

weakened as sales tapered, inventories rose and it became necessary to accelerate merchandising efforts.

Investment trends mixed

Residential construction activity was reported substantially unchanged for the spring quarter. Business fixed investment was up somewhat, as equipment spending held even or advanced in nearly all major industries. The spurt in inventory accumulation which accounted for more than \$11 billion of the first-quarter annual rate of GNP subsided, but stocking still absorbed about 1 percent of total output.

Outlays for residential construction have shown signs of leveling off recently, at an annual rate down \$2 billion, or close to 10 percent, from the alltime peak reached a year ago. Not much new strength is yet apparent, however, in the course of reported starts or of applications for government loan backing.

Capital market conditions have eased considerably since the turn of the year; yields on long-term Treasury bonds, for example, have moved down about half a percentage point. The competitive

position of conventional mortgages in particular has improved accordingly, with some favorable effects apparent on activity. Investor demand for government-backed mortgages with their statutory interest rate ceilings, however, continues restricted; open market discounts on FHA home mortgages have declined only fractionally since the turn of the year.

Business investment purchases of construction and durable equipment continue as a strong element in the economy, registering a gain on the order of \$2 billion in the second quarter. Following a like increase in the opening quarter of the year, this brought fixed investment outlays for the first half to a rate \$5 billion or over 10 percent above the same period of 1959.

Nearly all of the industries distinguished in the OBE-SEC Plant and Equipment Survey report higher outlays so far this year by comparison with either the first-half or yearend rates of 1959. Investment has been stepped up most sharply in primary metals and other durable goods groups. Chemicals and textile manufacturing have registered the largest of the gains

which have characterized most non-durables industries. Advances in air and rail transportation and in communication have also been substantial.

Inventory buildup slows

The temporary spurt in production to refill the inventory pipelines was over in a relatively short period and markets no longer feel demand pressures from this source. The increase in inventories, at a \$5 billion annual rate, was considerably less than in the first quarter, but was about the same as the accumulation during 1959. The slowing rate of accumulation is traceable for the most part to the major steel-using industries and to durable goods distributors—the same groups that had required heavy restocking. In durables manufacturing, the value of stocks held has shown little change in recent months apart from the continued expansion in primary metals. In trade, dealers' stocks of autos have continued to rise on a seasonally adjusted basis, but at a rate far under that of the first quarter.

Inventory changes elsewhere continued mixed and generally limited. Holdings of food and beverage produ-

Table 2.—Gross National Product in Current and Constant Dollars (I-3, I-5)

[Seasonally adjusted, at annual rates]

	Billions of current dollars								Billions of 1954 dollars							
	1957	1958	1959	1959			1960		1957	1958	1959	1959			1960	
				II	III	IV	I	II				II	III	IV	I	II
Gross national product	442.8	444.2	482.1	487.9	481.4	486.4	501.3	505.0	408.6	401.0	428.0	434.2	426.3	429.1	440.5	442.2
Personal consumption expenditures	285.2	293.5	313.8	313.6	316.0	319.6	323.3	329.0	271.2	273.6	289.4	290.0	290.8	292.8	294.8	298.3
Durable goods.....	40.4	37.3	43.4	44.4	44.0	43.5	44.2	44.5	38.5	35.6	40.8	41.6	41.2	41.1	41.8	41.9
Nondurable goods.....	137.7	142.0	147.6	147.7	148.0	149.6	150.5	153.5	132.6	133.7	139.3	139.8	139.5	140.5	141.1	143.2
Services.....	107.1	114.2	122.8	121.4	124.1	126.6	128.6	130.9	100.1	104.3	109.3	108.6	110.1	111.2	112.0	113.3
Gross private domestic investment	66.1	56.0	72.0	78.9	67.5	70.8	79.3	75.5	58.1	48.3	60.9	66.7	56.7	59.4	66.2	62.8
New construction.....	36.1	35.4	40.3	41.3	41.1	39.4	40.8	40.7	31.8	31.0	34.4	35.2	35.0	33.4	34.0	33.8
Residential nonfarm.....	17.0	18.0	22.3	23.5	22.6	21.3	21.4	21.3	15.3	16.2	19.4	20.4	19.6	18.3	18.3	18.2
Other.....	19.0	17.4	18.0	17.8	18.5	18.1	19.3	19.4	16.5	14.9	15.0	14.8	15.4	15.0	15.7	15.6
Producers' durable equipment.....	28.5	23.1	25.8	26.1	26.5	26.8	27.1	29.5	24.6	19.4	21.3	21.5	21.7	22.2	22.4	24.2
Change in business inventories.....	1.6	-2.5	5.9	11.5	-1	4.7	11.4	5.3	1.6	-2.2	5.2	10.1	.0	3.8	9.8	4.8
Nonfarm.....	.8	-3.6	5.4	11.0	-5	4.3	11.0	5.0	.7	-3.1	4.9	9.7	-1	4.0	9.4	4.5
Net exports of goods and services	4.9	1.2	-1.0	-2.2	-2	-4	1.2	2.0	3.8	-2	-2.4	-3.8	-1.7	-1.5	-1	.7
Exports.....	26.2	22.7	22.9	22.2	24.0	23.5	25.2	26.4	24.4	21.4	21.9	21.2	23.1	22.5	23.8	25.2
Imports.....	21.3	21.5	23.8	24.4	24.2	23.9	23.9	24.4	20.6	21.6	24.3	25.0	24.8	24.0	24.0	24.5
Government purchases of goods and services	86.5	93.5	97.1	97.7	98.1	96.4	97.5	98.6	75.5	79.3	80.2	81.2	80.5	78.5	79.6	80.3
Federal.....	49.7	52.6	53.3	53.7	53.6	52.5	51.8	51.7	43.2	44.5	43.6	44.4	43.5	42.3	41.8	41.8
National defense.....	44.4	44.8	46.0	46.4	46.1	45.5	44.9	44.7	-----	-----	-----	-----	-----	-----	-----	-----
Other.....	5.7	8.3	7.8	7.8	8.0	7.5	7.5	7.6	-----	-----	-----	-----	-----	-----	-----	-----
Less: Government sales.....	.4	.5	.5	.5	.5	.5	.5	.6	-----	-----	-----	-----	-----	-----	-----	-----
State and local.....	36.8	40.8	43.9	44.0	44.5	43.9	45.7	46.9	32.2	34.8	36.6	36.8	37.0	36.2	37.8	38.6

Monthly BUSINESS STATISTICS



THE STATISTICS here are a continuation of the data published in the 1959 edition of BUSINESS STATISTICS, biennial Statistical Supplement to the SURVEY OF CURRENT BUSINESS. That volume (price \$2.25) contains monthly (or quarterly) data for the years 1955 through 1958 and monthly averages for all years back to 1929 insofar as available; it also provides a description of each series and references to sources of monthly figures prior to 1955. Series added or significantly revised since publication of the 1959 BUSINESS STATISTICS are indicated by an asterisk (*) and a dagger (†), respectively; certain revisions for 1958 issued too late for inclusion in the aforementioned volume appear in the monthly SURVEY beginning with the July 1959 issue. Except as otherwise stated, the terms "unadjusted" and "adjusted" refer to adjustment for seasonal variation.

Statistics originating in Government agencies are not copyrighted and may be reprinted freely. Data from private sources are provided through the courtesy of the compilers, and are subject to their copyrights.

Unless otherwise stated, statistics through 1958 and descriptive notes are shown in the 1959 edition of BUSINESS STATISTICS	1959						1960						
	June	July	August	September	October	November	December	January	February	March	April	May	June

GENERAL BUSINESS INDICATORS

NATIONAL INCOME AND PRODUCT †													
Seasonally adjusted quarterly totals at annual rates: †													
National income, total..... bil. of dol.													
405.4			399.4			402.8			414.4				
Compensation of employees, total..... do.....	279.7		279.5			281.6			290.2			295.0	
Wages and salaries, total..... do.....	260.1		259.7			261.5			268.7			273.1	
Private..... do.....	214.9		214.2			215.6			222.1			225.5	
Military..... do.....	9.9		9.9			9.8			9.9			10.0	
Government civilian..... do.....	35.3		35.7			36.1			36.7			37.6	
Supplements to wages and salaries..... do.....	19.6		19.8			20.1			21.5			21.9	
Proprietors' income, total ^σ do.....	46.8		46.1			46.3			46.0			48.1	
Business and professional ^σ do.....	34.8		35.0			35.1			35.4			36.0	
Farm..... do.....	12.0		11.1			11.2			10.6			12.1	
Rental income of persons..... do.....	12.4		12.4			12.5			12.5			12.5	
Corporate profits and inventory valuation adjustment, total..... bil. of dol.	50.4		44.9			45.5			48.0				
Corporate profits before tax, total..... do.....	51.7		45.3			44.8			48.8				
Corporate profits tax liability..... do.....	25.5		22.3			22.1			23.8				
Corporate profits after tax..... do.....	26.2		22.9			22.7			25.0				
Inventory valuation adjustment..... do.....	-1.3		-4			.7			-8				
Net interest..... do.....	16.2		16.5			16.9			17.8			18.5	
Gross national product, total..... do.....	487.9		481.4			486.4			501.3			505.0	
Personal consumption expenditures, total..... do.....	313.6		316.0			319.6			323.3			329.0	
Durable goods..... do.....	44.4		44.0			43.5			44.2			44.5	
Nondurable goods..... do.....	147.7		148.0			149.6			150.5			153.5	
Services..... do.....	121.4		124.1			126.6			128.6			130.9	
Gross private domestic investment, total..... do.....	78.9		67.5			70.8			79.3			75.5	
New construction..... do.....	41.3		41.1			39.4			40.8			40.7	
Producers' durable equipment..... do.....	26.1		26.5			26.8			27.1			29.5	
Change in business inventories..... do.....	11.5		-1			4.7			11.4			5.3	
Net exports of goods and services..... do.....	-2.2		-2			-4			1.2			2.0	
Exports..... do.....	22.2		24.0			23.5			25.2			26.4	
Imports..... do.....	24.4		24.2			23.9			23.9			24.4	
Government purchases of goods and services, total..... bil. of dol.	97.7		98.1			96.4			97.5			98.6	
Federal (less Government sales)..... do.....	53.7		53.6			52.5			51.8			51.7	
National defense [¶] do.....	46.4		46.1			45.5			44.9			44.7	
State and local..... do.....	44.0		44.5			43.9			45.7			46.9	
Personal income, total..... do.....	384.5		384.8			389.0			396.2			404.2	
Less: Personal tax and nontax payments..... do.....	46.2		46.3			46.5			49.2			50.0	
Equals: Disposable personal income..... do.....	338.3		338.5			342.4			347.0			354.1	
Personal saving [§] do.....	24.8		22.5			22.8			23.7			25.2	
GNP in constant (1954) dollars													
Gross national product, total..... bil. of dol.	434.2		426.3			429.1			440.5			442.2	
Personal consumption expenditures, total..... do.....	290.0		290.8			292.8			294.8			298.3	
Durable goods..... do.....	41.6		41.2			41.1			41.8			41.9	
Nondurable goods..... do.....	139.8		139.5			140.5			141.1			143.2	
Services..... do.....	108.6		110.1			111.2			112.0			113.3	
Gross private domestic investment, total..... do.....	66.7		56.7			59.4			66.2			62.8	
New construction..... do.....	35.2		35.0			33.4			34.0			33.8	
Producers' durable equipment..... do.....	21.5		21.7			22.2			22.4			24.2	
Change in business inventories..... do.....	10.1		.0			3.8			9.8			4.8	
Net exports of goods and services..... do.....	-3.8		-1.7			-1.5			-1			.7	
Government purchases of goods and services, total..... bil. of dol.	81.2		80.5			78.5			79.6			80.3	
Federal..... do.....	44.4		43.5			42.3			41.8			41.8	
State and local..... do.....	36.8		37.0			36.2			37.8			38.6	

*Revised. †Revised series. Estimates of national income and product and personal income have been revised back to 1957; revisions prior to the 2d quarter 1959 (and prior to May 1959 for income) appear on pp. 8 ff. of the July 1960 Survey. ^σIncludes inventory valuation adjustment. [¶]Government sales are not deducted. [§]Personal saving is excess of disposable income over personal consumption expenditures shown as a component of gross national product above.