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FIRST QUARTER 1969 -
. CORPORATE PROFITS
. REVISED GNP
. FEDERAL RECEIPTS AND EXPENDITURES

Before-tax book profits of corporations rose slightly in the first quarter of 1969 to a seasonally adjusted annual rate of $96 billion, according to preliminary estimates announced today by the Commerce Department's Office of Business Economics. Although this total was a record, it was only $1/4 billion above the October-December period and represented the smallest quarterly increase in two years.

Nonmanufacturing industries, especially financial institutions and utilities, registered further gains in profits in the first quarter. Manufacturers' book profits were down, largely because of lower earnings in the automobile industry. Changes for other manufacturing industries were more moderate and offsetting.

Corporate profits tax liability rose fractionally to $43 billion at a seasonally adjusted annual rate and after-tax earnings reached $53 billion. Dividend payments, at $25-1/2 billion, were unchanged from the fourth quarter rate and retained earnings reached $27-3/4 billion. With capital consumption allowances (mainly depreciation charges) continuing to rise, corporate cash flow reached $77 billion, up $1 billion from the fourth quarter.

[More]

Book profits include gains or losses due to the difference between the replacement cost of goods taken out of inventory and the cost at which they are charged to production. However, when OBE measures corporate profits for national income purposes, it excludes such inventory profits or losses through an "inventory valuation adjustment" (IVA). The national income measure of pre-tax corporate profits declined $1-3/4 billion in the first quarter of this year to a seasonally adjusted annual rate of $90 billion. This decline occurred because the corporate IVA changed from minus $3-3/4 billion in the fourth quarter to minus $6 billion in the first, as the rise in wholesale prices accelerated.

Revised first quarter GNP

GNP in the first quarter increased about $16 billion to a total of $903-1/4 billion at a seasonally adjusted annual rate, about the same as the preliminary estimate issued last month. A downward revision of consumer spending on nondurable goods was offset by increases in State and local purchases and inventory investment. The 1-3/4 percent increase in GNP consisted of a price rise of slightly more than 1 percent and an increase in the physical volume of production of almost 3/4 of 1 percent.

Federal Government Receipts and Expenditures

The Federal Government recorded a $7-1/4 billion surplus, on a national income basis, a sharp increase from the $1/4 billion surplus in the fourth quarter. As a percent of GNP, this was the largest quarterly surplus since early 1960, and on an absolute basis, the largest since 1951.

Federal receipts increased nearly $10 billion, compared with a $3 billion rise in expenditures. Personal taxes advanced $5-1/2 billion. Final settlements resulting from the retroactive nature of the 1968 surtax accounted for $3 billion of the rise. Social insurance contributions were $4 billion above the fourth quarter; most of this advance was due to higher social security rates that became effective January 1. Corporate profits and indirect business tax accruals were about the same as in the fourth quarter. Expenditure increases centered in nondefense areas, with defense purchases showing a slight advance.

The accompanying tables show: (1) Corporate profits and the other components of national income; (2) Prices, costs, and profits per unit of output for nonfinancial corporations; (3) Gross national product and disposition of personal income; and (4) Federal Government receipts and expenditures. Additional data will appear in the May issue of the Survey of Current Business, monthly magazine of the Office of Business Economics.

The Survey is available from the Field Offices of the Department of Commerce or from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, at an annual subscription price of $9, including weekly supplements; single copy, $1.

[More]

FORM BE-681
(3-7-66)

U.S. DEPARTMENT OF COMMERCE
OFFICE OF BUSINESS ECONOMICS

Table 1

NATIONAL INCOME BY TYPE OF INCOME
(Billions of dollars)

	1966	1967	1968	1968 I	1968 II	1968 III	1968 IV	1969 I 1/
				Seasonally adjusted at annual rates				
National income	620.8	652.9	712.8	688.1	705.4	722.5	735.1	748.7
Compensation of employees	435.6	468.2	513.6	496.8	507.1	519.7	530.7	545.2
Wages and salaries	394.6	423.4	463.5	448.3	457.6	469.0	479.0	490.8
Private	316.9	337.1	367.2	355.7	362.8	370.9	379.2	389.4
Military	14.6	16.3	18.3	17.5	17.8	18.9	18.8	18.8
Government civilian	63.1	70.0	78.1	75.2	77.0	79.1	81.1	82.6
Supplements to wages and salaries	41.1	44.8	50.1	48.4	49.4	50.7	51.7	54.4
Employer contributions for social insurance	20.2	21.5	23.9	23.5	23.7	24.2	24.4	26.3
Other labor income	20.8	23.3	26.1	25.0	25.7	26.5	27.3	28.0
Proprietors' income	60.7	60.7	62.9	61.8	62.6	63.4	63.7	63.6
Business and professional	44.8	46.3	47.8	47.2	47.8	48.0	48.2	48.3
Farm	15.9	14.4	15.1	14.6	14.8	15.4	15.5	15.2
Rental income of persons	19.8	20.3	21.0	20.7	20.9	21.0	21.2	21.4
Corporate profits and inventory valuation adjustment	83.9	80.4	89.1	83.8	89.2	91.6	91.8	90.1
Profits before tax	85.6	81.6	92.3	88.9	91.8	92.7	95.7	96.0
Profits tax liability	34.6	33.5	41.3	39.8	41.1	41.5	42.8	43.0
Profits after tax	51.0	48.1	51.0	49.1	50.7	51.2	52.8	53.0
Dividends	21.7	22.9	24.6	23.6	24.4	25.2	25.4	25.4
Undistributed profits	29.3	25.2	26.3	25.5	26.3	26.0	27.5	27.7
Inventory valuation adjustment	-1.7	-1.2	-3.1	-5.1	-2.7	-1.0	-3.8	-5.9
Net interest	20.8	23.3	26.3	25.0	25.8	26.7	27.6	28.4

1/ First quarter 1969 corporate profits and related totals are preliminary and subject to revision next month.

Source: U.S. Department of Commerce, Office of Business Economics.

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FORM BE-729
(11-68)

U.S. DEPARTMENT OF COMMERCE
OFFICE OF BUSINESS ECONOMICS

Table 2

NONFINANCIAL CORPORATIONS: GROSS PRODUCT AND UNIT COSTS 1/

	1966	1967	1968	1968 I	1968 II	1968 III	1968 IV	1969 I 2/
				Seasonally adjusted at annual rates				
				Billions of dollars				
Gross product originating in nonfinancial corporations	413.8	433.0	472.9	455.9	468.6	479.0	488.2	497.7
Capital consumption allowances	38.6	42.2	45.8	44.4	45.4	46.3	47.1	48.0
Indirect business taxes plus transfer payments less subsidies	36.5	38.8	42.5	40.7	41.8	43.0	44.3	45.6
Compensation of employees	261.1	277.0	301.8	292.5	298.3	304.9	311.4	320.2
Wages and salaries	233.3	246.8	268.0	259.8	264.9	270.7	276.6	283.5
Supplements to wages and salaries	27.7	30.2	33.8	32.7	33.4	34.2	34.8	36.7
Net interest	7.2	8.5	9.2	9.0	9.1	9.3	9.4	9.5
Corporate profits and inventory valuation adjustment	70.4	66.4	73.7	69.3	74.0	75.6	75.9	74.4
Profits before tax	72.2	67.6	76.8	74.4	76.6	76.6	79.7	80.3
Profits tax liability	30.4	28.8	35.7	34.5	35.6	35.7	37.1	37.0
Profits after tax	41.8	38.8	41.1	39.9	41.0	41.0	42.6	43.2
Dividends	19.1	20.1	21.6	20.7	21.4	22.0	22.2	22.5
Undistributed profits	22.7	18.8	19.5	19.2	19.6	18.9	20.4	20.7
Inventory valuation adjustment	-1.7	-1.2	-3.1	-5.1	-2.7	-1.0	-3.8	-5.9
				Billions of 1958 dollars				
Gross product originating in nonfinancial corporations	385.5	392.3	416.3	405.9	413.5	420.8	425.3	430.0
				Dollars				
Current dollar cost per unit of 1958 dollar gross product originating in nonfinancial corporations 3/	1.074	1.104	1.136	1.123	1.133	1.138	1.148	1.157
Capital consumption allowances	.100	.108	.110	.109	.110	.110	.111	.112
Indirect business taxes plus transfer payments less subsidies	.095	.099	.102	.100	.101	.102	.104	.106
Compensation of employees	.677	.706	.725	.721	.721	.725	.733	.745
Net interest	.019	.022	.022	.022	.022	.022	.022	.022
Corporate profits and inventory valuation adjustment	.183	.169	.177	.171	.179	.180	.179	.173
Profits tax liability	.079	.073	.086	.085	.086	.085	.087	.086
Profits after tax plus inventory valuation adjustment	.104	.096	.091	.086	.093	.095	.091	.087

1/ Excludes gross product originating in the rest of the world.
2/ First quarter 1969 corporate profits and related totals are preliminary and subject to revision next month.
3/ This is equal to the deflator for gross product of nonfinancial corporations, with the decimal point shifted two places to the left.

Source: [illegible] Department of Commerce, Office of Business Economics.

Table 3

FORM BE-679 (2-5-69)

GROSS NATIONAL PRODUCT AND DISPOSITION OF PERSONAL INCOME

U.S. DEPARTMENT OF COMMERCE OFFICE OF BUSINESS ECONOMICS

GROSS NATIONAL PRODUCT	1966	1967	1968	1968 I	1968 II	1968 III	1968 IV	1969 I	1966	1967	1968	1968 I	1968 II	1968 III	1968 IV	1969 I
				Seasonally adjusted at annual rates								Seasonally adjusted at annual rates				
	Billions of current dollars								Billions of 1958 dollars							
Gross national product	747.6	789.7	860.6	831.2	852.9	871.0	887.4	903.3	657.1	673.1	706.7	692.7	703.4	712.3	718.4	723.5
Personal consumption expenditures	465.5	492.2	533.8	519.4	527.9	541.1	546.8	557.4	417.8	430.5	450.9	444.9	447.5	455.7	455.4	460.1
Durable goods	70.5	72.6	82.5	79.0	81.0	85.1	85.1	86.8	71.3	72.4	80.1	77.3	78.9	82.5	81.7	82.9
Nondurable goods	206.7	215.8	230.3	226.5	228.2	232.7	233.7	238.1	186.9	191.1	197.1	196.5	196.1	198.5	197.3	199.4
Services	188.3	203.8	221.0	213.9	218.7	223.4	228.0	232.5	159.5	167.0	173.7	171.0	172.6	174.8	176.4	177.8
Gross private domestic investment	120.8	114.3	127.7	119.7	127.3	127.1	136.6	139.0	108.8	99.5	106.9	101.5	107.3	105.8	113.1	113.1
Fixed investment	106.1	108.2	119.9	117.6	116.5	119.6	126.0	132.1	94.9	93.6	99.8	99.5	97.4	99.0	103.5	107.0
Nonresidential	81.3	83.6	90.0	88.6	87.0	90.1	94.3	99.6	73.8	73.7	76.8	76.5	74.5	76.6	79.6	83.0
Structures	28.5	27.9	29.2	29.6	28.5	28.8	29.9	32.2	23.9	22.6	22.5	23.4	22.1	21.9	22.6	23.7
Producers' durable equipment	52.8	55.7	60.8	59.0	58.5	61.3	64.5	67.4	49.9	51.1	54.3	53.0	52.4	54.7	57.0	59.4
Residential structures	24.8	24.6	29.9	29.1	29.5	29.5	31.6	32.5	21.1	19.9	23.1	23.0	22.9	22.4	23.9	23.9
Nonfarm	24.3	24.0	29.3	28.5	28.9	28.9	31.0	31.8	20.7	19.5	22.6	22.6	22.5	21.9	23.4	23.5
Farm	.5	.6	.6	.6	.6	.6	.6	.6	.5	.5	.5	.5	.5	.5	.5	.5
Change in business inventories	14.7	6.1	7.7	2.1	10.8	7.5	10.6	6.9	13.9	5.9	7.1	2.0	9.9	6.8	9.6	6.1
Nonfarm	14.9	5.6	7.3	1.6	10.4	7.3	9.7	6.2	14.1	5.3	6.6	1.6	9.6	6.6	8.8	5.4
Farm	-.2	.5	.5	.4	.4	.1	.9	.8	-.2	.6	.5	.4	.4	.1	.9	.7
Net exports of goods and services	5.1	4.8	2.0	1.5	2.0	3.3	1.0	.0	4.0	2.4	-.3	-.1	-.6	.7	-1.3	-2.3
Exports	43.1	45.8	50.0	47.5	49.9	52.6	50.1	46.6	40.1	41.8	45.3	44.0	44.7	47.6	44.9	41.2
Imports	38.1	41.0	48.1	46.0	47.9	49.4	49.1	46.6	36.1	39.3	45.6	44.1	45.4	46.9	46.2	43.5
Government purchases of goods and services	156.2	178.4	197.2	190.5	195.7	199.6	203.0	206.9	126.5	140.7	149.2	146.5	149.2	150.1	151.2	152.5
Federal	77.4	90.6	100.0	97.1	100.0	101.2	101.7	102.4	65.2	74.8	79.3	78.1	80.1	79.5	79.3	79.3
National defense	60.6	72.4	78.9	76.8	79.0	79.6	80.0	80.2	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
Other	16.8	18.2	21.1	20.3	21.0	21.5	21.7	22.2	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
State and local	78.8	87.8	97.2	93.4	95.6	98.4	101.2	104.5	61.3	65.9	70.0	68.4	69.1	70.6	71.8	73.2
Addendum:																
Implicit price deflator for GNP, index numbers, 1958 = 100	113.8	117.3	121.8	120.0	121.2	122.3	123.5	124.9	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
DISPOSITION OF PERSONAL INCOME																
Personal income	586.8	628.8	685.8	662.7	678.1	694.3	708.2	721.7	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
Less: Personal tax and nontax payments	75.3	82.5	96.9	88.3	91.9	101.6	105.8	112.5	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
Equals: Disposable personal income	511.6	546.3	589.0	574.4	586.3	592.7	602.4	609.2	459.2	478.0	497.5	491.8	497.1	499.2	501.7	502.8
Less: Personal outlays	478.6	506.2	548.2	533.5	542.3	555.6	561.6	572.3	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
Equals: Personal saving	32.9	40.2	40.7	40.8	44.0	37.1	40.9	36.9	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
Personal saving as a percentage of disposable personal income	6.4 %	7.4%	6.9%	7.3%	7.5%	6.3 %	6.8%	6.1%	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX

Source: U.S. Department of Commerce, Office of Business Economics.

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FORM BE-737
(2-6-69)

U.S. DEPARTMENT OF COMMERCE
OFFICE OF BUSINESS ECONOMICS

Table 4

FEDERAL GOVERNMENT RECEIPTS AND EXPENDITURES
(Billions of dollars)

	1966	1967	1968	1968 I	1968 II	1968 III	1968 IV	1969 I 1/
				Seasonally adjusted at annual rates				
Federal Government receipts	143.0	151.2	176.9	166.6	171.8	182.1	187.0	196.9
Personal tax and nontax receipts	61.7	67.3	79.3	72.0	74.9	83.7	86.8	92.4
Corporate profits tax accruals	32.4	30.9	38.4	37.0	38.2	38.6	39.8	39.9
Indirect business tax and nontax accruals	15.8	16.2	17.6	17.0	17.5	17.8	18.1	18.3
Contributions for social insurance	33.1	36.8	41.5	40.5	41.2	42.0	42.4	46.3
Federal Government expenditures	142.4	163.6	182.2	175.1	181.9	184.9	186.9	189.7
Purchases of goods and services	77.4	90.6	100.0	97.1	100.0	101.2	101.7	102.4
National defense	60.6	72.4	78.9	76.8	79.0	79.6	80.0	80.2
Other	16.8	18.2	21.1	20.3	21.0	21.5	21.7	22.2
Transfer payments	35.7	42.3	47.8	45.1	47.7	48.7	49.5	50.5
To persons	33.4	40.1	45.7	43.2	45.6	46.6	47.4	48.8
To foreigners (net)	2.3	2.2	2.0	1.9	2.1	2.1	2.1	1.7
Grants-in-aid to State and local governments	14.4	15.7	18.4	17.7	18.3	18.5	19.2	19.8
Net interest paid	9.5	10.3	11.9	11.3	11.8	12.1	12.3	12.6
Subsidies less current surplus of government enterprises	5.4	4.8	4.1	3.9	4.1	4.4	4.1	4.4
Surplus or deficit (-), national income and product accounts	.7	-12.4	-5.4	-8.6	-10.2	-2.8	.2	7.2

Source: U.S. Department of Commerce, Office of Business Economics.

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1/ First quarter 1969 corporate profits tax accruals and related totals are preliminary and subject to revision next month.