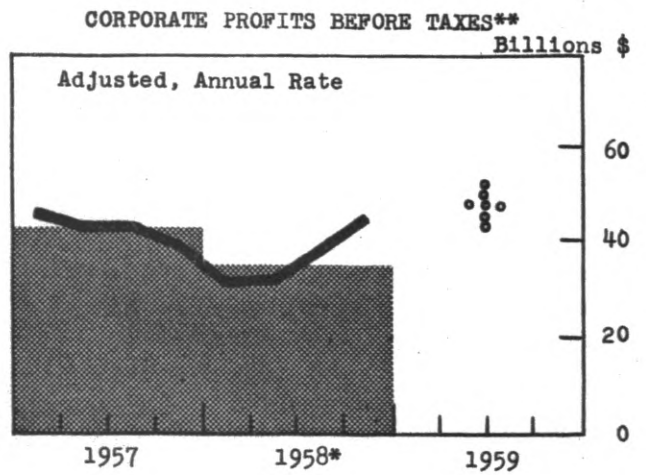
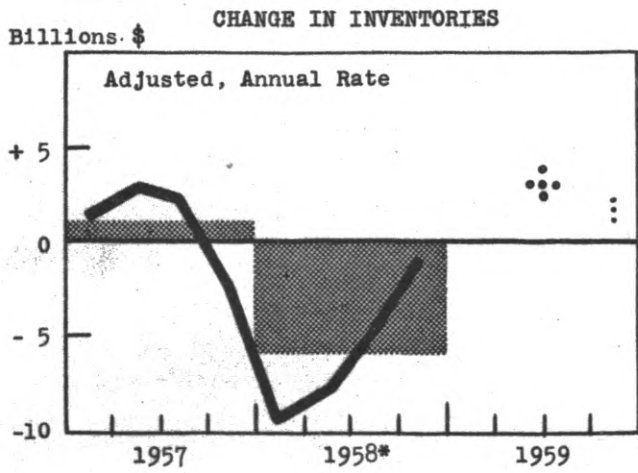
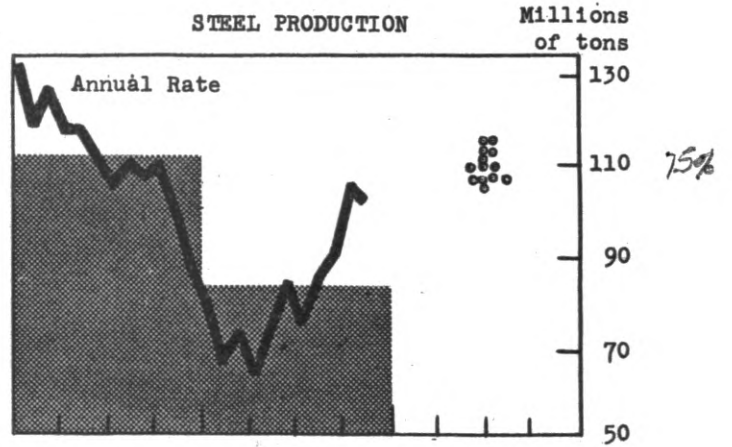
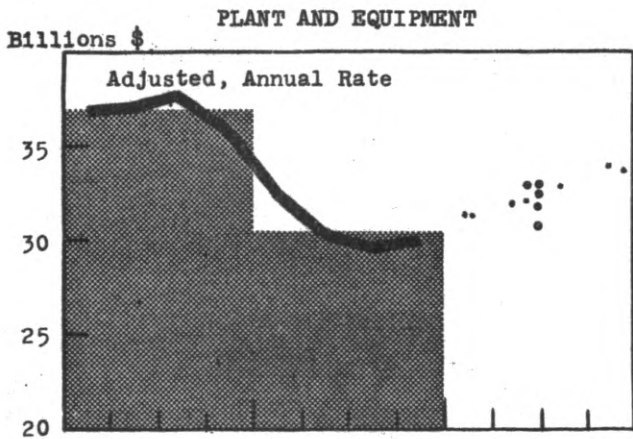
*comeback
but 1958 a very poor yr
not with enough 1955*

HOUSING STARTS

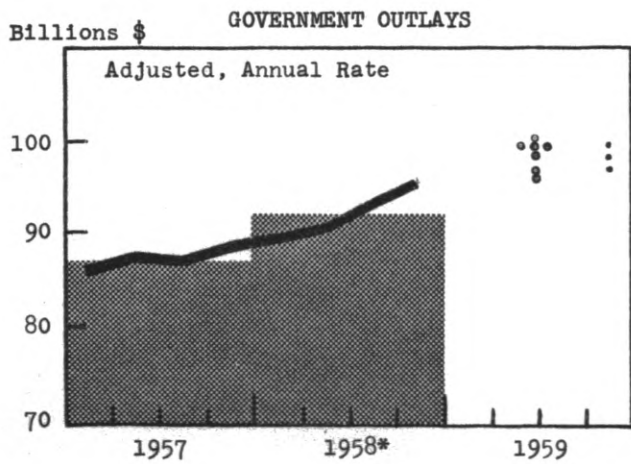


*Year and fourth quarter estimated

BUSINESS



*Year and fourth quarter estimated
 **Third quarter 1958 estimated



*Year and fourth quarter estimated

S U M M A R Y O F B U S I N E S S F O R E C A S T S F O R 1 9 5 9

Prepared by the Research Department

FEDERAL RESERVE BANK OF PHILADELPHIA

January 7, 1959

BUSINESS FORECASTS FOR 1959

FORECASTER AND DATE	GENERAL			CONSUMER			BUSINESS			GOVERNMENT		
	SUMMARY	G N P (\$ bil.)	Industrial Production (1947-49 = 100)	Prices (1947-49 = 100)	Employment (mil.)	Personal Consumption (\$ bil.)	Autos (Sales) (mil.)	Houses (Starts) (mil.)	Business Outlays (\$ bil.)	Steel (Production) (mil.net tons)	Profits (\$ bil.)	Government Outlays (\$ bil.)
Government Economists; J/C 9/16/58				Steady 3-6 mos.	Full by 2nd half							
Forecasters Club; Oct. 1958		1st Q - \$455.5; 2nd Q - \$463; 3rd Q - \$467; 4th Q - \$472.5; Avg. - \$464.5 (4th Q 1958 - \$448)							Capital outlays: 1st Q \$31.5; 2nd Q \$32.0; 3rd Q \$33.0; 4th Q \$34.0; Avg. \$32.6 (4th Q 1958 - \$31.0)			
Edwin George, Director of Economic Research, Dun & Bradstreet; J/C 10/10/58	Slower rise in 1959. Rise in GNP more rapid than industrial production	\$470 - \$475 by next summer	Rise slower in 1959; new peak may occur		Lag behind recovery							
Business Advisory Council; J/C 10/20/58	Majority expect continued strengthening throughout next year	\$480 by mid-year					Uncertainty due to exhausted government stimulants	Capital outlays uncertain				
Consensus of Housing Experts	Housing depends upon a boost in FHA rate and anti-inflation actions of FRB											
a. Jules Backman, Prof., NYU	"As far as housing is concerned, we've had it."											
b. Arnold Chase, Head of Construction Statistics BLS												
c. William Lyon, Pres., NAMS	Housing slowdown due to lack of demand and tight money.											
d. William Doyle, Mortgage Banker House & Home, Nov. 1958	Housing drop-off - discount too much for builders											
F. W. Dodge Survey of 212 Econ. (taken about July) Building Business, Nov. 1958	Improvement in major business indicators. Characterized by steadily rising output and continued inflation	Rise \$5 a Q. Hit \$460 by 4th Q. Just as many picked \$480 as median of \$460	Rise faster than GNP. Hit 147 in Dec. (150 was popular) Rise 5% over 1958	Consumer rise steadily; hit 125.5 in Dec. Wholesale up but less than consumer; hit 121 by Dec.	Relatively slow decline in number unemployed	\$300		May be harmed by excessive credit restrictions. 1.1 rate for 1st half, 1.075 rate for 2nd half	Possible lag in recovery of capital outlays. Rise 6% to \$33 (\$31 in 1958) Constr. gain modest		Lagging profit margins	
University of Michigan's Annual Conference of Economists; EW 11/8/58	More gradual recovery	Avg. \$460 - up 4-5% from 1958. Model was \$457		Won't rise much - 1% or so	Unemployment to decline modestly. Avg. unemploy. - 3.7 Model: to 2.2	No real spree	Crucial mystery		Rebuilding of inventories. Modest upturn in capital outlays in late 1959		Up 20%. Model was \$47.7 (\$32.2 in 1958)	Increase at all levels
Agriculture Department's Outlook Conference	Majority expect steady but unspectacular advance; record constr. gain; inflation check										Rise	
a. Federal Reserve Board												
b. Louis Paradiso, Asst. Dir., OMB	Slowdown early in 1959 - lasting throughout year	\$470 by July 1 \$470 by year's end Hit \$493 before 1959 over					Increase in nondurables. Indecision about durables	Indecision about capital outlays				
c. William Butler, Economist, Chase Manhattan Bank EW 11/22/58												

GENERAL					
FORECASTER AND DATE	SUMMARY	G N P (\$ bil.)	Industrial Production (1947-49 = 100)	Prices (1947-49 = 100)	Employment (mil.)
Survey of Business Executives, <u>Nation's Business</u> , Dec. 1958	Majority expect continued vigorous improvement through 1959; 93% thought money and credit market would have no effect on 1959 plans			38% expect to raise prices; 59% not to change	50% expect to raise employ.; 48% not to change. Avg. gain 2%
Gerhard Colm, Chief Economist, NPA <u>Looking Ahead</u> , Dec. 1958	Probably will not reach full employment level - would have to hit a GNP of \$505 for that	\$468 - \$488.5 by 4th Q			
Conference Board Economic Forum	Higher level of activity in 2nd half. Optimism tinged with reservations about year's staying power. Worried about emerging inflationary psychology.	\$464 in 2nd Q (\$450 end of 1958) \$478 in 4th Q. Avg. \$470-\$475 (in 1958 prices)	145 by June; 148 by Dec. 1959; less gain in 2nd half than GNP	Stability - consumer up 1 point in each half. Wholesale up 1 point 1st half, about 2 points in 2nd	Not quite return to full employment. (Unemployment 4%) Unemployment 16% above avg. in June and about normal in Dec.
a. George Hitchings, Economist, Ford Motor Co. b. Malcolm McNair, Prof., Harvard c. Bradford Smith, Economist, U.S. Steel d. Miles Colean, Economist, BIS <u>NICS Business Outlook</u> , 1959, Dec. 1958					
First National Bank of Chicago, Survey of Bankers, <u>WSJ</u> 12/3/58	Majority say conditions will show improvement over 2nd half of 1958			No general rise	Same as 1958
Robert Dockson, Economist, Univ. of California. <u>Chronicle</u> 12/4/58	Several factors working against increased prices despite expected rise in production	\$465 (\$435 in 1958)		No big rise, rather creeping	Has potential of reaching full employment
Standard & Poor's 1959 Annual Forecast, <u>The Outlook</u> 12/8/58	Complete recovery & start of new highs. "Golden Sixties" boom may start. Upsurge shows great vigor.	\$471 - up 8%. May hit \$480 by end of 1959	Avg. about 146 - hit peak of 152 before end		Somewhat greater gain than in labor force

CONSUMER			BUSINESS			GOVERNMENT
Personal Consumption (\$ bil.)	Autos (Sales) (mil.)	Houses (Starts) (mil.)	Business Outlays (\$ bil.)	Steel (Production) (mil.net tons)	Profits (\$ bil.)	Government Outlays (\$ bil.)
\$310-\$324 by 4th Q			85% reached min. stocks for sales expected. 52% to expand facili- ties		48% expect profits per \$ of sales to rise; 39% no change	\$96-\$98 by 4th Q
Up 4-5% or \$10- \$25 nondur. \$149 by 4th Q; services up 5% - \$120 by 4th Q; dur. up 10% - \$40 by 4th Q	5.5-6 (incl. imports). 5.5 (incl. 0.5 imports)	Reduced rate of increase. Tending to flatten out	Higher but lag- ging. By 4th Q: \$16-\$17 for constr., \$25 for equip., \$1.5 inventory accum., \$20 res. constr., Total \$63.5			State & local hit \$43.5 in 4th Q., Fed. \$54.5 - up \$1.5. Total \$98 in 4th Q
		1.2 (1.17 in 1958)		105-110 (85 in 1958)		
No sharply mounting sales of con- sumer goods	Optimism mixed with caution	Same as 1958				
All 3 cate- gories up; may be big year for cars & appliances			Capital out- lays up \$1-\$2; slow rise in inventories			State and local up \$3
Up almost 5.5%; \$306 (\$290 in 1958) Spending on services & non- durables con- tinues gradual rise. Durables up 15% - sales of cars up sharply. Avg. \$117, \$147.5 & \$41.5 respec- tively.	Production at least 5.5 - up 30%		Stock accumu- lation at \$3 (\$5.4 decline in 1958). Cap- ital outlays up - increase as year passes - accent on modernization of equip. Total up 23% to \$66 (\$53.5 in 1958)			Total up 7%; Fed. up 6.7% to \$56 (\$52.5 in 1958); state & local up 7.6% to \$42.5 (\$39.5 in 1958)

FORECASTER AND DATE	SUMMARY	GENERAL			Employment (mil.)
		G N P (\$ bil.)	Industrial Production (1947-49 = 100)	Prices (1947-49 = 100)	
<u>Journal of Commerce</u> , 12/9/58	Profits' rebound may slacken; will continue only if industrial production hits pre-recession level.		Uncertain it will hit record 137 in 1959. May well avg. 140+		
Annual Panel Discussion of First National Bank of Chicago					
a. Joseph Block, Pres. Inland Steel Co.	Rise steadily in 1st half and most likely 2nd half				Increasing
b. Mark Cresap, Pres. Westinghouse Electric Corp.					
c. Charles Kellstadt, Pres. Searr, Roebuck & Co.	Higher level of activity in 1959. Consumer in good financial shape to incur instalment debt to buy durables			May turn up	
<u>Outlook for Business</u> , 12/9/58					
Lionel D. Edie <u>Monthly Analysis</u> , 12/10/58	Volume about same as 1957; dollar total higher than 1957 peak. Q trend up both in dollars & volume; 1st Q a little higher; next two up moderately from 1st; 4th Q highest	\$462 (\$437 in 1958) - up 6%; inconstant dollar terms same as 1957	144 (134 in 1958) - up 7%; about same as 1957		
U.S. Chamber of Commerce Business Outlook Panel; <u>WSJ</u> 12/12/58	Prospects favorable		Up 5%	Higher	Up 5%
<u>Business Week</u> , 12/13/58	Capital outlays will rise fairly vigorously as recovery goes along				Unemployment in early 1959 - 4.5
Cleveland Trust Company <u>Business Bulletin</u> , 12/16/58	Degree of improvement likely to depend on behavior of consumer durables, inventories, capital outlays, residential building & Federal outlays	\$474 (\$436 in 1958) - up 8.7%	8%-10% higher than 1958's 134	Commodity prices up not more than 1-2%	Will rise
William Story, Pres., Institute of Scrap Iron & Steel; <u>Chronicle</u> , 12/18/58	1959 will show improvement over 1958, but will not be spectacular				

CONSUMER			BUSINESS			GOVERNMENT
Personal Consumption (\$ bil.)	Autos (Sales) (mil.)	Houses (Starts) (mil.)	Business Outlays (\$ bil.)	Steel (Production) (mil.net tons)	Profits (\$ bil.)	Government Outlays (\$ bil.)
		Continuation of the high current rate is hampered by tight money.	Little evidence that substantial stock rebuilding is imminent.		Prospects are less reassuring than have been during past 6 months	
Increase	Marked gain - production up 30%		Some stock accumulation; constr. rise as 1959 progresses	1st half 55-58; year 110-116 (85 in 1958)		
1st half a record. Non-durables rise steadily. Moderate gain in durables			Accum. of stock will start in 1st half. Slow rise in capital goods			
\$303 (\$291 in 1958) - up 4%			Stocks rebuilding; some upturn in capital outlays			\$96 (\$92 in 1958) - up 4%. Q trend upward
	5.5 produced	May taper off in 2nd half due to tight money		115 (85 in 1958)		
			Capital outlays gain in momentum by summer; mfg. lagging			
Household durables up - but home building a factor. Auto gain. \$310 (\$290 in 1958)	Off so much in 1958 that substantial rebound likely. Output within 5%, either way, of 5.7	Likely to gain. Dollar increases partly due to greater costs 1.2	Stock accumulation \$4 (-\$5.5 in 1958)	May exceed 110 (84 in 1958)		Federal up at least 7%. Total \$99.2 (\$92 in 1958)
	5.5 produced	Gain in starts		115		

FORECASTER AND DATE	SUMMARY	GENERAL			CONSUMER				BUSINESS			GOVERNMENT
		G N P (\$ bil.)	Industrial Production (1947-49 = 100)	Prices (1947-49 = 100)	Employment (mil.)	Personal Consumption (\$ bil.)	Autos (Sales (mil.)	Houses (Starts) (mil.)	Business Outlays (\$ bil.)	Steel (Production) (mil.net tons)	Profits (\$ bil.)	Government Outlays (\$ bil.)
Emerson Schmidt, Director of Research U.S. Chamber of Commerce; <u>Chronicle</u> , 12/18/58	Expansion will continue, but possibly at a reduced rate	Rise \$25 to \$470-\$480; \$500 in 1960 (\$450 in 4th Q 1958)	Up		Unemployment not likely to drop to pre- recession levels	Good financial condition to buy durables	5.5 (4.3 in 1958)	1.15-1.2	Some stock re- building; un- evenness in constr. - some fields up, others down; no strong expansion		Up - but uneven	Up \$6-\$7
Gordon McKinley, Dir. of Economics & Investment Research, Prudential Insurance Co. <u>Chronicle</u> , 12/18/58	Strong consumer buying and increased general activity. By end, near capacity operations.	Over \$470; up \$34	Increased substantially	Steady in first half	Up 1.6. Unem- ployment at normal level by 2nd half	Up \$16 to \$307; trend toward durables		1.2 (includ- ing 50,000 public) Outlays up \$1 bil.	Capital out- lays up \$2; constr up in 2nd half; equip. throughout year. Inventory accu- mulation - \$2.5, mostly retail		Marked improvement	Federal up \$3.5; state & local up \$4. Total hit \$100
National Securities & Research Corp.; <u>J.C</u> 12/24/58	Further substantial gains in basic economic forces	\$473	144 (134 in 1958)								After tax, \$21.5 - up 20% from \$17.8 in 1958	
Sumer Slichter; <u>Chronicle</u> , 12/25/58	GNP will be above 1958 even if capital spending remains unchanged	Avg. \$468; hit \$480 by 4th Q			Unemployment at adj. rate of 4.0% in Dec.	Up to \$306			Modest rise in business in- vest. - \$2; some stock ac- cumulation - \$3; total outlays \$65.5			Up \$5.0 from \$92 in 1958. Hit \$97
<u>U.S. News & World Report</u> , 12/26/58	Assuming a strong upturn	\$470	147								Tumble \$48 (\$36 in 1958)	
Department of Commerce's Survey of Industries; <u>WBJ</u> 12/26/58	Recovery will continue into 1959 at a good pace							Production up 30% - 5.5 (4.2 in 1958)		105-110	Comfortable increase over 1958	
<u>Business Week</u> , 12/27/58	Gradually increasing activity; no major relapse	\$485 by 4th Q; \$463 in 1st Q		Creep higher	Unemployment above 3.8%	\$5 each for durables and nondurables		Feel tight money pinch in last half	Upturn in capi- tal outlays not strongly felt until mid-1959			
J. A. Livingston's Survey of Economists; <u>Bulletin</u> 12/28/58	Slow, steady rise	\$460 by June; \$471 by Dec. (\$453 in 4th Q 1958)	145 by June; 149 by Dec. (Nov. 141)	Whole. - 119.5 by June; 120.1 by Dec. Cons.- 124.2 by June; 124.9 by Dec.	Unemployment: 3.6 in June; 3.5 in Dec.			1.19 in June; 1.15 in Dec.	Capital out- lays \$32.25 by June; \$33.75 by Dec. (\$29.9 in 4th Q 1958)			
<u>Time</u> ; 12/29/58	GNP rise of \$10 bil. in each of 1st two Qs; then flatten out	Up 6% - \$480 by year's end		Held down by productivity	Unemployment stay at 4.1 in winter; then drop to 2.5				Stocks slowly up. Capital outlays up \$1 to \$31			

FORECASTER AND DATE	SUMMARY	GENERAL			CONSUMER				BUSINESS			Government Outlays (\$ bil.)
		G N P (\$ bil.)	Industrial Production (1947-49 = 100)	Prices (1947-49 = 100)	Employment (mil.)	Personal Consumption (\$ bil.)	Autos (Sales) (mil.)	Houses (Starts) (mil.)	Business Outlays (\$ bil.)	Steel (Production) (mil.net tons)	Profits (\$ bil.)	
<u>Fortune</u> , January 1959	Economy entering new high ground - hit \$500 bil. in 1960. 1959 "best year ever". Pace of advance in 2nd half about half that of preceding 12 months.	\$475 - up 9%	Up 12%	Little change		Up		Down from recent high rates (1.33 in Nov.)	Inventory and capital outlays up			
<u>U.S. News & World Report</u> , 1/2/59	Good times back; by late 1959 activity will be considerably higher; 1st Q - better than any time of 1958; 2nd Q - little higher than 1st - inventory accumulation; 3rd Q - some slowing; 4th Q - new highs - capital outlays up	\$480 by year's end	Record 150 in 4th Q (140 in 4th of 1958)	Consumer rise less than 2%	Up. Hit 66.6 by end (64.7 end 1958) Unemployment 3.5 end 1959 (3.9 end 1958)	\$310 by 4th Q (\$296.5 now); durables up	Output up - 5.5 (4.2 in 1958), foreign sales 0.5	1.2 (1.2 in 1958)	\$70.2 by 4th Q (\$62.1 now)	112 (85.3 in 1958)	After tax - \$25.9 by 4th Q (\$21.6 now) Avg. \$24.2; 1958 - \$17.9	\$99 by 4th Q (\$94.7 now)
American Economic Association Convention (Consensus according to <u>Business Week</u>)	Recovery carried through 1st half by stock accumulations and government spending. Will it be enough to revive capital spending which is necessary to raise economy higher?	\$470 or higher										
a. Ezra Solomon, University of Chicago; <u>BW</u> 1/3/59		Avg. - \$473. \$480 in 4th Q	147		Full by year's end	Up smartly; durables up about \$6		Up	Stock accumulation of \$3 (-\$6 in 1958)			\$99 (\$92 in 1958)
J. A. Livingston, Financial Editor; <u>Bulletin</u> , 1/5/59	Prosperity. Good year, but no boom if auto sales drag	\$460 in 1st Q; \$466 in 2nd Q; \$473 in 3rd Q; \$480 in 4th Q. (\$453 in 4th Q 1958)	Up to 145 or 146 and ceiling there	Consumer won't advance much	Employment up. Unemployment won't decline as rapidly as after previous two recessions; hit 5 in June	Rise	Drag on economy in 1959	Strong in 1st half; may decline in 2nd	Stock rebuilding; capital outlays won't rise	Better		Up
Consensus of Economists; <u>WSJ</u> 1/6/59	Improve over 1958; business dotted with soft spots: unemployment, housing starts, capital spending, and farm income	\$463		Little rise in consumer	Unemployment decline, but still higher than immediately before recession		5-5.25 produced	Housing hampered by tight money	Capital outlays below pre-recession levels			
Guaranty Trust Co.; <u>The Guaranty Survey</u> , Jan. 1959	Outlook for continuing gains generally promising. Rise may not be as spectacular as in the 1955 recovery, but this could be a blessing, since 1955 boom produced troublesome distortions	By end could be running at \$475-\$480				Further rise; \$12-\$13 higher than present rate by end of year	Uncertainty as to increase	Leveling-out will occur early in 1959	Capital outlays running several bil. \$ above present rate by end of 1959. Stock accumulation of several bil. \$ by end of 1959			State & local \$3 higher than present rate by end of 1959. Fed. also above present rate

PRICES

Hersey Riley, Head BIS;
EW, Dec. 27, 1958

Expects wholesale prices to rise 1 - 2 per cent in 1959. Consumer prices to remain steady

CONSTRUCTION

F. W. Dodge Corp;
WSJ, Nov. 17, 1958

Contract awards up 3% to \$35.6 billion. All major groups increasing. Tight money restraint on housing starts

Commerce & Labor Dept.,
WSJ, Nov. 17, 1958

Record in physical and dollar terms. Total up 7% to \$52.3 billion. Mortgage money to be tight.

Associated General Contractors;
Realtors Headlines, Dec. 29, 1958

Expect construction to rise 6 per cent to \$72 billion

PERSONAL CONSUMPTION

Survey of Consumer Attitudes,
University of Michigan;
U.S. News, Dec. 12, 1958

Consumers not in mood to go on spending spree. Recovery in durables slower than in 1954-1955

AUTOMOBILE SALES

Stahl Edmonds, Economist, Ford Motor Co.;
EW, Nov. 8, 1958

Automobile sales of 5.5 million

Hans Brems, Prof., University of Illinois;
EW, Nov. 8, 1958

Automobile sales of 6 million or more

HOUSING STARTS

Albert Cole, Administrator, Housing
and Home Finance Agency;
WSJ, Oct. 14, 1958

Same number of housing starts as in 1958 - 1.12 million. Does not expect tight money to stop 1959 from being a very good year

Commerce & Labor Depts;
WSJ, Nov. 17, 1958

Housing starts to be 1.2 million compared with 1.17 million in 1958. Will taper off after early months because of tight money

Walter Graves, Pres., NAHB;
House & Home, Dec. 1958

Starts will equal or exceed 1958's 1.12 million

Joseph Motoka, Pres., U.S.S.&L. League;
House & Home, Dec. 1958

Between 1.1 - 1.2 million

Arthur Welmer, Economist, U.S.S.&L. League;
House & Home, Dec. 1958

About 1.2 million

Walter C. Nelson, Pres., Mortgage Bankers
Assn. of America;
American Banker, Dec. 24, 1958

Predicts that starts will total 1.2 million

National Assn. of Home Builders' Survey;
U.S. News, Dec. 26, 1958

Expect more starts than in 1958

Associated General Contractors;
Realtors Headlines, Dec. 29, 1958

Starts will total at least 1.19 million

PLANT AND EQUIPMENT EXPENDITURES

McGraw-Hill Survey of Plant & Equipment
Spending Plans;
EN, Nov. 8, 1958

Outlays up 1% to \$33 billion. Growing
emphasis on modernization

SBC and Commerce Dept. Survey of Capital
Expenditures;
WSJ, Dec. 10, 1958

Capital outlays in first quarter \$30.5
billion compared with \$29.9 billion
in fourth quarter of 1958

STEEL

Steelmen's Consensus;
EN, Nov. 1, 1958

Up 30% to 110 million tons; 7% of
capacity. First half best

Max Howell, V.P., American Iron &
Steel Institute;
WSJ, Dec. 22, 1958

A steel comeback year, but prospects
marred somewhat by strike possibility
Production to be 100 - 110 million
net tons compared with 85 million
in 1958

R.L. Gray, Pres., Armco Steel;
WSJ, Dec. 30, 1958

Expects steel production in 1959 will
total 108 million net tons compared
with 85 million in 1958

Arthur Homer, Pres., Bethlehem Steel;
WSJ, Jan. 2, 1959

Estimates 1959 steel production at
110 million tons (Puts 1958 tonnage
at 85 million)

John Neudoerfer, Chairman of Board,
Wheeling Steel;
WSJ, Jan. 2, 1959

Steel output in first half between
55 - 58 million net tons. Year output
will hit 110 - 116 million tons.
Placed 1958 production at 84 - 85
million tons

CORPORATE PROFITS

Federal Reserve Economists;
EN, Jan. 3, 1959

Think that profits will soar to \$50 billion
in 1959

Levis L. Schellbach, Standard & Poor's;
EN, Jan. 3, 1959

Thinks profits increase will probably be
limited to less than \$9 billion - or a
total of \$45 billion, at best