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FROM: C R BEAN  
DATE: 13 AUGUST 1982

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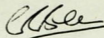
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INTERPRETATION OF MONETARY CONDITIONS

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I attach a copy of the August note.



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INTRODUCTION AND SUMMARY

This month's note:-

(i) discusses the recent behaviour of the principal monetary aggregates and other indicators of the impact of monetary policy;

(ii) reports recent evidence on the growth in real output.

2. The most recent information on the monetary aggregates suggest that the degree of monetary tightness has been relaxed somewhat since the end of 1981 and the beginning of 1982. Monetary growth for the most part appears to lie in the middle part of the target range for the two broad aggregates and at the bottom for M1, and the latest statistics do not suggest that recent falls in interest rates have been in any way excessive. Inflation continues to moderate but there is evidence that the limited growth in real output seen since the beginning of the year is beginning to falter.

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(1) THE GROWTH OF THE MONETARY AGGREGATES AND THE EVIDENCE OF OTHER INDICATORS OF THE IMPACT OF MONETARY POLICY

3. Table 1 summarises the most recent information on the nominal financial aggregates as well as data for previous financial years.

TABLE 1 : GROWTH RATES IN THE NOMINAL MONETARY AND FINANCIAL AGGREGATES

	Composite monetary indicator	Non- interest bearing					FSL2	Net financial wealth**
		M0	M1	M1	£M3	M3		
<u>(a) financial years</u>								
1979-80*	6.2	9.6	4.2	3.2	11.0	12.4	11.3	
1980-81*	10.3	7.4	7.9	11.3	19.8	21.5	14.0	14.6
1981-82*	6.0	1.1	0.3	4.3	12.4	15.7	10.9	30.1
<u>(b) changes on same period in previous year*</u>								
1981 (1)	8.1	7.5	4.2	7.4	18.3	19.4	12.8	30.8
(2)	10.4	5.8	8.9	12.1	18.7	21.3	13.4	30.1
(3)	12.1	5.0	9.4	10.6	15.3	21.1	13.7	18.0
(4)	8.3	4.2	4.8	7.7	13.1	18.8	11.4	17.3
1982 (1)	8.4	2.7	4.0	8.4	13.9	16.1	11.8	
(2)	6.5	2.2	1.5	6.4	12.6	13.5	10.3	
<u>(c) changes on same period in previous year</u>								
1981								
August	11.3	3.8	9.4	9.0	13.4	18.7	13.0	
September	12.1	5.0	9.4	10.6	15.3	21.1	13.7	18.0
October	9.8	4.5	7.1	8.6	14.5	21.6	12.5	
November	9.6	3.8	6.8	9.8	13.6	19.6	11.9	
December	8.3	4.2	4.8	7.7	13.1	18.8	11.4	17.3
1982								
January	10.5	6.8	7.4	11.1	14.3	17.8	12.3	
February	8.7	3.3	4.2	9.0	13.9	16.8	12.1	
March	8.4	2.7	4.0	8.4	13.9	16.1	11.8	
April	6.0	1.1	0.3	4.3	12.4	15.7	10.9	
May	5.6	0.7	0.1	4.0	11.9	14.1	10.3	
June	6.5	2.2	1.5	6.4	12.6	13.5	10.3	
July	5.7	2.3	1.1	4.7	11.2	12.5	9.4	
<u>(d) changes (at an annual rate) in 6 months to</u>								
1981								
August	12.0	3.4	9.9	9.7	15.8	23.3	14.7	
September	14.2	6.8	12.2	14.2	19.1	25.5	16.2	9.6
October	7.0	2.0	1.1	3.7	18.1	25.8	13.5	
November	4.8	2.0	-1.4	3.9	15.3	19.9	10.9	
December	5.3	2.3	-1.7	5.4	16.1	18.1	11.1	-0.5
1982								
January	4.5	7.2	-2.4	3.8	13.9	12.7	10.5	
February	5.4	3.2	-1.1	8.3	12.1	10.6	9.6	
March	2.9	-1.2	-3.5	2.9	8.9	7.5	7.6	
April	4.9	0.2	-0.5	4.9	7.0	6.4	8.3	
May	6.3	-0.5	1.4	4.1	8.7	8.6	9.7	
June	7.7	2.1	4.8	7.5	9.2	9.1	9.6	
July	6.9	2.4	4.8	5.5	8.5	12.3	8.2	

(See page 3 for footnotes)

4. The latest monetary statistics continue to suggest that the rate of growth of the broad aggregates has been decelerating. The six-month growth rates of both £M3 and PSL2 fell. The six-month growth rate of M3 however rose significantly reflecting a large increase in UK residents foreign currency deposits. This appears to be erratic and is likely to be reversed in future months in response to recent rises in the uncovered differential. The growth rates of the broad aggregates may still be distorted downwards by the effects of the Civil Service strike, but this effect is now disappearing. The six-month growth rate of M1 fell back somewhat after the large increase in June, but the overall impression is one of an underlying increase in the rate of growth. The rise was concentrated in non-interest bearing sight deposits - interest-bearing sight deposits actually fell. The monetary base has behaved somewhat erratically over the recent past, but the rate of growth here also appears to be increasing. The overall picture is consistent with the monetary stance set out in the MTFS with the slightly more rapid growth of the non-interest bearing elements of the money supply reflecting recent falls in interest rates. This process is unlikely to be complete yet and the outlook is therefore probably for a period when the narrow aggregates are growing rather faster than the broad aggregates.

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Footnotes to Table 1

- \* through the financial year (mid-April on mid-April)
- \*\* including revaluations (calendar quarters)
- ∅ the growth rates for all monetary aggregates, except non-interest bearing M1, are adjusted for recent changes in definition.
- + quarterly figures are for the final banking month of the quarter except for net financial wealth which are for calendar quarters.

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TABLE 2 : CHANGES IN THE REAL MONEY SUPPLY (%)

		<u>RPI</u>	<u>Composite monetary indicator</u>	<u>M0</u>	<u>Non interest bearing M1</u>	<u>M1</u>	<u>£M3</u>	<u>PSL2</u>
(a) Change in 12 months to								
1981	August	11.5	-0.2	-7.7	-2.1	-2.5	1.9	1.5
	Sept	11.4	0.7	-6.4	-2.0	-0.8	3.9	2.3
	Oct	11.7	-1.9	-7.2	-4.6	-3.1	2.8	0.8
	Nov	12.0	-2.4	-8.2	-5.2	-2.2	1.6	-0.1
	Dec	12.0	-3.7	-7.8	-7.2	-4.3	1.1	-0.6
1982	Jan	12.0	-1.5	-5.2	-4.6	-0.9	2.3	0.3
	Feb	11.0	-2.3	-7.7	-6.8	-2.0	2.9	1.1
	March	10.4	-2.0	-7.7	-6.4	-2.0	3.5	1.4
	April	9.4	-3.4	-8.3	-9.1	-5.1	3.0	1.5
	May	9.5	-3.9	-8.8	-9.4	-5.5	2.4	0.8
	June	9.2	-2.7	-6.0	-7.7	-2.8	3.4	1.1
	July	(8.8)	(2) -3.1	-6.5	-7.7	-4.1	2.4	0.6
(b) Change (at an annual rate) 6 months to								
1981	August	13.4 (1)	-1.4	-10.0	5.5	5.7	2.4	1.3
	Sept	11.8	2.4	-5.0	0.4	2.4	7.3	4.4
	Oct	10.2	-3.2	-8.2	-9.1	-6.5	7.9	3.3
	Nov	11.6	-6.8	-9.6	-13.0	-7.7	3.7	-0.7
	Dec	11.8	-6.5	-9.5	-13.5	-6.4	4.3	-0.7
1982	Jan	11.3	-6.8	-4.1	-13.7	-7.5	2.6	-0.8
	Feb	8.7	-3.3	-5.5	-9.8	-0.4	3.4	0.9
	March	8.8	-5.9	-10.0	-12.3	-5.9	0.1	-0.8
	April	8.6	-3.7	-8.4	-9.1	-3.7	-1.6	-0.3
	May	7.5	-1.2	-8.0	-6.1	-3.6	1.2	2.2
	June	6.6	-1.1	-4.5	-1.8	0.9	2.6	3.0
	July	(6.2)	(2) 0.7	-3.8	-1.4	-0.7	2.3	2.0

- (1) The simple method of seasonal adjustment for the RPI for use in calculation of the six monthly growth rates was described in the February Interpretation of Monetary Conditions.
- (2) The RPI for July is not yet available and a prediction of its seasonally adjusted increase is included here.

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5. Table 2 shows twelve and six-month growth rates of the real money supply over the past year. Inflation continues to decelerate - somewhat faster than expected - and as a consequence the real money supply on all measures has tended to be accelerating. This is especially well brought out by the six-month growth rate of the composite indicator which shows a significant recovery from the tightening that took place at the end of 1981 and beginning of 1982. This acceleration does not imply that conditions now are especially lax since real holdings of the narrow aggregates fell significantly during this period and some recovery is to be expected as interest rates decline. The data suggest - as did the nominal data - that monetary conditions were at their tightest in the fourth quarter of 1981 and the first quarter of 1982 but have relaxed a little since then.

6. The other indicators tend to confirm the picture of tight monetary policy with perhaps some relaxation in recent months. The six month growth rate of the CSO's average estimate of money GDP decelerated markedly in the second quarter of this year.

TABLE 3 : GROSS DOMESTIC PRODUCT AT CURRENT PRICES

	<u>GDP at</u> <u>factor cost</u> (income based)		<u>GDP at</u> <u>factor cost</u> (expenditure based)		<u>GDP at</u> <u>market prices</u> (CSO's average estimate)		
	£b	% change on a year earlier	£b	% change on a year earlier	£b	% change on a year earlier	% change over six month annual rate
1981 Q1	50.3	8.2	50.7	11.4	60.0	11.5	9.6
Q2	51.4	6.6	51.7	9.5	61.2	10.7	8.3
Q3	53.6	8.3	(52.7)	(6.9)	(62.4)	(8.9)	(11.4)
Q4	54.6	8.3	54.5	8.3	64.6	9.9	11.4
1982 Q1	55.3	9.9	55.3	(9.1)	66.0	10.0	11.9
Q2	(56.6)	(10.1)	(56.5)	(9.3)	(67.3)	(10.0)	(8.5)

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7. The rate of increase of retail prices continues to fall although the rate of increase of both wholesale output prices and wholesale input prices seems a little steadier over the past three months.

TABLE 4 : RETAIL AND WHOLESALE PRICES  
(% change on same period a year before)

	Retail prices		Wholesale output prices (home sales)	Wholesale input prices
	Recorded	Under-lying $\lambda$		
1981 Q1	12.7	12.2	10.9	8.5 (22.3)*
Q2	11.7	11.2	10.3	12.2 (24.4)*
Q3	11.3	12.3	10.1	16.8 (19.1)*
Q4	11.9	12.7	11.2	16.7 ( 2.3)*
1982 January	12.0	11.5	11.0	13.9 ( 1.2) $\phi$
February	11.0	10.0	10.6	12.1 ( 5.2) $\phi$
March	10.4	9.0	9.7	8.0 (-2.7) $\phi$
April	9.4	8.0	8.8	7.7 (-0.3) $\phi$
May	9.5	9.0	8.7	4.8 (-4.4) $\phi$
June	9.2	9.0	8.2	5.6 (13.4) $\phi$
July	8.8	-	8.5	5.0 (10.3) $\phi$

$\lambda$  The underlying rate of inflation is based on recent movements in the RPI which have been purged of influences which make difficult the assessment of the trend. More precisely, increases in rents, rates, Nationalised Industry prices and seasonal food are computed on a twelve month basis whilst changes in the remaining items that comprise retail prices are calculated in a fashion that gives more weight to (annualised) one month changes than to twelve month changes.

\* Increase over previous quarter at an annual rate

$\phi$  Increase over past three months at an annual rate

8. Short-term interest rates (as measured by the three month interbank rate) have fallen in recent weeks, but the fall in real short term interest rates is rather less because of the moderation in inflation. Long rates have also fallen less and there has been a consequential rise in the yield gap. The yield on indexed gilts which provides an alternative indicator of the expected real rate of interest has hardly changed over the last few months.

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TABLE 5 : NOMINAL INTEREST RATES (period averages)

	<u>Three month Interbank</u>	<u>Three month Eurodollar</u>	<u>Base Rate</u>	<u>Long Rate (20 year gilts)</u>	<u>Yield gap</u>
1981 Q1	13.3	16.5	13.6	13.8	0.5
Q2	12.5	17.7	12.0	14.2	1.7
Q3	14.2	18.4	12.3	15.2	1.0
Q4	15.6	14.3	15.1	15.7	0.1
1982 January	15.0	14.5	14.4	15.6	0.6
February	14.4	15.8	13.9	14.7	0.3
March	13.5	15.0	13.9	13.8	0.3
April	13.7	15.3	13.0	13.9	0.1
May	13.3	14.6	13.0	13.7	0.4
June	13.0	15.4	12.5	13.6	0.6
July	12.4	14.4	12.3	13.2	0.8
August 9	11.4	13.0	11.5	13.0	1.6

TABLE 6 : REAL INTEREST RATES

	<u>Expected inflation over next 12 months**</u>	<u>3 month interbank rate less expected inflation</u>	<u>Real post-tax deposit rate</u>	<u>Yield on 1996 indexed gilts</u>
1981 Q1	10.7	2.6	-3.0	2.1
Q2	10.0	2.5	-3.7	2.4
Q3	10.3	3.9	-3.5	3.1
Q4	10.1	5.5	-1.1	3.2
1982 January	10.5	4.5	-1.8	3.2
February	10.4	4.0	-2.6	3.2
March	10.1	3.5	-3.1	2.8
April	9.3	4.4	-2.3	2.9
May	9.3	4.0	-2.3	3.0
June	9.0	4.0	-2.4	3.1
July	8.2	4.2	-1.7	3.1
August 9	(8.2)	(3.2)	-2.3	3.0

\* Period average

\*\* Unweighted average of forecasts by Phillips &amp; Drew, National Institute and the London Business School.

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9. The effective exchange rate had remained fairly stable until recently when it weakened a little in response to declining domestic interest rates. It has however declined significantly against the dollar, partly reflected the uncovered differential in the dollar's favour. However, recent poor money supply figures in the US, money market operations by the Federal Reserve to maintain short-term interest rates and the need for large-scale funding have led to speculation that US interest rates will remain high in the near future and are part of the explanation for the recent strength of the dollar against all currencies.

TABLE 7 : EXCHANGE RATES\*

	Effective rates	£/£ rate	uncovered differential	
			£/£	£/DM
1981 Q1	101.8	2.31	-3.1	1.0
Q2	97.8	2.08	-5.0	-0.7
Q3	90.6	1.84	-4.2	1.6
Q4	89.7	1.88	1.3	4.4
1982 January	91.1	1.88	0.5	4.8
February	91.5	1.85	-1.4	4.3
March	90.8	1.81	-1.5	3.7
April	90.1	1.78	-1.6	4.5
May	89.9	1.81	-1.3	4.3
June	91.0	1.76	-2.5	3.8
July	91.2	1.72	-2.0	3.0
August 9	90.7	1.70	-1.6	2.8

\* Period averages

\*\* Between 3-month UK Interbank rate and 3-month Eurodollar rate

10. It is difficult to ascertain the underlying trend in bank lending. The six month growth rate has shown some deceleration from the peak in March and April, but the significance of changes in the rate of growth of lending for the economy will depend on the view taken on the possible existence of distortions to the data introduced by commercial bill round tripping. It is difficult to know when round tripping is occurring on a significant scale. However an idea of the scope for making profits by issuing bills and redepositing the proceeds can be obtained by examining the differential between the yield on eligible bills and the interbank rate.

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This gap probably needs to be at least  $\frac{1}{2}$  per cent to cover transaction costs before the arbitrage can be profitable. It reached these levels around March which may have accounted for the faster growth in lending during March and April. Recently the gap has widened again and although not quite to the levels reached in the spring is near the point where round tripping may become profitable. The recent ending of hire purchase controls is likely to lead to an overall increase in bank lending although there may be a compositional change as lending to persons falls but lending to other financial institutions increases. There is some evidence that bank lending for house purchase has been flattening off and Barclays have announced that they intend to limit the funds available for mortgages in the future. Building society lending appears to be flattening off after rising from low levels in the first quarter of the year.

TABLE 8 : BANK LENDING  
(monetary sector, banking months,  
seasonally adjusted)

	Increase in Total sterling lending £mn	Percentage change in stock of lending over	
		12 months	6 months (at annual rate)
1981 August	1510	13.9	12.5
September	1242	14.6	12.9
October	715	14.0	13.9
November	2540	17.9	23.1
December	1317	19.3	27.9
1982 January	1336	19.9	31.1
February	1951	21.8	31.9
March	2213	23.4	34.8
April	2022	26.0	39.3
May	978	27.5	32.1
June	1080	29.3	30.6
July	1488	30.9	30.7

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TABLE 9 : LENDING FOR HOUSE PURCHASE (£m)<sup>(1)</sup>  
 (change on previous period (£m),  
 seasonally adjusted)

		<u>Building Societies</u>	<u>Banks (excl. TSBs) Estimated</u>	<u>Total Banks &amp; Building Societies</u>
1979		5271	590	5860
1980		5822	490	6210
1981		6207	2200	8410
1981	1	1634	250	1880
	2	1841	370	2210
	3	1475	730	2210
	4	1257	840	2100
1982	1	1271	800	2070
October		397	280	680
November		431	290	720
December		429	270	710
January		387	230	620
February		411	220	630
March		473	350	820
April		620	350	970
May		688	340	1030
June		671		

(1) All data is for calendar quarters and months

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RECENT EVIDENCE ON THE GROWTH OF OUTPUT

11. Table 10 presents recent data on industrial production and manufacturing output. Output in all industries and the index of manufacturing production both fell  $1\frac{1}{2}$  per cent in June, so that after some recovery during the first part of the year they have now fallen back to levels only reached at the worst of the recession last year.

TABLE 10 : INDUSTRIAL PRODUCTION

	Index of Industrial Production (1975=100)	Manufacturing Output (1975=100)
1981 Q1	99.8 (-5.0)*	89.0 (-5.2)*
Q2	99.4 (-1.6)*	89.4 ( 1.8)*
Q3	100.3 ( 3.7)*	90.1 ( 3.2)*
Q4	100.6 ( 1.2)*	89.9 (-0.9)*
1982 January	99.8 (-7.3)**	88.5 (-10.9)**
February	100.3 ( 0.0)**	89.8 ( 0.4)**
March	100.6 ( 3.2)**	89.8 ( 5.1)**
April	101.1 ( 5.3)**	89.3 ( 3.7)**
May	101.5 ( 4.9)**	89.7 (- 0.4)**
June	100.0 (-2.4)**	88.2 (- 6.9)**

\* Growth on previous quarter at annual rate

\*\* Growth on three months previously at annual rate

12. The latest CBI survey supports this rather bleak picture. The general level of optimism has fallen back from levels reached at the beginning of the year and in the spring. The expected trend of output for the four months succeeding the survey has also fallen. The major constraint on output remains a lack of orders or sales although it did not change significantly from that reported in April. The percentage of firms reporting that finance was a constraint, although still small, did increase (as also did the percentage reporting that a lack of skilled labour was a constraint). Exporting firms also reported that the significance of credit or finance as a constraint had increased although prices and economic conditions abroad remained by far the most important factors. The results suggest that the tightness of monetary conditions in the early part of the year may well be connected either directly or indirectly with the recent fall in output and the increased pessimism of the corporate sector.

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TABLE 11 : CBI SURVEY

		Business optimism compared with four months ago*	Output Volume Trend over next four months*	Factors limiting output**	
				Orders or Sales	Credit or finance
1980	1	-45	-11	82	4
	2	-41	-14	85	5
	3	-70	-41	91	7
	4	-54	-31	94	4
1981	1	-27	-16	94	4
	2	-6	-4	93	4
	3	2	1	92	2
	4	-9	-	91	2
1982	1	8	1	93	3
	2	10	4	91	3
	3	-22	-3	91	5

\* Balance of "ups" over "downs"

\*\*Percentage of firms citing this as a factor.

WIDE AND NARROW MONEY AGGREGATES: END PERIOD ANNUAL GROWTH RATES

TABLE 12

	UNITED KINGDOM		UNITED STATES		CANADA		GERMANY		JAPAN		FRANCE		ITALY	
	Narrow	Wide	Narrow	Wide	Narrow	Wide	Narrow	Wide	Narrow	Wide	Narrow	Wide	Narrow	Wide
1974	11.0	10.3	4.3	5.6	6.0	19.9	6.4	9.2	12.2	11.6				
1975	19.0	6.6	4.8	12.8	22.4	14.6	10.0	8.3	11.1	14.6				
1976	10.3	8.9	6.5	14.1	1.4	19.9	8.1	8.6	11.9	13.4	7.8	12.8	20.4	22.3
1977	22.1	10.0	8.1	11.1	12.3	13.0	10.0	11.2	8.3	11.2	11.6	13.9	21.9	20.3
1978	16.6	15.2	8.3	8.3	7.6	16.9	8.6	10.9	13.6	13.4	11.1	12.2	24.7	22.4
1979	9.1	12.8	7.4	8.6	3.9	17.8	5.1	5.8	3.0	9.2	12.2	14.4	23.5	20.4
1980	3.7	19.1	6.5	9.7	10.3	10.6	5.3	6.3	-2.0	7.2	6.8	9.7	13.4	12.7
1980 Q1	6.3	13.7	7.5	8.9	8.8	17.8	5.5	5.9	6.5	9.7	8.5	12.7	20.5	17.4
Q2	6.6	15.7	4.6	8.2	1.3	15.1	4.4	4.3	0.7	7.0	7.3	11.5	17.8	14.9
Q3	2.9	17.6	6.8	9.4	5.8	12.0	4.6	4.8	-4.3	6.1	8.4	11.0	12.7	11.9
Q4	4.0	19.1	6.5	9.7	10.3	10.6	5.3	6.3	-2.0	7.2	6.8	9.7	13.4	12.7
1981 Q1	8.6	17.9	8.5	9.5	7.3	9.9	4.4	5.8	-4.2	6.9	8.3	10.7	13.8	12.9
Q2	10.2	16.6	9.6	9.8	8.1	8.5	4.9	7.2	4.6	8.8	11.6	13.1	12.0	11.0
Q3	12.1	16.4	5.7	8.1	-1.1	14.4	4.7	7.2	6.7	10.0	15.8	13.3	10.6	11.3
Q4	9.1	13.4	6.1	9.2	-2.5	19.5	3.0	4.8	5.6	10.5	14.9	11.5	9.9	9.8
1982 Q1	7.1	13.6	5.5	9.6	-2.3	19.3	4.2	6.1	7.3	10.5	13.9			
Q2	6.9	11.9	5.3	9.5										

NB For definitions of these aggregates see the January 1982 issue of this note

Chart I

Month All: 1963 Q1 - July 1982  
SA Data: SERIES REENTERED BY RFE, 1975-1:0

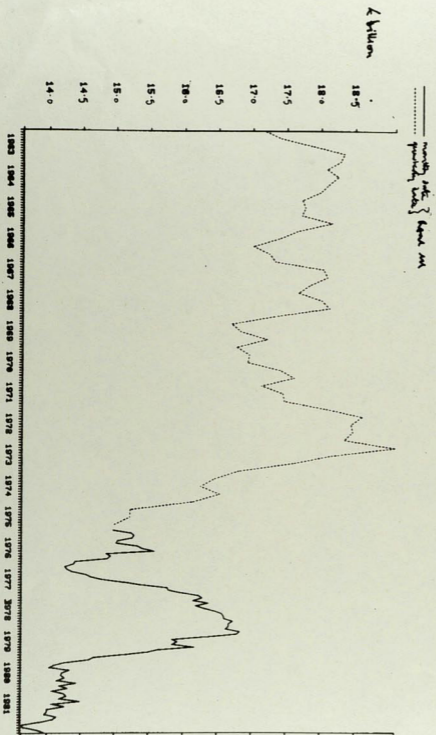
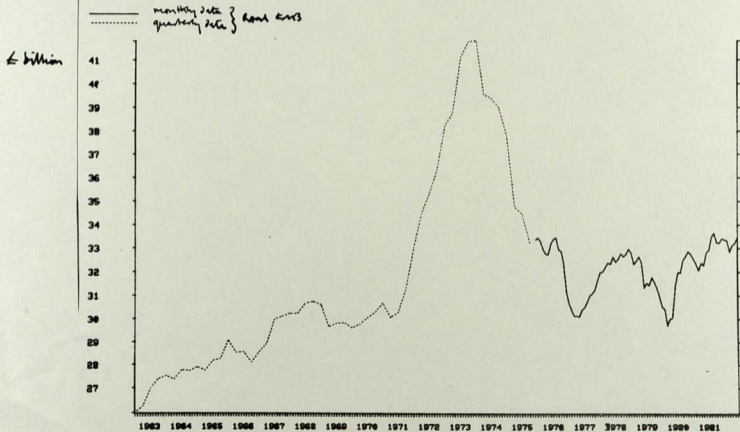


Chart II

Real GNP 1963 Q1 - July 1982

SA DATA, SERIES DEFLATED BY CPI WTS=1.0



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CHART III  
 MONETARY GROWTH ASSET PRICES AND GENERAL INFLATION

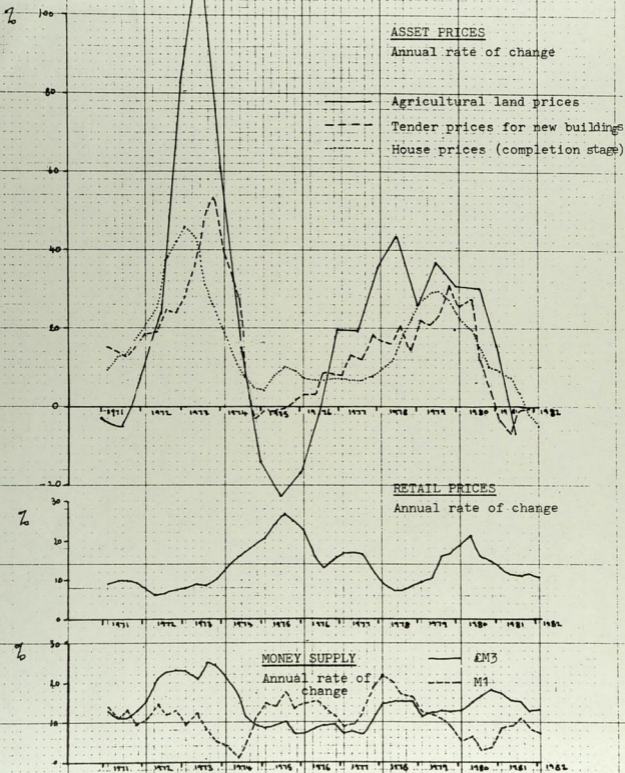
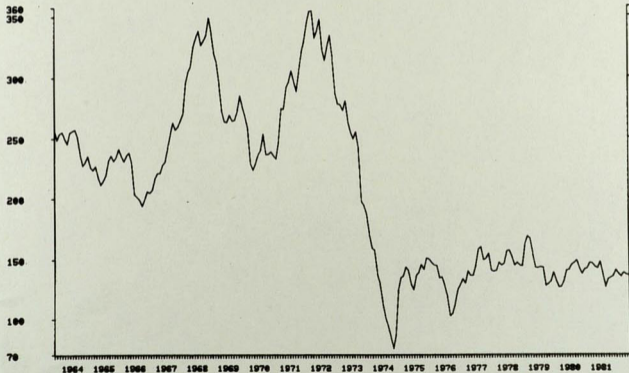


Chart IV

REAL FINANCIAL TIMES ORDINARY SHARE INDEX



10 AUG 82

Chart I

12 MTH % PRICE CHANGE IN MI AND MP

MAY 1976 - JULY 1982

SA DATA

MI } % gain over 12 months  
MP }

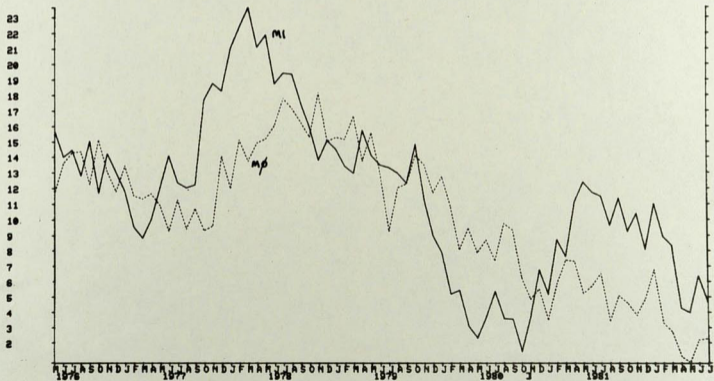
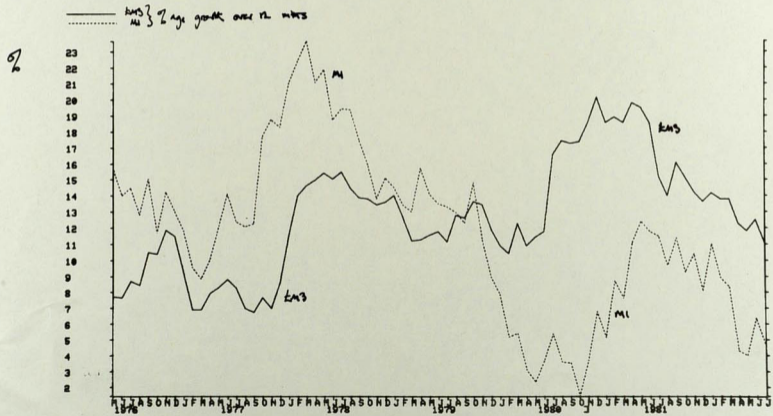


Chart II

12 MTH % AGE CHANGE IN EAS AND MI

MAY 1976 - JULY 1982

SO DATA



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Chart VII

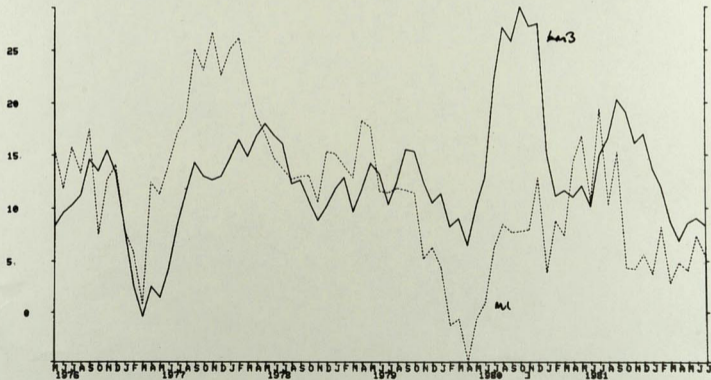
6 MONTH % AGE CHANGE IN EMS AND MI, AT ANNUAL RATE

MAY 1976 - JULY 1982

SA DATA

— EMS } % growth over 6 mos, at annual rate  
- - - MI

%



20

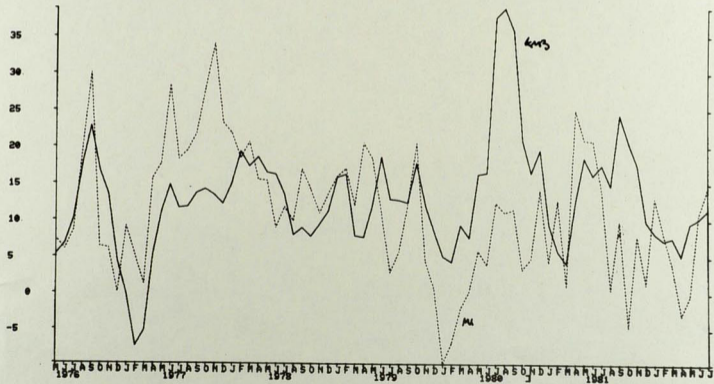
Chart VIII

3 MONTH % AGE CHANGE IN EMS AND MI, AT ANNUAL RATE

MAY 1976 - JULY 1982

— EMS } % growth over 3 months, at annual rate  
 ..... MI }

2/



21



Chart X

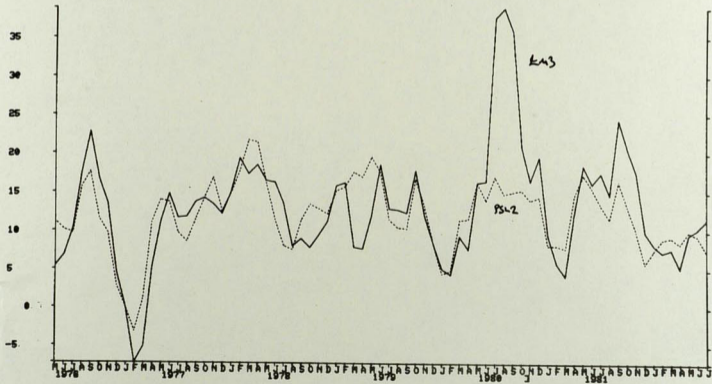
6 MTH % CHANGE IN KMS AND PSL2, AT ANNUAL RATE

MAY 1976 - JULY 1982

SA ~~1977~~

KMS } 2 yr growth over 6 mths, annual rate  
 PSL2

2



2.3



Chart XII

Real M<sub>1</sub> 1963 Q1 - July 1982

SERIES DERIVED BY RPI, M<sub>1</sub>D=1.0

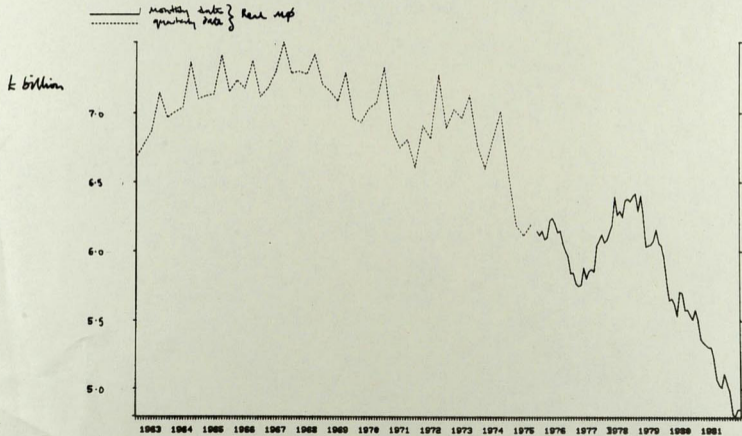


Chart XIII

Real PSI-2 1963 Q1 - July 1982

SERIES DEFLATED BY RPI 1975 = 1.0

