

The original documents are located in Box C10, folder “Presidential Handwriting, 1/18/1975” of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

Central Files

dy

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

January 18, 1975

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

GRF

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Developments

A weekly average value of the dollar relative to major world currencies rose slightly this week, with some of the rise being attributed by market observers to favorable reactions abroad to the Administration's economic proposals.

William J. Fellner

William J. Fellner
Member

[Handwritten signature]

Alan Greenspan
Chairman



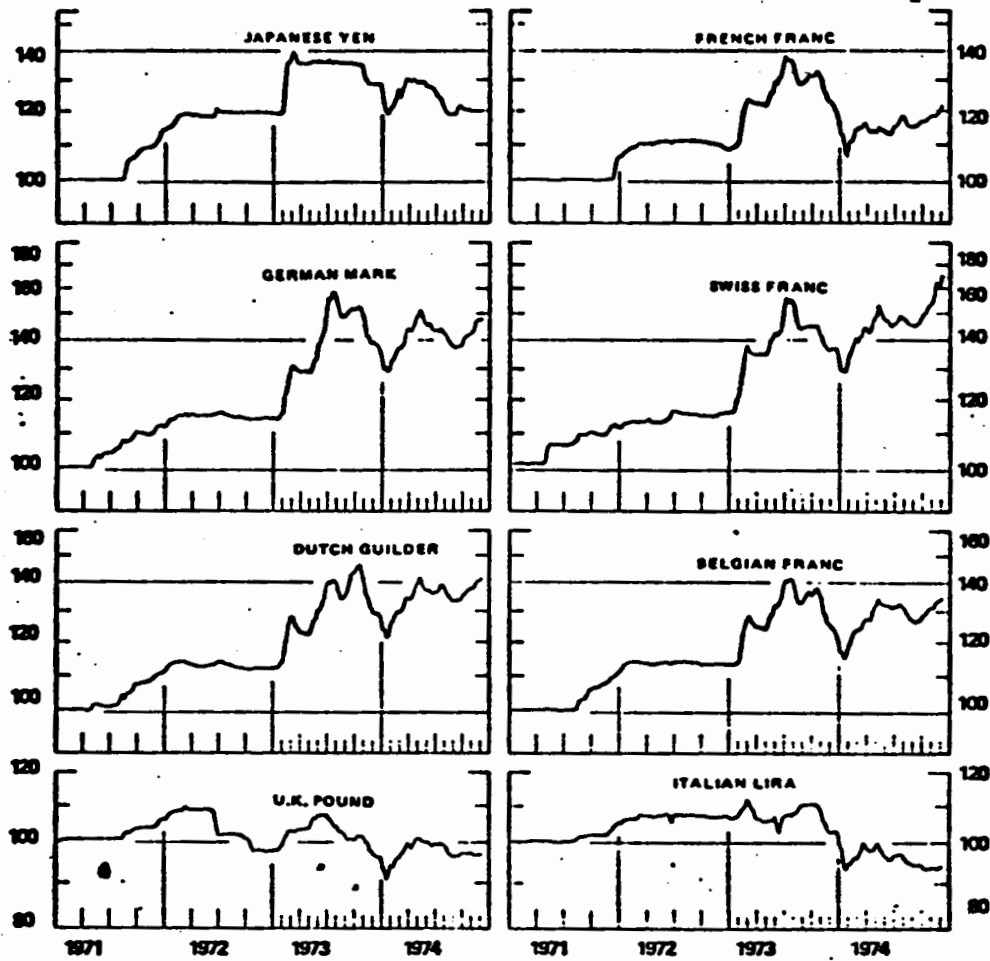
Supplementary Analysis of this Week's
International Financial Conditions

Foreign exchange markets were steady this week, with relatively thin trading and irregular movements. The U.S. dollar advanced early in the week in reaction to Monday's announcement of new economic policy, but then fell somewhat later. Lower U.S. interest rates relative to abroad may have contributed weakness to the U.S. unit.

There was no intervention in the market this week by the U.S. Federal Reserve. However, the Swiss National Bank bought \$54 million, and the Canadian central bank bought \$50 million to stem upward pressure on their currencies from an increased inflow of funds. The Italian monetary authorities continue to support their weakening currency, by sale of \$250 million so far this month.

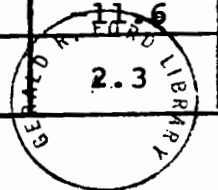
Gold price reached the high point for the week on Monday afternoon of \$180.25, but then declined to the low during the Friday afternoon fixing at \$173.75.





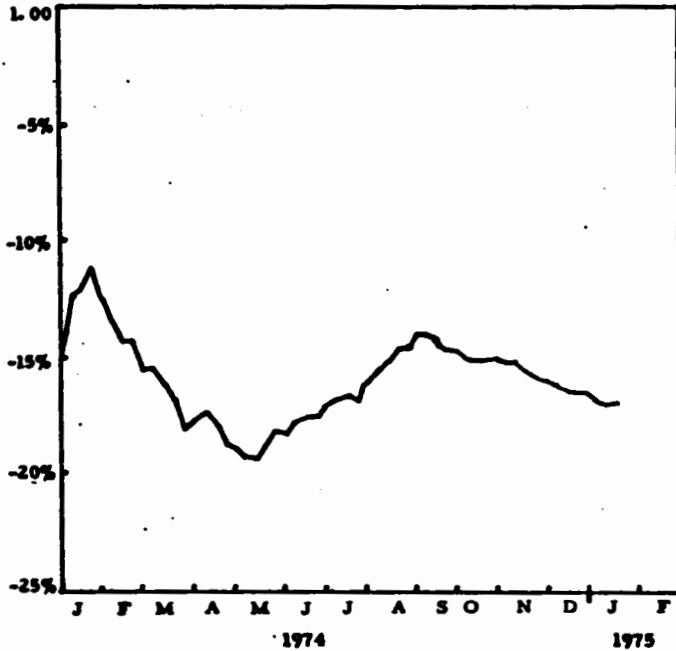
CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U. S. ¢ PER UNIT		TODAY	WEEK AGO	MONTH AGO
	SMITHSONIAN	TODAY			
Canadian Dollar	1.000	.9912	0.9	0.2	1.1
	¢100.000	¢100.89			
British Pound	.384	.4250	-9.7	-9.7	-10.7
	¢260.571	¢235.32			
German Mark*	3.222	2.3798	35.4	35.2	29.1
	¢31.032	¢42.02			
Swiss Franc	3.840	2.5589	50.1	49.8	50.1
	¢26.042	¢39.08			
French Franc	5.116	4.3821	16.7	16.4	14.0
	¢19.548	¢22.82			
Dutch Guilder*	3.245	2.4704	31.3	31.7	28.0
	¢30.819	¢40.48			
Belgian Franc*	44.816	35.6252	25.8	25.5	23.0
	¢2.231	¢2.807			
Italian Lira	581.500	647.6684	-10.2	-10.2	11.6
	¢.172	¢.1544			
Japanese Yen	308.000	300.6615	2.3	2.3	2.3
	¢.325	¢.3326			

* Currencies floating together relative to the U.S. dollar.

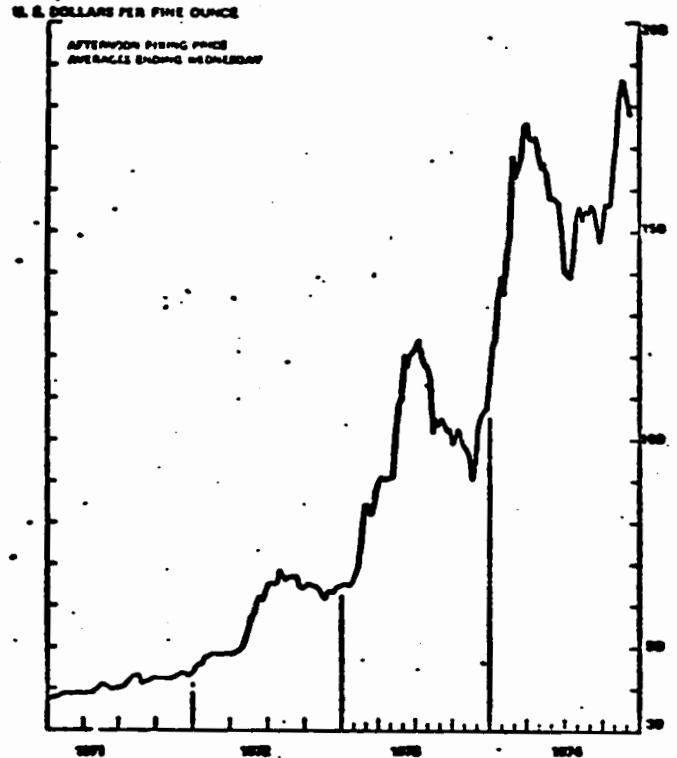


VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES
AND
THE PRICE OF GOLD

Trade Weighted Average Value of the Dollar
(Percent Change from May, 1970)



Gold price in London, 12.5 kg. bars



TRADE-WEIGHTED AVERAGE VALUE
OF THE DOLLAR
IN TERMS OF 14 MAJOR CURRENCIES

DATE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
TODAY	-17.11	-6.50
WEEK AGO	-17.23	-6.62
MONTH AGO	-16.64	-6.04
6 MONTHS AGO	-17.01	-6.41
YEAR AGO	-12.25	-1.76

PRICE OF GOLD ON THE LONDON
GOLD MARKET

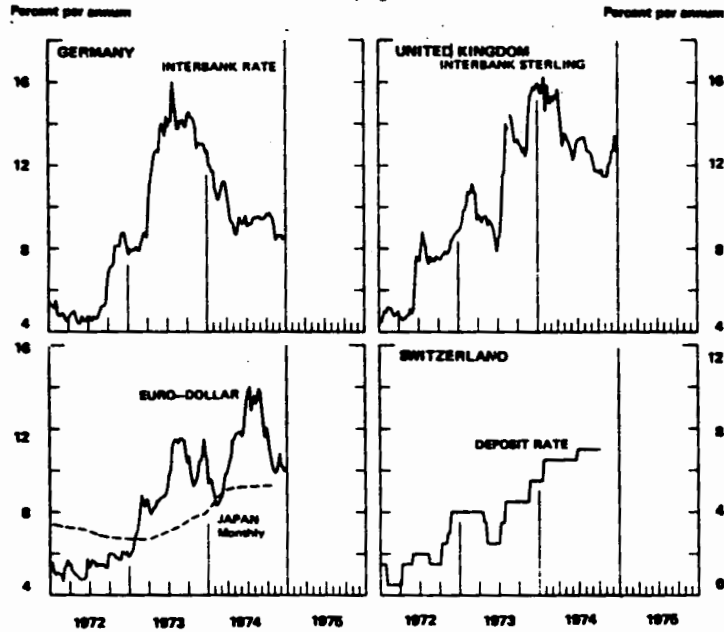
PRICE IN DOLLARS PER OUNCE	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
173.75	496.4
177.25	406.43
187.50	435.71
145.50	315.7
130.00	271.4

* Last month in which fixed exchange rates were adhered to by all 14 countries (Canadian dollar floated June 1, 1970).



Short-term interest rates

Weekly figures



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive:
U. S.	90 Day CD's	7.60	---	7.60	
Eurodollars	90 Day Bank Deposit	8.25		8.25	
U. K.	Interbank Loan Rate	11.50	-4.51	6.99	-.61
Canada	Finance Company Paper	7.75	+.12	7.87	+.27
Germany	Interbank Loan Rate	7.50	+.86	8.36	+.75
Switzerland	Commercial Bank Prime Rate	8.00	+1.43	9.43	+1.83
France	Commercial Bank Prime Rate	14.40	-5.88	8.52	+.92
Japan	Commercial Bank Prime Rate	9.90	-.72	9.18	+1.58

* 60 days.

GERALD FOR
LIBRARY