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STATEMENT BY SECRETARY OF COMMERCE MALCOLM BALDRIGE
ON LEADING INDICATORS

The leading economic indicators presented a mixed picture in February. With declines occurring in five of the nine series reported thus far, the composite leading index edged down by 0.3 percent. This slippage followed a revised decline of 1.2 percent in January, initially reported as down by 0.6 percent. The change in inventories on hand and on order, an indicator not available at the time of the preliminary report, contributed heavily to January's downward revision and will probably have the same effect on the February index.

In February, the most pronounced weakness among the leading indicators occurred in total liquid assets--a series that is subject to considerable revision. Unlike a number of other leading series, the change in liquid assets is difficult to relate directly to such coincident economic indicators as industrial production and employment.

The indicators have not turned up yet, but when the index has begun to increase in recent business cycles, the lead time before a general business recovery has proven to be very short.