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THE PRESIDENT HAS SEEN *d.s.*

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

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

December 13, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: November Industrial Production

MR 7

Summary

Industrial production declined 2.3 percent in November for one of the sharpest monthly declines on record. Although the coal strike was responsible for a one-third reduction in coal production and a 4 percent reduction in steel, this was only a small part of the total picture. Except for food every major industry showed a decrease, led by a 16 percent decline in automobiles.

These data are for release Friday, December 13 in late P.M.

William J. Fellner

William J. Fellner
Member



Alan Greenspan
Chairman



Additional material

The November decline in manufacturing, which was the same as the decline in the overall index, was the largest monthly drop since the auto strike in October 1970. Manufacturing output had changed little from the second to the third quarter with a decline of 0.6 percent at an annual rate. However, serious weakness was evident in the October decrease, which was the equivalent of annual rate of decline of more than 7 percent.

The small decrease in the overall manufacturing index evident in the summer was concentrated in nondurable goods. The main feature of the October and November decline is that it has been severe in durable goods, which is characteristically the sector where difficulties originate in the typical business cycle downturn.