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THE PRESIDENT HAS SEEN *dg.*

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

November 27, 1974

9/27

MEMORANDUM FOR THE PRESIDENT

SUBJECT: U.S. Foreign Trade in October

According to data released by the Department of Commerce today, the United States experienced a seasonally adjusted trade surplus of \$29.4 million (Census basis) in October. This is the first monthly surplus since April. Exports, led by a rise in shipments of manufactured goods, increased by 4.6 percent over September, while imports, boosted mainly by anticipatory buying of steel, rose by only 1.3 percent.

The surplus in our trade at this time should not be viewed as representing a true reversal of a trend that points toward a large deficit in our foreign trade for this year as a whole and for next year. Like most oil-consuming countries, the United States must expect appreciable trade deficits for some time as a result of higher petroleum prices.

Gary L. SeEVERS
Gary L. SeEVERS
Member

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Alan Greenspan
Chairman

Attachment



Supplementary Analysis of the Developments
in the U.S. Foreign Trade Account
in October

Following a reduction in the trade deficit in September from the record-high deficit in August, the U.S. trade balance (computed on the Census Bureau basis) swung into a small surplus of \$29.4 million (seasonally adjusted) -- the first surplus since April 1974.

When computed on a balance-of-payments basis the October trade balance was in deficit by \$200 million, seasonally adjusted. This was smaller than the \$523 million deficit in September. The figures computed on the balance-of-payments basis differ from those computed on the Census basis in several respects, particularly in that the former exclude military exports and imports and include crude-oil shipments to refineries on the Virgin Islands.

Seasonally adjusted exports accounted in October to \$8,560 million (balance-of-payments basis). The 4.8 percent rise from September was largely accounted for by an increase in shipments of capital goods, which rose by \$300 million, mainly as a result of an increase in shipments of commercial aircrafts.

Seasonally adjusted imports accounted to \$8,760 million (balance-of-payments basis). They were only fractionally higher than in the previous month. The overall flatness of imports results from an across-the-board decline in all major categories other than industrial materials and supplies, and from an increase in the latter category. These latter imports rose sharply due to a huge \$220 million (43 percent) rise in shipments of steel, which occurred possibly in anticipation of the coal strike. Fuel imports rose only slightly to 202.6 million barrels valued at \$2,295 million. This compares to 195.9 million barrels valued at \$2,239.3 million in September 1974, and to 207.7 million barrels valued at \$700.6 million in September 1973.