

MARYLAND INTERINDUSTRY FORECASTING PROJECT

Research Memorandum 5

December 4, 1967

REVISIONS MADE IN NOVEMBER, 1967

In its December 9 issue, Business Week will carry a cover story on our forecasts. The numbers in the BW story will be based on our run entitled "The Revised Californian." We have done a special aggregation for BW, and the listing on which the story is based is enclosed. Also enclosed is the full listing of the input-output matrices for this run. The principal differences between the "October 26 Final" and "The Revised Californian" are as follows:

1. We have added equations for Residential, Industrial, Store, and Telephone construction. The public construction figures have been brought in line with the projections in Public Facility Needs, JEC, 89th Congress (December, 1966)
2. We have taken the interest rate out of all equipment investment equations. Conferences at SRI showed that where the interest rate had a large coefficient, our investment projections seemed highly unlikely to their industry experts. Petroleum refining is a case in point.
3. Several consumption equations have been modified as a result of SRI comment, notably automobiles and medical care.
4. Imports of steel and exports of grain and chemicals have been somewhat reduced, while imports of automobiles have been increased.

We are in the process of developing new graphs with output, investment and employment of each industry shown on the same page. As soon as these are ready, we will send them.

In present runs, Copper is the only non-ferrous metal showing sales to construction. This is a mistake. Only copper pipe should be shown here. Copper wire and aluminum wire should be shown in the "other non-ferrous metals and wire" row. This classification is anomalous, and we may change it at the same time that we correct the error. (Fabricated copper and aluminum--gutters, windows, and the like are correctly handled as Fabricated Metal products). As soon as this correction is made, we will send out the complete model output.