



The President's Daily Brief

January 3, 1974

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exemption category 5B(1)(2),(3)
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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

January 3, 1974

PRINCIPAL DEVELOPMENTS

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(Page 1)

[Redacted] Soviet [Redacted] India [Redacted]

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(Page 2)

Communist troop infiltration to South Vietnam has increased in recent weeks, but it is still barely enough to replace Communist losses. Since late November, only 7,000 troops have been detected on the move, all of them headed for the central highlands and the COSVN area. (Page 3)

The strengthening of the dollar accelerated on the first trading day of the new year. The greatest dollar gain was recorded against the mark. The price of gold jumped \$3 an ounce yesterday, to \$115. (Page 4)

[Redacted] USSR [Redacted] (Page 5)

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[Redacted] Chinese [Redacted] Laos.

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(Page 5)

[Redacted] the Italians have again postponed the trial of Arab terrorists arrested last year for planning to down an Israeli airliner. (Page 5)

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ARAB STATES - ISRAEL

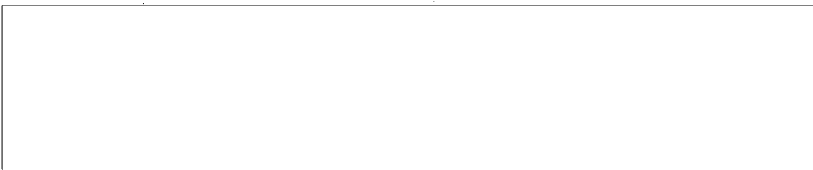
There was extensive artillery fire along the Suez Canal yesterday after two days of relative quiet. The firing was mostly in the central sector, and took place throughout the day. It apparently was on a more intensive scale than earlier sporadic exchanges, and an Israeli military spokesman stated that Israeli forces suffered eight wounded. It is not clear who began the shooting, but Cairo has said it intends to maintain pressure on the Israelis in order to keep world attention on the battle front. Egypt's Air Force remains on alert

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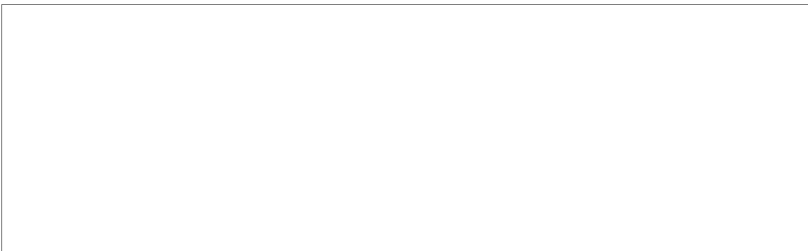


Israeli air reconnaissance over the Syrian front was heavy yesterday. Some artillery exchanges occurred, and the Israelis suffered three killed and two wounded.

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USSR-INDIA

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VIETNAM

Communist troop infiltration to South Vietnam has increased in recent weeks, but it is still barely sufficient to replace Communist losses. Since late November only 7,000 troops have been detected moving through the system, all of them headed for the central highlands and the COSVN area. These troops are the first sent to these areas since last spring. In the period between September and late November, only 4,000 troops infiltrated to South Vietnam. The total of 11,000 is the lowest September-December figure in six years; on the average, about 40,000 men normally begin to move south at this stage in the dry season.

Nevertheless, North Vietnamese logistic units are moving large quantities of war materiel and foodstuffs through the North Vietnam and Laos panhandles. A message in early December from a major logistics headquarters near Vinh indicated that approximately 4,000 tons of arms and ammunition would move through that area during December. Later messages confirm the heavy shipments.

By early December, the supply activity had reached southern Laos, and numerous convoys have passed through the panhandle in recent weeks. One message has noted the arrival of several thousand tons of cargo, including 1,800 tons of ordnance.

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INTERNATIONAL MONETARY DEVELOPMENTS

The strengthening of the dollar accelerated on the first trading day of the new year. European and Japanese commercial and financial institutions sold local currencies previously obtained to satisfy domestic bookkeeping requirements, and pent-up demand for dollars--reflecting foreign energy problems--emerged.

The greatest dollar gain was recorded against the mark. Apparently the Bundesbank still has not intervened substantially to support the mark, despite repeated reports that it would do so once the dollar reached the old German central rate of 2.669. This rate was surpassed on December 21.

In Tokyo the current yen-dollar rate was maintained only through continued and heavy central bank intervention, amounting to over \$240 million.

The price of gold jumped \$3 an ounce yesterday, to \$115. Although it still is below the record \$127 an ounce of July 6, 1973, the gold price has reached record levels in terms of the mark, pound, and other major European currencies. The concurrent strengthening of gold and the dollar in recent months has reversed the situation of early 1973, when gold rose while the dollar weakened.

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NOTES

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USSR:

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China-Laos:

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Italy: The trial of three of the five Arab terrorists arrested in September for planning to down an Israeli airliner in Rome with Soviet-made missiles has again been postponed, this time until February.

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