

SURVEY OF CURRENT BUSINESS



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STAFF CONTRIBUTORS TO THIS ISSUE

Business Review and Features:

**David R. Hull, Jr.
Leo Bernstein
Genevieve B. Wimsatt
Marie P. Hertzberg
Charles A. Waite**

Articles:

**Walther Lederer
Evelyn M. Parrish
Max Lechter
Walther Lederer
Frederick Cutler
Zalie V. Warner
Julius N. Freidlin**

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the BUSINESS SITUATION

THE improvement of business activity that has been underway since early summer continued in August. A large increase in establishment employment last month and a rise in weekly hours of work helped boost personal income by a substantial amount; industrial production rose again, and retail sales were buoyant despite a dip in new car sales. The unemployment rate edged down and prices in wholesale industrial markets, which had been stable for 5 months, began to climb again in August. The automobile strike just after Labor Day makes uncertain the movement of activity in September, but in any case there will be a sizable gain in total output for the third quarter as a whole.

Rising government outlays, a continued recovery in residential construction, and rising consumer spending have been the chief demand forces behind increased output this quarter. In addition, and perhaps most important, the worst of the inventory adjustment seems to be past. Business fixed investment is not adding much to the advance in aggregate demand, particularly if allowance is made for the rise in capital goods prices. According to the OBE-SEC survey conducted in late July and August, expenditures for new plant and equipment, after declining in the first and second quarters, are expected to increase in the third quarter by about \$1 billion, at a seasonally adjusted annual rate, and to show a moderate further advance in the final 3-month period. Capital outlays are still high but the gap between output and capacity is still too wide to warrant a resumption of a rapid rate of increase in capital expenditures.

Despite the improvement in demand, inventories were still high in relation to sales or output as of early summer, and businessmen were still adjusting their inventories. Manufacturing and

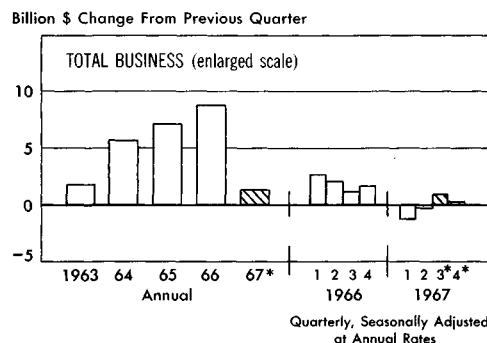
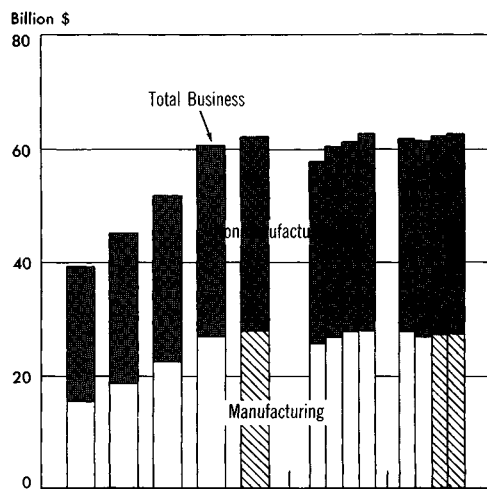
trade inventories combined fell in June for the first time this year; on the basis of data that are still preliminary, these stocks changed little during July, with a reduction in trade offsetting a rise in manufacturing. According to the OBE survey of manufacturing firms, for the third quarter as a whole producers expect to accumulate stocks at about the $\frac{2}{3}$ billion rate of the second quarter, but they are planning a considerably larger increase for the fourth quarter. Inventory projections are always very uncertain and the realization of the

current anticipations, which apparently did not take account of the auto strike, will doubtless be influenced by the strike and its aftermath.

The large inflow of funds to savings institutions has continued to facilitate the recovery in homebuilding. Investment in residential structures, which rose slightly in the first quarter and substantially in the second, will probably increase further in the summer quarter. Work put in place in July was running \$1½ billion (seasonally adjusted annual rate) above the second quarter average. Private nonfarm housing starts, which lead expenditures, advanced to a seasonally adjusted annual rate of 1.35 million units in July and August, as compared with an average of 1.2 million units in the second quarter.

Plant and Equipment Expenditures

Business expects modest increase in expenditures in second half of 1967 following decline in first half



* Anticipated

Data: OBE-SEC

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

67-9-1

Personal income rises

Personal income rose \$4½ billion in August to a seasonally adjusted annual rate of \$631 billion. The August spurt brought the cumulative gain during the most recent 3 months to \$13 billion, the largest 3-month advance since last fall. Manufacturing wage and salary disbursements, which had been fluctuating in a narrow range since late 1966, rose \$2 billion in August, and non-manufacturing payrolls were up \$1½ billion. Advances were limited for other types of income, although farm proprietors' income increased moderately for the second month in a row.

Recent gains in income reflect an improved employment picture as well as a gradual lengthening in the average workweek and some rise in wage rates. Employment in nonfarm establishments rose sharply from July to August, after seasonal adjustment, with an especially large advance in manufacturing. About one-third of the overall August rise of 300,000 workers was traceable to the early model changeover in the auto

industry, and an additional one-sixth to the reopening of rubber industry plants that had been struck.

At 66¼ million persons, seasonally adjusted payroll employment in August was more than ½ million above the second quarter average (chart 2). Private industries have added approximately 350,000 employees this summer, in contrast to a decline of about 100,000 from the first to the second quarter. While much of the recent turnabout is due to a sharp reversal in manufacturing, private nonmanufacturing employment has been rising more rapidly than it did last spring. The third quarter

increase in government employment was about in line with the average quarterly gains of the past year.

Average weekly hours of work have been edging up this summer, but are still below year earlier levels in all industries except construction and mining. In August, the manufacturing workweek rose one-tenth of an hour, with a somewhat larger increase in durable goods than in nondurables.

The unemployment rate has eased to 3.8 percent of the civilian labor force, after reaching 4 percent in June. Rates for adult men and women are somewhat lower than they were earlier this summer, and are virtually unchanged from a year ago, but the rate for teenagers has been rising. In August, the teenage unemployment rate was 13.7 percent, up from 12½ percent in the spring and early summer.

Industrial production up again

Industrial output rose in August for the second month in a row. Production of business and defense equipment continued to recover and consumer goods output increased substantially. Another sizable gain in output of crude oil bolstered the mining index in August.

In the steel industry, output of iron and steel showed a further small advance after seasonal adjustment. Steel mill operations have been rising steadily since early July and for the week ended September 9 raw steel production was the highest since late April. The improvement in steel output reflects renewed ordering by steel users, and higher producer backlogs.

Production of the 1968 model cars got underway at the beginning of August, about 2 weeks earlier than last year, and expanded sharply from week to week, reaching 140,000 units in the week ended September 2. For the month of August, completions totaled 280,000 units; according to Federal Reserve Board estimates, this represented an increase of 2 percent after seasonal adjustment. The strike in Ford plants began on September 7 and was still in progress at midmonth. In recent years Ford has accounted for 28½ percent of combined car and truck production.

At the end of August, dealer stocks of domestically produced passenger

cars totaled approximately 900,000 units (unadjusted), three-fourths of which were unsold 1967 models and the remainder 1968 models. This was the lowest carryover of total stocks in nearly 3 years and was apparently the major reason for the slow pace of retail auto sales in August and early September. Dealers' sales of new passenger cars in August dropped to a seasonally adjusted annual rate of about 7½ million units from about 8 million in July and the second quarter of 1967.

Prices rising

Price increases have become more widespread this summer. The uptrend in consumer prices has quickened, and prices of wholesale industrial commodities rose in August after nearly a half-year of stability. Increases for industrial commodities appear to be more closely related to cost factors rather than to excess demand since the overall rate of plant utilization has declined from 91 percent in 1966 to 85 percent recently.

Although prices have been boosted on a broad range of industrial products this summer, the most important increases were those on a variety of steel mill products. In early August, it was announced that tinplate and uncoated steel for cans would carry higher prices this fall; at midmonth prices for steel plates were raised, and at the end of the month increases were posted for various types of steel bars. The bulk of these price boosts will not be fully reflected in the wholesale price index until September.

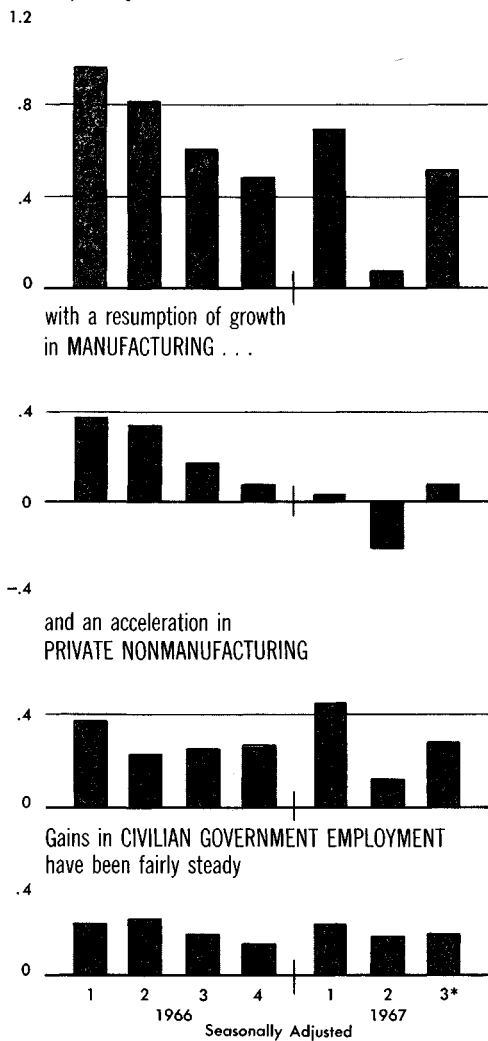
Other significant price increases either took place or were announced during August. Aluminum producers followed the increase on canning steel by lifting prices of canmaking aluminum sheet. Major tiremakers raised prices after settlement of the strike that had closed rubber plants; film prices were boosted reflecting higher quotations for silver, and lumber and plywood prices advanced sharply. The price of liquid chlorine, a widely used chemical, was raised in early September. In addition, prices were increased for some 1968 model color television sets and appliances, and tentative boosts—partly due to safety features—were made for the 1968 model cars and trucks.

CHART 2

Nonfarm Establishment Employment

Growth in TOTAL EMPLOYMENT has picked up this summer . . .

Quarterly Change in Millions



* Change from second quarter average to August
U.S. Department of Commerce, Office of Business Economics

Data: BLS
67-9-2

NATIONAL INCOME AND PRODUCT TABLES

	1965	1966	1966				1967		1965	1966	1966				1967	
			I	II	III	IV	I	II			I	II	III	IV	I	II
			Seasonally adjusted at annual rates													
Billions of current dollars								Billions of 1958 dollars								

Table 1.—Gross National Product in Current and Constant Dollars (1.1, 1.2)

Gross national product.....	683.9	743.3	725.9	736.7	748.8	762.1	766.3	775.1	616.7	652.6	645.4	649.3	654.8	661.1	660.7	664.7
Personal consumption expenditures.....	433.1	465.9	458.2	461.6	470.1	473.8	480.2	489.7	398.4	418.0	416.2	415.2	420.4	420.4	424.2	430.6
Durable goods.....	66.0	70.3	71.6	68.2	70.9	70.6	69.4	72.5	66.4	71.3	73.0	69.3	71.9	71.1	69.7	72.9
Nondurable goods.....	191.2	207.5	203.2	207.1	209.5	210.3	214.2	217.2	178.9	187.7	185.8	187.7	188.8	188.4	191.8	193.6
Services.....	175.9	188.1	183.5	186.3	189.8	192.9	196.6	200.0	153.2	159.1	157.3	158.2	159.8	160.9	162.6	164.1
Gross private domestic investment.....	107.4	118.0	115.2	118.5	116.4	122.2	110.4	105.1	98.0	105.6	104.0	106.5	103.6	108.4	96.9	91.3
Fixed investment.....	98.0	104.6	105.3	104.5	104.9	103.7	103.3	104.6	89.1	93.0	94.5	93.1	93.0	91.2	90.2	90.9
Nonresidential.....	71.1	80.2	78.3	78.7	81.2	82.8	81.9	81.5	66.0	72.8	71.8	71.7	73.6	74.2	73.0	72.6
Structures.....	25.1	27.9	28.3	27.5	28.2	27.7	27.7	26.3	21.9	23.6	24.2	23.4	23.7	23.0	22.9	21.7
Producers' durable equipment.....	46.0	52.3	50.0	51.2	53.1	55.1	54.2	55.2	44.1	49.2	47.5	48.3	49.9	51.2	50.1	51.0
Residential structures.....	27.0	24.4	27.0	25.8	23.7	20.9	21.4	23.1	23.2	20.2	22.8	21.4	19.4	17.0	17.3	18.3
Nonfarm.....	26.4	23.8	26.5	25.3	23.2	20.4	20.9	22.5	22.7	19.7	22.3	21.0	19.0	16.5	16.8	17.8
Farm.....	.5	.5	.5	.5	.5	.5	.6	.6	.5	.5	.5	.5	.5	.5	.5	.5
Change in business inventories.....	9.4	13.4	9.9	14.0	11.4	18.5	7.1	.5	8.8	12.6	9.5	13.4	10.6	17.2	6.7	.4
Nonfarm.....	8.4	13.7	9.6	14.4	12.0	19.0	7.3	.6	7.9	12.9	9.2	13.7	11.1	17.7	6.8	.5
Farm.....	1.0	-.3	.3	-.3	-.5	-.5	-.2	-.1	.9	-.3	.2	-.3	-.5	-.5	-.2	-.1
Net exports of goods and services.....	6.9	5.1	6.1	5.4	4.6	4.3	5.3	5.3	6.0	4.4	5.4	4.8	4.1	3.2	4.1	4.1
Exports.....	39.1	43.0	42.0	42.5	43.7	44.0	45.3	45.1	37.5	40.8	40.3	40.4	41.4	41.2	42.4	42.3
Imports.....	32.2	37.9	36.0	37.1	39.0	39.7	39.9	39.8	31.5	36.4	34.9	35.6	37.3	38.0	38.3	38.2
Government purchases of goods and services.....	136.4	154.3	146.5	151.2	157.7	161.7	170.4	175.0	114.3	124.5	119.9	122.7	126.6	129.1	135.5	138.7
Federal.....	66.8	77.0	72.1	74.9	79.5	81.5	87.1	89.5	57.8	64.7	61.2	63.4	66.4	67.8	72.3	74.4
National defense.....	50.1	60.5	55.1	58.4	63.0	65.6	70.2	72.5								
Other.....	16.7	16.5	17.1	16.6	16.6	15.9	16.8	17.0								
State and local.....	69.6	77.2	74.3	76.2	78.1	80.2	83.3	85.4	56.4	59.9	58.7	59.4	60.1	61.3	63.2	64.3

Table 2.—Gross National Product by Major Type of Product in Current and Constant Dollars (1.3, 1.5)

Gross national product.....	683.9	743.3	725.9	736.7	748.8	762.1	766.3	775.1	616.7	652.6	645.4	649.3	654.8	661.1	660.7	664.7
Final sales.....	674.5	729.9	716.0	722.6	737.4	743.6	759.2	774.6	607.8	639.9	636.0	635.9	644.2	643.9	654.0	664.3
Change in business inventories.....	9.4	13.4	9.9	14.0	11.4	18.5	7.1	.5	8.8	12.6	9.5	13.4	10.6	17.2	6.7	.4
Goods output.....	346.6	379.6	369.5	375.7	381.8	391.7	388.1	392.1	330.0	353.7	347.9	351.0	354.7	361.1	356.6	359.5
Final sales.....	337.2	366.2	359.6	361.7	370.3	373.2	380.9	391.6	321.2	341.0	338.5	337.6	344.1	343.9	349.9	359.1
Change in business inventories.....	9.4	13.4	9.9	14.0	11.4	18.5	7.1	.5	8.8	12.6	9.5	13.4	10.6	17.2	6.7	.4
Durable goods.....	139.5	154.6	150.5	151.4	155.7	161.1	153.9	155.5	136.3	150.0	147.5	147.3	150.8	154.2	146.6	148.3
Final sales.....	132.8	144.7	143.2	141.6	145.8	148.3	150.5	156.0	129.8	140.6	140.5	138.0	141.6	142.3	143.6	148.9
Change in business inventories.....	6.7	9.9	7.4	9.7	9.9	12.8	3.4	-.6	6.5	9.3	7.0	9.3	9.2	11.9	3.0	-.6
Nondurable goods.....	207.1	225.0	219.0	224.4	226.1	230.6	234.2	236.6	193.7	203.7	200.4	203.7	203.9	206.9	210.0	211.2
Final sales.....	204.4	221.5	216.4	220.1	224.5	224.9	230.5	235.5	191.4	200.4	198.0	199.7	202.5	201.6	206.3	210.2
Change in business inventories.....	2.7	3.5	2.5	4.3	1.5	5.7	3.7	1.1	2.3	3.3	2.4	4.1	1.4	5.3	3.6	1.0
Services.....	262.9	287.2	276.6	283.5	291.6	296.9	303.1	307.8	222.3	235.2	229.7	233.5	237.9	239.8	242.7	244.4
Structures.....	74.4	76.5	79.9	77.4	75.5	73.5	75.2	75.2	64.4	63.7	67.8	64.7	62.2	60.2	61.3	60.8

Table 3.—Gross National Product by Sector in Current and Constant Dollars (1.7, 1.8)

Gross national product.....	683.9	743.3	725.9	736.7	748.8	762.1	766.3	775.1	616.7	652.6	645.4	649.3	654.8	661.1	660.7	664.7
Private.....	616.1	666.7	653.0	661.5	670.6	681.9	683.9	690.9	565.9	597.5	592.3	594.8	599.0	604.2	602.7	606.0
Business.....	593.4	642.4	629.4	637.6	646.2	656.9	658.7	665.3	547.8	578.9	574.0	576.3	580.2	585.1	583.6	586.6
Nonfarm.....	569.8	617.6	603.3	612.8	621.6	633.0	635.1	641.9	524.2	556.4	550.8	554.4	558.0	562.7	559.9	563.0
Farm.....	23.6	24.8	26.0	24.8	24.6	23.9	23.6	23.3	23.6	22.4	23.2	22.0	22.2	22.4	23.7	23.6
Households and institutions.....	18.5	20.1	19.7	19.7	20.3	20.6	21.1	21.4	14.0	14.7	14.6	14.4	14.8	14.9	15.1	15.3
Rest of the world.....	4.2	4.2	3.9	4.2	4.1	4.4	4.1	4.2	4.1	4.0	3.8	4.1	4.0	4.3	4.0	4.0
General government.....	67.8	76.6	72.9	75.1	78.2	80.2	82.5	84.2	50.8	55.0	53.1	54.4	55.8	56.9	57.9	58.7

Plant and Equipment Expenditure Programs—

Moderate Rise Projected for Second Half 1967

INVESTMENT in new plant and equipment is scheduled to rise moderately in the third and fourth quarters of 1967, according to reports filed by business firms during late July and August in the OBE-SEC survey. Capital expenditures were at a seasonally adjusted annual rate of \$61½ billion in the second quarter, about the same as in the first quarter of 1967, and are expected to rise to \$62½ billion in the third quarter and \$62¾ billion in the fourth. The projected advance for the second half would follow a small decline in the rate of investment during the first half.

If these anticipations are realized, expenditures for new plant and equipment for 1967 as a whole would total \$62.0 billion¹—\$1.6 billion more than in 1966. The projected increase of 2.3 percent compares with a 16½ percent rise from 1965 to 1966. Plant and equipment prices have been rising steadily and in the second quarter of the year were 2 percent above the average for 1966; this suggests that the physical volume of fixed investment this year may be little different from 1966.

The current survey reflects a downward revision in 1967 capital budgets as compared with figures reported earlier this year; investment in 1967 is now expected to be ½ of 1 percent lower than anticipated in May and 1½ percent lower than expected in February. The successive lowering of investment sights for 1967 centered in manufacturing, primarily in the durable goods sector, and in the commercial-communications group. Public utilities,

railroads, and airlines have expanded their investment programs moderately since May.

Actual expenditures during the second quarter were virtually the same as anticipated in the previous survey, but anticipations for the second half are

now \$0.6 billion (seasonally adjusted annual rate) lower than 3 months ago.

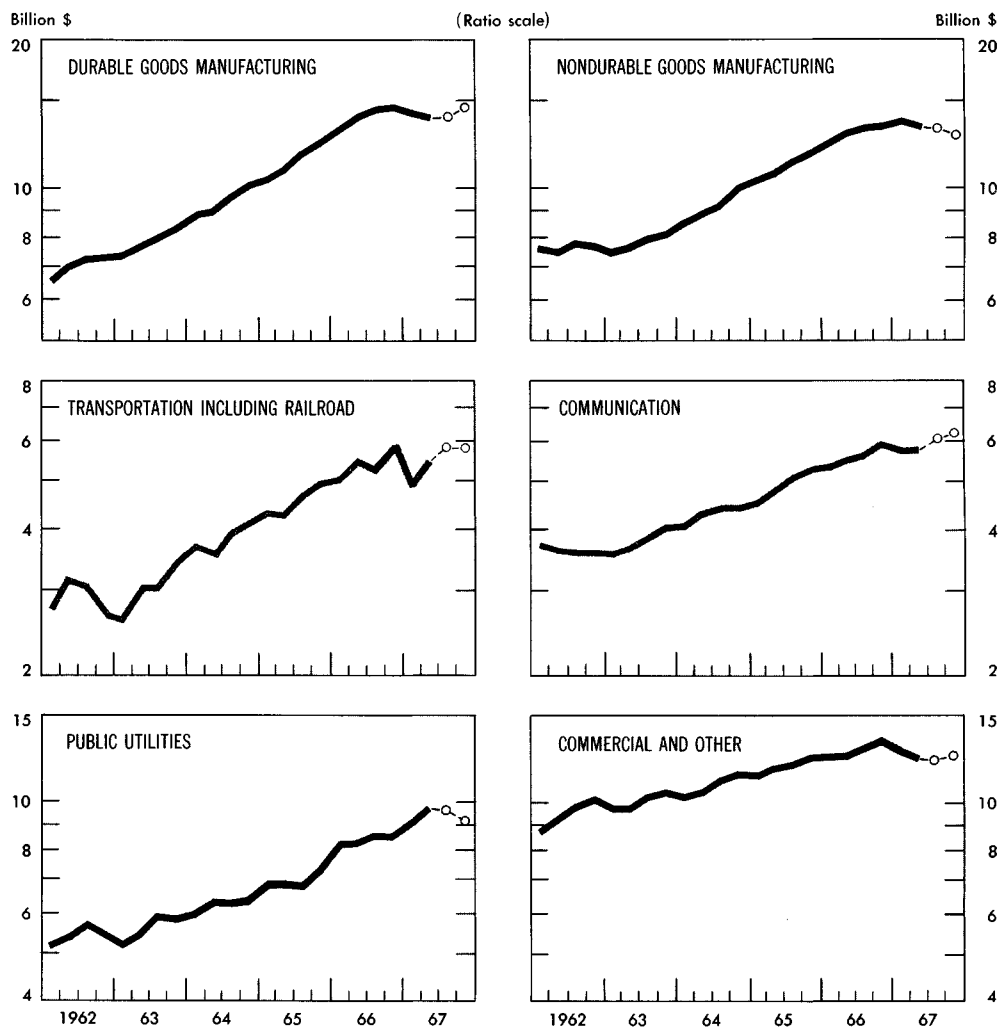
The current investment outlook

The results of the current survey do not indicate that investment will add much to the near-term total demand, but they do suggest an end to the decline in investment expenditures that began at the close of 1965, and that businessmen will maintain a high and slowly growing rate of investment outlays at least through the remainder of the year. An improvement in business activity and a halt to the profits slide in the spring and early summer have provided a more congenial climate for investment than prevailed last fall and

CHART 3

Plant and Equipment Expenditures

- Durable goods manufacturers and communication firms expect rising expenditures in the second half
- Other major industries anticipate little change or declines



Quarterly, Seasonally Adjusted at Annual Rates

○ Anticipated
U.S. Department of Commerce, Office of Business Economics

Data: OBE-SEC
67-93

¹ The reported figures for anticipations are adjusted for systematic biases (footnote 2, table 5). Before adjustment, expenditures for 1967 were anticipated to be \$62.26 billion for all industries, \$27.69 billion for manufacturing, and \$34.57 billion for nonmanufacturing. The adjustments were applied separately to each major industry; the net effect was to lower the manufacturing total by \$0.38 billion and to raise the non-manufacturing total by \$0.14 billion.

Table 1.—Percent Change in Plant and Equipment Expenditures, 1965-67

	Actual 1965-66	Actual 1966 to anticipated 1967 as reported in		
		February	May	August
All industries ¹	16.7	3.9	2.9	2.3
Manufacturing ¹	20.2	3.5	3.4	1.2
Durable goods ¹	22.7	4.6	3.6	.8
Primary metals.....	16.4	6.3	4.3	4.8
Machinery.....	32.3	22.8	15.6	9.9
Transportation equipment.....	18.3	-9.0	-3.8	-6.3
Stone, clay, and glass.....	16.6	-5.1	-15.6	-19.9
Nondurable goods ¹	17.6	2.3	3.2	1.7
Food and beverage.....	12.1	7.3	5.4	4.0
Textile.....	15.2	-11.6	-14.8	-20.5
Paper.....	34.1	2.8	3.7	7.0
Chemical.....	15.3	1.9	2.6	1.5
Petroleum.....	15.8	3.7	7.2	6.6
Rubber.....	24.7	21.7	29.7	20.0
Mining	12.9	8.0	6.2	.8
Railroad	14.2	-25.3	-22.6	-20.7
Transportation, other than rail	22.3	14.7	11.1	14.2
Public utilities	21.1	8.8	8.5	11.9
Communication	13.6	3.0	.5	-1
Commercial and other	8.1			

¹ Includes industries not shown separately.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

winter. The restoration of the investment tax credit has also provided a spur to the purchase of needed equipment. That the projected second half upturn in expenditures will be realized and in fact extended into 1968 is suggested by the strong pickup in starts of new investment projects by manufacturers and public utilities in the second quarter of this year. The rise from March to June in the carry-over of uncompleted investment programs also lends support to the anticipated upturn.

The major factor limiting the rise in capital outlays at this time is the lowered rate of capacity utilization. A year ago companies holding 45 percent of total capital assets in manufacturing reported that facilities were adequate for prospective operations in the next 12 months; by this June the proportion had risen to 52 percent. Conversely, in mid-1966 about half of manufacturing facilities were considered inadequate; by mid-1967 this proportion had declined to 43 percent.

Manufacturers' programs

Manufacturers' plant and equipment outlays are expected to total \$27½ billion in 1967, up 1 percent from the record 1966 outlay. These expenditures fell about \$½ billion from the fourth quarter of 1966 to the second quarter of 1967; the moderate increase now programmed for the third and fourth quarters will not quite restore the investment rate attained in the final quarter of last year. This situation results from lower expenditures in the nondurable goods industries, where the fourth quarter 1967 seasonally adjusted annual rate of \$12.9 billion is expected to be 3 percent smaller than a year earlier. For durables, the fourth quarter rate is scheduled to be back to the record rate of the fourth quarter of 1966.

Within the durable goods sector, electrical machinery companies expect the largest relative increase—13 percent—from 1966 to 1967. Outlays for new plant and equipment in this industry are projected to rise from the second quarter through the remainder of the year. Although nonelectrical machinery producers expect a sizable increase in investment (8 percent) this year, a decrease in outlays has been planned for the second half of 1967. Producers of primary metals and non-automotive transportation equipment plan to spend moderately more this year than in 1966, but the metal firms are projecting capital investment at a lower rate in the second half than in the first. Other durable goods companies—notably motor vehicle and stone, clay, and glass producers—are reducing investment this year.

Most nondurable goods industries are planning to invest more in new plant and equipment this year than in 1966, but these increases are largely offset by sharp reductions projected by the textile industry. There is little buoyancy in the movements reported for the remainder of the year; only the petroleum and rubber groups are scheduling higher expenditures in the second half than during the first 6 months.

Table 2.—Manufacturers' Evaluation of Their Capacity

[Percent distribution of gross capital assets]¹

	1964		1965				1966				1967	
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	
More plant and equipment needed												
All manufacturing	43	42	47	49	48	51	50	50	47	45	43	
Durable goods ²	41	42	49	53	50	52	51	51	49	45	44	
Primary metals.....	44	48	53	53	53	61	56	58	54	48	42	
Metal fabricators ³	41	39	51	61	51	51	52	52	51	48	49	
Nondurable goods ²	46	43	45	46	46	49	49	49	44	45	43	
Food and beverage.....	39	37	40	44	46	47	45	47	45	42	40	
Chemical.....	79	79	83	80	83	81	83	87	88	80	76	
Petroleum.....	28	24	24	24	23	31	30	30	22	27	27	
About adequate												
All manufacturing	51	52	47	45	47	45	45	46	48	50	52	
Durable goods ²	51	50	44	40	44	42	42	43	44	48	49	
Primary metals.....	42	38	32	33	33	25	30	28	32	38	43	
Metal fabricators ³	54	56	46	37	47	47	46	47	46	49	48	
Nondurable goods ²	51	54	50	50	50	48	48	48	52	51	54	
Food and beverage.....	50	54	50	47	44	46	47	46	47	50	54	
Chemical.....	20	20	16	19	16	18	16	12	11	19	22	
Petroleum.....	72	76	70	71	73	67	68	69	76	71	71	
Existing plant and equipment exceeds needs												
All manufacturing	6	6	6	6	5	4	5	4	5	5	5	
Durable goods ²	8	8	7	7	6	6	7	6	7	7	7	
Primary metals.....	14	14	15	14	14	14	14	14	14	14	15	
Metal fabricators ³	5	5	3	2	2	2	2	1	3	3	3	
Nondurable goods ²	3	3	5	4	4	3	3	3	4	4	3	
Food and beverage.....	11	9	10	9	10	7	8	7	8	8	6	
Chemical.....	1	1	1	1	1	1	1	1	1	1	2	
Petroleum.....	(4)	(4)	6	5	4	2	2	1	2	2	2	

¹ According to respondent companies' characterizations of their plant and equipment facilities, taking into account their current and prospective sales for the next 12 months.

² Includes industries not shown separately.

³ Includes machinery, transportation equipment, and fabricated metals industries.

⁴ Less than 0.5 percent.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

Starts and carryover rise

The cost of new investment projects started by manufacturers exceeded out-

lays during the second quarter and brought the carryover at the end of June to \$18.7 billion. This was \$400 million higher than on either June 30, 1966, or March 31, 1967. Heavy goods producers, with end-of-June backlogs of \$10.8 billion, accounted for most of the increase in carryover over the year. When rough allowances are made for the usual seasonal changes, both durable and nondurable goods manufacturing companies expanded their backlogs of uncompleted projects from March to June of this year, with the advance being slightly larger in the soft goods group. Nonelectrical machinery, paper, chemical, and petroleum producers were responsible for most of this rise in carryover.

These industries also accounted for a larger than seasonal increase in the starts of new projects by both dur-

able and nondurable goods producers from the first to second quarter. These increases followed declines in starts during the opening quarter of 1967.

Pressure on capacity declines

Manufacturers responding to a question on their needs for productive facilities in the light of their prospective operations for the ensuing 12 months indicated that pressures on industrial capacity continued to decline during the second quarter. Companies owning 43 percent of total fixed assets in manufacturing reported that their facilities on June 30, 1967, were inadequate for near-term needs. The corresponding figures were 45 percent at the end of March 1967 and 50 percent at the end of June 1966; the high of 51 percent in this series was reached at the end of March 1966.

The proportion of assets held by firms reporting facilities in excess of prospective needs was 5 percent on June 30. This proportion has remained relatively unchanged since the inception of the survey at the end of 1963. Facilities regarded as "adequate" represented 52 percent of manufacturing assets in mid-1967. The proportion has been rising steadily since March 1966.

Over the year ending in June, all major manufacturing industries reported a decline in the proportion of assets considered "inadequate." Declining trends have generally persisted since early 1966, but there was no further drop between March and June 1967 for the metal fabricating and the petroleum industries. The rising trends in the proportion of assets considered "adequate" were also widespread among the industry group.

Table 3.—Starts of New Plant and Equipment Projects, Manufacturing and Public Utilities ¹

(Billions of dollars)

	Annual			1964				1965				1966				1967	
	1964	1965	1966	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II
Manufacturing	22.13	26.73	28.89	5.10	5.41	5.29	6.33	6.64	6.73	5.96	7.39	6.89	6.93	6.99	7.99	³ 6.47	7.25
Durable goods ²	10.99	14.03	16.17	2.48	2.65	2.63	3.24	3.62	3.68	2.84	3.90	3.87	3.78	3.71	4.81	³ 3.26	3.46
Primary metals.....	2.68	3.38	3.98	.50	.77	.58	.84	.80	.89	.70	.99	.76	.91	.80	1.51	.75	.88
Electrical machinery.....	.76	1.10	1.50	.16	.20	.20	.20	.25	.29	.24	.31	.46	.32	.32	.41	.38	.27
Machinery except electrical.....	1.76	2.55	3.10	.55	.36	.34	.52	.83	.43	.58	.72	1.14	.49	.56	.90	.88	.70
Transportation equipment.....	2.66	3.44	3.22	.49	.63	.77	.78	.81	1.21	.56	.86	.59	.96	.92	.76	³ 5.53	.66
Stone, clay, and glass.....	.79	.87	.83	.19	.22	.18	.20	.28	.21	.20	.18	.14	.25	.18	.26	.12	.18
Nondurable goods ²	11.14	12.70	12.72	2.61	2.76	2.68	3.10	3.02	3.06	3.13	3.49	3.02	3.15	3.28	3.17	³ 3.21	3.78
Food and beverage.....	1.19	1.49	1.29	.26	.24	.27	.42	.32	.35	.47	.36	.30	.36	.27	.36	.32	.41
Textile.....	.84	1.23	1.11	.20	.19	.19	.26	.28	.32	.31	.33	.33	.28	.24	.25	.18	.21
Paper.....	1.11	1.34	1.33	.19	.40	.23	.29	.34	.34	.31	.35	.35	.27	.45	.26	.41	.56
Chemical.....	2.52	2.90	3.37	.59	.60	.72	.61	.71	.76	.67	.76	.73	.90	.94	.81	³ 6.66	.98
Petroleum.....	4.29	4.30	4.01	1.10	1.03	.97	1.18	.98	1.03	1.05	1.24	.97	.95	.92	1.08	1.25	1.32
Public utilities	6.41	9.32	10.68	2.34	1.48	1.27	1.32	3.30	1.75	1.44	2.83	3.38	2.28	2.28	2.74	4.93	3.30

¹ Starts are estimated by adding changes in carryover to expenditures during the given period.

² Includes industries not shown separately.

³ Revised.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

Table 4.—Carryover of Plant and Equipment Projects, Manufacturing and Public Utilities ¹

(Billions of dollars)

	1964				1965				1966				1967	
	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June
Manufacturing	10.38	11.26	11.88	12.63	14.73	15.99	16.23	16.90	18.19	18.33	18.48	18.71	³ 18.30	18.74
Durable goods ²	5.61	5.95	6.21	6.62	7.98	8.89	8.82	9.25	10.25	10.52	10.69	11.43	³ 10.82	10.82
Primary metals.....	2.30	2.56	2.59	2.74	3.05	3.34	3.38	3.52	3.68	3.82	3.86	4.48	4.55	4.62
Electrical machinery.....	.33	.37	.41	.41	.51	.60	.63	.66	.89	.92	.94	.97	1.08	1.05
Machinery except electrical.....	.53	.48	.41	.43	.85	.77	.80	.78	1.31	1.12	1.00	1.02	1.19	1.11
Transportation equipment.....	1.48	1.63	1.86	2.02	2.31	2.85	2.73	2.91	2.88	3.06	3.18	3.12	³ 2.85	2.80
Stone, clay, and glass.....	.33	.38	.39	.40	.52	.53	.53	.50	.45	.48	.43	.42	.34	.34
Nondurable goods ²	4.78	5.31	5.68	6.01	6.75	7.10	7.41	7.66	7.94	7.81	7.79	7.28	³ 7.47	7.91
Food and beverage.....	.42	.40	.54	.54	.60	.63	.78	.79	.78	.77	.70	.69	.68	.70
Textile.....	.26	.28	.28	.29	.37	.46	.51	.54	.60	.56	.52	.52	.48	.46
Paper.....	.61	.78	.77	.77	.88	.96	.97	.99	1.04	.94	1.00	.81	.82	.96
Chemical.....	1.26	1.39	1.61	1.59	1.74	1.86	1.90	1.89	2.01	2.15	2.35	2.27	³ 2.23	2.44
Petroleum.....	1.90	2.10	2.23	2.43	2.62	2.72	2.80	2.90	2.93	2.80	2.59	2.38	2.61	2.76
Public utilities	6.62	6.53	6.09	5.65	7.64	7.67	7.24	8.03	9.82	10.01	9.92	10.30	13.40	14.24

¹ Carryover refers to expenditures yet to be incurred on plant and equipment projects already underway.

² Includes industries not shown separately.

³ Revised.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

Transportation programs diverse

Railroads, after 5 years of very substantial increases, are cutting back their outlays for equipment this year by more than one-fourth from the 1966 total; expenditures for road are being reduced by 6 percent. Investment in equipment and road combined is expected to decline throughout 1967.

Nonrail transportation companies have programed a substantial rise in outlays for new plant and equipment for the fourth successive year. Expenditures for new planes by the airlines are primarily responsible for the increase, and a strong surge in investment is projected for the second half. Pipelines are also planning to purchase more new facilities this year than last. Trucking companies, however, are reducing outlays for the year as a whole

but are expecting some pickup in the rate of investment in the fourth quarter.

Other nonmanufacturing programs

Electric utilities are programing another year of substantial investment in new plant and equipment. Expenditures this year are expected to be one-fifth more than outlays in 1966, and current programs call for higher outlays in the second half than in the first. In contrast, gas and other utilities expect to spend less this year than last.

At the end of June, expenditures yet to be made on uncompleted projects by public utilities amounted to \$14.2 billion, or \$4.2 billion higher than a year earlier. Carryover rose contraseasonally by \$800 million during the second quarter. Starts of new projects during the second quarter totaled \$3.3 billion,

\$1 billion more than in the corresponding period of 1966 but \$1.6 billion below the exceptionally high figure in the first quarter of 1967. The decline from the first quarter rate, however, was less than might be expected on the basis of purely seasonal movements.

Communications firms expect to increase investment 6 percent from 1966 to 1967, with a strong rise projected through the year.

The 3 percent decline in expenditures for new plant and equipment projected by the commercial group for 1967 is accounted for by retail trade, service, and construction firms. Both wholesalers and finance companies expect to spend more this year than last. Except for retailers, all of the groups, expect a rise in their outlays in the second half as compared with the first 6 months.

Table 5.—Expenditures for New Plant and Equipment by U.S. Business,¹ 1965-67

(Billions of dollars)

	Annual			Quarterly, unadjusted												Quarterly, seasonally adjusted annual rates											
	1965	1966	1967 ²	1965				1966				1967				1965				1966				1967			
				I	II	III	IV	I	II	III	IV	I	II	III ²	IV ²	I	II	III	IV	I	II	III ²	IV ²				
All industries	51.96	60.63	62.03	10.79	12.81	13.41	14.95	12.77	15.29	15.57	17.00	13.59	15.61	15.77	17.06	49.00	50.35	52.75	55.35	58.00	60.10	61.25	62.80	61.65	61.50	62.50	62.65
Manufacturing industries	22.45	26.99	27.31	4.54	5.47	5.73	6.72	5.01	6.78	6.84	7.75	6.10	6.81	6.72	7.69	20.75	21.55	23.00	24.15	25.60	26.80	27.55	27.75	27.85	27.00	27.10	27.35
Durable goods industries	11.40	13.99	14.10	2.25	2.76	2.91	3.48	2.87	3.51	3.54	4.07	3.08	3.46	3.44	4.12	10.40	10.80	11.75	12.45	13.15	13.85	14.35	14.50	14.20	13.75	13.95	14.50
Primary iron and steel.....	1.93	2.17	2.27	.36	.44	.50	.62	.42	.54	.56	.65	.48	.58	.55	.66	1.70	1.80	1.95	2.20	2.00	2.20	2.20	2.25	2.35	2.35	2.20	2.20
Primary nonferrous metal.....	.68	.86	.91	.14	.15	.16	.22	.18	.22	.20	.25	.20	.23	.21	.27	.60	.60	.65	.80	.80	.90	.80	.90	.90	.90	.85	.95
Electrical machinery and equipment.....	.85	1.19	1.34	.15	.20	.22	.29	.23	.29	.30	.38	.27	.30	.33	.44	.70	.80	.90	.95	1.10	1.15	1.20	1.25	1.25	1.20	1.40	1.45
Machinery, except electrical.....	2.21	2.86	3.11	.41	.51	.55	.74	.61	.69	.68	.88	.70	.78	.74	.90	1.80	2.00	2.35	2.60	2.70	2.70	2.90	3.10	3.15	3.15	3.10	3.05
Motor vehicles and parts.....	1.98	1.93	1.69	.43	.53	.52	.50	.43	.50	.50	.50	.38	.45	.42	.44	2.10	1.95	2.00	1.90	2.10	1.85	1.90	1.90	1.80	1.70	1.60	1.70
Transportation equipment, excluding motor vehicles.....	.58	1.09	1.14	.10	.13	.16	.18	.18	.28	.30	.32	.24	.26	.30	.34	.45	.55	.65	.60	.85	1.15	1.25	1.10	1.10	1.05	1.25	1.20
Stone, clay, and glass.....	.78	.91	.73	.16	.20	.20	.21	.19	.22	.24	.26	.20	.18	.17	.17	.75	.75	.85	.80	.85	.85	.95	.95	.90	.70	.65	.65
Other durable goods ³	2.41	2.98	2.91	.51	.60	.60	.71	.62	.77	.76	.83	.61	.68	.72	.91	2.25	2.35	2.45	2.55	2.75	3.05	3.15	3.00	2.70	2.65	2.90	3.35
Nondurable goods industries	11.05	13.00	13.21	2.28	2.70	2.82	3.24	2.74	3.27	3.30	3.68	3.02	3.34	3.28	3.57	10.40	10.70	11.25	11.70	12.45	12.95	13.20	13.25	13.70	13.25	13.15	12.90
Food and beverage.....	1.24	1.39	1.44	.25	.32	.32	.34	.31	.37	.34	.36	.33	.39	.37	.36	1.10	1.20	1.25	1.35	1.35	1.40	1.35	1.40	1.45	1.45	1.45	1.40
Textile.....	.98	1.13	.90	.20	.22	.26	.30	.27	.32	.28	.26	.21	.23	.22	.23	.85	.85	1.05	1.10	1.20	1.25	1.15	.95	.95	.90	.90	.85
Paper.....	1.12	1.50	1.61	.22	.26	.30	.33	.30	.37	.39	.45	.40	.42	.47	.41	1.05	1.05	1.20	1.20	1.35	1.50	1.50	1.60	1.90	1.70	1.45	1.45
Chemical.....	2.59	2.99	3.04	.55	.64	.63	.77	.61	.75	.74	.88	.70	.76	.72	.84	2.50	2.50	2.60	2.70	2.75	3.00	3.05	3.15	3.20	3.00	3.00	2.95
Petroleum.....	3.82	4.42	4.72	.79	.92	.97	1.14	.94	1.08	1.12	1.28	1.02	1.17	1.21	1.31	3.70	3.75	3.80	4.00	4.40	4.35	4.40	4.55	4.65	4.70	4.85	4.65
Rubber.....	.34	.42	.51	.07	.09	.09	.08	.10	.11	.13	.11	.13	.13	.14	.14	.35	.40	.30	.35	.45	.40	.45	.50	.50	.50	.50	.55
Other nondurable goods ⁴.....	.96	1.14	1.00	.19	.24	.25	.28	.24	.28	.31	.31	.24	.25	.24	.27	.85	.90	1.05	1.05	1.30	1.30	1.45	1.45	1.05	1.00	1.00	1.00
Mining	1.30	1.47	1.48	.29	.33	.32	.35	.33	.40	.37	.38	.32	.34	.39	.42	1.25	1.30	1.25	1.35	1.40	1.55	1.45	1.45	1.40	1.30	1.55	1.60
Railroad	1.73	1.98	1.57	.39	.44	.44	.46	.40	.55	.48	.55	.41	.41	.37	.37	1.75	1.55	1.70	1.95	1.75	2.00	1.85	2.35	1.80	1.55	1.45	1.45
Transportation, other than rail	2.81	3.44	3.92	.58	.77	.72	.73	.75	1.00	.82	.86	.70	1.12	1.05	1.06	2.55	2.70	3.00	3.00	3.30	3.50	3.40	3.50	3.05	3.90	4.40	4.35
Public utilities	6.94	8.41	9.41	1.32	1.71	1.88	2.04	1.60	2.09	2.36	2.36	1.84	2.46	2.61	2.51	6.80	6.85	6.75	7.30	8.25	8.30	8.55	8.50	9.20	9.70	9.65	9.10
Communication	4.94	5.62	6.34	1.08	1.24	1.22	1.41	1.26	1.42	1.36	1.58	1.35	1.49	1.49	1.49	4.55	4.80	5.05	5.30	5.35	5.50	5.60	5.95	5.75	5.80	5.80	5.80
Commercial and other⁵	11.79	12.74	13.34	2.59	2.85	3.10	3.25	2.83	3.06	3.33	3.52	2.87	2.99	2.99	2.99	11.30	11.60	11.95	12.25	12.35	12.45	12.85	13.30	12.55	12.25	12.25	12.25

¹ Data exclude expenditures of agricultural business and outlays charged to current accounts.

² Estimates are based on anticipated capital expenditures reported by business in late July and August 1967. The estimates for the third and fourth quarters of 1967 have been adjusted when necessary for systematic tendencies in anticipatory data. The adjustment for each industry and time period is based on the median ratio of actual to anticipated expenditures for the past 5 years. However, no adjustment is made unless the anticipations have shown a bias in the same direction in at least 4 of the last 5 years and in at least two-thirds of the last 9 years.

³ Includes fabricated metal, lumber, furniture, instrument, ordnance, and miscellaneous

industries.

⁴ Includes apparel, tobacco, leather, and printing-publishing.

⁵ Includes trade, service, finance, and construction.

NOTE.—Details may not add to total because of rounding. Data for earlier years were published in the June 1956, March 1958, 1960, 1961, 1962, 1963, 1964, 1965, 1966, and 1967 issues of the SURVEY.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

Manufacturers' Inventory and Sales Expectations— Second Half 1967

MANUFACTURERS expect a sharp rise in sales in the second half of this year. They also expect a moderate addition to their inventories this quarter but substantial accumulation in the final quarter of 1967. Their evaluation of their June 30 inventory condition was virtually unchanged from March, with the proportion of stocks judged "high" continuing relatively large. These are the main findings reported by producers in August in the quarterly survey of manufacturers' inventory and sales expectations.

Manufacturers are projecting sales gains of 3 percent in both the third and fourth quarters with most industries contributing to the overall gain. In the four previous quarters, sales changes had been 1 percent or less; a small decline in the first quarter of 1967 was followed by a small rise in the quarter just passed.

Producers expect to add \$0.6 billion to stocks from June to September and \$2 billion from September to December, after seasonal allowances. Additions had declined from \$1.8 billion in the first quarter to \$0.7 billion in the second, following two quarters of large accumulation in the second half of 1966.

If these expectations eventuate, the stock-sales ratio, which rose in 1966 and early 1967 and stabilized in May-July 1967, would fall in the current half year. Stocks were equivalent to 1.8 months of sales in June and are estimated at 1.75 months of sales at the yearend. The ratio had been below 1.7 from 1964 to mid-1966 and then rose to 1.8 by mid-1967.

Substantial sales rise expected

Durable goods producers expect seasonally adjusted sales to rise 3½ percent in the third quarter and at about an equal rate in the fourth. The anticipated seasonally adjusted shipments of \$73 billion for the fourth quarter would be up 3½ percent from a year earlier. Actual sales had declined in the first half of 1967, with the largest decline in the primary metals industry. This

industry reported an expectation of substantially higher sales in the second half of 1967.

The largest relative increases from the second to the third quarter were anticipated by aircraft and motor vehicle companies. However, the returns in this survey were collected in August when the strike picture was still uncertain, and apparently the reported figures contained little or no allowance for an auto strike; a protracted work stoppage in autos, of course, would adversely affect sales for this and related industries.

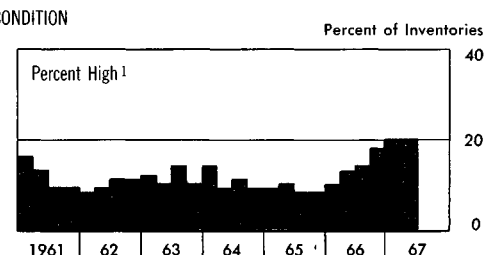
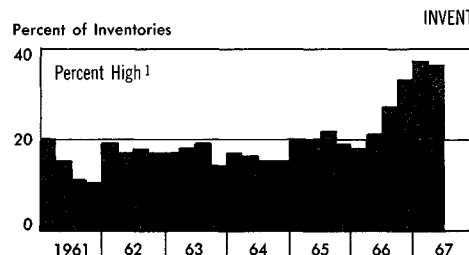
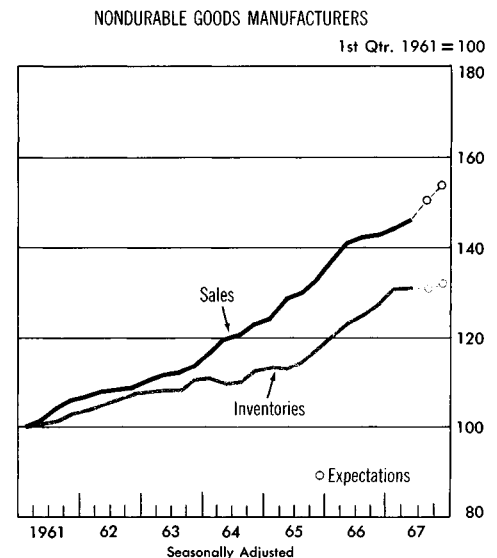
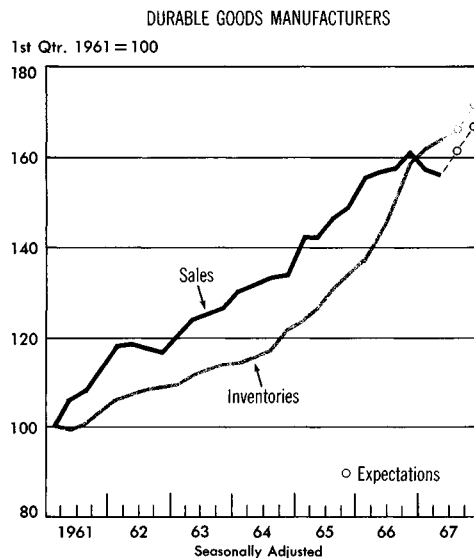
Soft goods producers also expect a sizable pickup in sales in the second

half of 1967. They estimate a 3 percent rise this quarter and a 2½ percent rise for the next. These compare with a sales gain of 1.7 percent in the second quarter and gains of less than 1 percent in each of the previous three quarters. Major gains are projected by chemical and rubber manufacturers. Sales of nondurable goods producers would be \$69 billion at the close of 1967—up 8 percent from a year earlier.

Between mid-1966 and mid-1967, durable goods producers experienced successive sales disappointments relative to their expectations; in the previous year, when sales were rising at a faster pace, sales were better than expected. Sales by nondurable goods producers were reasonably close to expectations from mid-1966 to mid-1967.

Manufacturers' Inventory and Sales Expectations

- Sizable sales gains expected in second half 1967
- Inventory additions to continue, with step-up in fourth quarter
- Evaluation of inventory condition on June 30 was little changed from March



1. Inventories of manufacturers who judged their stocks "high" as a percent of total manufacturers' inventories

Inventory accumulation centers in durables

Durable goods producers expect to add \$700 million to stocks by September 30, about matching the rate of

accumulation in the second quarter. The September-December additions are projected at \$1.7 billion, the largest this year but far below the quarterly increase of the second half

of last year when sales disappointments were widespread. Large additions in the fourth quarter are expected by transportation equipment producers.

These expectations together with those for sales imply a stock-sales ratio of 2.23 in September and December, lower than in June but equal to the March ratio. The 1967 ratios are the highest since 1958.

Nondurable goods producers expect to reduce stocks slightly this quarter and to add \$300 million to their holdings in the fourth. These companies had reduced their rate of accumulation from \$600 million to \$100 million between the first and second quarter; additions had averaged more than $\frac{1}{2}$ billion per quarter in 1966.

The book value of soft goods stocks would be \$28.8 billion at yearend—equal to 1.25 months of sales as compared with ratios of 1.31 at midyear and 1.33 in March. The ratio had been fairly stable in the first three quarters of 1966 and then rose through March.

Table 1.—Manufactures' Inventories and Sales: Actual and Anticipated

[Billions of dollars]

	1965				1966				1967			
	I	II	III	IV	I	II	III	IV	I	II	III ¹	IV ¹
Inventories, end of quarter												
Unadjusted												
All manufacturing.....	64.1	65.0	65.9	67.6	70.0	72.4	74.4	77.4	80.2	80.9	80.5	82.5
Durables.....	39.3	40.3	41.1	41.8	43.6	45.4	47.3	49.4	51.6	52.3	52.2	53.5
Nondurables.....	24.8	24.7	24.8	25.8	26.5	26.9	27.1	28.0	28.6	28.6	28.3	29.0
Seasonally adjusted												
All manufacturing.....	63.7	64.6	66.3	68.0	69.6	71.9	74.9	77.9	79.7	80.4	81.0	83.0
Durables.....	39.0	40.0	41.3	42.3	43.3	45.0	47.6	50.0	51.2	51.8	52.5	54.2
Nondurables.....	24.7	24.7	25.0	25.7	26.4	26.9	27.3	27.9	28.5	28.6	28.5	28.8
Sales, total for quarter												
Unadjusted												
All manufacturing.....	117.0	123.3	118.5	124.6	128.8	135.4	129.7	134.5	132.5	137.4	135.0	142.2
Durables.....	61.5	65.4	60.2	65.1	67.6	72.1	65.8	70.6	68.4	71.6	67.5	73.1
Nondurables.....	55.5	57.9	58.3	59.4	61.1	63.4	63.9	64.0	64.1	65.7	67.5	69.1
Seasonally adjusted												
All manufacturing.....	117.9	119.8	122.1	124.6	129.5	131.7	132.6	134.4	133.3	133.8	138.0	142.0
Durables.....	62.1	62.1	63.9	65.1	68.0	68.5	68.9	70.4	68.8	68.2	70.6	73.0
Nondurables.....	55.8	57.7	58.2	59.5	61.5	63.2	63.7	64.0	64.4	65.6	67.4	69.0

¹ Anticipations reported by manufacturers in August 1967. Inventories have been corrected for systematic tendencies in anticipatory data.

Sources: U.S. Department of Commerce. Anticipations, Office of Business Economics; actuals, Bureau of the Census.

Table 2.—Manufacturers' Evaluation of the Condition of Their Inventories¹

[Percentage distribution]

	Total			Durables			Nondurables		
	High	About right	Low	High	About right	Low	High	About right	Low
March 31, 1961.....	18	81	1	20	79	1	16	83	1
June 30, 1961.....	14	85	1	15	84	1	13	85	2
September 30, 1961.....	10	88	2	11	87	2	9	88	3
December 31, 1961.....	10	88	2	10	88	2	9	89	2
March 31, 1962.....	14	84	2	19	80	1	8	89	3
June 30, 1962.....	14	84	2	17	82	1	9	89	2
September 30, 1962.....	15	83	2	18	81	1	11	86	3
December 31, 1962.....	14	84	2	17	82	1	11	86	3
March 31, 1963.....	15	82	3	17	81	2	12	85	3
June 30, 1963.....	15	83	2	18	80	2	10	88	2
September 30, 1963.....	17	81	2	19	80	1	14	83	3
December 31, 1963.....	13	85	2	14	84	2	10	87	3
March 31, 1964.....	16	82	2	17	81	2	14	84	2
June 30, 1964.....	13	84	3	16	81	3	9	88	3
September 30, 1964.....	14	82	4	15	81	4	11	84	5
December 31, 1964.....	13	84	3	15	82	3	9	87	4
March 31, 1965.....	16	81	3	20	77	3	9	87	4
June 30, 1965.....	16	80	4	20	77	3	10	85	5
September 30, 1965.....	16	81	3	22	76	2	8	88	4
December 31, 1965.....	15	82	3	19	78	3	8	88	4
March 31, 1966.....	15	81	4	18	79	3	10	85	5
June 30, 1966.....	18	78	4	21	75	4	13	83	4
September 30, 1966.....	22	75	3	27	70	3	14	83	3
December 31, 1966.....	28	70	2	33	65	2	18	79	3
March 31, 1967.....	31	68	1	37	62	1	20	78	2
June 30, 1967.....	31	67	2	36	63	1	20	76	4

¹ Condition of actual inventories relative to sales and unfilled orders position as viewed by reporting companies. Percent distribution of inventory book values according to companies' classifications of their inventory condition.

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

Inventory condition on June 30

Manufacturers' views of their inventory condition changed little from March 31 to June 30. Companies holding over 30 percent of manufacturers' stocks judged their inventories "high" relative to sales and unfilled orders—the same as the last survey and, like March 1967, the largest proportion since March 1958. Approximately two-thirds of stocks were considered "about right" and the "low" category continued negligible in all industries—except for rubber companies, where the strike had depleted stocks.

The stability of the "high" proportion from March to June showed up in both durables and nondurables. In the preceding four quarters the percentage classified as "high" had risen steadily for both groups. The "high" ratio on June 30, 1967 was 36 percent for durables and 20 percent for nondurables. Most producers classified their stocks as "about right"—63 percent among durable goods producers, 76 percent among nondurables. The corresponding "lows" were 1 percent and 4 percent, respectively.

Revised Estimates of the Federal Budget, Fiscal Year 1968

REVISED estimates of the Federal budget for fiscal year 1968 were released in August by the Bureau of the Budget; estimates of Federal receipts and expenditures were provided for the administrative, cash, and national income account (NIA) budgets.

Larger deficits than forecast in January of this year are expected for all three budgets even with assumptions of strong economic growth, prompt enactment of the proposed 10 percent surcharge and defense outlays at a level no higher than estimated in January. If any of these assumptions should turn out adversely, the budget deficits will be considerably greater.

The new estimates, shown in table 1, take account of many developments that have occurred since the January budget was prepared. Among the important changes are the President's recent tax message, which revised the proposals for tax surcharges made in January; somewhat lower estimates of corporate profits and personal income; restoration of the investment tax credit; changes in relatively uncontrollable outlays under programs such as public assistance and medicare; and the shift of the proposed increase in social security benefits from July 1, 1967 to January 1, 1968.

The deficits shown in table 1 repre-

Table 1.—Federal Government Receipts and Expenditures, Fiscal Years 1967-68

[Billions of dollars]

	1967		1968	
	January 1967 estimate	Actual (preliminary)	January 1967 estimate	August 1967 estimate
Administrative budget:				
Receipts.....	117.0	115.8	126.9	122.5
Expenditures.....	126.7	125.7	135.0	136.5
Surplus (+) or deficit (-).....	-9.7	-9.9	-8.1	-14.0
Cash budget:				
Receipts.....	154.7	153.5	168.1	164.0
Expenditures.....	160.9	155.3	172.4	175.5
Surplus (+) or deficit (-).....	-6.2	-1.8	-4.3	-11.6
National income account:				
Receipts.....	149.8	147.9	167.1	164.0
Expenditures.....	153.6	155.5	169.2	170.4
Surplus (+) or deficit (-).....	-3.8	-7.6	-2.1	-6.4

Sources: U.S. Bureau of the Budget and U.S. Department of Commerce, Office of Business Economics.

sent the lower end of a range of possibilities, and, according to the Budget Bureau, will be difficult to achieve. Considering the uncertainties involved with expenditures, particularly for defense, deficits up to \$4 billion higher might occur despite the 10 percent surtax. Without the tax increase, deficits even larger than this are likely. Other contingencies that would work in the same direction include a Federal pay raise in excess of the administration request, failure of Congress to permit additional sales of participation certificates, and higher interest charges. On the other hand, intensive administration review of existing civilian programs is underway and it is hoped that significant reductions can be made to partially offset increases elsewhere.

Economic assumptions

The economic assumptions underlying the new estimates as compared with those underlying the January submission are shown below in terms of changes from calendar year 1966 to 1967.

[Billions of dollars]

	January 1967 forecast	August 1967 forecast	Difference
GNP.....	48	40	-8
Personal income.....	44	41	-3
Corporate profits.....	1	-4	-5

Within calendar 1967 the current economic assumptions follow the same pattern as that underlying the January estimates: relatively moderate growth in the first half and marked acceleration in the second. The rate of economic growth experienced in the first half of the year, however, was less than expected and necessitated a downward revision in levels of output, personal income, and profits. GNP in the January-June period increased only \$15 billion over the previous 6 months, but is expected to increase by about three-fifths again as much in the second half of 1967.

The anticipated increases in GNP are expected to come almost entirely from the nonmilitary sectors. If fiscal 1968 Department of Defense expendi-

tures match the January estimates, defense purchases (as measured in the NIA budget) would almost level off at current levels of spending. Moreover, even if defense expenditures exceeded the previous estimate by \$4 billion—the figure mentioned by the President as a contingency—quarterly increases in defense purchases during FY 1968 would be below the average gains of the last 2 years.

The Three Budget Concepts

Before proceeding further, it may be useful to review briefly the three concepts of the Federal budget.

The Administrative Budget is the one that has been emphasized in the tax hearings and is the one most frequently referred to. However, it is probably the least satisfactory budget for economic analysis mainly because it excludes trust fund transactions, which will approach \$50 billion in 1968.

The Cash Budget. This is the most comprehensive budget; it includes all of the administrative budget plus the trust funds. Because the cash budget deficit largely determines the Government's borrowing requirements, this budget is often cited as the best measure of the Government's *financial impact*. Its usefulness for economic analysis is limited because it does not distinguish

Table 2.—Major Differences Among the Three Budgets

	Administrative	Cash	NIA
Coverage:			
Trust funds.....	Excluded....	Included....	Included.
District of Columbia.....	Excluded....	Included....	Excluded.
Federal land banks, Federal home loan banks.....	Excluded....	Included....	Excluded.
Timing:			
Receipts.....	Collections....	Collections....	Personal taxes (payment). All other (chiefly accrual).
Expenditures.....	Interest (accrual) All other (checks issued)	Checks paid.	Purchases (delivery). Interest (accrual). All other (checks issued).
Financial transactions (net lending activities).	Included....	Included....	Excluded.

those transactions directly affecting incomes of the non-Federal sectors of the economy (e.g., taxes and purchases of goods and services) from those indirectly affecting income through the volume and composition of assets and liabilities (net lending activities).

The NIA budget, which is integrated with the national accounts, is generally considered a better measure of the fiscal impact of the Government because it shows the several categories of Federal receipts and expenditures that directly affect the current income available to the rest of the economy.

Changes in Budgets

Actual data for fiscal 1967 provide an example—admittedly extreme—of how the budget measures may differ. In that year, the cash and NIA deficits, which generally follow the same annual pattern, not only reached much different levels, but also moved in opposite directions when compared with fiscal 1966 or with the January budget estimate, as the following table illustrates:

[Budget surplus or deficit billion (—), dollars]

	Fiscal year 1966	Fiscal year 1967, January 1967 estimate	Actual fiscal year 1967, Preliminary
Administrative basis...	-2.3	-9.7	-9.9
Cash basis.....	-3.3	-6.2	-1.8
NIA basis.....	.9	-3.8	-7.6

When the budget estimates were prepared last December the economic climate was even more clouded than usual. Although a slower rate of expansion was expected, the extent of the actual slowdown in the first half of 1967 was not predicted. Both budgets were expected to move toward a deficit by roughly \$4 billion; instead, the cash budget moved close to balance and the NIA budget deficit widened.

On the NIA basis, receipts were about \$2 billion lower, and expenditures \$2 billion higher, than estimated in the budget. Corporate tax receipts (measured on an accrual basis) were down sharply, reflecting the lower-than-anticipated level of economic activity from January through June of 1967. Also, personal tax payments were well below the NIA budget projections because tax refunds were larger than anticipated. On the expenditure side, de-

Table 3.—Major Changes in Fiscal Year 1968 Expenditures
[Billions of dollars]

	Administrative	Cash	NIA
January 1967 budget estimate...	\$135.0	\$172.4	\$169.2
(1) Relatively uncontrollable expenditures such as medicare, public assistance, and agricultural subsidies.....	.9	2.0	2.0
(2) Release of funds for some 1967 deferred activities such as highway grants and mortgage purchases.....	.6	.9	.4
(3) Change of effective date on social security benefit increase on January 1, 1968.....	-----	-2.0	-2.0
(4) Resumption of net lending by Federal home loan banks.....	-----	1.9	-----
(5) Changes in defense purchases resulting mainly from reduced receipts from stockpile sales and higher AEC expenditures.....	.1	.1	.8
(6) All other.....	-.1	.2	-----
August 1967 revision.....	136.5	175.5	170.4

liveries of defense goods increased substantially over the January budget estimate and grants and subsidies were also higher than had been anticipated.

This was in sharp contrast to the cash budget, where expenditures were about \$5½ billion below their January estimate. This was due primarily to a sharp reduction in the net expenditures of government financial agencies—principally Federal home loan banks—which benefited from faster-than-expected repayment by savings and loan institutions of their heavy 1966 borrowings. In addition, cash receipts were about \$1 billion less than estimated—about one-half the loss in NIA revenues—mainly because cash collections of corporate taxes did not fall as much as the accruals.

Major changes in FY 1968 Budget since January

The large deficits in the August revision of the FY 1968 budget result from higher estimates of expenditures and lower estimates of receipts.

Major reasons for the upward revision in expenditures, affecting one or more of the three budgets, include increases in relatively uncontrollable outlays under existing law (such as medicare, agricultural subsidies and public assistance) and the effect of the early release of funds for some deferred activities (such as highway grants and

mortgage purchases). In the cash and NIA budgets, these increases are partially offset by the delay in proposed increases in social security benefits. The anticipated resumption of net lending by Federal home loan banks raises cash outlays but does not affect the other two budgets. Similarly, reduced estimates of strategic stockpile sales (these sales are netted against defense purchases in the NIA budget) raises NIA budget expenditures, but do not affect cash or administrative outlays. In these two budgets stockpile sales are recorded as receipts.

The major factors affecting the changes in January estimates of fiscal 1968 expenditures are shown in table 3.

The increase in the proposed surtax on individuals and corporations from 6 to 10 percent raises receipts but not enough to offset other factors that are expected to reduce revenues for fiscal 1968. These include lower estimates of corporate profits and personal income, a reestimate of the marginal individual income tax rate, and the reinstatement of the investment tax credit. Although the effect on fiscal 1968 receipts is considerably less, the Treasury has estimated that the new surcharge proposals will raise personal and corporate tax liabilities about \$9 billion in the first full year of operation, or somewhat less than half the amount of the 1964-65 tax reductions at 1967 income levels.

The major factors affecting the change in January estimates of fiscal 1968 receipts, and their effect on the three budgets are summarized in table 4.

Table 4.—Major Changes in Fiscal Year 1968 Budget Receipts
[Billions of dollars]

	Administrative	Cash	NIA
January 1967 budget estimate...	\$126.9	\$168.1	\$167.1
(1) Additional yield of new tax proposals above those of January budget.....	1.9	1.9	2.4
(2) Lower estimates of corporate profits and personal income.....	-1.6	-1.6	-1.7
(3) Revised estimate of marginal income tax rate.....	-3.0	-3.0	-3.0
(4) Reinstatement of investment tax credit.....	-.8	-.8	-.8
(5) All other changes (lower miscellaneous receipts, customs, estate and gift taxes, higher OASDHI receipts).....	-.8	-.4	-----
August 1967 revision.....	122.5	164.0	164.0

By WALTHER LEDERER and EVELYN M. PARRISH

The U.S. Balance of Payments— Second Quarter 1967

DURING the second quarter, substantial changes occurred in many of the major categories of international transactions. Favorable developments in some categories, however, were largely offset by adverse shifts in other accounts, so that the seasonally adjusted balance measured on the liquidity basis remained close to the first quarter amount of about \$500 million. In the first quarter, too, the effects of substantial changes among the major categories on the balance measured on the liquidity basis had been mainly offsetting.

The seasonally adjusted balance measured on the official reserve transactions basis improved about \$1 billion in the second quarter. This improvement, however, followed an extraordinarily large deterioration that resulted in the deficit of \$1.8 billion in the first quarter.

Major changes

The following major changes in seasonally adjusted international transactions in the second quarter are listed in table A:

(1) The surplus on nonmilitary merchandise trade rose \$140 million in the second quarter. This was an extension of the improvement in the trade balance that began in the first quarter after persistent deterioration during most of the preceding 3 years. The favorable movement in the trade balance in the second quarter was due in large part to the decline in merchandise imports, which in the first quarter had leveled off after a 4-year upward trend. Exports rose only slightly after a rapid expansion in the first quarter.

Despite the second quarter rise in the trade surplus, the balance on goods and services (excluding transfers under military grants) deteriorated by about \$50

million as compared with an expansion of \$265 million in the first quarter. Adversely affecting that balance was an increase of about \$195 million in net payments for international travel. Travel expenditures increased sharply in the second quarter, when the opening of Expo 67 attracted large numbers of U.S. tourists to Canada.

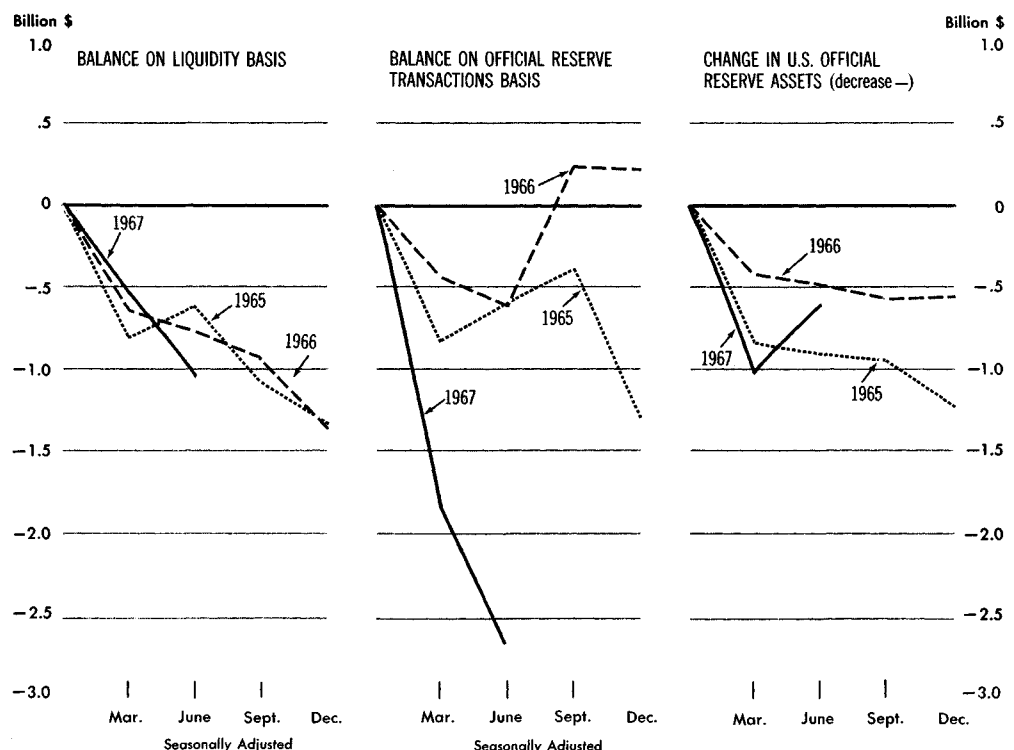
(2) The outflow of funds through U.S. private remittances, usually relatively stable, increased sharply—by \$125 million—because of special contributions to Israel in June stimulated by the Middle East crisis.

(3) The movement of U.S. private

capital and of foreign private capital (excluding foreign holdings of liquid assets and special financial transactions) resulted in an increase of \$250 million in the net outflow from the first to the second quarter. The adverse second quarter change was due largely to a \$240 million shift in claims on foreigners reported by U.S. banks, from net liquidation to a net increase. In addition, the movement in U.S. and foreign corporate capital resulted in a \$105 million increase in the net outflow. The adverse changes in U.S. bank loans and in the movement of corporate capital were partly offset by a decline in the

CHART 5

U.S. Balance of International Payments—Cumulative Quarterly Data



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

67-95

net outflow of capital through security transactions.

(4) Government grants (excluding military) and Government capital outflows net of loan repayments and of changes in liabilities other than marketable or convertible securities decreased about \$340 million. The decline followed a temporary bulge in these Government transactions in the first quarter.

(5) Errors and omissions changed adversely by the exceptionally large amount of \$295 million. The explanation for the large rise in unrecorded debits is not known, but it is likely that this large net outflow reflected only temporary developments or unusual transactions.

(6) Changes in special financial transactions had a favorable impact on the balance. The Government of Canada made an advance repurchase of \$30 million of its bonds, the first such transaction since the third quarter of 1966. Transactions of the United Kingdom in U.S. non-Treasury securities shifted nearly \$100 million, from net liquidations in the first quarter to net purchases in the second. In addition, investment in long-term time deposits and certificates of deposits with maturity of 1 year or more by foreign official agencies increased \$295 million from the first quarter. Investments by international and regional organizations in long-term time deposits, certificates of deposits, and nonguaranteed U.S. Government agency bonds were slightly exceeded, however, by their sales in the United States of newly issued securities.

The aggregate of the foregoing changes totals \$25 million of credits, the amount of the improvement in the liquidity balance in the second quarter.

The difference between the small improvement in the liquidity balance and the \$1 billion improvement in the balance on the official reserve transactions basis was due in large part to the net effect of two developments:

1. Acquisitions of long-term deposits, time deposit certificates, and similar assets by foreign official organizations rose from \$309 million in the first quarter to \$605 million in the second. These acquisitions resulted in an im-

provement of \$300 million in the balance measured on the liquidity basis, but had no effect on the balance measured on the official reserve transactions basis.

2. A change of more than \$1.2 billion (after seasonal adjustment) in the movement of liquid liabilities to foreign private accounts, from a net decline of about \$960 million to a net increase of nearly \$275 million.

In the first quarter and also in the first 2 months of the second quarter, liabilities to foreign private accounts declined. This decline partly reflected the easing of credit conditions in the United States, which made it possible for domestic banks to relax their efforts to attract dollar deposits through their foreign branches. Another factor affecting the decline was the improvement in the balance of payments of the United Kingdom and in confidence in the ability of British authorities to maintain the current exchange rate of the British pound. These developments resulted in a shift of liquid dollar liabilities from foreign private accounts to the official

accounts of the United Kingdom. (In the first quarter, the United Kingdom used most of these dollar acquisitions to repurchase sterling from the United States. These repurchases reduced the convertible currency component of U.S. official reserve assets.) Such shifts of dollar liabilities do not affect the balance measured on the liquidity basis, but they have an adverse effect on the balance measured on the official reserve transactions basis.

In June the movement in foreign private dollar holdings was sharply reversed, so that for the quarter as a whole foreign private dollar holdings rose again. This may have reflected in part an unfavorable change in the British foreign exchange situation, which was occasioned by the Middle East crisis, and in part the renewed tightening in domestic money markets. The shift of liquid liabilities from foreign official to foreign private accounts at the end of the quarter had a favorable effect on the official reserve transactions balance.

The balances

Official reserve assets increased \$419 million during the quarter. This change reflected mainly a \$424 million rise in convertible currencies; the U.S. gold tranche position in the IMF improved by \$10 million but gold holdings declined by \$15 million. The rise in convertible currency holdings followed a decline of more than \$1 billion in the first quarter of the year. The \$5 million drop in the total of gold and gold tranche assets was even less than the small decrease of \$20 million in the previous quarter and indeed was the smallest decline since the middle of 1961.

Liquid liabilities to foreign residents and international organizations increased, however, by \$612 million. This amount included a rise of \$518 million in foreign official accounts and a \$94 million rise in the accounts of other foreign residents and international organizations (other than the IMF). Liabilities with an original maturity of 1 year or more reported by banks increased during the second quarter by \$625 million, of which \$605 million was acquired by foreign official agencies.

Table A.—Major Changes in U.S. International Transactions from First to Second Quarter 1967

	<i>Millions of dollars (seasonally adjusted)</i>
Balance on goods and services, excluding transfers under military grants.....	-50
Balance on nonmilitary merchandise trade.....	+140
Balance on travel.....	-195
Private remittances, net.....	-125
Private U.S. and foreign capital, net.....	-251
Corporate capital (assets and liabilities) ¹	-105
Security transactions, excluding special transactions (assets and liabilities) ¹	+94
Claims reported by U.S. banks.....	-240
Government grants and capital, net.....	+340
Grants (excluding military) and capital outflows.....	+182
Scheduled loan repayments.....	+92
Liabilities other than marketable or convertible securities.....	+66
Errors and omissions.....	-294
Special financial transactions:	
Nonscheduled repayments by Canadian Government of U.S. private credits.....	+30
U.K. purchases of U.S. securities other than Treasury issues.....	+100
Investment by international and regional organizations in long-term time deposits or certificates of deposit and nonguaranteed U.S. Government agency bonds, less sales in the United States of newly issued securities.....	-20
Investment by foreign official agencies in long-term time deposits or certificates of deposit in U.S. banks.....	+295
Total, above transactions=change in liquidity balance.....	+25

¹ Changes in foreign sales of newly issued securities of U.S. corporations to finance foreign investments are combined with corporate capital rather than security transactions.

NOTE.—(+) indicates favorable effect on balance; (−) indicates adverse effect on balance.

Many of these liabilities—mainly time deposits and time deposit certificates—approach in quality and liquidity those that are classified as liquid liabilities. Nonliquid liabilities to foreign official agencies reported by the U.S. Government decreased by \$22 million in the second quarter.

The second quarter balance measured on the liquidity basis, which combines the changes in U.S. official reserve assets and in liquid liabilities to all foreign residents and international organizations, was adverse by \$193 million, and after seasonal adjustment by \$512 million. This compares with a seasonally adjusted adverse balance of \$538 million in the first quarter of the year, and of \$340 million per quarter in 1966.

The second quarter balance measured on the official reserve transactions basis, which combines the changes in official reserve assets with the changes in all liabilities to foreign official organizations, was adverse by \$682 million, and after seasonal adjustment by \$814 million. This compares with a seasonally adjusted adverse balance of \$1,827 million in the first quarter and a favorable balance of \$56 million for the quarterly average in 1966.

Goods and Services

The favorable balance on goods and services (excluding transfers under military grants), declined about \$50 million after seasonal adjustment from the first to the second quarter, as exports declined and imports remained unchanged. Both export and import transactions partly reflected the slowdown in business expansion in the United States and abroad. However, there were also some special developments that affected several types of transactions, and on balance they raised imports of goods and services more than exports.

The seasonally adjusted nonmilitary merchandise trade balance was at an annual rate of about \$4.5 billion in the second quarter; this may be compared with \$4 billion in the first quarter, and the most recent low of \$2.9 billion in the fourth quarter of last year. The improvement from the first quarter resulted from a \$0.1 billion rise in exports and a \$0.4 billion drop in

merchandise imports. The drop in imports reflected chiefly the slowdown in inventory accumulations and the rise in unutilized manufacturing capacity in the domestic economy during the first half of the year. Since economic activity is expected to accelerate again, the decline in imports should be considered only temporary.

Merchandise exports

The advance in nonmilitary merchandise exports—after seasonal adjustment—was relatively small, but it followed an exceptionally large increase in the previous quarter. The second quarter gain was limited to agricultural goods; nonagricultural exports continued close to the first quarter level. The following table shows the distribution of seasonally adjusted nonmilitary exports by major areas.

These figures indicate that exports to the developed countries in the aggregate continued to rise in the second quarter, but that a decline in shipments to the less-developed countries offset most of this increase.

Merchandise Exports by Major Areas¹
(Millions of dollars, seasonally adjusted)

	1966				1967	
	I	II	III	IV	I	II
Total	7,203	7,181	7,382	7,402	7,691	7,723
United Kingdom	459	447	454	400	429	510
Other Western Europe.....	2,020	1,964	1,966	1,877	1,877	1,990
Canada.....	1,580	1,622	1,636	1,689	1,802	1,761
Japan.....	502	594	617	645	619	687
Australia, New Zealand, South Africa.....	283	272	286	308	347	318
Total, developed countries..	4,844	4,899	4,959	4,919	5,074	5,266
Less—developed countries..	2,302	2,236	2,387	2,422	2,544	2,411
Eastern Europe.....	57	46	36	61	73	43

¹ Adjusted to a balance of payments basis.

Among the developed countries, the rise to Western Europe was notable in view of the continued slow advance in industrial activity in European countries. Exports to continental Western Europe recovered most of the loss experienced last year and through the first quarter of 1967, largely because of rising deliveries of commercial aircraft.

The exceptionally large increase in exports to the United Kingdom may have included some shipments that had been postponed last year in order to avoid United Kingdom import sur-

charges, which were lifted last November.

Exports to Japan continued to advance, as did Japanese economic activity. Although business activity in Canada expanded less than in 1966, exports nearly maintained the high level reached earlier in the first quarter.

The decline in exports to the less-developed countries reversed the rise in the first quarter of this year. This decrease was due partly to a drop in nonagricultural aid shipments to South Asia (which had accounted for most of the rise in the previous quarter) and partly to a decline in airplane deliveries, which were exceptionally large in the last quarter of 1966 and the first quarter of 1967.

A factor contributing to the second quarter export rise may have been the declining pressure of domestic demand against domestic productive capacity. This has been a major factor in the rise in exports of commercial airplanes, after relatively slow deliveries in 1966 because of shortages of aircraft engines. Such exports to Western Europe increased by \$50 million from the fourth quarter of 1966 to the first quarter of 1967 and again by \$56 million in the second quarter. Airplane exports to Japan and to the combined area of Australia, New Zealand, and South Africa did not change in the second quarter of 1967, but they accounted for part of the rise in exports to Japan in the fourth quarter and to Australia, New Zealand, and South Africa in the first quarter.

The decline in domestic capacity utilization may also have had a favorable effect on other exports, particularly machinery. Machinery shipments rose as deliveries on outstanding orders were speeded up. New orders for machinery also increased so that the backlog of unfilled orders did not change significantly. With exports up, the ratio of unfilled export orders for machinery to export shipments dropped in the second quarter to the lowest level since the second quarter of 1965, when shipments were catching up after the dock strike. The speedup in delivery time may have been a factor in the improvement in new orders.

In summary, the stability in the total of merchandise exports in the second

quarter resulted from a combination of expansionary factors and reversals of temporary increases in previous periods. The expansionary factors included the relaxation in the domestic supply situation and also a temporary rise in demand in the United Kingdom.

In the absence of these temporary developments, a resumption of a strong upward movement in exports will depend upon a recovery in the economic growth of the major European countries. Improvement in both European and U.S. business activity would stimulate the economies and thus the import demand of Canada and most of the less-developed countries. Such improvement would also ease the Japanese balance-of-payments position and thus help prevent a slowdown that might otherwise occur in Japanese imports.

Merchandise imports

The \$110 million decline in U.S. imports in the second quarter, which followed a leveling off in the first quarter, temporarily interrupted the long-term uptrend that had persisted from mid-1961 through the end of 1966. However, this decline may be short-lived, in view of the renewed strength in the U.S. economy. Imports in June and July showed some increase from the May low.

The decline in imports for the second quarter was widespread. Imports rose

in only one major category, automotive equipment, and that increase was confined to automotive imports from Canada, which was mainly the result of the special automotive trade agreement. The increase was large enough to offset lower automotive imports from Europe.

Imports of consumer goods and capital equipment showed significant declines in the second quarter. Imports of capital equipment ceased expanding in the first quarter, and declined \$40 million in the second. The drop may be attributable to the eased pressure on U.S. manufacturing capacity. The decrease in imports of consumer goods in the second quarter was largely in consumer durables other than automobiles. Over the past decade and a half, these imports had shown the steadiest expansion and, together with automotive imports, the highest growth rates of all the major import categories. (Chart 6.)

Lower imports of industrial supplies in the second quarter reflected reduced U.S. industrial production and a further drop in inventory accumulation. These imports began to decline in the fourth quarter 1966, and in the second quarter 1967 they fell \$110 million further.

Imports of foods, feeds, and beverages in the second quarter dropped back to a rate close to the 1966 quarterly average. In the first quarter these imports ex-

perienced a temporary bulge because of exceptionally large sugar and cocoa deliveries.

Imports of crude petroleum and petroleum products did not change from the first to the second quarter. Imports from the Middle East and Africa averaged about \$25 million during the first 5 months of 1967 and were only \$20 million in June. The effect of the Middle East crisis on the value of total petroleum imports is considerably less than the loss of Middle East oil, however, because some purchases have been shifted to higher priced Canadian and Latin American supplies.

U.S. exports of crude petroleum, which are usually negligible, rose to \$6 million in June and to \$31 million in July. This included \$22 million of exports to Europe and \$9 million to Canada. The increase in the landed cost in Europe of Middle East oil, which must be delivered by the long route around Africa while the Suez Canal remains closed, has made U.S. crude oil more competitive in foreign markets.

Other goods and services

Among goods and services, by far the largest change in transactions was in the travel account. The increase in travel payments in the second quarter more than nullified gains in other goods and services accounts. Travel payments—

Table B.—Changes in Near-Liquid Liabilities, Nonscheduled Repayments by Foreign Governments of U.S. Credits, and Other Special Financial Transactions by U.S. and Foreign Official and International Agencies

(Millions of dollars)

Lines in tables 1, 2, and 8 in which transactions are included are indicated in ()	Effect on balance measured on—															
	Liquidity basis								Official reserve transactions basis							
	1965	1966	1966				1967		1965	1966	1966				1967	
			I	II	III	IV	I	II			I	II	III	IV	I	II
Investment by foreign official agencies in long-term time deposits or certificates of deposit in U.S. banks (53).....	-38	788	43	284	88	373	309	605								
Investment by international and regional organizations in long-term time deposits or certificates of deposit and nonguaranteed U.S. Government agency bonds, less sales in the United States of newly issued securities (33, 52, 34).....	41	319	86	260	-24	-3	15	-4								
Nonscheduled repayments by foreign governments of U.S. Government credits (45).....	221	428	3	7	226	192			221	428	3	7	226	192		
Nonscheduled repayments by Canadian Government of U.S. private credits (35).....		139	40	69	30		30		139	139	40	69	30			30
Canadian Government purchases of IBRD bonds from U.S. owners (36).....		23			23					23			23			
Postponement of new issues of Canadian securities (34).....	150	-150	-150						150	-150	-150					
Liquidation of U.S. securities other than Treasury issues by United Kingdom (Government and private) (52).....	-522	-101	-61	-46	-19	25	-28	70	-522	-101	-61	-46	-19	25	-28	70
Deferral of service on United Kingdom loan (13 and 44).....	-138								-138							

even after seasonal adjustment—rose about \$160 million in the second quarter while travel receipts dropped moderately, so that the balance of payments effect of the travel account was adverse by about \$195 million. Most of the rise was in expenditures by U.S. tourists visiting the centennial exposition in Montreal. Travel expenditures will continue heavy during the summer quarter and will probably extend into the fourth quarter, since Expo 67 will be open through October. However, the adverse effects of the expanded travel payments on the U.S. balance of payments may be counteracted by Canadian Government actions that would keep official reserves within the target level envisaged under the U.S.-Canadian agreement that exempts U.S. purchases of newly issued Canadian securities from the Interest Equalization Tax.

Deliveries under military sales contracts continued exceptionally high for the second successive quarter. Payments for these orders had been received earlier, so these deliveries reduced U.S. liabilities associated with military sales contracts and did not affect the balance of payments in either quarter.

The advance in military expenditures was minor in the second quarter, but it had been preceded by an extraordinarily large rise in the first. The second quarter increase was limited to expenditures in Japan and the area comprising "other Asia and Africa." These rose to an annual rate of \$2.25 billion, which was \$1.40 billion higher than in 1964, before the military buildup in Southeast Asia began. The relatively small rise in the second quarter in that area can be attributed to a decline in construction expenditures, which offset the continuing increase in operational expenditures associated with the size of military forces stationed there.

Private remittances jumped about \$125 million in the second quarter to nearly \$300 million. All of the rise reflected increased transfers of charitable contributions to Israel in June as a consequence of the Middle East crisis.

Government Grants and Capital Transactions

U.S. Government nonmilitary grants and capital flows, net of liabilities asso-

ciated with those transactions, dropped from the temporarily high seasonally adjusted figure of \$1.43 billion in the first quarter to \$1.25 billion in the second. The decline was partly in economic assistance under AID programs to Pakistan and Vietnam; this assistance was exceptionally high in the first quarter. Export-Import Bank loans increased in the second quarter, partly to finance commercial aircraft exports to Western Europe and Canada. Included in the latter was the acquisition by the Export-Import Bank of a loan held by a U.S. bank for a foreign account.

The increase of \$90 million in repayments on U.S. Government credits in the second quarter reflected, in the main, a rescheduling of repayments of U.S. loans by Vietnam. These repayments were made in local currency funds which are used to meet military expenditures.

The increase in Government liabilities associated with military transactions in the second quarter was nearly \$170 million, after seasonal adjustment. This rise, which was \$70 million more than in the first quarter, largely resulted from higher receipts of advance payments from foreign countries. Deliveries of goods and services by U.S. military agencies, which reduce U.S. Government liabilities, did not change from the first quarter.

Private Capital Transactions

Movements of private U.S. capital and of nonliquid private foreign capital

resulted in a seasonally adjusted net outflow of about \$770 million in the second quarter. This was approximately \$250 million more than in the first quarter, but about \$30 million less than the quarterly average of \$800 million in 1966. (These figures are derived by deducting from lines 32 and 51 through 55 of table 2, the transactions of foreign governments and international organizations shown in table B.) The \$250 million increase in net outflows from the first to the second quarter resulted from the following: a \$240 million shift in foreign claims by U.S. banks, from an inflow through net liquidations to an outflow through net acquisitions; a \$105 million rise of net foreign investments (assets less liabilities) of U.S. corporations, and a \$95 million shift from net outflows of capital through security transactions to net inflows. (In this summary foreign sales of newly issued securities of U.S. corporations to finance foreign investments are combined with the movement of corporate capital rather than with security transactions.) These changes reflect the easing of conditions in domestic capital markets, which increased the lending facilities of U.S. banks and may have contributed to the rise in corporate investments abroad.

U.S. corporate assets abroad

The second quarter net outflow of U.S. corporate funds, consisting of direct investments, new issues of secu-

Table C.—Sources and Uses of Funds Obtained Abroad by U.S. Corporations Through the Issue of New Securities to Finance Direct Investment Abroad¹

[Millions of dollars]

Tables 1, 2 and 8, line	(Credits +, debits -)	1965	1966	1965				1966				1967	
				III	IV	I	II	III	IV	I	II		
	Sources of funds:												
52	Transactions in U.S. securities other than Treasury issues.....	191	594	19	172	183	291	35	85	92	110		
	Uses of funds:												
33	Direct investment.....	-52	-445	-1	-51	-51	-234	-34	-126	-77	-71		
40	Short-term claims reported by U.S. residents other than banks.....	-139	-143	-18	-121	-126	-57	-1	41	-15	-15		
54 and 55	Repayments of liabilities to foreigners.....												-24
59	Foreign deposits and money market paper held in the United States.....		-6			-6							

¹ Excludes securities issued by subsidiaries incorporated abroad and also excludes funds obtained abroad by U.S. corporations through bank loans and other credits.

² Includes \$11 million borrowed from foreign banks in June as advance on new corporate securities issued in July.

rities abroad by U.S. corporations, and changes in other claims and liabilities amounted to about \$590 million after seasonal adjustment. This was higher than the \$485 million net outflow in the first quarter, but substantially less than the quarterly average of \$730 million in 1966.

The net outflow of funds for direct investments was held down by some major liquidations. In Latin America, the majority share in two large mining enterprises had to be transferred to local ownership in order to conform with local government regulations. These transfers amounted to \$155 million. In return, the U.S. enterprises received debt obligations of about \$130 million (which appear as a capital outflow on line 39 in tables 1, 2, and 8), the remainder being paid in cash.

In Canada, a U.S. corporation had to sell a Canadian enterprise as a result of a U.S. court order arising from anti-trust proceedings. This sale amounted to some \$30 million. Net outflows to Canada were also reduced by the return flow of short-term funds that had been advanced by a U.S. company to its Canadian subsidiary in the last quarter of 1966.

Newly issued securities sold abroad by U.S. corporations to finance their foreign investments amounted to nearly \$100 million. In addition, a U.S. corporation obtained \$11 million from foreign banks as an advance on a bond issue sold in the third quarter. Transfers of funds to foreign affiliates from these and previous issues amounted to over \$70 million, and about \$24 million was used to repay previous bank loans.

Short-term balances held abroad increased by \$15 million.

The actual outflow of funds was also reduced by the shift in annual tax payments by U.S. oil companies to Libya from the second to the first quarter. This shift, amounting to some \$300 million, was compensated for in the seasonal adjustments and thus did not affect the change in the seasonally adjusted figures.

Capital outflows for direct investment rose sharply to the United Kingdom, but this may have compensated for a relatively small outflow in the first quarter. Although outflows to other Western Europe dropped slightly from the first quarter, the total of about \$595 million for the first half of the year was substantially higher than the \$430 million outflow in the first half of 1966, after deducting \$180 million for a major acquisition of a foreign enterprise through an exchange of securities.

Net outflows to Asia and Africa, other than Japan and South Africa—mainly to oil-producing countries—were somewhat higher in the first half of 1967 than in the first half of last year, but the increase was in the first quarter.

The largest drop in direct investment from the first half of 1966 to the first half of 1967 was in Canada, even if the reflow of short-term advances and the special liquidation mentioned earlier are omitted from consideration. Direct investment capital outflows (other than the liquidations mentioned above) to other countries stayed about the same as in the first half of last year.

Claims on foreigners reported by nonbanking concerns increased in the second quarter by about \$100 million after seasonal adjustment. This change reflects the \$130 million of notes received in connection with the liquidation of direct investments in Latin America, and an increase of \$15 million in interim investments of funds obtained through security issues by U.S. corporations to finance their direct investments abroad. This leaves offsetting liquidations of \$45 million (after seasonal adjustment) of other foreign claims. A large part of such liquidations involved U.S. dollar funds held in the United Kingdom.

Other U.S. assets abroad

U.S. purchases of new issues of foreign securities—after adjustment for seasonal variations—were about \$340 million, nearly as much as the relatively large amount of \$350 million in the first quarter. These totals are somewhat higher than the average quarterly rate in previous years, which rarely exceeded \$300 million.

The second quarter issues included \$90 million of World Bank bonds. About \$70 million of the proceeds of that issue were reinvested in U.S. Government agency bonds and about \$8 million in long-term banking obligations, pending their use for World Bank loan disbursements. New issues during the second quarter also included \$65 million of savings bonds sold by the Government of Israel, about \$30 million more than the average in preceding quarters.

Redemptions of foreign securities previously issued in the United States included \$30 million of bonds repurchased in advance of their maturity by the Canadian Government.

Other transactions in foreign securities resulted in net liquidations, restoring the pattern that was interrupted briefly in the first quarter.

Claims on foreigners reported by U.S. banks increased in the second quarter by nearly \$180 million after seasonal adjustment. This total consisted of net liquidations of about \$150 million in loans with an original maturity of 1 year or more, and a net increase of about \$330 million in shorter-term

Table D.—Transactions in U.S. Securities Other Than Treasury Issues (Increase in Foreign Assets +)

[Millions of dollars]

	1966	1966				1967	
		I	II	III	IV	I	II
Total	909	173	520	107	109	120	284
Issues of new securities sold abroad by U.S. corporations to finance direct investments abroad.....	594	183	291	35	85	92	199
Investment by international and regional organizations in non-guaranteed U.S. Government agency bonds.....	244	73	139	27	5	-6	71
Liquidation of U.S. securities other than Treasury issues by United Kingdom (government and private).....	-101	-61	-46	-19	25	-28	70
Other transactions.....	172	-22	136	64	-6	62	44
Bonds.....	-48	-50	-19	22	-1	2	-26
Stocks.....	220	28	155	42	-5	60	70

¹ Excludes \$11 million borrowed from foreign banks in June for which new corporate securities were issued in July.

claims. The liquidation of the longer-term loans has been relatively constant over the last three quarters. These loans increased sharply during 1964 and early 1965. Since loans for more than 1 year to developed countries are subject to the Interest Equalization Tax, lending to these countries has virtually ceased.

The large increase in shorter-term claims resulted in a net outflow of bank-reported funds for the first time since the second quarter of 1966. Net lending by banks was not quite as large however, as the increase in the interim ceiling recommended by the Federal Reserve Board under the voluntary cooperation program to improve the balance of payments. Consequently, the net unutilized leeway for foreign credits by banks rose to \$420 million at the end of June from \$370 million at the end of March.

The area breakdown of claims reported by banks shows that the \$150 million net increase (before seasonal adjustment) resulted from a \$230 million rise in claims on Japan and a \$70 million rise in claims on Latin America and on other countries in Asia and Africa, offset by a decline of \$140 million in claims on Europe.

Foreign assets in the United States

The major changes in transactions involving foreign assets in the United States from the first to the second quarter were a rise from \$120 million to \$284 million in foreign purchases of U.S. securities, and a rise from \$376

million to \$625 million in foreign purchases of long-term time deposits and time deposit certificates. The increase in these inflows was partly offset by a lesser increase in foreign liabilities of nonbanking corporations, from \$180 million in the first quarter to about \$90 million in the second.

Foreign investments in long-term time deposits, time deposit certificates, and comparable obligations reported by U.S. banks are made almost entirely by official organizations. These liabilities had a maturity of 1 year or more at the time of purchase, but many of the outstanding obligations at any one reporting period may mature within a shorter period. They have a sufficient degree of liquidity to be used as an investment of foreign official reserve assets. They also provide the holders with somewhat higher incomes than could be obtained on shorter term investments. Net purchases in the second quarter included \$230 million by Latin American countries, \$200 million by Canada, over \$100 million by Japan, and about \$120 million by other countries in Asia and Africa.

Summary

International transactions in the second quarter were affected to an unusual degree by temporary developments that make it difficult to determine the effects of cyclical changes and to discern any changes in the longer run trends in these transactions. Temporary developments that had a major

adverse effect on the balance included the large travel expenditures, the rise in private remittances to, and bond purchases from Israel, and the exceptionally large debit balance on unrecorded transactions.

Temporary developments that had a major favorable effect on the balance were the relatively large exports to the United Kingdom, the small rise in military expenditures and the relatively large cash receipts from abroad for military purchases; the special debt repayments by Canada and Vietnam; and cash receipts of U.S. corporations from the liquidation of foreign direct investments. These temporary developments may have resulted in net payments of about \$400 million.

Cyclical conditions reflected in the transactions include primarily the relatively low rate of business expansion in the United States and in some of the major foreign industrial countries. These conditions, which are likely to represent only short-term fluctuations, appear to have affected imports and exports of goods and services by roughly the same amount, and may also have had offsetting effects on capital movements.

Foreign official investments in time deposits with an original maturity of one year or more, and other official financial transactions listed in table B, however, more than offset the adverse effects of the temporary and cyclical developments.

Table 1.—U.S. International Transactions

[Millions of dollars]

Line	(Credits +; debits -)	1966	1966				1967	
			I	II	III	IV	I ^r	I ^p
1	Exports of goods and services.....	p 44,036	p 10,514	p 11,228	p 10,574	p 11,720	p 11,479	11,848
2	Excluding transfers under military grants.....	43,039	10,239	10,871	10,330	11,549	11,135	11,600
3	Merchandise, adjusted, excluding military ¹	29,168	7,073	7,361	6,968	7,766	7,589	7,905
4	Transfers under military sales contracts.....	847	198	260	178	211	328	374
5	Transfers under military grants, net.....	p 997	p 275	p 357	p 194	p 171	p 344	248
6	Transportation.....	2,589	588	655	688	658	619	672
7	Travel.....	1,573	317	428	489	339	358	437
8	Fees and royalties from direct investments.....	1,045	229	243	272	301	256	250
9	Other private services.....	1,247	313	310	305	319	335	332
10	Other U.S. Government services.....	325	73	85	76	91	82	84
	Income on U.S. investments abroad:							
11	Direct investments ²	4,045	964	980	893	1,208	1,028	961
12	Other private assets.....	1,605	370	409	392	434	418	435
13	U.S. Government assets.....	595	114	140	119	222	122	150
14	Imports of goods and services.....	-37,937	-8,561	-9,388	-10,148	-9,840	-9,617	-10,135
15	Merchandise, adjusted, excluding military ¹	-25,510	-5,919	-6,271	-6,528	-6,792	-6,629	-6,607
16	Military expenditures.....	-3,694	-861	-911	-953	-969	-1,045	-1,052
17	Transportation.....	-2,914	-639	-793	-791	-691	-671	-802
18	Travel.....	-2,657	-424	-701	-1,037	-495	-455	-876
19	Private payments for other services.....	-454	-108	-110	-119	-117	-116	-120
20	U.S. Government payments for other services.....	-634	-143	-136	-195	-160	-152	-139
	Income on foreign investments in the United States:							
21	Private payments ²	-1,525	-334	-332	-387	-472	-410	-392
22	U.S. Government payments.....	-549	-133	-134	-138	-144	-138	-148
23	Balance on goods and services (lines 1 and 14).....	p 6,099	p 1,953	p 1,840	p 426	p 1,880	p 1,862	1,713
24	Excluding transfers under military grants (lines 2 and 14).....	5,102	1,678	1,483	232	1,709	1,518	1,465
25	Unilateral transfers, net; transfers to foreigners (-).....	p -3,922	p -1,123	p -1,129	p -850	p -820	p -1,067	-1,075
26	Excluding military grants.....	-2,925	-848	-772	-656	-649	-723	-827
27	Private remittances.....	-647	-153	-166	-153	-175	-162	-295
28	Military grants of goods and services.....	p -997	p -275	p -357	p -194	p -171	p -344	-248
29	Other U.S. Government grants ¹	-1,915	-614	-526	-385	-390	-468	-436
30	U.S. Government pensions and other transfers.....	-363	-81	-80	-118	-84	-94	-96
31	Balance on goods, services, and unilateral transfers (lines 23 and 25, or 24 and 26) ³	2,177	830	711	-424	1,060	795	638
32	Transactions in U.S. private assets, net; increase in assets (-).....	-4,213	-880	-1,272	-469	-1,592	-1,152	-969
33	Direct investments ²	-3,543	-604	-1,074	-693	-1,172	-892	-452
34	Foreign securities newly issued in the United States.....	-1,210	-466	-305	-241	-198	-352	-406
35	Redemptions.....	405	118	123	75	89	100	130
36	Other transactions in foreign securities.....	323	-9	122	155	55	-10	37
	Claims reported by U.S. banks: ¹							
37	Long-term.....	337	127	1	102	107	153	181
38	Short-term.....	-84	145	-59	229	-399	-25	-331
	Claims reported by U.S. residents other than banks: ¹							
39	Long-term.....	-112	-17	-51	-28	-16	-67	-143
40	Short-term.....	-329	-174	-29	-68	-58	-59	15
41	Transactions in U.S. Government assets, excluding official reserve assets, net; increase in assets (-).....	-1,531	-299	-595	-305	-332	-673	-629
42	Loans and other long-term assets ¹	-2,500	-580	-691	-585	-644	-1,303	-794
43	Foreign currencies and other short-term assets ¹	-265	91	-90	-131	-135	436	-121
	Repayments on credits:							
44	Scheduled.....	806	187	179	185	255	194	286
45	Nonscheduled.....	428	3	7	226	192		(*)
46	Transactions in U.S. official reserve assets, net; increase in assets (-).....	568	424	68	82	-6	1,027	-419
47	Gold.....	571	68	209	173	121	51	15
48	Convertible currencies.....	-540	222	-163	-426	-173	1,007	-424
49	Gold tranche position in IMF.....	537	134	22	335	46	-31	-10
50	Transactions in foreign assets in the United States, net; increase in foreign assets (U.S. liabilities) (+).....	3,301	-78	1,126	951	1,302	51	1,793
51	Direct investments ²	86	52	37	-113	110	60	60
52	U.S. securities other than Treasury issues.....	909	173	520	107	109	120	284
53	Long-term liabilities reported by U.S. banks.....	976	55	441	100	380	376	625
	Other liabilities reported by U.S. private residents other than banks:							
54	Long-term.....	205	29	16	86	74	123	-35
55	Short-term.....	269	39	63	112	55	57	127
	Liabilities of U.S. Government, excluding marketable or convertible securities: ¹							
56	Associated with specific transactions.....	116	4	-6	69	49	107	121
57	Other nonmarketable, nonconvertible, medium-term securities.....	-49	-53	-26	-23	53	(*)	(*)
58	U.S. Government marketable or convertible bonds and notes ¹	-1,561	-548	-295	-527	-191	-14	104
59	Deposits and money market paper held in the United States ¹	2,350	171	376	1,140	663	-778	508
60	Errors and omissions, net.....	-302	3	-38	165	-432	-48	-414

NOTE.—Details may not add to totals because of rounding.

^r Revised. ^p Preliminary. *Less than \$500,000(±).¹ Details for lines 3 and 15 are given in table 4; for lines 29, 42, 43, 56, and 57, in table 5; for lines 37 through 40, in table 6; and for lines 58 and 59, in table 7.² Excludes undistributed profits of subsidiaries.³ Numerically equal to net foreign investment in U.S. national income and product accounts.

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

Table 2.—U.S. International Transactions—Seasonally Adjusted

(Millions of dollars)

Line	(Credits +; debits -)	1966				1967	
		I	II	III	IV	I ^r	II ^p
1	Exports of goods and services.....	p 10,786	p 10,975	p 11,107	p 11,168	p 11,727	11,586
2	Excluding transfers under military grants.....	10,511	10,618	10,913	10,997	11,383	11,338
3	Merchandise, adjusted, excluding military ¹	7,203	7,181	7,382	7,402	7,691	7,723
4	Transfers under military sales contracts.....	209	222	206	210	339	334
5	Transfers under military grants, net.....	p 275	p 357	p 194	p 171	p 344	248
6	Transportation.....	636	642	661	650	669	658
7	Travel.....	374	383	408	408	422	390
8	Fees and royalties from direct investments.....	239	261	283	262	266	269
9	Other private services.....	308	309	310	320	329	330
10	Other U.S. Government services.....	73	85	76	91	82	84
	Income on U.S. investments abroad:						
11	Direct investments ²	941	988	1,034	1,082	999	967
12	Other private assets.....	375	394	410	426	424	419
13	U.S. Government assets.....	153	153	143	146	162	164
14	Imports of goods and services.....	-8,997	-9,265	-9,762	-9,913	-10,034	-10,038
15	Merchandise, adjusted, excluding military ¹	-6,025	-6,225	-6,580	-6,680	-6,692	-6,587
16	Military expenditures.....	-861	-911	-953	-969	-1,045	-1,052
17	Transportation.....	-722	-709	-727	-756	-759	-718
18	Travel.....	-637	-674	-672	-674	-685	-847
19	Private payments for other services.....	-116	-114	-112	-112	-124	-124
20	U.S. Government payments for other services.....	-161	-161	-153	-159	-172	-165
	Income on foreign investments in the United States:						
21	Private payments ²	-342	-337	-427	-419	-419	-397
22	U.S. Government payments.....	-133	-134	-138	-144	-138	-148
23	Balance on goods and services (lines 1 and 14).....	p 1,789	p 1,710	p 1,345	p 1,255	p 1,693	1,548
24	Excluding transfers under military grants (lines 2 and 14).....	1,514	1,353	1,151	1,084	1,349	1,300
25	Unilateral transfers, net; transfers to foreigners (-).....	p -1,126	p -1,090	p -903	p -803	p -1,072	-1,035
26	Excluding military grants.....	-851	-733	-709	-632	-728	-787
27	Private remittances.....	-160	-165	-160	-162	-170	-204
28	Military grants of goods and services.....	p -275	p -357	p -194	p -171	p -344	-248
29	Other U.S. Government grants ¹	-610	-488	-431	-386	-464	-397
30	U.S. Government pensions and other transfers.....	-81	-80	-118	-84	-94	-96
31	Balance on goods, services, and unilateral transfers (lines 23 and 25, or 24 and 26) ³	663	620	442	452	621	513
32	Transactions in U.S. private assets, net; increase in assets (-).....	-981	-1,135	-932	-1,165	-958	-1,130
33	Direct investments ²	-634	-1,006	-900	-1,003	-622	-684
34	Foreign securities newly issued in the United States.....	-467	-236	-280	-227	-353	-338
35	Redemptions.....	118	123	75	89	100	130
36	Other transactions in foreign securities.....	-9	122	155	55	-10	37
	Claims reported by U.S. banks: ¹						
37	Long-term.....	123	-27	73	168	150	153
38	Short-term.....	85	-61	16	-124	-88	-329
	Claims reported by U.S. residents other than banks: ¹						
39	Long-term.....	-17	-51	-28	-16	-67	-143
40	Short-term.....	-180	1	-43	-107	-68	44
41	Transactions in U.S. Government assets, excluding official reserve assets, net; increase in assets (-).....	-365	-500	-328	-338	-741	-534
42	Loans and other long-term assets ¹						
43	Foreign currencies and other short-term assets ¹	-575	-706	-746	-738	-955	-840
	Repayments on credits:						
44	Scheduled.....	207	199	192	208	214	306
45	Nonscheduled.....	3	7	226	192		(*)
46	Transactions in U.S. official reserve assets, net; increase in assets (-).....	424	68	82	-6	1,027	-419
47	Gold.....	68	209	173	121	51	15
48	Convertible currencies.....	222	-163	-426	-173	1,007	-424
49	Gold tranche position in IMF.....	134	22	335	46	-31	-10
50	Transactions in foreign assets in the United States, net; increase in foreign assets (U.S. liabilities) (+).....	492	1,145	459	1,205	335	2,146
51	Direct investments ²	52	37	-113	110	60	60
52	U.S. securities other than Treasury issues.....	173	520	107	109	120	284
53	Long-term liabilities reported by U.S. banks.....	55	441	100	380	376	625
	Other liabilities reported by U.S. private residents other than banks:						
54	Long-term.....	29	16	86	74	123	-35
55	Short-term.....	39	63	112	55	57	127
	Liabilities of U.S. Government, excluding marketable or convertible securities: ¹						
56	Associated with specific transactions.....	-30	40	107	-1	88	154
57	Other nonmarketable, nonconvertible, medium-term securities.....	-53	-26	-23	53	(*)	(*)
58	U.S. Government marketable or convertible bonds and notes ¹						
59	Deposits and money market paper held in the United States ¹	227	54	83	425	-489	931
60	Errors and omissions, net.....	-233	-198	277	-148	-284	-576

^p Preliminary. *Less than \$500,000(±).¹ Details for lines 3 and 15 are given in table 4; for lines 29, 42, 43, 56, and 57, in table 5; for lines 37 through 40, in table 6; and for lines 58 and 59, in table 7.² Excludes undistributed profits of subsidiaries.³ Numerically equal to net foreign investment in U.S. national income and product accounts.

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

Table 3.—U.S. Balance of Payments and Reserve Position

[Millions of dollars]

Line		1966					1967		Amounts out-standing June 30, 1967
		Total	I	II	III	IV	I	II ^p	
	Balance on liquidity basis—measured by increase in U.S. official reserve assets and decrease in liquid liabilities to all foreigners:								
1	Seasonally adjusted: decrease in net assets (—).....		-651	-122	-165	-419	-538	-512	
2	Less seasonal adjustment.....		-604	27	530	47	-303	-319	
3	Before seasonal adjustment (lines 4 and 8, with sign reversed).....	-1,357	-47	-149	-695	-466	-235	-193	
4	U.S. official reserve assets (table 1 line 46); increase (—).....	568	424	68	82	-6	1,027	-419	14,274
5	Gold.....	571	68	209	173	121	51	15	13,169
6	Convertible currencies.....	-540	222	-163	-426	-173	1,007	-424	738
7	IMF gold tranche position.....	537	134	22	335	46	-31	-10	367
8	Liquid liabilities to all foreigners (table 1, lines 58 and 59); decrease (—).....	789	-377	81	613	472	-792	612	29,596
9	To official agencies.....	-1,595	-852	54	-598	-199	-83	518	15,102
10	To commercial banks ¹	2,697	404	316	1,144	833	-753	161	9,340
11	To other foreign residents and unallocated ²	212	109	66	91	-54	80	13	4,365
12	To international and regional organizations.....	-525	-38	-355	-24	-108	-36	-80	789
	Balance on official reserve transactions basis—measured by increase in U.S. official reserve assets and decrease in liquid and certain nonliquid liabilities to foreign official agencies:								
13	Seasonally adjusted: decrease in net assets (—).....		-443	-175	861	-18	-1,827	-814	
14	Less seasonal adjustment.....		-846	210	456	180	-545	-132	
15	Before seasonal adjustment (lines 16 through 18, with sign reversed).....	225	403	-385	405	-198	-1,282	-682	
16	U.S. official reserve assets (line 4); increase (—).....	568	424	68	82	-6	1,027	-419	14,274
17	Liquid liabilities to foreign official agencies (portion of line 9); decrease (—).....	-1,595	-852	54	-598	-199	-83	518	15,102
18	Certain nonliquid liabilities to foreign official agencies; decrease (—).....	802	25	263	111	403	338	583	2,377
19	Liabilities reported by U.S. private residents (table 1, portions of lines 53 through 55).....	788	43	284	88	373	309	605	1,825
20	Liabilities reported by U.S. Government (table 1, portions of lines 56 and 57).....	14	-18	-21	23	30	29	-22	552

^p Preliminary.¹ Includes deposits of foreign branches of U.S. banks and of foreign commercial banks, associated with their U.S.-dollar denominated liabilities to foreign official agencies.² May include U.S. Government bonds and notes held by foreign commercial banks.

NOTE.—Data for 1966 correspond to those shown in the June 1967 issue.

Table 4.—U.S. Merchandise Trade

[Millions of Dollars]

Line		1966					1967		Seasonally adjusted					
		Total	I	II	III	IV	I	II ^p	1966				1967	
									I	II	III	IV	I	II ^p
1	Merchandise exports, adjusted (table 1, line 3).....	29,168	7,073	7,361	6,968	7,766	7,589	7,905	7,203	7,181	7,382	7,402	7,691	7,723
2	Plus merchandise exports, other than military grant shipments excluded from line 1 but included in Census data ¹	440	98	129	102	111	156	125						
3	Less merchandise exports included in line 1 but excluded from Census data ²	182	38	55	54	35	57	60						
4	Less miscellaneous and special adjustments to Census data incorporated in line 1, net ³	30	50		-20									
5	Equals: Merchandise exports, Census basis, including reexports, excluding military grant shipments.....	29,396	7,083	7,435	7,036	7,842	7,688	7,970	7,217	7,259	7,452	7,484	7,790	7,788
6	Plus military grant shipments recorded in Census data.....	940	158	348	239	195	187	158						
7	Equals: Merchandise exports, Census basis, including reexports and military grant shipments.....	30,336	7,241	7,783	7,275	8,037	7,875	8,128						
8	Agricultural goods.....	7,028	1,682	1,696	1,666	1,984	1,617	1,606	1,693	1,746	1,860	1,752	1,618	1,659
9	Nonagricultural goods.....	23,308	5,559	6,087	5,609	6,063	6,258	6,522						
10	Excluding military grant shipments.....	22,368	5,401	5,739	5,370	5,858	6,071	6,364	5,524	5,513	5,592	5,732	6,172	6,129
11	Merchandise imports, adjusted (table 1, line 15).....	25,510	5,919	6,271	6,528	6,792	6,629	6,607	6,025	6,225	6,580	6,680	6,692	6,587
12	Plus merchandise imports excluded from line 11 but included in Census data ⁴	220	57	60	60	43	54	48						
13	Less merchandise imports included in line 11 but excluded from Census data ⁵	245	61	68	57	59	62	64						
14	Less miscellaneous and special adjustments to Census data incorporated in line 11, net ³	-65	21	-71	-15									
15	Equals: Merchandise imports, Census basis (general imports).....	25,550	5,894	6,334	6,546	6,776	6,621	6,591	6,020	6,307	6,618	6,685	6,684	6,571
16	Foods, feeds, and beverages.....	4,499	1,073	1,116	1,116	1,194	1,149	1,099	1,125	1,129	1,132	1,142	1,181	1,116
17	Coffee, cocoa, and sugar.....	1,691	441	412	437	401	449	409	458	423	420	415	449	422
18	Other.....	2,808	632	704	679	793	700	690	667	706	712	727	732	694
19	Industrial supplies and materials.....	12,092	2,838	3,100	3,138	3,016	2,999	2,949	2,862	3,043	3,142	3,061	3,011	2,898
20	Fuel and lubricants.....	2,247	600	530	572	545	621	560	560	543	585	567	572	572
21	Building materials (except metals).....	789	177	223	215	174	164	191	201	211	194	184	184	181
22	Iron and steel products.....	1,312	250	323	390	349	313	356	250	323	390	349	313	356
23	Other metals and metal ores (except uranium).....	2,910	578	731	799	802	676	724	660	705	742	800	769	697
24	Other.....	4,834	1,233	1,293	1,162	1,146	1,225	1,118	1,191	1,261	1,231	1,161	1,173	1,092
25	Capital goods (except automotive).....	2,151	464	532	542	613	617	602	462	503	576	621	609	571
26	Machinery and miscellaneous transport equipment.....	1,939	418	480	482	559	581	575	416	451	516	567	573	544
27	Civilian aircraft, complete.....	153	32	39	45	37	17	12	32	39	45	37	17	12
28	Automotive vehicles and parts (including engines).....	1,896	444	421	412	619	644	650	400	415	516	586	571	640
29	Passenger cars, new and used.....	1,244	316	272	258	398	428	420	275	271	343	371	363	417
30	Trucks, buses, and special vehicles.....	174	27	34	42	71	69	79	27	34	42	71	69	79
31	Automotive parts and accessories (including engines).....	478	101	115	112	150	147	151	98	110	131	144	130	144
32	Consumer goods (nonfood), except autos and parts.....	3,912	846	919	1,087	1,060	948	987	941	965	993	1,008	1,052	1,038
33	Consumer durables, manufactured.....	2,108	450	498	565	595	495	515	507	510	533	554	557	528
34	Consumer nondurables, manufactured.....	1,349	288	310	412	389	344	364	325	335	349	339	387	393
35	Gem stones, nursery stock, etc., unmanufactured.....	455	108	111	110	126	109	108	109	120	111	115	108	117
36	All other, n.e.c. (uranium, military aircraft, low value shipments, U.S. goods returned, etc.).....	1,000	229	246	251	274	264	304	230	252	259	267	260	308
37	Balance on merchandise trade, adjusted (line 1 less line 11).....	3,658	1,154	1,090	440	974	960	1,298	1,178	956	802	722	999	1,136
38	Memorandum items:													
	Merchandise exports, adjusted, excluding those financed by U.S. Government grants and capital outflows (line 1 less line A.28 of table 5) ⁶	26,156	6,359	6,568	6,281	6,948	6,715	7,128	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
39	Balance on merchandise trade, adjusted, excluding exports financed by U.S. Government grants and capital outflows (line 37 less line A.28 of table 5) ⁶	646	440	297	-247	156	86	521	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

^p Preliminary. N.A. Not available.¹ Consists mainly of exports of military equipment under Defense Department sales contracts with foreign governments to the extent that such exports are included in the Census data. Also includes exports of domestically owned goods into storage abroad (e.g., U.S. grain stored in Canada); exports to the Panama Canal Zone; and exports of exposed motion picture film for rental rather than sale.² Includes exports of domestically owned goods out of storage abroad (e.g., U.S. grain sold from storage in Canada); exports of electrical energy; exports of nonmonetary gold and silver, and net sales of gold by U.S. private residents to the U.S. monetary gold stock; personal remittances in kind (gift parcels sent through the mail); and transfers, financed under nonmilitary aid programs, of goods to recipient countries from Defense Department stocks located abroad.³ Includes valuation adjustments for goods considered to be underpriced or overpriced in Census data; timing adjustments for goods recorded in the Census data in one period but

known to have been shipped in another period; and coverage adjustments for special situations in which shipments are omitted from the Census data.

⁴ Consists mainly of Defense Department and other imports which duplicate in whole or in part purchases (e.g., of nuclear materials) included in table 1, line 16 (Military expenditures). Also includes imports of domestically owned goods returned from storage abroad (e.g., grain from storage in Canada); imports from the Panama Canal Zone; and foreign charges for repair of U.S. vessels.⁵ Includes imports of electrical energy; and imports of nonmonetary gold and silver, and net purchases of gold by U.S. private residents from the U.S. monetary gold stock.⁶ The entries in this line reflect only an approximate measure of merchandise exports not financed by Government grants and capital outflows since Government financing of exports may not coincide with actual shipments.

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

Table 5.—Major U.S. Government Transactions

[Millions of dollars]

Line		1966					1967	
		Total	I	II	III	IV	I ^r	II ^p
A. 1	U.S. Government grants (excluding military) and capital outflows, total (table 1, lines 29, 42, and 43, with sign reversed).....	4,680	1,103	1,307	1,101	1,169	1,335	1,352
1a	<i>Seasonally adjusted</i>	1,185	1,194	1,177	1,124	1,419	1,297	
	By category:							
2	Grants, net.....	1,915	614	526	385	390	468	436
3	Credits repayable in foreign currencies.....	361	106	98	76	81	595	104
4	Other foreign currency assets (excluding administrative cash holdings), net.....	245	-83	104	111	113	-427	141
	—Receipts from—							
5	Sales of agricultural commodities.....	844	216	250	190	188	198	235
6	Interest.....	186	48	50	42	46	52	52
7	Repayments of principal.....	121	26	38	27	30	28	86
8	Reverse grants.....	1	(*)	(*)	(*)	1	1	(*)
9	Other sources.....	15	3	9	2	1	3	13
	—Less disbursements for—							
10	Grants in the recipient's currency.....	386	214	108	34	30	38	70
11	Credits in the recipient's currency.....	232	80	64	43	45	565	80
12	Other grants and credits.....	7	2	2	1	2	3	2
13	Other U.S. Government expenditures.....	297	80	69	72	76	102	94
14	Capital subscriptions to international and regional organizations, excluding IMF.....	-100			10	-110	33	42
15	Credits repayable in dollars.....	2,239	474	593	499	673	675	648
16	Other long-term assets, net.....							
17	Other short-term assets (including changes in administrative cash holdings), net.....	20	-8	-14	20	22	-9	-20
	By program:							
18	Under farm product disposal programs.....	1,401	368	430	272	331	298	341
19	Under Foreign Assistance Acts and related programs.....	2,278	571	548	546	613	717	558
20	Under Export-Import Bank Act.....	909	143	268	233	265	269	337
21	Capital subscriptions to international and regional organizations, excluding IMF.....	-100			10	-110	33	42
22	Other assistance programs.....	155	36	41	31	47	44	37
23	Other foreign currency assets acquired (lines A.6, A.7, and A.9).....	322	77	97	71	77	82	151
24	Less foreign currencies used by U.S. Government other than for grants or credits (line A.13).....	297	80	97	72	76	102	94
25	Advances under Exchange Stabilization Fund agreements, net.....	-8	-8	-1	-5	6	-1	-24
26	Other (including changes in administrative cash holdings), net.....	20	-4	-7	15	16	-5	4
	By disposition: ¹							
27	Estimated transactions involving no direct dollar outflow from the United States.....	3,960	913	1,146	909	992	1,162	1,165
28	Expenditures on U.S. merchandise.....	3,012	714	793	687	818	874	777
29	Expenditures on U.S. services.....	749	205	194	149	201	197	191
30	Military sales contracts financed by credits (including short-term, net) ² (line B.4).....	287	15	130	65	77	108	128
31	U.S. Government credits to repay prior U.S. Government credits ³	111	38	30	20	23	18	51
32	U.S. Government credits to repay prior U.S. private credits.....	14	5			9	(*)	31
33	Increase in claims on U.S. Government associated with Government grants and capital outflows (including changes in retained accounts) (line B.7).....	-213	-64	-1	-12	-136	-36	-14
34	Estimated dollar payments to foreign countries and international and regional organizations through U.S. Government grants and capital outflows.....	720	190	161	192	177	174	187
B. 1	U.S. Government liabilities associated with specific transactions (table 1, line 56); net increase (+).....	116	4	-6	69	49	107	121
1a	<i>Seasonally adjusted</i>	-50	40	107	-1	88	164	
2	Associated with military sales contracts ⁴	341	70	-8	60	219	114	128
2a	<i>Seasonally adjusted</i>	44	45	106	146	103	168	
3	U.S. Government receipts from foreign governments (including principal repayments on credits financing military sales contracts), net of refunds.....	947	263	129	179	376	350	417
4	Plus military sales contracts financed by U.S. Government credits ⁵ (line A.30).....	287	15	130	65	77	108	128
5	Less U.S. Government receipts from principal repayments.....	46	10	7	6	23	16	44
6	Less transfers of goods and services (including transfers financed by credits) (table 1, line 4).....	847	198	260	178	211	328	374
7	Associated with U.S. Government grants and capital outflows (line A.33).....	-213	-64	-1	-12	-136	-36	-14
7a	<i>Seasonally adjusted</i>	-64	-1	-12	-136	-36	-14	
8	Non-interest-bearing securities issued to IDA.....	-75	-36		-19	-20	-25	
9	Non-interest-bearing securities issued to IDB.....	-150	-8	-11	-10	-121		
10	Non-interest-bearing securities issued to UN for special programs.....	-41	-20	(*)	-10	-11	-12	
11	Foreign funds retained in U.S. Government accounts for purchases in the United States.....	53	(*)	(*)	27	16	1	-14
12	Other.....	(*)	(*)	(*)	(*)	(*)	(*)	(*)
13	Associated with other specific transactions	-12	-2	3	21	-34	29	7
13a	<i>Seasonally adjusted</i>	-10	-4	13	-11	21	(*)	
14	Purchase of Columbia River downstream power rights.....	-30				-30		
15	U.S. Government nonmilitary sales and miscellaneous operations.....	-4	-2	3	-4	-1	(*)	10
16	Nonmarketable, nonconvertible U.S. Government obligations to be liquidated against U.S. claims.....	22			25	-3	29	-4
C. 1	Foreign holdings of nonmarketable, nonconvertible medium-term U.S. Government securities not associated with specific transactions (table 1, line 57); net increase (+).....	-49	-53	-26	-23	53	(*)	(*)
2	Export-Import Bank Portfolio Certificates of Participation.....	-3		-3	(*)	(*)	(*)	(*)
3	U.S. Treasury securities not included elsewhere ⁶	-46	-53	-23	-23	53	(*)	(*)

NOTE.—Details may not add to totals because of rounding.

^r Revised. ^p Preliminary. * Less than \$500,000(±).¹ As reported by the operating agencies.² Consists of transfers of military goods and services financed by U.S. Government credits and of advance payments to the Defense Department (on military sales contracts) financed by credits extended to foreigners by U.S. Government agencies.³ Includes estimated net accumulations of foreign currency from principal repayments recorded in line A.7.⁴ Transactions under military sales contracts are those in which the Defense Department sells and transfers military goods and services to a foreign purchaser, on a cash or credit basis. The data for the several categories of transactions related to military sales contracts in this

and the other tables, for the periods beginning with the September 1964 quarter, are partially estimated.

⁵ Consists of transfers of military goods and services financed by U.S. Government credits (included in line B.6) and of increases in Defense Department liabilities (on military sales contracts) which arise from advance payments to the Defense Department financed by credits to foreigners by U.S. Government agencies.⁶ Through the last period shown, all securities included here have been payable in foreign currencies.

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

Table 6.—Claims on Foreigners Reported by U.S. Banks and U.S. Private Residents Other Than Banks

[Millions of dollars]

Line		1966					1967		Amounts out- standing June 30, 1967
		Total	I	II	III	IV	I	II *	
A.	Claims reported by U.S. banks:								
1	Long-term (table 1, line 37, with sign reversed).....	-337	-127	-1	-102	-107	-153	-181	3,846
1a	Seasonally adjusted.....		-123	27	-73	-108	-150	-153	
2	Canada.....	-32	-17	-18	9	-6	-4	16	326
3	United Kingdom.....	-16	(*)	2	-12	-6	-1	-25	40
4	Other Western Europe.....	-368	-98	-35	-119	-116	-80	-129	933
5	Japan.....	-119	-11	-27	-32	-49	-39	-92	195
6	Other countries.....	198	-1	77	52	70	-29	52	2,352
7	Short-term (table 1, line 38, with sign reversed).....	84	-145	59	-229	399	25	331	8,267
7a	Seasonally adjusted.....		-85	61	-16	124	88	329	
8	U.S.-dollar loans.....	168	-104	44	32	196	-117	-105	2,917
9	Canada.....	31	15	-11	-21	48	19	-6	203
10	United Kingdom.....	-15	-13	-4	16	-14	1	44	94
11	Other Western Europe.....	80	-4	49	20	15	-86	-41	411
12	Japan.....	-34	-20	-5	-24	15	-50	-101	425
13	Other countries.....	106	-82	15	41	132	-1	-1	1,784
14	U.S.-dollar acceptance credits.....	-58	37	-70	-208	183	87	400	3,027
15	Canada.....	-7	(*)	-2	-2	-3	13	10	69
16	United Kingdom.....	8	2	-1	-1	8	(*)	8	33
17	Other Western Europe.....	63	-7	17	16	37	-32	11	250
18	Japan.....	-219	29	-59	-218	29	59	336	1,787
19	Other countries.....	97	13	-25	-3	112	47	35	888
20	U.S.-dollar collections outstanding.....	95	15	33	54	-7	69	13	1,449
21	Canada.....	(*)	-2	2	(*)	(*)	-1	2	14
22	United Kingdom.....	3	5	-6	(*)	4	-1	-5	20
23	Other Western Europe.....	24	4	(*)	16	4	2	-21	170
24	Japan.....	30	20	30	8	-28	22	65	572
25	Other countries.....	38	-12	7	30	13	47	-28	673
26	Other claims in U.S. dollars.....	-49	-46	27	-64	34	-20	46	478
27	Canada.....	-87	-39	23	-87	16	-16	21	199
28	United Kingdom.....	12	-9	5	13	3	-4	-3	31
29	Other Western Europe.....	27	-5	2	21	9	-6	(*)	49
30	Japan.....	-12	3	-6	-9	(*)	7	17	130
31	Other countries.....	11	4	3	-2	6	-1	11	69
32	Foreign currency deposits and other claims.....	-72	-47	25	-43	-7	6	-23	396
33	Canada.....	14	4	-16	23	3	-9	-49	107
34	United Kingdom.....	-14	-5	45	-47	-7	24	8	92
35	Other Western Europe.....	-13	-2	4	-11	-4	-14	15	110
36	Japan.....	-31	-17	-10	-3	-1	(*)	4	33
37	Other countries.....	-28	-27	2	-5	2	5	-1	54
B.	Claims reported by U.S. private residents other than banks:								
1	Long-term (table 1, line 39, with sign reversed).....	112	17	51	28	16	67	143	1,720
2	Canada.....	33	3	12	16	2	10	22	558
3	United Kingdom.....	-4	-4	(*)	-3	3	4	-3	28
4	Other Western Europe.....	83	12	43	7	21	34	26	258
5	Japan.....	-3	-1	-7	12	-7	13	1	109
6	Other countries.....	3	7	3	-4	-3	6	97	767
7	Short-term (table 1, line 40, with sign reversed).....	329	174	29	68	58	59	-15	2,805
7a	Seasonally adjusted.....		180	-1	43	107	68	-44	
8	Reported by brokerage concerns.....	9		34		-25		38	168
9	Reported by others.....	320	174	-5	68	83	59	-53	2,637
10	Canada.....	-115	-32	-16	-41	-26	-8	20	502
11	United Kingdom.....	253	118	52	106	-23	64	-48	592
12	Other Western Europe.....	115	87	-31	12	47	16	-52	595
13	Japan.....	3	11	-18	-9	19	-1	9	172
14	Other countries.....	64	-10	8	(*)	66	-12	18	776
15	Of which: Deposits and money market assets.....	155	162	-36	61	-32	51	n.a.	n.a.
16	U.S.-dollar claims reported by major U.S. corporations.....	180	94	29	81	-24	26	-111	720
17	Foreign currency claims.....	-25	68	-65	-20	-3	25	n.a.	n.a.
18	Canada.....	-2	-2	-34	-23	-20	-4	n.a.	n.a.
19	United Kingdom.....	225	128	33	83	-19	71	n.a.	n.a.
20	Other Western Europe.....	35	41	-16	-2	12	-7	n.a.	n.a.
21	Japan.....	-30	-3	-21	-2	-4	-2	n.a.	n.a.
22	Other countries.....	13	-2	2	5	8	-7	n.a.	n.a.
	<i>Memorandum items:</i>								
23	U.S.-dollar deposits in Canadian banks: As reported by major U.S. corporations other than banks (in- cluded in line B.18).....	-90	-24	-33	-20	-13	-18	-9	201
24	As reported in Canadian banking statistics.....	-238	-126	-63	-54	5	-1	14	640

* Preliminary. * Less than \$500,000. (±). n.a. Not available.

Table 7.—U.S. Liquid Liabilities to Foreigners

[Millions of dollars]

Line		1966					1967		Amounts outstanding June 30, 1967
		Total	I	II	III	IV	I	II ^p	
1	Liquid liabilities to all foreigners (table 1, lines 58 and 59; table 3, lines 8 through 12).....	789	-377	81	613	472	-792	612	29,596
2	To foreign official agencies	-1,595	-852	54	-598	-199	-83	518	15,102
3	Central banks and governments.....	-1,772	-983	36	-626	-199	-100	513	14,069
4	Demand deposits.....	144	40	16	-103	191	-389	132	1,422
5	Time deposits ¹	-250	11	-122	-34	-105	-193	24	2,499
6	Other private obligations, mainly money market paper ¹	-123	-228	370	-38	-227	118	262	1,741
7	U.S. Government obligations:								
8	Short-term securities and other obligations.....	-353	-434	-58	29	110	287	-3	7,116
9	Payable in U.S. dollars.....	-870	-751	-108	-122	111	360	12	6,687
	Payable in foreign currencies.....	517	517	60	151	-1	-73	-15	429
10	Bonds and notes, marketable.....	-245	-5	6	-254	8	5	52	917
11	Bonds and notes, nonmarketable, convertible.....	-945	-367	-176	-226	-176	72	46	374
12	Payable in U.S. dollars.....	-125				-125			25
13	Payable in foreign currencies.....	-820	-367	-176	-226	-51	72	46	349
14	International Monetary Fund ²	177	131	18	28		17	5	1,033
15	To foreign commercial banks	2,697	404	316	1,144	833	-753	161	9,340
15a	Seasonally adjusted.....		154	492	1,062	989	-1,003	341	
16	Demand deposits.....	1,854	483	167	706	498	-518	279	6,398
17	Time deposits ¹	349	-164	17	232	264	-190	-82	971
18	Other private obligations, mainly money market paper ¹	470	88	181	128	73	-47	-41	1,827
19	U.S. Government short-term securities.....	24	-3	-49	78	-2	2	5	144
20	To other foreign residents and unallocated	212	109	66	91	-54	80	13	4,365
21	Demand deposits.....	-61	-44	-4	5	-18	43	60	1,615
22	Time deposits ¹	225	109	54	46	16	34	-7	1,846
23	Other private obligations, mainly money market paper ¹	-3	23	34	8	-68	5	-37	298
24	U.S. Government obligations:								
25	Short-term securities.....	-5	1	-16	35	-25	-4	-11	68
25	Bonds and notes.....	56	20	-2	-3	41	2	8	538
26	To international and regional organizations not included above	-525	-38	-355	-24	-108	-36	-80	789
27	Demand deposits.....	15	13	-3	3	2	-3	(*)	54
28	Time deposits ¹	-62	14	-65	-7	-4	-4	-21	114
29	Other private obligations, mainly money market paper ¹	-93	2	-61	(*)	-34	123	-139	156
30	U.S. Government obligations:								
31	Short-term securities.....	42	129	-103	24	-8	-59	82	235
31	Bonds and notes.....	-427	-196	-123	-44	-64	-93	-2	230

^p Preliminary. *Less than \$500,000(±).¹ With maturity of 1 year or less; negotiable certificates of deposit with a maturity of 1 year or less are included with money market paper.² Includes liabilities of U.S. monetary authorities for gold deposited by and held for IMF.

Excludes dollar holdings of IMF except holdings acquired through gold sales to the United States with the option to reverse the transactions. These reversible transactions amounted to \$200 million in 1956, \$300 million in 1959, and \$300 million in 1960.

Table 8.—U.S. International Transactions, by Area—Continued

[Millions of dollars]

Line	(Credits +; debits -)	Eastern Europe						Canada							
		1966	1966				1967		1966	1966				1967	
			I	II	III	IV	I ^a	II ^b		I	II	III	IV	I ^a	II ^b
1	Exports of goods and services	231	64	52	48	67	80	57	8,976	2,009	2,362	2,145	2,460	2,279	2,568
2	Excluding transfers under military grants	231	64	52	48	67	80	57	8,976	2,009	2,362	2,145	2,460	2,279	2,568
3	Merchandise, adjusted, excluding military	200	57	46	36	61	73	46	6,537	1,488	1,775	1,536	1,738	1,709	1,922
4	Transfers under military sales contracts							(*)	39	12	13	8	6	17	18
5	Transfers under military grants, net														
6	Transportation	6	2	1	1	2	1	2	157	34	41	41	41	36	41
7	Travel								586	125	164	194	103	140	170
8	Fees and royalties from direct investments								215	43	44	64	64	54	55
9	Other private services	12	3	3	3	3	4	4	154	38	39	38	39	43	41
10	Other U.S. Government services	1			1		(*)	(*)	7	1	2	2	2	1	2
	Income on U.S. investments abroad:														
11	Direct investments ²								766	156	146	141	323	154	172
12	Other private assets	3	1	1	1		1	1	515	112	138	121	144	126	148
13	U.S. Government assets	9	1	1	6	1	1	5							
14	Imports of goods and services	-206	-45	-48	-59	-54	-58	-50	-7,509	-1,564	-1,852	-2,069	-2,024	-1,868	-2,285
15	Merchandise, adjusted, excluding military	-177	-40	-43	-47	-47	-53	-44	-6,043	-1,319	-1,514	-1,505	-1,705	-1,596	-1,799
16	Military expenditures	-1					(*)	(*)	-204	-44	-54	-51	-55	-60	-49
17	Transportation	-8	-2	-2	-2	-2	-2	-2	-157	-33	-40	-42	-42	-35	-40
18	Travel	-12	-1	-1	-8	-2	-1	-2	-678	-60	-146	-365	-107	-65	-290
19	Private payments for other services						(*)	(*)	-101	-26	-24	-25	-26	-28	-28
20	U.S. Government payments for other services	-8	-2	-2	-2	-2	-2	-2	-21	-5	-5	-7	-4	-4	-5
	Income on foreign investments in the United States:														
21	Private payments ²								-231	-58	-50	-55	-68	-63	-58
22	U.S. Government payments								-74	-19	-19	-19	-17	-17	-15
23	Balance on goods and services (lines 1 and 14)	25	19	4	-11	13	22	7	1,467	445	510	76	436	411	284
24	Excluding transfers under military grants (lines 2 and 14)	25	19	4	-11	13	22	7	1,467	445	510	76	436	411	284
25	Unilateral transfers, net; transfers to foreigners (-)	-14	-3	-5	-3	-3	-4	-5	-36	-9	-9	-8	-10	-8	-11
26	Excluding military grants	-14	-3	-5	-3	-3	-4	-5	-36	-9	-9	-8	-10	-8	-11
27	Private remittances	-9	-2	-3	-2	-2	-2	-2	-5	-1	-2		-2		-2
28	Military grants of goods and services														
29	Other U.S. Government grants	-1		-1			-1	-1							
30	U.S. Government pensions and other transfers	-4	-1	-1	-1	-1	-1	-2	-31	-8	-7	-8	-8	-8	-9
31	Balance on goods, services, and unilateral transfers (lines 23 and 25, or 24 and 26)	11	16	-1	-14	10	18	3	1,431	436	501	68	426	402	273
32	Transactions in U.S. private assets, net; increase in assets (-)	9		-2	13	-2	-8	-2	-1,490	-522	-292	-194	-482	-256	-168
33	Direct investments ²								-1,087	-200	-184	-306	-397	-57	-24
34	Foreign securities newly issued in the United States								-922	-425	-235	-131	-131	-256	-241
35	Redemptions								268	85	98	50	35	50	77
36	Other transactions in foreign securities								91	-50	12	90	39	12	72
	Claims reported by U.S. banks:														
37	Long-term	-7	1	-1	-4	-3	-4	-1	32	17	18	-9	6	4	-16
38	Short-term	15	-2	2	14	1	-3	-1	49	22	4	87	-64	-6	22
	Claims reported by U.S. residents other than banks:														
39	Long-term								-33	-3	-12	-16	-2	-10	-22
40	Short-term	1	1	-3	3		-1		112	32	7	41	32	8	-35
41	Transactions in U.S. Government assets, excluding official reserve assets, net; increase in assets (-)	20	6	1	11	2	9	16	1	-2	3	-1	1	-1	-33
42	Loans and other long-term assets														-31
43	Foreign currencies and other short-term assets	3	2			1	5	8	1	-2	3	-1	1	-1	-2
	Repayments on credits:														
44	Scheduled	17	4	1	11	1	4	8							
45	Nonscheduled														
46	Transactions in U.S. official reserve assets, net; increase in assets (-)								-202	-97	-50	-68	13	5	-50
47	Gold								-200	-100	-50	-50			-50
48	Convertible currencies								-2	3		-18	13	5	
49	Gold tranche position in IMF														
50	Transactions in foreign assets in the United States, net; increase in foreign assets (U.S. liabilities) (+)	12	-6		9	9	-17	9	97	-149	-7	-39	292	-193	164
51	Direct investments ²								2	35	41	-131	57	-15	-1
52	U.S. securities other than Treasury issues						(*)		243	32	100	48	63	33	91
53	Long-term liabilities reported by U.S. banks													(*)	200
	Other liabilities reported by U.S. private residents other than banks:														
54	Long-term								-13	-4	-11		2	8	-1
55	Short-term	-1	-1	-1	1		(*)		54	26	4	20	4	26	45
	Liabilities of U.S. Government, excluding marketable or convertible securities:														
56	Associated with specific transactions								-13	21	-6	-2	-26	-11	-8
57	Other nonmarketable, nonconvertible, medium-term securities								-1		-1				
58	U.S. Government marketable or convertible bonds and notes						(*)		-110	7	3	6	-126	4	21
59	Deposits and money market paper held in the United States	13	-5	1	8	9	-17	9	-65	-266	-137	20	318	-237	-183
60	Errors and omissions and transfers of funds between foreign areas, net; receipts by foreign areas (-)	-52	-16	2	-19	-19	-2	-25	163	334	-155	234	-250	42	-187

NOTE.—See footnotes on p. 32.

Table 8.—U.S. International Transactions, by Area—Continued

[Millions of dollars]

Latin American Republics and Other Western Hemisphere							Japan							Australia, New Zealand, and South Africa							Line
1966	1966				1967		1966	1966				1967		1966	1966				1967		
	I	II	III	IV	I*	II*		I	II	III	IV	I*	II*		I	II	III	IV	I*	II*	
7,875	1,796	1,979	1,960	2,140	1,939	2,008	2,961	676	720	730	835	809	828	1,651	369	401	430	451	454	456	1
7,803	1,783	1,952	1,943	2,125	1,919	1,990	2,961	676	720	730	835	809	828	1,651	369	401	430	451	454	456	2
4,718	1,119	1,148	1,175	1,276	1,157	1,172	2,341	525	559	582	675	648	654	1,149	275	271	301	302	338	316	3
22	5	4	6	7	5	6	24	6	11	1	6	5	18	66	4	13	23	26	17	18	4
72	13	27	17	15	20	17						(*)									5
408	89	102	112	105	90	103	153	35	40	40	38	39	40	74	17	19	20	18	19	20	6
662	136	171	187	168	162	181	34	7	9	10	8	9	10	33	5	10	11	7	5	8	7
176	41	42	44	49	42	42	26	6	7	6	7	7	7	66	18	14	16	18	16	14	8
210	50	51	54	55	54	56	98	25	25	24	24	29	29	78	20	20	18	20	21	21	8
69	17	17	16	19	18	19	9	1	3	2	3	2	2	1	1				(*)	(*)	10
1,111	235	300	255	321	282	282	43	9	8	9	17	9	10	137	20	41	31	45	26	42	11
309	67	79	74	89	84	91	206	53	51	51	51	52	50	47	9	13	10	15	12	15	12
118	24	38	20	36	26	38	27	9	7	5	6	9	8					(*)		2	13
-6,441	-1,644	-1,574	-1,620	-1,603	-1,712	-1,601	-3,850	-834	-938	-1,069	-1,009	-930	-975	-992	-217	-266	-270	-239	-238	-241	14
-4,679	-1,205	-1,137	-1,150	-1,187	-1,248	-1,147	-2,966	-644	-724	-841	-757	-703	-729	-806	-172	-216	-228	-190	-194	-199	15
-153	-41	-40	-36	-36	-38	-41	-476	-99	-113	-121	-143	-127	-142	-59	-13	-18	-14	-14	-8	-8	16
-279	-64	-72	-75	-68	-68	-70	-171	-42	-40	-44	-45	-45	-42	-66	-16	-17	-16	-17	-17	-17	17
-900	-237	-225	-239	-199	-250	-235	-62	-8	-18	-18	-18	-10	-20	-21	-7	-4	-4	-6	-8	-5	18
-122	-24	-27	-38	-33	-25	-29	-8	-2	-2	-2	-2	-3	-3	-2	-1	-1	-1	-1	(*)	(*)	19
-138	-33	-31	-39	-35	-36	-32	-15	-3	-4	-4	-4	-4	-4	-23	-6	-6	-4	-7	-7	-6	20
-157	-35	-38	-41	-43	-44	-44	-123	-28	-30	-32	-33	-31	-28	-9	-2	-2	-3	-2	-3	-3	21
-13	-5	-4	-2	-2	-3	-4	-29	-8	-7	-7	-7	-8	-8	-6	-1	-2	-1	-2	-2	-2	22
1,434	152	405	340	537	227	407	-889	-158	-218	-339	-174	-121	-148	659	152	135	160	212	216	216	23
1,362	139	378	323	522	207	389	-889	-158	-218	-339	-174	-121	-148	659	152	135	160	212	216	216	24
-516	-127	-151	-119	-119	-141	-121	-32	-7	-9	-8	-8	-7	-7	-17	-5	-4	-5	-3	-5	-5	25
-444	-114	-124	-102	-104	-121	-104	-32	-7	-9	-8	-8	-7	-7	-17	-5	-4	-5	-3	-5	-5	26
-120	-28	-30	-28	-34	-30	-31	-22	-5	-6	-5	-6	-5	-5	-13	-4	-3	-4	-2	-3	-4	27
-72	-13	-27	-17	-15	-20	-17						(*)									28
-291	-77	-86	-66	-62	-81	-65															29
-33	-9	-8	-8	-8	-10	-7	-10	-2	-3	-3	-2	-2	-2	-4	-1	-1	-1	-1	-1	-1	30
918	25	254	221	418	86	286	-921	-165	-227	-347	-182	-129	-155	642	147	131	155	209	212	211	31
-607	71	-171	-156	-351	-89	-114	365	-18	100	254	29	-40	-243	-313	-89	-103	-27	-94	-91	-23	32
-276	-48	-80	-68	-80	-41	60	-31	-8	-4	-25	6	-29	-3	-170	-45	-71		-54	-67	-43	33
-69	-18	-14	-28	-9	-48	-10	-4			-4											34
19	9	1	2	7	5	5	6	1	1	4				24	3	4	3	14	4	6	35
2	1	-7	13	-5	5	-9	10	3	1	4	2	-1	-2	-5	-8	-3	2	4	-6	8	36
-50	31	-41		-40	32	-33	119	11	27	32	49	39	92	-127	-32	-33	-29	-33	-37	-1	37
-197	94	-22	-82	-187	-60		266	-15	50	246	-15	-38	-321	-17	-8		9	-18	8	7	38
1	-3	-7	9	2		-107	3	1	7	-12	7	-13	-1	4	-1	5	-1	1	-4		39
-37	5	-1	-2	-39	18	-20	-4	-11	18	9	-20	1	-10	-22	2	-5	-11	-8	11		40
-390	-73	-96	-143	-78	-130	-74	-50	4	-4	-7	-43	-24	-9	-39	2	-2	-23	-16	-35	-44	41
-696	-156	-182	-207	-151	-207	-178	-112	-18	-15	-28	-51	-47	-17	-56		-3	-26	-27	-36	-47	42
30	10	18		2	15	27	-2	-2	3	-3		-2	-1					1	-1		43
259	71	63	54	71	62	78	64	24	8	24	8	25	10	17	2	1	3	11	1	4	44
17	2	5	10			(*)															45
44	1	4	36	3		-12	56	56													46
44	1	4	36	3		-12	56	56													47
																					48
																					49
-1	49	32	-133	51	196	326	-149	-62	-26	-101	40	2	118	91	37	24	8	22	-1	64	50
17	7	-14	-2	26	-9	1	-24	-8	-10	-8	2	8	7						(*)	(*)	51
67	13	25	15	14	16	7	5	1	1	2	1	1	1						(*)	(*)	52
190	43	125	-9	31	30	231	194		48	63	83	162	109	18	2	9	4	3	7	5	53
1	1				7	7								-2	-1			-1	(*)		54
26	3	-2	7	18	-6	6	-5	-5		-4	4	3	8	41	9	3	15	14	-18		55
-123	-14		-2	-107	-16	-4	4	-2	4	4	-2	2	(*)	29	-2	1	31	-1	11	27	56
																					57
	2	-2	-1	1	-17	-2							(*)								58
-179	-6	-100	-141	68	191	81	-323	-48	-69	-158	-48	-174	-7	5	29	11	-42	7	-1	33	59
36	-73	-23	175	-43	-62	-412	699	185	157	201	156	191	289	-381	-97	-50	-113	-121	-85	-208	60

Table 8.—U.S. International Transactions, by Area—Continued

[Millions of dollars]

Line	(Credits +; debits -)	Other countries in Asia and Africa						International organizations and unallocated ¹							
		1966	1966				1967		1966	1966				1967	
			I	II	III	IV	I ^p	II ^p		I	II	III	IV	I ^p	II ^p
1	Exports of goods and services.....	7,837	1,930	1,981	1,887	2,039	2,141	2,071	386	95	95	96	100	98	89
2	Excluding transfers under military grants.....	7,197	1,722	1,775	1,762	1,938	2,005	1,927	386	95	95	96	100	98	89
3	Merchandise, adjusted, excluding military.....	4,638	1,078	1,139	1,127	1,294	1,287	1,291							
4	Transfers under military sales contracts.....	128	34	41	32	21	32	41							
5	Transfers under military grants, net.....	640	208	206	125	101	136	144							
6	Transportation.....	374	91	91	98	94	96	97	191	45	49	49	48	47	46
7	Travel.....	48	8	13	17	10	8	10							
8	Fees and royalties from direct investments.....	94	24	22	20	28	28	22	11	2	3	2	4	2	3
9	Other private services.....	179	45	44	44	46	38	38	107	27	27	26	27	27	27
10	Other U.S. Government services.....	147	33	39	35	40	38	38							
	Income on U.S. investments abroad:														
11	Direct investments ²	1,235	326	300	302	307	388	295	28	4	7	4	13	5	4
12	Other private assets.....	131	32	29	36	34	38	34	48	16	9	15	8	16	9
13	U.S. Government assets.....	223	51	57	51	64	53	60	1	1				1	
14	Imports of goods and services.....	-4,966	-1,145	-1,238	-1,327	-1,256	-1,369	-1,343	-770	-176	-176	-221	-197	-178	-164
15	Merchandise, adjusted, excluding military.....	-3,052	-747	-765	-807	-733	-795	-743	-140	-34	-42	-29	-35	-32	-31
16	Military expenditures.....	-1,281	-260	-310	-355	-356	-416	-422							
17	Transportation.....	-165	-39	-40	-44	-42	-39	-42	-418	-100	-105	-104	-109	-105	-105
18	Travel.....	-138	-24	-42	-37	-35	-26	-44							
19	Private payments for other services.....	-7	-2	-2	-2	-1	-2								
20	U.S. Government payments for other services.....	-197	-47	-51	-48	-51	-53	-53	-104	-17	-3	-59	-25	-15	-3
	Income on foreign investments in the United States:														
21	Private payments ²	-94	-20	-21	-25	-28	-28	-27	-31	-7	-8	-8	-8	-8	-8
22	U.S. Government payments.....	-32	-6	-7	-9	-10	-11	-11	-77	-18	-18	-21	-20	-18	-18
23	Balance on goods and services (lines 1 and 14).....	2,871	785	743	560	783	772	728	-384	-81	-81	-125	-97	-80	-76
24	Excluding transfers under military grants (lines 2 and 14).....	2,231	577	537	435	682	636	583	-384	-81	-81	-125	-97	-80	-76
25	Unilateral transfers, net; transfers to foreigners (-).....	-2,523	-803	-711	-504	-505	-591	-710	-74	-20	-18	-20	-16	-24	-32
26	Excluding military grants.....	-1,883	-595	-505	-379	-404	-455	-566	-74	-20	-18	-20	-16	-24	-32
27	Private remittances.....	-281	-72	-74	-63	-72	-70	-201	-3				-3	(*)	(*)
28	Military grants of goods and services.....	-640	-208	-206	-125	-101	-136	-144							
29	Other U.S. Government grants.....	-1,513	-501	-409	-294	-309	-355	-332	-71	-20	-18	-20	-13	-24	-32
30	U.S. Government pensions and other transfers.....	-89	-22	-22	-22	-23	-30	-33							
31	Balance on goods, services, and unilateral transfers (lines 23 and 25, or 24 and 26).....	348	-18	32	56	278	181	17	-458	-101	-99	-145	-113	-105	-107
32	Transactions in U.S. private assets, net; increase in assets (-).....	-375	9	-282	-51	-51	-414	-98	70	20	47	-45	48	8	-51
33	Direct investments ²	-245	1	-266	-19	39	-365	1	71	-10	28	-7	60	2	11
34	Foreign securities newly issued in the United States.....	-120	-23	-46	-16	-35	-33	-65	-80			-62	-18	-14	-90
35	Redemptions.....	23	8	4	4	7	7	28	7	7	5	5	11	18	18
36	Other transactions in foreign securities.....	24	3	26	-5		(*)	-12	51	23	14	19	-5	3	10
	Claims reported by U.S. banks:														
37	Long-term.....	-14	1	-2	-19	6	38	-17							
38	Short-term.....	-25	20	18	-2	-61	-42	-22						(*)	(*)
	Claims reported by U.S. residents other than banks:														
39	Long-term.....	-8	-3	-1	-4		-2	10							
40	Short-term.....	-10	2	-15	10	-7	-16	1						(*)	
41	Transactions in U.S. Government assets, excluding official reserve assets, net; increase in assets (-).....	-1,205	-173	-339	-299	-394	-399	-368	5	3		2		-15	-25
42	Loans and other long-term assets.....	-1,076	-292	-275	-206	-303	-859	-336						-17	-25
43	Foreign currencies and other short-term assets.....	-329	72	-112	-136	-153	394	-165							
	Repayments on credits:														
44	Scheduled.....	199	47	47	43	62	66	133	5	3		2		3	
45	Nonscheduled.....	1		1				(*)							
46	Transactions in U.S. official reserve assets, net; increase in assets (-).....	49	34	11	13	-9	21	6	500	37	46	336	81	-16	17
47	Gold.....	49	34	11	13	-9	21	6	-37	-97	24	1	35	15	27
48	Convertible currencies.....														
49	Gold tranche position in IMF.....								537	134	22	335	46	-31	-10
50	Transactions in foreign assets in the United States, net; increase in foreign assets (U.S. liabilities) (+).....	955	178	339	262	176	206	230	-85	118	-97	-1	-105	-18	22
51	Direct investments ²	1			-1	2	-2	1							
52	U.S. securities other than Treasury issues.....	18	15	10	-3	-4	17	11	251	74	142	28	7	(*)	73
53	Long-term liabilities reported by U.S. banks.....	413	5	103	28	277	152	122	124	4	94	13	13	34	8
	Other liabilities reported by U.S. private residents other than banks:														
54	Long-term.....			-1	3	-2	5	-9							
55	Short-term.....	-13	4	-2	-13	-2	7	22							
	Liabilities of U.S. Government, excluding marketable or convertible securities:														
56	Associated with specific transactions.....	81	18	22	19	22	27	-1	-116	-56		-29	-31	-37	
57	Other nonmarketable, nonconvertible, medium-term securities.....						(*)								
58	U.S. Government marketable or convertible bonds and notes.....	-1			-1		(*)	24	-429	-196	-124	-44	-65	-77	(*)
59	Deposits and money market paper held in the United States.....	456	136	207	230	-117	1	61	85	292	-209	31	-29	62	-59
60	Errors and omissions and transfers of funds between foreign areas, net; receipts by foreign areas (-).....	228	-30	239	19		405	212	-32	-77	103	-147	89	145	145

¹ Revised. ^p Preliminary. *Less than \$500,000(±).² Includes transactions with shipping companies operating under the flags of Honduras, Liberia, and Panama.³ Excludes undistributed profits of subsidiaries.

NOTE.—Details may not add to totals because of rounding.

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

Table 9.—Changes in Reported Foreign Gold Reserves and Liquid Dollar Holdings Through Known Transactions With the United States and Through Other Transactions, by Area ¹

[Millions of dollars]

Line		1966					1967	
		Total	I	II	III	IV	I ^r	II ^p
All areas:								
1	Total increase.....	1,314	104	156	634	420	168	12
2	Through known transactions with the United States.....	1,217	13	107	666	431	203	161
3	Through other transactions.....	97	91	49	-32	-11	-35	-149
Western Europe, including United Kingdom:								
4	Total increase.....	849	-133	294	302	366	477	74
5	Through known transactions with the United States.....	495	-152	246	285	116	-204	25
6	Through other transactions.....	354	19	48	17	270	681	49
United Kingdom:								
7	Total increase.....	294	615	-254	-360	293	517	na
8	Through known transactions with the United States.....	647	123	230	179	115	97	131
9	Through other transactions.....	-353	492	-484	-539	178	420	na
Eastern Europe:								
10	Total increase.....	13	-5	1	8	9	-17	9
11	Through known transactions with the United States.....	-39	-21	3	-11	-10	-18	-17
12	Through other transactions.....	52	16	-2	19	19	1	26
Canada:								
13	Total increase.....	-282	-321	-196	-7	242	-190	-180
14	Through known transactions with the United States.....	-214	-22	-339	192	-45	-183	-398
15	Through other transactions.....	-68	-299	143	-199	287	-7	218
Latin American Republics and other Western Hemisphere:								
16	Total increase.....	-247	-47	-114	-131	45	170	104
17	Through known transactions with the United States.....	-99	-76	-121	69	29	117	-346
18	Through other transactions.....	-148	29	7	-200	16	53	450
Japan:								
19	Total increase.....	-322	-48	-68	-158	-48	-174	-7
20	Through known transactions with the United States.....	432	193	88	43	108	18	282
21	Through other transactions.....	-754	-241	-156	-201	-156	-192	-289
Australia, New Zealand, and South Africa:								
22	Total increase.....	218	124	130	-15	-21	-94	-38
23	Through known transactions with the United States.....	-376	-68	-39	-155	-114	-85	-175
24	Through other transactions.....	594	192	169	140	93	-9	137
Other countries in Asia and Africa:								
25	Total increase.....	379	85	216	230	-152	42	102
26	Through known transactions with the United States.....	732	140	457	261	-126	427	304
27	Through other transactions.....	-353	-55	-241	-31	-26	-385	-202
International organizations and unallocated:								
28	Total increase.....	706	449	-107	405	-41	-46	-52
29	Through known transactions with the United States ²	-16	22	-226	147	41	82	71
30	Through other transactions.....	722	427	119	258	-82	-128	-123

NOTE.—Details may not add to totals because of rounding.

^r Revised. ^p Preliminary. n.a. Not available.

¹ Total increase represents changes in reported gold reserves of foreign central banks and governments (including international organizations but excluding the countries of the Soviet bloc) net of convertible currencies included in U.S. official reserve assets (table 1, line 48) plus foreign liquid claims on the United States (table 1, lines 58 and 59) plus net changes in foreign IMF positions through U.S. dollar transactions (table 1, line 49).

Changes through known transactions with the United States represents for each of the separate areas shown the sum (with sign reversed) of table 1, lines 23, 25, 32, 41, and 51-57. For "All areas" line 60 is added, and for "All areas" and "International organizations and unallocated" line 23 is adjusted to exclude net sales or net purchases (-) of gold by U.S. private residents to the U.S. monetary gold stock. These were (in millions of dollars): 1966, year, -140; I, -34; II, -42; III, -29; IV, -35; 1967, I-32; II, -31.

Changes through other transactions equals "Total increase" less "Changes through known transactions with the United States." For "All areas" this difference represents known acquisitions (+) or sales (-) of gold by foreign central banks and governments outside the United States. The net acquisitions of gold equal the excess of new gold production abroad plus sales by the Soviet bloc less net gold purchases by others. For each of the separate areas shown the difference reflects net gold and dollar receipts (+) or payments (-) resulting from their transactions with countries other than the United States, net of changes in their convertible currencies included in U.S. official reserve assets resulting from U.S. transactions with other areas, and from unrecorded transactions with the United States.

² Includes transactions with shipping companies operating under the flag of Honduras, Liberia, and Panama.

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

OBE's End-Use Commodity Classification of Foreign Trade

TABLE A presents data for the six principal end-use categories of U.S. imports and for important selected subcategories. The data, which now are shown for current periods in table 4 of the regular balance of payments tables, have been carried back annually to 1953 in this table. Quarterly data back to 1953 are also presented, on both a seasonally adjusted and an unadjusted basis.

The classification of U.S. import (and export) trade into broad commodity categories based on end-use was originated and developed a number of years ago by the Merchandise Trade Section, Balance of Payments Division of the Office of Business Economics.

The OBE categories are derived by means of a reclassification, or regrouping, of the nearly 14,000 individual commodity numbers contained in the Census Bureau's basic commodity schedules (TSUSA for imports and

Schedule B for exports) into 112 summary commodity groupings for imports, and 115 for exports. These summary groupings have been combined into still broader categories. At the broadest level, the principal end-use categories of imports are as follows: Foods, feeds, and beverages; Industrial supplies and materials; Capital goods, except automotive; Automotive vehicles and parts (including engines and parts); Consumer goods, nonfood, except passenger cars; Imports, n.e.s.

Quarterly seasonal adjustment factors for the end-use groupings shown in the accompanying table are based on the Census Bureau's X-11 program for monthly seasonal adjustment of total general imports; however, working-day factors in the X-11 program were not employed in producing OBE's quarterly seasonal factors. In all cases where the sum total of the quarterly seasonally adjusted end-use import groupings do not match the Census Bureau's 3-month total general imports, the initial seasonally adjusted values for the end-use categories were corrected so as to equal the Census total.

OBE is planning to publish a statistical supplement that will provide descriptions and value data for all the 112 end-use import groupings together with the broader categories into which they have been combined. The end-use statistics for U.S. imports from all countries combined will span a period extending from the mid-1920's to the present (excluding the war years, 1940-1945). However, data on end-use com-

modity imports by specific countries and areas will be limited to the years 1965 to date. OBE contemplates future publication of a similar export end-use statistical series. Both the import and export series represent a revision and restructuring of the original end-use tables first published in the "Balance of Payments Supplement" (Revised Edition, 1963), covering the period from the midtwenties to the second quarter of 1961.

Currently, OBE's new import and export end-use data, by all groupings and categories, by country and area, are presented monthly for 1967 in the Census Bureau's publication "FT-990, Highlights of U.S. Export and Import Trade" (Table E-7, Exports; Table I-8, Imports).

While end-use demand has fundamentally determined the assignment and regrouping of the Census Bureau's basic import and export commodity data, other factors have governed the formation of the finer breakdowns within the principal categories. These subdivisions are intended to reflect the physical nature of the commodities and/or their stage of processing. For example, nonfood commodity categories are broken down into manufactured vs. unmanufactured, and durable vs. nondurable and, for exports only, agricultural vs. nonagricultural.

OBE's end-use classification system is designed to provide a convenient and efficient statistical tool for both descriptive and econometric analyses of short- and long-run movements in U.S. merchandise trade.

NOTES—The restructuring and revision of OBE's import end-use commodity categories for the period 1953 to the present was developed in the Merchandise Trade Section of the Balance of Payments Division under the supervision of Max Lechter. The statistical details for the reconstruction of the old end-use series to the new were under the direction of Mary R. Boul, who was assisted by Irma H. Hawley and Rebecca E. Bethea. The seasonal adjustment work on the quarterly series, based on the Census Bureau's X-11 program, was done by Anthony J. DiLullo who, in consultation with John B. Boddie, was also responsible for reconciling differences between the sum total of OBE's quarterly seasonally adjusted end-use import groupings and the Census Bureau's seasonally adjusted 3-month total general imports.

CHART 6

U.S. General Imports by Major End-Use Categories

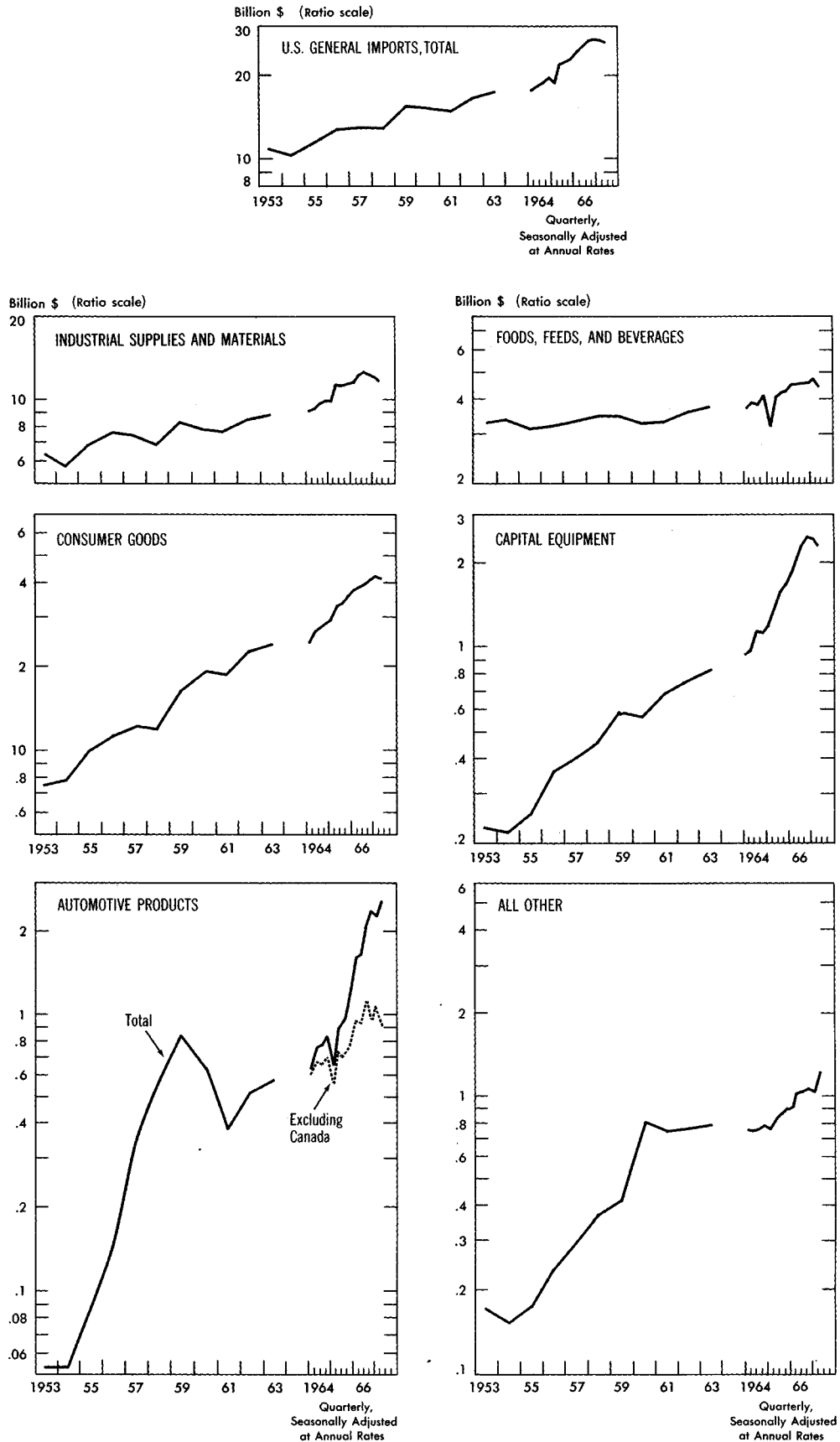


Table A.—General Imports by Selected Economic End-Use Categories—Continued

(Millions of dollars)

	Capital goods (except automotive)						Automotive vehicles and parts (including engines)							
	Total		Machinery and misc. transport equipment		Civilian aircraft, complete		Total		Passenger cars, new and used		Trucks, buses, and special vehicles		Automotive parts and accessories (including engines)	
	N.S.A.	S.A.†	N.S.A.	S.A.†	N.S.A.	S.A.†	N.S.A.	S.A.†	N.S.A.	S.A.†	N.S.A.	S.A.†	N.S.A.	S.A.†
1953	224		222				53		43		1		9	
1954	219		218				53		46		1		6	
1955	254		246		6		85		70		2		13	
1956	364		316		43		145		129		4		12	
1957	400		387		7		359		308		12		19	
1958 ¹	400		419		24		555		504		21		30	
1959	591		554		11		844		767		27		50	
1960	567		540		2		628		544		30		55	
1961	696		576		74		378		318		13		48	
1962	763		685		40		515		433		17		66	
1963	828		803		1		580		467		23		90	
1964 ²	1,048		1,028		2		757		593		24		141	
1965 ^{2,3}	1,473		1,372		66		921		670		44		207	
1966	2,151		1,939		153		1,896		1,244		174		478	
1953: I	69	61	69	61			18	16	16	14			2	2
1953: II	62	57	61	56			17	16	14	13			3	3
1953: III	45	52	45	52			10	12	8	9			2	3
1953: IV	48	53	47	52			8	9	5	6	1	1	2	2
1954: I	57	52	57	52			13	12	11	10			2	2
1954: II	70	64	69	63			14	13	13	12			1	1
1954: III	48	55	48	55			12	14	11	13			1	1
1954: IV	44	48	44	48			14	15	11	12	1	1	2	2
1955: I	62	55	62	55			22	20	17	16			5	4
1955: II	68	62	67	61	1	1	20	18	16	14			4	4
1955: III	61	69	58	66	2	2	20	23	17	19	1	1	2	3
1955: IV	63	70	59	66	3	3	23	24	20	21	1	1	2	2
1956: I	90	80	81	71	8	8	29	26	25	23	1	1	3	2
1956: II	97	89	86	78	10	10	35	33	31	29	1	1	3	3
1956: III	85	97	72	84	12	12	33	39	30	35	1	1	2	3
1956: IV	92	98	77	83	13	13	48	50	43	45	1	1	4	4
1957: I	104	99	96	91	5	5	65	60	60	56	2	2	3	2
1957: II	105	97	104	96	(*)	(*)	81	76	73	68	3	3	5	5
1957: III	89	98	87	96	1	1	84	96	76	87	3	3	5	6
1957: IV	102	106	100	104	1	1	109	110	99	100	4	4	6	6
1958: I ¹	103	100	98	95	2	2	125	116	113	105	5	5	7	6
1958: II	122	111	113	102	6	6	123	116	110	103	6	6	7	7
1958: III ¹	112	122	98	108	9	9	139	159	128	147	5	5	6	7
1958: IV	123	126	110	113	7	7	168	168	153	163	5	5	10	10
1959: I	133	132	122	125	4	4	200	187	183	170	6	6	11	11
1959: II	163	149	151	137	5	5	225	215	204	196	8	8	12	11
1959: III	139	152	131	144	2	2	201	234	184	214	6	6	12	14
1959: IV	156	157	150	151	(*)	(*)	218	211	196	190	7	7	16	14
1960: I	151	142	144	135	(*)	(*)	226	201	205	182	7	7	14	12
1960: II	156	143	148	134	2	2	184	178	159	154	9	9	16	15
1960: III	128	145	123	139			111	135	91	112	8	8	12	15
1960: IV	131	137	125	131			107	108	88	89	6	6	13	13
1961: I	152	143	137	128	5	5	95	80	78	64	5	5	12	11
1961: II	161	148	146	133	3	3	89	86	73	71	3	3	13	12
1961: III	194	219	139	164	43	43	82	106	69	90	2	2	11	14
1961: IV	189	195	154	160	23	23	113	112	97	95	3	3	12	14
1962: I	202	194	170	162	21	21	137	120	117	101	5	5	15	14
1962: II	203	188	179	164	14	14	122	118	101	98	5	5	16	15
1962: III	168	189	157	178	6	6	108	139	90	117	2	2	16	20
1962: IV	190	190	179	179	(*)	(*)	149	139	126	117	5	5	19	17
1963: I	191	191	186	186	1	1	146	135	122	110	5	5	20	20
1963: II	215	201	209	195	(*)	(*)	143	140	115	113	5	5	23	22
1963: III	193	209	185	201	(*)	(*)	128	159	101	130	5	5	22	24
1963: IV	228	228	224	224	(*)	(*)	163	161	129	118	8	8	26	25
1964: I	245	236	241	232	(*)	(*)	181	158	147	126	6	6	28	26
1964: II	260	244	255	239	1	1	193	189	153	151	6	6	34	32
1964: III	261	282	256	277	(*)	(*)	156	196	119	154	4	4	33	38
1964: IV ²	282	281	276	275	1	1	227	209	174	169	8	8	47	42
1965: I ²	308	300	291	283	11	11	187	163	140	118	7	7	40	38
1965: II ²	381	359	360	338	12	12	227	224	172	171	8	8	48	45
1965: III ³	364	391	338	365	16	16	188	239	135	178	6	6	47	55
1965: IV ³	421	419	383	381	27	27	319	293	224	202	23	23	72	68
1966: I	464	462	418	416	32	32	444	400	316	275	27	27	101	98
1966: II	532	503	480	451	39	39	421	415	272	271	34	34	115	110
1966: III	542	576	482	451	45	45	412	516	258	343	42	42	112	131
1966: IV	613	621	559	567	37	37	619	586	398	371	71	71	150	144
1967: I	617	609	581	573	17	17	644	571	428	363	69	69	147	139
1967: II	602	571	575	544	12	12	650	640	420	417	79	79	151	144

Table A.—General Imports by Selected Economic End-Use Categories—Continued

[Million of dollars]

	Consumer goods (nonfood), except autos and parts								All other, n.e.c. (uranium, military aircraft, low value, U.S. goods returned)		Consumer goods (nonfood), except autos and parts								All other, n.e.c. (uranium, military aircraft, low value, U.S. goods returned)	
	Total		Consumer durables, manufactured		Consumer nondurables, manufactured		Gem stones, nursery stock, etc., unmanufactured				Total		Consumer durables, manufactured		Consumer nondurables, manufactured		Gem stones, nursery stock, etc., unmanufactured			
	N.S.A.	S.A.†	N.S.A.	S.A.†	N.S.A.	S.A.†	N.S.A.	S.A.†			N.S.A.	S.A.†	N.S.A.	S.A.†	N.S.A.	S.A.†	N.S.A.	S.A.†		
1953	757		408		198		151		170		321	360	159	179	107	121	56	60	81	88
1954	787		416		204		167		151		366	397	191	202	127	140	48	55	104	102
1955	991		506		286		199		174		455	424	220	214	166	144	69	66	113	117
1956	1,133		566		354		213		237		489	441	249	217	176	168	64	56	115	105
1957	1,210		629		386		195		290											
1958 ¹	1,195		607		400		188		371		411	452	206	228	155	173	50	51	211	208
1959	1,632		819		576		237		414		471	509	240	254	178	195	53	60	193	193
1960	1,901		971		714		217		802		517	480	252	245	209	181	55	54	200	206
1961	1,889		1,000		644		245		749		502	464	273	244	171	167	58	53	199	196
1962	2,276		1,216		811		249		762											
1963	2,389		1,266		844		280		781		404	445	213	237	138	154	54	54	195	190
1964 ²	2,694		1,379		991		324		771		416	447	228	240	135	147	54	60	181	181
1965 ^{2,3}	3,305		1,732		1,192		381		849		519	483	267	258	193	166	59	59	178	189
1966	3,912		2,108		1,349		455		1,000		550	512	293	264	179	176	79	72	196	192
1953: I	169	187	91	103	39	43	39	41	44	45	497	549	263	294	169	190	64	65	166	151
II	166	182	98	103	37	43	31	36	47	44	532	568	292	305	186	202	54	61	209	211
III	205	195	103	103	61	53	41	39	35	32	626	580	317	305	249	213	60	62	187	200
IV	217	192	116	100	61	56	40	36	44	53	621	578	344	312	206	203	71	63	199	191
1954: I	154	170	80	91	39	43	35	36	34	36	524	585	274	309	179	203	71	73	190	196
II	186	203	105	110	44	51	37	42	44	40	554	588	303	314	194	211	57	63	207	209
III	221	211	111	111	63	56	47	44	46	44	654	601	335	319	247	209	72	73	193	198
IV	226	199	120	104	58	52	48	43	27	32	657	616	354	324	224	221	79	71	190	178
1955: I	214	237	113	127	57	63	44	47	43	44	555	612	283	317	201	225	71	70	195	189
II	224	245	116	122	62	71	46	52	49	46	633	668	327	336	225	243	81	89	187	187
III	257	245	128	128	76	67	53	60	54	53	757	695	376	353	299	253	83	84	183	190
IV	296	262	149	128	91	84	56	60	28	35	748	704	393	352	267	269	89	83	206	196
1956: I	249	275	120	134	80	89	49	52	46	43	672	744	340	332	242	272	90	90	193	190
II	258	232	133	141	78	88	47	53	64	58	782	323	423	434	286	309	73	80	207	208
III	290	276	140	140	97	86	53	60	59	62	914	338	474	449	343	291	97	98	212	219
IV	336	297	173	149	99	92	64	56	68	76	936	384	495	457	320	318	121	109	238	225
1957: I	266	296	136	153	87	97	43	46	60	64	846	941	450	507	288	325	108	109	229	230
II	275	299	149	158	80	89	46	52	84	77	919	965	498	510	310	335	111	120	246	252
III	327	309	163	161	112	99	52	49	74	72	1,087	993	565	535	412	349	110	111	251	259
IV	342	303	181	156	107	100	54	47	72	79	1,060	1,008	595	554	339	339	126	115	274	267
1958: I ¹	256	236	134	151	84	94	38	41	87	93	948	1,052	495	557	344	337	109	108	264	260
II	259	232	133	141	90	100	36	41	86	77	987	1,033	515	528	364	393	107	117	304	308
III ¹	320	300	150	147	117	103	53	60	97	96										
IV	360	322	190	166	109	103	61	53	101	109										

NOTE.—Details may not add to totals because of rounding.

N.S.A. Not seasonally adjusted. S.A. Seasonally adjusted.

*Less than \$500,000. †Seasonally adjusted quarterly data may not add to actual (unadjusted) annual totals.

¹ 1958 annual and quarterly data treat March and July aberrations in the Census Bureau's import statistics as follows:

(a) First quarter and annual 1958 figures include an adjustment of plus \$75 million for March which, because of changes in compiling procedures, was excluded from the detailed statistics shown in Census Bureau commodity/country reports FT-110 and FT-120; this adjustment was included, however, in Census Bureau reports FT-930 and FT-950.

(b) 1958 annual and third quarter data have not been adjusted to exclude \$33 million of imports which, because of changes in the size of the monthly carryover as between June/July

and July/August overstated July imports. Detailed data were not available to permit correction of this overstatement at country or commodity levels.

² Quarterly (and annual) data have not been corrected for aberrations caused by shipping or other industry strikes, including the most recent longshoremen's strike in the first quarter of 1965, which affected the fourth quarter of 1964 and the first 2 quarters of 1965.³ Reflects revisions made by the Census Bureau, and supplemental revisions estimated by the Office of Business Economics, to correct for distortions in the monthly totals originally reported for July to December 1965.

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

International Investments of the United States in 1966

THIS article discusses the international investment position of the United States and, in more detail, the developments in direct investments. The review of plant and equipment expenditures by U.S. affiliates abroad that in the past has appeared with this article will be the subject of a separate press release and will be included in the October issue of the *SURVEY*. The 1966 data on direct investments are based on the regular quarterly surveys. A comprehensive survey of U.S. direct investments in 1966 has just been started, but the results will not be available for some time.

The International Investment Position

Total assets held abroad by United States residents and the Federal Government amounted to nearly \$112 billion at the end of 1966. Total assets held by foreign residents in the United States were \$60 billion. The rise in 1966 in U.S. assets abroad was about \$5.6 billion, while foreign assets in the United States rose about \$1.8 billion. (These figures are adjusted for differences in statistical coverage of the estimates for the two years presented in table 1). The net foreign asset position at the end of 1966 was about \$51.5 billion, approximately \$3.8 billion more than at the beginning of the year. Combining the change in U.S. official gold holdings, which declined by about \$0.6 billion, with the changes in net foreign assets, the rise in net international assets of the United States was \$3.2 billion.

In 1965 net foreign assets rose about \$5.2 billion, but gold holdings dropped about \$1.7 billion, so that the combined change was about \$3.5 billion, roughly the same as in 1966.

The \$3.2 billion rise in the net asset position in 1966 included a deterioration of \$1.4 billion in the balance on reserve assets and liquid liabilities and a deterioration of \$2.3 billion, if banking liabilities with an original maturity of one year or more are added. The balance on other assets and liabilities improved by \$5.5 billion. Of this amount \$4.2 billion resulted from capital transactions that are recorded in the balance of payments tabulations, and \$1.4 billion from reinvested earnings (reinvested earnings of \$1.7 billion by U.S. subsidiaries abroad less \$0.3 billion by foreign subsidiaries in the United States). Declines in market values of securities reduced foreign assets in the United States by about

\$1.8 billion, and U.S. assets abroad by about \$0.8 billion, thus improving the net asset position of the United States by about \$1 billion. On the other hand, U.S. Government assets were reduced by about \$1 billion through devaluations of assets denominated in foreign currencies.

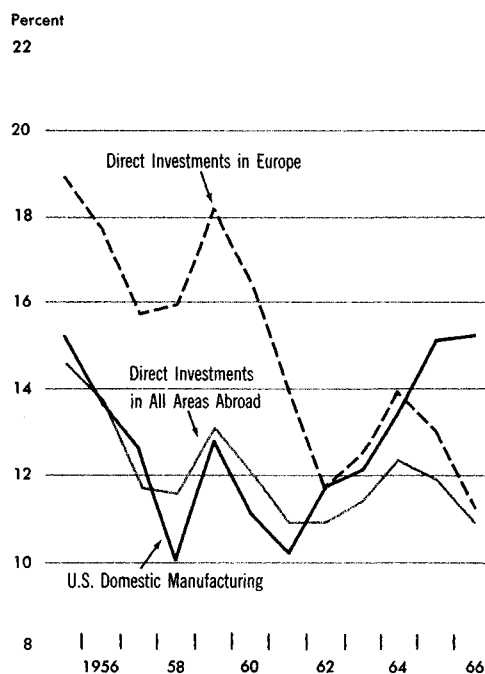
Relation to national wealth and income

The relative magnitudes of a country's external assets and liabilities must not be considered to be the equivalent to its "net worth," analogous to the net worth of a private enterprise. External assets are only a part of the total assets of a country; its net wealth consists of domestic and foreign assets, net of foreign liabilities. Only the change in this total is the proper measure of a country's success in raising its net wealth by producing more than it is consuming. No change in total wealth would take place if U.S.-owned assets located within our borders were exported and set up abroad, or if U.S.-owned assets located abroad were imported and set up here.

Although the choice of adding to capital assets located within the United States or to those located abroad does not affect the total wealth of the nation at the time the capital assets are created, it may have important longer run effects on domestic output and incomes, and these effects may vary considerably among different types of investments and under different economic circumstances.

In considering these effects, one among several factors is the difference in rates of capital income derived from domestic and foreign investments. In 1966, earnings on U.S. assets located abroad (including reinvested earnings of U.S. subsidiaries) were close to \$8 billion or about 7.5 percent of the value of the assets at the beginning of the

CHART 7
Return on Manufacturing Investments



NOTE.—Return on domestic manufacturing represents net income applied to net worth at the beginning of the year (First National City Bank of N.Y.). Return on direct manufacturing investments abroad and in Europe represents the U.S. share of net earnings for the year (see table 5) applied to book value of these investments at the beginning of the year. (See table 3)

industries only were 10.9 percent and 14.3 percent respectively. In comparison, the rate of earnings after taxes on stockholders' equity in U.S. manufacturing enterprises (including their foreign affiliates) was estimated in FTC-SEC compilations at 13.4 percent for 1966.

Earnings in 1966 on private investments in foreign securities, bank and commercial credits, deposits and other foreign investments are estimated to have been about \$1.6 billion, or roughly 5 percent of the \$31.7 billion outstanding at the beginning of the year. This may have been slightly more than on comparable domestic assets, but the difference may reflect the higher risk and lower liquidity associated with foreign claims.

However, the effects of foreign investment on the national product and income cannot be judged only on the basis of profits and interest derived

from them. Investments usually result in new productive facilities and thus—for the country where they are located—in incomes through wages and salaries paid to those employed in these facilities, sometimes through purchases of locally produced materials, and through the payment of taxes. Such incomes derived from the investments usually exceed by a substantial margin the capital incomes derived from them. The extent to which these investments lead to an increment in total incomes and tax receipts in the capital importing countries will depend upon alternative opportunities for employment in these countries. Under conditions of full employment the net gains would be limited to the increase in productivity of the labor force and therefore would be smaller than when excess resources are available.

Likewise it cannot be assumed that locating an investment abroad necessarily results in a reduction of employment opportunities in the capital exporting countries. Some investments make it possible for U.S. exports, and thereby U.S. production and income, to be higher than they otherwise would be. Some foreign investments do not displace domestic investments, so that capital income derived from them is a net addition to total domestic incomes. Some foreign investments help to enlarge the supply of industrial materials without which domestic production could be seriously handicapped, and real domestic incomes adversely affected.

Relation to international liquidity

Just as the net international asset position (including official gold holdings) cannot be identified with a country's "net worth", so it cannot be considered as a measure of a country's international liquidity, i.e., its ability to meet foreign obligations, or to defend the exchange value of its currency. If international liquidity is measured by comparing the value of assets that could be sold to foreigners, relative to a country's foreign obligations, the assets should include also domestic assets (or shares in them), which in many instances may be more attractive to foreigners than some of the U.S.

assets located abroad. Using foreign assets alone would grossly understate this measure.

However, most of the privately owned assets, whether located within the country or abroad, are not in the form of monetary assets acceptable to foreigners in payment of U.S. obligations, nor are they available to U.S. authorities to be sold to foreigners in order to obtain such monetary assets. Indirect measures to induce sales to foreigners by their private owners have uncertain effects.

Problems of valuation

Another difficulty in using the net international asset position as a measure of a country's international liquidity is that the valuation of U.S. assets abroad and foreign assets in the United States does not necessarily represent the market values that would be realized if these assets were sold or otherwise liquidated. Many of the assets are not intended by their owners to be offered for sale and for many it would be difficult to find potential purchasers. In these cases it would be most difficult, therefore, to determine their market value. In general, that is likely to be more true for U.S. assets abroad than for foreign assets in the United States.

At the end of 1966, about \$8 billion of U.S. Government assets were foreign currency claims that with few exceptions can be used only for grants and loans and for meeting U.S. Government administrative expenditures in the countries issuing these currencies. Such administrative expenditures amounted to less than \$300 million in 1966.

Direct investments at the end of 1966 comprised about \$54.6 billion, or half of U.S. assets abroad, while foreign direct investments in the United States were valued at slightly over \$9 billion, or about 15 percent of foreign assets in the United States. These valuations represent the cumulative amounts invested less liquidations and losses. They are neither capitalized earnings, nor current market values. The current market values of these assets cannot be estimated, but presumably they would depend upon the desire and financial resources of those who would want to acquire them, and the urgency of liquidation of those who own them.

Table 2.—Factors Affecting the U.S. Private Investment Position, 1965 and 1966

[Millions of dollars]		
Type of investment	1965 ^r	1966 ^p
U.S. private investments abroad:		
Total beginning of year.....	75,818	81,051
Add: Capital outflow ¹	3,743	4,217
Reinvested earnings.....	1,542	1,716
Price changes and other adjustments.....	-52	-749
Total, end of year.....	81,051	86,235
Direct investments:		
Value, beginning of year.....	44,384	49,328
Add: Capital outflow ¹	3,418	3,543
Reinvested earnings.....	1,542	1,716
Other adjustments.....	-16	-25
Value, end of year.....	49,328	54,562
Other long-term private investments abroad:		
Value, beginning of year.....	20,533	21,570
Add: Capital outflow ¹	1,078	261
Price changes.....	-11	-833
Other adjustments.....	-30	5
Value, end of year.....	21,570	21,003
Short-term assets and claims:		
Value, beginning of year.....	10,901	10,153
Add: Capital outflow ¹	-753	413
Enlarged coverage of reports.....	5	104
Value, end of year.....	10,153	10,670
Foreign long-term investments in the United States:		
Direct investments:		
Value, beginning of year.....	8,363	8,797
Add: Capital inflow ¹	57	86
Reinvested earnings.....	357	339
Other adjustments ²	20	-168
Value, end of year.....	8,797	9,054
Other long-term investments:		
Value, beginning of year.....	16,616	17,578
Add: Capital inflow ¹	-124	2,078
Price changes.....	1,074	-1,687
Other adjustments.....	12	-23
Value, end of year.....	17,578	17,946

^r Revised. ^p Preliminary.
¹ Included in the balance of payments accounts.
² Mainly revaluations of securities held by affiliates of foreign insurance companies.

dollars, many of which have relatively long maturities.

Close to \$15 billion were U.S. dollar bonds and other foreign securities, sold by foreigners and international organizations to U.S. investors. The valuations for the dollar bonds are based on quotations in U.S. markets; they do not

reflect the prices that could be obtained if they were sold abroad. The valuations of other foreign securities, mostly stocks, are estimated on the basis of price movements in foreign markets.

Market valuations depend, of course, on the amount of securities offered for sale relative to the demand for them.

Foreign securities not subject to the Interest Equalization Tax are sold in U.S. capital markets because our capital markets have larger capacities to absorb such new issues than can be expected of foreign markets. However, foreign markets for securities issued by public organizations and large international

flows and U.S. Share in Reinvested Earnings of Countries, With Major Industries for 1966

Table 5.—Direct-Investment Earnings and Income,² by Selected Countries, With Major Industries for 1966

[Millions of dollars]

Table with columns: 1965 r, Total, Mining and smelting, Petroleum, Manufacturing, Other (for both Reinvested earnings and Earnings/Income); and a 'Line' column.

is computed as the difference between the U.S. share of net earnings (or losses) of foreign corporations and the U.S. share of gross dividends (dividends before deduction of withholding taxes).

NOTE.—In this and subsequent tables, detail may not add to totals because of rounding.

enterprises have grown considerably in the last years. What the market values of foreign securities would have been if U.S. purchases had been smaller and sales to foreigners higher cannot easily be estimated, but probably they would have been lower than those used in the valuations for the end of 1966.

In principle, similar considerations apply to foreign holdings of U.S. corporate securities, which were valued at \$14.6 billion, or about the same as U.S. holdings of foreign securities. About \$12.6 billion of the foreign holdings consisted of U.S. stocks. These stock holdings comprised, however, only about 2.6 percent of the market value of all stocks listed on the New York Stock Exchange in 1966. In view of this small share in the total market and the large turnover in the market, foreign sales would have to comprise a relatively large share of total foreign holdings to have major effects on their market value.

Liquidity of banking and commercial claims

The remainder of U.S. private assets abroad consists of claims reported by banks and commercial concerns. Most of the claims reported by banks are either medium-term or revolving loans with an unspecified maturity but classified as short term. About \$8.6 billion or 72 percent of the bank-reported claims and \$3.1 billion or 63 percent of the commercial claims were against countries in Latin America, Asia (including Japan), and Africa. Only about \$3.8 billion of the short-term banking and commercial claims were against countries in Europe and against Canada where local capital resources and foreign exchange reserves are large enough to permit major liquidations of U.S. claims. The difficulties in achieving such liquidations may be illustrated by the experiences in 1965 and 1966.

In the last three quarters of 1965, following the introduction of the voluntary program to restrain capital outflow, and the application of the Interest Equalization Tax to long term bank loans, total claims on foreigners reported by U.S. banks fell by nearly \$500 million, or about 4 percent of the amount outstanding at the end of

March. This decline approximately equaled the net increase in such claims during the first quarter of the year. In 1966, although these restrictions on new lending continued and, in addition, domestic credit became exceptionally tight, net liquidations declined to \$250 million, or 2 percent of the amounts outstanding at the beginning of the year.

The experience with short-term foreign claims by commercial concerns on non-affiliated foreign residents including foreign banks was similar. During the first half of 1965, after the introduction of the voluntary program to improve the balance of payments, about \$460 million of such claims, which totaled \$2.9 billion at the beginning of that year, were liquidated. In the second half another \$160 million were liquidated, but to a large extent were replenished by the reinvestment of \$130 million in short-term foreign assets of funds obtained abroad through the sale by U.S. corporations of new securities to finance their direct investments abroad. In 1966, commercial holdings of short-term assets abroad increased again by \$330 million, including about \$140 million of funds obtained through the sale of securities.

In 1965 and 1966, liquidations of private assets held abroad, even with the cooperation of business, with the help of the Interest Equalization Tax, and with exceptionally tight credit conditions thus comprised only a relatively small part of total private assets held abroad. Furthermore, a large part of those assets that could more easily be liquidated, was sold early in that period, and net liquidations declined thereafter. Privately held assets abroad cannot be considered, therefore, a significant supplement to official reserve assets, which are at the disposal of Government authorities when needed to meet U.S. obligations abroad and to defend the exchange value of the dollar.

The official reserve assets at the end of last year totaled nearly \$14.9 billion and consisted of about \$1.3 billion of convertible currency holdings, about \$300 million of gold tranche drawing rights on the IMF, and \$13.2 billion of gold.

Liquidity of banking and Government liabilities

In contrast to banking claims, perhaps 90 percent of banking liabilities, which totaled about \$21 billion at the end of 1966, have a very high degree of liquidity. These liabilities consist mainly of freely transferable demand deposits, time deposits, and privately issued open market papers with a maturity of less than one year held in trust accounts for foreigners. In many instances time deposits may be cashed before maturity although certain penalties may be incurred, and open market paper is widely traded. Time deposit certificates with an original maturity of one year or more are generally marketable, but also frequently provide the owners with the option to resell them to the issuing agency before maturity. Furthermore, a large part of the certificates outstanding at any one time actually mature in less than one year. These highly liquid funds serve as monetary media and reserve assets to foreign residents.

Exceptions to the high liquidity characteristic of banking liabilities to foreigners are deposits that are committed against outstanding letters of credit or that serve as compensating balances against bank loans. Data for these deposits are not available. Compensating balances may amount to between 10 and 20 percent of outstanding bank loans and acceptance credits, which totaled about \$9.6 billion at the end of 1966.

U.S. Government liabilities of about \$12.6 billion included about \$10 billion of marketable or convertible securities and \$0.2 billion of gold deposit obligations to the IMF. Because of the large market for these securities they also have a very high degree of liquidity, and therefore serve as a preferred investment of dollar reserve assets of foreign residents, particularly of foreign official agencies. At the end of 1966, total liquid liabilities and banking liabilities with an original maturity of one year or more that serve as foreign monetary and reserve assets amounted to about \$30 billion, roughly half of all foreign assets in the United States.

The liquidity of these financial instruments refers primarily to the

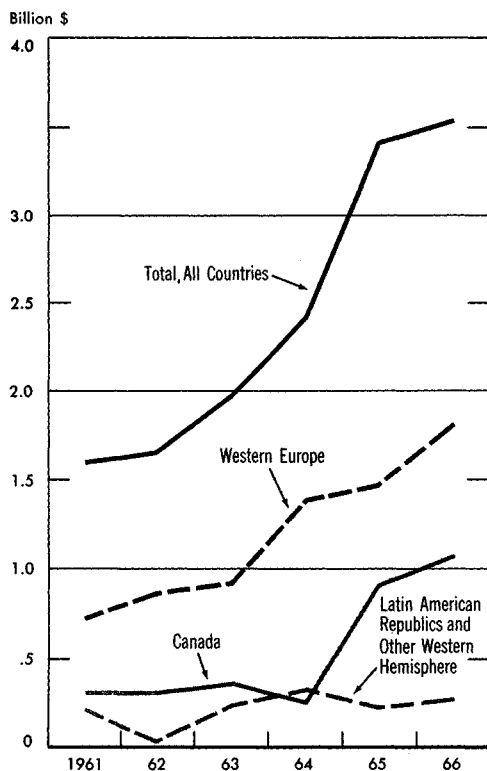
since 1964 was due largely to the drop in the market values of stocks, which affected foreign assets in the United States more than U.S. assets abroad. The change in the net position with Western Europe since 1950 reflects a substantially larger increase in net liabilities of the United States in liquid funds than in net U.S. assets in other investments.

The largest rise since 1950 in net U.S. assets abroad—\$18.5 billion—was in Asia and Africa, which includes the oil-producing countries of the Middle East and North Africa as well as the countries receiving the largest share of Government assistance in that period. Next is Canada with an increase of about \$15.3 billion, and then Latin America with a rise of just under \$10 billion.

U.S. Direct Investments Abroad

Private capital outflows from the United States in 1966, net of funds bor-

CHART 8
Capital Outflows for Direct Investment By Area



rowed abroad by U.S. corporations, amounted to \$3.14 billion, about \$230 million less than in 1965 and less than half of the \$6.47 billion outflow in 1964. The very sharp decline in 1965 and the further reduction in 1966 can be attributed in part to the cooperation of banks and other business enterprises in the program to improve the balance of payments. Other factors contributing to these changes were the application of the Interest Equalization Tax to long-term bank loans, and the large increase in domestic capital requirements relative to the lending capacity of domestic financial organizations.

Outflows of capital for direct investments abroad (including funds that had been borrowed abroad by companies incorporated in the United States) rose from \$3.4 billion in 1965 to \$3.5 billion in 1966. (See table 6.) Funds borrowed abroad through the sale of securities by domestic subsidiaries of U.S. corporations specially organized to finance foreign investments (and in some instances by the parent companies themselves) and actually transferred to foreign affiliates amounted to about \$50 million in 1965 and nearly \$450 million in 1966. The total amounts borrowed by such means were about \$190 million and \$600 million in the two years; most of the amounts not transferred to foreign affiliates were left in foreign bank accounts or other short-term investments abroad.

In addition to borrowing funds abroad through security issues, U.S. corporations also obtained funds through loans from banks or other foreign sources.

These loans are included in the foreign liabilities reported by U.S. corporations to others than their own affiliates. In 1966 such liabilities increased by about \$475 million, nearly \$300 million more than in 1965 and \$400 million more than in 1964. (See Balance of Payments Tables 1, 2, and 8, lines 54 and 55.) A large part of these funds has also been transferred to foreign affiliates of U.S. corporations, and is thus included in the figures for capital outflows for direct investments abroad.

Omitting funds borrowed abroad, the outflow of capital for direct invest-

ments in 1966 may have been between \$2.8 and \$2.9 billion, substantially less than the 1965 outflow of roughly \$3.3 billion.

Growth of direct investments abroad

The latest data on plant and equipment expenditures by foreign affiliates indicate a continuing increase of actual or projected expenditures, but at a gradually declining rate of increase. The increase over the previous year was about 21 percent in 1965 and 17 percent in 1966. Projections for 1967 indicate a 12 percent rise, and for 1968, about 7 percent. These figures do not include the expansion of foreign investments through purchases of equity interests in existing enterprises, nor do they indicate capital requirements for other assets, such as inventories or credits on sales.

On the other hand, only a minor part of these capital requirements is usually met from the United States; a large part comes from the foreign affiliates themselves through the use of depreciation reserves and retained earnings; in addition foreign affiliates obtain large amounts from foreign lenders or investors.

For these reasons, there is not necessarily a close correlation between plant and equipment expenditures of the foreign affiliates and capital outflows for direct investments. Still, the relatively small increase in capital outflows in 1966 may already reflect the slower expansion of real investments last year. Preliminary figures for the first half of 1967 indicate that capital outflows for direct investments (including funds raised abroad by U.S. corporations, but disregarding the large liquidations in the second quarter) were at an annual rate of about \$3 billion, slightly less than comparable figures for 1966.

Overall, United States companies invested \$5.3 billion in foreign enterprises in 1966, raising the aggregate book value of these investments to \$54.6 billion at year end. Most of that increase came from capital outflows of \$3.5 billion. An additional \$1.7 billion was added to these investments out of retained foreign earnings, about \$175

million more than in the preceding year.

About 87 percent of all direct investment capital outflows went to developed countries as compared with about 75 percent in 1965. Increases in capital flows to Common Market countries and declines in outflows to the Middle East accounted for this shift. However, additions to the book value of direct investments in the developed areas accounted for only 77 percent of all such additions because the less developed countries accounted for a larger than proportionate share of the reinvested earnings of foreign subsidiaries and other affiliates incorporated abroad.

Investments in Europe

The cumulative value of direct investments in Western Europe was \$16.2 billion at the end of 1966, about \$2.2 billion or nearly 16 percent more than at the end of 1965 (table 3). The 1966 increase exceeded the \$1.9 billion or 15.5 percent rise in the preceding year.

Investments in manufacturing industries increased about \$1.3 billion in 1966, compared with \$1 billion in 1965; those in the petroleum industry rose \$550 million, compared with \$325 million in the previous year. (Petroleum and fertilizer plants are classified as manufacturing industries.)

The new investments in 1966 include about \$200 million of acquisitions of equity interests in existing enterprises in manufacturing industries, and about the same amount in the petroleum industry. In 1965, acquisitions were about \$260 million, nearly all of it in manufacturing.

Nearly half (\$7.6 billion) of the total European investments at the end of 1966 was located in Common Market countries, including \$3.1 billion in Germany. About 70 percent of the 1966 value of direct investments in the Common Market countries was placed there since the beginning of 1960; for Germany this percentage was even a little higher.

Investments in the United Kingdom were about \$5.7 billion at the end of 1966, the largest for any single European country. These investments are older, however, than those in the

Common Market countries, with only 56 percent made during the 1960's.

Major assets are also held in Switzerland, particularly in trading and financial enterprises. To a certain extent these enterprises have their own investments outside of Switzerland, particularly in Common Market countries.

The \$2.2 billion increase in direct investments in Europe in 1966 was financed through U.S. capital outflows of \$1.8 billion (including funds borrowed abroad by the U.S. parent companies and their U.S. incorporated subsidiaries), and through the reinvestment of about \$0.4 billion of the earnings of the affiliated European corporations (table 4). The relatively small amount of reinvested earnings reflects losses of nearly \$80 million

on the books of European subsidiaries of American petroleum companies. These losses reflect in part the write-off of exploration expenditures and in part the manner in which earnings from the worldwide operations of the petroleum companies are distributed between producing and marketing areas. This distribution is strongly influenced by tax considerations in the various countries in which these companies operate. Capital investment by petroleum companies in Europe thus may have been financed through the reinvestment of earnings attributed to oil-producing countries. On the books of the parent companies and in the balance of payments tabulations, which are based on company reports, these transactions would appear as distributed income

Table 7.—Net Capital Outflows to Manufacturing Affiliates Abroad, 1962-66, by Industry

[Millions of dollars]

Area and year	Manufacturing, total	Food products	Paper and allied products	Chemicals and allied products	Rubber products	Primary and fabricated metals	Machinery except electrical	Electrical machinery	Transportation equipment	Other industries
All areas, total:										
1962.....	711.7	42.6	5.2	99.3	31.4	65.9	85.7	60.1	225.1	98.2
1963.....	774.3	57.3	24.4	176.5	13.2	85.6	51.2	24.0	194.5	147.5
1964 ^r	1,034.3	74.8	9.1	302.7	2.1	69.8	117.9	45.8	207.1	204.9
1965 ^r	1,525.1	115.6	99.1	292.0	16.4	83.7	235.5	96.3	405.5	130.9
1966 ^p	1,730.3	109.3	150.5	492.3	19.5	130.5	220.8	113.4	314.0	180.0
Canada:										
1962.....	11.8	-6.0	4.2	-25.5	-4.1	-1.1	27.9	11.8	-7.1	11.6
1963.....	119.6	5.5	12.2	18.4	2.6	6.2	24.0	3.8	37.4	9.5
1964 ^r	140.0	29.0	-8.6	32.2	-7.1	-3.9	15.3	11.6	48.4	23.0
1965 ^r	394.7	17.7	62.5	70.0	5.1	6.5	27.4	12.7	173.2	19.8
1966 ^p	548.3	16.8	125.8	88.1	-1.4	23.6	30.5	6.8	241.8	16.3
Latin America:¹										
1962.....	133.3	1.6	-3	39.4	-3.8	16.2	6.2	2.5	49.8	21.6
1963.....	150.0	31.6	4.4	48.8	-1.9	5.0	8.6	-7.5	17.1	43.8
1964.....	137.2	-9.2	2.1	73.6	8.5	7.9	9.5	-10.3	30.1	25.1
1965 ^r	245.4	50.8	18.6	82.0	-1.1	19.5	.5	10.5	38.1	26.5
1966 ^p	158.4	8.6	4.5	94.4	5.3	12.8	12.2	8.7	-20.7	32.6
Europe:										
1962.....	453.4	29.5	.5	64.4	34.3	26.5	49.6	40.3	156.4	52.1
1963.....	395.0	11.0	2.5	82.1	13.3	37.2	4.5	28.5	132.9	83.1
1964.....	618.6	41.6	13.6	163.0	-3	30.4	65.3	38.0	127.4	139.6
1965 ^r	760.5	40.8	12.8	97.0	2.4	60.2	239.6	53.4	176.0	78.3
1966 ^p	899.2	54.7	16.2	275.5	15.2	75.3	166.1	84.3	91.0	120.8
Africa:										
1962.....	10.7	1.3	.2	.1	-4	1.4	1.7	.2	3.9	2.2
1963.....	8.5	.7	.4	2.2	.2	2.1	2.3	1.1	-.9	.5
1964.....	18.6	2.5	.6	2.9	-.5	11.5	4.3	-.3	-3.1	.7
1965 ^r	39.6	1.2	2.6	2.4	1.0	17.3	7.3	(**)	7.2	.5
1966 ^p	16.8	2.5	1.8	.6	-1.3	1.8	4.8	(**)	2.3	4.3
Asia:										
1962.....	30.4	1.3	.5	11.6	5.2	1.4	1.3	3.7	.2	5.2
1963.....	46.6	6.2	3.8	18.7	-.9	2.5	6.2	3.2	.9	6.2
1964.....	60.6	4.6	1.7	24.8	(**)	3.3	11.4	5.8	.3	8.7
1965 ^r	57.8	-1.2	2.0	25.1	-1.8	.9	6.5	17.4	1.5	7.4
1966 ^p	57.5	6.5	1.4	17.6	2.3	2.9	8.3	16.3	(**)	2.1
Oceania:										
1962.....	72.2	15.0	.1	9.3	.2	21.5	-.9	1.7	21.9	3.5
1963.....	54.5	2.3	1.1	6.3	(**)	32.7	5.7	-5.0	7.0	4.5
1964.....	59.2	6.3	-3	6.2	1.5	20.6	12.1	1.0	4.0	7.8
1965 ^r	27.0	6.4	.5	15.5	10.7	-20.7	4.2	2.4	9.5	-1.6
1966 ^p	50.1	20.2	.8	16.0	-.6	14.1	-1.1	-2.7	-.5	3.9

^r Revised. ^p Preliminary.

**Less than \$50,000.

¹ Includes "other Western Hemisphere."

from the oil-producing countries and as capital outflows to the processing and marketing countries.

In manufacturing, trade and other industries, reinvested earnings of the European companies were about \$500 million and accounted for nearly one third of the 1966 increase in the amount invested.

Other developed countries

United States investments in Canada rose at a record rate of \$1.6 billion in 1966, about 13 percent more than in the year before. While capital outflows were at a high of \$1.1 billion, reinvestment of earnings was unchanged from 1965. One-half of the new investment—about \$800 million—was in manufacturing industries. The resource industries, petroleum and mining, absorbed \$440 million to finance new projects and to expand production facilities of existing operations.

In other developed countries, United States investment increased \$400 million in 1966; this was divided about evenly between funds obtained from parent companies and funds obtained from the reinvestment of foreign earnings. About \$200 million was invested in manufacturing industries, and close to \$100 million was spent for mining activities, primarily in the continuing build-up of production of iron ore producing facilities in Australia.

Less developed countries

Direct investments in less developed countries rose by \$1.0 billion in 1966

Table 8.—Net Capital Flows Between Primary and Secondary Foreign Affiliates, 1961-66

[Millions of dollars; net inflows (-)]

Area and country	1961	1962	1963	1964	1965	1966 ^a
Canada	4		-4	3	-8	16
Latin America	2	16	-1	-2	-3	-24
Argentina	-6	-11	-14	-14	-5	4
Mexico	-4	11	-5	3	-5	2
Panama	10	13	14	12	8	7
Other Latin America	2	3	4	-3	-1	-37
Europe		-22	24	19	43	30
France	-15	-14	-5	-2	22	-6
Germany	-8	-4	-20	-5	-22	-16
Italy	-25	-21	-9	-5	-9	-7
Switzerland	60	48	105	60	77	28
United Kingdom	-6	-9	-4	(**)	-2	47
Other Europe	-6	-22	-43	-29	-22	-16
Other countries	-6	6	-19	-20	-32	-22

^a Preliminary.

**Less than \$500,000.

to a total of \$18.1 billion at yearend. This increase was less than in 1965 when new investments amounted to \$1.3 billion. The decline from 1965 in capital outflows from the United States was even larger, but was in part replaced by an increase in reinvested earnings.

Nearly \$100 million of the decline in new investments is accounted for by non-recurrent capital outflows that were made in 1965 to acquire additional oil leases in the Persian Gulf area. In addition, last year some oil companies sold interests in their concessions in Libya to foreign enterprises; this resulted in return flows of capital to the United States. Another factor contributing to the decline was an increase from the previous year in the temporary return flow of capital to the parent companies to accumulate funds required to meet higher tax payments to oil producing countries.

About 60 percent of the new investment in 1966 in all of the less developed countries was in the Western Hemisphere. Outstanding investments in Venezuela, as in other recent years, declined because of return flows of capital from oil operations. These return flows do not imply a liquidation of United States investments in Venezuela, but rather an accumulation of reserves with the parent company to meet future exploration and capital expenditures. Investments in most other Western Hemisphere countries expanded, particularly in Brazil and the Caribbean area.

Capital outflows to manufacturing industries

In 1966, a record \$1.7 billion of United States capital was invested in foreign manufacturing affiliates (table 7). This included close to \$300 million used to acquire foreign enterprises or to buy additional equity interests from foreign holders. The change in capital outflows from 1965 differed among industries and areas. Capital outflows to the transportation equipment industry (including automobiles) was down in all areas except Canada, where the automotive trade agreement required investments to increase production of autos and parts. Other industries

to which capital flows from the United States were reduced included those producing nonelectrical machinery (primarily in Europe) and, to a lesser extent, food products.

Capital outflows to other manufacturing industries increased. Most important was a \$180 million increase to the chemicals and allied products industry in Europe for investments for new construction of plants as well as funds to repay loans obtained abroad to acquire existing business firms. Investments in the paper and allied products industry doubled in Canada where United States companies have been spending large amounts in recent years to raise productive capacity for pulp, newsprint, and other products. The \$50 million rise of capital outflows to "other industries" was concentrated largely in Europe and centered in the scientific instruments and equipment industries. The additional investment in primary and fabricated metals was limited mainly to the production and fabrication of aluminum products.

Earnings and incomes

Although the cumulative value of U.S. direct investments abroad increased 9 percent in 1964 and 11 percent in both 1965 and 1966, earnings in 1966 rose only 4 percent. Annual data from 1950 through 1966 are shown below:

Investment, Earnings, and Yields on U.S. Direct Investments Abroad

Year	Value of investment at start of year	Earnings	Yield
	(Billion dollars)		(Percent)
1966	49.3	5.68	11.5
1965	44.4	5.46	12.3
1964	40.7	5.07	12.5
1963	37.2	4.59	12.3
1962	34.7	4.24	12.2
1961	31.8	3.82	12.0
1960	29.8	3.57	12.0
1959	27.4	3.24	11.8
1958	25.4	3.01	11.9
1957	22.5	3.56	15.8
1956	19.4	3.30	17.0
1955	17.6	2.88	16.4
1954	16.3	2.40	14.7
1953	14.7	2.26	15.4
1952	13.0	2.33	17.9
1951	11.8	2.24	19.0
1950	10.7	1.77	16.5

However, the earnings on the foreign investments as measured for balance of payments purposes are not necessarily a complete measure of the income de-

Table 9.—Acquisitions and Sales by American Companies of Foreign Enterprises,¹ by Area and Industry, 1965-66

Area and industry	[Millions of dollars]					
	1965			1966		
	Acquisitions	Sales	Net	Acquisitions	Sales	Net
All areas, total	369	90	279	583	29	554
Petroleum.....	7	2	5	204	25	204
Manufacturing.....	268	46	222	314	4	289
Other industries.....	94	42	52	65	4	61
Canada, total	69	47	22	65	13	53
Petroleum.....	4	2	2	1	1	1
Manufacturing.....	22	44	-22	59	12	46
Other industries.....	42	(**)	42	6	1	5
Europe, total	258	2	256	427	4	423
Petroleum.....	3	3	3	202	4	202
Manufacturing.....	207	2	205	182	(**)	178
Other industries.....	48	3	45	43	4	43
Other areas, total	42	41	1	91	12	79
Petroleum.....	3	3	3	1	1	1
Manufacturing.....	39	39	39	74	9	65
Other industries.....	3	41	-38	16	3	13

¹ Includes acquisitions and sales of minority interests.
² Less than \$500,000.

Table 10.—Direct-Investment Receipts of Royalties and Fees¹, by Areas and Major Industries, 1965-66

Area and industry	[Millions of dollars]			
	1965 ^r total	1966 ^p		
		Total	Royalties, license fees and rentals	Management fees and service charges
All areas, total	924	1,045	362	683
Petroleum.....	138	127	12	116
Manufacturing.....	578	650	296	364
Trade.....	77	110	34	76
Other industries.....	131	148	20	127
Canada, total	185	215	55	159
Petroleum.....	9	15	(**)	15
Manufacturing.....	144	165	48	117
Trade.....	12	15	5	10
Other industries.....	20	20	2	18
Latin America, total ²	174	176	50	126
Petroleum.....	29	24	1	24
Manufacturing.....	81	86	36	50
Trade.....	23	24	8	15
Other industries.....	40	42	4	37
Europe:				
Common Market, total	182	235	117	118
Petroleum.....	17	17	(**)	16
Manufacturing.....	144	176	108	68
Trade.....	12	29	7	22
Other industries.....	10	14	2	12
Other Europe, total	199	222	88	135
Petroleum.....	13	12	1	11
Manufacturing.....	142	158	73	85
Trade.....	16	23	9	15
Other industries.....	28	29	5	24
Other areas, total	184	196	52	144
Petroleum.....	71	59	9	50
Manufacturing.....	67	75	31	44
Trade.....	14	19	5	14
Other industries.....	33	43	7	36

^p Preliminary. ^r Revised.
^{**} Less than \$500,000.
¹ Excludes foreign film rentals.
² Includes "other Western Hemisphere."

received by American firms as a result of these investments. Such income can also accrue to U.S. parent companies through additional exports, imports at costs lower than the prices that would have to be paid to independent producers of the imported goods, receipts of royalties, management fees, and benefits resulting from the assumption of other costs, such as research and development expenditures, by foreign subsidiaries.

Even with these reservations, the figures shown in the tabulation suggest that in 1966 the yield of U.S. direct investments abroad declined substantially from the preceding year, and that it was less than in any other year of the 1950's or 1960's.

The disappointing earnings reflected a slowdown in business expansion in most of the industrial countries and also generally rising foreign taxes on natural resource industries. Yields on manufacturing investments were 10.9 percent as compared with 11.9 percent in the year before. Those on petroleum investments dropped from 12.8 percent in 1965 to 12.1 percent last year.

Earnings on manufacturing investments in Europe were \$855 million, the same as in the preceding year, although investments at the beginning of 1966 were about \$1 billion or nearly 15 percent higher than a year earlier. The average yields declined, therefore, from 13.0 percent in 1965 to 11.2 percent in 1966. Automobile companies and other firms in the transportation equipment industry experienced major declines in earnings, but companies in the machinery and, to a lesser extent, in the electrical equipment industry were also affected by relatively unfavorable business developments.

The combined effects of increased competition (resulting from a faster increase in the supply of oil products relative to demand) and of rising costs of crude oil (resulting from higher taxes paid to the oil producing countries) had an adverse effect on earnings of the petroleum industry in Europe.

In Canada, earnings on all investments increased only 2½ percent over 1965, while investments at the beginning of 1966 were 10 percent higher than a year earlier. Yields on manu-

Table 11.—Comparison of United States Direct-Investment Capital Flows and Transactions Covered Under the Balance of Payments Improvement Program
[Millions of dollars; outflows (-)]

Item	1965	1966
1. Balance of Payments, total, all countries	-3,418	-3,543
2. Reported in Balance of Payments Improvement Program.....	-2,655	-3,076
3. Difference (Line 1 less line 2).....	-763	-467
4. Non-program items in balance of payments accounts, total (lines 5 through 9)	-516	-491
5. Financial institutions.....	-241	-146
6. Insurance.....	-30	-60
7. New issues sold to others than parent companies.....	-257	-302
8. Amortizations of issues held by others than parent companies.....	+66	+44
9. Other non-program flows.....	-54	-27
10. Difference due to coverage, errors and omissions (Line 3 less line 4).....	-247	+24
Delaware company financing:		
11. Funds raised.....	191	594
12. Funds utilized.....	-52	-445

facturing investments dropped from 9.8 percent in 1965 to 9.2 percent, and on mining and petroleum investments from 7.8 percent to 7.6 percent. The only group of industrialized countries in which earnings on U.S. direct investments had a significant rise was that comprising Australia, New Zealand and the Republic of South Africa.

Declining yields on investments were not limited to developed countries. Although earnings in less developed countries as a whole rose from \$2.75 billion in 1965 to \$2.9 billion in 1966, the rise was relatively less than the amount invested, and the yield declined from 17.3 to 17.0 percent. The decline was primarily in petroleum investments in the Middle East and Africa.

Of the \$220 million rise in total earnings from 1965 to 1966, approximately \$80 million was returned to U.S. parent companies in the form of dividends, interest, and branch profits (table 5). There was a rise in incomes from Canada, Latin America, and the Caribbean, and from the petroleum-producing countries in the Middle East and Africa, but incomes from Europe, particularly Germany and the United Kingdom, declined.

The decline in incomes received from Germany reflects extraordinary dividend distributions in the previous year. In anticipation of a change in the tax structure, dividend payments by U.S. subsidiaries were sharply increased in 1965, representing in part a distribution of previously retained earnings. In 1966,

the division of earnings into dividends and retained earnings was about the same as in 1964.

Royalties and fees

In 1966, United States parent companies continued to receive an increasingly large proportion of their total receipts from foreign affiliates in the form of royalties and fees of various kinds (table 10). For a number of years these receipts have grown at a much faster rate than the receipts of other income from foreign affiliates. For example, in 1957, investment income (dividend, interest, and branch profits) and royalties and fees amounted to \$2.5 billion, of which 10 percent was in the form of royalties and fees. By 1966, combined receipts had grown to \$5.1 billion, of which more than 20 percent was represented by royalties and fees.

Gains in 1966 were concentrated in the manufacturing and trade industries.

Some decline in the receipt from petroleum affiliates was offset by a moderate rise in receipts from other industries. Since royalties and fees are largely responsive to increases in sales rather than to changes in net earnings, they should continue for some time to perform better than dividend income, which is affected by rising costs. Europe, from which 41 percent of royalties and fees were received by parent companies in 1965, accounted for about two-thirds of the growth of these items in 1966.

Portfolio Investments

Transactions by United States residents in foreign securities resulted in outflows of United States funds of \$482 million in 1966 as compared with \$758 million in 1965. During 1966, United States investors purchased about \$1,210 million of newly issued foreign securities denominated in

United States dollars (foreign dollar bonds) out of some \$1,321 million offered in the United States markets (table 12). Retirements of previously issued dollar bonds that had been purchased by U.S. investors amounted to \$405 million. This amount included advance repayment by the Canadian government of bonds sold to U.S. investors in the fourth quarter of 1962 and the first quarter of 1963 to strengthen its U.S. dollar reserves, which had been reduced by the exchange crisis earlier in 1962. On balance, United States investors liquidated holdings in foreign denominated securities in the amount of \$323 million last year.

Preliminary tabulations for the first half of 1967 show placement of foreign dollar bonds in the United States of \$757 million, offset by redemptions and retirements of \$230 million for a net of \$527 million. With a net liquidation of foreign-denominated securities of \$27 million, total net transactions in foreign securities were \$500 million in the first half. The comparable total for net transactions in foreign securities in the first half of 1966 was \$417 million.

During 1966 and the first half of 1967, the International Bank for Reconstruction and Development (IBRD) placed some \$425 million in new issues in the United States. Considerable amounts of these placements are for future delivery and will be reflected in capital flow data in future periods. Most of the proceeds from these offerings was temporarily invested in securities of U.S. Government agencies.

The Middle East crisis in June of this year caused a sharp rise in the sale of Israel government securities in the United States. The increase in the volume of these securities sold in the United States market will probably extend into the second half of 1967 and will tend to raise the volume of foreign dollar bonds placed here above the level of 1966 transactions.

Foreign Direct Investments in the United States

Foreign direct investments in the United States rose by about \$250 million in 1966 and reached a book

Table 12.—New Foreign Issues Placed In The United States,¹ 1965-June 1967

[Millions of dollars; before deducting discounts and commissions]

Areas	Gross amount sold			U.S. portion		
	Total	Publicly offered	Privately offered	Total	Publicly offered	Privately offered
1967 (January-June):						
Total	824	571	253	760	539	221
Canada.....	534	305	229	500	302	198
Europe.....						
Australia, Republic of South Africa, New Zealand, and Japan.....						
Other countries ²	164	140	24	156	133	23
International Bank ³	126	126		104	104	
1966 (July-December):						
Total	496	329	167	440	295	145
Canada.....	283	172	111	266	157	109
Europe.....	5	(*)	5	5	(*)	5
Australia, Republic of South Africa, New Zealand, and Japan.....	6	6		6	6	
Other countries.....	117	66	51	89	58	31
International Bank ³	85	85		74	74	
1966 (January-June):						
Total	825	229	596	773	188	585
Canada.....	718	158	560	667	118	549
Europe.....	10		10	10		10
Australia, Republic of South Africa, New Zealand, and Japan.....						
Other countries.....	97	71	26	96	70	26
International Bank.....						
1965 (July-December):						
Total	619	184	435	562	157	405
Canada.....	390	50	340	373	50	323
Europe.....	95	15	80	73	5	68
Australia, Republic of South Africa, New Zealand, and Japan.....	20	20		18	18	
Other countries.....	95	80	15	79	65	14
International Bank ³	19	19		19	19	
1965 (January-June):						
Total	698	401	297	637	344	293
Canada.....	339	54	285	334	53	281
Europe.....	30	30		11	11	
Australia, Republic of South Africa, New Zealand, and Japan.....						
Other countries.....	43	43		37	37	
International Bank ³	105	93	12	94	82	12
International Bank ³	181	181		161	161	

¹ Preliminary. * Less than \$500,000.

² Excludes issues offered in the United States but taken entirely by "foreigners."

³ Includes an issue of the Inter-American Development Bank.

⁴ May include "delayed deliveries."

NOTE.—The amounts shown for U.S. purchases exceed the figures used in the balance of payments accounts because the latter excludes discounts and commissions. The International Bank for Reconstruction and Development issues are reduced by the amount of delayed deliveries included in subsequent years.

value of \$9.1 billion at the end of the year (table 13). The increase from 1965 was caused mainly by reinvested earnings of \$340 million of United States subsidiaries of foreign parent firms, but it also included inflows of foreign capital of about \$85 million. However, the value of these investments was adversely affected by other adjustments of \$170 million, mainly a reduction in the value of securities held by foreign-owned insurance companies. If the effect of this valuation adjustment were eliminated, investments would have risen \$425 million, about the same as the 1965 increase.

Of the more than \$9 billion invested by foreigners in United States business enterprises, about \$3.8 billion was held in manufacturing firms and more than \$2 billion in financial and insurance firms. Canadian investors ranked first as owners of United States manufacturing companies controlled abroad, and British firms predominated in the finance and insurance groups. Petroleum investments were relatively unchanged at \$1.7 billion.

Despite an increase in earnings of the U.S. companies, the amount available for reinvestment in 1966 was somewhat diminished because of an

increase in the rate of dividend distributions. More than one-half of the earnings of the U.S. affiliates was accounted for by the manufacturing group.

Net foreign capital inflows of \$86 million were considerably reduced by the liquidation of an oil company owned by a Canadian parent firm for about \$120 million. Capital inflows to manufacturing industries amounted to \$111 million. About a third of this amount consisted of new investments by Germany.

Table 13.—Foreign Direct Investments in the United States, Selected Data, 1950, 1965, and 1966, by Country and Industry

[Millions of dollars]

	Value at yearend			Capital flow						Earnings, ¹ income, ¹ and undistributed profits					
				1965 ^r			1966 ^p			1965 ^r			1966 ^p		
	1950	1965 ^r	1966 ^p	Total	New investments ²	Other	Total	New investments ²	Other	Earnings	Income	Undistributed profits	Earnings	Income	Undistributed profits
Total	3,391	8,797	9,054	57	100	-43	86	89	-3	642	298	358	695	371	339
By area:															
Canada.....	1,029	2,388	2,439	43	58	-15	2	25	-23	135	94	58	133	77	80
United Kingdom.....	1,168	2,852	2,864	-66	11	-77	23	18	5	214	116	91	234	125	102
Other Europe.....	1,059	3,224	3,409	23	26	-3	67	43	24	270	76	195	307	159	143
Belgium.....	n.s.s.	175	193	-7	1	-8	10	8	10	8	3	7	9	2	8
France.....	n.s.s.	200	215	(*)	2	-2	8	3	5	7	2	5	10	3	7
Germany.....	n.s.s.	209	247	43	14	29	28	36	-8	16	4	11	19	7	11
Italy.....	n.s.s.	87	87	7	3	4	1	1	(*)	-2	-2	-2	1	1	1
Netherlands.....	334	1,304	1,402	-33	3	-33	20	3	17	147	26	120	153	73	78
Sweden.....	n.s.s.	215	217	6	6	6	-7	(*)	-7	13	3	10	18	7	10
Switzerland.....	348	940	949	6	6	6	7	(*)	7	71	34	37	89	64	23
Other countries.....	377	94	100	1	1	1	1	1	1	10	5	5	8	2	5
Japan.....	n.s.s.	118	103	33	2	31	-24	3	-27	22	10	14	14	7	8
Latin America.....	n.s.s.	161	177	27	4	23	14	14	14	3	3	3	4	2	2
Other countries.....	134	53	61	-3	-3	-3	4	(*)	4	(*)	(*)	(*)	4	4	4
By industry:															
Petroleum.....	405	1,710	1,740	-63	-63	-63	-94	1	-94	215	26	184	214	81	124
Manufacturing.....	1,138	3,478	3,789	132	75	57	111	47	64	303	176	129	357	159	200
Trade.....	n.s.s.	748	739	30	10	20	-39	9	-48	66	25	43	43	15	30
Insurance.....	³ 1,065	³ 2,169	³ 2,072	-20	-20	-20	64	64	64	40	40	40	76	76	76
Other finance.....	(4)	(4)	(4)	-37	11	-48	13	9	4	⁵ 11	⁵ 12	6	⁵ 7	⁵ 22	-5
Other industries.....	784	693	714	15	5	10	31	24	7	6	20	-5	-2	18	-10

^r Preliminary. ^r Revised. n.s.s. Not shown separately. *Less than \$500,000.

¹ "Earnings" represents the foreign share in corporate and branch profits; "Income" is the amount distributed, after withholding taxes, as dividends, interest and branch profits.

² "New investments" consist of the first reported capital inflow to establish a new company or operation in the U.S. and also inflows to acquire additional shares of existing companies.

³ Includes market revaluations of securities held by insurance companies.

⁴ Included in "Insurance."

⁵ Earnings and income paid by agency banks in the U.S. to foreign home offices have been excluded from direct investment totals.

Unless otherwise stated, statistics through 1964 and descriptive notes are shown in the 1965 edition of BUSINESS STATISTICS

Table with columns for years 1965, 1966, 1966 (July-Aug), 1967 (Jan-Aug)

GENERAL BUSINESS INDICATORS-Continued

Main data table with multiple rows and columns containing business indicators, sales ratios, and book values

Revised. 1 Advance estimate. 2 Based on data not seasonally adjusted. 3 Includes data for items not shown separately. 4 See corresponding note on p. S-11. 5 See corresponding note on p. S-4.

Table with columns for years 1965, 1966, 1967 and months. Includes descriptive notes for statistics through 1964 and 1965.

FINANCE—Continued

Main data table with columns for years 1965, 1966, 1967 and months. Rows include Banking (Demand, Loans, Investments), Commercial bank credit, Money and interest rates, and Consumer credit.

Revised.

1 Average for Dec. 2 Effective with the June 9 change in Federal Reserve regulations, data exclude loan balances accumulated for payment of personal loans (about \$1.1 bil.); beginning June 30, about \$1 bil. of certificates, formerly in "other loans," are in "other securities."

3 Average for year. 4 Beginning Jan. 1967, data are on a new basis; they are not comparable with earlier figures. 5 Daily average. 6 Revised series.

7 All data shown reflect changes in coverage and format; comparable data for July-Dec. 1965 appear in the Mar. 1967 issue of Federal Reserve Bulletin. Revisions for 1966 reflect adjustments for mergers (Jan. and Feb. data will be shown later).

8 For demand deposits, the term "adjusted" denotes demand deposits other than domestic

commercial interbank and U.S. Government, less cash items in process of collection; for loans, exclusive of loans to domestic commercial banks and after deduction of valuation reserves (individual loan items are shown gross; i.e., before deduction of valuation reserves). Includes data not shown separately. Revised monthly data for commercial bank credit prior to June 1965 appear on p. 28 of the Nov. 1966 SURVEY; those for consumer credit prior to Mar. 1965 appear in the May 1966 Fed. Reserve Bulletin. Adjusted to exclude interbank loans. For bond yields, see p. S-20. Beginning Feb. 1967, series revised to cover 35 centers and exclude rates for certain loans formerly included (see May 1967 Federal Reserve Bulletin). Monthly data are as of the following dates: 1966—July 15; Aug. 12; Sept. 9; Oct. 7; Nov. 4; Dec. 2; 1967—Jan. 27; Feb. 24; Mar. 24; Apr. 21; May 19; June 30.

Unless otherwise stated, statistics through 1964 and descriptive notes are shown in the 1965 edition of BUSINESS STATISTICS

Table with columns for years 1965, 1966, and 1967. 1966 and 1967 are broken down by month (July-Aug). 1965 is Annual.

TRANSPORTATION AND COMMUNICATION—Continued

Main data table with multiple sections: Motor Carriers (Intercity), Class I Railroads, Waterway Traffic, and COMMUNICATION (QTRLY.). Each section contains various metrics and their values across the years.

* Revised. † Preliminary. ‡ Number of carriers filing complete reports for the year. § Data cover 5 weeks; other periods, 4 weeks. ¶ Preliminary estimate by Association of American Railroads. *New series. The monthly motor carrier index (ATA) is based on a sample of carriers that represents approximately one-third of the class I and II common carriers of general freight; monthly data back to 1955 are shown on p. 40 of the July 1966 SURVEY. Railroad revenue ton-miles are compiled by Interstate Commerce Commission.

§Effective 1st qtr. 1965, carriers reporting both intercity and local and suburban schedules are classified as intercity if intercity revenues equal or exceed 50 percent of revenues from both operations. ¶ Includes data not shown separately. † Comparability of data between periods shown has been affected by organizational changes: certain operations reported prior to 1965, and others reported through mid-1965, are no longer covered.

Table with columns for years 1965, 1966, 1966 (July-Dec), and 1967 (Jan-Aug). Includes text: 'Unless otherwise stated, statistics through 1964 and descriptive notes are shown in the 1965 edition of BUSINESS STATISTICS'.

ELECTRIC POWER AND GAS

Table titled 'ELECTRIC POWER AND GAS' with columns for years 1965, 1966, 1966 (July-Dec), and 1967 (Jan-Aug). Rows include 'ELECTRIC POWER' and 'GAS' categories with various sub-items.

FOOD AND KINDRED PRODUCTS; TOBACCO

Table titled 'FOOD AND KINDRED PRODUCTS; TOBACCO' with columns for years 1965, 1966, 1966 (July-Dec), and 1967 (Jan-Aug). Rows include 'ALCOHOLIC BEVERAGES' and other food products.

r Revised.
!Monthly revisions for 1964 appear on p. 43 of the June 1966 SURVEY; production data for all periods shown here include Alaska and Hawaii.

§Data are not wholly comparable on a year to year basis because of changes from one classification to another.
¶Includes data not shown separately.

Table header with years 1965, 1966, 1966 (months), and 1967 (months). Includes note: 'Unless otherwise stated, statistics through 1964 and descriptive notes are shown in the 1965 edition of BUSINESS STATISTICS'

METALS AND MANUFACTURES—Continued

Main data table for METALS AND MANUFACTURES. Sections include: IRON AND STEEL—Continued (Steel, Manufactured Products); NONFERROUS METALS AND PRODUCTS (Aluminum, Copper, Lead, Tin, Zinc); and various production, shipment, and consumption metrics for each metal.

* Revised. † Preliminary. ‡ See note 'O' for p. S-21. § Total for 11 months. ¶ Revised total; monthly revisions are not available. Ⓞ Data reflect changes in conversion factor effective Sept. 1966 and Jan. 1967 and are not strictly comparable with those for earlier periods. ¶ Effective 1966, estimates are derived from a new sample and are not directly comparable with earlier data; see note in Feb. 1967 SURVEY. Ⓚ Beginning 1966, total includes copper not previously covered; see note in Feb. 1967 SURVEY. Ⓝ Consumers' and secondary smelters' stocks of lead in refinery shapes and in copper-base scrap. Ⓞ Stocks reflect surplus tin made available to industry by GSA. Δ Beginning Aug. 1964, data reflect sales from the Government stockpile. † Revised series. Annual data back to 1959, adjusted to recent benchmarks, will be shown later.

Unless otherwise stated, statistics through 1964 and descriptive notes are shown in the 1965 edition of BUSINESS STATISTICS

Table with columns for years: 1965, 1966, 1966 (July-December), 1967 (January-August)

METALS AND MANUFACTURES—Continued

NONFERROUS METALS AND PROD.—Con.

Zinc—Continued

Table for Zinc production and consumption: Slab zinc production, Secondary production, Consumption, Exports, Stocks, etc.

HEATING EQUIPMENT, EXC. ELECTRIC

Table for Heating Equipment: Radiators and convectors, Oil burners, Ranges, Stoves, Water heaters, etc.

MACHINERY AND APPARATUS

Table for Machinery and Apparatus: Fans, Foundry equipment, Furnaces, Industrial trucks, Machine tools, Other machinery and equip., etc.

ELECTRICAL EQUIPMENT

Table for Electrical Equipment: Batteries, Household electrical appliances, Refrigerators, Vacuum cleaners, Washers, Driers, Radio sets, Television sets, Electron tubes, Motors and generators, etc.

1 Revised. 2 Revised total; monthly revisions are not available. 3 For month shown. 4 Data cover 5 weeks; other months, 4 weeks. 5 Excludes orders for motors 1-20 hp.; domestic sales of this class in 1966, \$127.6 mil; July 1967, \$8.5 mil.

previously classified as heating stoves are included in warm air furnaces. Effective Apr. 1967 SURVEY, data revised back to 1961 to incorporate new seasonal factors. Revised series. Beginning in the Aug. 1967 SURVEY, the series (compiled by the Association of Home Appliance Manufacturers) refers to manufacturers' shipments, including exports. See note marked "1" bottom of p. S-35. See note marked "O" bottom of p. S-35.

Unless otherwise stated, statistics through 1964 and descriptive notes are shown in the 1965 edition of BUSINESS STATISTICS	1965	1966	1966					1967							
	Annual	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
PETROLEUM, COAL, AND PRODUCTS															
COAL															
Anthracite:															
Production.....thous. sh. tons.....	14,866	12,941	745	1,191	1,045	1,221	1,145	1,103	829	669	859	1,032	1,189	1,230	1,015
Exports.....do.....	851	766	52	53	87	91	44	37	60	35	41	37	46	45	35
Price, wholesale, chestnut, f.o.b. car at mine \$ per sh. ton.....	12.979	12.824	12.005	12.355	12.840	12.985	13.475	13.475	13.475	13.475	13.475	12.005	12.005	12.005	12.005
Bituminous:															
Production.....thous. sh. tons.....	512,088	532,000	35,671	50,965	47,243	48,990	46,791	48,324	47,000	42,390	47,670	44,730	49,410	44,860	36,515
Industrial consumption and retail deliveries, total ¹.....thous. sh. tons.....	459,164	486,498	39,240	39,818	38,486	41,279	42,052	45,395	45,023	41,517	41,711	37,370	38,150	37,609	
Electric power utilities.....do.....	242,729	264,202	22,962	22,684	20,990	22,009	22,433	24,602	24,723	22,758	22,910	20,955	21,543	22,318	
Mfg. and mining industries, total.....do.....	196,732	201,722	15,736	16,119	15,992	17,171	17,379	18,145	17,689	16,209	17,117	15,639	15,845	14,793	
Coke plants (oven and beehive).....do.....	94,779	95,975	8,224	8,329	8,073	8,213	7,947	7,997	7,946	7,258	7,979	7,611	7,836	7,350	
Retail deliveries to other consumers.....do.....	19,048	19,965	474	938	1,432	2,023	2,163	2,628	2,610	2,550	1,680	729	693	433	
Stocks, industrial and retail dealers', end of period, total.....thous. sh. tons.....	77,393	74,466	65,344	68,558	72,471	75,336	75,534	74,466	72,951	70,196	71,231	74,696	80,209	85,221	
Electric power utilities.....do.....	53,437	52,895	46,424	48,793	51,981	54,520	54,409	52,895	51,307	49,583	50,702	53,702	58,186	61,831	
Mfg. and mining industries, total.....do.....	23,603	21,332	18,622	19,450	20,183	20,525	20,845	21,332	21,425	20,439	20,380	20,846	21,844	23,162	
Oven-coke plants.....do.....	10,506	9,206	6,683	7,265	7,632	8,180	8,568	9,206	9,244	9,364	9,491	9,829	10,596	11,006	
Retail dealers.....do.....	353	239	298	315	307	291	280	239	219	174	149	148	198	228	
Exports.....do.....	150,181	49,302	4,038	5,156	5,070	4,877	4,240	3,175	2,622	3,610	3,102	4,193	4,912	4,987	4,032
Prices, wholesale: Screenings, indust. use, f.o.b. mine \$ per sh. ton.....	4.794	4.952	4.986	4.990	4.990	5.031	5.113	5.129	5.122	5.122	5.116	5.238	5.231	5.224	
Domestic, large sizes, f.o.b. mine.....do.....	6.926	6.971	6.795	6.953	7.259	7.011	7.056	7.143	7.162	7.162	7.197	6.463	6.426	6.417	
COKE															
Production:															
Beehive.....thous. sh. tons.....	1,657	1,442	102	140	142	141	135	126	119	93	62	62	59	55	
Oven (byproduct).....do.....	65,198	65,959	5,704	5,736	5,534	5,626	5,447	5,504	5,453	4,996	5,552	5,312	5,394	5,114	
Petroleum coke ².....do.....	17,208	17,611	1,470	1,530	1,405	1,478	1,518	1,573	1,537	1,341	1,523	1,420	1,545		
Stocks, end of period:															
Oven-coke plants, total.....do.....	2,701	3,030	2,258	2,438	2,575	2,635	2,821	3,030	3,249	3,388	3,527	3,732	3,963	4,362	
At furnace plants.....do.....	2,445	2,822	2,061	2,228	2,356	2,428	2,621	2,822	3,018	3,156	3,273	3,465	3,687	4,063	
At merchant plants.....do.....	256	208	197	210	220	207	200	208	231	232	254	267	277	299	
Petroleum coke.....do.....	1,478	1,459	1,582	1,556	1,506	1,484	1,459	1,489	1,474	1,453	1,420	1,372	1,372	1,372	
Exports.....do.....	1,834	1,102	77	68	100	96	95	95	76	68	67	58	50	48	36
PETROLEUM AND PRODUCTS															
Crude petroleum:															
Oil wells completed.....number.....	18,761	16,780	1,382	1,586	1,187	1,478	1,274	1,780	950	1,303	1,168	1,054	1,243		
Price at wells (Okla.-Kansas).....\$ per bbl.....	2.92	2.93	2.92	2.92	2.92	2.98	2.98	2.98	2.98	2.98	3.00	3.00	3.00	3.00	
Runs to stills.....mil. bbl.....	3,300.8	3,447.2	299.8	297.9	290.1	295.4	280.9	298.3	293.8	268.4	296.1	282.9	297.1		
Refinery operating ratio.....% of capacity.....	87	91	93	92	93	91	90	93	91	92	92	91	90		
All oils, supply, demand, and stocks: †															
New supply, total.....mil. bbl.....	4,190.9	4,446.8	371.9	377.4	358.2	373.5	366.5	383.3	405.4	356.5	397.5	381.2	383.4		
Production:															
Crude petroleum.....do.....	2,848.5	3,027.8	255.1	255.8	247.6	258.0	252.8	263.8	265.6	241.5	264.9	254.3	260.0		
Natural-gas liquids, benzol, etc.....do.....	441.6	468.7	38.9	39.3	38.0	40.4	40.0	41.6	43.5	39.3	43.2	42.6	43.3		
Imports:															
Crude petroleum.....do.....	452.0	447.1	39.1	41.5	36.0	36.0	34.4	32.0	41.1	29.2	37.6	38.2	39.9		
Refined products.....do.....	448.7	492.0	37.6	39.7	35.4	37.7	39.2	45.9	55.2	46.4	51.9	46.2	40.2		
Change in stocks, all oils (decrease,-).....do.....	-2.9	49.4	30.3	14.6	13.7	12.9	-10.7	-31.7	1.4	-18.4	-12.8	33.4	12.5		
Demand, total.....do.....	4,193.7	4,397.5	341.6	362.8	344.4	360.6	377.2	415.0	403.9	374.9	410.4	347.8	370.9		
Exports:															
Crude petroleum.....do.....	1.1	1.5	.2	.2	.1	.1	.1	.1	(³)	0	.1	.3	0		
Refined products.....do.....	67.2	70.9	6.1	5.9	6.9	6.0	5.7	6.0	5.7	6.6	6.3	6.8	6.9		
Domestic demand, total ⁴.....do.....	4,125.5	4,325.1	335.3	356.8	337.4	354.5	371.4	408.9	398.2	368.3	403.9	340.7	363.9		
Gasoline.....do.....	2,170.2	1,793.5	159.6	164.5	149.9	150.9	148.0	150.3	137.3	128.9	152.2	145.7	161.1		
Kerosene.....do.....	297.6	101.1	4.6	5.9	7.5	7.9	10.7	13.0	13.6	12.4	9.6	5.7	6.2		
Distillate fuel oil.....do.....	775.8	797.2	43.3	51.3	50.4	58.6	74.7	92.9	92.5	89.1	90.2	58.3	60.4		
Residual fuel oil.....do.....	587.0	626.4	43.0	45.1	42.1	47.3	53.0	62.9	70.5	62.8	67.7	52.7	49.8		
Jet fuel.....do.....	219.6	244.4	17.7	19.5	21.1	22.9	21.5	23.0	21.2	20.1	23.7	24.1	24.4		
Lubricants.....do.....	47.1	48.9	4.1	4.3	4.0	4.3	3.0	4.0	3.8	3.0	3.9	3.6	3.8		
Asphalt.....do.....	127.6	134.1	17.5	19.6	16.5	15.8	9.2	4.8	4.7	3.1	5.9	7.8	11.9		
Liquefied gases.....do.....	4307.1	323.9	21.7	23.5	24.1	27.1	31.2	35.3	35.5	30.9	30.0	24.1	24.3		
Stocks, end of period, total.....do.....	836.3	874.5	879.4	892.8	905.4	916.9	906.2	874.5	875.9	857.5	844.6	878.1	890.5		
Crude petroleum.....do.....	220.3	238.4	246.9	245.3	238.2	236.1	241.7	238.4	250.6	252.4	258.1	266.8	268.8		
Natural-gas liquids.....do.....	35.9	40.4	46.3	50.6	52.4	52.2	47.9	40.4	35.6	33.3	35.8	44.3	52.7		
Refined products.....do.....	580.2	595.7	586.2	596.8	614.8	628.7	616.6	595.7	589.6	571.8	550.8	567.0	569.0		
Refined petroleum products: †															
Gasoline (incl. aviation):															
Production.....do.....	2,170.4	1,792.6	156.0	157.2	151.3	155.5	149.3	156.1	154.3	136.4	146.2	142.7	151.8		
Exports.....do.....	24.8	3.6	.4	.4	.4	.3	.4	.2	.3	.4	.3	.3	.3		
Stocks, end of period.....do.....	2183.1	194.2	183.3	177.0	179.7	185.2	187.2	194.2	212.4	221.2	216.2	214.7	206.9		
Prices (excl. aviation):															
Wholesale, ref. (Okla. group 3).....\$ per gal.....	.113	.114	.118	.118	.118	.115	.115	.113	.113	.115	.120	.120	.120	.120	
Retail (regular grade, excl. taxes), 55 cities (1st of following mo.).....\$ per gal.....	.208	.216	.218	.221	.219	.219	.220	.221	.220	.227	.227	.225	.224	.228	.226

¹ Revised. ² See note "C" for p. S-21. ³ Beginning Jan. 1965, gasoline excludes special naphthas; aviation gasoline represents finished grades only (alkylate excluded); commercial jet fuel (formerly included with kerosene) is included with jet fuel. ⁴ Less than 50,000 bbls. ⁵ Beginning Jan. 1965, data include demand for liquid refinery gases formerly shown under petrochemical feedstocks; comparable 1964 total, 295.1 mil. bbls. ⁶ Includes data not shown separately.

†Includes nonmarketable catalyst coke. †Revisions for Jan.-Oct. 1964 will be shown later.

FOOTNOTES FOR ELECTRICAL EQUIPMENT, P. S-34.

†Data reflect adjustment to the 1963 Census of Manufactures; revisions back to 1963 are available. ⁷ Radio production comprises table, portable battery, auto, and clock models; television sets cover monochrome and color units.

Unless otherwise stated, statistics through 1964 and descriptive notes are shown in the 1965 edition of BUSINESS STATISTICS	1965	1966	1966						1967						
	Annual		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.

PETROLEUM, COAL, AND PRODUCTS—Continued

PETROLEUM AND PRODUCTS—Continued															
Refined petroleum products—Continued															
Aviation gasoline:															
Production..... mil. bbl.	148.6	41.2	3.5	3.6	3.5	3.6	3.5	3.7	3.3	3.1	2.9	3.0	3.5		
Exports..... do	14.2	3.2	.4	.4	.4	.3	.4	.2	.3	.4	.3	.3	.3		
Stocks, end of period..... do	18.3	7.8	7.0	7.2	7.3	7.4	7.1	7.8	8.2	8.3	7.7	7.9	7.9		
Kerosene:															
Production..... do	194.5	102.1	8.1	9.0	7.7	7.8	8.2	10.1	10.1	9.2	8.5	7.2	6.9		
Stocks, end of period..... do	124.1	25.0	27.1	30.3	30.4	30.4	27.9	25.0	21.5	18.3	17.2	18.7	19.4		
Price, wholesale, bulk lots (N.Y. Harbor) \$ per gal.	.098	.104	.102	.102	.105	.105	.105	.107	.107	.109	.109	.109	.109	.109	
Distillate fuel oil:															
Production..... mil. bbl.	765.4	785.8	67.3	69.2	65.9	66.6	63.2	69.9	68.6	61.9	70.1	63.0	62.7		
Imports..... do	13.0	13.8	1.1	1.0	1.1	1.4	.9	1.6	1.1	.9	2.7	1.4	1.3		
Exports..... do	3.8	4.5	.3	.3	.4	.2	.3	.4	.1	.3	.3	.4	.1		
Stocks, end of period..... do	155.4	154.1	142.5	161.1	177.4	186.6	175.8	154.1	131.3	104.7	87.0	92.8	96.4		
Price, wholesale (Okla., No. 2 fuel) \$ per gal.	.090	.094	.092	.092	.095	.095	.095	.097	.097	.099	.099	.099	.099	.099	
Residual fuel oil:															
Production..... mil. bbl.	268.6	264.0	21.6	20.9	20.4	21.2	21.7	25.3	25.4	23.2	24.2	22.8	21.6		
Imports..... do	345.2	376.8	27.1	27.4	25.0	28.9	31.2	36.1	44.3	38.3	41.1	36.5	30.8		
Exports..... do	14.9	12.9	.9	.9	1.4	.8	.7	1.1	1.6	1.4	1.6	1.3	1.7		
Stocks, end of period..... do	56.2	61.2	56.9	59.6	61.6	64.0	63.5	61.2	59.1	56.6	52.9	58.6	59.8		
Price, wholesale (Okla., No. 6) \$ per bbl.	1.83	1.62	1.55	1.55	1.55	1.55	1.65	1.65	1.65	1.50	1.45	1.45	1.45	1.45	
Jet fuel (military grade only):															
Production..... mil. bbl.	191.2	215.5	17.8	16.3	17.7	19.5	19.6	19.6	19.4	20.0	21.5	21.9	22.7		
Stocks, end of period..... do	18.7	19.4	23.0	23.7	22.6	21.1	20.8	19.4	19.4	20.7	20.4	20.2	20.4		
Lubricants:															
Production..... do	62.9	65.4	5.8	5.8	5.4	5.8	5.2	5.2	5.5	5.0	5.5	5.4	5.7		
Exports..... do	16.6	17.1	1.7	1.3	1.7	1.7	1.5	1.5	1.2	1.4	1.9	1.7	1.8		
Stocks, end of period..... do	13.3	12.7	12.5	12.6	12.4	12.2	13.0	12.7	13.1	13.7	13.4	13.5	13.6		
Price, wholesale, bright stock (midcontinent, f.o.b., Tulsa) \$ per gal.	.270	.270	.270	.270	.270	.270	.270	.270	.270	.270	.270	.270	.270	.270	
Asphalt:															
Production..... mil. bbl.	123.6	129.6	14.1	14.8	14.2	12.9	10.0	7.5	6.9	5.7	8.1	9.0	11.9		
Stocks, end of period..... do	16.2	17.3	20.9	16.9	15.3	13.3	14.4	17.3	20.4	23.0	25.4	26.8	27.1		
Liquefied petroleum gases:															
Production..... do	56.1	60.1	5.1	5.0	4.6	4.8	4.8	5.1	5.5	5.1	5.8	5.5	6.2		
Transfer from gasoline plants..... do	200.2	215.1	13.2	14.3	15.8	18.8	22.2	25.8	25.4	22.0	20.1	14.9	15.2		
Stocks (at plants, terminals, underground, and at refineries), end of period..... mil. bbl.	32.0	37.7	43.1	47.7	49.8	49.6	45.2	37.7	32.5	29.9	32.6	40.7			
Asphalt and tar products, shipments:															
Asphalt roofing, total..... thous. squares	72,338	69,363	6,540	7,161	7,194	6,783	5,142	3,555	3,422	3,680	5,337	6,089	6,430	8,032	7,784
Roll roofing and cap sheet..... do	28,293	28,917	2,582	3,033	3,107	3,099	2,441	1,773	1,652	1,506	2,232	2,349	2,416	3,001	2,918
Shingles, all types..... do	44,044	40,446	3,958	4,128	4,087	3,684	2,702	1,782	1,770	2,174	3,106	3,740	4,014	5,031	4,866
Asphalt siding..... do	628	554	44	60	62	68	53	37	31	31	41	34	33	39	37
Insulated siding..... do	590	504	52	59	60	55	41	22	16	20	25	34	40	56	50
Saturated felts..... thous. sh. tons	980	880	77	80	77	76	66	53	49	52	73	70	66	82	79

PULP, PAPER, AND PAPER PRODUCTS

PULPWOOD AND WASTE PAPER															
Pulpwood:															
Receipts..... thous. cords (128 cu. ft.)	53,736	58,881	4,772	5,020	4,730	4,827	4,497	4,716	4,759	4,526	5,105	4,361	4,507	4,686	4,326
Consumption..... do	52,828	55,382	4,564	4,792	4,418	4,978	4,646	4,366	4,844	4,454	4,801	4,759	4,797	4,550	4,279
Stocks, end of period..... do	6,410	6,059	5,453	5,639	5,908	5,829	5,703	6,059	5,835	6,020	6,286	5,994	5,708	4,857	5,939
Waste paper:															
Consumption..... thous. sh. tons	10,297	10,159	746	893	837	877	814	752	808	770	829	788	815	811	701
Stocks, end of period..... do	620	682	562	576	596	622	648	682	650	616	640	630	642	720	621
WOODPULP															
Production:															
Total, all grades..... thous. sh. tons	33,921	35,736	2,904	3,130	2,820	3,133	3,047	2,801	3,076	2,897	3,129	3,065	3,133	2,966	2,726
Dissolving and special alpha..... do	1,482	1,557	115	134	118	131	132	116	134	110	139	106	128	102	104
Sulfate..... do	21,473	22,353	1,847	1,980	1,752	1,970	1,923	1,753	1,944	1,849	1,981	1,967	1,969	1,858	1,729
Sulfite..... do	2,692	2,804	220	243	228	245	243	209	230	221	238	233	239	228	189
Groundwood..... do	3,532	3,962	318	341	319	353	334	322	348	322	345	337	350	343	257
Defibrated or exploded..... do	1,647	1,530	131	132	131	136	113	119	132	124	132	131	134	137	120
Soda, semichem., screenings, etc..... do	3,094	3,421	273	300	273	299	300	281	288	271	294	290	314	298	326
Stocks, end of period:															
Total, all mills..... do	759	729	746	775	743	773	760	729	751	778	805	786	809	860	824
Pulp mills..... do	241	258	249	266	252	296	292	258	289	323	322	324	356	363	382
Paper and board mills..... do	436	387	408	418	398	386	382	387	379	379	407	386	375	425	376
Nonpaper mills..... do	82	84	89	91	92	91	86	84	83	76	76	76	78	72	67
Exports, all grades, total..... do	1,402	1,572	121	123	146	109	136	133	103	113	172	128	133	185	111
Dissolving and special alpha..... do	535	563	24	42	49	42	47	42	39	38	83	36	31	77	38
All other..... do	897	1,009	97	81	97	67	88	90	64	75	89	92	101	108	73
Imports, all grades, total..... do	3,127	3,355	279	320	258	290	282	293	287	261	297	245	269	273	236
Dissolving and special alpha..... do	280	293	26	29	22	17	21	35	20	19	25	20	25	21	16
All other..... do	2,847	3,065	254	290	236	274	261	258	267	242	273	226	245	251	221
PAPER AND PAPER PRODUCTS															
Paper and board:															
Production (Bu. of the Census):															
All grades, total, unadjusted..... thous. sh. tons	44,049	46,558	3,677	4,027	3,780	4,090	3,859	3,612	3,914	3,684	4,015	3,812	3,934	3,885	3,447
Paper..... do	19,113	23,228	1,586	1,727	1,658	1,783	1,692	1,626	1,774	1,654	1,794	1,730	1,735	1,684	1,501
Paperboard..... do	20,866	22,483	1,769	1,966	1,803	1,992	1,881	1,742	1,868	1,753	1,895	1,856	1,876	1,865	1,632
Wet-machine board..... do	145	138	9	12	12	12	11	12	12	11	13	11	12	12	8
Construction paper and board..... do	3,925	3,709	313	323	307	304	275	232	260	266	313	215	311	324	306

* Revised. † Preliminary. 1 See note 2 for p. S-35. 2 Reported annual total; revisions not allocated to the months. 3 See note "O" for p. S-21.

Unless otherwise stated, statistics through 1964 and descriptive notes are shown in the 1965 edition of BUSINESS STATISTICS

	1965	1966	1966						1967							
	Annual		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
PULP, PAPER, AND PAPER PRODUCTS—Continued																
PAPER AND PAPER PRODUCTS—Con.																
Paper and board—Continued																
New orders (American Paper Institute): §																
All grades, paper and board... thous. sh. tons	44,296	46,886	3,703	4,036	3,791	4,077	3,742	3,582	† 4,001	† 3,618	3,972	† 3,857	† 3,866	† 3,889		
Wholesale price indexes:																
Printing paper... 1957-59=100	101.4	101.7	101.9	101.9	101.9	101.9	101.9	101.9	101.9	101.9	101.9	101.9	101.9	101.9	101.9	101.9
Book paper, A grade... do	110.6	115.1	115.6	116.7	116.7	116.7	116.7	116.7	116.7	116.7	116.7	111.8	117.8	117.8	117.8	117.8
Paper board... do	96.4	97.1	97.2	97.2	97.2	97.2	97.2	97.2	97.2	97.3	97.3	97.3	97.3	97.3	97.3	97.3
Building paper and board... do	93.0	92.8	92.9	93.0	92.7	93.0	93.1	92.7	92.4	92.4	92.3	92.2	91.7	91.5		
Selected types of paper (API): §																
Fine paper:																
Orders, new... thous. sh. tons	2,429	2,637	211	233	204	223	208	202	230	215	238	† 237	† 232	† 228		
Orders, unfilled, end of period... do	150	159	186	185	168	169	160	159	164	158	157	† 174	† 175	† 181		
Production... do	2,410	2,641	201	226	216	235	224	214	237	222	237	† 230	† 230	† 221		
Shipments... do	2,413	2,623	208	228	210	227	223	205	231	223	236	† 230	† 232	† 217		
Printing paper:																
Orders, new... do	6,198	6,711	546	555	563	562	515	556	581	494	561	† 554	† 537	† 537		
Orders, unfilled, end of period... do	510	553	656	621	610	583	543	553	572	496	496	† 513	† 471	† 497		
Production... do	5,993	6,511	513	561	547	571	543	539	558	518	565	† 536	† 551	† 514		
Shipments... do	5,993	6,514	513	561	547	571	543	542	558	518	565	† 536	† 551	† 514		
Coarse paper:																
Orders, new... do	4,590	4,723	369	398	374	392	392	382	392	393	422	† 322	† 366	† 383		
Orders, unfilled, end of period... do	210	200	215	234	227	214	205	200	212	225	223	† 213	† 190	† 197		
Production... do	4,591	4,696	365	399	389	399	392	372	400	392	429	† 400	† 397	† 380		
Shipments... do	4,564	4,704	370	397	388	395	394	381	397	376	436	† 389	† 383	† 380		
Newsprint:																
Canada:																
Production... do	7,720	8,419	703	730	677	726	714	667	698	659	695	670	704	652	668	
Shipments from mills... do	7,747	8,385	666	709	703	717	738	740	612	602	653	692	741	713	592	
Stocks at mills, end of period... do	150	184	278	299	272	281	258	184	270	327	369	348	311	250	326	
United States:																
Production... do	2,180	2,408	194	211	192	211	214	198	227	212	225	223	227	222	197	
Shipments from mills... do	2,183	2,405	186	207	195	210	215	205	209	199	225	221	249	228	191	
Stocks at mills, end of period... do	19	21	26	30	27	28	28	21	39	51	51	54	32	27	33	
Consumption by publishers: °	6,387	6,898	522	547	582	641	626	593	542	511	585	609	616	568	522	
Stocks at and in transit to publishers, end of period... thous. sh. tons	573	681	688	729	737	700	705	681	682	672	676	654	676	711	727	
Imports... do	6,323	6,991	494	587	624	605	601	577	563	500	549	528	614	601	527	
Price, rolls, contract, f.o.b. mill, freight allowed or delivered... \$ per sh. ton	132.40	136.23	138.40	138.40	138.40	138.40	138.40	138.40	138.40	138.40	138.40	138.40	138.40	139.00		
Paperboard (American Paper Institute): Δ																
Orders, new (weekly avg.)... thous. sh. tons	1,417	449	391	449	429	461	442	412	456	451	450	459	448	446	393	454
Orders, unfilled, end of period... do	1,796	724	999	975	937	943	883	731	748	720	705	695	690	614	654	645
Production, total (weekly avg.)... do	410	445	410	450	435	463	463	423	404	455	453	452	452	460	377	454
Percent of activity (based on 6.5-day week)	90	92	84	92	90	95	94	84	91	92	91	90	88	89	73	90
Paper products:																
Shipping containers, corrugated and solid fiber, shipments: † mil. sq. ft. surf. area	148,471	160,152	12,371	14,036	14,227	14,353	13,798	12,982	12,298	12,098	14,056	12,747	13,999	13,923		
Folding paper boxes, shipments, index of physical volume... 1947-49=100	128.2	134.1	123.6	145.1	143.4	140.6	132.8	140.1	124.6	122.4	141.7	128.6	136.5	141.6	† 115.7	

RUBBER AND RUBBER PRODUCTS

RUBBER																
Natural rubber:																
Consumption... thous. lg. tons	514.71	554.13	37.72	46.79	47.94	48.89	46.57	42.43	45.25	42.68	48.11	38.56	† 30.12	† 29.43	23.43	
Stocks, end of period... do	100.01	82.87	92.77	88.75	86.62	87.59	86.69	82.87	95.93	98.07	104.98	116.76	† 116.08	118.08	126.01	
Imports, incl. latex and guayule... do	445.32	481.66	25.94	38.05	30.69	34.22	34.52	29.54	39.37	33.06	51.75	33.58	36.41	24.13	23.27	
Price, wholesale, smoked sheets (N.Y.)... \$ per lb.	257	236	234	230	223	219	223	220	219	208	206	208	208	220	206	193
Synthetic rubber:																
Production... thous. lg. tons	1,813.23	1,969.97	155.49	160.55	164.18	168.11	170.91	166.83	164.54	150.12	164.60	154.98	† 138.41	132.09	137.92	
Consumption... do	1,540.11	1,666.06	112.43	136.50	142.60	151.70	142.76	140.16	146.33	133.78	146.32	127.30	† 108.25	105.15	84.85	
Stocks, end of period... do	311.95	348.69	342.71	338.91	337.22	334.99	340.40	348.69	352.28	347.55	345.57	353.99	† 355.02	356.75	381.74	
Exports... do	281.78	308.44	28.01	25.39	25.18	24.39	24.10	23.37	26.26	25.24	25.07	22.81	† 27.40	26.56	23.73	
Reclaimed rubber:																
Production... do	280.29	277.36	18.67	22.93	21.83	24.02	21.94	22.72	22.21	20.73	23.32	17.98	† 14.06	14.45	11.91	
Consumption... do	269.54	264.51	17.65	20.87	21.76	23.83	20.88	20.71	21.66	20.33	21.58	19.55	† 15.57	15.13	11.43	
Stocks, end of period... do	30.16	32.29	32.41	32.41	30.72	30.62	30.36	32.29	31.00	30.82	32.38	30.12	† 28.07	26.27	25.08	
TIRES AND TUBES																
Pneumatic casings, automotive:																
Production... thous.	167,854	177,169	12,187	13,959	14,809	15,869	15,000	14,483	15,058	14,147	15,070	12,424	8,734	8,748		
Shipments, total... do	169,060	173,464	12,901	12,621	16,015	16,558	13,858	12,388	13,166	11,353	14,434	16,299	16,265	16,201		
Original equipment... do	58,280	54,680	2,446	2,066	4,684	5,269	5,171	4,629	4,143	3,234	4,455	4,330	4,835	4,694		
Replacement equipment... do	107,905	116,348	10,292	10,358	11,133	11,020	8,511	7,564	8,845	7,898	9,782	11,788	11,293	11,401		
Export... do	2,875	2,436	163	197	199	269	176	196	178	222	198	181	137	105		
Stocks, end of period... do	37,016	42,569	39,166	40,856	39,565	39,093	40,393	42,569	44,678	47,594	48,273	44,410	37,088	29,878		
Exports (Bu. of Census)... do	2,381	2,051	151	153	166	161	181	165	123	115	156	147	107	101	80	
Inner tubes, automotive:																
Production... do	41,342	42,765	3,185	3,301	3,743	3,773	3,490	3,434	3,496	3,385	3,809	3,103	2,696	2,871		
Shipments... do	41,936	44,222	3,402	3,399	3,739	3,634	3,228	3,219	4,630	3,312	3,762	3,531	3,546	3,412		
Stocks, end of period... do	11,839	11,996	11,119	11,163	11,065	11,276	11,704	11,996	10,846	10,947	10,922	10,631	9,888	9,337		
Exports (Bu. of Census)... do	1,189	1,100	96	74	102	104	86	85	68	55	101	108	65	71	56	

° Revised. † Preliminary. † Beginning Jan. 1965, monthly data are 4-week averages for period ending Saturday nearest the end of the month. Annual data for new orders are 52-week averages; those for unfilled orders are as of Dec. 31. † See note "O" for p. S-21.

Δ As reported by publishers accounting for about 75 percent of total newsprint consumption. † Revisions for Jan. 1964-Feb. 1965 will be shown later. § Formerly American Paper and Pulp Association. Δ Formerly National Paperboard Association.

Unless otherwise stated, statistics through 1964 and descriptive notes are shown in the 1965 edition of BUSINESS STATISTICS

Table with columns for years: 1965, 1966, 1966 (July-Aug), 1966 (Sept-Dec), and 1967 (Jan-Aug).

STONE, CLAY, AND GLASS PRODUCTS

Main table for Stone, Clay, and Glass Products. Includes sub-sections: PORTLAND CEMENT, CLAY CONSTRUCTION PRODUCTS, GLASS AND GLASS PRODUCTS, and GYPSUM AND PRODUCTS (QTRLY).

TEXTILE PRODUCTS

Main table for Textile Products. Includes sub-sections: WOVEN FABRICS and COTTON.

Footnote detailing revisions and statistical methods: 'Revised', 'Beginning Jan. 1965...', 'Includes data not shown separately.', 'Stocks (owned by weaving mills and billed and held for others) exclude bedsheetsing, toweling, and blanketing, and billed and held stocks of denims.'

Unless otherwise stated, statistics through 1964 and descriptive notes are shown in the 1965 edition of BUSINESS STATISTICS	1965	1966	1966						1967							
	Annual		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
TEXTILE PRODUCTS—Continued																
COTTON—Continued																
Cotton (exclusive of linters)—Continued																
Exports.....thous. bales...	3,795	3,597	142	341	348	306	518	607	458	458	401	288	416	299		
Imports.....do.....	99	100	2	39	7	11	3	(4)	7	5	5	3	19	3		
Prices (farm), American upland.....cents per lb.	128.0	120.5	29.7	*21.2	21.2	22.4	21.9	22.0	19.8	20.7	20.5	20.4	19.7	19.9	21.0	22.0
Prices, middling 1 ¹ / ₂ , avg. 15 markets.....do.....	129.6	121.9	29.6	*22.0	21.9	21.8	21.8	21.9	22.0	22.0	22.1	22.2	22.2	22.4	22.6	
Cotton linters:																
Consumption.....thous. bales.....	1,406	1,366	91	104	*213	105	93	*93	91	89	*105	94	87	*104	70	
Production.....do.....	1,635	1,419	37	42	63	153	168	158	152	111	113	65	37	40	26	
Stocks, end of period.....do.....	734	725	641	584	527	567	636	725	778	810	828	831	765	*693	637	
COTTON MANUFACTURES																
Spindle activity (cotton system spindles):																
Active spindles, last working day, total.....mil.	18.9	19.5	19.3	19.5	19.6	19.5	19.5	19.5	19.8	19.8	19.8	20.0	19.7	19.6	19.8	
Consuming 100 percent cotton.....do.....	14.7	15.1	14.8	15.1	15.1	15.1	15.1	15.1	15.3	15.3	15.3	15.3	15.0	14.8	14.9	
Spindle hours operated, all fibers, total.....bil.	128.0	132.1	8.6	10.6	*12.9	10.5	10.2	*11.3	10.1	10.0	*11.9	10.0	9.9	*12.3	8.1	
Average per working day.....do.....	.493	.509	.430	.530	.514	.527	.508	.453	.503	.499	.477	.501	.496	.491	.403	
Consuming 100 percent cotton.....do.....	102.9	102.4	6.6	8.2	*10.1	8.3	7.9	*8.8	7.8	7.8	*9.3	7.7	7.5	*9.3	6.0	
Cotton yarn, natural stock, on cones or tubes:																
Prices, f.o.b. mill:																
20/2, carded, weavings.....\$ per lb.	.629		.667													
36/2, combed, knitting.....do.....	.891	.949	.959	.962	.962	.960	.953	.953	.951	.945	.940	.934	.932	.927		
Cotton cloth:																
Cotton broadwoven goods over 12" in width:																
Production (qtrly.).....mil. lin. yd.	9,238	*8,841			2,083			*2,175			2,214					
Orders, unfilled, end of period, as compared with avg. weekly production.....No. weeks' prod.	20.3	18.4	28.7	20.2	19.8	18.6	17.6	18.4	16.1	14.9	14.5	13.7	12.7	12.3		
Inventories, end of period, as compared with avg. weekly production.....No. weeks' prod.	4.5	4.5	5.0	3.8	3.8	3.9	4.1	4.5	4.3	4.2	4.4	4.5	4.7	5.1		
Ratio of stocks to unfilled orders (at cotton mills) end of period, seasonally adjusted.....	.23	.25	.17	.18	.18	.21	.23	.25	.26	.29	.32	.33	.37	.40		
Mill margins.....cents per lb.	*37.51	*39.39	38.75	40.40	40.60	40.67	40.41	39.54	39.12	38.88	38.61	38.13	37.50	36.14	35.76	
Prices, wholesale:																
Denim, mill finished.....cents per yd.	34.9	35.8	36.2	36.2	36.2	36.2	36.2	36.2				17.8	17.3			
Print cloth, 39 inch, 68 x 72.....do.....	18.6	18.7	18.8	18.8	18.8	18.8	18.3	18.3								
Sheeting, class B, 40-inch, 48 x 44-48.....do.....	17.5	18.0	18.0	18.1	18.1	18.3	18.3	18.3		18.4			18.4			
MANMADE FIBERS AND MANUFACTURES																
Fiber production, qtrly. total.....mil. lb.	3,532.2	3,860.1			980.7			943.1			*936.8			929.3		
Filament yarn (rayon and acetate).....do.....	825.0	799.8			201.7			197.6			181.3			172.2		
Staple, incl. tow (rayon).....do.....	648.0	659.2			168.5			150.9			155.3			137.0		
Noncellulosic, except textile glass:																
Yarn and monofilaments.....do.....	997.7	1,164.7			302.9			298.5			*299.5			281.8		
Staple, incl. tow*.....do.....	779.2	904.0			222.4			210.8			*224.5			264.3		
Textile glass fiber.....do.....	282.3	332.4			85.2			85.3			*76.2			74.0		
Exports:																
Yarns and monofilaments.....thous. lb.	*99,923	98,722	7,290	7,056	7,484	7,889	7,533	8,609	8,069	8,101	7,453	7,492	6,685	6,147		
Staple, tow, and tops.....do.....	*50,763	55,522	4,394	4,025	5,165	5,779	4,162	7,608	6,514	7,034	6,314	6,290	7,599	7,735		
Imports:																
Yarns and monofilaments.....do.....	15,690	16,571	1,198	1,843	1,416	923	1,600	1,587	2,237	3,357	1,908	1,574	1,666	1,894		
Staple, tow, and tops.....do.....	130,108	177,570	14,308	17,303	12,411	13,349	11,910	14,246	9,563	13,600	14,488	10,674	9,465	10,776		
Stocks, producers', end of period:																
Filament yarn (rayon and acetate).....mil. lb.	59.8	67.3	63.7	66.5	66.8	65.6	64.4	67.3	70.2	68.6	63.3	60.9	61.7	60.1	64.3	
Staple, incl. tow (rayon).....do.....	55.8	70.1	65.9	70.9	74.5	70.7	64.4	70.1	74.5	80.1	82.8	80.8	78.4	77.1	75.4	
Noncellulosic fiber, except textile glass:																
Yarn and monofilaments*.....do.....	109.3	150.2			137.1			150.2			*164.3			163.8	169.3	
Staple, incl. tow*.....do.....	96.7	129.8			136.3			129.8			*122.0			120.9	128.2	
Textile glass fiber.....do.....	32.2	42.5			29.3			42.5			*46.9			46.4		
Prices, manmade fibers, f.o.b. producing plant:																
Staple: Rayon (viscose), 1.5 denier.....\$ per lb.	.28	.28	.28	.28	.28	.28	.28	.28	.28	.28	.28	.28	.28	.28	.28	
Polyester, 1.5 denier*.....do.....	.85	.80	.84	.84	.75	.72	.72	.72	.72	.72	.72	.72	.68	.65		
Yarn: Rayon (viscose), 150 denier.....do.....	.80	.80	.80	.80	.81	.81	.81	.81	.81	.81	.81	.81	.81	.81		
Manmade fiber and silk broadwoven fabrics:																
Production (qtrly.) total.....mil. lin. yd.	3,926.2	*4,198.0			998.0			*1,003.3			997.6			997.6		
Filament yarn (100%) fabrics.....do.....	1,640.6	*1,576.6			382.2			*369.4			391.5			391.5		
Chiefly rayon and/or acetate fabrics.....do.....	855.8	*735.0			178.2			*171.1			194.5			194.5		
Chiefly nylon fabrics.....do.....	303.9	*334.6			86.8			*80.5			81.1			81.1		
Spun yarn (100%) fabrics (except blanketing).....mil. lin. yd.	1,534.6	*1,907.8			444.0			*466.5			452.1			452.1		
Rayon and/or acetate fabrics and blends.....do.....	643.3	*624.6			145.8			*152.1			150.9			150.9		
Polyester blends with cotton.....do.....	713.5	*1,051.2			239.5			*257.0			256.6			256.6		
Combinations of filament and spun yarn fabrics.....mil. lin. yd.	519.4	*479.4			114.6			*111.0			100.8			100.8		
Exports, piece goods.....thous. sq. yd.	*167,083	173,701	12,745	12,821	14,061	15,227	15,062	17,971								
WOOL																
Wool consumption, mill (clean basis):																
Apparel class.....mil. lb.	274.7	266.6	18.9	22.1	*22.6	17.7	16.1	*18.9	18.5	18.4	*22.1	18.6	19.0	*23.3		
Carpet class.....do.....	112.3	103.6	5.8	8.3	*9.5	8.6	7.7	*7.8	7.1	6.1	*6.8	6.6	7.1	*6.4		
Wool imports, clean yield*.....do.....	271.6	277.2	21.4	26.4	18.7	14.7	15.9	19.3	16.5	13.1	17.6	13.9	13.9	15.8	13.9	
Duty-free (carpet class)*.....do.....	108.9	114.6	12.5	16.1	9.3	5.0	7.0	8.6	7.0	4.2	5.7	3.2	5.6	6.3	6.9	
Wool prices, raw, clean basis, Boston:																
Good French combing and staple:																
Graded territory, fine.....\$ per lb.	1.249	1.349	1.395	1.395	1.390	1.360	1.325	1.325	1.288	1.225	1.213	1.175	1.175	1.235	1.245	1.237
Graded fleece, 3/8 blood.....do.....	1.192	1.171	1.175	1.165	1.120	1.098	1.097	1.075	1.050	.975	.945	.918	.895	.975	.938	.895
Australian, 64s, 70s, good topmaking.....do.....	1.156	1.259	1.275	1.275	1.275	1.275	1.275	1.225	1.188	1.175	1.175	1.125	1.125	1.175	1.175	1.165
WOOL MANUFACTURES																
Knitting yarn, worsted, 2/20s-50s/56s, American system, wholesale price.....1957-59=100.....	107.8	108.2	109.7	109.1	108.0	106.5	103.4	102.8	100.7	100.1	98.2	91.0	91.6	91.9		
Woolen and worsted woven goods, exc. felts:																
Production (qtrly.).....mil. lin. yd.	267.3	265.2			61.8			54.7			61.8					
Suiting, price (wholesale), flannel, men's and boys', f.o.b. mill.....1957-59=100.....	100.2	102.7	102.7	102.7	102.7	102.7	102.7	103.2	102.7	102.7	102.7	101.5	101.5	101.5		

* Revised. ¹ Season average. ² For 5 weeks, other months, 4 weeks. ³ Margins thru July 1966 reflect equalization payments to domestic users (Aug. 1965-July 1966, 5.75 cents per pound). ⁴ Less than 500 bales. ⁵ For month shown. ⁶ See "O," p. S-21. ⁷ Season average to Apr. 1. ⁸ Reflects decrease in the 1966 national average loan rate. ⁹ Data beginning Aug. 1965 for knitting yarn and Aug. 1966 for denim are not strictly comparable with earlier prices.

Δ Revised data (1963-66) appear in U.S. Dept. Agriculture May 1967 COTTON SITUATION. ⁹ Includes data not shown separately. ⁹ New series. Sources: Polyester staple price, U.S. Dept. Labor; wool imports, U.S. Dept. Agriculture from Bureau of the Census records (such imports exclude animal hairs). Data are available as follows: Price, back to 1955; noncellulosic yarn and staple—production, to 1951; stocks, to 1953; wool imports, to 1948.

Unless otherwise stated, statistics through 1964 and descriptive notes are shown in the 1965 edition of BUSINESS STATISTICS	1965	1966	1966						1967						
	Annual		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.

TEXTILE PRODUCTS—Continued

APPAREL																
Hosiery, shipments.....thous. doz. pairs..	194,753	210,425	15,794	20,527	19,095	19,938	20,096	15,873	18,323	19,296	19,234	17,856	18,990	19,879	16,020	
Men's apparel, cuttings:†																
Tailored garments:																
Suits.....thous. units..	21,855	20,715	1,073	1,762	1,688	1,826	1,736	1,436	1,462	1,537	1,724	1,532	1,538	1,649		
Overcoats and topcoats.....do....	3,980	3,799	252	373	414	330	283	238	226	227	331	365	390	371		
Coats (separate), dress and sport.....do....	12,291	13,148	692	1,099	1,064	1,079	1,055	1,080	1,103	1,055	1,176	1,090	1,115	1,049		
Trousers (separate), dress and sport.....do....	142,348	145,673	9,741	13,521	13,122	11,846	11,649	10,491	11,038	10,994	12,322	10,571	11,202	11,483		
Shirts (woven fabrics), dress and sport																
.....thous. doz..	28,211	27,827	1,604	2,178	2,373	2,392	2,446	2,207	2,382	2,477	2,469	2,129	2,070	2,080		
Work clothing:																
Dungarees and waistband overalls.....do....	4,862	5,909	380	584	520	533	520	591	531	552	648	596	636	678		
Shirts.....do....	3,906	4,096	272	348	354	332	331	288	325	348	372	314	341	329		
Women's, misses', juniors' outerwear, cuttings:†																
Coats.....thous. units..	25,274	24,595	2,144	2,451	2,109	2,401	2,168	1,680	2,075	1,918	1,259	923	1,419	1,718		
Dresses.....do....	282,071	271,107	17,677	21,897	21,523	23,144	20,784	18,311	22,292	24,592	30,453	27,523	25,359	23,961		
Suits.....do....	11,859	10,510	852	881	791	918	932	762	984	881	831	563	601	834		
Houses, waists, and shirts.....thous. doz..	18,072	16,429	1,289	1,163	1,238	1,196	1,055	777	1,151	1,205	1,350	1,267	1,206	1,172		
Skirts.....do....	8,876	10,225	1,075	929	824	992	764	523	756	710	792	786	721	814		

TRANSPORTATION EQUIPMENT

AEROSPACE VEHICLES																
Orders, new (net), qtrly. total.....mil. \$..	22,181	27,223			9,087				5,908				5,193		6,996	
U.S. Government.....do....	14,571	16,351			5,621				3,819				3,613		4,279	
Prime contract.....do....	20,099	24,219			8,366				5,449				4,586		6,463	
Sales (net), receipts, or billings, qtrly. total..do....	17,016	20,227			5,099				5,455				5,171		5,887	
U.S. Government.....do....	12,535	14,530			3,734				3,921				3,717		4,058	
Backlog of orders, end of period ⊕.....do....	20,383	27,547			26,868				27,547			30,754		28,463		
U.S. Government.....do....	13,695	15,711			15,736				15,711			15,975		17,177		
Aircraft (complete) and parts.....do....	8,885	14,655			13,887				14,655			17,446		15,479		
Engines (aircraft) and parts.....do....	2,502	3,824			3,750				3,824			3,861		3,677		
Missiles, space vehicle systems, engines, propulsion units, and parts.....mil. \$..	5,481	4,510			4,778				4,510			4,740		4,701		
Other related operations (conversions, modifications), products, services.....mil. \$..	1,855	2,492			2,363				2,492			2,668		2,537		
Aircraft (civilian): Shipments ⊕.....do....	1,592.0	2,087.0	148.6	161.7	149.4	148.4	159.3	198.2	135.0	141.2	261.8	224.9	262.0	258.9		
Airframe weight ⊕.....thous. lb..	32,200	43,983	3,106	3,372	3,448	3,040	3,384	4,019	3,593	3,016	5,134	4,329	4,984	4,843		
Exports.....mil. \$..	473.0	553.7	31.3	44.6	29.2	66.6	23.5	53.7	42.9	53.3	78.7	62.3	55.2	71.9		
MOTOR VEHICLES																
Factory sales, total.....thous..	11,057.4	10,329.5	625.3	211.9	747.2	985.3	980.7	923.6	797.3	660.2	833.4	792.1	898.3	911.7	530.8	2,389.0
Domestic.....do....	10,716.6	9,943.5	605.6	196.3	709.9	936.9	928.5	878.1	628.0	785.0	749.4	848.7	865.2	506.3		
Passenger cars, total.....do....	9,305.6	8,598.3	488.4	143.8	621.8	835.3	832.6	775.1	651.2	525.6	684.1	659.8	750.3	765.3	425.5	2,285.7
Domestic.....do....	9,100.7	8,396.9	480.0	136.4	592.4	797.7	791.2	740.5	625.0	501.9	647.4	628.3	713.4	732.3	410.6	
Trucks and buses, total.....do....	1,751.8	1,731.2	136.9	68.1	125.5	150.0	148.1	148.5	146.1	134.6	149.3	132.3	148.0	146.4	105.3	2,103.3
Domestic.....do....	1,615.9	1,606.6	125.6	59.9	117.5	139.3	137.2	137.6	133.1	126.2	137.6	121.1	135.3	133.0	95.6	
Exports:																
Passenger cars (new), assembled.....do....	1,105.03	177.58	5.70	4.61	19.18	27.64	28.31	30.31	21.96	14.19	31.41	26.69	25.85	15.81		
Passenger cars (used).....do....	1,10.42	12.72	.97	1.15	.83	.90	.81	.91	.89	.84	.96	.81	1.33	1.13		
Trucks and buses (new), assembled.....do....	1,59.67	78.64	7.83	6.41	5.24	6.35	5.98	7.23	7.08	6.57	7.54	7.75	9.09	8.24		
Trucks and buses (used).....do....	1,5.77	6.79	.57	.51	.59	.49	.55	.42	.46	.51	.53	.57	.57	.58		
Truck and bus bodies for assembly*.....do....	1,7.29	10.70	.84	.52	.74	1.00	1.01	.70	.88	1.09	1.14	1.19	1.19	1.18		
Imports:																
Passenger cars (new), complete units.....do....	559.43	858.15	69.34	47.53	77.38	73.38	78.69	108.55	102.30	79.52	88.46	66.97	80.66	94.46		
Passenger cars (used).....do....	8.00	5.75	.46	1.20	.51	.58	.30	.22	.21	.33	.31	.21	.45	.25		
Trucks and buses, complete units.....do....	7.00	42.96	4.07	4.05	2.02	3.26	3.91	10.43	6.70	5.49	7.28	6.06	7.42	9.43		
Shipments, truck trailers:																
Complete trailers and chassis.....number..	103,756	113,493	7,763	8,835	9,790	9,603	8,794	8,376	8,084	8,322	10,111	7,990	8,820	7,430		
Vans.....do....	65,909	75,527	5,206	6,232	6,600	6,468	5,961	5,602	5,274	5,253	6,309	4,829	5,376	3,954		
Trailer bodies, chassis, sold separately.....do....	14,653	18,402	1,591	1,793	1,406	975	1,454	1,222	1,827	1,658	2,377	3,431	2,898	2,221		
Registrations:⊕																
New passenger cars.....thous..	9,313.9	8,908.5	832.7	743.6	573.8	766.7	732.1	808.2	616.1	538.9	670.8	786.1	807.4	793.5	742.8	
Foreign cars.....do....	569.4	658.1	59.0	58.1	64.4	64.7	51.7	56.3	46.4	45.2	57.5	63.3	70.0	66.7	65.4	
New commercial cars (trucks).....do....	1,528.9	1,610.4	151.0	141.6	121.9	128.0	120.1	136.8	113.2	108.9	132.2	144.6	139.0	139.5	130.7	
RAILROAD EQUIPMENT																
Freight cars (ARCI):																
Shipments.....number..	77,896	90,149	6,799	8,385	7,446	7,797	7,368	8,044	7,217	8,101	9,156	8,311	6,344	8,458	5,686	
Equipment manufacturers, total.....do....	53,392	67,744	4,820	6,251	5,992	6,513	5,757	6,087	5,929	6,048	7,054	6,466	5,094	7,049	4,776	
Railroad shops, domestic.....do....	24,504	22,405	1,979	2,134	1,454	1,284	1,611	1,957	1,288	2,053	2,102	1,845	1,250	1,409	910	
New orders.....do....	88,288	99,997	6,017	8,391	7,073	5,962	6,209	8,401	2,055	3,358	5,028	1,728	4,177	7,314	2,504	
Equipment manufacturers, total.....do....	65,617	73,257	4,279	5,154	5,305	5,214	4,466	2,889	1,743	2,908	3,824	1,444	3,252	6,777	2,140	
Railroad shops, domestic.....do....	22,671	26,740	1,738	3,237	1,768	748	1,743	5,512	312	450	1,204	284	925	537	364	
Unfilled orders, end of period.....do....	45,266	56,618	59,874	59,750	59,508	57,883	56,437	56,618	51,450	46,197	42,055	34,960	32,493	30,730	27,063	
Equipment manufacturers, total.....do....	32,873	40,426	48,082	46,861	46,407	45,328	43,781	40,426	38,943	35,293	32,049	26,515	24,373	23,007	20,361	
Railroad shops, domestic.....do....	12,393	16,192	11,792	12,889	13,101	12,555	12,656	16,192	12,507	10,904	10,006	8,445	8,120	7,723	6,702	
Passenger cars: Shipments.....do....	201	15	6	6	3	0	0	0	0	0	0	0	0	0	0	
Unfilled orders, end of per.....do....	14	83	64	59	56	56	83	83	83	83	83	83	83	83	83	
Freight cars (revenue), class I railroads (AAR):§																
Number owned, end of period.....thous..	1,481	1,497	1,487	1,489	1,489	1,491	1,491	1,497	1,496	1,498	1,498	1,499	1,496	1,498	1,497	
Held for repairs, % of total owned.....do....	5.3	4.8	4.9	5.0	5.0	5.0	4.7	4.8	5.0	5.1	5.0	5.1	5.2	5.2	5.5	
Capacity (carrying), aggregate, end of period*.....mil. tons..	488.20	91.58	89.71	90.03	90.20	90.50	90.71	91.58	91.72	91.99	92.25	92.51	92.60	92.90	93.01	
Average per car.....tons..	459.58	61.19	60.34	60.48	60.69	60.71	60.82	61.19	61.31	61.42	61.60	61.72	61.87	62.04	62.14	

* Revised. 1 See note "O" for p. S-21. 2 Preliminary estimate of production.
 § Beginning Jan. 1965, data exclude exports of incomplete (unassembled) vehicles.
 † See note "S." § Annual total includes revisions not distributed by months.
 ‡ Monthly revisions for 1963-65 are available upon request.
 ⊕ Total includes backlog for nonrelated products and services and basic research.
 ⊙ Data include military-type planes shipped to foreign governments.
 *New series. Monthly data prior to 1965 are available upon request. a Omits two States.
 Ⓢ Courtesy of R. L. Polk & Co.; republication prohibited. b Omits data for one State.
 § Excludes railroad-owned private refrigerator cars and private line cars. Effective Apr. 1966, data include cars owned by three class II roads (over 2,600 cars end of Apr. 1966). Also, change in definition of class I railroads, as stated in 1965 BUSINESS STATISTICS note, is reflected in figures beginning Dec. 1965, instead of Jan. 1965.

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