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COMPOSITE INDEXES OF LEADING, COINCIDENT, AND LAGGING
INDICATORS: JUNE 1979

The composite index of leading indicators decreased 0.1 percent in June to a level of 140.9 (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 May index level was revised to 141.1, which is 0.3 percent above the April level of 140.7. Change in total liquid assets was the major contributor to the May revision.

Five of ten indicators available for June contributed to the decline in the index: average workweek, layoff rate, vendor performance, change in sensitive prices (the weighted 4-month moving average of the monthly changes had a negative effect on the index even though sensitive prices increased at an increasing rate in June), and new orders in 1972 dollars.

Five of ten increased: change in total liquid assets, contracts and orders for plant and equipment in 1972 dollars, stock prices, money supply in 1972 dollars, and building permits.

The indicator contributing most to the decline in the index was layoff rate. Of the indicators that increased, contracts and orders for plant and equipment in 1972 dollars had the largest influence on the index.

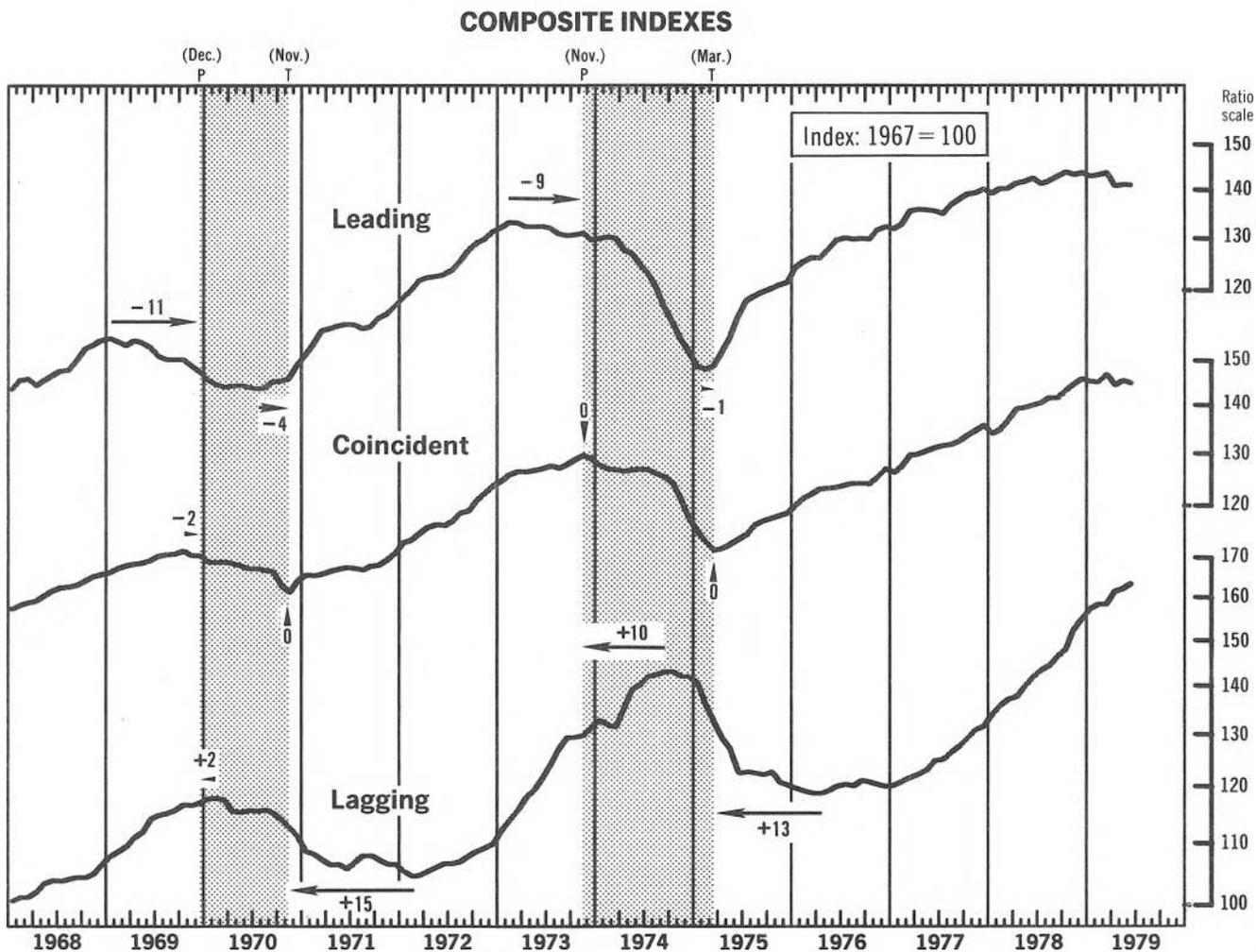
The composite index of coincident indicators, which is a monthly approximation of aggregate economic activity, declined 0.5 percent in June to a level of 144.8 (1967=100). On the basis of more complete data, the May index level was revised to 145.5, which is 0.8 percent above the revised April level of 144.3.

The composite index of lagging indicators increased 0.7 percent in June to a level of 163.5 (1967=100). On the basis of more complete data, the May index level was revised to 162.3, which is 0.4 percent above the revised April level of 161.7.

The leading index is designed to predict monthly movements in aggregate economic activity, which is approximated by the coincident index. The lagging index is expected to move, after a time lag, in the same direction as the coincident index and thus to confirm the movements in the coincident index. 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: August 29 for the July 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; thus, shaded areas represent recessions. Numbers on the chart indicate length of leads (-) and lags (+) in months from business cycle turning dates.

Composite Index of Leading Indicators (1967=100)

Year	Monthly											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
1972	118.9	120.3	122.1	122.7	122.9	123.2	124.1	125.8	127.8	129.2	130.1	131.6
1973	132.3	133.4	133.2	132.4	132.4	132.6	132.1	130.9	130.6	130.8	131.1	129.8
1974	130.1	130.4	130.1	127.7	127.0	124.9	123.2	120.5	116.9	114.2	111.3	109.2
1975	106.9	106.4	107.1	109.4	111.9	115.5	118.3	119.2	119.9	120.5	121.2	121.7
1976	124.5	125.7	126.4	126.3	128.0	129.7	130.2	129.9	130.1	129.9	131.8	132.5
1977	131.9	133.0	135.6	136.0	135.8	135.5	135.0	136.9	138.0	139.1	139.4	140.2
1978	139.1	140.3	140.3	141.5	141.8	142.5	141.2	r141.9	142.8	143.8	143.2	143.7
1979	142.9	r143.2	r143.7	140.7	r141.1	p140.9						

Year	Percent Change											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
1972	1.2	1.2	1.5	0.5	0.2	0.2	0.7	1.4	1.6	1.1	0.7	1.2
1973	0.5	0.8	-0.1	-0.6	0.0	0.2	-0.4	-0.9	-0.2	0.2	0.2	-1.0
1974	0.2	0.2	-0.2	-1.8	-0.5	-1.7	-1.4	-2.2	-3.0	-2.3	-2.5	-1.9
1975	-2.1	-0.5	0.7	2.1	2.3	3.2	2.4	0.8	0.6	0.5	0.6	0.4
1976	2.3	1.0	0.6	-0.1	1.3	1.3	0.4	-0.2	0.2	-0.2	1.5	0.5
1977	-0.5	0.8	2.0	0.3	-0.1	-0.2	-0.4	1.4	0.8	0.8	0.2	0.6
1978	-0.8	0.9	0.0	0.9	0.2	0.5	-0.9	r0.5	0.6	0.7	-0.4	0.3
1979	-0.6	r0.2	r0.3	r-2.1	r0.3	p-0.1						

Year	Quarterly			
	I	II	III	IV
1972	120.4	122.9	125.9	130.3
1973	133.0	132.5	131.2	130.6
1974	130.2	126.5	120.2	111.6
1975	106.8	112.3	119.1	121.1
1976	125.5	128.0	130.1	131.4
1977	133.5	135.8	136.6	139.6
1978	139.9	141.9	142.0	143.6
1979	r143.3	p140.9		

Year	Percent Change			
	I	II	III	IV
1972	3.5	2.1	2.4	3.5
1973	2.1	-0.4	-1.0	-0.5
1974	-0.3	-2.8	-5.0	-7.2
1975	-4.3	5.1	6.1	1.7
1976	3.6	2.0	1.6	1.0
1977	1.6	1.7	0.6	2.2
1978	0.2	1.4	0.1	1.1
1979	r-0.2	p-1.7		

Indicator	Basic Data						Net Contribution to Index ¹		Direction of Change May to June
	Jan.	Feb.	Mar.	Apr.	May	June	Apr. to May	May to June	
Average workweek, production workers, manufacturing (hours).....	40.7	40.7	40.8	39.2	40.2	p40.1	0.85	-0.10	-
*Layoff rate, manufacturing (percent)....	0.8	0.8	0.9	1.0	1.0	p1.3	0.0	-0.36	-
New orders, mfg., consumer goods and materials (billions of 1972 dollars)..	39.94	39.28	39.90	37.46	r37.89	p36.19	0.06	-0.29	-
Vendor performance, companies reporting slower deliveries (percent).....	69	77	78	76	76	70	0.0	-0.25	-
Net business formation (index: 1967=100)	131.3	r132.4	r132.2	r132.0	e132.2	NA	0.02	NA	
Contracts and orders, plant & equipment (billions of 1972 dollars).....	15.10	r15.78	r16.86	r15.05	r13.47	p15.76	-0.25	0.43	+
Building permits (index: 1967=100).....	116.5	115.1	130.9	122.5	130.7	135.4	0.19	0.12	+
#Change in inventories on hand and on order (ann. rate, billions of 1972 \$).	r19.31	r23.00	r22.72	r22.10	p19.39	NA	-0.17	NA	
#Change in sensitive prices (percent)....	1.55	r1.74	r2.23	r2.22	r1.82	1.74	-0.17	-0.04	-
Stock prices, 500 common stocks (index: 1941-43=10).....	99.71	98.23	100.11	102.07	99.73	r101.73	-0.14	0.15	+
#Change in total liquid assets (percent).	0.88	r0.84	r0.73	r0.74	r0.76	p0.77	0.07	0.04	+
Money supply (M2) (billions of 1972 \$)..	534.5	529.4	525.8	526.2	r522.8	p523.8	-0.27	0.10	+
Percent change in the index ²							0.28	-0.14	

(*) Series is 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 (with weights 1,2,2,1) placed at the terminal month of the span.

NA - not available p - preliminary r - revised e - estimated

¹ Net contribution of each individual component is that component's share in the composite movement of the group.

² The percent change in the index equals the sum of the net contributions of the individual components plus the trend adjustment factor of 0.099 (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	113.8	114.2	115.4	116.4	116.9	116.6	117.5	119.0	119.4	121.3	122.6	123.9
1973	124.8	126.1	126.7	126.6	126.9	127.2	127.7	127.2	127.9	128.9	129.7	129.0
1974	127.7	127.0	126.9	126.6	127.0	127.1	126.9	126.1	125.4	124.2	121.2	117.7
1975	115.4	113.7	112.3	112.6	113.4	114.2	115.1	116.7	117.5	117.9	118.4	118.9
1976	120.3	121.6	122.4	123.3	123.4	123.6	124.0	124.3	124.3	124.1	125.6	127.1
1977	126.3	127.6	129.7	130.0	130.6	131.3	131.7	131.9	132.6	133.8	134.7	135.7
1978	134.0	135.0	136.9	139.3	139.5	140.1	r140.5	r141.7	r141.6	143.2	r144.6	r145.8
1979	r145.1	r145.0	r146.8	r144.3	r145.5	p144.8						

Year	Percent Change											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
1972	1.6	0.4	1.1	0.9	0.4	-0.3	0.8	1.3	0.3	1.6	1.1	1.1
1973	0.7	1.0	0.5	-0.1	0.2	0.2	0.4	-0.4	0.6	0.8	0.6	-0.5
1974	-1.0	-0.5	-0.1	-0.2	0.3	0.1	-0.2	-0.6	-0.6	-1.0	-2.4	-2.9
1975	-2.0	-1.5	-1.2	0.3	0.7	0.7	0.8	1.4	0.7	0.3	0.4	0.4
1976	1.2	1.1	0.7	0.7	0.1	0.2	0.3	0.2	0.0	-0.2	1.2	1.2
1977	-0.6	1.0	1.6	0.2	0.5	0.5	0.3	0.2	0.5	0.9	0.7	0.7
1978	-1.3	0.7	1.4	1.8	0.1	0.4	r0.3	0.9	-0.1	r1.1	r1.0	r0.8
1979	-0.5	-0.1	1.2	-1.7	r0.8	p-0.5						

Year	Quarterly			
	I	II	III	IV
1972		114.5		116.6
1973		125.9		126.9
1974		127.2		126.9
1975		113.8		113.4
1976		121.4		123.4
1977		127.9		130.6
1978		135.3		139.6
1979	r145.6		p144.9	

Year	Percent Change			
	I	II	III	IV
1972		3.2		1.8
1973		2.7		0.8
1974		-1.5		-0.2
1975		-6.0		-0.4
1976		2.5		1.6
1977		1.8		2.1
1978		0.4		3.2
1979	r0.8		p-0.5	

Composite Index of Lagging Indicators² (1967=100)

Year	Monthly											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
1972	105.4	104.6	104.9	105.6	106.3	106.9	106.9	107.2	108.1	108.9	109.5	110.2
1973	112.5	114.2	115.9	118.2	119.5	121.7	124.4	127.4	129.6	129.6	130.0	131.5
1974	132.9	131.8	131.5	135.5	139.4	140.4	142.2	142.6	143.2	143.1	141.9	141.9
1975	140.6	135.9	132.4	129.0	126.9	122.4	122.7	122.4	122.1	122.7	120.6	120.1
1976	119.5	119.0	118.7	118.7	119.2	120.1	120.4	120.0	121.1	120.7	120.2	119.9
1977	120.2	121.0	121.7	122.3	123.1	125.0	125.2	126.5	127.8	129.4	131.1	131.7
1978	134.1	135.9	137.2	137.8	140.0	142.0	r143.5	144.6	r146.4	r148.0	r152.7	r155.1
1979	r157.3	r158.5	r158.5	r161.7	r162.3	p163.5						

Year	Percent Change											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
1972	-1.1	-0.8	0.3	0.7	0.7	0.6	0.0	0.3	0.8	0.7	0.6	0.6
1973	2.1	1.5	1.5	2.0	1.1	1.8	2.2	2.4	1.7	0.0	0.3	1.2
1974	1.1	-0.8	-0.2	3.0	2.9	0.7	1.3	0.3	0.4	-0.1	-0.8	0.0
1975	-0.9	-3.3	-2.6	-2.6	-1.6	-3.5	0.2	-0.2	-0.2	0.5	-1.7	-0.4
1976	-0.5	-0.4	-0.3	0.0	0.4	0.8	0.2	-0.3	0.9	-0.3	-0.4	-0.2
1977	0.3	0.7	0.6	0.5	0.7	1.5	0.2	1.0	1.0	1.3	1.3	0.5
1978	1.8	1.3	1.0	0.4	1.6	1.4	1.1	r0.8	r1.2	r1.1	r3.2	1.6
1979	r1.4	0.8	r0.0	r2.0	r0.4	p0.7						

Year	Quarterly			
	I	II	III	IV
1972		105.0		106.3
1973		114.2		119.8
1974		132.1		138.4
1975		136.3		126.1
1976		119.1		119.3
1977		121.0		123.5
1978		135.7		139.9
1979	r158.1		p162.5	

Year	Percent Change			
	I	II	III	IV
1972		-1.7		1.2
1973		4.3		4.9
1974		1.3		4.8
1975		-4.2		-7.5
1976		-1.7		0.2
1977		0.6		2.1
1978		3.8		3.1
1979	r4.1		p2.8	

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.