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*Central File*

*[Handwritten scribble]*

COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

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

February 22, 1975

*[Handwritten initials]*

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Developments

The U. S. dollar declined relative to all major currencies this week. A major factor in the decline appears to have been the announcement by the OPEC countries that they are considering to cease to quote oil prices solely in terms of the U. S. currency.

*[Handwritten signature: William J. Fellner]*

William J. Fellner  
Member

*[Handwritten signature: Alan Greenspan]*

Alan Greenspan  
Chairman



Supplementary Analysis of This Week's  
International Financial Conditions

Discussion that oil producing nations might quote the price of oil in terms of some other currency or groups of currencies exerted downward pressure on the dollar this week. Declining U.S. interest rates may also have been a factor during part of the week, although rates abroad, particularly in Germany, also declined.

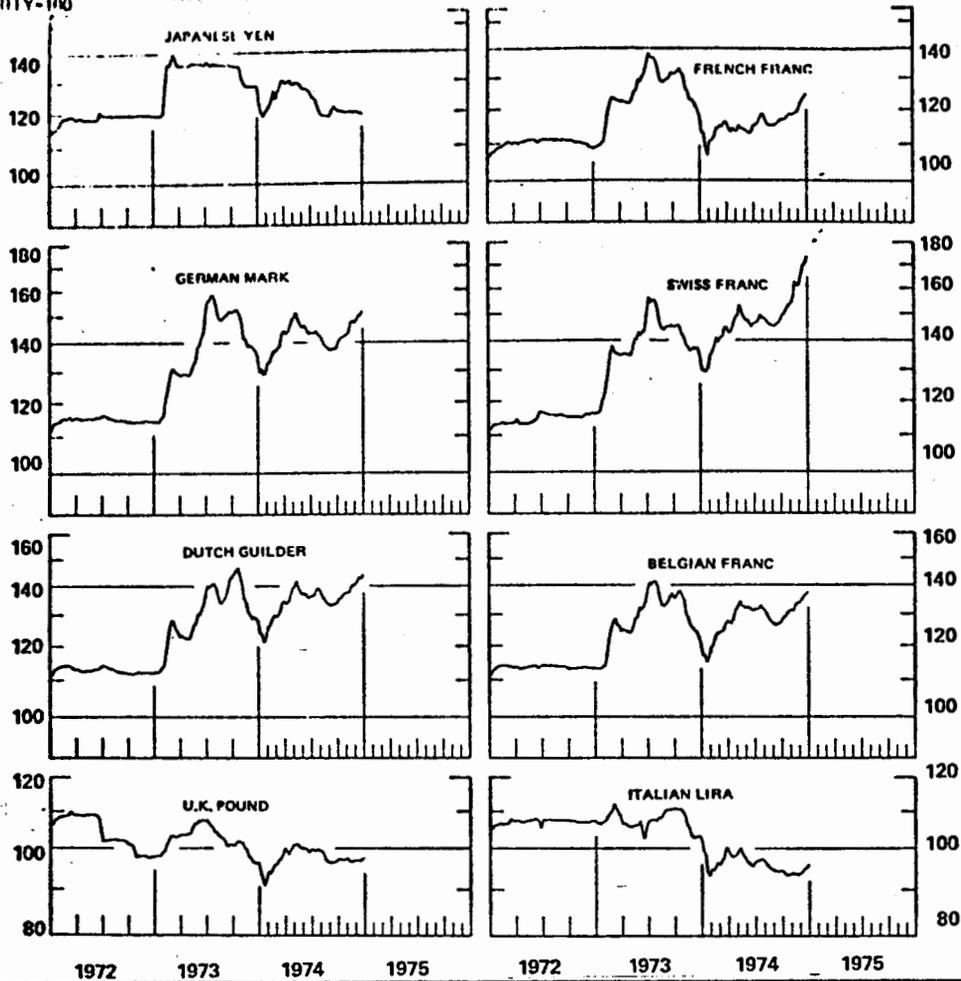
Intervention by central banks was not as heavy as it has been recently. The U.S. Federal Reserve sold \$57 million in German marks over the week to support the dollar, the German central bank bought \$17 million. The Bank of Japan bought an estimated \$100 million during the week; the yen was particularly strong against the dollar this week. Major factors in this strength may have been the coming due of large amounts of export contracts and the inflow of funds into Japan because of relatively high interest rates there.

Gold prices rose over the week, reaching a high in London with the first fixing on Friday of \$185.10.

RATIO SCALE  
MAY 1970 PARITY = 100

SPOT EXCHANGE RATES  
INDEXES OF DOLLAR PRICES OF FOREIGN CURRENCIES  
AVERAGE FOR WEEK ENDING WEDNESDAY

Date: February 21, 1975

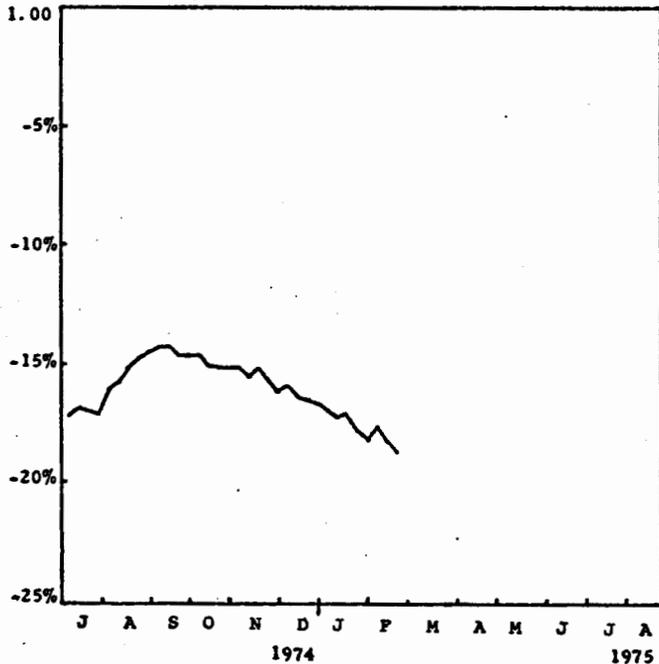


CURRENCY	UNITS PER U. S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U. S. ¢ PER UNIT		TODAY	WEEK AGO	MONTH AGO
	SMITHSONIAN	TODAY			
Canadian Dollar	1.000	1.0002	-0.2	-0.2	0.4
	¢100.000	¢ 99.98			
British Pound	.384	.4157	-7.7	-8.3	-8.5
	¢260.571	¢240.55			
German Mark*	3.222	2.3079	39.6	38.5	38.9
	¢ 31.032	¢ 43.33			
Swiss Franc	3.840	2.4456	57.0	55.6	55.6
	¢ 26.042	¢ 40.89			
French Franc	5.116	4.2481	20.4	19.3	19.2
	¢ 19.548	¢ 23.54			
Dutch Guilder*	3.245	2.3832	36.1	34.1	34.5
	¢ 30.819	¢ 41.96			
Belgian Franc*	44.816	34.4709	30.0	28.5	29.0
	¢ 2.231	¢ 2.901			
Italian Lira	581.500	634.1154	-8.3	-8.8	-8.5
	¢ .172	¢ .1577			
Japanese Yen	308.000	289.4356	6.3	4.9	4.3
	¢ .325	¢ .3455			

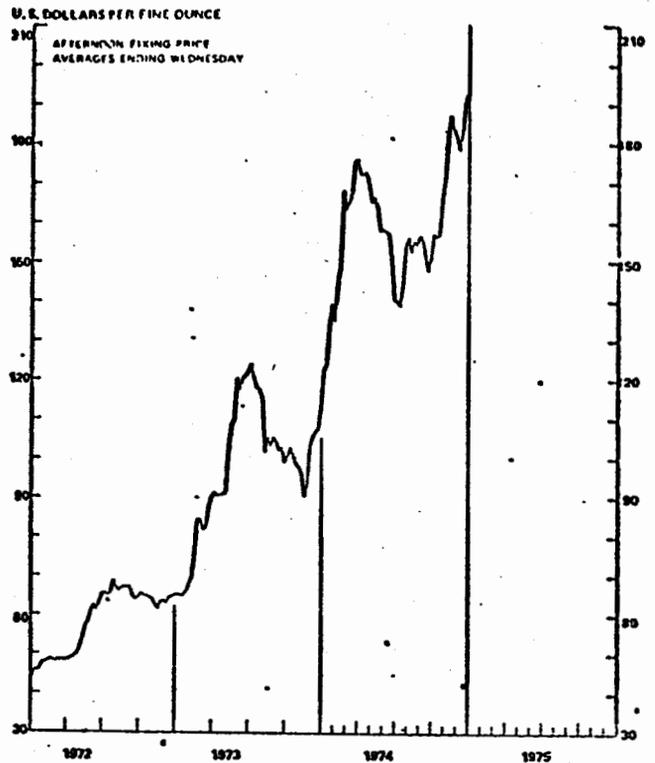
\* Currencies floating together relative to the U. S. dollar.

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

WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
THIS WEEK	-18.73	-8.05
LAST WEEK	-18.31	-7.65
4 WEEKS AGO	-17.91	-7.27
6 MONTHS AGO	-14.94	-4.41
YEAR AGO	-15.69	-5.11

PRICE OF GOLD ON THE LONDON  
GOLD MARKET

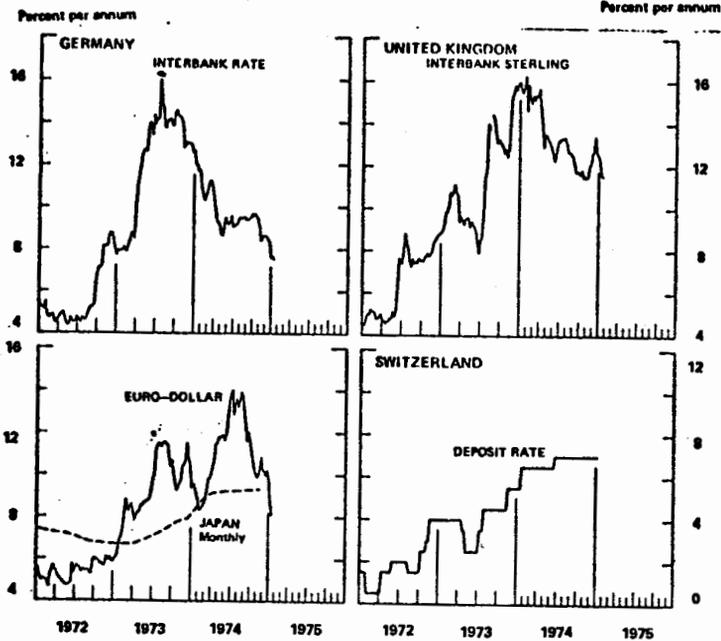
PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
184.75	427.9
184.00	425.7
177.50	407.1
154.00	340.0
163.00	365.7

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

\*\* On the last working day of the week.

### Short-term interest rates

Weekly figures

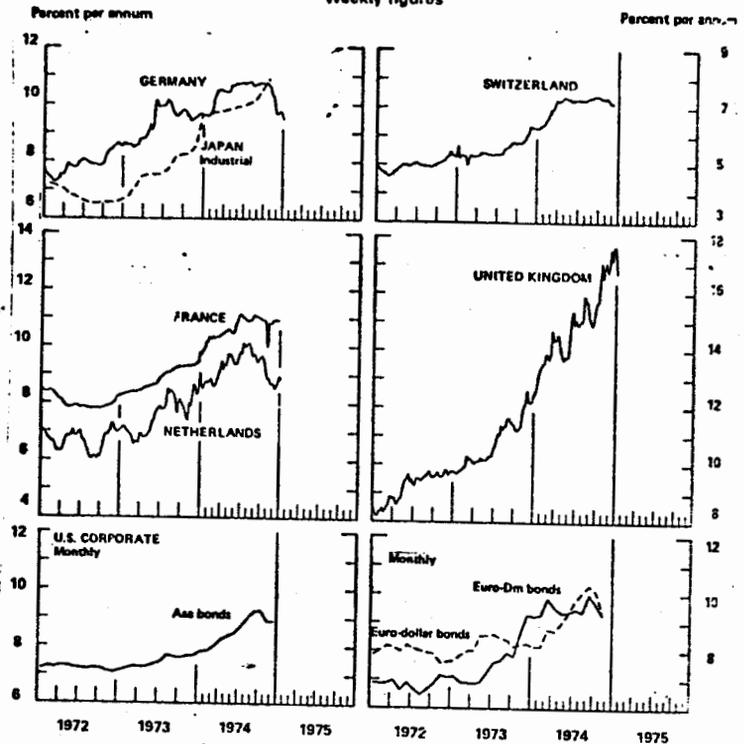


U. S. CD's 60-89 day; Germany, interbank loan rate; Euro-dollar deposit rate; Japan, average on bank loans and discounts.

Canada, Canadian Finance Co. Paper; U. K., interbank sterling; Switzerland, three-month deposit rate.

### Long-term bond yields

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	6.275	---	6.275	
Eurodollars	90 Day Bank Deposit	7.25	---	7.25	
U. K.	Interbank Loan Rate	11.125	-5.99	5.135	-1.14
Canada	Finance Company Paper	6.75	+ .52	7.27	.995
Germany	Interbank Loan Rate	5.90	+1.33	7.23	.995
Switzerland	Commercial Bank Prime Rate	8.00	+3.03	11.03	4.755
France	Commercial Bank Prime Rate	14.00	-2.97	11.03	4.755
Japan	Commercial Bank Prime Rate	9.90	+ .58	10.48	4.205

\* 60 days.