

Babson's Business and Financial Forecast for the Year 1976

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Employment and Personal Income

The seasonally adjusted unemployment rate, as a percentage of the total civilian labor force, peaked at 9.2% in mid-May of 1975. Total employment slipped only about 3% on a seasonally adjusted basis. Both barometers were slow in recovering, which was not unusual in view of the fact that curtailed workweeks are normally lengthened before additions are made to work forces. In 1976, unemployment will continue to ease only grudgingly and will do well to recede to the 7% mark by year's end. Employment, on the other hand, can climb to new peak levels even without a sizable public "make work" program. The disparity between the jobless and the employment sectors will be a reflection of the expansion in the total labor force.

With the lengthening of workweeks and the beefing up of staffs as the business advance makes further headway, personal income figures should make good reading in 1976. Wage boosts will also help materially. Overall, personal income could gain as much as 12% over that of 1975, and disposable income should not be far behind.

Consumer and Government Spending

Although inflation was a big factor in turnover totals, consumer demand responded to the betterment in economic conditions and prospects over the past year. With the outlook for business, employment, and personal income enjoying a distinctly healthier tone (except for the threat of labor disruptions), 1976 is expected to see more liberal spending on the part of consumers. In current dollars, consumer expenditures should cross the trillion-dollar mark, but high prices will temper the year-to-year improvement on a unit volume basis. Such a large part of the spending dollar will be gobbled up by hefty allocations for food, shelter, clothing and energy that there will be scant leeway for lower priority segments.

Locked in by inflation and ever-expanding social programs, public spending at all government levels will move higher in 1976. The federal government, particularly, is saddled with prior commitments. Hence, mounting pressures for fiscal responsibility are not likely to do more than pare some appropriations, and force curtailment and postponement of some lavish and low-priority items. Therefore, another

huge federal deficit looms for calendar 1976, despite the moderating influence of an increase in tax revenues.

Building and Construction

After a sharp two-year slump during which the seasonally adjusted annual rate of private housing starts tumbled from 2.5 million units to somewhat less than 1 million units, an improvement in mortgage credit supplies spawned an upturn for home building in 1975. But even when the full year's total is tallied, it will be well below the 1972 record and even less than the poorest showing of recent years. Babson's forecasts new housing starts of some 1.3 million units in 1976. Nonresidential construction will also improve steadily, but the gains will not be substantial and will lend business only mild support.

Farm Prospects

1975 was a fine year for agricultural output, but farmers did not fare well in terms of income. High operating costs and the embargo on grain exports held net farm income far below expectations relative to the bumper 1975 crop. There will be a good carryover of key harvests for 1976, although

with the worldwide food shortages weather conditions will be crucial in the coming crop year. Better fertilizer supplies and costs, however, augur well for 1976 totals.

Wages and Prices

The expected advance in business for the year ahead will mean gains in pay rates, employment, and the length of the workweek. So, 1976 consumers' earned income should post sizable increases which, in turn, will stimulate consumer confidence and demand.

While price increases have been a matter of deep concern this past year, the impact was far less burdensome than in 1974. Mark-downs to spur consumer demand and lower costs for some key raw materials helped restrain the overall price advance. 1976 will not be as fortunate, however, as the business upturn will inevitably bring a firm-to-higher price pattern. With new wage boosts in labor contracts, there will be added price pressures. Any imperilment of 1976 crops could move prices sharply higher, and lurking in the background also is the threat of new hikes in the price of OPEC oil.

Election Year Considerations

Political campaigns will have a definite effect on the economy during the new year, since all aspirants will focus mainly on economic problems. The Administration will devote most of its attention to alleviating the plight of the jobless as well as the farmers. Of course, the power struggle on the Hill will continue.

Interest Rates—Money Supplies

Because of the worries over unemployment, it is unlikely that the monetary authorities will change their current policy during the better part of 1976. Money and credit will be kept sufficient to meet business needs and to accommodate the Treasury's financings. Once inflationary forces regain the ascendancy, however, the money supply may once again be curtailed as an anti-inflation move.

The Babson staff looks for short-term money rates to hover near present levels in the early part of 1976. With the approach of spring there should be an upswing continuing until late in the year, but the high may not quite reach the 10% level. Since longer-term interest rates have receded only modestly in 1975, they will move up only a trifle in 1976. But with the firming of homebuilding, mortgage money can be expected to move upward toward the 10% mark.

Potential Dangers On Foreign Scene

The Administration shows little inclination to cease its quest for detente with the Soviet Union or to let its calm approach to the Middle East. However, success in both objectives will remain in the tenuous category in 1976. The SALT talks have made little progress of late, and civil strife in Lebanon and Angola may impose new strains on Soviet-American relations. Still, Babson's foresees no direct conflict between the superpowers over the year ahead.

In the realm of world trade, the outlook is encouraging. True, gains in imports will likely exceed those in exports. But American business can benefit from the currently stronger dollar, and also from the fact that the domestic rate of inflation is so much lower than that prevailing in many other nations.

Stock and Bond Outlook

Some easing of the New York City fiscal crisis in the waning weeks of 1975 made it possible for the stock market to wind up on a constructive note. Hence, the early part of 1976 should enjoy an optimistic climate. Over the year as a whole, however, the heavy labor agenda will keep investors on edge, as will the fear of inflation. With prospects favoring a good—but not a lusty—business year, an upsurge in stock prices vigorous enough to drive the

Dow Jones Industrial Average significantly above the 1000 mark is unlikely. For the same reasons—barring an adverse development not now in evidence—the DJIA is not likely to move materially below the 800 level. At this juncture there is a good supply of attractively priced common stocks and convertible securities for investors oriented toward the growth and appreciation of their capital funds. And many of these issues offer reasonably

rewarding yields. Investors who require a high income that is also well protected have a substantial selection of bonds and preferred stocks from which to choose. In recent years the emphasis of the investment fraternity has shifted to quality and value, with a healthy measure of income. This attitude is likely to persist in 1976, and individual investors would do well to follow suit.

END



May good luck, happiness and prosperity come to your house to stay every moment of the New Year

Eastman Insurance Agency

Time to Welcome the New Year

Ticking off the good things we wish for all our devoted patrons, as we welcome the New Year.

Paulus Jewelry

Cheers for the New Year

Swinging in with warm wishes for a New Year overflowing with all the good things in life.

Zimmerman Plumbing & Heating

Right on into a cool New Year filled with harmony and peace!

Steer Inn Drive In

Happy New Year

Breaking out with a host of good wishes for our marvelous friends and patrons.

Mike Mathews Tire



MYSTERY MERCHANT WINNER

JENNIE BENNETT OF THE TWILIGHT CAFE picked the lucky winner of the Mystery Merchant contest this week. Bob Benedict will receive a check for \$24 for guessing the Mystery Merchant, Dave Rieb, and for finding the 18 clues.

Prize money next week will be \$24 and the entry box will be at the Owyhee Beauty Shop until 4 p.m. Monday. Remember, you can't win unless you enter.

Can You Guess Our

"Mystery Merchant" for \$24⁰⁰ ?

WHERE TO LOOK FOR CLUES

Clues may be hidden in ANY AD IN THIS SECTION. When a star appears in any of these ads, it means that additional advertising of that firm appears elsewhere in this issue of the paper and additional clues may also be hidden in any of those ads as well.

Clues will be scattered...there may be from one to five in any ad - or none. This is a contest of skills - and we intend to do our best to outwit you. We invite you to do your best to outwit us!

CONTEST RULES

1. This is a family fun contest! One entry per person (family of four could submit four entries.) Anyone may enter UNLESS a member of your family is employed by the Gate City Journal or by the merchant whose ad is heavily bordered in this section. (This applies ONLY during the week this ad is bordered.) Employees of other sponsoring merchants ARE eligible.

2. Nothing to buy - use any slip of paper for entry blank. Not necessary to be present to win. Not necessary to be a subscriber to the Gate City Journal to enter.

3. WHO'S WHO may be anyone in the Nyssa area. Clues for his or her identity will be hidden ONLY in ads for sponsoring merchants (see "Where to look for Clues" above.) If by coincidence, the name of the WHO'S WHO (or other facts about him or her) happens to appear in news items, editorial matter or other places in this newspaper, these will not count as clues in this contest.

4. To enter, write down the name you think WHO'S WHO is. Add the total number of clues you can find in ALL the ads of sponsoring merchants in this issue. You do not have to list all these clues - just give the total number of them. Don't forget to add your name and address. Then, drop your entry in the box located at the sponsoring merchant, whose ad is bordered in this section of this issue.

5. There is no other place where entries will be accepted. Any member of the family may bring in all the entries for that family. Children under 12 must be accompanied by an adult.

6. This week's contest starts when you receive this issue and closes at 4 p.m. Monday of the following week.

7. At that time (4 p.m. next Monday) a drawing will be held at the store where entries have been received for this week's contest. The first entry drawn that correctly identifies WHO'S WHO will win \$10. If THAT entry also lists the correct total number of clues hidden in all ads of sponsoring merchants, a BONUS OF \$14.00 will be paid. Whenever this BONUS is not won, it will be added to next week's BONUS - which will continue to grow until it is won!

8. Every possible precaution will be taken to prevent typographical errors that might be mistaken for clues, but erroneous typography CANNOT BE GUARANTEED (by anyone). The publisher of the Gate City Journal will be judge in all questions and his decision is final.

Family participation gives you a better chance to win the jackpot...your wife, husband or youngster MAY spot a clue that you miss!

Remember, you can't win if you don't enter!

Gambles Free Farmers Almanac, during the month of January. Ann	Owyhee Beauty Salon • Bleaches • Permalents • Tints Men's cutting & styling Specializing in latest blower cuts and iron curling. 214 Main St. 372-3531	Wilson Bros. Dept. Store New Poll-Parrot Shoes 118 Main St. 372-3563	Steer-Inn Drive In Try Our Taco Burgers & Taco Dogs To "Warm" you up on those cold days. 117 N. Main St. 372-3363	STUNZ LUMBER CO. Complete Building Supplies Glidden Paint Plumbing & Electrical Supplies 707 Adrian Blvd. 372-2237	Nyssa Rexall Drug VISIT Our complete Hallmark Section. 129 Main St. 372-3551	RAY'S FOOD FAIR 602 Main St. 372-3344	Rieb's Foodland ★ FRUSTRATED??? at high food prices and low quality? Then see us first and save! 204 Good Ave. 372-7231
Twilight Cafe 40 YEARS of experience, fine food and reasonable prices. 212 Main St. 372-3388	Owyhee TRUCK & IMPLEMENT CO. 372-2226 401 Main St.	Johannesson Adams ★ Chevrolet 420 Main St. 372-2224	CENEX Nyssa Co-op Supply 18 N. 2nd Nyssa, Oregon 372-2254 ★	Nyssa Electric ELECTRICAL SERVICES • Motor Winding • Motor Repair Commercial-Residential-Industrial McCallock Chain Saws 101 Good Ave. 372-3151	RON'S SHELL SERVICE ★ Brake Balancing Muffler Installation Tune-ups Radiator Repairs 101 N. Main 372-3004	Brownie's Cafe & Lounge EAT OUT Local-Friendly-Service Fine Foods - Beverages 113 Main St. 372-3492	B & M Equipment Co. ★ Up To 30% Discount On Lawn & Garden Tools 1100 Adrian Blvd. 372-2239
Michael's Pharmacy PHONE 372-2347 302 MAIN NYSSA, ORE.	Paulus Jewelry SURPRISE her with a Lady Seiko Watch and Jewelry Work Is our Specialty 127 Main St. 372-2916	M&W MARKET The Finest Meat STORE IN TOWN 424 Main St. 372-3916	Small Fry Cafe WE ALL START somewhere. We may be small but we try to please with local friendly home-cooked meals at prices you can afford. Adrian Blvd.	STOUT APPLIANCE Hotpoint Quasar 8 N. 3rd St. 372-3196	Raggedy Ann's Pad New Coats finally arrived Infants thru 14 years for both boys and girls. 109 Main St. 372-3703	Fangen FLORAL & GREENHOUSE 372-3437	Kassman Chevron TUNE-UP SPECIALIST Before you go elsewhere see us for expert tune-up service 301 Main St. 372-2961