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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

September 19, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Consumer Price Index for August

The Consumer Price Index (CPI) rose 1.3 percent in August on a seasonally adjusted basis, the largest monthly increase since August 1973 and the second largest since during the Korean War. All major categories of the CPI -- food, nonfood commodities and services -- contributed relatively equally to the advance. The attached table shows the growing pervasiveness of inflation as price increases for food and energy have slowed over the past six months, while price increases for other goods and services have accelerated.

Supplementary Material

Apparel prices, which have risen more slowly during the past year than the overall CPI, spurted 2.6 percent last month. The August rise in mortgage interest rates, as measured in the CPI, brought them to a level 16.7 percent above a year earlier. The medical care services component of the CPI advanced 1.6 percent in August; in the four months since the end of controls, it has risen at an annual rate of 19.3 percent.

These figures are for release at 10:00 a.m., Friday,
September 20, 1974.


Alan Greenspan



CPI and Major Components -- Percent Change
and Contributions to Change

(Seasonally adjusted annual rates)

Period	All items	Food	Energy	All other items
Aug. '73 to Nov. '73	8.3	7.8	27.8	7.2
Nov. '73 to Feb. '74	12.2	18.9	65.0	6.1
Feb. '74 to May '74	11.4	4.1	36.7	11.3
May '74 to Aug. '74	12.9	5.6	10.3	16.1
Aug. '73 to Aug. '74	11.2	9.0	33.5	10.1
Percentage contribution to 12-month change	100	20	19	62