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DATE RECEIVED BY THE PRESIDENT

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

May 21, 1975

HR7

MEMORANDUM FOR THE PRESIDENT

Subject: Revised First Quarter GNP

Revised GNP estimates for the first quarter released today put the decline in real GNP at 11.3 percent (annual rate) and the rate of inflation at 8.5 percent. Both are slightly worse than earlier estimates.

At the same time, initial estimates of corporate profits in the first quarter were released. Profits before tax were estimated at \$100.3 billion, down 23.7 percent.

Real consumer expenditures in the first quarter rose at a 2.5 percent annual rate, slightly less than earlier estimated. Almost the entire first quarter decline in real GNP was due to a decline in investment, the bulk of which was in inventories. The relative strength of consumption and the rapid disposal of excessive inventories are encouraging for recovery in the second half. However, business fixed investment, which has declined 13 percent in real terms since its peak three quarters earlier, is likely to continue to be weak throughout the year.

These data were released at 2:00 p.m., May 20.



Alan Greenspan

