The original documents are located in Box 10, folder "Council of Economic Advisers Memoranda to the President (1)" of the Robert T. Hartmann Files at the Gerald R. Ford Presidential Library.

RTH copy

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 15, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: July Industrial Production

Industrial production rose slightly (0.1%) in July and previous estimates of June and May were revised upward on the strength of higher estimates of utilities output. The rise in total industrial production for the three months ending in July is 2.6 percent (at a seasonally adjusted annual rate). This reinforces the view that the economy is recovering slowly from setbacks earlier this year caused by the energy shortage.

July manufacturing output rose 0.2 percent paced by a 1.9 percent increase in autos, a 0.5 percent increase in primary metals, and a similar increase for stone, clay and glass products. Nondurable manufacturing rose only 0.1 percent, based on a 0.4 percent rise in textile, apparel and leather output.

Mining output was depressed by a 0.5 percent drop in oil and gas extraction, which stood at essentially the average of 1973. The total energy group in the index rose in July by 0.3 percent and the May and June levels were revised upward 0.3 percent and 0.6 percent, respectively. The energy component is now 0.8 percent below the 1973 average and 3.6 percent above its January low.

Business equipment production indexes for recent months were revised upward sharply; despite no increase from June to July, the last three months have shown an increase of 5.7 percent (seasonally adjusted annual rate). This agrees with our view of strong investment demand in the economy much more than did the June FRB figures.

<u>These figures are to be released Thursday, August 15, in the afternoon.</u>

Herbert Stein

Herbert Stein

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON

HERBERT STEIN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

August 16, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: July Housing Starts

Seasonally adjusted housing starts declined by 16 percent from June to July. The annual rate of private housing starts -- 1,335,000 -- is the lowest since May 1970, although seasonally adjusted starts were almost as low in December of 1973.

Monthly changes in housing starts can be somewhat erratic. For instance, we discounted the 8 percent rise from May to June of this year as running counter to the underlying declining trend. However, we have no reason to doubt that the low level of starts in July accurately reflects the financial conditions that have prevailed in the past few months. The rate of savings outflow from the thrift institutions (excluding interest credited) accelerated to over $1 billion per month in July. Reflecting the shrinking supply of mortgage credit, the effective conventional mortgage interest rates have spurted to 9 percent and above and the FHA-VA ceiling rate was raised to 9-1/2 percent, effective Wednesday, August 14, from the 9 percent level that had prevailed since July 8. In the secondary mortgage market, residential mortgage yields exceeded 10 percent for the first time on 4-month commitments accepted by FNMA in early August.

While the near-term outlook for housing starts is extraordinarily bleak, a strong recovery is expected to get underway early next year, as the economy cools off and short-term rates decline. In May of this year, the Administration took several steps to cushion the impending decline for the balance of the year. These measures are described in last month's memo, a copy of which is attached. Currently, experiments with variable deposit rate ceilings on new types of

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certificates that may be issued by the thrift institutions, which would have to be balanced by the introduction of mortgages with variable interest rates on the asset side, are being considered to improve the competitive position of the thrift institutions.

These data are for release today, August 16, at 2:00 P.M.

Herbert Stein

Attachment

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

July 16, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: June Housing Starts

Seasonally adjusted housing starts rose by 8 percent from May to June. The annual rate of private housing starts -- 1,595,000 -- was close to the average of 1,567,000 for the second quarter as a whole.

Though starts have not declined in the first half of 1974, we no longer foresee a rise in the third quarter. Rather, the high market interest rates of the past three months have prevented new savings from flowing to the savings and loan associations and have actually produced some net outflow from the mutual savings banks. At the same time, effective conventional mortgage interest rates are not more than 100 basis points above what they were a year ago. The combination of these factors dims the outlook for the third quarter and presages some decline in starts from current levels. However, the supplementation of mortgage credit through the program announced by the President on May 10 will tend to mitigate the near-term decline and reinforce the subsequent upswing now expected to get underway in the fourth quarter.

One component of the President's program enabled the Federal Home Loan Mortgage Corporation to offer commitments to purchase up to $3 billion of mortgages at 8-3/4 percent interest in the coming months. Within two months from the announcement date, almost the entire $3 billion had been committed. Of the $4 billion of advances subsidized internally by the Federal Home Loan Bank Board almost $1 billion has already been paid out in cash or committed at interest rates of around 8 percent. However, since the FHLB system's borrowing costs have risen to 9-1/2 percent in July, subsidized advances will have to be offered at 9 percent in August and there may be few takers.

The commitment authority granted under the GNMA Tandem program in January, which involved 200,000 units at 7-3/4 percent interest, may be exhausted by the end of the current quarter. Commitment activity increased considerably after the FHA ceiling rate was raised from 8-3/4 percent to 9 percent, effective July 8. It is currently running at the rate of about 30,000 units per month. An additional 100,000 units at 8 percent interest authorized under the Tandem program on May 10 remain available for commitment, probably in the fourth quarter.

<u>These data are for release Wednesday, July 17, at 2:00 p.m.</u>

Herbert Stein

Herbert Stein

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 19, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Monetary and Financial Conditions, August 16, 1974

Recently released money stock data show that the narrowly defined money stock (M_1) grew at an annual rate of 4.4 percent during the 13-week period ended August 7. The broadly defined money stock (M_2) grew at an annual rate of 6.9 percent during the same period. The corresponding 26-week annual growth rates are 8 and 8.7 percent, respectively.

The 3-month Treasury bill rate moved up by 30 basis points to 8.8 percent in the second full week of August. The previous high was 9 percent the first full week of May of this year. Like the Treasury bill rate, the rate on 4- to 6-month prime commercial paper also rose for the second week in a row while the Federal funds rate and the rate on large certificates of deposit continued to hold steady at around 12 percent.

In the bond market, the yield on Moody's composite of Aaa and Baa bonds remained at around 9.0 and 9.7 percent, respectively. However, the yield on long-term governments and mortgages continued to rise. The FHA-VA ceiling rate on home mortgages was raised to 9-1/2 percent on August 14 from 9 percent, prevailing since July 8.

The Dow Jones Industrial Average closed the week at 731.54, down 46 points from last week's closing of 777.30. The index has not been this low since August 20, 1970.

Herbert Stein

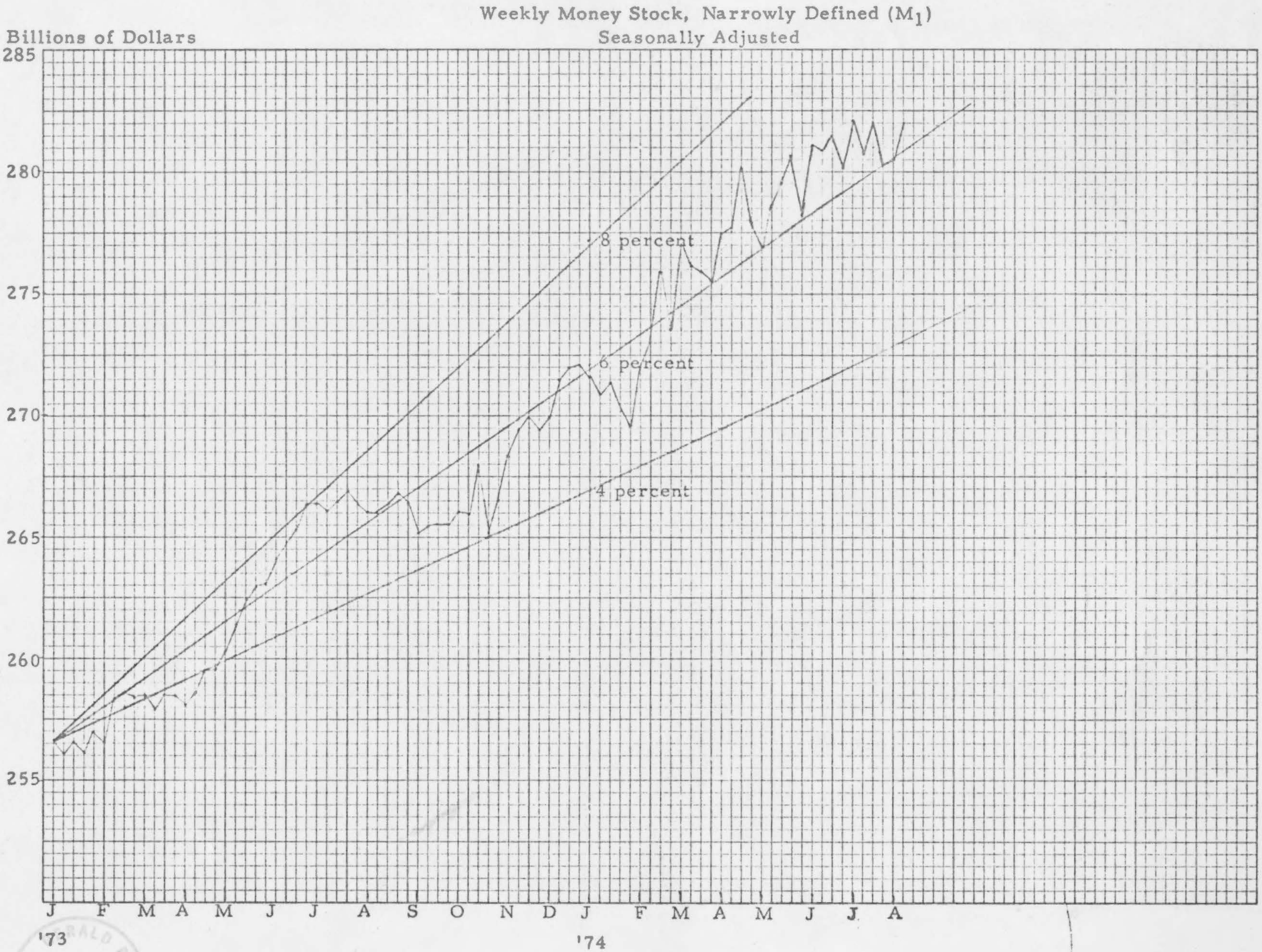
Herbert Stein

Monetary Aggregates

Recent rates of growth of monetary aggregates are shown in the table below.

Growth Rates of Monetary Aggregates
(Percent Change, Seasonally Adjusted Annual Rates)

Period	M_1 (currency plus demand deposits)	M_2 (currency plus all commercial bank deposits except large CDs)	Credit (adjusted bank credit proxy)
Change to 4 weeks ended August 7, 1974 from 4 weeks ended			
July 10, 1974 (4 weeks prior)	0.9	5.3	7.5
June 12, 1974 (8 weeks prior)	2.6	6.5	10.0
May 8, 1974 (13 weeks prior)	4.4	6.9	12.1
February 6, 1974 (26 weeks prior)	8.0	8.7	15.1
August 8, 1973 (52 weeks prior)	5.6	8.7	11.0


Weekly Money Stock, Narrowly Defined (M_1)
Seasonally Adjusted
Billions of Dollars
285
280
275
270
265
260
255
8 percent
6 percent
4 percent
J F M A M J J A S O N D J F M A M J J A
'73
'74

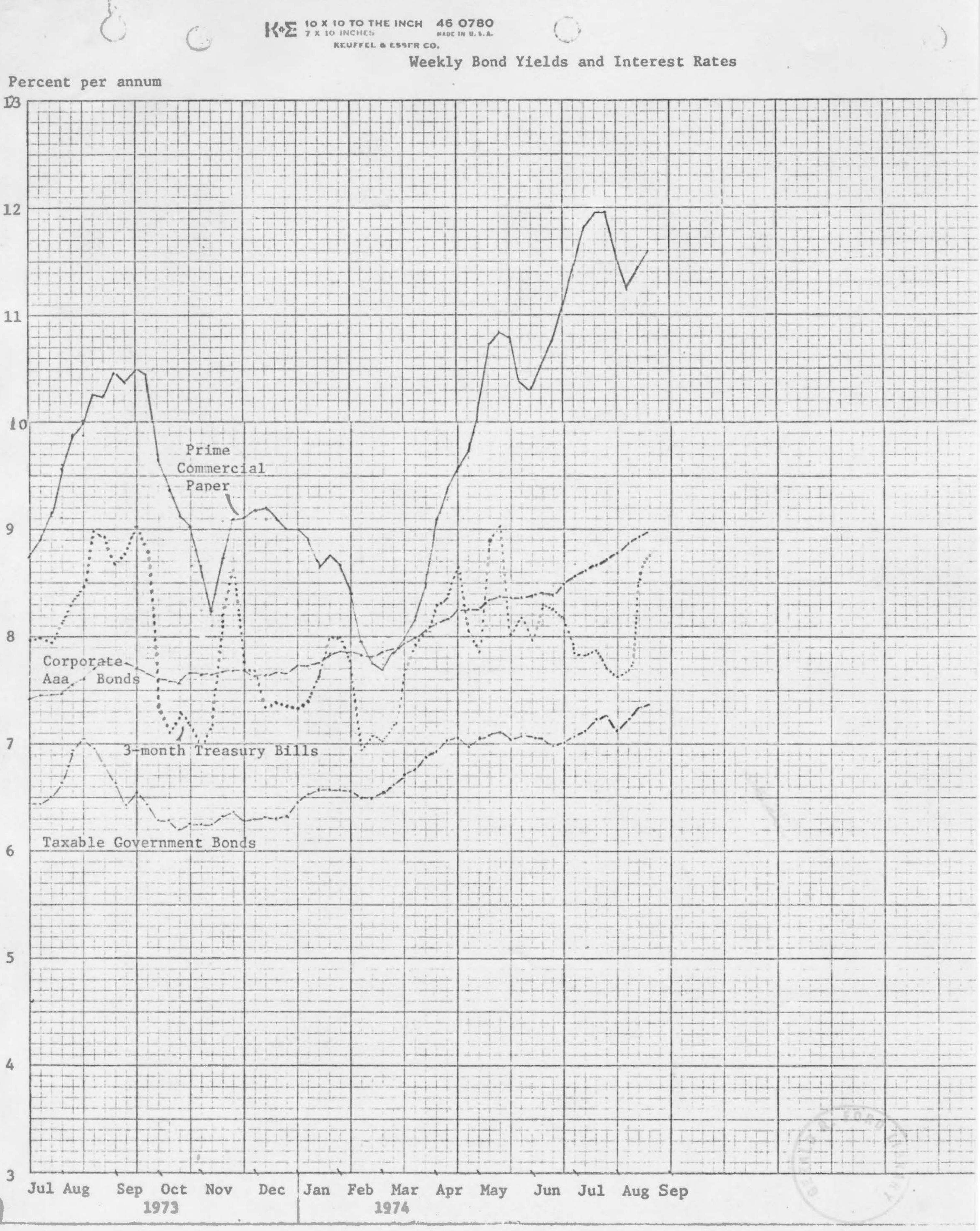
12

K+E 10 X 12 TO THE INCH 7 X 10 INCHES 46 1930 MADE IN U.S.A. KEUFFEL & ESSER CO.

Weekly Money Stock, Broadly Defined (M_2) (Money Plus Time Deposits Less Large CDs at Commercial Banks) Seasonally Adjusted

Billions of Dollars

Weekly Bond Yields and Interest Rates



THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 20, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: July Personal Income

Personal income -- a broad measure that includes payrolls, dividends, farm income, Social Security payments, etc. -- increased by $14.4 billion from June to July, a 1.3 percent increase. This was the largest monthly increase in 1974 whether expressed as dollar or percentage increases.

The major factor behind the increase was a $5.5 billion increase in transfer payments (a 3.9 percent rise), of which about 38 percent was due to an increase in Social Security payments. As a result, from June to July, personal income minus transfer payments increased by less than gross personal income, by 0.9 percent. This was about the same rate of increase in personal income less transfer payments that has prevailed in the past few months -- a 0.7 percent increase in June and a 0.9 percent increase in May.

Payrolls (wage and salaries and fringe benefits) increased by $6.8 billion (a 0.8 percent rise) from June and July. Although the number of employees on nonfarm payrolls decreased by 122,000, a small increase in hours worked per week and in hourly earnings were sufficient to result in an overall increase in payrolls. Farm income, which had been falling during 1974 from the record levels reached in the latter part of 1973, increased by about $1 billion from June to July, a 3.9 percent rise.

<u>These figures are for release Wednesday, August 21, at 1:00 p.m.</u>

Herbert Stein

Herbert Stein

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 20, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Consumer Price Index for July

The seasonally adjusted Consumer Price Index (CPI) increased 0.8 percent in July. This is the smallest monthly increase since April. The index has increased 11.8 percent since last July.

The seasonally adjusted food-at-home component of the CPI decreased by 0.9 percent in July. As a consequence, the over-weighting of the food-at-home component in the overall CPI imparted a downward bias to the measured increase in the overall index. The prices of most food-at-home items decreased (meat, poultry and fish, dairy products, and fruits and vegetables), but the prices of cereals and bakery products increased (0.7 percent in July).

The nonfood component of the CPI increased 1.1 percent in July. The increases were widespread among durables, non-durables, and services. There were particularly large increases in July for fuel oil and coal (2.7 percent) and used cars (4.9 percent).

The attached table summarizes the behavior of the CPI and important components over the past 12 months. In the three months ending in July, the CPI increased at a seasonally adjusted annual rate of 11.7 percent, a rate somewhat lower than the 12.1 percent experienced in the preceding three month period. This reflects a slowdown in the rise in food and fuel prices offsetting the rise in the prices of other goods and services.

The slowdown in the price increases for food and fuel may not continue. The poor weather in the Middle West is already affecting cereal prices, and may soon influence the prices of meats and dairy products. The price of coal may be bid up as firms try to increase their stocks in anticipation of a strike. However, increases in the relative price of food and fuel need not be translated into an increase in the overall CPI.

These figures are for release at 10:00 a.m., Wednesday, August 21, 1974.

Herbert Stein

Herbert Stein

CPI and Major Components - Percent Change
and Contributions to Change

(Seasonally adjusted annual rates)

Period	All items	Food	Energy	All other items
July '73 to Oct. '73	13.1	29.0	7.7	7.5
Oct. '73 to Jan. '74	10.2	15.3	66.4	4.6
Jan. '74 to Apr. '74	12.1	9.7	50.2	9.8
Apr. '74 to July '74	11.7	3.3	17.2	15.0
July '73 to July '74	11.8	13.9	33.2	9.2
Percentage contribution to 12-month change	100	29	18	54

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 21, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Revised GNP estimates -- second quarter

The Commerce Department will release revised GNP estimates for the second quarter tomorrow, August 22. The revisions incorporate June data on consumer prices, revised retail sales, and inventories that were not available when the preliminary figures were published a month ago. These revisions also report corporate profits for the second quarter, which were not available earlier.

The revisions are quite small. The decline in output is slightly smaller and the increase in general prices slightly higher.

	Preliminary	Revised
	percent change (annual rate)	
Real GNP	-1.2	-0.8
GNP Deflator	8.8	9.6

The second quarter decline in real GNP is largely attributable to the Saudia Arabian takeover of Aramco which reduced American earnings abroad, and thus reduced net exports. If we measure on domestic output, real GNP was essentially the same in the second quarter as the first quarter. Falling farm prices in the second quarter caused the GNP deflator to rise less than in the first quarter, but the 9.6 percent rate is still very high. The deflator for the private nonfarm sector rose at an annual rate of nearly 15-1/2 percent, about unchanged from the first quarter.

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Profits before taxes were $150.4 billion, up $11.7 billion, from the first quarter. After adjustment for inflation in the value of inventories on hand to reflect profits from current production, profits rose to $112.6 billion from $107.7 billion.

These figures will be released Thursday afternoon.

Herbert Stein

Herbert Stein

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

HERBERT STEIN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

August 21, 1974

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Advance Report of July Orders and Shipments in Durable Goods Manufacturing

New orders received by durable goods manufacturers increased 2.2 percent from June to July, and the May to June change is now reported to be a small plus after preliminary reports showed a decline. Over the last three months these orders have increased 8.5 percent, or slightly more than prices, suggesting no softening of demand for durable goods.

July shipments from durable goods manufacturers rose 5.2 percent, the largest monthly increase this year. The rise was very broadly based with increases of at least 4 percent in primary metals, fabricated metals, nonelectric machinery, and transportation equipment excluding aircraft and parts. Only electric machinery, aircraft and parts, and a combination of instrument makers and stone, clay and glass producers showed declines.

The data on capital goods industries (other than defense) continue to point to very strong demand except for electric utility-type products. New orders for nondefense goods increased 6.7 percent in July and new orders for nonelectric machinery increased 9.4 percent. Shipments of nonelectrical machinery increased and the 1 percent decline for electrical machinery was dominated by a 15 percent decline in electricity transmission and distribution equipment. The backlog of unfilled orders in the machinery industry as a whole remains very large relative to shipments, indicating strength in capital goods production for the remainder of this year.

<u>This information is to be released, Wednesday, August 21, in the afternoon.</u>

Gary L Seevers

Gary L. Seevers
Member

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 29, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Manufacturers Shipments, Orders, and Inventories in July

New orders received by durable goods manufacturers rose 2.1 percent in July and those for nondurables by 3.6 percent. These sharp upswings do not represent real increases since the wholesale price indexes for durable and nondurable manufactured goods rose in July by 2.3 percent and 4.0 percent, respectively. New orders for nondefense capital goods were up 6.3 percent over June, the largest increase this year.

July shipments were up 3.9 percent for durables and 3.7 percent for nondurables. The durables rise reflected increases of 6.2 percent in primary metals and 15.6 percent in transportation equipment, the latter due to greater auto and parts shipments. These were offset somewhat by July declines in machinery and in a combination of instrument makers and cement, clay, and glass manufacturing.

Unfilled orders increased 2.7 percent for all durable manufacturing and 4.3 percent for nondefense capital goods. The latter increase raises the ratio of unfilled capital goods orders to capital goods shipments, indicating continued strength in this area that is consistent with our near-term outlook.

The book value of manufacturers' inventories increased a substantial \$2.9 billion, following May and June increases that were each about \$2.5 billion. In combination with a sluggish economy and recent Commerce GNP revisions indicating some overstocking of inventories already, these large increases could presage a sharp weakening in this area. However, it is difficult to separate out of this monthly data the effects of sharp price increases on book values from changes in the real level of stocks.

These figures are for release August 30, at 2:00 p.m.

Herbert Stein

Herbert Stein

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON. D.C. 20506

September 17, 1974

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Balance of Payments Data for Second Quarter

Department of Commerce will release on September 18 preliminary data on Current Account and Long-Term Capital Transactions. The Current Account, which measures the balance of U. S. international transactions in goods, services, government grants and private remittances, shows a deficit of about $2.0 billion, a deficit reflecting emergency grants to Israel and grants to Vietnam. That component of the Current Account which excludes remittances and grants -- the so-called balance on goods and services -- shows practically no deficit for the quarter. This is because the merchandise-trade deficit of about $1-1/2 billion (brought about by the high oil prices) was offset by a surplus on services (including income from foreign investment).

The balance on long-term capital shows a net outflow (deficit) of about $1.2 billion, largely as a result of foreign lending by U. S. banks, and foreign investment by U. S. corporations; these were only partially offset by a record high inflow of foreign investment in the United States.

William Fellner

William J. Fellner
Member

Alan Greenspan
Chairman

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

September 17, 1974

MEMORANDUM FOR THE PRESIDENT

SUBJECT: August Housing Starts

Seasonally adjusted housing starts declined by 15 percent from July to August. The annual rate of private housing starts -- 1,126,000 units -- is the lowest since January 1970. Optional reading is attached.

These data are for release at 2:00 p.m. Wednesday, September 18, 1974.

William Fellner

William J. Fellner
Member

Alan Greenspan
Chairman

AMERICAN REVOLUTION BICENTENNIAL
1776-1976

Attachment

The supply of mortgage credit continued to contract in August. Effective interest rates on conventional home mortgages rose from 9.0 percent in July to 9.1 percent in August. New three to six month mortgage commitments issued by the thrift institutions now involve interest rates of 10 percent and more. Thus, the interest rates on mortgages actually made will continue to rise in the coming months.

Savings outflows from the thrift institutions have grown in August and were running at a rate of $2 billion that month. While these outflows have been offset, in part, by increased (internally) subsidized and unsubsidized advances from the Federal Home Loan Bank Board, mortgage commitments have been reduced also. For the first time this year, new private housing units authorized in permit-issuing places fell to less than 1 million units at an annual rate in August.

All of these interrelated factors leading from the scarcity and high cost of mortgage funds to a reduction in planned housing starts make it unlikely that private starts will recover significantly from current levels in the months ahead. Increasing regulation Q ceilings on the interest rates that can be paid on time and savings deposits is being actively considered at this time to improve the competitive position of the thrift institutions and to slow the outflow of deposits.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

September 19, 1974

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Projection of Third Quarter 1974 GNP

Summary

Real GNP fell again and the rate of inflation got worse in the July-September period according to projections made by the Department of Commerce. Real GNP declined at a seasonally adjusted rate of 1.1 percent in the third quarter following a 7.0 percent decrease in the first quarter and a 1.6 percent decrease in the second. The overall price index for the GNP rose at an annual rate of 10.6 percent in the third quarter, as compared to 12.3 percent in the first quarter and 9.4 percent in the second.

These projections are based on incomplete and preliminary statistics. For most items there are no official statistics for the month of September and for many important items -- consumer prices, inventories, exports and imports -- we do not even have official August numbers. Consequently this projection should not be viewed as anything hard and fast.

By and large the overall picture is one of a sluggish economy with continuing very high rates of inflation. That is also the way we see the economy in the current quarter and in the near future.

<u>These figures are not for release. The first published figures will come out next month.</u>

Alan Greenspan

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20506

September 21, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Developments

The value of the dollar declined slightly this week relative to major world currencies largely in reflection of some easing of interest rates in the United States.

The markets were quiet and orderly but the underlying nervousness created by the collapse of four relatively small German banks over the past two months, and by reports of large losses suffered by several major international banks persisted, keeping down the volume of trading in the world's foreign exchange markets.

William Fellner
William J. Fellner
Member

Alan Greenspan
Chairman

Supplementary Material

The value of the dollar (as measured by an index of its value in terms of 14 major currencies weighted by the volume of trade that moved between the United States and these countries) declined by .33 percent this week. This was the second weekly decline following four months of almost uninterupted rise. It brought the value of the dollar to some 4.2 percent below the relative currency values established at the Smithsonian Institution meeting in December 1971 (see attached chart and table). The major cause of the decline was speculation over the possible easing of tight monetary policy in the United States that is expected to lead to further easing of U.S. interest rates. A lowering of interest rates on dollar-denominated deposits in European banks ("Eurodollars") may have also contributed to the small reduction of the exchange rate of the dollar. The interest rate on 3-month U.S. Treasury Bills dropped from 9.25 percent last week to 6.99 percent this Friday. The Eurodollar rate has moved as follows:

	September 6	September 13	September 20
3-month Eurodollar Deposits:	13.25	12.31	11.75

The major influence in the decline of the Eurodollar rate this week has been the announcement by Japan of a $1.0 billion loan from the Saudi Arabians. Since in the past, the Japanese banks have borrowed heavily in the Eurodollar market to finance the country's oil deficit, the anticipated reduction in demand by the Japanese banks could lead to further easing of Eurodollar interest rates in the near future.

Also contributing to the decline in the value of the dollar has been the announcement this week of a $2.7 billion deficit in the U.S. Basic Balance in the second quarter of this year, a deficit which has resulted from approximate balance on goods and services and a net outflow of funds due to grants to foreign countries and our loans and investments abroad. The fact that we had a balanced account on goods and services rather than a surplus reflected higher costs of oil imports.

This week's decline in the value of the dollar should not be interpreted, however, as a fundamental weakening. Prospects continue to be good for further strengthening of the rate in the near future. Indeed, the dollar rebounded sharply from the week's declining trend on Thursday on the news that the House Ways and Means Committee has approved a proposal to repeal the 30 percent withholding tax on dividends and interest paid to foreign holders of U.S. securities. The measure, if passed by the Congress, is expected to further stimulate the already high inflow of foreign long-term investment, thus strengthening the dollar. In the first half of this year, foreign direct investment inflow has been running at a record-high level of $5.6 billion seasonally adjusted annual rate, compared to average annual rate of inflow in years 1967-1972 of about $800 million. The current rate of capital inflow most likely reflects investments by oil-exporting countries. Short-term capital inflows in the form of purchases of U.S. Government securities and the acquisition of time deposits in U.S. banks by the oil-producing nations has also been picking up over the past several weeks. A rough measure of such inflow has been the U.S. balance on the official transactions basis that, among other things, reflects the increases in liabilities to foreign official institutions.

On the weekly basis, the balance was moved as follows:

Week Ending	Deficit (-) or Surplus (+) (In millions of dollars)
8/7	+ 226
8/14	+ 622
8/21	+ 328
8/28	+ 439
9/4	+ 53
9/11	- 337
9/18	- 419

The rising deficit suggests rising inflow of foreign official short-term investment.

The movement of the dollar in respect to individual foreign currencies this week, apart from the factor discussed above, continued to be dominated by the nervousness of foreign investors about the state and soundness of foreign banks, particularly in Germany. The announcement this week that the losses at the Herstatt, the German bank which was closed in June, will total at least $451 million further weakened the confidence of investors in the banking systems abroad, particularly when viewed against the backdrop of the recently announced losses on foreign exchange trading by other major banks that were as follows:

Union Bank of Switzerland	$150 million
Westdentsche Landesbank	$104 million
Lloyds (U.K.)	$ 76 million
Franklin National (U.S.)	$ 46 million

Although the German mark rose slightly against the dollar, its exchange rate against other EC currencies that are tied together in a so-called "snake" arrangement (by which these currencies move jointly against the dollar within a 2-1/4 percent band) continued to be depressed. The German Central Bank, together with the Norweigian Central Bank, the currency of which has been the strongest of the "snake" currencies, spent about $51 million worth of funds in support of the slackening mark exchange rate.

The pound sterling remained relatively stable this week, as the cross-currents of economic and political news tended to offset each other. The announcement of the setting of the election date for October 10, the second election in less than 10 months, that may have otherwise had a depressing effect on the rate, appeared to be offset by rather favorable economic news: The U.K.'s retail price index rose by only .1 percent in August after a .9 percent rise in July. Unemployment in Britain also declined slightly by .1 percent to 2.9 percent. However, the announcement that the U.K. wage index soared 4.1 percent in August to 19.7 percent over August 1973 was received with gloom.

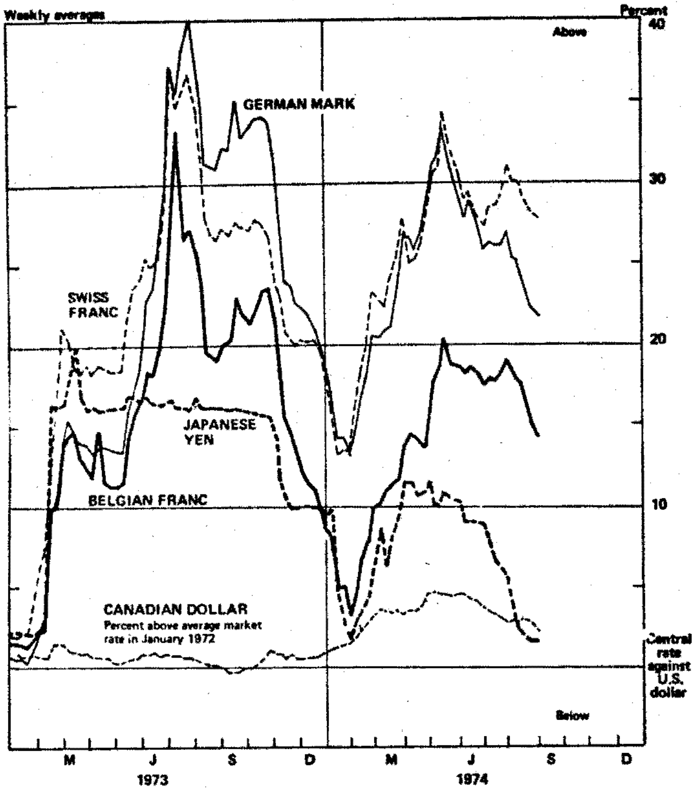
Of other major currencies, only the Japanese yen showed a significant movement this week following the already noted loan arrangement between Japan and Saudi Arabia. It rose in value relative to the dollar by 1.4 percent.

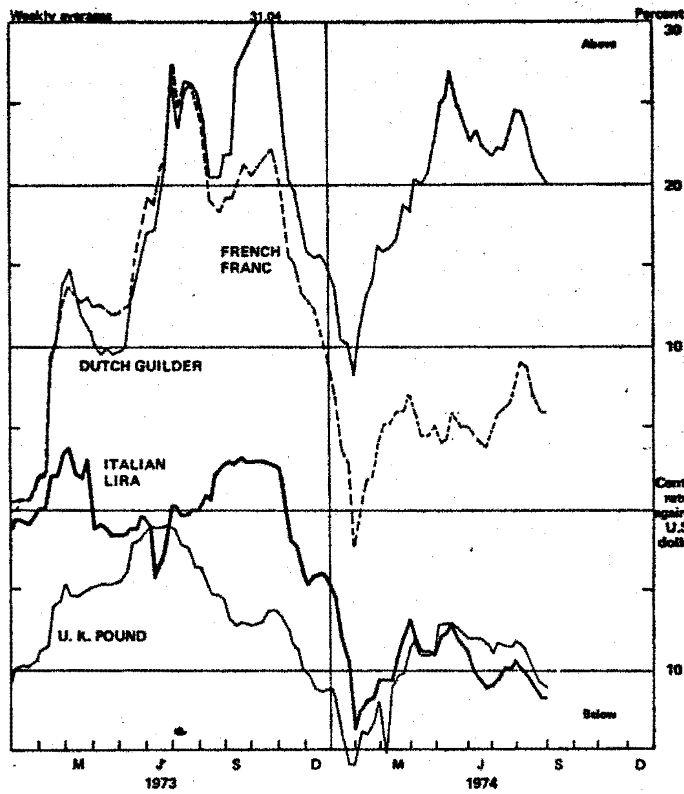
The price of gold declined rather sharply this week on the London Gold Market reaching the price of $144 per ounce at mid-week, before a recovery to $146 at the close of the week.

Date: September 20, 1974

CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR

(Weekly averages of daily offered rates in the U. S. market as percent above or below central rates as established by Smithsonian agreement, December 1971)



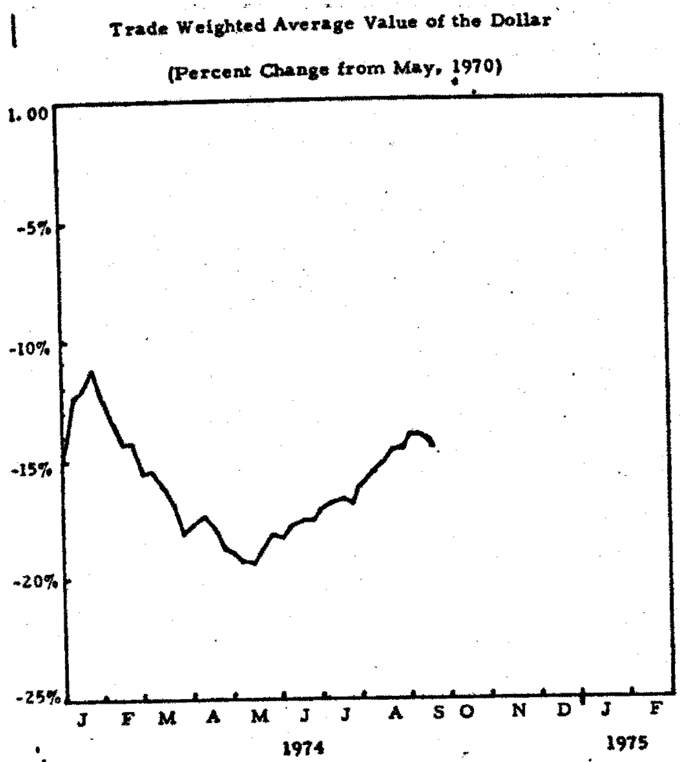


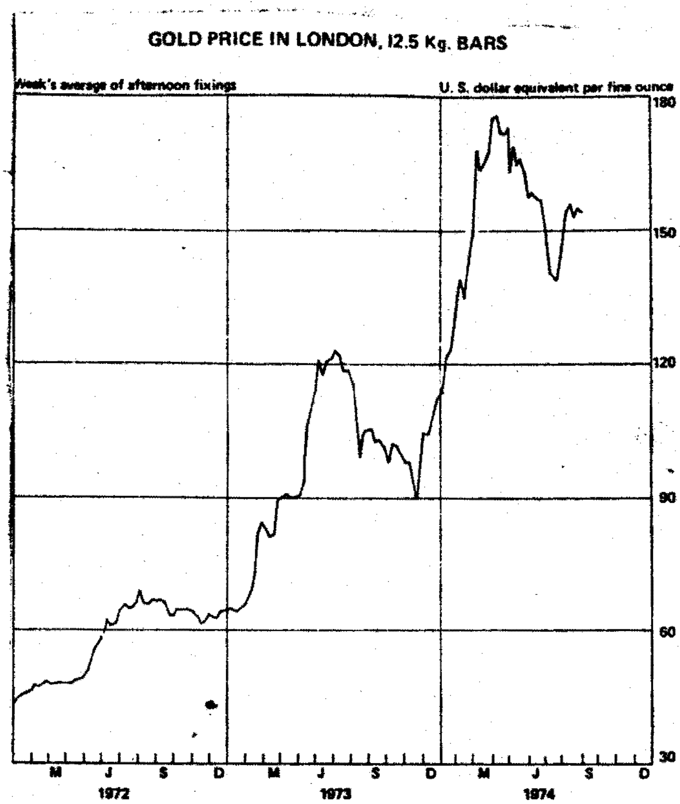
CURRENCY	UNITS PER U.S. $ / U.S. ¢ PER UNIT		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	SMITHSONIAN	TODAY	TODAY	WEEK AGO	MONTH AGO
Canadian Dollar	1.000 ¢100.000	.9862 ¢ 101.40	1.4	1.3	2.2
British Pound	.384 ¢260.571	.4320 ¢ 231.50	-11.2	-11.3	-10.4
German Mark*	3.222 ¢ 31.032	2.6575 ¢ 37.63	21.3	20.9	22.6
Swiss Franc	3.840 ¢ 26.042	2.9940 ¢ 33.40	28.3	27.7	28.4
French Franc	5.116 ¢ 19.548	4.7916 ¢ 20.87	6.8	6.4	6.1
Dutch Guilder*	3.245 ¢ 30.819	2.7071 ¢ 36.94	19.9	19.8	21.3
Belgian Franc*	44.816 ¢ 2.231	39.3856 ¢ 2.539	13.8	13.7	15.6
Italian Lira	581.500 ¢ .172	661.3757 ¢ .1512	-12.1	-12.2	-11.3
Japanese Yen	308.000 ¢ .325	295.4210 ¢ .3385	4.2	2.8	1.6

* Currencies floating together relative to the U.S. dollar.

Date: September 20, 1974

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES AND THE PRICE OF GOLD





TRADE-WEIGHTED AVERAGE VALUE OF THE DOLLAR IN TERMS OF 14 MAJOR CURRENCIES

DATE	PERCENTAGE CHANGE IN VALUE FROM: May 1970*	Smithsonian
TODAY	-14.88	-4.23
WEEK AGO	-14.52	-3.90
MONTH AGO	-15.11	-4.48
6 MONTHS AGO	-17.50	-6.72
YEAR AGO	-20.15	-9.00

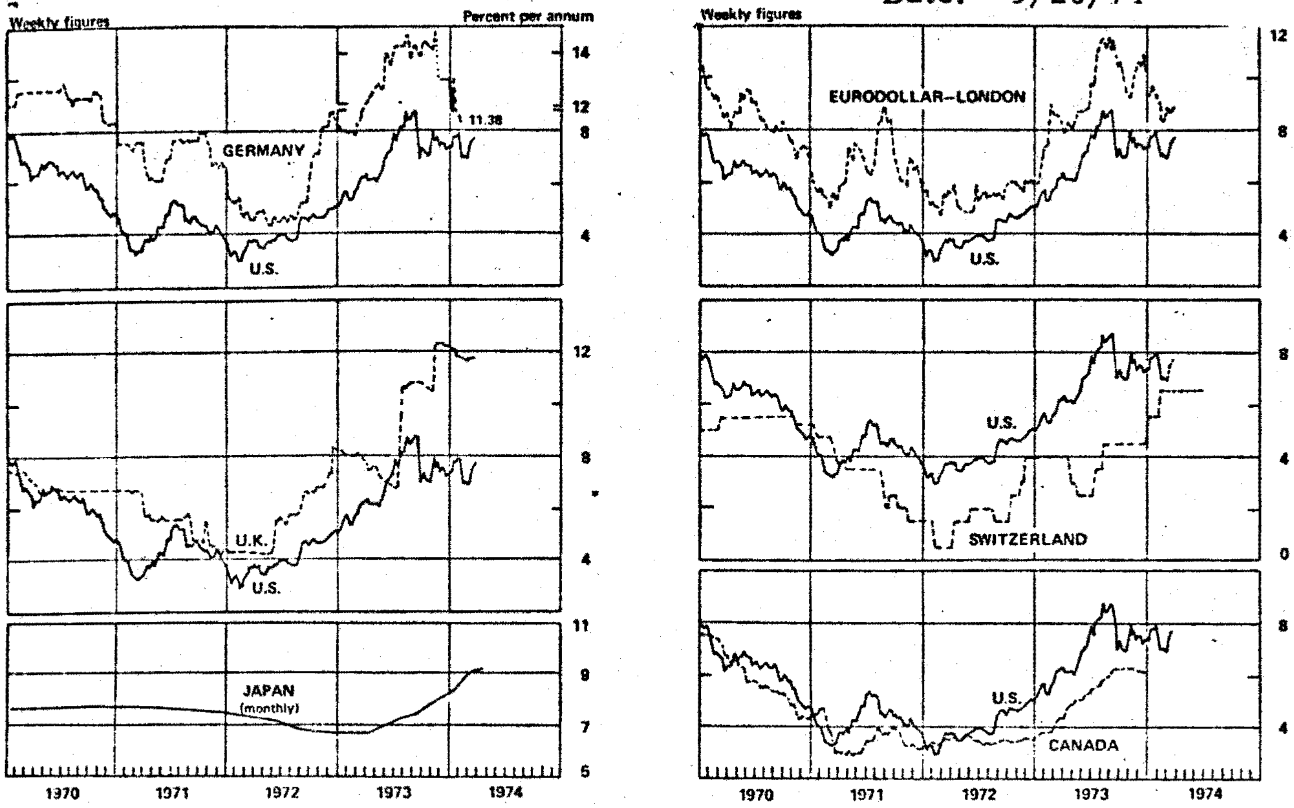
PRICE OF GOLD ON THE LONDON GOLD MARKET

PRICE IN DOLLARS PER OUNCE	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
146.00	317.1
153.00	337.1
155.50	342.0
177.50	407.1
103.25	195.0

* Last month in which fixed exchange rates were adhered to by all 14 countries (Canadian dollar floated June 1, 1970).

SHORT-TERM INTEREST RATES

Date: 9/20/74



U.S., 90-day Treasury bill rate; Germany, interbank loan rate; U.K., 90-day Treasury bill rate; Japan, average rate on bank loans and discounts.

U.S., 90-day Treasury bill rate; Eurodollars, three-month rate; Switzerland, three-month deposit rate; Canada, 90-day Treasury bill rate (adjusted to U.S. quotation).

Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive:
U.S.	90 Day CD's	11.575	---	11.575	
Eurodollars	90 Day Bank Deposit	11.75	---	11.75	
U.K.	Interbank Loan Rate	11.75	-2.62	9.13	-2.445
Canada	Finance Company Paper	11.375	+.61	11.985	.410
Germany	Interbank Loan Rate	9.40	+2.98	12.38	.805
Switzerland	Commercial Bank Prime Rate	8.00	+1.44	9.44	-2.135
France	"	14.40	-5.33	9.07	-2.505
Japan	"	9.25	+.06	9.31	-2.265

* 60 days.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20506

September 21, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Monetary and Financial Conditions, September 20,1974

Any reasonable interpretation of Federal Reserve policy suggests that it is based on the sound conception that the growth of the money aggregates should be kept well below the rates which would accommodate the present rate of price inflation along with a growth of output. For the 52-week period ending on September 12 the money supply including time deposits in the commercial bank but excluding large Certificates of Deposits (the money supply defined as M_2) grew by 8.3 percent; in the same interval the money supply excluding time deposits (M_1) grew by 5.5 percent. For shorter recent periods these growth rates were much smaller at an annual rate, but the Fed has no means of regulating the money supply for short intervals with any degree of precision. Some short-term interest rates declined substantially last week.

William J. Fellner
Member

Alan Greenspan
Chairman

OPTIONAL READING

So far moderation in monetary policy has not yet expressed itself in a reduced rate of price increase but has had its impact on real output which declined in the first quarter of the year and has remained approximately flat since then. However, such cooling of the economy should lead to gradual, appreciable price-deceleration once various adverse developments affecting specific price changes (particularly changes in farm prices) have worked their way through the price structure. The validity of this prognosis requires that the money wage trend should not accelerate meanwhile in such a way as to block the restoration of a healthy real-wage trend by means of a reduction of price increases.

Some interest rates are beginning to recede from the all time highs reached in August and early September. For example, the Treasury bill rate declined by more than two percentage points last week. A permanent, general fall in interest rates, however, will occur only when investors believe more firmly that inflation in 1975 and beyond will be much lower than in 1974. This would greatly reduce the "inflation premiums" charged by lenders and offered to the lenders by the borrowers. A tightening of our fiscal policies could make an appreciable contribution to easing acute tensions in the credit market, partly because that part of the strain which develops from government borrowing operations would be reduced and partly because inflationary expectations would be moderated.

Table 1

Growth Rates of Monetary Aggregates
(Percent Change, 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)
Change to 4 weeks ended Sept. 11, 1974 from 4 weeks ended			
Aug. 14, 1974 (four weeks prior)	1.4	4.0	6.3
July 17, 1974 (eight weeks prior)	1.2	5.0	6.6
June 12, 1974 (13 weeks prior)	2.5	6.2	8.7
Mar. 13, 1974 (26 weeks prior)	4.2	6.4	15.8
Sept. 12, 1973 (52 weeks prior)	5.5	8.3	10.2

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

September 24, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: New Orders in Durable Goods Manufacturing -- Advance Report for August

A. Summary

New orders received by producers of durable goods -- an important advance indicator of durable goods activity -- rose 2.8 percent from July to August according to preliminary reports. If not for a large rise in defense orders, the total would have been lower. An adjustment for inflation would make the total still less.

B. Additional Detail

New orders in July and August after allowing for inflation were running about 1 percent below the monthly average for the April-June period and 3-1/2 percent below the average for the third quarter of 1973. This suggests some weakening in new business. However, unfilled order backlogs continue to rise. The large backlog will support activity in durable goods for some time.

These data were released Monday, September 23 at 2:00 p.m.

Alan Greenspan

AMERICAN REVOLUTION BICENTENNIAL
1776-1976

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20506

September 25, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Merchandise Trade Balance for August

The U.S. trade deficit rose in August to a record-high $1.1 billion from $0.7 billion in July as exports remained flat while imports increased in virtually all categories.

The deficit is larger than has been generally anticipated. Consequently, the release of the figures at 2:00 p.m. today may be expected to have an adverse impact in the foreign exchange markets.

Gary L Seevers
Gary L. Seevers
Member

Alan Greenspan
Chairman

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

Detail Discussion of the Trade Developments in August

The U.S. Exports were at a record-high level in August at seasonally adjusted $8,370 million. However, they exceeded the previous record high reached in June by only some $13 million, following a 0.6 percent decline from June to July, and a 0.8 percent rise from July to August. Thus, for all practical purposes, the U.S. exports have remained flat over the past 3 months. This contrasts sharply with the average monthly rate of growth of 3.3 percent in 12 months from June 1973 to June 1974, and the average long-term monthly rise of 3.8 percent in the period 1968-1973.

The major influence in the leveling-off of the U.S. exports has been the decline of exports of agricultural products. After having risen sharply from $7.8 billion in January-June 1973 to $10.0 billion in the second half of 1973, they rose further to $11.5 billion in January-June 1974 -- 48.6 percent above the comparable period in 1973. In July and August of 1974, such exports were running considerably below the previous years' levels. For example, exports in "Food and Live Animal" category in August 1974 were 13.6 percent below August 1973, and 14.7 percent below the peak reached in April of this year.

At the same time, exports in other categories have been growing at considerably slower rates over the past 2 months than previously. For example, while exports in the "Transportation Equipment" category rose 31 percent in the first half of 1974 over the first half of 1973, in July and August they were only up by 1.3 and 7.9 percent respectively over the average monthly exports during January-June period.

In general, the flatness of U.S. exports is attributable to the slow-down of economic activities abroad. The declines in prices of agricultural products a few months ago may be an additional element in exports in that category; recent increases in farm prices will reverse that factor in the months ahead.

U.S. Imports in August were also at a record high level of $9.5 billion, seasonally adjusted, up 5.2 percent over the previous record high in July, and 58 percent above August 1973 level. Imports in the category of "Fuels and Lubricants" led the increase, rising some 232 percent in

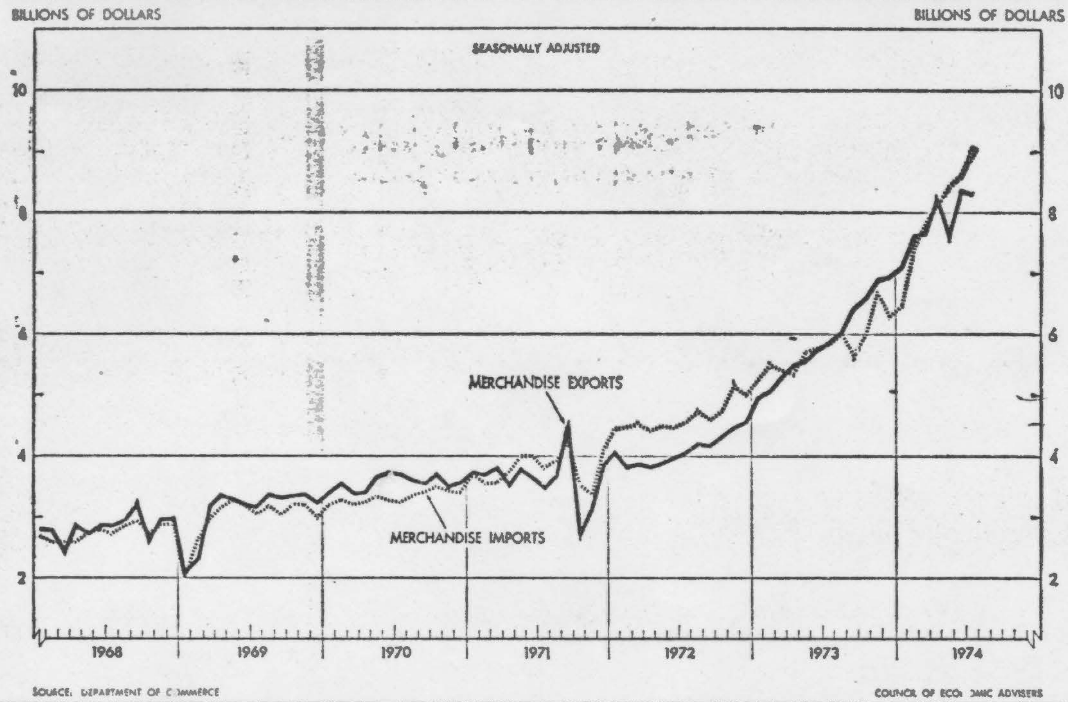
August 1974 over the same month in 1973, to a total $2,519 million.* Imports of manufactured goods have also been showing remarkable strength, running in August some 73 percent over August 1973 level, while rising 21.2 percent over July 1974 level.

The Trade Balance of $1,132 million (seasonally adjusted), the largest monthly deficit on record, exceeds the July deficit of $728 million by a wide margin. Although a trade deficit has been generally expected due to sharply higher oil import bill, the size of the deficit in August largely exceeds the expectations. As such, therefore, the release of the figure may cause a temporary weakness of the dollar in the foreign exchange markets.

* This total excludes imports of crude oil to oil refineries in Virgin Islands that will ultimately be included in the total U.S. trade figures, balance-of-payments basis.

MERCHANDISE EXPORTS AND IMPORTS

The U.S. merchandise trade deficit deepened in July to $728 million (seasonally adjusted), as exports remained large, about unchanged from June, while imports, led by the rise in value of imports of crude materials and fuels, rose to a record high level of over $9 billion.



[Millions of dollars]

Period	Merchandise exports: Total (including reexports) [1]: Seasonally adjusted	Merchandise exports: Total (including reexports) [1]: Unadjusted	Domestic exports: Total [1,2]	Domestic exports: Food, beverages, and tobacco	Domestic exports: Crude materials and fuels	Domestic exports: Manufactured goods	Merchandise imports: General imports [3]: Total [2]: Seasonally adjusted	General imports: Total [2]: Unadjusted	General imports: Food, beverages, and tobacco	General imports: Crude materials and fuels	General imports: Manufactured goods	Merchandise trade balance, seasonally adjusted
Monthly average:												
1966	-------	2,458	2,421	432	367	1,602	-------	2,125	382	476	1,204	323
1967	-------	2,586	2,554	392	394	1,737	-------	2,241	392	447	1,313	345
1968	-------	2,839	2,802	383	405	1,985	-------	2,769	447	503	1,719	70
1969	-------	3,111	3,066	370	417	2,232	-------	3,004	442	533	1,918	107
1970	-------	3,555	3,502	422	558	2,445	-------	3,329	519	545	2,159	225
1971	-------	3,629	3,576	423	537	2,537	-------	3,797	534	606	2,535	−168
1972	-------	4,102	4,035	547	591	2,813	-------	4,632	615	737	3,147	−530
1973	-------	5,902	5,811	1,078	895	3,728	-------	5,790	770	1,120	3,750	112
		Unadjusted						Unadjusted				
1973: June	*5,728*	5,860	5,756	1,023	873	3,727	*5,775*	5,911	725	1,084	3,940	*−47*
July	*5,865*	5,331	5,249	980	755	3,388	*5,829*	5,659	694	1,007	3,801	*37*
Aug	*6,042*	5,785	5,682	1,294	767	3,526	*6,011*	6,017	789	1,220	3,852	*33*
Sept	*6,420*	6,965	5,880	1,285	694	3,816	*6,644*	5,807	707	1,118	3,342	*776*
Oct	*6,585*	6,751	6,635	1,327	984	4,196	*5,996*	6,403	837	1,317	4,089	*589*
Nov	*6,879*	7,100	7,008	1,513	1,115	4,239	*6,684*	6,845	948	1,438	4,316	*195*
Dec	*6,949*	6,921	6,837	1,385	1,104	4,242	*6,291*	5,974	859	1,496	3,463	*658*
1974: Jan	*7,111*	6,832	6,750	1,289	1,072	4,248	*6,467*	6,650	881	1,742	3,882	*644*
Feb	*7,606*	7,298	7,207	1,244	1,268	4,563	*7,392*	6,692	830	1,989	3,718	*213*
Mar	*7,674*	8,520	8,406	1,336	1,376	5,523	*7,845*	7,823	1,015	2,343	4,295	*−171*
Apr	*8,234*	8,381	8,256	1,277	1,427	5,381	*8,141*	8,371	937	2,811	4,444	*93*
May	*7,630*	8,427	8,296	1,195	1,427	5,517	*8,407*	8,899	939	2,885	4,902	*−777*
June	*8,357*	8,328	8,212	1,182	1,360	5,501	*8,613*	8,557	900	2,675	4,799	*−256*
July	*8,307*	7,656	7,554	1,172	1,238	4,962	*9,036*	9,003	901	3,011	4,897	*−728*
Aug	9370	7,930	7,802	1,118	1,227	5,292	9502	9,166	879	3,079	5,020	−1132

[1] Total excludes Department of Defense shipments of grant-aid military supplies and equipment under the Military Assistance Program.
[2] Total includes commodities and transactions not classified according to kind.
[3] Total arrivals of imported goods other than intransit shipments.

NOTE.—Data adjusted to include silver ore and bullion reported separately prior to 1969.

Source: Department of Commerce.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20506

September 27, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Monetary and Financial Conditions

Summary

For the past 52 weeks as a whole the growth rates of the monetary aggregates were probably just about right in the sense that they remained a few percentage points below the rates which would continue to accommodate the present unacceptable price trend along with an expansion of output. It is necessary to use this much restraint until inflation becomes reduced, even though the price trend will respond to restraints merely with a lag while a flattening of output has shown much more promptly. Over shorter recent periods the monetary aggregates grew at a significantly lesser rate than over the past 52 weeks; the Fed, which has no full control over short-run changes in the money supply, seems aware of the fact that approaching desirable longer-run targets involves larger money growth than that of the past few weeks. Short-term interest rates declined in recent weeks.

William J. Fellner
Member

Alan Greenspan
Chairman

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

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	M1 (currency plus demand deposits)	M2 (currency plus all commercial bank deposits except large CD's)	Credit (adjusted bank credit proxy)
From average of four weeks ending Sept. 19,1973 to average of four weeks ending Sept. 18, 1974	5.6	8.3	10.2
From average of four weeks ending Mar. 20 to average of four weeks ending Sept. 18, 1974	4.2	6.3	15.1
From average of four weeks ending June 19 to average of Four weeks ending Sept. 18, 1974	2.0	5.5	7.9

(2) Interest Rates. The recent three-month Treasury bill rate of about 7 percent is more than 2 percentage points below the August average. The decline in the prime commercial paper rate since that time has been smaller but also in excess of 1 percentage point. No clear reversal of the preceding less pronounced uptrend of long-term interest rates is as yet observable. In general, a significant and durable lowering of the high interest rates will depend on the lessening of inflationary price expectations but the demand of investors and of consumers for loans can change also for other reasons and therefore interest rates too can.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20506

September 27, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Developments

International financial markets were relatively quiet this week, with the exchange rates of major currencies adjusting marginally to movements in international interest rates, and to seasonal international movements of funds.

In this environment the value of the dollar relative to other major currencies remained relatively stable. The adverse impact on the dollar rates of the declining U.S. short-term interest rates and of the release of unfavorable U.S. trade figures were offset by a favorable reaction of the markets to the Fed's announcement of a "guarantee of soundness" for all foreign claims on the troubled Franklin National Bank of New York.

William Fellner

William J. Fellner
Member

Alan Greenspan
Chairman

Detail Summary of International Developments

The value of the dollar as measured by its trade-weighted average value in terms of 14 major currencies rose slightly by .18 percent by the end of this week, reversing a two-week decline that lasted until the middle of the week.

The declining interest rates in the United States and on dollar-denominated deposits in European banks (the so-called "Eurodollars") has been one of the factors causing the easing of the dollar for the past two and a half weeks. The decline has been particularly pronounced in the interest rates on U.S. Treasury Bills that declined to the 6-7 percent range during this week from a level close to 9 percent only three weeks ago. On the other hand, interest rates in other countries have remained relatively firm, as may be seen from the following table:

Country	Yield on 3-Month Treasury Bills, Corrected for the Cost of Forward Cover
U.S.	6.15
Canada	9.65
U.K.	7.60
Belgium	12.50
Germany	10.63
Netherlands	12.53

Given this relationship between interest rates, it has become increasingly attractive for holders of dollar funds to convert these into foreign currencies and purchase foreign currency-denominated assets, thereby realizing a better yield on their short-term investment while being assured (through their purchase of a "forward cover") risk-free conversion into dollars at the maturity of the asset. Such conversion, of course, tended to weaken the dollar, even though not all foreign securities may be freely acquired in all countries listed above.

Also tending to weaken the dollar early in the week was the release of U.S. trade figures showing $1.1 billion deficit for August -- the highest monthly deficit on record. In part the large deficit was attributable to reduced agricultural exports rather than merely to the high oil bill, and to this extent it need not be regarded as an adverse development, but it does tend to weaken the demand for dollars and thus our exchange rate.

Finally, commercial banks abroad have been engaged this week in a quarterly ritual that has become known in the trade circules as the "seasonal windowdressing": In order to show in their public reports large cash reserves in their domestic currencies they tend to dispose of balances they hold in foreign currencies, mostly dollars, for over the end-of-the month reporting date.

Sale of dollars motivated by these considerations particularly by the Swiss banks tended to add to the weakening of the dollar in the early part of the week. The market sentiments were reversed sharply by the end of the week as the Federal Reserve Bank of New York announced that it has accepted responsibility for delivering some $800 million worth of foreign currencies which represented an obligation of the Franklin National Bank. The action was in marked contrast to the treatment afforded foreign investors in Germany, who suffered substantial losses on their positions with the defunct Herstatt Bank.

While the full long-term impact of the Fed's decision as yet cannot be fully assessed, this week's action had a deep salutary effect in an environment of mistrust in international banks that was observable in the markets over the past several months. (See our last two International Reports).

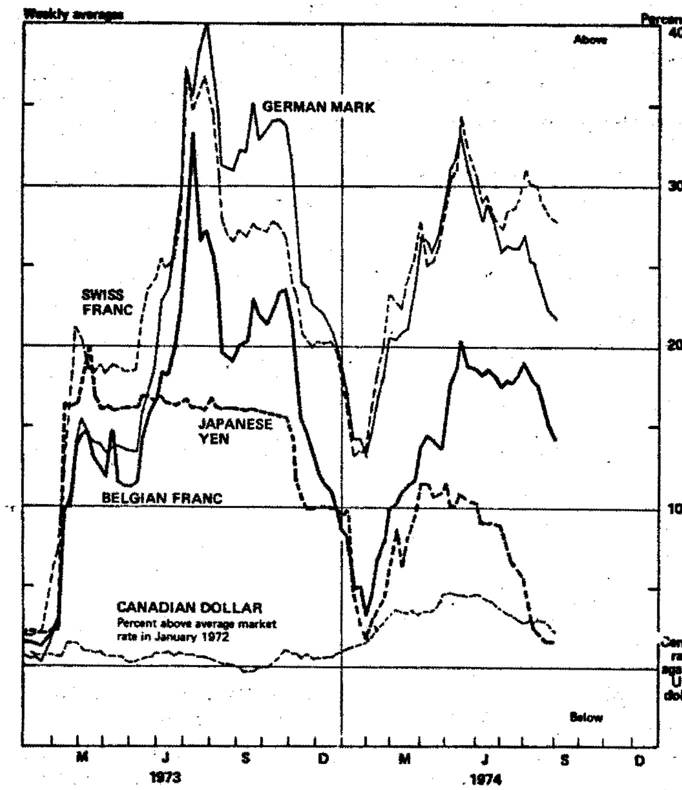
Individual major foreign currencies ended the week generally unchanged relative to the dollar, with only small intervention being reported for the EC currencies that are tied together in the so-called snake arrangements. Considering that the German mark continues to be the weakest currency of the group, the German authorities, together with the monetary authorities of the "strong currency" countries of the group (Norway and Belgium), were obliged to spend about $50 million's worth of reserves to keep the snake currencies within the 2-1/2 percent "skin".

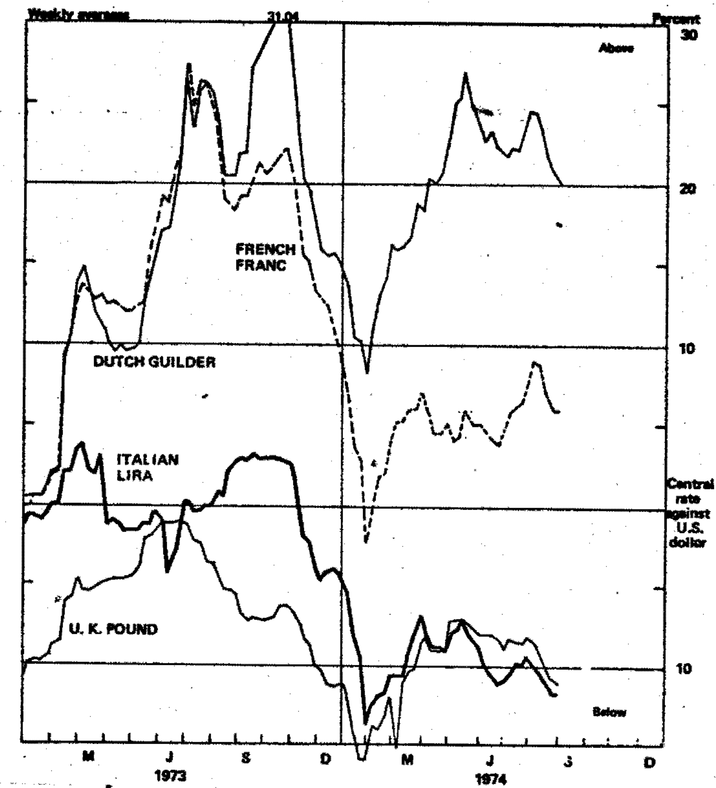
The price of gold declined slightly in a dull market this week.

Date: September 27, 1974

CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR

(Weekly averages of daily offered rates in the U. S. market as percent above or below central rates as established by Smithsonian agreement, December 1971)



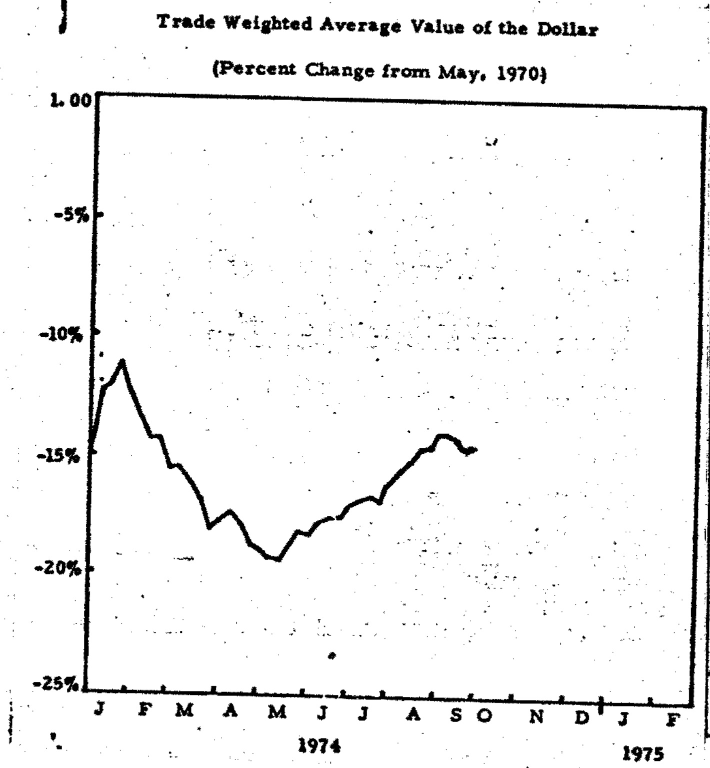


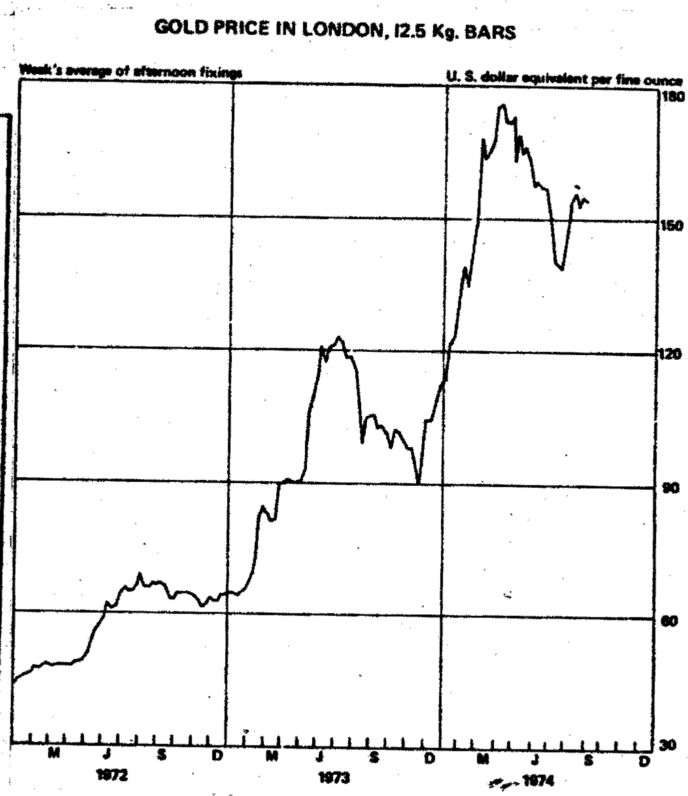
CURRENCY	UNITS PER U.S. $ / U.S. ¢ PER UNIT		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	SMITHSONIAN	TODAY	TODAY	WEEK AGO	MONTH AGO
Canadian Dollar	1.000 ¢100.000	.9853 ¢101.49	1.5	1.4	2.0
British Pound	.384 ¢260.571	.4291 ¢233.05	-10.6	-11.2	-11.1
German Mark*	3.222 ¢ 31.032	2.6575 ¢ 37.63	21.3	21.3	21.1
Swiss Franc	3.840 ¢ 26.042	2.9682 ¢ 33.69	29.4	28.3	27.6
French Franc	5.116 ¢ 19.548	4.7529 ¢ 21.04	7.6	6.8	6.2
Dutch Guilder*	3.245 ¢ 30.819	2.7078 ¢ 36.93	19.8	19.9	19.7
Belgian Franc*	44.816 ¢ 2.231	39.2388 ¢ 2.5485	14.2	13.8	14.0
Italian Lira	581.500 ¢ .172	660.9385 ¢ .1513	-12.0	-12.1	-12.0
Japanese Yen	308.000 ¢ .325	295.9455 ¢ .3379	4.0	4.2	1.6

* Currencies floating together relative to the U.S. dollar.

Date: September 27, 1974

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES AND THE PRICE OF GOLD





TRADE-WEIGHTED AVERAGE VALUE OF THE DOLLAR IN TERMS OF 14 MAJOR CURRENCIES

DATE	PERCENTAGE CHANGE IN VALUE FROM: May 1970*	Smithsonian
TODAY	-14.69	-4.05
WEEK AGO	-14.88	-4.23
MONTH AGO	-14.29	-3.68
6 MONTHS AGO	-18.19	-7.38
YEAR AGO	-19.94	-8.97

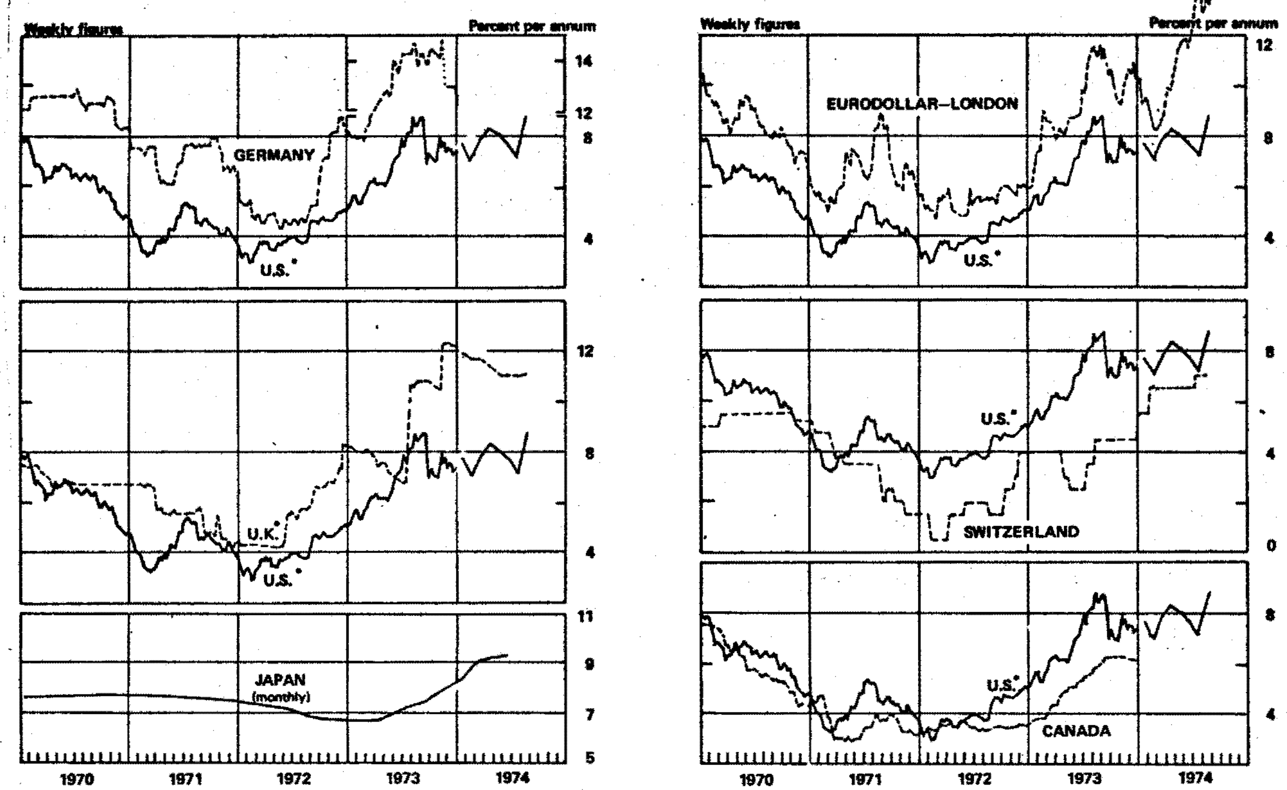
PRICE OF GOLD ON THE LONDON GOLD MARKET

PRICE IN DOLLARS PER OUNCE	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
145.75	316.4
146.00	317.1
153.50	338.6
174.00	397.1
102.25	192.1

* Last month in which fixed exchange rates were adhered to by all 14 countries (Canadian dollar floated June 1, 1970).

1974

SHORT-TERM INTEREST RATES



U.S., 90-day Treasury bill rate; Germany, interbank loan rate; U.K., 90-day Treasury bill rate; Japan, average rate on bank loans and discounts.
*Monthly beginning January 1974.

U.S., 90-day Treasury bill rate; Eurodollars, three-month rate; Switzerland, three-month deposit rate; Canada, 90-day Treasury bill rate (adjusted to U.S. quotation).
*Monthly beginning January 1974.

Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive:
U.S.	90 Day CD's	10.975	---	10.975	
Eurodollars	90 Day Bank Deposit	12.25	---	12.25	
U.K.	Interbank Loan Rate	11.938	-3.35	8.588	-2.387
Canada	Finance Company Paper	11.125	+.49	11.615	.64
Germany	Interbank Loan Rate	9.40	+2.50	11.90	.925
Switzerland	Commercial Bank Prime Rate	8.00	+1.36	9.36	-1.615
France	Commercial Bank Prime Rate	14.40	-5.79	8.61	-2.365
Japan	Commercial Bank Prime Rate	9.25	-1.90	7.35	-3.625

* 60 days.