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TA

THE PRESIDENT HAS SEEN... *As*

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

February 28, 1975

MAF

MEMORANDUM FOR THE PRESIDENT

SUBJECT: U.S. Foreign Trade in January

SUMMARY

According to preliminary data released by the Commerce Department today, the U.S. merchandise trade balance for the month of January was in deficit by \$628 million (balance-of-payments basis). This compares with deficits of \$789 million in December and \$352 million in November. On a Census basis, the deficit was \$210 million compared with \$388 million in December.

The small improvement from the previous month was primarily attributable to a rise in exports of agricultural commodities. We should continue to note that without petroleum imports, which in January amounted to \$2.9 billion on a seasonally adjusted basis, the U.S. trade account would register a sizeable surplus.

Gary SeEVERS
Gary L. SeEVERS
Member

Alan Greenspan

Alan Greenspan
Chairman

Attachment



Additional Detail

Both exports and imports of the United States increased in January over the December levels. The import rise was largely due to an increased volume of oil inflows, perhaps in anticipation of tariff impositions later. Nonmonetary gold imports also rose reflecting the legalization of U.S. private holdings at the end of 1974. Other categories of imports either remained stable or declined.

The larger export gain came largely from a 25 percent increase in agricultural items, mainly in grains and soybeans. Nonmonetary gold flows also figured in the export increase, primarily from foreign purchases in the Treasury auction early in the month. Other categories of exports were largely unchanged, except for some increases in machinery and consumer goods. Declines in exports occurred in civilian aircraft and automotive parts to Canada.

For the latest three-month period (November-January), the U.S. trade account was in deficit at an annual rate of \$7.1 billion, compared to an annual rate of \$8.4 billion for the preceding three-month period.

Beginning with this release, the Commerce Department will quote import values and export values in f.a.s. (free alongside ship) terms. Previously import figures included shipping cost, and freight charges.

