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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

April 7, 1975

MRC 7

MEMORANDUM FOR THE PRESIDENT

Subject: Weekly Monetary and Financial Conditions

Growth rates in monetary aggregates continue to increase as monetary policy actions inject more reserves into the banking system. The narrowly defined money supply (M_1) which includes demand deposits and currency grew at an annual rate of 3 percent during the past 13 weeks, compared to a 0 percent rate during the 13 weeks ending February 26. Despite the rapid growth in monetary aggregates and hence in the supply of loanable funds in the most recent week interest rates rose, reflecting even more rapid growth in demand for loanable funds and probably also an increasing amount of uncertainty in the money markets regarding the possibility of rising interest rates during the second half of the year.

Gary L. SeEVERS
Gary L. SeEVERS
Acting Chairman

Attachment



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 ₁ (currency plus demand deposits)	M ₂ (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 27, 1974 to average of four weeks ending March 26, 1975)	4.3	7.1	8.8
Past 26 weeks (from average of four weeks ending Sept. 25, 1974 to average of four weeks ending March 26, 1975)	4.2	7.8	3.6
Past 13 weeks (from average of four weeks ending Dec. 25, 1974 to average of four weeks ending March 26, 1975)	3.0	8.3	2.9
Past 4 weeks (from average of four weeks ending Feb. 26, 1975 to average of four weeks ending March 26, 1975)	15.7	13.8	5.6

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
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
March	5.54	7.00	6.73	6.05	8.67
Week ending:					
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	5.38	7.05	6.75	5.95	8.69
Mar. 28	5.54	7.19	6.83	5.93	8.78
April 4 ^P	5.56	7.47	6.88	6.03	8.86