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Central Files

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

THE PRESIDENT HAS SEEN... *df*

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

November 15, 1974

JKF

MEMORANDUM FOR THE PRESIDENT

Subject: Balance of Payments Data for the Third Quarter 1974

The data reflecting the traditionally used measures of the U. S. balance of payments performance were released today by the Department of Commerce. They show that the deficit on the so called Official Reserve Transaction Basis was reduced from \$4.5 billion in the second quarter, 1973 to \$330 million in the third quarter, as U. S. reserve assets rose by slightly over \$1.0 billion, offsetting, in part, the \$1.3 billion increase in our liabilities to foreign official institutions.

The other conventionally used measure, the Net Liquidity Balance also showed an improvement by \$1.4 billion as the deficit was reduced to \$4.8 billion. Reduction in U. S. banks' lending to foreigners, a reduction in the inflow of foreign funds to the U. S., and the increase in the U. S. trade deficit account for the change in that measure.

William J. Fellner

William J. Fellner
Member

[Handwritten signature of Alan Greenspan]

Alan Greenspan
Chairman

