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Central Files

THE PRESIDENT HAS SEEN *RF*

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

February 14, 1975

RF

MEMORANDUM FOR THE PRESIDENT

Subject: January Wholesale Price Index

Summary

Wholesale prices fell 0.3 percent seasonally adjusted from December to January. This was the second straight monthly decline. A rise of 0.5 percent for industrial commodities was more than offset by a decline of 3.7 percent for farm products and a drop of 1.7 percent for processed foods and feeds.

These data were released Friday, February 14,
at 10:00 A. M.

William J. Fellner

William J. Fellner
Acting Chairman



Additional detail

The rise in industrial commodities slowed considerably from October to January. In this three-month period industrial prices rose only 5.7 percent at an annual rate as compared to a rise of 25.6 percent from December 1973 to December 1974.

For consumer goods, excluding foods, wholeslae prices in the past 3 months have risen at an annual rate of 6.4 percent as compared to a rise of more than 20 percent from December 1973 to December 1974. This slowdown should be showing up in the form of a slower rise in retail prices this spring. The rise in consumer food prices has also shown a substantial deceleration over the past 3 months.

Prices of producer finished goods continue to rise rapidly although not as fast as earlier in 1974. From October to January these prices rose at an annual rate in excess of 13 percent as compared to a rise of 22.6 percent during 1973.

Actual price decreases continue to show in crude materials which fell for the fourth straight month.