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COMPOSITE INDEXES OF LEADING, COINCIDENT, AND LAGGING
INDICATORS: NOVEMBER 1984

The composite index of leading indicators increased 1.3 percent in November to 166.6 (1967=100), according to preliminary estimates released today by the Commerce Department's Bureau of Economic Analysis.

On the basis of more complete data, the index decreased 0.5 percent in October and increased 0.9 percent in September. A month ago, the bureau reported estimates that showed the index decreased 0.7 percent in October and increased 0.6 percent in September. Change in inventories on hand and on order was the major contributor to the October revision. Change in credit outstanding was the major contributor to the September revision.

Nine of 11 indicators available for November contributed to the increase in the index. They were, ordered from the largest positive contributor to the smallest: building permits, money supply in 1972 dollars, contracts and orders for plant and equipment in 1972 dollars, change in sensitive materials prices, net business formation, average workweek, average weekly initial claims for state unemployment insurance, stock prices, and manufacturers' new orders for consumer goods and materials in 1972 dollars.

Two of 11 made negative contributions. They were, beginning with the larger negative contributor: change in credit outstanding and vendor performance (i.e., companies receiving slower deliveries from vendors).

The composite index of coincident indicators, a monthly approximation of aggregate economic activity, increased 0.6 percent in November to 157.0 (1967=100). On the basis of more complete data, the index increased 0.1 percent in October and 0.2 percent in September.

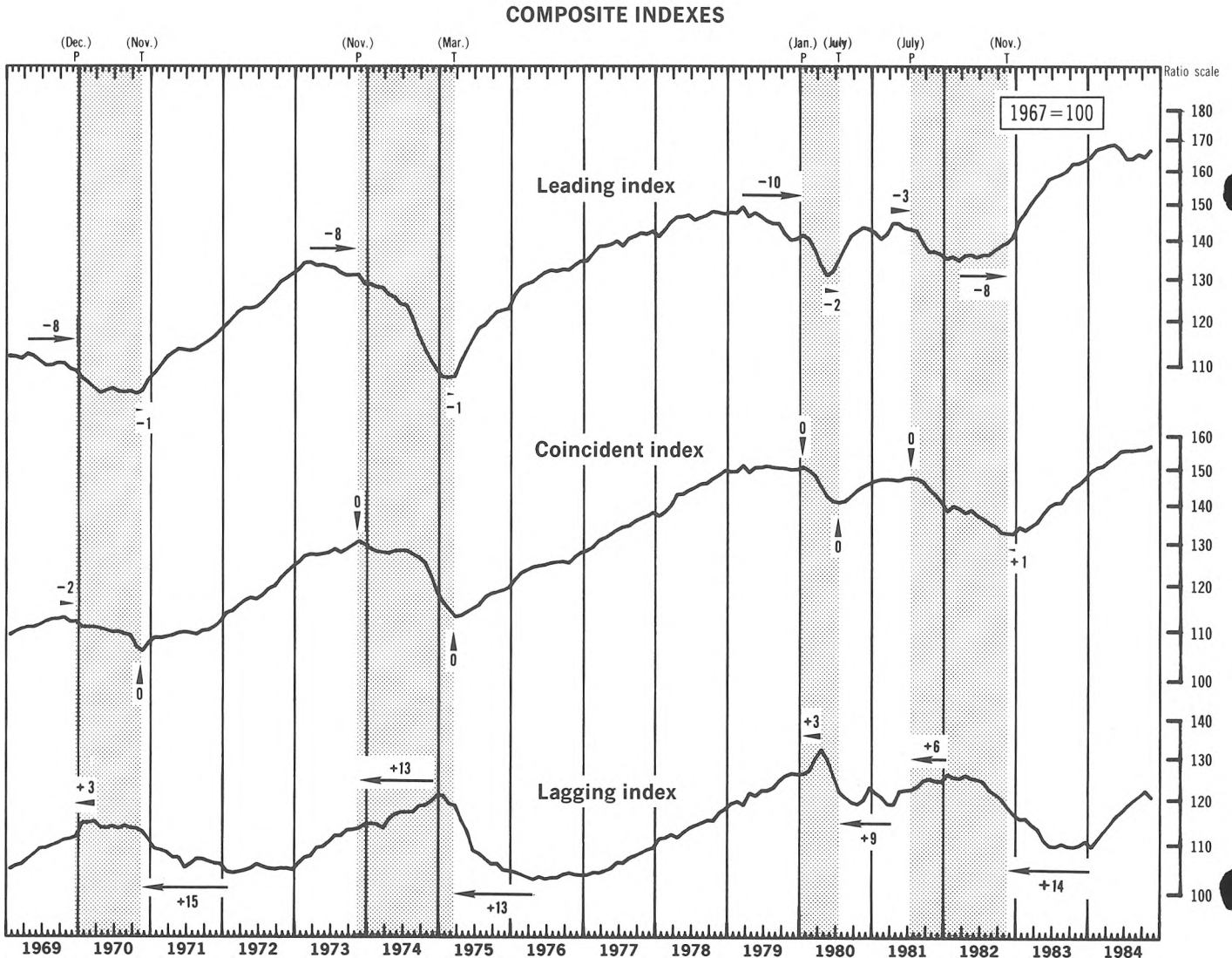
The composite index of lagging indicators decreased 1.3 percent in November to 120.7 (1967=100). On the basis of more complete data, the index increased 1.0 percent in October and 0.9 percent in September.

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 explained more fully in the 1984 edition of Handbook of Cyclical Indicators (price \$5.50, stock number 003-010-00127-5), which is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

More data on the composite indexes, as well as other important measures of economic activity, appear each month in Business Conditions Digest, also available from the Superintendent of Documents. Annual subscription: \$44.00.

Next release date: January 31 for the December composite indexes.



NOTE: P (peak) indicates the end of general business expansion and the beginning of recession; T (trough) indicates the end of general business recession and the beginning of expansion. Thus, the shaded areas represent recessions. The arrows indicate the length of leads (-) and lags (+), in months, from the business cycle turning dates.

Table 1. Composite Indexes of Leading, Coincident, and Lagging Indicators

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	IQ	IIQ	IIIQ	IVQ
Leading index (1967=100)																
1975	107.7	107.6	107.8	111.0	113.4	115.8	118.2	119.0	120.6	122.0	122.4	122.8	107.7	113.4	119.3	122.4
1976	126.1	128.0	128.8	129.3	130.5	131.6	132.2	131.9	132.4	132.2	133.5	134.5	127.6	130.5	132.2	133.4
1977	134.5	136.5	138.4	138.5	138.9	139.8	138.5	140.5	141.1	141.9	141.6	142.4	136.5	139.1	140.0	142.0
1978	141.0	142.8	144.9	146.3	146.4	146.9	145.4	146.2	146.8	147.9	147.6	147.2	142.9	146.5	146.1	147.6
1979	147.7	147.5	149.3	146.4	147.6	146.5	145.2	144.5	144.5	141.7	140.1	140.5	148.2	146.8	144.7	140.8
1980	141.4	140.4	137.4	133.4	130.9	132.0	135.1	138.3	141.2	142.4	143.4	143.0	139.7	132.1	138.2	142.9
1981	142.1	140.4	141.7	144.6	144.5	143.2	142.9	142.4	139.3	136.9	137.0	136.2	141.4	144.1	141.5	136.7
1982	135.1	135.7	134.7	136.0	136.2	135.5	136.2	136.1	137.5	138.6	139.4	140.9	135.2	135.9	136.6	139.6
1983	145.2	147.4	150.2	152.5	154.4	157.3	158.2	158.9	160.0	162.4	162.5	163.4	147.6	154.7	159.0	162.8
1984	164.5	r166.9	167.4	168.2	r168.5	166.9	163.9	164.0	r165.4	r164.5	p166.6		166.3	167.9	r164.4	
Leading index--percent change from preceding month (quarter)																
1975	-1.4	-0.1	0.2	3.0	2.2	2.1	2.1	0.7	1.3	1.2	0.3	0.3	-3.2	5.3	5.2	2.6
1976	2.7	1.5	0.6	0.4	0.9	0.8	0.5	-0.2	0.4	-0.2	1.0	0.7	4.2	2.3	1.3	0.9
1977	0.0	1.5	1.4	0.1	0.3	0.6	-0.9	1.4	0.4	0.6	-0.2	0.6	2.3	1.9	0.6	1.4
1978	-1.0	1.3	1.5	1.0	0.1	0.3	-1.0	0.6	0.4	0.7	-0.2	-0.3	0.6	2.5	-0.3	1.0
1979	0.3	-0.1	1.2	-1.9	0.8	-0.7	-0.9	-0.5	0.0	-1.9	-1.1	0.3	0.4	-0.9	-1.4	-2.7
1980	0.6	-0.7	-2.1	-2.9	-1.9	0.8	2.3	2.4	2.1	0.8	0.7	-0.3	-0.8	-5.4	4.6	3.4
1981	-0.6	-1.2	0.9	2.0	-0.1	-0.9	-0.2	-0.3	-2.2	-1.7	0.1	-0.6	-1.0	1.9	-1.8	-3.4
1982	-0.8	0.4	-0.7	1.0	0.1	-0.5	0.5	-0.1	1.0	0.8	0.6	1.1	-1.1	0.5	0.5	2.2
1983	3.1	1.5	1.9	1.5	1.2	1.9	0.6	0.4	0.7	1.5	0.1	0.6	5.7	4.8	2.8	2.4
1984	0.7	1.5	r0.3	0.5	0.2	r-0.9	-1.8	0.1	r0.9	r-0.5	p1.3		2.1	1.0	-2.1	
Coincident index (1967=100)																
1975	116.2	114.6	113.0	113.3	114.1	114.9	115.6	117.3	118.1	118.5	118.9	119.5	114.6	114.1	117.0	119.0
1976	121.4	122.9	123.6	124.3	124.6	124.8	125.3	125.5	125.6	125.3	126.8	127.8	122.6	124.6	125.5	126.6
1977	128.3	129.2	130.9	131.6	132.5	133.6	134.3	134.6	135.8	136.6	137.2	138.1	129.5	132.6	134.9	137.3
1978	137.1	138.3	140.0	143.0	143.1	144.2	145.0	145.9	146.1	147.4	148.4	149.7	138.5	143.4	145.7	148.5
1979	149.3	149.4	151.2	149.1	150.6	150.6	151.0	150.6	150.4	150.3	149.9	150.0	150.0	150.1	150.7	150.1
1980	150.7	149.6	148.1	145.1	142.4	141.1	140.8	141.2	142.7	144.2	145.3	146.1	149.5	142.9	141.6	145.2
1981	146.8	147.2	147.2	147.1	146.9	147.5	147.6	147.3	146.5	144.5	143.0	140.9	147.1	147.2	147.1	142.8
1982	138.4	139.9	139.2	138.0	138.8	137.3	136.4	135.2	134.5	132.9	132.7	132.6	139.2	138.0	135.4	132.7
1983	134.3	133.5	134.6	135.6	137.9	139.8	140.7	140.8	143.3	145.0	145.9	147.5	134.1	137.8	141.6	146.1
1984	149.5	150.6	151.0	152.6	153.9	155.5	155.7	r155.7	r156.0	r156.1	p157.0		150.4	154.0	155.8	
Coincident index--percent change from preceding month (quarter)																
1975	-1.9	-1.4	-1.4	0.3	0.7	0.7	0.6	1.5	0.7	0.3	0.3	0.5	-6.0	-0.4	2.5	1.7
1976	1.6	1.2	0.6	0.6	0.2	0.2	0.4	0.2	0.1	-0.2	1.2	0.8	3.0	1.6	0.7	0.9
1977	0.4	0.7	1.3	0.5	0.7	0.8	0.5	0.2	0.9	0.6	0.4	0.7	2.3	2.4	1.7	1.8
1978	-0.7	0.9	1.2	2.1	0.1	0.8	0.6	0.6	0.1	0.9	0.7	0.9	0.9	3.5	1.6	1.9
1979	-0.3	0.1	1.2	-1.4	1.0	0.0	0.3	-0.3	-0.1	-0.1	-0.3	0.1	1.0	0.1	0.4	-0.4
1980	0.5	-0.7	-1.0	-2.0	-1.9	-0.9	-0.2	0.3	1.1	1.1	0.8	0.6	-0.4	-4.4	-0.9	2.5
1981	0.5	0.3	0.0	-0.1	-0.1	0.4	0.1	-0.2	-0.5	-1.4	-1.0	-1.5	1.3	0.1	-0.1	-2.9
1982	-1.8	1.1	-0.5	-0.9	0.6	-1.1	-0.7	-0.9	-0.5	-1.2	-0.2	-0.1	-2.5	-0.9	-1.9	-2.0
1983	1.3	-0.6	0.8	0.7	1.7	1.4	0.6	0.1	1.8	1.2	0.6	1.1	1.1	2.8	2.8	3.2
1984	1.4	0.7	0.3	1.1	0.9	1.0	0.1	r0.0	r0.2	r0.1	p0.6		2.9	2.4	1.2	
Lagging index (1967=100)																
1975	121.0	119.0	118.6	115.2	112.8	108.6	108.0	106.9	105.9	106.0	104.7	104.6	119.5	112.2	106.9	105.1
1976	104.3	103.8	103.3	102.8	103.4	102.9	103.2	103.2	103.9	104.2	103.8	103.7	103.8	103.0	103.4	103.9
1977	103.8	104.3	104.2	104.7	105.2	106.3	106.2	107.2	107.7	108.3	109.0	109.4	104.1	105.4	107.0	108.9
1978	111.4	111.6	112.3	111.6	112.8	113.7	114.3	114.8	115.4	115.3	117.1	118.0	111.8	112.7	114.8	116.8
1979	119.2	119.7	118.8	121.7	121.0	122.3	122.3	123.0	124.7	125.8	126.3	126.1	119.2	121.7	123.3	126.1
1980	126.2	127.1	130.2	132.3	129.6	125.5	121.8	120.5	119.4	119.0	120.1	123.0	127.8	129.1	120.6	120.7
1981	121.7	120.7	119.0	119.0	122.2	122.4	122.5	123.3	124.7	125.0	124.5	124.4	120.5	121.2	123.5	124.6
1982	126.1	125.3	125.1	125.9	125.1	124.8	124.3	122.3	121.4	120.2	118.2	116.7	125.5	125.3	122.7	118.4
1983	115.7	115.8	114.4	113.5	111.0	109.8	109.7	110.3	109.7	109.6	110.0	110.9	115.3	111.4	109.9	110.2
1984	109.6	111.4	113.0	114.6	116.3	117.4	118.8	120.0	r121.1	r122.3	p120.7		111.3	116.1	r120.0	
Lagging index--percent change from preceding month (quarter)																
1975	-0.1	-1.7	-0.3	-2.9	-2.1	-3.7	-0.6	-1.0	-0.9	0.1	-1.2	-0.1	-0.3	-6.1	-4.7	-1.7
1976	-0.3	-0.5	-0.5	-0.5	0.6	-0.5	0.3	0.0	0.7	0.3	-0.4	-0.1	-1.2	-0.8	0.4	0.5
1977	0.1	0.5	-0.1	0.5	0.5	1.0	-0.1	0.9	0.5	0.6	0.6	0.4	0.2	1.2	1.5	1.8
1978	1.8	0.2	0.6	-0.6	1.1	0.8	0.5	0.4	0.5	-0.1	1.6	0.8	2.7	0.8	1.9	1.7
1979	1.0	0.4	-0.8	2.4	-0.6	1.1	0.0	0.6	1.4	0.9	0.4	-0.2	2.1	2.1	1.3	2.3
1980	0.1	0.7	2.4	1.6	-2.0	-3.2	-2.9	-1.1	-0.9	-0.3	0.9	2.4	1.3	1.0	-6.6	0.1
1981	-1.1	-0.8	-1.4	0.0	2.7	0.2	0.1	0.7	1.1	0.2	-0.4	-0.1	-0.2	0.6	1.9	0.9
1982	1.4	-0.6	-0.2	0.6	-0.6	-0.2	-0.4	-1.6	-0.7	-1.0	-1.7	-1.3	0.7	-0.2	-2.1	-3.5
1983	-0.9	0.1	-1.2	-0.8	-2.2	-1.1	-0.1	0.5	-0.5	-0.1	0.4	0.8	-2.6	-3.4	-1.3	0.3
1984	-1.2	1.6	1.4	1.4	1.5	0.9	1.2	1.0	r0.9	r1.0	p-1.3		1.0	4.3	r3.4	

p, preliminary. r, revised.

NOTE: Quarterly data are averages of monthly figures. Quarterly percent changes are computed from quarterly data. See table 2 for composition of the indexes.

Table 2. Net Contributions of the Individual Components to the Leading, Coincident, and Lagging Indexes

Indicator	Basic data				Net contribution to index			Direction of change
	Aug.	Sept	Oct.	Nov.	Aug. to Sept	Sept to Oct.	Oct. to Nov.	Oct. to Nov.
LEADING INDICATORS								
Average workweek, production workers, manufacturing (hours).....	40.5	40.6	r40.4	p40.5	0.08	-0.15	0.08	+
*Average weekly initial claims, state unemployment insurance (thousands)....	358	368	405	397	-0.08	-0.27	0.06	+
New orders, mfg., consumer goods and materials (billions of 1972 dollars)...	37.90	36.68	r36.90	p36.96	-0.16	0.03	0.01	+
Vendor performance, companies receiving slower deliveries from vendors (pct.)..	54	58	52	50	0.16	-0.24	-0.09	-
Net business formation (index: 1967=100).	118.2	119.6	119.9	p120.6	0.16	0.04	0.09	+
Contracts and orders, plant & equipment (billions of 1972 dollars).....	15.45	15.77	r14.97	p16.27	0.04	-0.11	0.20	+
Building permits (index: 1967=100).....	121.6	116.3	114.5	128.5	-0.13	-0.05	0.37	+
#Change in inventories on hand and on order (ann. rate, billions of 1972 \$)..	r14.15	r16.91	p20.16	NA	0.15	0.18	NA	
#Change in sensitive materials prices (percent).....	-1.05	-1.06	-0.81	-0.46	-0.01	0.10	0.15	+
Stock prices, 500 common stocks (index: 1941-43=10).....	164.42	166.11	164.82	166.27	0.06	-0.05	0.06	+
Money supply (M2) (billions of 1972 \$)...	918.9	r921.6	r923.0	p932.4	0.09	0.05	0.35	+
Change in credit--business and consumer borrowing (annual rate, percent).....	10.1	r16.1	13.0	p10.3	0.31	-0.16	-0.15	-
Percent change in Leading Index.....	....	....	....	....	0.85	-0.54	1.28	
COINCIDENT INDICATORS								
Employees on nonagricultural payrolls (thousands).....	94,523	r94,807	r95,150	p95,453	0.25	0.30	0.34	+
Personal income less transfer payments (annual rate, billions of 1972 \$).....	r1,183.9	r1,191.9	r1,191.4	p1,195.8	0.34	-0.02	0.24	+
Industrial production, total (index: 1967=100).....	r166.0	r165.0	r164.3	p165.0	-0.17	-0.12	0.15	+
Manufacturing and trade sales (millions of 1972 dollars).....	176,762	r176,023	p176,847	NA	-0.09	0.10	NA	
Percent change in Coincident Index....	....	....	....	....	0.19	0.06	0.58	
LAGGING INDICATORS								
*Average duration of unemployment (weeks).....	17.3	17.1	16.5	17.5	0.08	0.26	-0.62	-
Ratio, deflated inventories to sales, manufacturing and trade (ratio).....	1.55	1.57	p1.57	NA	0.26	0.00	NA	
Labor cost per unit of output, mfg.--actual as percent of trend (percent)...	r83.5	r83.4	r83.1	p82.9	-0.04	-0.11	-0.11	-
Average prime rate charged by banks (percent).....	13.00	12.97	12.58	11.77	-0.02	-0.27	-0.83	-
Commercial and industrial loans outstanding (millions of 1972 \$).....	118,087	119,806	122,223	p123,114	0.38	0.53	0.28	+
Ratio, consumer installment credit to personal income (percent).....	14.55	14.59	p14.74	NA	0.15	0.58	NA	
Percent change in Lagging Index.....	....	....	....	....	0.92	0.99	-1.31	

* Series is inverted in calculating the composite index: a decrease in this series is considered an upward movement.

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.

NOTE: The net contribution of an individual component is that component's share in the composite movement of the group. The percent change in the index equals (except for rounding differences) the sum of the net contributions of the individual components plus the trend adjustment factor of 0.139 for the leading index, -0.175 for the coincident index, and 0.018 for the lagging index.