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Central Filed

THE PRESIDENT HAS SEEN *h.c.f.*

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

January 21, 1975

MEMORANDUM FOR THE PRESIDENT

SUBJECT: December Consumer Price Index

RRY

Summary

Consumer prices rose 0.7 percent in December following increases of 0.9 percent in both October and November. December prices reflected a pronounced slowdown in the rise of food and nonfood commodity prices as compared to the immediately preceding months while service prices continued to rise at about the same rate. From December 1973 to December 1974 consumer prices rose 12.2 percent.

These figures were released on Tuesday,
January 21, 1975 at 10:00 a.m.

Gary L. Seewers
Gary L. Seewers
Member

A

Alan Greenspan
Chairman

Attachment



Additional Detail

The table below shows price changes over 3-month periods expressed at seasonally adjusted annual rates. The past 3 months have seen a slowdown of the consumer price rise, but the rate of increase has remained very high. Note that there was also a slowdown in the March-June period which was reversed in the following 3 months. Much of that reversal reflected an acceleration of the food price rise. The overall slowdown in the latest 3-month period is due mainly to smaller price increases for nonfood commodities and, to a lesser extent, to services. The food price rise over this period accelerated.

The September-December slowdown for nonfood commodities was pronounced in apparel, automobiles and household durables and fuel oil. Prices of gasoline and oil fell more sharply than in the preceding quarter. On the other hand, the rise in rents accelerated.

	<u>Dec. 1973 to March 1974</u>	<u>March 1974 to June 1974</u>	<u>June 1974 to Sept. 1974</u>	<u>Sept. 1974 to Dec. 1974</u>
Total.....	14.2	10.3	14.2	10.1
Food Commodities..	19.4	3.1	12.3	14.6
Nonfood Commodities	16.0	13.7	16.2	7.3
Services	9.2	11.0	13.9	10.9

