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THE PRESIDENT HAS SEEN. *z.*

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

October 11, 1974

*MR 27*

MEMORANDUM FOR THE PRESIDENT

Subject: Business Sales and Inventories in August

Summary

Combined sales of manufacturers, wholesalers and retailers rose by 1.4 percent from July to August but higher prices more than accounted for the increase. Inventories of these firms rose by \$3.8 billion in August following a rise of \$5.0 billion in July. There is a good deal of uncertainty as to how much of these inventory increases represents physical volume and how much is merely inflation. We believe that businessmen are now pursuing cautious inventory policies because supplies of many basic materials that had been scarce are now fairly plentiful. This situation is just what is needed to curb inflation. At the same time such inventory policies will tend to have a dampening effect on production and employment in the months ahead.

  
Alan Greenspan  
Chairman



Supplementary Material

Separate reports for manufacturing and retail sales in August were sent to you on September 11 and October 1.

These figures are for release Tuesday, October 15, at 9:30 a.m.