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COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

THE PRESIDENT HAS SEEN *def.*

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

February 11, 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Retail Sales in January - Advance Report

*ARC-7*

Summary

Retail sales rose 0.9 percent in January following a rise of 0.4 percent in December. Most lines of business showed increases over the month. Compared to the fourth quarter 1974 average, January sales were about unchanged in nominal terms and probably lower in physical volume terms.

These data were released Monday, February 10, 1975.

*William J. Fellner*

William J. Fellner  
Member

*[Handwritten signature]*

Alan Greenspan  
Chairman



Additional Detail

Dealer sales of new domestic-type automobiles showed an improvement from December to January. Furthermore, sales improved through the month, reflecting for the most part the rebates being offered by the automobile companies. Annual rates of sales by 10-day periods are shown below:

1st 10 days	5.2 million units
2nd 10 days	6.3 million units
3rd 10 days	7.5 million units

If sales could hold at an annual rate of about 6-1/2 million units, the automobile companies would be able to reduce inventories at current low rates of production (about 4-3/4 annual rate in January). That would put a halt to the very severe drop in auto production we have witnessed over the past few months.

It is too early to say that sales will hold at the January rate since contractionary forces are still at work in the economy. It is important to see what happens to sales in February and beyond.