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THE PRESIDENT HAS SEEN... *RF*

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

November 23, 1974

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

RF

MEMORANDUM FOR THE PRESIDENT

Subject: Monetary and Financial Conditions

As a result of an ampler recent increase of the money supply, the growth rates of the narrowly and of the broadly defined money stock are now moving up when computed for periods of reasonable duration such as the past 26 weeks. These rates of increase, when expressed as annual rates, are still lower than the money growth rates for the past 52 weeks, and at present we see no signs of an undesirable "overshooting" by the policy of relaxation. In the past week there has been a small further easing of interest rates, though bank loans to business were increasing.

William J. Fellner

William J. Fellner
Member

Alan Greenspan

Alan Greenspan
Chairman



Some Details
(Optional Reading)

(1) Money Growth. The following figures give numerical content to the statements in the Summary concerning the growth of the money supply.

Percent Changes of Monetary Aggregates,
Seasonally Adjusted Annual Rates

Period	M ₁ (currency plus demand deposits)	M ₂ (currency plus all commercial bank deposits except large CD's)	Credit (adjusted bank credit proxy)
Past 52 weeks (from average of four weeks ending Nov. 14, 1973 to average of four weeks ending Nov. 13, 1974)	5.2	7.9	9.7
Past 26 weeks (from average of four weeks ending May 15, 1974 to average of four weeks ending Nov. 13, 1974)	3.6	6.5	7.1
Past 13 weeks (from average of four weeks ending Aug. 14, 1974 to average of four weeks ending Nov. 13, 1974)	2.2	5.7	2.2

Interest Rates
(average of daily figures)
(percent)

Period	U.S. Government			Prime commercial paper 4-6 months	Moody's Aaa bond rate
	3-month bills	3-5 year issues	long term bonds		
August	8.74	8.64	7.33	11.65	9.00
September	8.36	8.38	7.30	11.23	9.24
October	7.24	7.98	7.22	9.36	9.27
Week ending:					
Oct. 11	6.70	7.98	7.26	9.70	9.38
Oct. 18	7.72	7.95	7.22	9.31	9.29
Oct. 25	7.52	7.90	7.18	8.90	9.19
Nov. 1	7.89	7.98	7.12	8.83	9.09
Nov. 8	7.88	7.83	7.04	8.88	8.99
Nov. 15	7.60	7.67	6.92	8.81	8.89
Nov. 22 ^P	7.53	7.54	6.87	8.72	8.84