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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

May 2, 1975

MC7

MEMORANDUM FOR THE PRESIDENT

Subject: Weekly Monetary and Financial Conditions

Arthur Burns, in his May 1st testimony before the Senate Banking Committee, unveiled for the first time the overall money growth targets which the Federal Reserve feels to be appropriate for the coming year. The target range of growth rates in narrowly defined money, including currency and demand deposits, is from 5 percent to 7-1/2 percent for the year ending March 1976. This range is high by the standards of the 1950's and early 1960's, and would not be consistent with stable prices once full employment is reached. Until the recovery is well underway, however, such a stimulative monetary policy is desirable. Narrowly defined money grew at an annual rate of 5.6 percent from the four weeks ending March 26 to the four weeks ending April 23, well within the target range. Interest rates rose slightly in the week ending April 30 as growth in demand for credit about matched the continuing growth in money and credit supply.



Alan Greenspan



Some Details
(Optional Reading)

Money Growth

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 Apr. 24, 1974 to average of four weeks ending Apr. 23, 1975)	4.0	7.1	6.9
Past 26 weeks (from average of four weeks ending Oct. 23, 1974 to average of four weeks ending Apr. 23, 1975)	4.2	8.0	5.0
Past 13 weeks (from average of four weeks ending Jan. 22, 1975 to average of four weeks ending Apr. 23, 1975)	7.4	10.2	3.7
Past 4 weeks (from average of four weeks ending Mar. 26, 1975 to average of four weeks ending Apr. 23, 1975)	5.6	8.4	6.5

Interest Rates
(average of daily figures)

(percent)

Period	U.S. Government 3-month bills	3-5 year issues	long term bonds	Prime commercial paper 4-6 months	Moody's Aaa bond rate
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	6.06	8.67
April	5.69	7.76	7.03	6.15	8.95
Week ending:					
April 4	5.56	7.47	6.88	6.03	8.87
April 11	6.02	7.74	7.05	6.23	8.94
April 18	5.54	7.75	7.03	6.20	8.95
April 25	5.65	7.90	7.08	6.13	8.97
May 2 ^P	5.72	7.88	7.09	6.16	9.01