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*Central File*

THE PRESIDENT HAS SEEN *lf*

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS

WASHINGTON April 25, 1975

*MG*

MEMORANDUM FOR THE PRESIDENT

Subject: The U.S. Foreign Trade Balance for the  
First Quarter of 1975

The U.S. merchandise trade account for the first quarter of 1975 registered a surplus of \$1.3 billion, on a seasonally adjusted balance of payments basis, according to preliminary data released today by the Commerce Department. This surplus is a \$2.8 billion change from the deficit of \$1.5 billion in the last quarter of 1974, and is the first quarterly surplus since the fourth quarter of 1973.

Total exports increased 2 percent and imports declined 8 percent in value terms. In volume terms, exports were approximately unchanged and imports declined more than 10 percent. Measured by the Census Bureau's unit value index, both export and import prices increased about 3 percent.

A higher volume of agricultural exports was primarily responsible for the export rise; farm export prices actually declined slightly from the previous quarter. The volume gain occurred in January, while agricultural shipments were down sharply in February and March. Other export gains were in industrial supplies and nonmonetary gold, the latter coming from foreign purchases at the beginning of the year Treasury gold auction and resales abroad by domestic dealers when anticipated domestic demand did not materialize. Capital goods and automotive exports to Canada declined over the quarter, although there was some improvement in automotive sales to other areas.

The fall in imports came largely from lower oil imports, which fell 12 percent from the previous quarter. Petroleum imports, including those from the Virgin Islands, fell to a daily rate of 6,230,000 barrels per day for the quarter, down from 6,990,000 barrels per day for the last quarter of 1974 and 6,470,000 barrels per day for 1974 as a whole. After a January increase, perhaps in anticipation of higher tariffs or quotas, oil imports fell in the last two months of the quarter. Industrial materials, automobiles and parts, agricultural goods, and nonfood consumer goods from abroad also fell.

  
Alan Greenspan  
Chairman

