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ECONOMIC SURVEY OF THE UNITED STATES

1998



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THE EVOLUTION OF THE UNITED STATES ECONOMY IN 1998

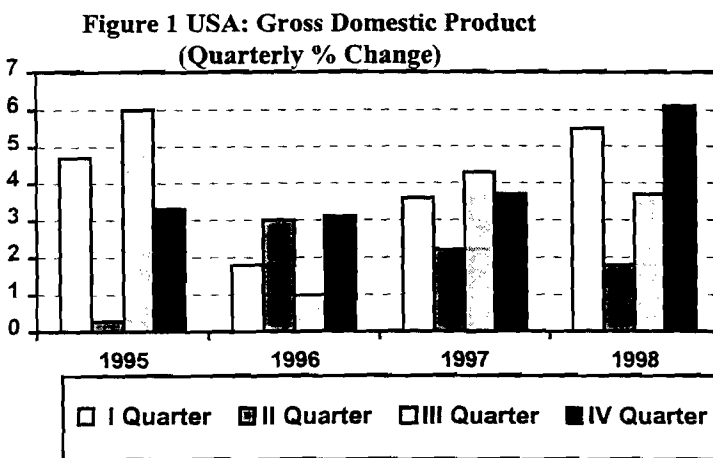
I. THE DOMESTIC ECONOMY

The U.S. economy turned in another exceptional performance in 1998 amid the financial turmoil affecting the world economy. The economic expansion--in its eighth continuous year-- maintained its momentum and entered its 93rd month in December, replacing 1982-90 as the longest peacetime expansion on record. Though transitory factors, in particular falling prices for commodities and for imports have contributed to this favorable outcome, massive investment in technology over the past decade and increased efficiency appear to be paying off.

Growth over the year was 3.9 percent, the same as 1997 and the highest annual growth increase since 1984. Inflation declined to 1.6% for the year as a whole, the lowest rate since 1986, and the rate of unemployment declined to 4.5%, its lowest level since 1970 (appendix table 1-1).

The fiscal accounts recorded the first budget surplus since 1969. A disciplined fiscal policy was accompanied by a preventive monetary policy that helped deliver both low inflation as well as cushioned the effects on U.S. growth of financial turmoil and weakness in foreign economies.

1. Macroeconomic Aggregates



For a second consecutive year, the U.S. economy posted a robust increase of 3.9%. Quarterly output was quite erratic during the year, in response to sharp swings in inventory investment (appendix table 1-2).

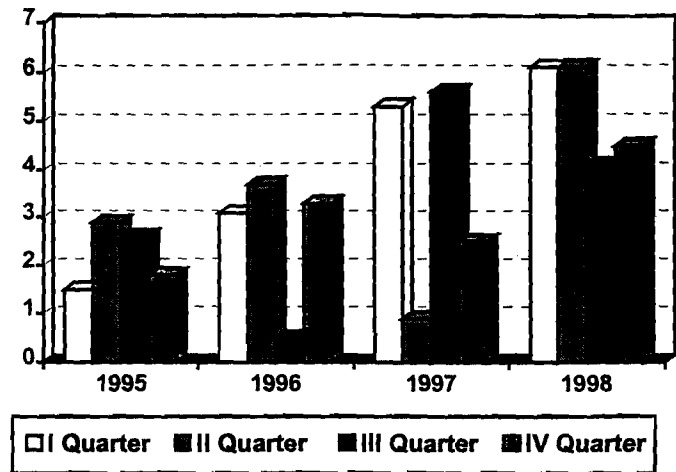
As in the previous year, growth continued to be driven by private domestic demand --the sum of consumption, private fixed investment and residential construction--only

partially offset by the drag exerted by net exports. Real personal consumption increased 4.6% in 1998, after rising 3.4% in 1997, against a backdrop of extremely favorable fundamentals which included a steadily rising real disposable income. Household wealth jumped to an extraordinary level, almost six times income. With this, spending grew considerably faster than disposable income and the personal saving rate fell sharply during 1998. Also, low interest

rates and ready availability of credit stimulated personal consumption. Throughout the year, demand for new and existing homes was remarkably strong, with sales reaching record levels.

The wide optimism of consumers in 1998 was affirmed by a 11.5 percent gain in fixed investment. In particular, outlays of producer's durable equipment experienced sharp gains. As in previous years, spending rose fastest for computers and peripheral equipment due, in part, to the remarkable drop in the price of computers and other capital goods in recent years.

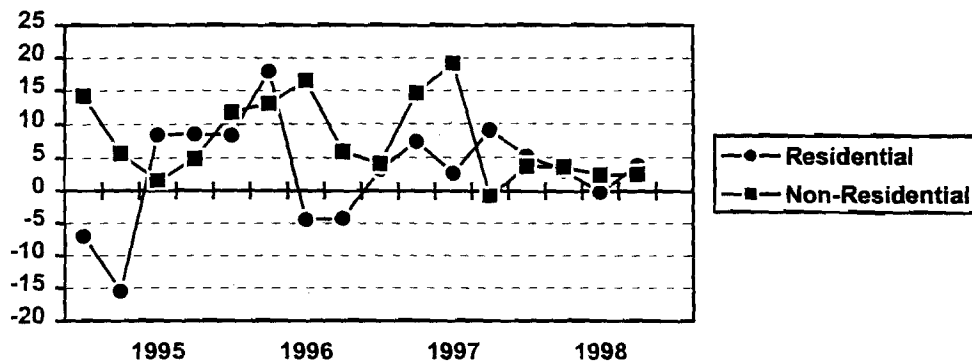
Figure 2 USA: Personal Consumption (Quarterly % Change)



At the government level, combined real outlays for consumption and investment barely grew by 1.0 percent in 1998, following measures taken in previous years to reduce the size of the federal deficit. The federal fiscal position shifted from deficit to a current surplus; the first budget surplus recorded since 1969.

Net exports became more negative in 1998 as import growth was fueled by the continued vigorous expansion of the economy and the appreciation of the U.S dollar. Imports and exports of goods and services grew 24% and 1.5%, respectively.

Figure 3 USA: Residential & Non-Residential Investment (Quarterly % Change)



Last, the personal saving rate moved from 2.1% in 1997 to only 0.5% in 1998, the lowest since 1933 (appendix, table 1-3). The low savings rate reflected spending of a portion of stock-market gains and a tapping of home equity during a wave of refinancing, which has been spurred by the lowest mortgage rates since the 1960s. However, the improvement in the federal government's saving position in past years more than accounted for a rise in the total gross saving of households, businesses, and governments to about 17.3% in 1998.

2. Sectoral Developments

Industrial production, which had grown by a strong 6% during 1997, expanded by just 3.6 percent, the lowest rate in five years. Manufacturing activity was under duress as export markets deteriorated during the year, in particular Asia and Latin America. Mining was also affected by low oil prices. However, the bright spot for manufacturing continued to be electronic components and equipment, where the impact of steeply falling prices continued to boost demand significantly (appendix, tables 1-4 and 1-5).

In the agricultural sector, farm income fell during 1998, as commodity prices dropped sharply and farmers confronted severe weather problems including El Niño effects. The global financial crisis weakened demand for U.S. farm goods; and, prices of wheat, corn and hogs collapsed in the Midwest. Furthermore, the decline in prices of cotton, soybeans and rice severely affected Southern farmers.

Housing activity was very strong, reaching record levels in 1998 as new housing units totaled 1.62 million in 1998, up from 1.47 million in 1997. Strong job creation, solid income gains and favorable mortgage were the driving force of intense housing activity. At the same time, demographic trends are affecting the market as aging baby boomers move into more expensive homes, while younger families and minorities move into starter homes which were more affordable during 1998, with the median price of a new house rising only 3.7 percent above a year earlier.

3. Employment

The labor market enjoyed another very good year in 1998 with both increased hiring and continued healthy growth in labor productivity. The number of jobs on non-agricultural payrolls increased by about 2.9 million. Manufacturers reduced employment, but in other parts of the economy demand for labor continued to rise fast. In particular, the construction industry boosted employment about 5% over the year. Transportation, wholesale and retail trade, and the financial industry posted moderate employment gains, while employment in industries such as software programmers, management consultants, amusement park workers, mortgage lenders, and temporary employees across many fields, posted the largest increment.

The rising demand for labor in 1998 continued to strain supply. The civilian labor force rose 1% in 1998 and, with employment rising somewhat faster than the labor force, the unemployment rate fell still further. The rate of unemployment fell from 4.9% in 1997 to 4.5% in 1998 –the lowest in almost three decades (appendix, table 1-6).

Labor productivity continued to grow in 1998. Over the year, the non-farm business sector's productivity increased by 2.2 percent. By contrast, the average rate of increase during the 1980s and first years of the 1990s was just over 1% per year.

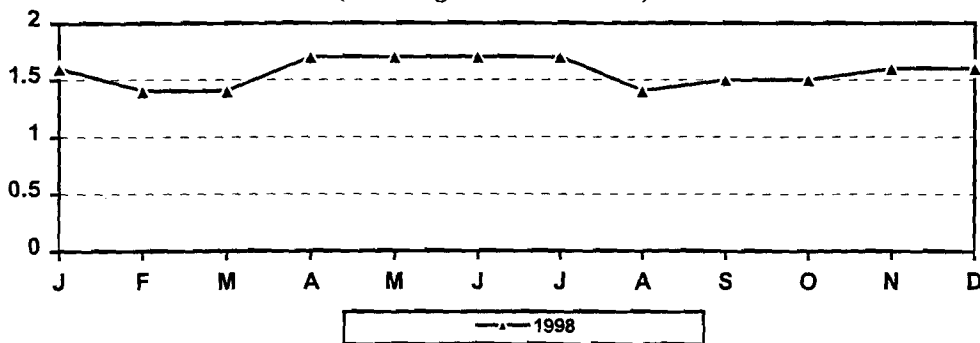
The markedly increase in productivity's contribution to growth in 1998 is considered unusual so late in the business cycle, and would thus lend support to the view that massive investment in technology over the past decade is beginning to pay off. It appears that a portion of the higher productivity growth has come through capital deepening and has been associated with very rapid growth in the capital stock-especially high tech equipment.

4. Prices and Incomes

Inflation and costs fell remained subdued once again in 1998, as the decline in energy prices kept inflation well behaved while, despite rising wages, labor costs have remained low due to rapid growth in labor productivity.

The rate of inflation --as measured by the consumer price index (CPI)-- decreased to 1.6% on a December-December basis, down from 1.7% in 1997. This was the smallest increase since 1986 and the second slowest since 1964. Besides the drop in oil prices, developments in the external sector helped to bring about the favorable inflation outcome in 1998, including lower prices of finished goods purchased from abroad.

Figure 4 USA: Evolution of Domestic Prices
(% change over 12 months)



Indications of subdued inflation were widespread as well in other various measures of aggregate price changes. For instance, core inflation --excluding the volatile food and energy components--increased 2.4% during 1998, a little above the previous year's rise of 2.2% (appendix, table 1-7)

Large increases in real wages and real hourly compensation were registered in 1998. The increases reflect both faster gains in nominal pay as well as reduction in the rate of price increase. Hourly compensation in private non-farm industries rose 3.5% in nominal terms in 1998 (Appendix, table 1-8).

The increase in unit labor costs in the non-farm business sector was only 1.5% in 1998. Due to the rapid growth in labor productivity, in recent years, unit labor costs have been rising considerably less rapidly than hourly compensation.

5. Fiscal Policy

In fiscal year 1998, the Federal Government recorded the first budget surplus since 1969. The surplus amounted to \$69.2 billion, or 0.9 percent of GDP. With this, the objective put forward in the 1997-Balanced Budget and Taxpayer Relief Acts of eliminating the budget deficit by 2002, was accomplished four years ahead of schedule. Net interest payments, however, remain large –15% of total expenditures and 3% of GDP in fiscal 1998.

Much of the progress on the deficit can be traced to tax and spending legislation and adherence to the budgetary restraints of the Budget Enforcement Act of 1990 and the Omnibus Budgetary Reconciliation Act of 1993. In 1998, the improvement that took place reflected a boost in revenues on account of income tax collections.

During fiscal year 1998, federal revenues rose 9.0 percent, while federal outlays grew by only 3.2 percent (appendix, table 1-9). Overall, income taxes increased 10.6% percent, with individual contributions growing by 12.4% and corporations 3.5%. Of the estimated total federal tax collections, about 48% came from individual income taxes, 33% from social-insurance taxes and contributions for Social Security and Medicare, and 11% from taxes on profits from corporations. Excise taxes, estate and gift taxes, customs duties, and miscellaneous receipts made up the remaining 8% of federal-tax collections.

Growth in federal spending was restrained to 3.2% in 1998. A small acceleration in current expenditures over the 1997 levels was accounted for by an increase in non-defense consumption expenditures and subsidies.

State and local government current surplus accelerated during fiscal year 1998. In this way, for the fourth consecutive year, nearly one half of the states used their surpluses to reduce income taxes or to increase tax credits.

The decline in the federal budget deficit has slowed the increase in the national debt sufficiently, such that the ratio of the national debt to GDP has remained roughly constant for the past fiscal years. The gross federal debt amounted to \$5.5 trillion in 1998.

6. Monetary Policy

Monetary policy during 1998 attempted to balance the risk of higher inflation stemming from the economy's momentum and tight labor markets and the potential risk of weakening aggregate demand due to the global financial turmoil. In this regard, in the second semester, the Federal Reserve concerns shifted from a potential reversal of a favorable trend of inflation to a potential weakening of the economy.

On September 29, the Federal Open Market Committee (FOMC) cut its short-term interest rate, the federal funds rate by 0.25% points to 5.25%. The Federal Reserve had not cut interest rates since January 1996. The rate cut was seen as a pre-emptive strike against recession seeking to "cushion the effects on prospective growth in the United States of

increasing weakness in foreign economies” and offset “less accommodative financial conditions domestically”. It signaled though a strong reversal since only in July the Fed considered that inflation posed a more serious risk to the U.S. economy than did a recession. The FOMC lowered the funds rate yet again two times before the end of the year, a cumulative 75-basis-point reduction that brought the Federal funds rate to 4.75%, its lowest value in 4 years (appendix, table 1-10).

Growth of the monetary aggregates M2 and M3 was very strong in 1998. Growth of M2 was 9.0% during the year. With nominal GDP rising 5%, M2 velocity fell 3%. For the most part, this decline reflected an increased demand for safe assets that followed the heightened volatility in financial markets during the second semester of the year.

Further, M3 posted an 11.3% rise --the fastest since 1981 and well above the top end of its 2% to 6% growth range—due, in large part, to a boost in institutional money funds, whereby investments in these funds provided businesses with greater liquidity than direct holdings of money market instruments (appendix, table 1-11).

Growth of the debt of non-financial sectors grew over 6% in 1998, in response to large increases in the debt of businesses and households on account of robust spending as well as debt-financed mergers and acquisitions (appendix, table 1-12). However, this rise in private sector debt was accompanied and partly offset by the first annual decline in federal debt in close to thirty years.

Finally, 1998 was a tumultuous year for U.S. financial markets. Financial conditions continued to be, as in previous years, quite favorable during the first months of the year: access to credit was ample and on good terms; and, equity prices rose substantially, with major stock indexes breaking previous records.

However, after mid-August, when Russia devalued and defaulted on its domestic debt, the U.S. domestic financial situation changed drastically. Investors shifted away from private securities towards the safest and most liquid assets, thus causing the spread between private and Treasury yields to spike upward. A “flight to quality” by lenders and investors restricted access to credit and raised the average cost of borrowing.

Following the Federal Reserve’s easing of monetary policy, financial conditions improved markedly after mid-October. As borrowers returned to capital markets, growth in bank loans eased. Risk spreads narrowed --but remained considerably wider than at the start of 1998—and stock markets climbed rapidly to new highs.

II. International Transactions

Due to the disparity between the rapid growth of the U.S. economy and that of many of its trading partners, U.S. external balances deteriorated further in 1998. The U.S. current account deficit amounted to \$233.4 billion in 1998, or 3.1 percent of GDP, up from \$155.2 billion the previous year. The widening deficit mainly reflected a substantial increase in the deficit on

goods, accompanied by a higher deficit on investment income and a decline on the service surplus. Until 1997, trade deficits had been offset by net investment income. However, as the U.S. net external debt has risen, net investment income has become increasingly negative.

In the capital account, net capital inflows in 1998 amounted to \$237 billion –compared with \$255 billion the previous year—due to a larger step-down in the increase in foreign assets in the U.S. compared to the step-down in the increase in U.S. assets abroad.

I. Exchange rates

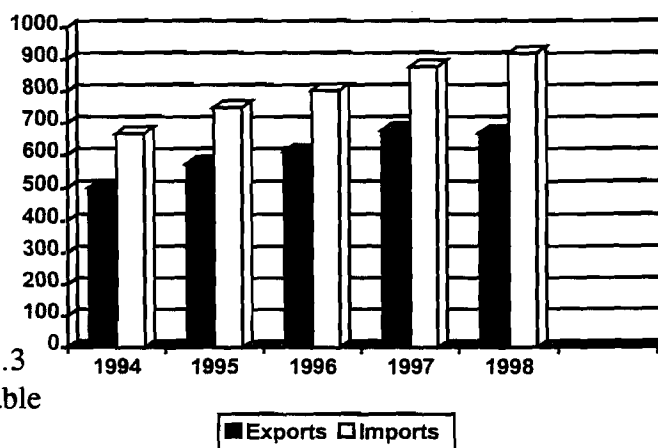
In 1998, the U.S. dollar appreciated 3% on a trade-weighted basis in terms of the currencies of the G-10 countries. The dollar rose substantially during the first eight months of 1998, but thereafter fell sharply over concerns on the possible effect on the U.S. economy of increasing financial difficulties in Latin America.

The appreciation of the dollar in the first half of the year reached an eight-year high against the Japanese yen to the extent that it prompted the first U.S. foreign exchange intervention operation in close to three years (appendix table 2-1).

Figure 5 USA: Merchandise Exports and Imports

2. Merchandise trade

As in the previous year, total U.S. exports decreased by \$8.3 billion or 1% in 1998 to reach \$672 billion as conditions in many trading partners deteriorated and foreign economic growth slowed markedly. For instance, exports declined 14.4 percent to the Asian Pacific Rim region (including Japan and China) in 1998, while increasing 4.3 percent to the rest of the world (Appendix, table 2-2, and 2-3).



Nonagricultural exports decreased \$2.9 billion. Some sectors were especially affected by reductions in foreign demand or by increased competition from imports and a wide range of commodity producers, mainly those in agriculture, oil and metals experienced considerably lower prices. Exports of industrial supplies and materials, as well as automotive vehicles declined by 6.5% and 1.8%, respectively, and exports of foods, feeds and beverages experienced a 10.1 percent decrease from their 1997 levels.

U.S. imports expanded by 4.8% in 1998, compared to 9% the previous year, to reach \$919 billion. Of the major import categories, increases were sharpest for finished goods,

especially capital equipment and automotive products. Also, the quantity of imported oil rose considerably in response to lower prices and strong U.S. economic activity.

Finally, by area, the trade deficit with Canada increased to \$18.54 billion from \$16.4 billion in 1997 and with Mexico to \$15.7 billion from \$14.5 billion. The deficit with Latin America, however, dropped to \$2.67 billion from \$5.2 billion. The deficit with Japan increased to \$64.09 billion and that of the Pacific Rim (excluding Japan and China) to \$39.41 billion, mostly due to the effect of the crisis on demand for U.S. products (Appendix, table 2-4).

3. Current Account

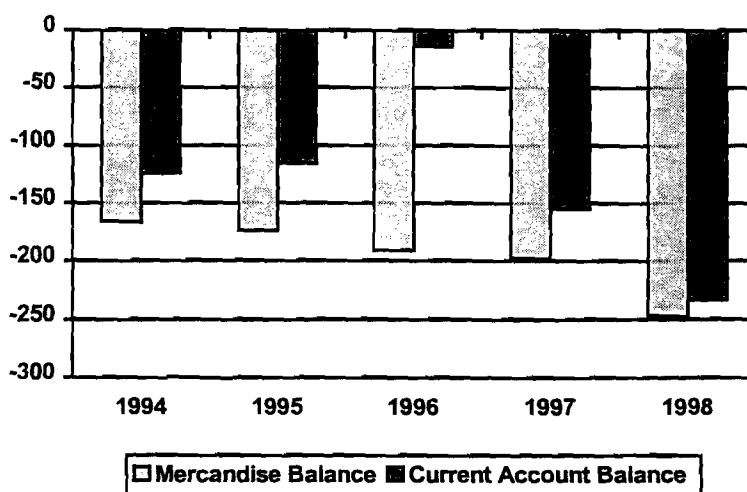
The surplus in real services decreased to \$18.3 billion in 1998 from a high of \$29 billion the previous year. For the first time in several years, travel, other transportation, passenger fares, and transfers under U.S. military sales contracts registered declines largely in response to the slowdown of economic activity in main U.S. trading partners.

Transfers under U.S. military agencies sales contracts decreased slightly due to a drop in deliveries of military aircraft to South Korea, Taiwan and Malaysia. On the other hand, direct defense expenditures abroad increased by \$1.2 billion on account of increased activity in the Persian Gulf (Appendix, table 2-5).

Net direct investment income decreased to \$54.6 billion, from \$67.7 billion in 1997. Direct receipts fell abruptly for the first time since 1992, as manufacturing earnings dropped due to the slowdown in economic growth worldwide and the financial crisis in that hit many economies, particularly Asia and Latin America. In addition, net income from portfolio investment became increasingly negative, as the net portfolio liability position of the U.S. grew larger.

Net unilateral transfers amounted to \$41.9 billion in 1998, compared to \$39.7 billion in the previous year. The rise was accounted largely by an increase in private remittances and other transfers at the institutional level. U.S. government grants only posed a slight increase, which included the annual assistance extended to Israel under the Sinai Peace accords.

Figure 6: Current Account



4. Capital Movements

The financial turmoil affecting emerging market economies during the year had a noticeable effect on U.S. international capital flows –both official and private. For the year, net capital inflows amounted to \$236.9 billion, relative to \$255 billion in 1997.

U.S. assets abroad increased \$305.4 billion in 1998, compared with an increase of \$478.5 billion in 1997. U.S. official reserve assets increased \$6.8 billion in 1998 due in large part to the increase in the U.S. reserve position in the International Monetary Fund reflecting the extension of credit to several countries due to fragile financial conditions.

The increase in U.S. claims reported by U.S. banks was considerably lower than in 1997, \$31 billion in 1998 compared to an increase of \$148 billion in 1997. U.S. banks and securities dealers can attribute this reduction in the flow of funds, for the most part, to both lower foreign demand for funds as well as a reassessment of risk exposure.

Net U.S. purchases of foreign securities amounted to \$89.4 billion, up from \$88 billion the previous year. However, excluding the effect of two very large acquisitions, net U.S. purchases of foreign securities amounted to only \$3.8 billion during the year; transactions in foreign stocks shifted to net sales of \$9.6 billion from net purchases of \$41.3 billion in 1997; and, net purchases of foreign bonds were \$13.4 billion, down from \$46.7 billion in 1997.

The contraction in private portfolio capital flows was overshadowed by huge direct investment flows as a result of very large cross-border mergers. In the case of U.S. direct investment abroad, outflows increased to \$131.9 billion in 1998, up from \$121.8 billion the previous year.

Foreign assets in the U.S. increased \$542.5 billion in 1998, compared to \$733.4 billion in 1997. Foreign official assets decreased \$22.1 billion in 1998 in response to the intervention in exchange markets to support the Japanese yen, the Russian debt moratorium and the ruble devaluation, and the reduction of assets in the United States by several Latin American countries due to financial problems.

Continuing the pattern on large increases in each of the last six years, net capital inflows for foreign direct investment in the United States were a record \$196.2 billion in 1998 due to a continued strong pace of mergers and acquisition of U.S. companies by foreigners. Foreigners continued to purchase U.S. securities other than U.S. Treasury securities at a strong pace, but net purchases in the first half of the year were twice as large as in the second half.

Last, with the net-recorded capital inflows to the U.S. exceeding the large U.S. current account deficit, a negative statistical discrepancy of \$3.6 billion was recorded in the balance of payments

Appendix

Table 1-1
United States: Main Economic Indicators

	1994	1995	1996	1997	1998
Gross Domestic Product (billions of chained 1992 dollars)	6610.7	6761.7	6994.8	7269.8	7552.1
Per Capita GDP	25333.0	25636.0	26014.0	26834.0	27846.2
Population (millions)	260.7	263.0	265.5	267.9	270.3
	Growth Rates				
GDP	3.5	1.9	3.4	3.9	3.9
Per Capita GDP	2.5	1.2	1.5	3.1	3.8
Implicit GDP Deflator	2.4	2.3	1.9	1.9	1.0
Consumer Prices (Dec. to Dec.)	2.7	2.5	3.3	1.7	1.6
Per Capita Disposable Income	1.2	2.3	1.4	1.2	2.3
Real Wages	0.7	-0.6	0.3	2.2	2.6
Money (M1)	1.8	-1.9	-4.1	-0.6	1.5
	Percentages				
Unemployment Rate	6.1	5.6	5.4	4.9	4.5
Fiscal Deficit (% of GDP)	2.9	2.3	1.4	0.3	(0.9)
	Billions of Dollars				
Trade Balance	-166.2	-173.7	-191.3	-198.0	-247.0
Investment Income (net)	16.5	19.3	14.2	-5.3	-22.5
Balance on Current Account	-123.8	-115.3	-134.9	-155.2	-233.4
Balance on Capital Account	151.2	138.8	141.5	157.1	240.3

Source: ECLAC, on the basis of data from the U.S. Department of Commerce.

Table 1-2
United States: Real Gross Domestic Product

	Billions of chained (1992) Dollars					Growth Rates				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Global Supply	7427.7	7732.9	8100.9	8380.3	8775.4	4.4	4.1	4.8	3.4	4.7
GDP	6610.7	6761.7	6994.8	7269.8	7552.1	3.5	2.3	3.4	3.9	3.9
Imports	817.0	971.2	1106.1	1110.5	1223.3	12.2	18.9	13.9	0.4	10.2
Global Demand	7458.6	7695.9	8012.5	8424.5	8802.6	4.8	3.2	4.1	5.1	4.5
Consumption	5738.3	5860.1	6020.6	6198.5	6448.9	2.5	2.1	2.7	3.0	4.0
Private	4486.0	4605.6	4752.4	4913.5	5151.6	3.3	2.7	3.2	3.4	4.8
Government	1252.3	1254.5	1268.2	1285.0	1297.3	0.0	0.2	1.1	1.3	1.0
Investment	1007.9	1043.2	1131.9	1256.0	1368.7	16.7	3.5	8.5	11.0	9.0
Fixed	915.5	966.0	1050.6	1138.0	1268.6	8.6	5.5	8.8	8.3	11.5
Residential	267.0	256.8	275.9	282.8	312.2	10.1	-3.8	7.4	2.5	10.4
Non-Residential	648.4	710.6	776.6	859.4	961.4	8.0	9.6	9.3	10.7	11.9
Stock Variation	60.6	27.7	30.0	63.2	58.3					
Exports	712.4	792.6	860.0	970.0	985.0	8.2	11.3	8.5	12.8	1.5

Source: ECLAC, on the basis of data from the U.S. Department of Commerce.

Table 1-3
United States: Evolution of Gross Saving

	Billions of Dollars					Growth Rates				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Gross Savings	1079.2	1187.4	1274.5	1406	1468	13.7	10.0	7.3	10.3	4.4
Private	1030.2	1106.2	1114.5	1142	1090	5.2	7.4	0.8	2.4	-4.5
Personal	176.8	179.8	158.5	121	27.7	-15.9	1.7	-11.8	-23.7	-77.1
Business	853.4	926.4	956	1021	1063	11.0	8.6	3.2	6.8	4.1
Government	49	81.2	160	264.7	377.6	264.4	65.7	97.0	65.4	42.7
Federal	-117.2	-103.7	-39.6	49.5	142.5	35.9	11.5	-61.8	225.0	187.9
State & Local	166.2	184.8	199.6	215.2	235.1	8.7	11.2	8.0	7.8	9.2
	Coefficients (percentages)									
Gross Savings/GNP	15.5	16.3	16.6	17.4	17.3					
Personal Savings/ Personal Disposable Income	3.5	3.4	2.9	2.1	0.5					

Source: ECLAC, on the basis of data from the U.S. Department of Commerce, Bureau of Economic Analysis.

Table 1-4
United States: Gross Domestic Product by Industry

	Billions of chained (1992) Dollars			Growth Rates		
	1995	1996	1997	1995	1996	1997
G.D.P.	6994.8	7269.8	7552.1	2.3	3.9	3.9
Private Industries	5896.5	6119.9	6395.3	2.3	3.8	4.5
Agriculture, forestry & fishing	106.2	114.2	127.6	-10.8	7.5	11.7
Mining	107.4	103.0	109.9	4.8	-4.1	6.7
Construction	254.2	268.5	274.4	1.8	5.6	2.2
Manufacturing	1271.6	1293.8	1369.9	6.6	1.7	5.9
Durable goods	727.0	769.0	838.6	8.3	5.8	9.1
Non-durable goods	545.1	527.8	537.6	4.4	-3.2	1.9
Transportation and Public Utilities	592.2	626.4	644.3	1.4	5.8	2.9
Transportation	216.1	229.7	241.5	0.8	6.3	5.1
Communications	180.7	191.5	196.4	2.1	6.0	2.6
Electricity, gas and sanitary services	195.5	205.3	206.3	1.2	5.0	0.5
Wholesale trade	455.8	486.6	532	1.6	6.8	9.3
Retail trade	626.4	665.9	713.5	4.2	6.3	7.1
Finance, insurance and Real estate	1206.2	1246.0	1286	0.8	3.3	3.2
Services	1305.3	1349.1	1398.6	3.9	3.4	3.7
Statistical Discrepancy	-23.1	-27.1	-45.4	-266.2	17.3	67.5
Federal Government	296.8	290.2	286.9	-3.3	-2.2	-1.1
State and local	579.7	587.6	597.4	1.5	1.4	1.7

Source: ECLAC, on the basis of data from the U.S. Department of Commerce.

Table 1-5
United States: Industrial Production

	Index 1992=100				
	1994	1995	1996	1997	1998
Total Index	109.1	114.4	119.5	126.8	131.4
Manufacturing	109.9	115.9	121.4	129.7	135.1
Durables	114.2	124	134.1	147.1	157.5
Non-durables	105.2	107.1	107.9	111.3	111.9
Mining	102.4	102	103.7	105.8	104.1
Utilities	105.3	109.0	112.6	112.8	114.3
Capacity utilization rate %					
Total Industry	83.2	83.4	82.4	82.9	81.9
Manufacturing	82.5	82.7	81.4	82	80.8

Source: ECLAC, on the basis of data from the Council of Economic Advisers.

Table 1-6
United States: Civilian Employment and Unemployment

	Thousands of Persons					Growth Rates				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Civilian Labor Force	131,056	132,304	133,943	136,297	137,673	1.4	1.0	1.2	1.8	1.0
Participation Rate (%)	66.6	66.6	66.8	67.1	67.1					
Civilian Employment	123,060	124,900	126,708	129,558	131,463	2.3	1.5	1.4	2.2	1.5
Agricultural	3,409	3,440	3,443	3,399	3,378	9.4	0.9	0.1	-1.3	-0.6
Non-Agricultural	119,651	121,460	123,264	126,159	128,025	2.1	1.5	1.5	2.3	1.5
Non-Agricultural Payroll										
Employment	114,163	117,191	119,608	122,690	125,832	3.1	2.7	2.1	2.6	2.6
Goods Producing Ind.	23,908	24,265	24,493	24,934	25,314	2.4	1.5	0.9	1.8	1.5
Manufacturing	18,321	18,524	18,495	18,657	18,716	1.4	1.1	-0.2	0.9	0.3
Construction	4,986	5,160	5,418	5,686	5,965	6.8	3.5	5.0	4.9	4.9
Service Producing Ind.	90,256	92,925	95,115	97,756	100,576	3.3	3.0	2.4	2.8	2.9
Transportation	5,984	6,132	6,253	6,395	6,549	3.0	2.5	2.0	2.3	2.4
Trade Wholesale	6,162	6,378	6,482	6,648	6,825	3.0	3.5	1.6	2.6	2.7
Finance, Insurance										
& Real Estate	6,896	6,806	6,911	7,091	7,341	2.1	-1.3	1.5	2.6	3.5
Government	19,128	19,305	19,419	19,570	19,862	1.5	0.9	0.6	0.8	1.5
Other Services	31,579	33,117	34,454	36,040	37,525	4.6	4.9	4.0	4.6	4.1
Unemployment Rate	6.1	5.6	5.4	4.9	4.5					

Source: ECLAC, on the basis of data from the U.S. Department of Labor, Bureau of Labor Statistics.

Table 1-7
United States: Consumer and Producer Prices

	December to December				
	1994	1995	1996	1997	1998
Consumer Prices^a	2.7	2.5	3.3	1.7	1.6
Housing	2.2	3.0	2.9	2.4	2.3
Food	2.9	2.1	4.3	1.5	2.3
Energy ^b	2.2	-1.3	8.6	-3.4	-8.8
All items less food and energy	2.6	3.0	2.6	2.2	2.4
Producer Prices					
Finished Goods	1.7	2.3	2.8	-1.2	-0.1
Consumer Goods	2.0	2.3	3.7	-1.5	-0.2
Capital Equipment	2.0	2.2	0.4	-0.5	-0.1
Intermediate Materi	6.9	3.3	1.3	-0.8	-3.2
Crude Materials	-1.7	4.1	12.3	-11.8	-17.4
			Year to Year		
Consumer Prices	2.6	2.8	3.0	2.3	1.6
Housing	2.2	3.0	2.9	2.6	2.3
Food	2.4	2.8	3.3	2.6	2.2
Energy	0.4	0.6	4.6	1.3	-7.7
All items less food and energy	2.6	3.0	2.6	2.4	2.3
Producer Prices					
Finished Goods	0.6	1.9	2.6	0.3	-0.9
Consumer Goods	-0.1	1.9	2.9	0.5	-0.1
Capital Equipment	2.1	1.9	1.2	0	-0.5
Intermediate Materia	2.0	5.4	0.6	-0.1	-2.1
Crude Materials	-0.6	0.8	10.5	-2.5	-13

Source: ECLAC, on the basis of data from the U.S. Department of Labor,
Bureau of Labor Labor Statistics.

a/ Prices for all urban consumers

b/ Fuel oil, coal and bottled gas; gas (piped) and electricity; and motor fuel.
Motor oil coolant, etc. also included through 1982.

c/ Excludes intermediate materials for food manufacturing and manufactured
animal feeds.

Table 1-8
United States: Income and Wage Indicators

						Growth Rates				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Income										
Per Capita Disposable Personal ^a	18,431	18,861	19,116	19,349	19,790	1.2	2.3	1.4	1.2	2.3
Median Family Income ^b	41,059	41,810	42,300	-	-	2.3	1.8	1.2	-	-
Persons below Poverty Level (%)	14.5	13.8	13.7	-	-	-4.0	-4.8	-0.7	-	-
Wages										
Average Gross Weekly										
Earnings, private										
non-agricultural (1982 dollars)	256.73	255.07	255.73	261.3	268.1	0.7	-0.6	0.3	2.2	2.6
Current Dollars	385.86	394.34	406.61	424.9	441.8	3.3	2.2	3.1	4.5	4.0
Manufacturing	506.94	514.59	531.1	553.1	562.5	4.3	1.5	3.2	4.1	1.7
Construction	573.0	587.0	603.3	623.6	642.5	3.5	2.4	2.8	3.4	3.0
Retail Trade	216.46	221.47	230.11	241	254.6	3.1	2.3	3.9	4.7	5.6

Source: ECLAC, on the basis of data from the U.S. Department of Commerce, Bureau of the Census, and the U.S. Department of Labor Statistics.

a/ Yearly income in chained 1992 dollars.

b/ Yearly income in 1995 dollars.

c/ Based on poverty index adopted by a Federal interagency in 1969.

Table 1-9
United States: Federal Receipts, Outlays and Debt

	Billions of Dollars, fiscal year						Growth Rates				
	1993	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Total Receipts^a	1153.5	1257.7	1351.8	1453.1	1579.3	1721.8	9.0	7.5	7.5	8.7	9.0
Income Taxes	627.2	683.5	747.2	828.2	919.8	1017.3	9.0	9.3	10.8	11.1	10.6
Individuals	509.7	543.1	590.2	656.4	737.5	828.6	6.6	8.7	11.2	12.4	12.4
Corporations	117.5	140.4	157.0	171.8	182.3	188.7	19.5	11.8	9.4	6.1	3.5
Social Insurance											
Taxes & Contributions	428.3	461.5	484.5	509.4	539.4	571.8	7.8	5.0	5.1	5.9	6.0
Other Receipts	98.0	135.1	120.1	115.4	120.1	132.7	37.8	-11.1	-3.9	4.1	10.5
Total Outlays	1408.7	1461.7	1515.7	1560.3	1601.2	1652.6	3.7	3.8	2.9	2.6	3.2
National Defense	291.1	281.6	272.1	265.7	270.4	268.5	-3.3	-3.4	-2.4	1.8	-0.7
Social Services ^b	831.9	869.3	885.9	921.2	963.0	991.6	5.1	6.3	3.7	4.5	3.0
Net Interest	198.8	203.0	232.2	241.1	244.0	243.4	2.1	14.4	3.8	1.2	-0.2
Other Outlays	91.3	107.8	125.5	132.3	123.8	149.1	17.2	-18.1	8.7	-6.4	20.4
Total Surplus or Deficit	-255.0	-203.1	-163.9	-107.5	-21.9	69.2	20.4	20.7	34.4	79.6	416.0
as % of GDP	3.9	2.9	2.3	1.4	0.3	0.9					
Gross Federal Debt											
(end of period)	4351.4	4643.7	4921.0	5181.9	5369.7	5478.7	6.7	6.0	5.3	3.6	2.0
as % of GDP	66.4	67.0	67.9	68.4	66.4	64.4					

Source: ECLAC, on the basis of data from the U.S. Department of the Treasury, Office of Management and Budget, and the U.S. Department of Commerce, Bureau of Economic Analysis.

a/ On and Off-Budget. Refunds of receipts are excluded from the receipts and outlays.

b/ Includes education, training, employment, and social services, health, Medicare, Income Security, Social Security (on and off-budget), and Veterans Benefits and Services.

Table 1-10
United States: Bond Yields and Interest Rates

	Nominal Rates; Percent Per Annum				
	1994	1995	1996	1997	1998
Short Term Rates					
Discount Rates ^a	3.4	5.2	5.0	5.0	4.9
Prime Rate ^b	7.2	8.8	8.3	8.4	8.4
3-Month Treasury Bonds ^c	4.3	5.5	5.0	5.1	4.8
Long Term Rates					
10-Year Treasury Bonds ^d	7.1	6.6	6.4	6.4	5.3
Moody's AAA-Rated Corporate Bonds ^e	8.0	7.6	7.4	7.3	6.5
New Home Mortgage Yields ^f	7.5	7.9	7.8	7.7	7.1

Source: ECLAC, on the basis of data from the U.S. Department of the Treasury, the Board of Governors of the Federal Reserve System, the Federal Home Loan Bank Board, and Moody's Investors Service.

a/ Federal Reserve Bank of New York.

b/ Charged by Banks.

c/ Bank discount basis.

d/ Yields on the more actively traded issues adjusted to constant maturities by the Treasury Department.

e/ Excludes public utilities issues for January 17, 1984 through October 11, 1984, due to the lack of appropriate issues.

f/ Effective rate on the primary market on conventional mortgages reflecting fees and charges as well as contract rates assuming, on the average, repayment at end of 10 years.

Table 1-11
United States: Money Stock and Debt Measures

	Billions of Dollars					Growth Rates				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Monetary Base	418.0	434.0	451.6	479.4	513.0	8.2	3.8	4.1	6.2	7.0
Concepts of Money										
M1	1150.7	1128.7	1082.8	1076.0	1092.3	1.8	-1.9	-4.1	-0.6	1.5
M2	3503.0	3651.2	3826.1	4046.4	4412.3	0.4	4.2	4.8	5.8	9.0
M3	4333.6	4595.6	4931.1	5376.8	5982.5	1.8	6.0	7.3	9.0	11.3
Debt and Debt Components										
Debt	13000.6	13699.8	14419.3	15153.5	n.a.	3.9	5.4	5.3	5.1	n.a.
Federal	3491.9	3638.5	3780.0	3797.3	n.a.	5.1	4.2	3.9	0.5	n.a.
Nonfederal	9506.7	10060.7	10639.9	11356.2	n.a.	3.4	5.8	5.8	6.7	n.a.

Source: ECLAC, on the basis of data from the Board of Governors of the Federal Reserve System.

Table 1-12
United States: Net Credit Market Borrowing By Domestic Non-Financial Sectors

	Billions of Dollars						Growth Rates					
	1993	1994	1995	1996	1997	1998	1993	1994	1995	1996	1997	1998
Total	588	571.5	700.4	726.7	769.6	-	15.6	-2.8	22.6	3.8	5.9	-
Federal Government	256.1	155.9	144.4	145	23.2	-	-15.8	-39.1	-7.4	0.4	-84.0	-
Nonfederal	373.4	465.4	575.4	602.4	735.7	-	55.3	24.6	23.6	4.7	22.1	-
By Borrowing Sector												
Households	257.3	372.4	381.1	395.3	364.1	-	28.5	44.7	2.3	3.7	22.1	-
Nonfinancial Business	52.3	141.9	245.7	190.3	311.7	-	179.7	171.3	73.2	-22.5	63.8	-
Others ^a	62.3	-45.3	-49	1.3	59.9	-	195.3	-172.7	8.2	-102.7	4507.7	-

Source: ECLAC, on the basis of data from the Board of Governors of the Federal Reserve System.

a/ State and local governments.

Table 2-1
United States: Indexes of Foreign Currency Price of the U.S. Dollar

	March 1973=100				
	1997	1998			
	IV	I	II	III	IV
Trade-weighted average against 10 currencies	97.4	100.3	100.3	100.1	94.6
Selected Currencies					
Canada	141.3	143.5	145.2	152.0	154.8
European Currencies:					
Belgium	92.0	95.3	93.9	92.2	87.1
France	130.3	135	133.2	130.8	123.5
Germany	62.4	64.7	63.8	62.6	59.1
Italy	302.8	315.3	311.4	305.9	289.8
Netherlands	68.9	71.4	70.4	69.2	65.3
Switzerland	44.5	45.9	46.4	45.6	42.3
United Kingdom	148.9	150.2	149.5	149.6	147.6
Japan	47.9	48.9	51.8	53.4	45.6

Source: ECLAC, on the basis of Survey of Current Business.

Table 2-2
United States: Merchandise Exports

	Billions of Dollars					Growth Rates				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Total Exports	502.4	575.8	612.0	679.3	670.6	10.0	14.6	6.3	11.0	-1.3
Foods, Feeds, and Beverages	41.9	50.5	55.5	51.3	46.3	3.4	20.5	9.9	-7.6	-9.7
Industrial Supplies and Materials	162.1	146.4	148.0	158.1	147.9	-9.7	1.1	1.1	6.8	-6.5
Capital Goods, except automotive	205.0	233.8	253.1	294.1	299.2	14.0	8.3	8.3	16.2	1.7
Automotive Vehicles	57.8	61.8	65.0	73.4	72.7	6.9	5.2	5.2	12.9	-1.0
Consumer Goods	59.9	64.4	70.1	77.4	79.4	9.5	7.5	8.9	10.4	2.6
Others	16.5	19.0	20.2	25.0	25.1	10.0	15.2	6.3	23.8	0.4

Source: ECLAC, on the basis of data from the U.S. Department of Commerce.

Table 2-3
United States: Merchandise Imports

	Billions of Dollars					Growth Rates				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
	Total Imports	668.6	749.4	803.2	877.3	918.8	13.4	12.1	7.2	9.2
Foods, Feeds, and Beverages	30.9	33.2	35.7	39.7	41.2	7.4	7.4	7.5	11.2	3.8
Industrial supplies and materials	162.1	185.0	209.5	213.8	200.3	14.1	14.1	13.2	2.1	-6.3
Capital Goods, except automotive	184.4	221.4	229.0	254.2	270.3	20.1	20.1	3.4	11.0	6.3
Automotive Vehicles	118.3	123.8	128.9	140.8	150.6	4.6	4.6	4.1	9.2	7.0
Consumer Goods	146.3	159.9	171.0	192.9	215.5	9.2	9.3	6.9	12.8	11.7
Others	23.8	26.1	29.0	35.9	40.9	17.2	9.7	11.1	23.8	13.9

Source: ECLAC, on the basis of data from the U.S. Department of Commerce.

Table 2-4
United States: Merchandise Imports and Exports by Area
(billions of dollars)

	Exports	Imports	Trade Balance	Exports	Imports	Trade Balance
	1997			1998		
	World	689.2	870.7	-181.5	683.0	913.8
Canada	151.8	168.2	-16.4	156.3	174.8	-18.5
Western Europe	155.4	173	-17.6	163.0	192.0	-28.9
European Union	140.8	157.5	-16.8	149.5	176.4	-26.9
Pacific Rim	193.8	315.3	-121.6	167.5	327.9	-160.4
China	12.9	62.6	-49.7	14.3	71.2	-56.9
Japan	65.5	121.6	-56.1	57.9	122.0	-64.1
Latin America/Caribbean	134.4	139.6	-5.2	142.4	145.1	-2.7
Argentina	5.8	2.2	3.5	5.9	2.3	3.6
Brazil	15.9	9.6	6.3	15.2	10.1	5.0
Mexico	71.4	85.9	-14.5	79.0	94.7	-15.7
Caribbean Islands	12.4	8.6	3.8	13.1	8.2	5.0
Other	31.2	44.6	-13.4	29.2	47.7	-18.5

Source: ECLAC, on the basis of data from the U.S. Department of Commerce

Table 2-5
United States: Balance of Payments

	Billions of Dollars				
	1994	1995	1996	1997	1998
Balance on Current Account	-123.8	-115.3	-134.9	-155.2	-233.4
Merchandise Trade Balance	-166.2	-173.7	-191.3	-198.0	-247.0
Exports (goods)	502.4	575.8	612.0	679.3	671.1
Imports (goods)	-668.6	-749.6	-803.3	-877.3	-919.0
Real Services (net)	18.8	26.5	29.7	29.5	18.3
Travel & Transportation	16.3	21.7	25.0	22.7	14.2
Military Transactions	2.5	4.8	4.7	6.8	4.1
Factor Income (net)	29.1	53.4	54.5	53.0	38.1
Direct Investment Income	45.1	60.0	66.8	63.7	54.6
Receipts	67.7	90.3	98.9	109.4	100.4
Payments	-22.6	-30.3	-32.1	-45.7	-45.8
Financial Investment					
Income	-54.4	-53.2	-63.9	-69.0	-77.1
Receipts	69.9	106.5	107.5	132.4	142.2
Payments	-124.3	-159.7	-171.4	-201.4	-219.3
Other Factor Services ^a	38.4	46.6	51.6	58.3	60.6
Unilateral Transfers^b	-35.8	-34.0	-40.0	-39.7	-41.9
Balance on Capital Account	151.2	138.8	141.5	157.1	240.3
Direct Investment	-4.8	-19.2	-10.9	-28.4	64.3
Outflows	-54.5	-86.7	-87.8	-121.8	-131.9
Inflows	49.7	67.5	77.0	93.4	196.2
Portfolio Investment ^c	31.0	108.1	198.5	83.5	-24.7
Outflows	-60.3	-100.1	-108.2	-88.0	-89.4
Inflows	91.2	208.2	306.7	171.5	64.7
Other Capital Movements					
(Net)	117.5	64.8	0.8	40.0	204.3
Official ^d	39.1	110.2	121.7	160.0	-22.9
Private	78.4	-45.3	-120.9	36.7	227.2
Net Errors & Omissions	-14.3	-14.9	-46.9	-99.7	-3.6
Global Balance	-5.4	9.6	-6.7	1.1	6.9
Counterparts:					
Variation of Official Reserve Assets	5.4	-9.7	6.7	-1.0	-6.8

[(-) means increase]

Source: ECLAC, on the basis of data from the U.S. Department of Commerce.

a/ Preliminary

b/ Includes royalties and license fees, as well as other net payments on government and private services. c. Includes U.S. Government pensions, private remittances,

and other transfers d. By private capital holders only.

