

WASHINGTON (AP) — Falling prices at the gasoline pump and the third big monthly drop in grocery costs held the rise in consumer prices to two-tenths of a per cent in March, the government said today.

The March increase compared with February's consumer price rise of one-tenth of a per cent and an increase of four-tenths of a per cent in January. The January-to-March figures left consumers with the lowest three-month inflation rate in almost four years.

The Labor Department said the increase for the three months ending in March — a seasonally adjusted annual rate of 2.9 per

cent — was the smallest three-month increase since June 1972. It compared with an average increase of about 7 per cent for each calendar quarter in 1975.

Lower beef prices led the decline at grocery counters where prices fell another 1.2 per cent in March. Grocery prices fell 1.5 per cent in February after a decline of four-tenths of a per cent in January.

Gasoline prices fell 1.3 per cent instead of moving up as they usually do in March.

The cut in the nation's inflation rate has exceeded even the most optimistic projections, but the Ford administration had cautioned that the declines in food and fuel are not likely to be sustained.

Maynard Comiez, acting chief economist for the Commerce Department, said in an interview before the price report was issued that food and gasoline prices were beginning to climb higher.

"I don't expect to see a sharp acceleration in prices, but I do think we might see some increases larger than we have been getting," he said.

Despite the slowing of inflation, the purchasing power of the average American worker fell seven-tenths of a per

cent in March because weekly earnings were held back by a reduction in working hours. However, over the year purchasing power was up 4.3 per cent.

The Consumer Price Index stood at 167.5 in March, meaning that it cost consumers \$167.50 to buy the same variety of goods and services purchased for \$100 in 1967. Over the past year, prices have risen 6.1 per cent, the smallest gain in any Meow

since the year ending July, 1973,

The Agriculture Department reported earlier this month that consumer food prices on the average held steady early this year, but cautioned shoppers to expect increases in the coming months, although at a slower rate than in recent years.

Although Agriculture Department officials so far have declined to predict food prices beyond mid-year, previous estimates indicated that consumers might see food costs go up an average of 5 to 6 per cent over the entire 12 months, compared with a gain of 8.5 per cent in 1975.

The leveling off of food prices was largely due to sharp declines in meat prices, which officials say have already started climbing.