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Central File 4/16/75

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THE PRESIDENT HAS SEEN *dy*

DEX 007

FROM: JERRY H. JONES

DAC _____ GPS _____

TO: DICK CHENEY

LDX _____ PAGES 3

INFO:

TTY _____ CITE _____

DTG: 181450Z APR 75

RELEASED BY *[Signature]*

TOR: 181500Z APR 75

SPECIAL INSTRUCTIONS:

APR 7

IMMEDIATE

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PRECEDENCE

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FROM: JERRY H. JONES

TO: DICK CHENEY

INFO:

DEX 008

DAC _____

GPS _____

LDX _____


PAGES 3

TTY _____

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DTG: 18 1500Z APR 75

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SPECIAL INSTRUCTIONS:

WHITE HOUSE
SITUATION ROOM

75 APR 18 AM 11:06

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

THE PRESIDENT HAS SEEN....

April 16, 1975

MEMORANDUM FOR THE PRESIDENT

Subject: March Housing Starts

Housing starts during March were at a seasonally adjusted annual rate of 980,000 approximately the same as during the two previous months. Starts of single family dwellings have risen somewhat since December but starts of multi-family dwellings have continued to decline.

With the March figures we feel that our identification of December 1974 as the trough of the current housing cycle has been confirmed and that the worst is definitely behind us. The basic factors affecting the housing outlook have improved and we expect a recovery in housing to begin soon although there is still little compelling evidence to indicate that it is yet getting underway.


Alan Greenspan
Chairman

Supplementary Material

Net new savings inflow into the thrift institutions continued at a record pace with S&L's gaining almost \$4 billion and mutual savings banks \$1 billion in March, excluding interest credited on passbook accounts. Effective interest rates on conventional mortgages actually made on new homes were 9.08 percent in March compared to the high of 9.37 percent in December of last year. The decline in forward commitment rates that started already in September has stalled temporarily, but we expect the decline to be renewed later in the current quarter.

The demand for 8 percent mortgage commitments under the May 10, 1974 FHA/VA GNMA tandem program has remained strong after the rate was cut from 8-1/4 percent to 8 percent in March. The October 1974 program and the additional authorization provided through the Emergency Home Purchase Act of January 1975 for a total of \$5 billion conventional and \$1 billion FHA/VA mortgages have already been used up. However, new tandem programs should not be authorized since, unlike in 1974, the present low level of starts cannot be attributed to a shortage of mortgage credit or to availability constraints. Associations have continued to raise their liquidity ratio reaching a level of excess liquidity (above the 5-1/2 required liquidity ratio) close to the highest level attained during the preceding housing recovery early in 1971. The liquidity ratio, defined as liquid assets as a percent of all savings deposits and short-term borrowings of savings and loan associations, is currently approaching 10 percent.

THE PRESIDENT HAS SEEN...

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

April 16, 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Personal Income in March

Personal income -- a broad measure of income that includes wages, salaries, dividends, farm income, social security payments, etc. -- inched up in March. These figures continue to reflect a very weak economy. Private payrolls were essentially unchanged because the rise in wage rates was offset by a decline in manhours. Farm income was off very sharply for the third consecutive month. Income was bolstered again by higher "transfer payments," which include unemployment benefits, veterans' payments and the like. Including these payments personal income has risen .3 percent since December. Excluding them, income has declined .8 percent.

These data were released Wednesday, April 16 at 2:00 p. m.



Alan Greenspan

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