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COMPOSITE INDEX OF LEADING INDICATORS: MAY 1976

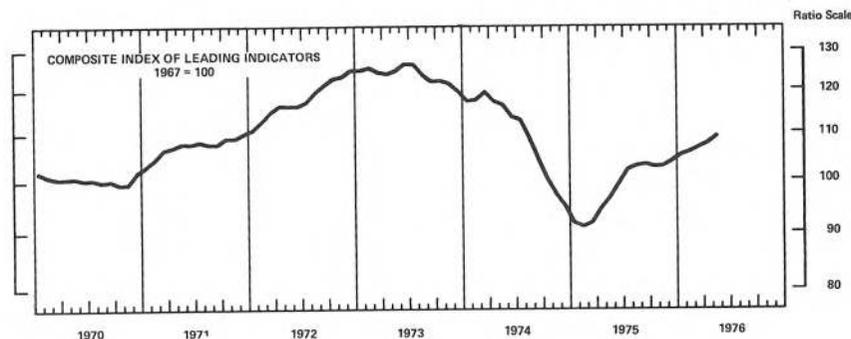
The composite index of leading indicators increased 1.4 percent in May, and now stands at 109.2 (1967=100), according to preliminary data released today by the Bureau of Economic Analysis, an agency of the U.S. Department of Commerce. On the basis of more complete data, the April index has been revised to 107.7, 0.7 percent above the March figure.

Six of eleven indicators now available for May (average workweek, new orders in 1967 dollars, net business formation, building permits, change in sensitive prices, change in total liquid assets) showed increases from April while three (contracts and orders for plant and equipment in 1967 dollars, stock prices, money balance in 1967 dollars) showed declines. Vendor performance and the layoff rate were unchanged.

The series contributing most to the increase in the index was new orders in 1967 dollars. Of the series which declined, contracts and orders for plant and equipment in 1967 dollars had the largest influence on the index.

Detailed descriptions and information about the composite index of leading indicators appeared in the May 1975 issue of Business Conditions Digest. Reprints of the article, plus back data, are available upon request.

More data on the composite index of leading indicators, as well as other important measures of economic activity, appear in Business Conditions Digest, a monthly publication of the Bureau of Economic Analysis. It is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Annual subscription \$55.25.



Composite Index of Leading Indicators (1967=100)

Monthly

| Year | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sep. | Oct. | Nov. | Dec. |
|------|--------|--------|--------|--------|--------|-------|-------|-------|-------|-------|-------|--------|
| 1970 | 101.9 | 101.1 | 100.6 | 100.7 | 100.8 | 100.4 | 100.5 | 100.0 | 100.2 | 99.5 | 99.6 | 101.8 |
| 1971 | 103.0 | 104.5 | 106.6 | 107.1 | 107.9 | 107.8 | 108.3 | 107.7 | 107.7 | 109.1 | 109.1 | 110.1 |
| 1972 | 110.9 | 112.8 | 115.0 | 116.4 | 116.3 | 116.3 | 117.3 | 119.6 | 121.4 | 123.0 | 123.5 | 125.0 |
| 1973 | 125.0 | 125.7 | 124.5 | 124.1 | 124.9 | 126.6 | 126.5 | 123.9 | 122.3 | 122.4 | 121.7 | 119.8 |
| 1974 | 117.5 | 117.7 | 119.6 | 117.4 | 116.5 | 113.7 | 112.9 | 108.8 | 104.3 | 100.2 | 97.1 | 95.0 |
| 1975 | 91.8 | 91.1 | 91.9 | 94.6 | 96.6 | 99.4 | 102.2 | 103.0 | 103.2 | 102.7 | 102.9 | r103.9 |
| 1976 | r105.2 | r105.9 | r106.9 | r107.7 | p109.2 | | | | | | | |

Percent Change

| Year | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sep. | Oct. | Nov. | Dec. |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 1970 | -2.1 | -0.8 | -0.5 | 0.1 | 0.1 | -0.4 | 0.1 | -0.5 | 0.2 | -0.7 | 0.1 | 2.2 |
| 1971 | 1.2 | 1.5 | 2.0 | 0.5 | 0.7 | -0.1 | 0.5 | -0.6 | 0.0 | 1.3 | 0.0 | 0.9 |
| 1972 | 0.7 | 1.7 | 2.0 | 1.2 | -0.1 | 0.0 | 0.9 | 2.0 | 1.5 | 1.3 | 0.4 | 1.2 |
| 1973 | 0.0 | 0.6 | -1.0 | -0.3 | 0.6 | 1.4 | -0.1 | -2.1 | -1.3 | 0.1 | -0.6 | -1.6 |
| 1974 | -1.9 | 0.2 | 1.6 | -1.8 | -0.8 | -2.4 | -0.7 | -3.6 | -4.1 | -3.9 | -3.1 | -2.2 |
| 1975 | -3.4 | -0.8 | 0.9 | 2.9 | 2.1 | 2.9 | 2.8 | 0.8 | 0.2 | -0.5 | 0.2 | r1.0 |
| 1976 | r1.3 | r0.7 | 0.9 | r0.7 | p1.4 | | | | | | | |

Quarterly

| Year | I | II | III | IV |
|------|--------|-------|-------|--------|
| 1970 | 101.2 | 100.6 | 100.2 | 100.3 |
| 1971 | 104.7 | 107.6 | 107.9 | 109.4 |
| 1972 | 112.9 | 116.3 | 119.4 | 123.8 |
| 1973 | 125.1 | 125.2 | 124.2 | 121.3 |
| 1974 | 118.3 | 115.9 | 108.7 | 97.4 |
| 1975 | 91.6 | 96.9 | 102.8 | r103.2 |
| 1976 | r106.0 | | | |

Percent Change

| Year | I | II | III | IV |
|------|------|------|------|-------|
| 1970 | -4.5 | -0.6 | -0.4 | 0.1 |
| 1971 | 4.4 | 2.8 | 0.3 | 1.4 |
| 1972 | 3.2 | 3.0 | 2.7 | 3.7 |
| 1973 | 1.0 | 0.1 | -0.8 | -2.3 |
| 1974 | -2.5 | -2.0 | -6.2 | -10.4 |
| 1975 | -6.0 | 5.8 | 6.1 | r0.4 |
| 1976 | r2.7 | | | |

| Indicator | Basic Data | | | | | | Net Contribution to Index ¹ | | Direction of Change |
|--|------------|-------|--------|--------|--------|--------|--|--------------------|---------------------|
| | Dec. | Jan. | Feb. | Mar. | Apr. | May | Mar. to Apr. | Apr. to May | |
| Average workweek, production workers, manufacturing (hours)..... | 40.3 | 40.5 | 40.3 | 40.2 | r39.4 | p40.3 | ² 0.0 | ² +0.11 | + |
| *Layoff rate, manufacturing (percent).... | 1.3 | 1.2 | 1.1 | 1.2 | 1.3 | p1.3 | -0.14 | 0.0 | o |
| Vendor performance, companies reporting slower deliveries (percent)..... | 39 | 42 | 50 | 52 | 58 | 58 | +0.24 | 0.0 | o |
| #Change in total liquid assets (percent). | r0.92 | r0.94 | r0.82 | r0.73 | r0.78 | p0.82 | +0.17 | +0.15 | + |
| #Change in sensitive prices (WPI of crude mtrls., excl. food, feeds) (percent).. | 0.27 | 0.53 | 0.54 | 0.30 | 0.57 | 1.38 | +0.13 | +0.41 | + |
| Contracts and orders, plant & equipment, (billions of 1967 dollars)..... | 6.82 | 7.71 | 7.37 | 8.01 | r7.75 | p7.60 | -0.13 | -0.08 | - |
| Net business formation index (1967=100). | 116.2 | 115.1 | r114.2 | 116.1 | 115.6 | e116.6 | -0.06 | +0.14 | + |
| Index of stock prices, 500 common stocks (1941-43=10)..... | 88.70 | 96.86 | 100.64 | 101.08 | 101.93 | 101.16 | +0.05 | -0.05 | - |
| Money balance (M1), (billions of 1967 \$) | 177.2 | 176.6 | 177.2 | 177.8 | r179.3 | p179.1 | +0.35 | -0.05 | - |
| New orders, mfg., consumer products and materials, (millions of 1967 \$)..... | 25110 | 24711 | 25913 | 26756 | r26717 | p28101 | -0.01 | +0.45 | + |
| Building permits (1967=100)..... | 88.6 | 96.5 | 97.7 | 97.7 | 94.4 | 102.1 | -0.11 | +0.28 | + |
| #Change in inventories on hand and on order (ann. rate, billions of 1967 \$). | -3.22 | -6.94 | -4.01 | r+5.01 | p+9.17 | n.a. | +0.25 | n.a. | |
| Percent change in the index | | | | | | | ² 0.74 | ² 1.36 | |

(*) Series inverted in calculating the composite index of leading indicators: a decrease in the layoff rate is considered an increase in the series.

(#) Smoothed by a weighted 4-month moving average placed at terminal month.

n.a. - not available p - preliminary r - revised e - estimated

¹Net contribution of each individual component is that component's share in the composite movement of the group. Net contributions add up to the monthly percent change in the index (except for occasional rounding differences).

²Because the April value for the average workweek in manufacturing did not reflect the true level of that series due to distortions caused by Easter and Passover observances during the survey week, an adjusted value of 40.2 was used in computing the revised April and preliminary May values for the composite index.