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*Central File*  
THE PRESIDENT HAS SEEN *df*

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

October 25, 1974 *gr7.*

MEMORANDUM FOR THE PRESIDENT

Subject: Monetary and Financial Conditions

Summary

It continues to be true that the growth rate of the narrowly defined money supply is about 5-1/2 percent for the past 52 weeks and that the growth rate of the broadly defined money supply is somewhat in excess of 8 percent for that same period. It continues to be true also that we obtain much lesser growth rates for periods such as the past 26 or 13 weeks, but in the last week for which we have data the difference between the growth rates for longer and shorter periods in the foregoing sense has somewhat diminished because of large increases in the final week. Weekly changes are, of course, highly erratic and it is too early to tell whether for reasonably defined periods we are now moving back toward growth rates such as those of the past 52 weeks.

Presumably because of a weakening of the demand for loans, short-term interest rates have now shown a declining tendency for some time. Moreover quite recently long-term rates have also declined slightly but only for the safest types of securities (risk premiums have increased). A significant lowering of interest rates will require success in fighting inflation.

*William J. Follner*  
William J. Follner  
Acting Chairman

