

The original documents are located in Box C8, folder “Presidential Handwriting, 12/12/1974” of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

Central Filed

THE PRESIDENT HAS SEEN *H*

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

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

December 12, 1974

MEMORANDUM FOR THE PRESIDENT

SUBJECT: November WPI

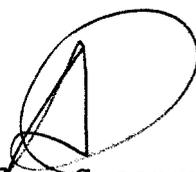
12/17

The Wholesale Price Index (WPI) increased 1.2 percent (seasonally adjusted) in November. There were further signs that inflationary pressures are gradually being reduced, although the overall rate is still high.

The index of Industrial Commodities rose 0.9 percent which was the smallest monthly increase in the past year. Industrial prices in the past three months have increased less than half as fast as they increased in the first eight months of 1974.

Prices of raw and processed farm-food products advanced 2.5 percent, but this was due mainly to an exceptionally sharp 33.1 percent rise in sugar prices. Sugar prices have declined slightly since this WPI was sampled.

Gary L. SeEVERS
Gary L. SeEVERS
Member


Alan Greenspan
Chairman



Additional Details

1. Price weakness is most apparent in crude materials, which fell 0.3 percent in November. Prices in this sector had shown no change on balance in August, September and October following an average monthly increase of 3.7 percent in the first 7 months of 1974.

2. In intermediate materials the more favorable price trend that started in September continued in November. These prices have risen 0.9 percent per month in the past 3 months as compared to an average of 2.8 percent in the first 8 months of 1974.

3. Consumer finished goods excluding food (clothing, gasoline, furniture, etc.) rose only 0.4 in November following an average monthly increase of 1.8 percent for the first 10 months of 1974. It would be premature, however, to say that this low rate for November will continue over the near-term.

4. Producer finished goods (machinery, trucks, etc.) also showed a slower rate of advance in November. The 1.4 percent increase is high but is well below the 2 percent average for the first 10 months of this year.

5. Consumer food prices remain a problem. Following a 4.3 percent increase in October they rose 3.5 percent in November with sugar and confectionery accounting for most of the rise.

12/12/74

WPI and Major Components -- Percent Changes and
Contribution to Change

(Seasonally adjusted annual rates)

Three months ending	All commodities	Farm products and processed foods and feeds	Industrial commodities		
			Total	Fuels and related products and power	All other industrials
February 1974	26.6	26.8	24.8	120.9	15.4
May 1974	15.4	-24.6	39.3	74.4	35.0
August 1974	37.3	46.3	34.6	54.6	32.1
November 1974	16.1	24.7	12.7	4.1	13.7
Nov '73 - Nov '74	23.5	15.0	27.4	57.8	23.5
Percentage contribution to 12 months change ..	100	20	80	18	62