

GENERAL ECONOMIC OUTLOOK
(Presentation for Ammunition and Firearms Operations Committee)

Introduction. The purpose of this review is to up-date the report given the Operations Committees last November on the outlook for the economy. As in November, we are presenting views and projections developed by the Du Pont Economist's Office, supplemented by information from other sources.

The Economy and Business in General. In our previous review it was indicated that we were into a decline in the economy that could be the longest and deepest of any post-war recession. The decline in real Gross National Product (i.e. adjusted for inflation) from the peak in 1973 was expected to continue at least through the first Quarter of 1975 with the overall drop amounting to about 4.5%.

As most of us are aware, the decline in the 4th Quarter of 1974 was steeper than generally anticipated. Preliminary data indicate that the decline during the 1st Quarter of this year also is steeper than anticipated.

It currently is estimated that the total drop in real GNP from the 1973 peak will be about 7.5% rather than 4.5% previously estimated. Estimates as to when the decline will bottom vary from around mid-year to late in the second half of this year.

The Du Pont Economist's January forecast anticipates that real GNP will level-off in the 2nd Quarter and show some moderate recovery in the 3rd and 4th Quarters. Real GNP for the year 1975 is forecast to be down 3.4% from 1974 and 5.5% below 1973 (versus 2.7% expected last November.)