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*Central File*

THE PRESIDENT HAS SEEN *dy.*

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

February 21, 1975

MEMORANDUM FOR THE PRESIDENT

SUBJECT: January Consumer Price Index

*AKC*

Summary

Consumer prices rose 0.6 percent in January, compared with 0.7 percent in December, 0.9 percent in October and November and an average monthly increase of about one percent during the first 9 months of 1974. The annual CPI inflation rate in the past three months has been 9.2 percent. This is the lowest for any 3-month period since December 1973; throughout 1974 the 3-month increases were in the double-digit range.

These figures were released Friday, February 21 at 10:00 a.m.

*Gary L. Seevers*

Gary L. Seevers  
Member

*[Handwritten signature]*

Alan Greenspan  
Chairman



## Additional Detail

Food prices increased 0.8 percent in January, somewhat higher than expected in light of the recent declines in the farm prices. However, much of the increase came from a 1.1 increase in prices of food eaten away from home. Grocery prices rose only 0.6 percent and this was influenced by the delayed pass-through of higher sugar prices into foods with a large sugar content (cookies, cakes, sweets, ice cream, and soft beverages); sugar itself fell 4.3 percent in response to the declines since November in raw prices. Prices of meats, poultry and dairy products all declined, reflecting lower prices of these products at the farm level.

The prices of other consumer commodities rose 0.6 percent. Apparel prices were down slightly for the second month in a row. New car prices dropped 1.8 percent due to the manufacturers' rebates started in mid-January; used car prices also fell. Most other commodities increased, including gasoline prices.

Services increased 0.8 percent in January, approximately the same as the preceding three months. Medical care costs rose 1.3 percent and along with higher charges for utilities (gas, electricity, water) accounted for about half of the overall rise in the services component.

\* \* \*

CPI and Major Components - Percent Change  
and Contribution to Change

(Seasonally adjusted annual rates)

Period	All items	Food	purchased energy	other items
Jan. 74-April '74	11.7	9.7	50.2	9.2
Apr. 74-July '74	11.1	3.3	17.2	14.0
July '74-Oct. '74	15.0	20.2	-3.1	14.5
Oct. '74-Jan. '75	9.2	12.3	8.3	8.7
Jan. '74-Jan. '75	11.7	11.2	16.6	11.5
Percent contribution to change	100	24	9	68