

**The original documents are located in Box C16, folder “Presidential Presidential Handwriting, 3/24/1975” 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 Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections.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.

F 1

THE PRESIDENT HAS SEEN *def*

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

March 24, 1975

*GR7*

MEMORANDUM FOR THE PRESIDENT

Subject: Weekly Monetary and Financial Conditions

In the week ending March 19, short-term market interest rates fell sharply and bankers lowered their prime lending rates from 8 percent to 7-1/2 percent. The most recent data on monetary aggregates for the week ending March 12 show a large increase in both M<sub>1</sub> and M<sub>2</sub>, bringing their three-month rates of growth up to 0.7 percent and 6.5 percent respectively. The speedup in the growth of the money supply was accompanied by a decline in bank reserves, however, suggesting that the sharp acceleration during the past month may slow somewhat.

*Gary Seever*  
Gary L. Seever  
Member



Alan Greenspan  
Chairman



Some Details  
(Optional Reading)

(1) Money Growth. The following figures give numerical content to the statements in the Summary concerning the growth of the money supply.

Percent Changes of Monetary Aggregates,  
Seasonally Adjusted Annual Rates

Period	M <sub>1</sub> (currency plus demand deposits)	M <sub>2</sub> (currency plus all commercial bank deposits except large CD's)	Credit (adjusted bank credit proxy)
Past 52 weeks (from average of four weeks ending March 13, 1974 to average of four weeks ending March 12, 1975)	4.0	6.9	9.0
Past 26 weeks (from average of four weeks ending Sept. 11, 1974 to average of four weeks ending March 12, 1975)	3.2	7.1	3.3
Past 13 weeks (from average of four weeks ending Dec. 11, 1974 to average of four weeks ending March 12, 1975)	.7	6.5	2.8
Past 4 weeks (from average of four weeks ending Feb. 12, 1975 to average of four weeks ending March 12, 1975)	14.2	14.3	3.7

Interest Rates  
(average of daily figures)

(percent)

Period	U.S. Government 3-month bills	U.S. Government 3-5 year issues	long term bonds	Prime commercial paper 4-6 months	Moody's Aaa bond rate
September	8.36	8.38	7.30	11.23	9.24
October	7.24	7.98	7.22	9.36	9.27
November	7.59	7.65	6.93	8.81	8.90
December	7.18	7.22	6.78	8.98	8.89
January	6.49	7.29	6.68	7.30	8.83
February	5.58	6.85	6.61	6.33	8.62
Week ending:					
Feb. 21	5.41	6.71	6.63	6.28	8.58
Feb. 28	5.46	6.83	6.64	6.25	8.57
Mar. 7	5.64	6.86	6.67	6.25	8.59
Mar. 14	5.62	6.88	6.67	6.08	8.61
Mar. 21 <sup>P</sup>	5.38	7.05	6.75	5.97	8.68

## Optional Reading

### Rising Stock Prices and the Recovery in Economic Activity

Prices of common stocks have been rising for about three months now, although the Dow Jones Industrial average declined in the most recent week. Common stock prices, which in part reflect investors' expectations of future economic growth, have started to rise one or two quarters before the recovery in real income in every recession since 1950. A continued rising trend in stock prices in the coming months would thus reinforce our projection of a recovery in economic activity in the second half of 1975.