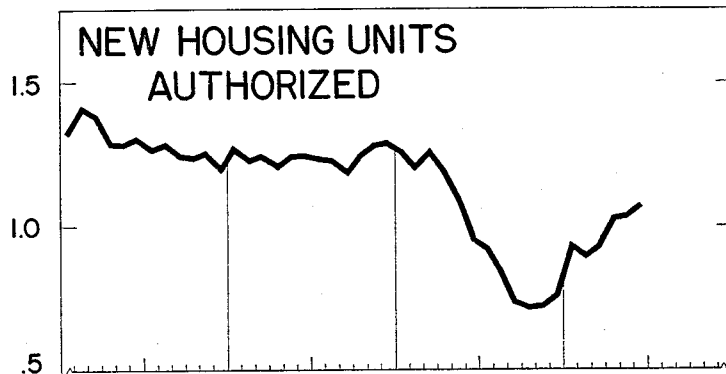


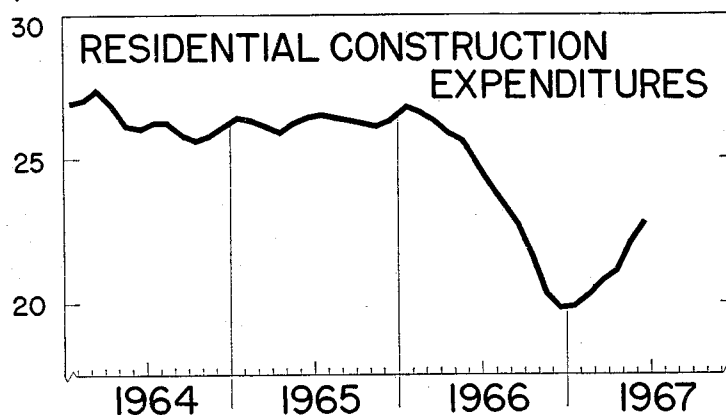
Chart 3.

PRIVATE HOMEBUILDING

MILLIONS OF UNITS*



\$ BILLIONS*



* SEASONALLY ADJUSTED ANNUAL RATES; NONFARM ONLY.
SOURCE: DEPARTMENT OF COMMERCE.

They still have a long way to go, merely to return to levels that were normal prior to the mortgage famine of 1966. Growing consumer incomes and rapid family formation should generate sufficiently strong housing demand in 1968 to bring homebuilding up to—and beyond—its 1964-65 pace.

So long as mortgage funds remain available, homebuilding should be a key propelling force in the economy's advance over the coming year.

The other major sector of private demand, business fixed investment, is not likely to be a particularly stimulative force. But neither should it be a drag on overall production.