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NOT RECORDED

COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

January 18, 1975

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

*BR 7*

MEMORANDUM FOR THE PRESIDENT

Subject: Monetary and Financial Conditions

M<sub>1</sub> (narrowly defined money) declined, and M<sub>2</sub> (broadly defined money) remained unchanged, from the four week period ending December 11, 1974 to the four week period ending January 8, 1975, while total member bank reserves changed little. The increase in non-borrowed reserves was offset by the decline in the member banks' borrowings from the Federal Reserve. Interest rates changed little in the past week.

*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 <sub>1</sub> (currency plus demand deposits)	M <sub>2</sub> (currency plus all commercial bank deposits except large CD's)	Credit (adjusted bank credit proxy)
Past 52 weeks (from average of four weeks ending Jan. 9, 1974 to average of four weeks ending Jan. 8, 1975)	4.2	7.0	9.8
Past 26 weeks (from average of four weeks ending July 10, 1974 to average of four weeks ending Jan. 8, 1975)	2.1	5.4	5.1
Past 13 weeks (from average of four weeks ending Oct. 9, 1974 to average of four weeks ending Jan. 8, 1975)	3.2	6.6	5.3
Past 4 weeks (from average of four weeks ending Dec. 11, 1974 to average of four weeks ending Jan. 8, 1975)	-6.2	-0.2	4.3



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
December	7.18	7.22	6.78	8.98	8.89
Week ending:					
Jan. 3	7.11	7.26	6.77	8.84	8.93
Jan. 10	6.70	7.23	6.68	7.83	8.91
Jan. 17 <sup>P</sup>	6.68	7.32	6.66	7.56	8.85

