

UNITED STATES DEPARTMENT OF  
**COMMERCE**  
**NEWS**  
WASHINGTON, D.C. 20230

OFFICE  
OF THE  
SECRETARY

FOR RELEASE 3:00 P.M. TUESDAY, FEBRUARY 28, 1978

STATEMENT BY SECRETARY OF COMMERCE JUANITA M. KREPS ON THE  
COMPOSITE INDEX OF LEADING INDICATORS FOR JANUARY 1978

The January decline in the index of leading indicators tells us much more about the weather in January than it does about future economic trends. The adverse climate in the first part of the year is unlikely to have any lasting impact on growth and employment for 1978. The tax reductions and other economic policies the President has recommended continue to be appropriate. With adoption of those policies, we expect the Administration's forecast of continued healthy growth this year and next to be realized.

Sharp weather-induced drops in two of the index components (building permits and the average work-week) account for 3/4 of the total drop in the index. Other components also may have been influenced by the bad weather.

We had a similar situation in 1977, when leading indicators dropped substantially during January due to extreme cold. Concern was expressed in many quarters that there would be a permanent reduction in growth for 1977. Yet most of the growth delayed in January 1977 was made up in the next few months.

This year the weather continued to be unfavorable in early February. The coal strike also will affect the February economic data adversely. Assuming that the pending coal agreement is ratified, the adverse economic impact of the cold weather and the strike should be confined to the first quarter, with rapid recovery of lost sales and output in successive quarters.