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*Central Files*

THE PRESIDENT HAS SEEN *dey.*

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

March 6, 1975

*MR*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: February Wholesale Prices

Wholesale prices fell 0.8 percent (seasonally adjusted) from January to February. It was the third monthly decrease in a row. Prices of farm products and processed foods and feeds were down substantially, -3.4 percent, while industrial prices again rose only 0.5 percent. In the past 3 months wholesale prices have fallen at an annual rate of 6.2 percent after having risen 20.9 percent during all of 1974. This pronounced slowdown has been due to declines in farm-food prices and a very marked deceleration in industrial price increases.

These data were released on Thursday, March 6 at 10:00 a.m.

*Gary L. Seewers*

Gary L. Seewers  
Acting Chairman



### Additional Detail

Prices of crude materials fell for the fifth straight month, but the decrease was only 0.1 percent. This could be symptomatic of the fact that producers are having some success in reducing burdensome stocks.

In other categories the slowdown in the price rise in the past 3 months has been striking. Prices of intermediate materials rose 0.3 in February. They rose at an annual rate of 4.2 in the past 3 months after a rise of 28.5 percent during all of 1974.

Prices of consumer foods fell 1 percent in February. In the last 3 months they have fallen at an annual rate of 11.9 percent after a rise of 13 percent during 1974. Prices of consumer finished goods other than foods were up only 0.1 percent in February. In the past 3 months they have risen at an annual rate of 5.2 percent as compared to a rise of 20.5 percent during 1974. These slower price rises for consumer goods will show up at retail over the next few months.

Prices of producer finished goods rose only 0.4 percent in February. Their annual rate of increase in the past 3 months is still substantial -- 9.4 percent -- but it is far below the rise of 22.6 percent during 1974.

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 product and power | All other industrials |
| 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                  |
| February 1975 .....                              | -6.2            | -29.0                                       | 4.3                    | 4.6                                 | 4.5                   |
| February 1974 to February 1975 .....             | 14.6            | -.6   | 21.9                   | 30.9                                | 20.8                  |
| Percentage contribution to 12-month change ..... | 100             | -1  | 101                    | 18                                  | 83                    |