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THE PRESIDENT HAS SEEN.
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

March 14, 1975
[Handwritten initials]

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Monetary and Financial Conditions

Over the past four weeks M_1 has grown at an annual rate of 11.6 percent, and M_2 at 13.4 percent. These rates are very high by historical standards, but they are appropriate given the current slack in the economy and the excessively slow monetary growth in recent months. A continuation of the current growth rates in monetary aggregates will greatly enhance the chances for a recovery in economic activity in the second half of 1975. Continued rapid monetary growth is likely since the Federal Reserve has evidently lowered its target for the Federal funds rate, a change that allows more reserves to be pumped into the banking system through open market operations.

Gary SeEVERS
Gary L. SeEVERS
Member

[Handwritten signature]
Alan Greenspan
Chairman

Attachments



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 6, 1974 to average of four weeks ending March 5, 1975)	3.9	6.9	9.0
Past 26 weeks (from average of four weeks ending Sept. 4, 1974 to average of four weeks ending March 5, 1975)	2.4	6.6	3.3
Past 13 weeks (from average of four weeks ending Dec. 4, 1974 to average of four weeks ending March 5, 1975)	-.1	5.7	3.0
Past 4 weeks (from average of four weeks ending Feb. 5, 1975 to average of four weeks ending March 5, 1975)	11.6	13.4	1.1

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
September	8.36	8.38	7.30	11.23	9.24
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
Week ending:					
Feb. 14	5.80	6.92	6.58	6.34	8.63
Feb. 21	5.41	6.71	6.63	6.28	8.58
Feb. 28	5.46	6.83	6.64	6.25	8.57
Mar. 7	5.64	6.86	6.67	6.25	8.59
Mar. 14 ^P	5.62	6.88	6.67	6.09	8.61