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COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

November 1, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Employment Situation in October

Summary

The seasonally adjusted unemployment rate increased by 0.2 percentage point to 6.0 percent in October. This can be contrasted with a 4.6 percent rate that prevailed in October 1973. The number of unemployed persons increased by 0.2 million to 5.5 million in October.

The increase in unemployment in October was concentrated among adult males (0.2 million). In spite of the weakening of job opportunities the labor force participation rate increased by 0.1 percentage point to 62.2 percent, a record high level.

The household survey and the establishment survey both indicate that employment did not change significantly in October. Nor has the number of hours worked per week changed significantly over the last few months.

William Fellner

William Fellner
Member



Alan Greenspan
Chairman



Detail

While from September to October the seasonally adjusted unemployment rate rose by 0.2 percentage point to 6.0 percent, the rate increased by 0.4 percentage point for adult males and did not change significantly for adult females and teenagers. Civilian employment remained at 86.5 million in October but the number of unemployed persons increased by 0.2 million to 5.5 million.

The weakening of employment opportunities is also seen in the demographic composition of the labor force participation rate. Although the labor force participation rate increased to an all-time high of 62.2 percent, the rate for adult females decreased for the fourth consecutive month.

The increase in unemployment in October was concentrated among blue collar workers in the durable goods manufacturing sector. The unemployment rate of blue collar workers increased by 0.5 percentage point to 7.3 percent, and among durable manufacturing workers by 0.8 percentage point to 5.9 percent.

The number of unemployed persons who were either new entrants or reentrants into the labor force declined, but the number who lost their last job or who voluntarily left their last job increased. The average duration of unemployment increased by 0.4 week to 10.0 weeks in October.

The seasonally adjusted number of workers on nonfarm payrolls did not change significantly in October and remained at 77.4 million. A small employment decline in the goods producing sector (112,000) was offset by an increase of a similar magnitude in the service sector (142,000).

The seasonally adjusted average weekly hours of work of nonfarm production or nonsupervisory workers declined by 0.1 hour in October to 36.6 hours, returning to the August magnitude. Although weekly hours have not changed significantly in the last few months, the current level is below the 37.0 hours of last October.

The seasonally adjusted hourly earnings index of private nonfarm production workers increased by 0.7 percent in October, for an annualized rate of increase of 8.7 percent. Since last October the index increased by 9.3 percent. These are substantially below the rate of increase in the CPI in recent months.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

November 1, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Manufacturers' Orders, Shipments and Inventories
in September

New orders received by manufacturers' fell 3 percent in September following increases of comparable size in July and August. The decline was concentrated in durable goods. Taking account of the September price rise would make the decline in real or physical volume greater.

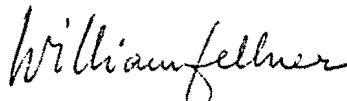
September shipments showed a small rise of only 0.4 percent, which would be negative after allowance for higher prices.

The book value of manufacturers' inventories rose by \$2.7 billion in September or somewhat less than the increases in July and August. Two developments stand out: (1) manufacturers added much less to their stocks of "materials and supplies" as distinct from finished goods than they did in previous months of the year; (2) finished goods stocks showed a large increase, suggesting an accumulation of unwanted inventories. Attempts by businessmen to limit the size of their stocks will have adverse effects on production in the months ahead.

These figures are for release November 1, 1974 at 2:00 p.m.



Alan Greenspan
Chairman



William Fellner
Member



COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

November 8, 1974

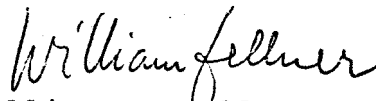
MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Developments

The value of the U. S. dollar relative to major world currencies taken as a group ended the week at a level essentially unchanged from last week, recovering from a brief weakness that developed at mid-week in what appeared to be a temporary adverse market reaction to political and economic developments in the United States.



Alan Greenspan
Chairman



William J. Fellner
Member



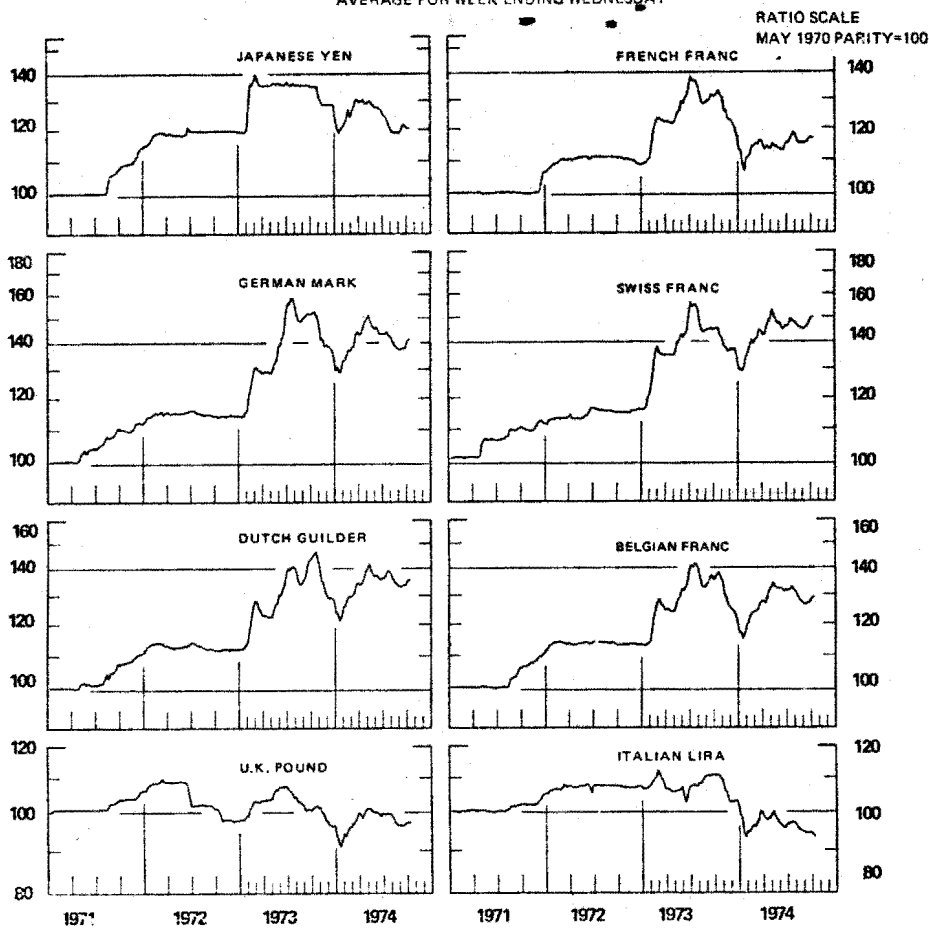
Supplementary Analysis of This Week's
International Financial Conditions

The moderate decline of the dollar during the early part of the week appeared to have been in part precipitated by a continued down-drift of U. S. interest rates relative to abroad. Prime rate reductions by major U. S. commercial banks, from 10.75 percent last week to 10.50 percent at several institutions at this has been characteristic of the down-drift. The elections returns, raising concern that a Democratic Congress will fragment concerted economic policy efforts and prevent passage of the tax bill, combined with the increasing threat of a coal miner's strike were also noted by market observers as contributing to the downward pressure on the dollar at the mid-week. The dollar weakened most noticeably against the German mark and the Belgian franc. To moderate the decline the Federal Reserve provided approximately \$60 million support by selling marks in the market on Wednesday and Thursday, while the German and Belgian central banks bought \$62 million and \$10 million, respectively.

The British pound fell slightly relative to the dollar this week. This may be attributed to uncertainty over the forthcoming new budget and anticipation of adverse U.K. trade figures to be published next week.

At Friday's second fixing, the London gold market posted a price of \$183.00. This is the all-time record, exceeding the \$179.50 price of April 3, 1974. The buying may be attributed to general economic uncertainty, inflation levels, and perhaps to the anticipation that the soon to be opened U. S. market will yield future support.

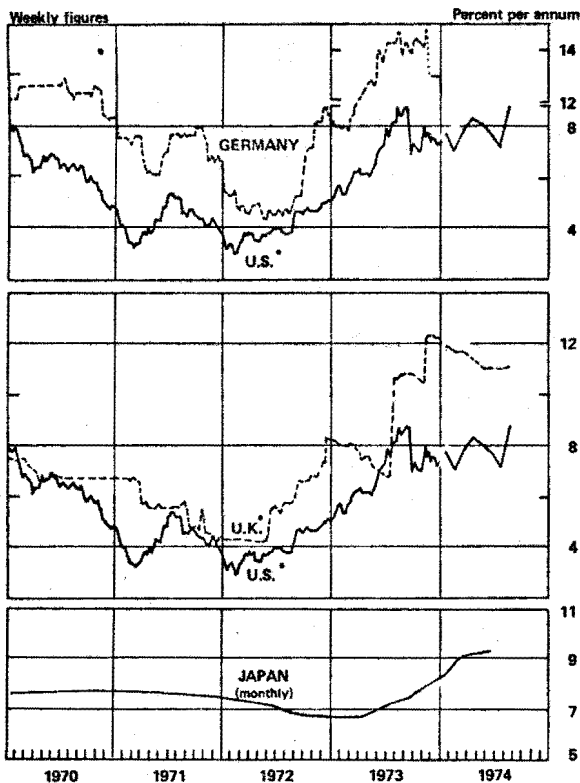
SPOT EXCHANGE RATES
INDEXES OF DOLLARS PRICES OF FOREIGN CURRENCIES
AVERAGE FOR WEEK ENDING WEDNESDAY



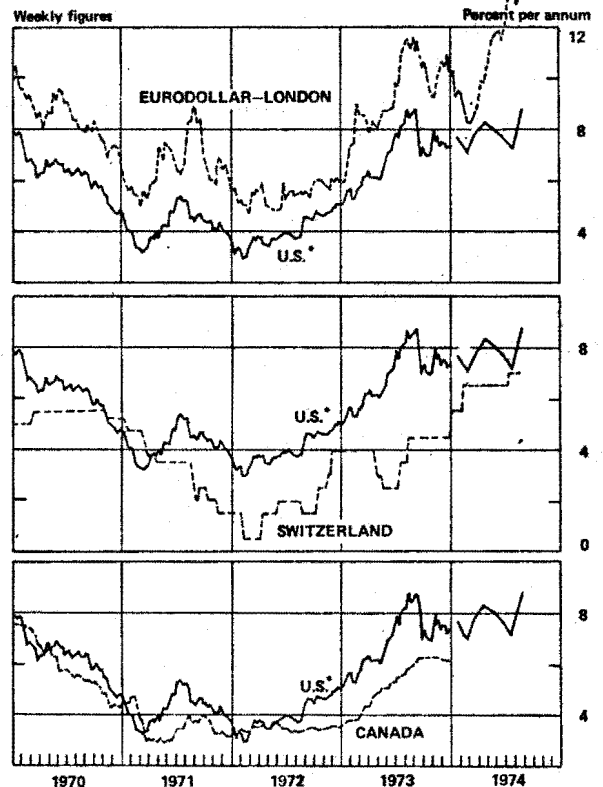
CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U. S. ¢ PER UNIT		TODAY	WEEK AGO	MONTH AGO
	SMITHSONIAN	TODAY			
Canadian Dollar	1.000	.9886	1.2	1.6	1.8
	¢100.000	¢101.15			
British Pound	.384	.4283	-10.4	-10.2	-10.3
	¢260.571	¢233.48			
German Mark*	3.222	2.5510	26.3	25.6	24.1
	¢31.032	¢39.20			
Swiss Franc	3.840	2.7964	37.3	34.7	31.2
	¢26.042	¢35.76			
French Franc	5.116	4.6860	9.2	9.2	7.5
	¢19.548	¢21.34			
Dutch Guilder*	3.245	2.6337	23.2	23.4	21.4
	¢30.819	¢37.97			
Belgian Franc*	44.816	38.1679	17.4	17.8	15.3
	¢2.231	¢2.620			
Italian Lira	581.500	665.7790	-12.7	-12.6	-13.1
	¢.172	¢.1502			
Japanese Yen	308.000	299.5806	2.7	2.5	3.0
	¢.325	¢.3338			

* Currencies floating together relative to the U.S. dollar.

SHORT-TERM INTEREST RATES



U.S., 90-day Treasury bill rate; Germany, interbank loan rate; U.K., 90-day Treasury bill rate; Japan, average rate on bank loans and discounts.
*Monthly beginning January 1974.



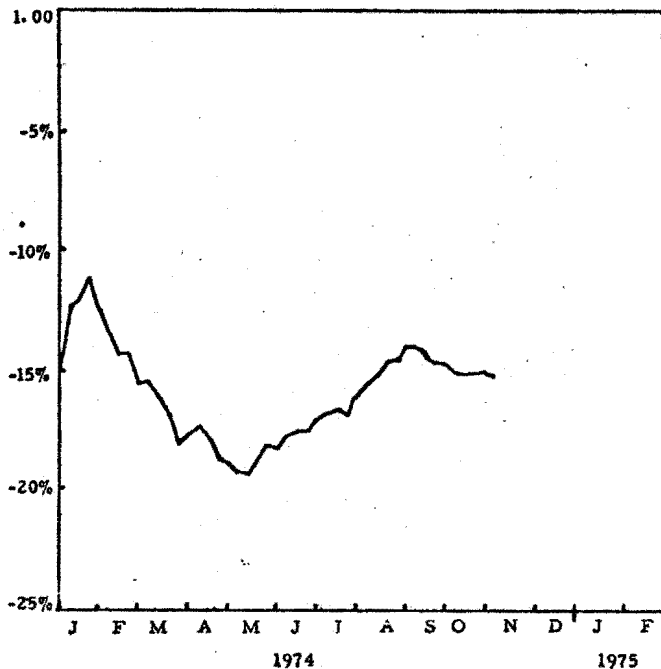
U.S., 90-day Treasury bill rate; Eurodollars, three-month rate; Switzerland, three-month deposit rate; Canada, 90-day Treasury bill rate (adjusted to U.S. quotation).
*Monthly beginning January 1974.

Country	Type of Market Instrument	Market Rate	90 Days Forward premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive:
U. S.	90 Day CD's	9.075	---	9.075	
Eurodollars	90 Day Bank Deposit	9.813	---	9.813	
U. K.	Interbank Loan Rate	11.313	-4.30	7.013	-2.062
Canada	Finance Company Paper	10.50	-.30	10.20	1.125
Germany	Interbank Loan Rate	9.10	+1.22	10.32	1.245
Switzerland	Commercial Bank Prime Rate	8.00	+1.23	9.23	.155
France	Commercial Bank Prime Rate	14.40	-5.89	8.51	-.565
Japan	Commercial Bank Prime Rate	9.90	-2.04	7.86	-1.215

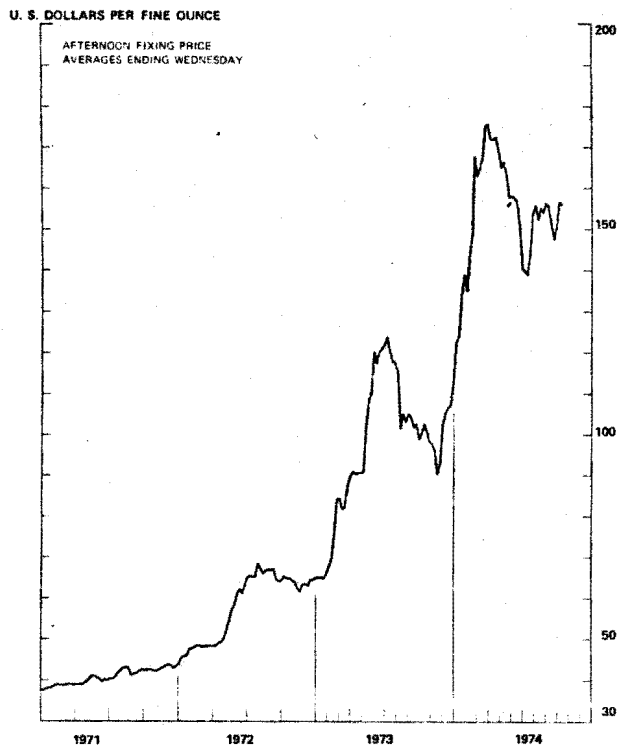
* 60 days.

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES AND THE PRICE OF GOLD

Trade Weighted Average Value of the Dollar
(Percent Change from May, 1970)



Gold price in London, 12.5 kg. bars



**TRADE-WEIGHTED AVERAGE VALUE
OF THE DOLLAR
IN TERMS OF 14 MAJOR CURRENCIES**

DATE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
TODAY	-15.31	-4.65
WEEK AGO	-15.24	-4.59
MONTH AGO	-15.00	-4.36
6 MONTHS AGO	-19.69	-8.84
YEAR AGO	-17.82	-7.04

**PRICE OF GOLD ON THE LONDON
GOLD MARKET**

PRICE IN DOLLARS PER OUNCE	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
183.00	422.9
167.75	379.29
157.00	348.6
167.70	379.1
98.50	181.4

* Last month in which fixed exchange rates were adhered to by all 14 countries (Canadian dollar floated June 1, 1970).

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

November 8, 1974


MEMORANDUM FOR THE PRESIDENT

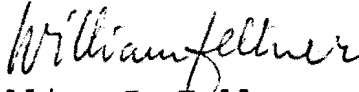
Subject: Monetary and Financial Conditions and their
Bearing on the Economic Outlook.

The growth rates of the money supply, expressed as annual rates, were 3.0 or 3.7 percent for narrowly defined money, and 6.2 or 6.6 percent for broadly defined money, depending on whether we measure these rates for the past thirteen or the past twenty six weeks. Numerical relationships between the growth of the money supply and the subsequent growth of the money value of the GNP are much less dependable for short periods than for long-run averages but the numbers given above are compatible with a reasonable degree of anti-inflationary pressure. The result may possibly be a somewhat more pronounced and briefer decline of output than most forecasters had expected. Yet the earlier projected flatter path and longer duration of the adjustment still remain possibilities.

Short-term interest rate movements over the past month have been mixed, with the Treasury bill rate higher than last month's average, and the commercial paper rate lower. Long-term interest rates also continued their decline of the past four or five weeks.

Member bank borrowings from the Fed fell to \$1.127 billion for the week ending November 6, from the earlier level of \$1.638 billion. During the same week the Federal funds rate -- the rate banks charge on loans to other banks -- declined from 9.72 percent to 9.63 percent. On the whole, these changes signal somewhat easier conditions in credit markets.


Alan Greenspan
Chairman


William J. Fellner
Member



Some Details

(Optional Reading)

(1) Money growth. The following figures give numerical content to the statements in the Summary concerning the growth of the money supply.

Percent Changes of Monetary Aggregates,
Seasonally Adjusted Annual Rates

Period	M ₁ (currency plus demand deposits)	M ₂ (currency plus all commercial bank deposits except large CD's)	Credit (adjusted bank credit proxy)
Past 52 weeks (from average of four weeks ending Oct. 31, 1973 to average of four weeks ending Oct. 30, 1974)	5.8	8.2	9.6
Past 26 weeks (from average of four weeks ending May 1, 1974 to average of four weeks ending Oct. 30, 1974)	3.7	6.7	7.6
Past 13 weeks (from average of four weeks ending July 31, 1974 to average of four weeks ending Oct. 30, 1974)	3.0	6.4	2.2

Interest Rates
(average of daily figures)

(percent)

Period	U. S. Government			Prime commercial paper 4-6 months	Moody's Aaa bond rate
	3-month bills	3-5 year issues	long term bonds		

Week ending:

Oct. 11	6.70	7.98	7.26	9.73	9.38
Oct. 18	7.72	7.95	7.22	9.31	9.29
Oct. 25	7.52	7.90	7.18	8.90	9.19
Nov. 1	7.89	7.98	7.12	8.83	9.09
Nov. 8P	7.88	7.85	7.05	8.88	9.00

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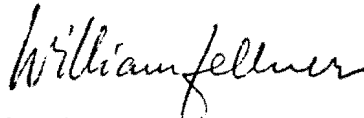
November 12, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: October Retail Sales - Advance Report (Seasonally Adjusted
Figures)

Retail sales fell 0.4 percent in October following a decline of 2.1 percent in September. Weak automobile sales have had an important influence on the recent sales trend. If autos are excluded, September sales would be about unchanged from August while October sales would be up by more than 1 percent from September. We do not yet have retail prices for October but it is fairly certain that higher prices account for much of the gain in nonauto sales from September to October.

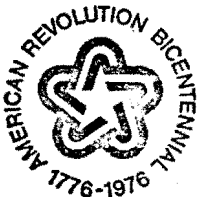
These figures were released at 2:00 p.m. on November 11.



William J. Fellner
Member



Alan Greenspan
Chairman



THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

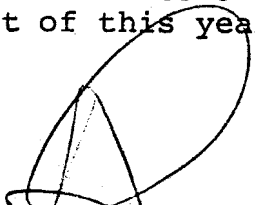
November 14, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Wholesale Prices in October

Summary

Wholesale prices, which had risen by only 0.1 percent (seasonally adjusted) in September, increased by 2.3 percent in October. The main difference between the good September performance and the bad October performance centered in the farm products and processed foods sectors, both of which rose almost 5 percent in October following declines the month before. Industrial prices, which had risen 1 percent in September, showed a similar rise of 1.1 percent in the latest month. Increases of 1 percent per month are large but they are well below the increases of 2 to 3 percent per month from January through August of this year.



Alan Greenspan
Chairman



Supplementary Material

Most sectors showed higher prices in October but changes were by no means uniformly upward. Because of weak demand prices of textiles and clothing decreased for the second month in a row while continued weakness in home-building led to another substantial decrease in lumber prices. Prices of metals and metal products, which have risen almost 38 percent over the past year were unchanged in October following a small rise in September. On the other hand, increases were very large in chemicals and in a number of finished items such as machinery and equipment, furniture and appliances, and transportation equipment.

Signs of a weaker demand situation have shown up in recent months in key sectors of the economy. Prices of crude materials, which many believe is an indicator of future price movements, declined by 0.4 percent in October following a rise of 0.5 percent in August and no change in September. Since the first of the year the average monthly rise for these items was 2.8 percent. Also, there has been a pronounced slowdown in prices of intermediate materials -- about 1 percent per month in September and October as compared to 2.7 percent per month since the first of the year. This relative improvement is not yet showing up in the finished goods sector, where the very large price increases for materials earlier in 1974 are now being reflected in very substantial increases for finished goods. The very recent slowdown of the price rise of materials is a favorable sign that will affect the rate of inflation next year but we still have far to go before it falls to acceptable levels.

These figures were released at 10:00 a.m. on Thursday, November 14.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

November 14, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: October Industrial Production

Summary

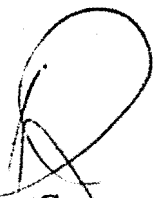
Industrial production declined 0.6 percent in October following an increase of 0.3 percent in September according to the Federal Reserve. The October decline was the largest one-month reduction since last February, when the country was in the grip of the energy crisis. The latest decrease is significant because in our view the industrial production index has probably been tracking the course of economic activity more accurately than has the GNP. Whereas the GNP (adjusted for inflation) declined in both the second and third quarters of 1974, the Federal Reserve Index of Industrial Production rose a little in the second quarter and was essentially unchanged in the third. The October index is now below the third quarter average and with auto production being cut the fourth quarter will very probably show a sizable decrease.



Supplementary Material

Last month, continuing strong demand led to a further rise in the production of business equipment, which has been an important factor sustaining production in the steel industry. On the other hand output of other materials and components has weakened as supplies are more easily obtained and the need to build inventories has been greatly weakened. The October index showed large decreases for consumer appliances and clothing because of weak consumer demand. Automobile production rose sharply in October as strikes came to a halt. However, the rate of automobile assemblies in October was far above the rate of sales, so that we are now witnessing substantial cutbacks in auto production in order to reduce the burden of unsold inventories.

These figures are for release on Friday, November 15 in the afternoon.



Alan Greenspan

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

November 14, 1974


MEMORANDUM FOR THE PRESIDENT

Subject: Personal Income in October

Personal income -- a broad measure that includes wages and salaries, farmers' income, dividends, social security payments and the like -- rose by \$8.4 billion in October following a rise of \$10.8 billion in September. An important factor in the October increase was the pay raise for Federal military and civilian personnel, which added about \$2.1 billion (annual rate) to Federal payrolls. Private payrolls in October showed a rather small increase of \$2.3 billion because employment showed little change while the average length of the workweek edged down.

Although personal income has been rising rapidly, the large increases are coming about because the rate of inflation is very high and not because real economic activity is increasing.

These data were released at 2:00 p.m. on Thursday, November 14.


Alan Greenspan
Chairman



COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

November 15, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Monetary and Financial Conditions and their Bearing
on the Economic Outlook

The moderate increase in the money supply during the past thirteen or the past twenty-six weeks suggests quite a bit of anti-inflationary pressure for the coming six months or so. This and some other considerations suggest that we might get a somewhat more pronounced temporary decline in the real GNP than had been predicted by most forecasters not long ago in which case there would be a chance of earlier price deceleration and also of a stronger rebound of activity after a limited period. However, short-run relations between the money supply and the GNP are not sufficiently dependable to justify firm predictions. Quite recently the money supply rose at a higher rate than was the case before but the effect of the growth rate of the money supply on the money value of the GNP comes with a lag. Interest rates are now distinctly lower than they were in the late part of the summer and, as usual, the tendency shows in a much more pronounced form in the short than in the long rates.



William J. Fellner
Member



Alan Greenspan
Chairman



Some Details

(Optional Reading)

(1) Money Growth. The following figures give numerical content to the statements in the Summary concerning the growth of the money supply.

Percent Changes of Monetary Aggregates,
Seasonally Adjusted Annual Rates

Period	M ₁ (currency plus demand deposits)	M ₂ (currency plus all commercial bank deposits except large CD's)	Credit (adjusted bank credit proxy)
Past 52 weeks (from average of four weeks ending Nov. 7, 1973 to average of four weeks ending Nov. 6, 1974)	5.6	8.1	9.7
Past 26 weeks (from average of four weeks ending May 8, 1974 to average of four weeks ending Nov. 6, 1974)	3.7	6.9	7.0
Past 13 weeks (from average of four weeks ending Aug. 7, 1974 to average of four weeks ending Nov. 6, 1974)	2.7	6.4	2.0

Interest Rates
 (average of daily figures)
 (percent)

Period	U. S. Government			Prime commercial paper 4-6 months	Moody's Aaa bond rate
	3-month bills	3-5 year issues	long term bonds		
August	8.74	8.64	7.33	11.65	9.00
September	8.36	8.38	7.30	11.23	9.24
Week ending:					
Oct. 11	6.70	7.98	7.26	9.73	9.38
Oct. 18	7.72	7.95	7.22	9.31	9.29
Oct. 25	7.52	7.90	7.18	8.90	9.19
Nov. 1	7.89	7.98	7.12	8.83	9.09
Nov. 8	7.88	7.83	7.04	8.88	8.99
Nov. 15 ^P	7.60	7.70	6.94	8.88	8.90

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
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November 15, 1974

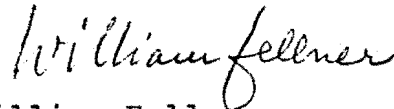
MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Conditions

The trade weighted average value of the U. S. dollar continued its moderate decline this week. After strengthening slightly on Tuesday, mid-week pressure sent the dollar lower, but some of this loss was recovered on Friday with the release of improved U. S. balance of payments figures.



Alan Greenspan
Chairman



William Fellner
Member



Supplementary Analysis of This Week's
International Financial Conditions

The week opened on an optimistic note for the U. S. dollar, partially due to an unsubstantiated report circulating in the market indicating that the U. S. Fed, the German Bundesbank, and the Swiss National Bank agreed to enter the market in a concerted effort to stabilize exchange rates. The U. S. dollar showed strength on Tuesday, particularly against British sterling that declined sharply following the government's announcement that at year end they will not prolong the guarantee (in dollar equivalents) of the value of sterling balances held in the U. K. by certain sterling area countries. About 3.45 billion pounds of sterling is held now under that guarantee and may be withdrawn prior to termination of the guarantee, possibly depressing further the rate.

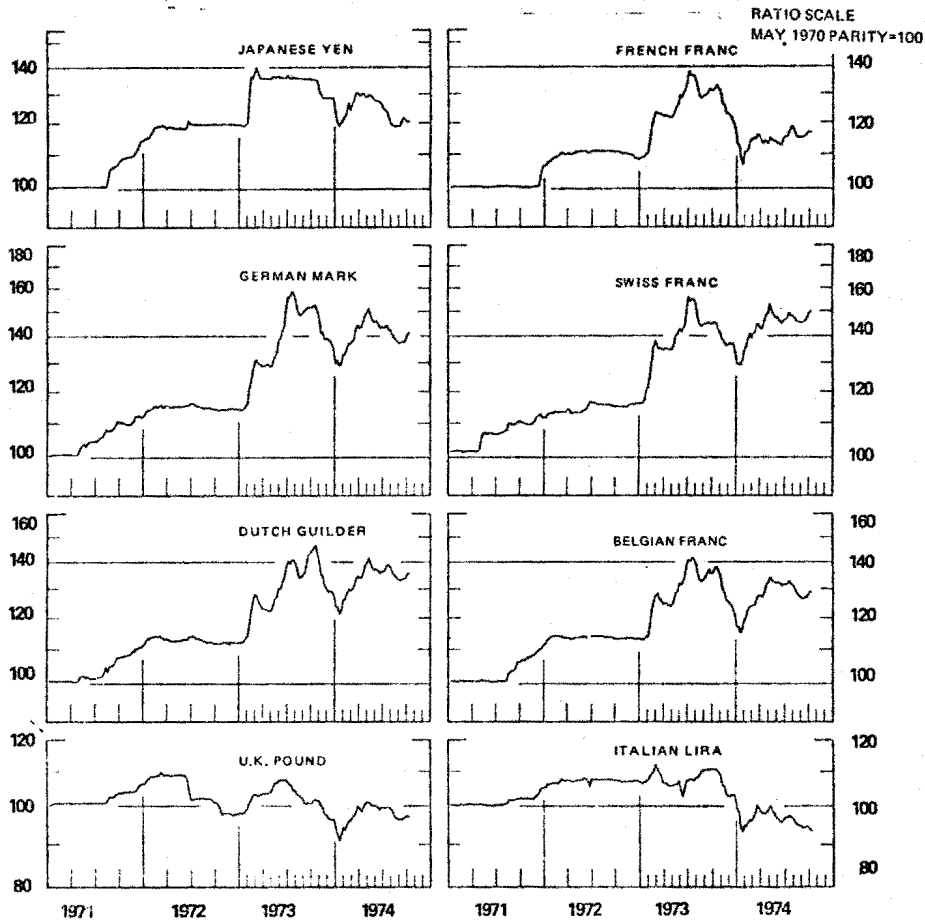
After having become stabilized at mid-week, the dollar weakened, following a sharp rise in the German mark. Indeed the weakening was limited to the dollar's relation to a small number of currencies which include the D-mark and some others that usually move in conjunction with it. The rise of the mark was apparently triggered by the German Chancellor's announcement that the D-mark would be allowed to appreciate in the market to help correct that country's large payments surplus. Yet the German authorities entered the market to moderate the movement by purchasing \$94 million, as the mark rate began to rise following the Chancellor's announcement.

The reduction of the dollar rates continued into Friday, but the retreat was checked by the announcement of third quarter U. S. balance of payments figures, which showed a sharp narrowing of the deficit from the second quarter. Thus, the dollar ended the week only slightly lower than last week.

Gold continued its record climb this week, reaching a high of \$188.25 with the Thursday afternoon fix in London. It was off slightly on Friday. Speculative purchases of gold may be attributed to general pessimistic economic outlooks, and possibly also to the U. S. announcement that it would not postpone the opening of U. S. trading from the previously set date of December 31 of this year.

Date: November 15, 1974

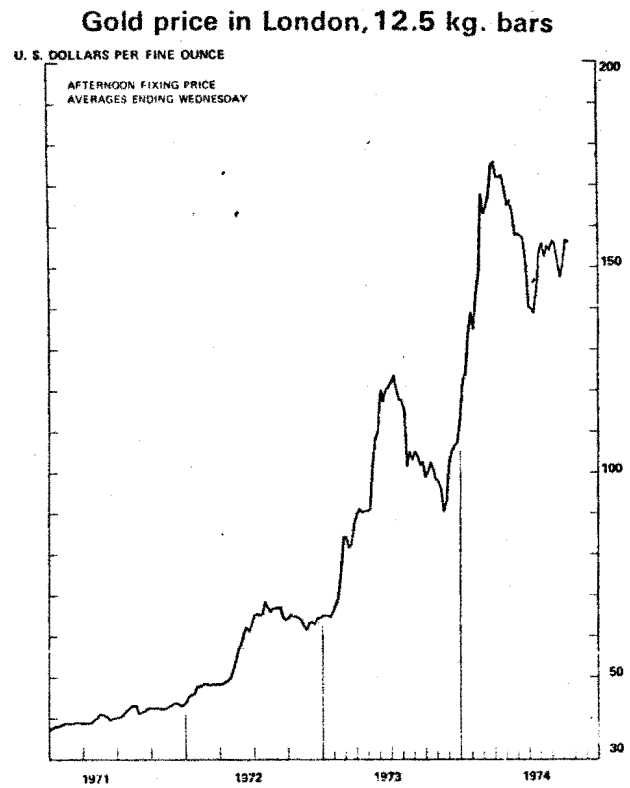
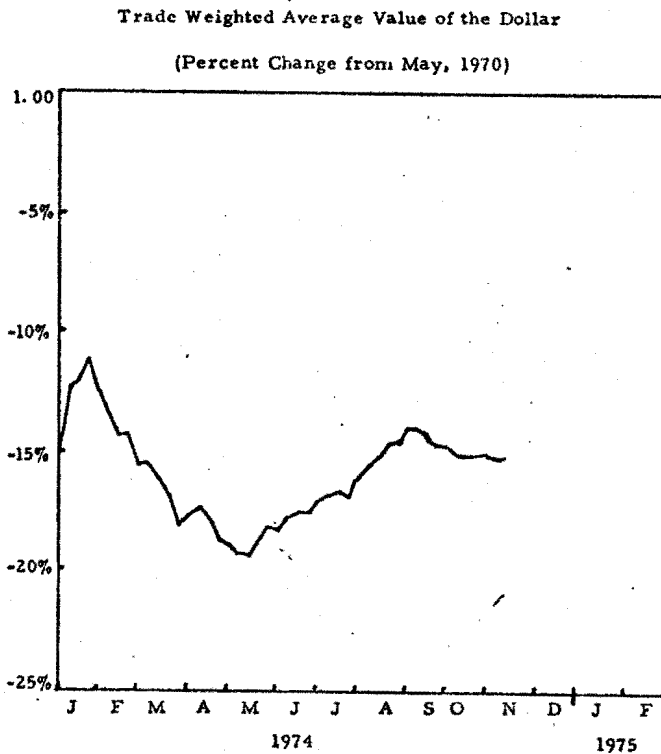
SPOT EXCHANGE RATES
INDEXES OF DOLLARS PRICES OF FOREIGN CURRENCIES
AVERAGE FOR WEEK ENDING WEDNESDAY



CURRENCY	UNITS PER U. S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U. S. ¢ PER UNIT		TODAY	WEEK AGO	MONTH AGO
	SMITHSONIAN	TODAY			
Canadian Dollar	1.000	.9884	1.2	1.2	1.8
	¢100.000	¢ 101.17			
British Pound	.384	.4316	-11.1	-10.4	-10.3
	¢260.571	¢ 231.70			
German Mark*	3.222	2.4950	29.2	26.3	24.1
	¢ 31.032	¢ 40.08			
Swiss Franc	3.840	2.7056	41.9	37.3	31.2
	¢ 26.042	¢ 36.96			
French Franc	5.116	4.6926	9.0	9.2	7.5
	¢ 19.548	¢ 21.31			
Dutch Guilder*	3.245	2.6021	24.7	23.2	21.4
	¢ 30.819	¢ 38.43			
Belgian Franc*	44.816	37.6790	19.0	17.4	15.3
	¢ 2.231	¢ 2.654			
Italian Lira	581.500	665.3360	-12.6	-12.7	-13.1
	¢ .172	¢ .1503			
Japanese Yen	308.000	299.8501	2.6	2.7	3.0
	¢ .325	¢ .3335			

* Currencies floating together relative to the U. S. dollar.

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES AND THE PRICE OF GOLD



TRADE-WEIGHTED AVERAGE VALUE OF THE DOLLAR IN TERMS OF 14 MAJOR CURRENCIES

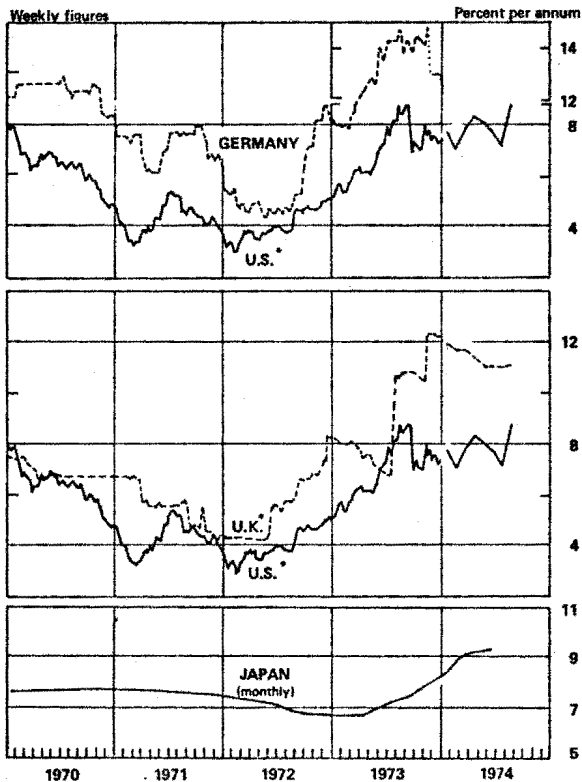
DATE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
TODAY	-15.57	-4.89
WEEK AGO	-15.31	-4.65
MONTH AGO	-15.00	-4.36
6 MONTHS AGO	-19.26	-8.42
YEAR AGO	-17.0	-6.25

PRICE OF GOLD ON THE LONDON GOLD MARKET

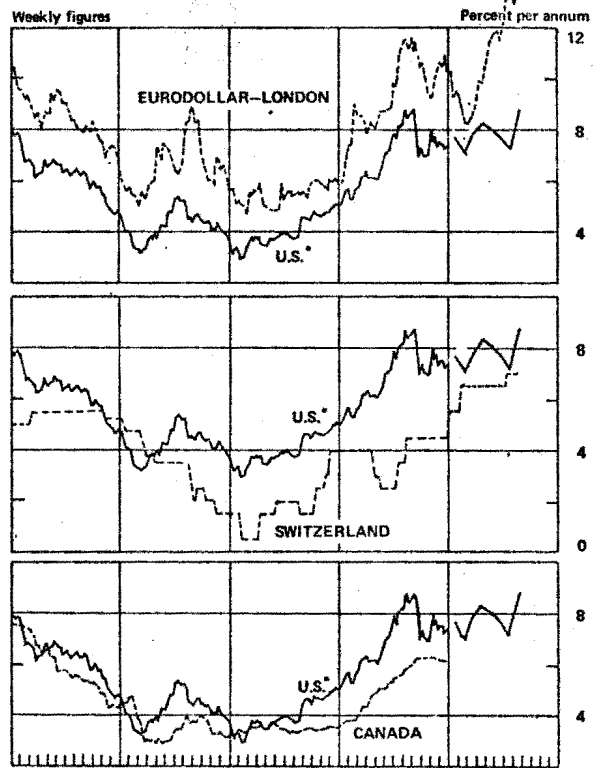
PRICE IN DOLLARS PER OUNCE	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
187.50	435.7
183.00	422.9
157.00	348.6
165.50	372.9
90.25	157.9

* Last month in which fixed exchange rates were adhered to by all 14 countries (Canadian dollar floated June 1, 1970).

SHORT-TERM INTEREST RATES



U.S., 90-day Treasury bill rate; Germany, interbank loan rate; U.K., 90-day Treasury bill rate; Japan, average rate on bank loans and discounts.
*Monthly beginning January 1974.



U.S., 90-day Treasury bill rate; Eurodollars, three-month rate; Switzerland, three-month deposit rate; Canada, 90-day Treasury bill rate (adjusted to U.S. quotation).
*Monthly beginning January 1974.

Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive:
U. S.	90 Day CD's	8.70	---	8.70	---
Eurodollars	90 Day Bank Deposit	10.66	---	10.06	---
U. K.	Interbank Loan Rate	12.00	-4.67	7.33	-1.37
Canada	Finance Company Paper	9.50	0.00	9.50	+ .80
Germany	Interbank Loan Rate	8.30	+1.99	10.29	+1.59
Switzerland	Commercial Bank Prime Rate	8.00	+1.93	9.93	+1.23
France	Commercial Bank Prime Rate	14.40	-6.18	8.22	-.48
Japan	Commercial Bank Prime Rate	9.90	-2.46	7.44	-1.26

* 60 days.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

November 15, 1974

MEMORANDUM FOR THE PRESIDENT

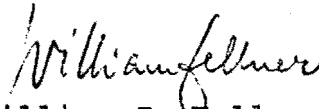
Subject: Balance of Payments Data for the Third Quarter 1974

The data reflecting the traditionally used measures of the U. S. balance of payments performance were released today by the Department of Commerce. They show that the deficit on the so called Official Reserve Transaction Basis was reduced from \$4.5 billion in the second quarter, 1973 to \$330 million in the third quarter, as U. S. reserve assets rose by slightly over \$1.0 billion, offsetting, in part, the \$1.3 billion increase in our liabilities to foreign official institutions.

The other conventionally used measure, the Net Liquidity Balance also showed an improvement by \$1.4 billion as the deficit was reduced to \$4.8 billion. Reduction in U. S. banks' lending to foreigners, a reduction in the inflow of foreign funds to the U. S., and the increase in the U. S. trade deficit account for the change in that measure.



Alan Greenspan
Chairman



William J. Fellner
Member



COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

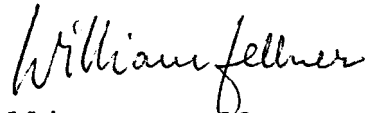
November 16, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Revised GNP and Preliminary Profits Estimates -- Third
Quarter 1974

Revised estimates of third quarter GNP based on more complete information show that real GNP declined at a 2.1 percent annual rate (which is a little less than was expected a month ago) and prices as expressed by the GNP deflator rose at an annual rate of 11.8 percent. Preliminary estimates show that corporate profits before taxes rose 14 percent from the second quarter of 1974 and 29 percent from the third quarter of 1973. These increases, however, are a reflection of higher book profits arising in inflationary periods because inventories are being revalued at rising prices and because depreciation allowances are computed at historical cost rather than at the higher current replacement cost. While with the appropriate corrections trends in operating profits have not been favorable at all over the year, corporate profits tax liabilities have gone up by 27 percent because taxes are paid on book profits.

These figures were released at 2:00 p.m., Friday, November 15.



William J. Fellner
Member



Alan Greenspan
Chairman



THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

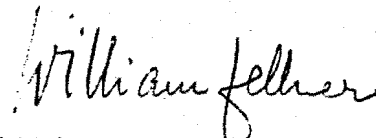
November 18, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: October Housing Starts

As from August to September, seasonally adjusted housing starts changed little from September to October. The annual rate of private starts -- 1,124,000 units -- thus continues depressed and no significant recovery is expected before the end of the year. Because of the abnormally low level of building permits issued in October, a temporary dip in starts cannot be ruled out in November or December. Still, housing starts are clearly bottoming out this quarter.

The decline in short-term interest rates since August and the return of savings to the savings and loan associations in October indicate that housing will begin a sustained counter-cyclical rise in the Spring of next year as the rest of the economy continues weak. Optional reading is attached.



William J. Fellner
Acting Chairman



Supplementary Material

Excluding interest credited, savings and loan associations gained \$0.3 billion of savings deposits in October, while mutual savings banks still had reduced outflows of about the same amount. After losing close to \$2 billion of deposits both in August and September, the thrift institutions thus held their own in October and the rate of inflow is expected to grow. For the present purpose we have not corrected these figures for seasonal variations.

While interest rates on mortgages actually made have yet to decline, rates on commitments to lend 4 months from now already have declined perceptibly. For instance, the average yield on offers accepted in FNMA's November 4 auction of commitments to purchase FHS-VA home mortgages has fallen to 9.9 percent from 10.6 percent only two months before. Higher savings flows and gradually weakening interest rates should begin to raise both single-family and multi-family starts early next year as the cost of construction financing and mortgage credit falls and the availability of loans improves.

The 3 billion conventional Tandem program authorized on October 18 had already generated almost \$700 million of mortgage commitments at 8-1/2 percent interest by November 15. At this rate, the program will come close to being used up during the balance of this year, when it is most needed. There will be little need for special measures to fuel the upturn in starts which is firmly expected for next year.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

November 21, 1974

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Consumer Price Index

The Consumer Price Index (CPI) rose 0.9 percent in October, seasonally adjusted. This is down from 1.2 percent in September, but is not greatly different from the average monthly rise over the past year. Food prices rose more than average in October, but the 1.3 percent increase was an improvement from the 1.9 percent rise in September, because meat prices declined. Nonfood commodity prices were up 0.6 percent, for their smallest rise since December. This reflected continuing cuts in gasoline prices and smaller rises for durable goods despite the rise in prices for the new 1975 automobiles. The 0.9 percent rise in service prices was a little less than in the preceding three months.

The behavior of the CPI and its major components over the past year is shown in the attached table. In the past three months energy prices have fallen, but the rise in food prices has speeded up.

These data were released Thursday, November 21
at 10:00 a.m.

Gary L. SeEVERS
Gary L. SeEVERS
Member


Alan Greenspan
Chairman



Attachment

11/21/74

CPI and Major Components -- Percent Change
and Contribution to Change

(Seasonally adjusted annual rates)

Period	All items	Food	Directly purchased energy	All other items
October 1973 to January 1974	10.2	15.3	66.4	4.6
January 1974 to April 1974	12.1	9.7	50.2	9.8
April 1974 to July 1974	11.7	3.3	17.2	15.0
July 1974 to October 1974	14.7	20.2	-3.1	13.8
October 1973 to October 1974	12.2	11.9	29.7	10.7
Percentage contribution to change	100	24	16	60

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

November 22, 1974

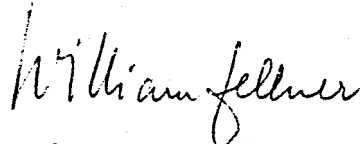
ALAN GREENSPAN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

MEMORANDUM FOR THE PRESIDENT

Subject: New Orders and Shipments in Durable Goods
Manufacturing in October

New orders received by manufacturers of durable goods -- an important advance indicator of durable goods activity -- declined 1.9 percent in October. The decline was smaller than that from August to September but it is the second monthly decline in a row. Since prices have continued to rise, the physical volume decline is even greater. Shipments, which had not changed much in September, showed a large rise of 3.9 percent in October. Shipments were greater than new orders so the backlog of unfilled orders declined in October, for the first time in 38 months.

These data were released on Thursday, November 21,
at 2:00 p.m.



William J. Fellner
Member

Alan Greenspan
Chairman



THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

November 27, 1974


MEMORANDUM FOR THE PRESIDENT

SUBJECT: U.S. Foreign Trade in October

According to data released by the Department of Commerce today, the United States experienced a seasonally adjusted trade surplus of \$29.4 million (Census basis) in October. This is the first monthly surplus since April. Exports, led by a rise in shipments of manufactured goods, increased by 4.6 percent over September, while imports, boosted mainly by anticipatory buying of steel, rose by only 1.3 percent.

The surplus in our trade at this time should not be viewed as representing a true reversal of a trend that points toward a large deficit in our foreign trade for this year as a whole and for next year. Like most oil-consuming countries, the United States must expect appreciable trade deficits for some time as a result of higher petroleum prices.


Gary L. Seevers
Member


Alan Greenspan
Chairman

Attachment



Supplementary Analysis of the Developments
in the U.S. Foreign Trade Account
in October

Following a reduction in the trade deficit in September from the record-high deficit in August, the U.S. trade balance (computed on the Census Bureau basis) swung into a small surplus of \$29.4 million (seasonally adjusted) -- the first surplus since April 1974.

When computed on a balance-of-payments basis the October trade balance was in deficit by \$200 million, seasonally adjusted. This was smaller than the \$523 million deficit in September. The figures computed on the balance-of-payments basis differ from those computed on the Census basis in several respects, particularly in that the former exclude military exports and imports and include crude-oil shipments to refineries on the Virgin Islands.

Seasonally adjusted exports accounted in October to \$8,560 million (balance-of-payments basis). The 4.8 percent rise from September was largely accounted for by an increase in shipments of capital goods, which rose by \$300 million, mainly as a result of an increase in shipments of commercial aircrafts.

Seasonally adjusted imports accounted to \$8,760 million (balance-of-payments basis). They were only fractionally higher than in the previous month. The overall flatness of imports results from an across-the-board decline in all major categories other than industrial materials and supplies, and from an increase in the latter category. These latter imports rose sharply due to a huge \$220 million (43 percent) rise in shipments of steel, which occurred possibly in anticipation of the coal strike. Fuel imports rose only slightly to 202.6 million barrels valued at \$2,295 million. This compares to 195.9 million barrels valued at \$2,239.3 million in September 1974, and to 207.7 million barrels valued at \$700.6 million in September 1973.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

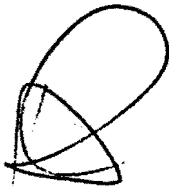
ALAN GREENSPAN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

November 30, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Monetary and Financial Conditions

The recent money growth rates have been higher than the very small ones of the immediately preceding few months. The annualized recent growth rate of the broadly defined money supply (about 9 percent) and that of the narrowly defined money supply (about 4 percent) suggest that for the second half of the year we may get up to the neighborhood of an annual rate of 8 percent for broadly defined money and of 4 percent for narrowly defined money. This expresses a policy of trying to provide enough effective demand for a good recovery of output trends only after a deceleration of the price trend. There has been little change in interest rates and bank loans this week.



Alan Greenspan
Chairman



William J. Fellner
Member



Some Details
(Optional Reading)

(1) Money Growth. The following figures give numerical content to the statements in the Summary concerning the growth of the money supply.

Percent Changes of Monetary Aggregates,
Seasonally Adjusted Annual Rates

Period	M ₁ (currency plus demand deposits)	M ₂ (currency plus all commercial bank deposits except large CD's)	Credit (adjusted bank credit proxy)
Past 52 weeks (from average of four weeks ending Nov. 21, 1973 to average of four weeks ending Nov. 20, 1974)	5.1	7.9	9.7
Past 26 weeks (from average of four weeks ending May 22, 1974 to average of four weeks ending Nov. 20, 1974)	3.6	6.8	6.7
Past 13 weeks (from average of four weeks ending Aug. 21, 1974 to average of four weeks ending Nov. 20, 1974)	2.4	6.3	2.6
Past 4 weeks (from average of four weeks ending Oct. 23, 1974 to average of four weeks ending Nov. 20, 1974)	3.8	8.9	4.3

Interest Rates
(average of daily figures)

(percent)

Period	U.S. Government			Prime commercial paper 4-6 months	Moody's Aaa bond rate
	3-month bills	3-5 year issues	long term bonds		
August	8.74	8.64	7.33	11.65	9.00
September	8.36	8.38	7.30	11.23	9.24
October	7.24	7.98	7.22	9.36	9.27
Week ending:					
Nov. 1	7.89	7.98	7.12	8.83	9.09
Nov. 8	7.88	7.83	7.04	8.88	8.99
Nov. 15	7.60	7.67	6.92	8.81	8.89
Nov. 22	7.53	7.53	6.87	8.73	8.84
Nov. 29 ^P	7.33	7.50	6.88	8.75	8.83

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

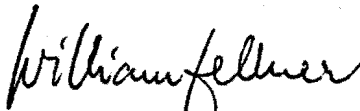
ALAN GREENSPAN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

November 30, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Developments

The U. S. dollar's value relative to important world currencies continued on a somewhat declining trend this week. Foreign exchange markets were generally quiet.


William J. Fellner
Member


Alan Greenspan
Chairman



Supplementary Analysis of This Week's
International Financial Conditions

This week's foreign exchange markets were quieter and more orderly than they had recently been, with many major participants in the markets reportedly staying away entirely or trading only in a very limited way. Some of this may be attributable to reluctance to change foreign currency positions with monthly reporting requirements imminent. Uncertainty over the impact of recently proposed oil fund schemes may also play a role.

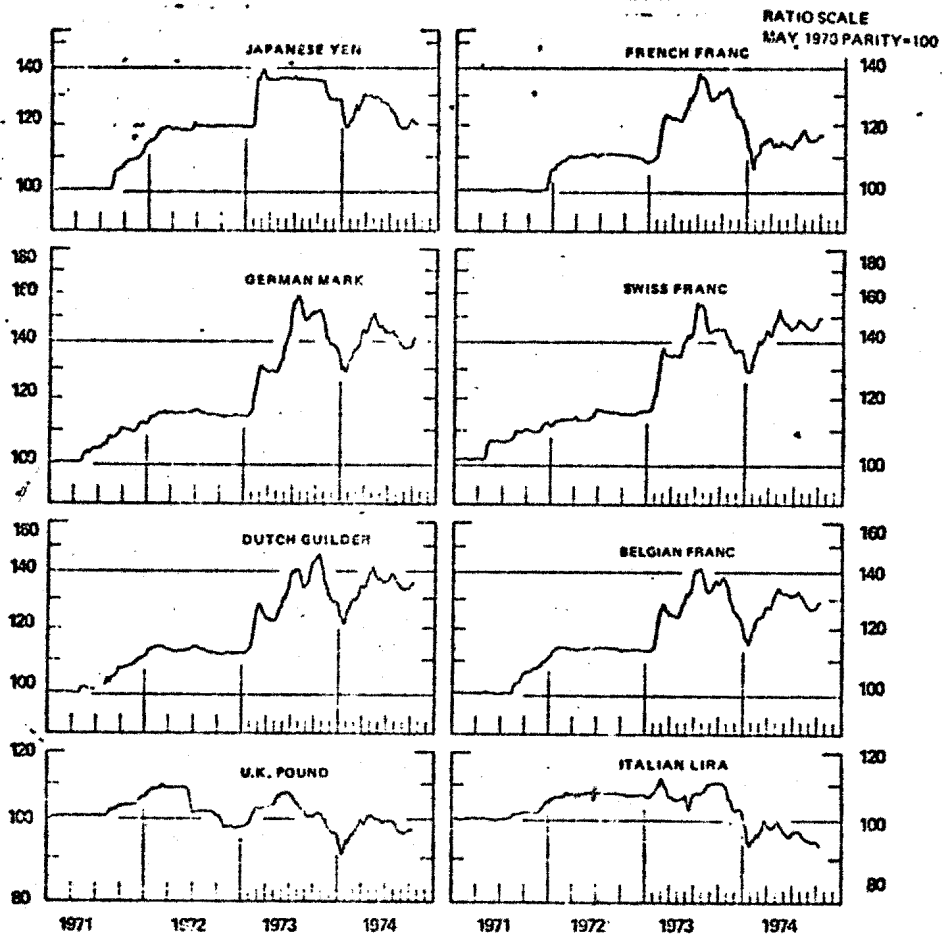
The U. S. dollar showed some weakness early in the week particularly against the German mark. The Federal Reserve sold \$13 million in D-marks on Monday and the German Bundesbank bought \$51 million on Monday and Tuesday to moderate the decline of the dollar. Our currency strengthened in the latter part of the week with the release of U. S. trade figures for October.

The Swiss continue to discourage the inflow of funds into their currency. After imposition of the 12 percent negative interest rate on foreign deposits last week, additional rules were announced this week requiring immediate conversion of foreign borrowing out of the Swiss currency.

Gold was merely very slightly off from its recent high point. The afternoon fix in London on Friday was \$184.00 per ounce; high for the week was the second fix on Tuesday: \$186.00.

Date: November 29, 1974

SPOT EXCHANGE RATES
INDEXES OF DOLLARS PRICES OF FOREIGN CURRENCIES
AVERAGE FOR WEEK ENDING WEDNESDAY



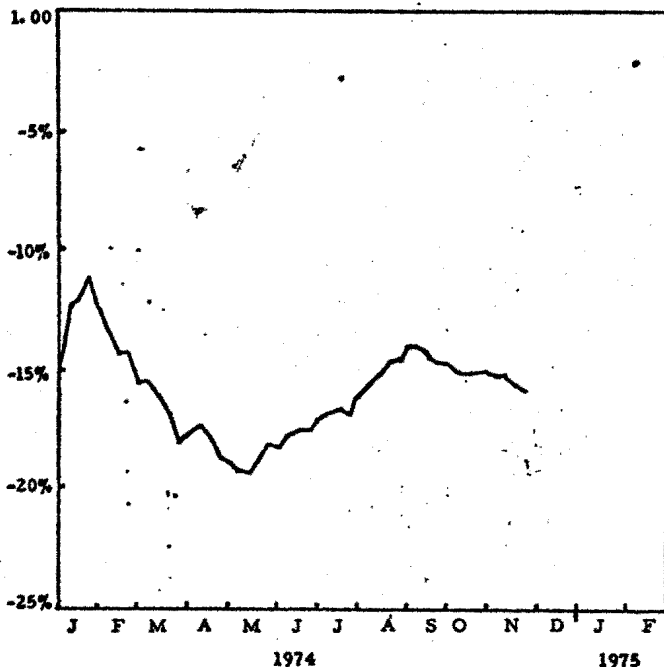
CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U.S. ¢ PER UNIT		TODAY	WEEK AGO	MONTH AGO
	SMITHSONIAN	TODAY			
Canadian Dollar	1.000	.9874	1.3	1.2	1.6
	¢100.000	¢101.28			
British Pound	.384	.4299	-10.7	-10.9	-10.2
	¢260.571	¢232.60			
German Mark*	3.222	2.4740	30.3	29.9	25.6
	¢31.032	¢40.42			
Swiss Franc	3.840	2.7130	41.5	40.0	34.7
	¢26.042	¢36.86			
French Franc	5.116	4.6296	10.5	9.3	9.2
	¢19.548	¢21.60			
Dutch Guilder*	3.245	2.5641	26.5	25.9	23.4
	¢30.819	¢39.00			
Belgian Franc*	44.816	37.1609	20.6	19.5	17.8
	¢2.231	¢2.6910			
Italian Lira	581.500	664.0106	-12.4	-13.0	-12.6
	¢.172	¢.1506			
Japanese Yen	308.000	300.0300	2.6	2.6	2.5
	¢.325	¢.3333			

* Currencies floating together relative to the U.S. dollar.

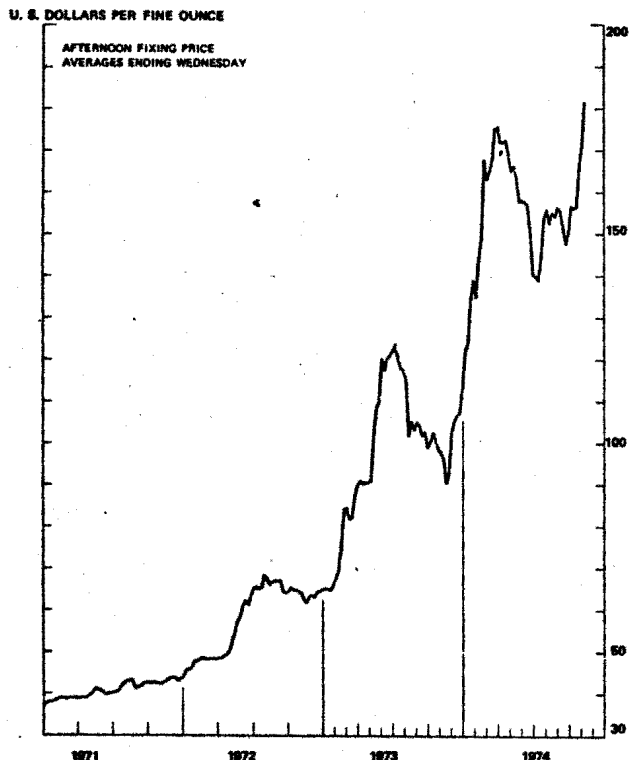
Date: November 29, 1974

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES
AND
THE PRICE OF GOLD

Trade Weighted Average Value of the Dollar
(Percent Change from May, 1970)



Gold price in London, 12.5 kg. bars



TRADE-WEIGHTED AVERAGE VALUE
OF THE DOLLAR
IN TERMS OF 14 MAJOR CURRENCIES

DATE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
TODAY	-15.95	-5.26
WEEK AGO	-15.76	-5.08
MONTH AGO	-15.24	-4.59
6 MONTHS AGO	-18.18	-7.40
YEAR AGO	-16.34	-5.60

PRICE OF GOLD ON THE LONDON
GOLD MARKET

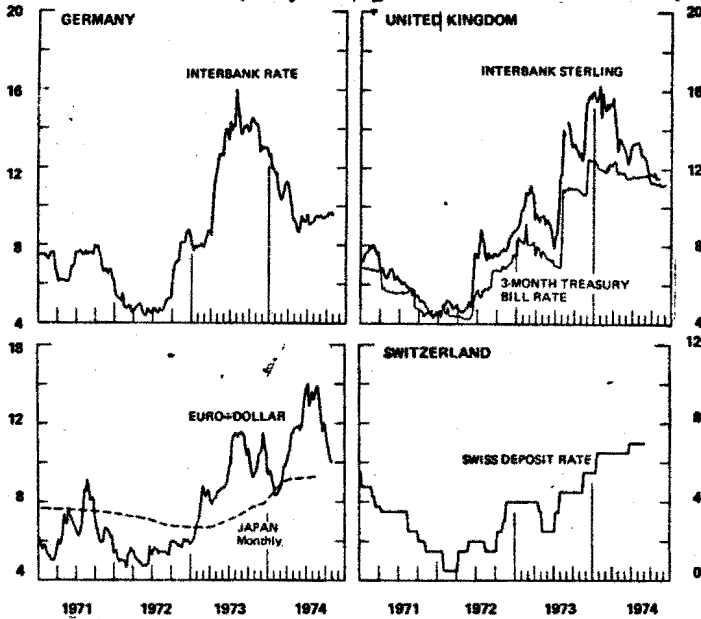
PRICE IN DOLLARS PER OUNCE	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
184.00	425.7
182.00	420.0
167.75	379.3
156.75	347.9
100.00	214.3

* Last month in which fixed exchange rates were adhered to by all 14 countries
(Canadian dollar floated June 1, 1970).

Date: November 29, 1974

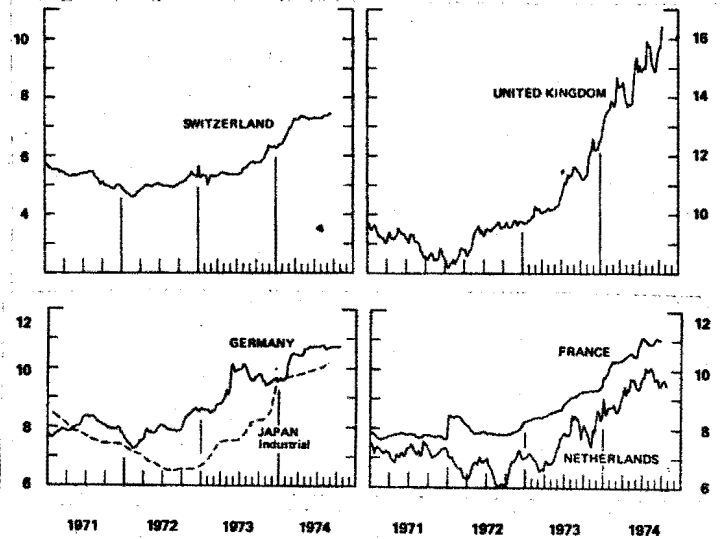
Short-term interest rates

Weekly figures



Long-term bond yields

Weekly figures



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive:
U. S.	90 Day CD's	9.50	----	9.50	
Eurodollars	90 Day Bank Deposit	10.563	----	10.563	
U. K.	Interbank Loan Rate	12.438	-4.90	7.538	-1.962
Canada	Finance Company Paper	10.375	-.14	10.235	.735
Germany	Interbank Loan Rate	8.60	+1.62	10.22	+ .72
Switzerland	Commercial Bank Prime Rate	8.00	+1.51	9.51	0.01
France	Commercial Bank Prime Rate	14.40	-8.62	5.78	-3.72
Japan	Commercial Bank Prime Rate	9.90	-3.00	6.90	-2.60

* 60 days.