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THE PRESIDENT HAS SEEN. . .

COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

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

October 10, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Wholesale Price Index for September

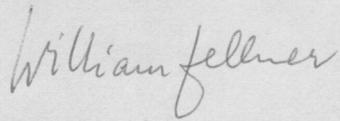
*JRF*

The Wholesale Price Index (WPI) rose only 0.1 percent in September (seasonally adjusted). Prices of farm products and processed foods and feeds fell by 1.9 percent. The Industrial Commodities component increased by 1.0 percent, its smallest monthly increase since October 1973. The September slowdown in the pace of advance of industrial prices -- to a rate somewhat less than half of their average monthly rise in the preceding ten months -- expresses widespread deceleration of price increases. While raw-material price increases will for a while show in the behavior of industrial wholesale prices, particularly for autos (WPI for October), the recent behavior of crude and intermediate price suggests a lessening of cost pressures from materials. To the extent that this may keep up, it will affect also the future behavior of the Consumer Price Index. Yet quite recently farm prices rose again; hence the favorable WPI statistics for September should not lead us to jump to conclusions in this regard.

The behavior of the WPI and major components over the past twelve months is shown in the attached table.



Alan Greenspan  
Chairman



William J. Fellner  
Member

