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Central File

THE PRESIDENT HAS SEEN. *dy*

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

December 20, 1974

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

MC-7

MEMORANDUM FOR THE PRESIDENT

Subject: Weekly Memo on Financial Conditions

Fluctuations in M_1 and M_2 during the past two weeks were fairly large as a result of changes in required reserve ratios, but such short-run changes are of little significance. Longer-run growth in monetary aggregates continues to be considerably below the high rates of 1972 and 1973, yet rapid enough to accommodate real economic growth once the present rate of price increase has subsided. Most interest rates fell during the past week, while stock prices changed little.

William J. Fellner

William J. Fellner
Member



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 Dec. 12, 1973 to average of four weeks ending Dec. 11, 1974)	5.1	7.8	10.1
Past 26 weeks (from average of four weeks ending June 12, 1974 to average of four weeks ending Dec. 11, 1974)	4.2	6.9	6.1
Past 13 weeks (from average of four weeks ending Sept. 11, 1974 to average of four weeks ending Dec. 11, 1974)	5.2	7.3	3.5
Past 4 weeks (from average of four weeks ending Nov. 13, 1974 to average of four weeks ending Dec. 11, 1974)	10.6	8.4	10.3

Interest Rates
 (average of daily figures)
 (percent)

Period	U.S. Government 3-month bills	U.S. Government 3-5 year issues	long term bonds	Prime commercial paper 4-6 months	Moody's Aaa bond rate
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
November	7.59	7.65	6.93	8.81	8.90
Week ending:					
Dec. 6	7.52	7.46	6.89	9.05	8.90
Dec. 13	7.17	7.16	6.75	8.72	8.87
Dec. 20	7.06	7.05	6.70	9.00	8.85