

PRICE INDEX JUMP IS YEAR'S HIGHEST

Farm and Industrial Goods
Lift Wholesale Gauge in
July by Adjusted 3.7%

~~AUG 9~~ 1974

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Special to The New York Times

WASHINGTON, Aug. 8 — A new upward surge of farm prices combined with another big jump in prices of industrial goods to produce the year's largest increase in the wholesale prices index in July, the Labor Department reported today.

The index rose 3.9 per cent, or 3.7 per cent after adjustment for normal seasonal changes in some prices. This was the biggest jump for any month in the current period of sustained inflation except for August, 1973, after a brief price freeze ended and wholesale prices rose 6.2 per cent.

The figures contained no good news at all on the inflation front. The key index for industrial commodities rose by 2.7 per cent, in line with the highly inflationary monthly increases earlier this year, following a shortlived dip to 2.2 per cent in June.

Farm Prices Reversed

The Big change in July was a reversal of farm prices, which had already been signaled in previous reports from the Agriculture Department and the nation's commodity markets. After dropping for four consecutive months, the index covering farm products and processed foods and feeds rose by 6.4 per cent, seasonally adjusted, in July.

The steep rise in industrial commodities — possibly the most closely watched indicator of inflationary pressure in the economy — continued to reflect upward adjustment of many prices following the end of price controls, plus the gradual movement through the economy of the earlier jump in prices of oil and many industrial raw materials.

There is no direct or immediate connection between the wholesale price index and consumer prices, but today's report, combined with big increases of earlier months, makes inevitable some further rise in prices of consumer goods. How much cannot be forecast.

The wholesale price index for consumer food products rose 3.6 per cent, seasonally adjusted, in July after four months of decline, and the index for all other finishing consumer goods rose by 1.8 per cent, about in line with other recent months.

The wholesale price index for July was 161.7, with 1967 prices taken as 100. This was 20.4 per cent above a year earlier, a rate of inflation not

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exceeded since the immediate aftermath of World War II.

For the three months ending in July the wholesale price index rose at an annual rate of 24.1 per cent.

Farm prices jumped 7.8 per cent, seasonally adjusted, in July, with meat prices leading the way. After a sharp decline earlier this year, prices of livestock and poultry have suddenly begun increasing again as demand exceeded supply.

The index for processed foods and feeds rose 5.5 per cent last month.

The index for farm products, however, was only 4.3 per cent above a year earlier, reflecting sizable declines earlier this year. By contrast, the industrial commodities index was up 25.11 per cent over the year, a rate of inflation previously associated only with wars.

About half of the July increase in the index for industrial commodities was accounted for by metals and fuels. Iron and steel products led the way in the metals sector, although the index for nonferrous metals was down a little.

The index for fuels was pushed up by increases in liquefied petroleum gas, gasoline, crude oil, distillates, bituminous coal and electric power, though there was a price de-

cline in the case of residual oil. This index mostly reflects price changes that occurred in May and June, under a new system of reporting recently adopted.

The fuels index was 64.6 per cent above July a year ago.

Elsewhere, price increases were widespread. The only broad commodity category to show a decline was lumber and wood products, reflecting less demand because of the drop in housing construction.

NYT

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