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COMPOSITE INDEXES OF LEADING, COINCIDENT, AND LAGGING
INDICATORS: MARCH 1978

The composite index of leading indicators decreased 0.1 percent in March to a level of 134.1 (1967=100), according to preliminary data released today by the Bureau of Economic Analysis, U.S. Department of Commerce. On the basis of more complete data, the February index value was revised to 134.2, which is 0.5 percent above the revised January figure of 133.5. The February figure for change in total liquid assets was the major contributor to the revision.

Six of ten indicators available for March contributed to the decline in the index: change in total liquid assets (total liquid assets increased at a declining rate), change in sensitive prices (the weighted four-month moving average of the monthly changes contributed to the decline in the index even though sensitive prices increased in March), contracts and orders for plant and equipment in 1972 dollars, stock prices, money balance in 1972 dollars, and new orders in 1972 dollars.

Three of ten increased: average workweek, vendor performance, and building permits.

One indicator was unchanged: layoff rate.

The series contributing most to the decline in the index was change in total liquid assets. Of the series that increased, average workweek had the largest influence on the index.

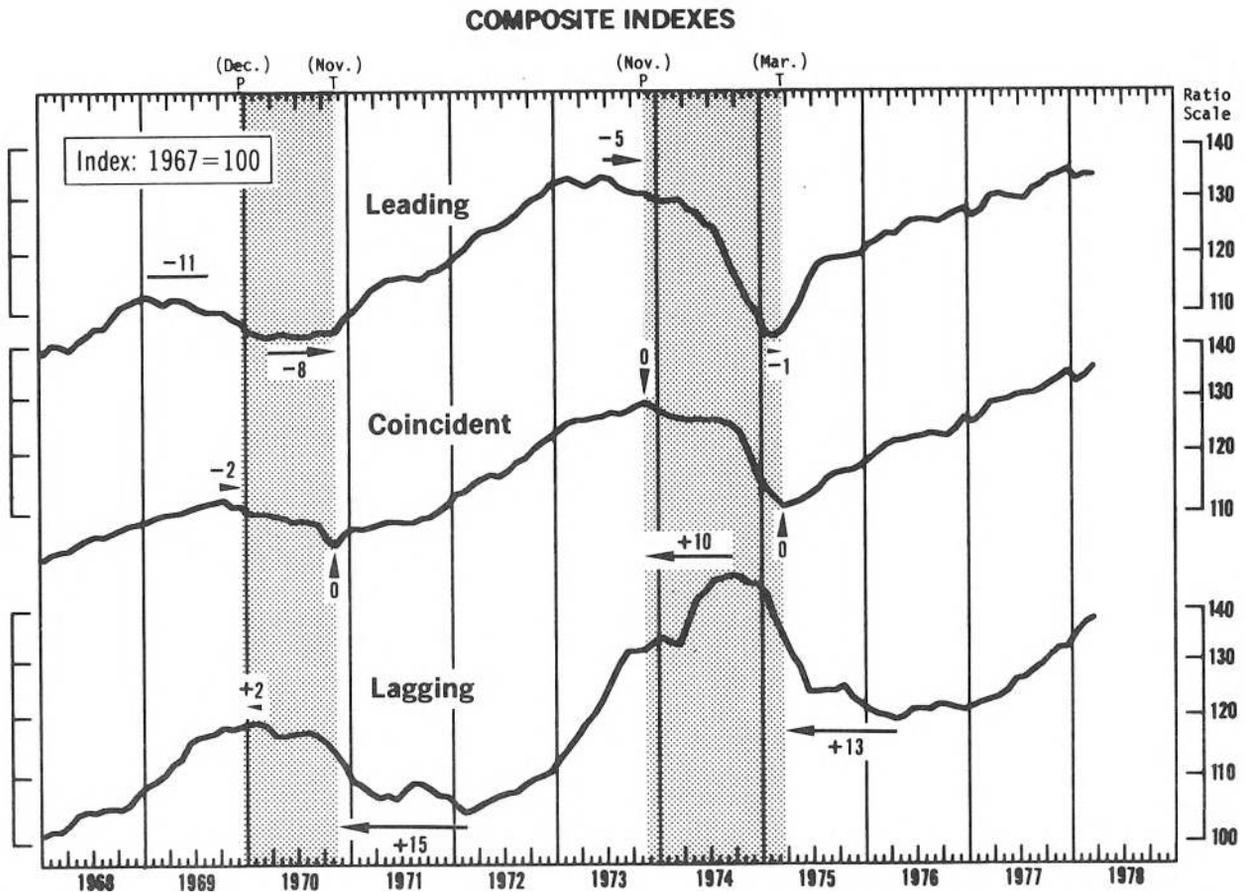
The composite index of coincident indicators, which is a monthly approximation of aggregate economic activity, increased 1.3 percent in March to a level of 135.6 (1967=100). On the basis of more complete data, the February index value was revised to 133.8, which is 0.8 percent above the revised January figure of 132.7.

The composite index of lagging indicators increased 0.7 percent in March to a level of 138.3 (1967=100). On the basis of more complete data, the February index value was revised to 137.3, which is 1.5 percent above the revised January figure of 135.3.

The leading index is designed to predict monthly movements in aggregate economic activity, which is approximated by the coincident index. The lagging index is designed to confirm the signals of the leading index and to help distinguish between irregular movements and basic changes in business conditions. These concepts are more fully explained in the *Handbook of Cyclical Indicators*, a supplement to *Business Conditions Digest (BCD)*, available from the Superintendent of Documents at the price of \$4.00.

More data on the composite indexes, as well as other important measures of economic activity, appear in *BCD*. It is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Annual subscription: \$40.00.

Next release date: June 1 for the April composite indexes.



Note: P (peak) indicates end of general business expansion and beginning of recession, and T (trough) indicates end of general business recession and beginning of expansion; shaded areas thus represent recessions. Numbers entered on the chart indicate length of leads (-) and lags (+) in months from these business cycle turning dates.

Composite Index of Leading Indicators (1967=100)

Monthly

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
1972	119.2	120.4	122.3	123.5	123.9	124.3	125.3	126.5	128.2	129.4	130.2	132.1
1973	132.8	133.5	132.7	131.8	132.6	133.7	133.2	131.6	130.8	130.4	130.5	129.3
1974	128.9	129.2	129.3	127.4	126.9	124.8	124.1	120.9	117.2	114.4	111.5	109.8
1975	106.5	106.2	107.1	109.4	111.7	115.2	117.8	118.6	118.9	119.0	119.3	119.6
1976	121.2	122.0	123.2	123.0	124.5	125.6	125.7	125.6	125.3	126.1	127.0	127.7
1977	126.3	127.3	130.0	r130.4	r129.9	r129.7	r129.4	r131.5	r132.3	133.8	r134.3	135.2
1978	r133.5	r134.2	p134.1									

Percent Change

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
1972	1.1	1.0	1.6	1.0	0.3	0.3	0.8	1.0	1.3	0.9	0.6	1.5
1973	0.5	0.5	-0.6	-0.7	0.6	0.8	-0.4	-1.2	-0.6	-0.3	0.1	-0.9
1974	-0.3	0.2	0.1	-1.5	-0.4	-1.7	-0.6	-2.6	-3.1	-2.4	-2.5	-1.5
1975	-3.0	-0.3	0.8	2.1	2.1	3.1	2.3	0.7	0.3	0.1	0.3	0.3
1976	1.3	0.7	1.0	-0.2	1.2	0.9	0.1	-0.1	-0.2	0.6	0.7	0.6
1977	-1.1	0.8	2.1	r0.3	r-0.4	r-0.2	r-0.2	r1.6	r0.6	r1.1	r0.4	r0.7
1978	-1.3	r0.5	p-0.1									

Quarterly

Year	I	II	III	IV
1972	120.6	123.9	126.7	130.6
1973	133.0	132.7	131.9	130.1
1974	129.1	126.4	120.7	111.9
1975	106.6	112.1	118.4	119.3
1976	122.1	124.4	125.5	126.9
1977	127.9	r130.0	r131.1	134.4
1978	p133.9			

Percent Change

Year	I	II	III	IV
1972	3.0	2.7	2.3	3.1
1973	1.8	-0.2	-0.6	-1.4
1974	-0.8	-2.1	-4.5	-7.3
1975	-4.7	5.2	5.6	0.8
1976	2.3	1.9	0.9	1.1
1977	0.8	1.6	r0.8	r2.5
1978	p-0.4			

Indicator	Basic Data						Net Contribution to Index ¹		Direction of Change
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Jan. to Feb.	Feb. to Mar.	Feb. to Mar.
Average workweek, production workers, manufacturing (hours).....	40.4	40.5	40.5	39.6	r40.0	p40.5	+0.30	+0.45	+
*Layoff rate, manufacturing (percent)....	1.1	0.9	1.0	0.9	0.9	p0.9	0.0	0.0	o
Vendor performance, companies reporting slower deliveries (percent).....	56	50	56	55	64	67	+0.31	+0.12	+
#Change in total liquid assets (percent).	r1.07	r1.11	r1.10	r1.03	r0.92	p0.81	-0.32	-0.39	-
#Change in sensitive prices (WPI of crude mtrls., excl. food, feeds) (percent)..	r0.48	r0.64	r1.02	r1.60	r1.64	1.23	+0.02	-0.22	-
Contracts and orders, plant & equipment, (billions of 1972 dollars).....	r11.78	r12.08	r13.40	r13.00	r14.42	p13.40	+0.27	-0.22	-
Net business formation index (1967=100)..	132.0	133.5	r134.8	r134.9	e135.6	n.a.	+0.07	n.a.	
Index of stock prices, 500 common stocks (1941-43=10).....	93.74	94.28	93.82	90.25	88.98	88.82	-0.08	-0.01	-
Money balance (M1), (billions of 1972 \$)	227.4	226.4	226.8	226.8	225.2	p224.0	-0.33	-0.30	-
New orders, mfg., consumer products and materials, (billions of 1972 \$).....	r35.73	r35.84	r35.92	r35.81	r36.98	p36.80	+0.15	-0.03	-
Building permits (1967=100).....	159.4	163.1	156.1	128.9	130.2	144.1	+0.03	+0.38	+
#Change in inventories on hand and on order (ann. rate, billions of 1972 \$).	r+14.54	r+12.18	r+9.85	r+11.74	p+9.85	n.a.	-0.11	n.a.	
Percent change in the index ²							0.52	-0.07	

(*) 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.

²The percent change in the index equals the sum of the net contributions of the individual components plus the trend adjustment factor of 0.17 (except for occasional rounding differences).

Composite Index of Coincident Indicators¹ (1967=100)

Year	Monthly											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
1972	112.9	113.3	114.5	115.5	116.1	115.8	116.7	118.2	118.8	120.4	121.6	122.6
1973	123.8	125.1	125.6	125.6	126.0	126.2	126.9	126.6	127.2	128.2	128.8	127.9
1974	126.8	126.1	125.8	125.5	125.7	125.5	125.7	125.2	124.6	123.3	119.9	116.2
1975	113.9	112.3	110.9	111.4	111.8	112.7	113.7	115.4	116.3	116.7	116.9	117.6
1976	118.7	120.0	121.2	121.9	122.0	122.5	122.7	123.2	123.0	122.7	123.9	126.0
1977	125.2	126.5	128.8	129.1	129.5	130.2	130.5	130.6	131.3	132.4	133.3	134.6
1978	r132.7	r133.8	p135.6									

Year	Percent Change											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
1972	1.5	0.4	1.1	0.9	0.5	-0.3	0.8	1.3	0.5	1.3	1.0	0.8
1973	1.0	1.0	0.4	0.0	0.3	0.2	0.6	-0.2	0.5	0.8	0.5	-0.7
1974	-0.9	-0.6	-0.2	-0.2	0.2	-0.2	0.2	-0.4	-0.5	-1.0	-2.8	-3.1
1975	-2.0	-1.4	-1.2	0.5	0.4	0.8	0.9	1.5	0.8	0.3	0.2	0.6
1976	0.9	1.1	1.0	0.6	0.1	0.4	0.2	0.4	-0.2	-0.2	1.0	1.7
1977	-0.6	1.0	1.8	0.2	0.3	0.5	0.2	0.1	0.5	0.8	0.7	1.0
1978	r-1.4	r0.8	p1.3									

Year	Quarterly			
	I	II	III	IV
1972	113.6	115.8	117.9	121.5
1973	124.8	125.9	126.9	128.3
1974	126.2	125.6	125.2	119.8
1975	112.4	112.0	115.1	117.1
1976	120.0	122.1	123.0	124.2
1977	126.8	129.6	130.8	133.4
1978	p134.0			

Year	Percent Change			
	I	II	III	IV
1972	3.1	1.9	1.8	3.1
1973	2.7	0.9	0.8	1.1
1974	-1.6	-0.5	-0.3	-4.3
1975	-6.2	-0.4	2.8	1.7
1976	2.5	1.7	0.7	1.0
1977	2.1	2.2	0.9	2.0
1978	p0.4			

Composite Index of Lagging Indicators² (1967=100)

Year	Monthly											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
1972	105.4	104.4	104.8	105.6	106.3	106.9	107.3	107.5	108.6	109.5	110.0	110.6
1973	112.7	114.3	116.2	118.6	120.1	122.6	125.9	129.2	131.7	131.7	132.0	133.2
1974	134.3	133.2	132.8	137.4	142.1	143.6	146.0	146.4	147.1	146.7	145.2	145.1
1975	143.4	138.1	134.5	130.8	128.5	124.1	124.2	124.5	124.4	125.3	123.1	122.0
1976	120.8	120.1	119.8	119.2	119.7	121.0	121.1	120.9	121.9	121.7	121.2	120.9
1977	121.6	122.3	122.8	123.3	124.3	126.5	r126.8	128.1	r129.3	r131.0	r132.4	132.6
1978	r135.3	r137.3	p138.3									

Year	Percent Change											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
1972	-1.2	-0.9	0.4	0.8	0.7	0.6	0.4	0.2	1.0	0.8	0.5	0.5
1973	1.9	1.4	1.7	2.1	1.3	2.1	2.7	2.6	1.9	0.0	0.2	0.9
1974	0.8	-0.8	-0.3	3.5	3.4	1.1	1.7	0.3	0.5	-0.3	-1.0	-0.1
1975	-1.2	-3.7	-2.6	-2.8	-1.8	-3.4	0.1	0.2	-0.1	0.7	-1.8	-0.9
1976	-1.0	-0.6	-0.2	-0.5	0.4	1.1	0.1	-0.2	0.8	-0.2	-0.4	-0.2
1977	0.6	0.6	0.4	0.4	0.8	1.8	r0.2	r1.0	r0.9	1.3	1.1	r0.2
1978	r2.0	r1.5	p0.7									

Year	Quarterly			
	I	II	III	IV
1972	104.9	106.3	107.8	110.0
1973	114.4	120.4	128.9	132.3
1974	133.4	141.0	146.5	145.7
1975	138.7	127.8	124.4	123.5
1976	120.2	120.0	121.3	121.3
1977	122.2	124.7	128.1	r132.0
1978	p137.0			

Year	Percent Change			
	I	II	III	IV
1972	-2.1	1.3	1.4	2.0
1973	4.0	5.2	7.1	2.6
1974	0.8	5.7	3.9	-0.5
1975	-4.8	-7.9	-2.7	-0.7
1976	-2.7	-0.2	1.1	0.0
1977	0.7	2.0	2.7	r3.0
1978	p3.8			

p - preliminary r - revised

¹ Includes Employees on nonagricultural payrolls; Industrial production index; Personal income less transfer payments in 1972 dollars; Manufacturing and trade sales in 1972 dollars.
² Includes Average duration of unemployment; Labor cost per unit of output, manufacturing; Manufacturing and trade inventories in 1972 dollars; Commercial and industrial loans outstanding; Average prime rate charged by banks; Ratio, consumer installment debt to personal income.