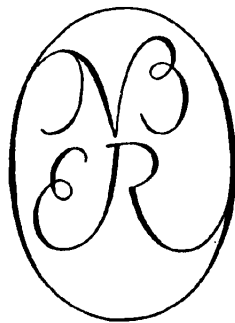


# Business Cycle Indicators

VOLUME II

Basic Data on Cyclical Indicators

GEOFFREY H. MOORE, EDITOR



A STUDY BY THE  
NATIONAL BUREAU OF ECONOMIC RESEARCH

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VOLUME II

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*(Resolution adopted October 25, 1926  
and revised February 6, 1933 and February 24, 1941)*

# CONTENTS

PREFACE	ix
LIST OF CYCLICAL INDICATORS AND DIFFUSION INDEXES	xii
1. SOURCES AND DESCRIPTIONS	1
Cyclical Indicators	3
Diffusion Indexes	65
2. ORIGINAL AND SEASONALLY ADJUSTED DATA, AND SEASONAL INDEXES	71
Cyclical Indicators	71
Diffusion Indexes	155





## PREFACE

This volume is designed to serve several purposes. First, since it contains a substantial portion of the monthly and quarterly data on which Volume I is based, it should permit the findings of that volume to be checked or corrected as the case may be. Second, it may serve as a basis for the discovery of new facts about business cycle phenomena, for the explorations reported in Volume I are far from exhaustive. Third, by giving the sources and brief descriptions of the historical data, as well as the original and seasonally adjusted figures themselves, it should facilitate the use of the results of this study for current analysis. Knowledge of the sources is of course essential if the data are to be extended beyond 1958, the last year that it was feasible to include here. The descriptions are equally necessary if intelligent use is to be made of the data—the mere titles of series are not enough for a reasoned appraisal of what their movements signify.

The collection of “cyclical indicators” contained in this volume consists, first, of twenty-six selected current indicators (1960 list), numbered 1.0, 2.0, . . . , 26.0. Second, it includes a somewhat larger number of related indicators, numbered 1.1, 3.1, 3.2, etc. These are included either because they help to piece out the historical record or because they provide useful current information on the same sectors covered by the twenty-six (see Chapter 3 and Appendix B in Volume I). In each case, original and seasonally adjusted data and seasonal adjustment factors are provided for as long a period as the available data cover, through 1958. The series do not always exist in continuous form because of changes in definition or coverage. The separate segments are identified in the descriptive notes and in the tables.

The series included are confined to those which have moved in rather close harmony with the ebb and flow of general business activity in the United States, though not without characteristic differences in timing. No data are presented, for example, on marketings of farm products, or government expenditures, or wage rates, or retail prices, since such series, in general, have not regularly moved up and down with business cycles. Their exclusion, on the ground that they do not meet our criteria for an indicator, does not mean that they should be ignored or slighted in evaluating the current business situation, for at times they may have a critical bearing on it. For further explanation of the factors governing the choice of indicators, see Chapters 3, 6, and 7 in Volume I. Observations on their cyclical behavior and its interpretation may be found throughout that volume. A complete listing of the cyclical leads and lags of each indicator is provided in Appendix B in Volume I, and measures of their percentage change during recession and recovery periods are given in Appendix C.

## PREFACE

For a summary of convenient sources of current data on the twenty-six indicators (1960 list) and measures of their erratic movements, see Chapter 3, Tables 3.7 and 3.8.

A word of caution is necessary regarding the use of the indicators for historical comparisons. The presentation of data in a continuous series does not necessarily signify that their content has remained unchanged. For example, makers of index numbers must use what data are available; as the scope of available data changes, the content of their indexes often changes as well. Furthermore, though the composition may formally remain the same, methods of estimation may vary. Finally, the economic significance of well-defined activities may vary over time. As carriers of freight, the railroads gradually superseded wagons and waterways; but more recently trucks, pipelines, and aircraft have encroached upon railway traffic. With these changes, railroad freight first became more representative of the freight traffic of the nation; then less. In describing series, an attempt has been made to indicate formal changes in content and method of estimation. But the descriptions are incomplete; and the user of the statistics must be on his guard lest his comparisons be vitiated by shifts in the relationship of the data to the magnitudes that concern him.

Numerous experiments with methods of summarizing the movements of a collection of business indicators are described in Volume I. One of the simplest is to count the number that are rising at any time and take this as a percentage of the total number under observation. The resulting percentage is called a "diffusion index" since it shows how widely or narrowly diffused an expansionary movement is among the indicators. During business cycle expansions such indexes generally are above 50 per cent, and during contractions they are generally below 50 per cent. Almost invariably they reach a maximum and begin to decline *before* the end of a business cycle expansion, and also reach a minimum and begin to rise before the end of a business cycle contraction. Moreover, diffusion indexes based on leading indicators usually shift their position before those based on coincident indicators, and the latter move before those based on lagging indicators. Although the movement and meaning of each individual indicator should not be lost sight of, the diffusion index provides a convenient summary measure of the scope of cyclical movements in the economy, against which one can compare and analyze the changes in particular indicators.

The collection of "diffusion indexes" contained in this volume includes nearly all of the indexes analyzed in Volume I. Some of the diffusion indexes are based on components of certain indicators, and are given corresponding numbers. For example, diffusion index D 1.0 is based on the average workweek in each of the 21 manufacturing industries that

## PREFACE

comprise indicator 1.0, the average workweek for all manufacturing. Diffusion indexes whose content does not correspond to a single specific indicator, at least approximately, are numbered 50.0 and up.

The preparation of this volume has received the meticulous attention of a number of individuals. Johanna Stern directed the collecting of data and contributed her knowledge of statistical sources to the enterprise. Alexander Pitts prepared the descriptive notes. Sophie Sakowitz, Dorothy O'Brien, and Sandra-Lee Abu El-Haj performed the necessary statistical tasks in connection with seasonal adjustments, compilation of diffusion indexes, etc. Charlotte Boschan and Juanita Johnson took charge of the preparation of the IBM print-outs of the data.

We are grateful to the following organizations for permission to publish certain unpublished data specified in the notes: Babson's Reports, Inc., F. W. Dodge Corporation, Dun and Bradstreet, Inc., First National City Bank of New York, Metropolitan Life Insurance Company, National Association of Purchasing Agents, National Industrial Conference Board, and U.S. Departments of Commerce and Labor.

GEOFFREY H. MOORE

# List of Cyclical Indicators and Diffusion Indexes

	<i>Page</i>
	Source Data
<i>Leading Group</i>	
Sensitive Employment and Unemployment Indicators	
1.0 Average Workweek, Mfg., BLS, 1932-58	3 72
D 1.0 Average Workweek, Mfg., BLS, 1948-58	66 156
1.1 Average Workweek, Mfg., NICB, 1920-48	4 73
2.0 Gross Accession Rate, Mfg., BLS, 1919-58	5 74-75
3.0 Layoff Rate, Mfg., BLS, 1919-58	5 76-77
3.1 Number of Persons on Temporary Layoff, BLS, 1947-58	7 78
3.2 Initial Claims, Unemployment Insurance, BES, 1946-58	7 79
D 3.2 Initial Claims, Unemployment Insurance, BES, 1952-58	66 157
New Investment Commitments	
4.0 New Orders, Durable Goods, Value, Census-OBE, 1939-58	8 80
D 4.0 New Orders, Durable Goods, Value, Census-OBE, 1949-58	66 157
4.1 New Orders, Durable Goods, Value, NICB, 1929-44	9 81
D 4.1 New Orders, Durable Goods, Physical Volume, 1919-38	67 157
4.2 New Orders, Durable Goods, Physical Volume, NBER, 1920-33	10 81
D 4.3 New Orders, NAPA, 1948-58	66 158
5.0 Housing Starts, Number of New Permanent Nonfarm Dwelling Units, Census, 1939-58	10 82
5.1 Residential Building Contracts, Floor Space, Dodge, 1919-58	12 82-84
5.2 Residential Building Contracts, Value, Dodge, 1915-58	12 85-87
6.0 Commercial and Industrial Building Con- tracts, Floor Space, Dodge, 1919-58	12 87-90
6.1 New Orders for Producers' Durable Equip- ment, Value, Census-OBE, 1949-58	15 90

LIST OF INDICATORS AND INDEXES

	<i>Page</i>
	Source    Data
6.2 New Orders and Contracts for Plant and Equipment, Value, Census-OBE, 1949-58	15    90
D 6.2 New Orders for Investment Goods, 1919-40	67    158
6.3 New Capital Appropriations, Mfg., NICB, 1953-58	16    91
D 6.3 New Capital Appropriations, Mfg., NICB, 1953-58	66    159
7.0 Net Change in Number of Operating Businesses, OBE, 1945-58	17    91
7.1 Number of New Incorporations, 48 States, Dun and Bradstreet, 1945-58	17    92
7.2 Number of New Incorporations, 4 States, Corporation Trust Co., 1936-48	18    93
7.3 Number of New Incorporations, 4-11 States, Evans, 1860-1939	18    94-97
 Profits, Business Failures, and Stock Prices	
8.0 Business Failures, Liabilities, Industrial and Commercial, Dun and Bradstreet, 1875-1958	18    98-101
8.1 Number of "Large" Business Failures, Industrial and Commercial, Dun and Bradstreet, 1948-58	19    102
8.2 Number of "Large" Business Failures, Mfg., Dun and Bradstreet, 1894-1958	19    103-105
9.0 Corporate Profits After Taxes, OBE, 1939-58	20    105
D 9.0 Profits After Taxes, Hultgren, FRB, FNCB, 1920-58	66    159-161
9.1 Corporate Profits After Taxes, Barger, 1920-38	21    106
D 9.1 Profits After Taxes, Hultgren, 1920-38	67    162
9.2 Percentage of Companies with Profits, FNCB, 1920-38, 1946-58	22    106
D 9.2 Profits, Mfgs., Wholesalers, Retailers, Actual and Expected, Dun and Bradstreet, 1948-58	66    162
9.3 Profits Before Taxes per Dollar of Sales, Mfg., FTC-SEC, 1947-58	22    107
D 9.3 Profits Before Taxes per Dollar of Sales, Mfg., FTC-SEC, 1947-58	66    163

LIST OF INDICATORS AND INDEXES

	<i>Page</i>	
	Source	Data
10.0 Common Stock Price Index, Industrials, Rails, and Utilities, Standard and Poor's, 1871-1958	23	107-108
D 10.0 Common Stock Prices, Standard and Poor's, 1948-58	66	163
10.1 Index of Industrial Stock Prices, Dow-Jones, 1897-1958	25	109
 Inventory Investment and Sensitive Commodity Prices		
11.0 Change in Business Inventories, OBE, 1939-58	25	110
12.0 Industrial Raw Materials Spot Market Price Index, BLS, 1935-58	27	111
D 12.0 Industrial Raw Materials Spot Market Prices, BLS, 1948-58	66	163
12.1 Industrial Raw Materials Spot Market Price Index, Mack, 1919-57	28	112
12.2 Wholesale Price Index, Basic Commodities, BLS, 1946-58	28	112
D 12.2 Basic Commodities Spot Market Prices, BLS, 1948-58	66	163
12.3 Wholesale Price Index, Basic Commodities, BLS, 1935-50	28	113
12.4 Wholesale Price Index, Bradstreet's, 1892-1937	29	113-114
 Others		
D 50.0 Leading Indicators, NBER, 1919-58	66	170
D 50.1 Leading Series, One-Month Span, 1948-58	66	171
D 50.2 Leading Series, Three-Month Span, 1948-58	66	171
D 50.3 Leading Series, 1885-1941	67	172
 <i>Roughly Coincident Group</i>		
Employment and Unemployment		
13.0 Employment in Nonagricultural Establishments, BLS, 1929-58	29	115-116
D 13.0 Employment in Nonagricultural Establishments, BLS, 1948-58	66	164
13.1 Factory Employment Index, BLS, 1914-58	31	116-118
D 13.1 Manufacturing Employment, BLS, 1919-39, 1947-58	66	164

LIST OF INDICATORS AND INDEXES

		<i>Page</i>	
		Source	Data
13.2	Index of Factory Employment, Jerome, 1889-1923	32	119-120
D 13.2	Employment Series, 1919-40	67	165
13.3	Nonagricultural Employment, Labor Force Survey, BLS, 1940-58	33	120-122
14.0	Unemployment Rate, BLS, 1940-58	33	122-123
14.1	Unemployment Rate, NICB, 1929-42	35	123
14.2	Total Unemployment, BLS, 1940-58	33	123-124
14.3	Total Unemployment, NICB, 1929-44	35	125
14.4	Insured Unemployment, All Programs, 1946-58	35	126
14.5	Help-Wanted Advertising in Newspapers, Metropolitan Life Insurance Co., 1919-58	37	127-128
Production			
15.0	Total Industrial Production Index, FRB, 1919-58	38	129
D 15.0	Industrial Production, FRB, 1919-39, 1947-58	66	165
15.1	Index of Physical Volume of Business Activity, Babson, 1889-1957	39	130-131
D 15.1	Production Series, 1919-40	67	166
15.2	Freight Carloadings, AAR, 1919-58	40	131-132
D 15.2	Freight Carloadings, Actual and Expected, AAR, 1927-39, 1946-58	67	166-167
D 15.3	Mfgs. Sales, Actual and Expected, Dun and Bradstreet, 1948-58	67	167
16.0	Gross National Product in Current Dollars, OBE, 1939-58	42	133
16.1	Gross National Product in Current Dollars, Barger and Klein, 1921-41	43	133
17.0	Gross National Product in Constant Dollars, OBE, 1947-58	42	134
Income and Trade			
18.0	Bank Debits Outside New York City, FRB, 1919-58	44	134-136
18.1	Bank Clearings Outside New York City, Commercial and Financial Chronicle, 1875-1958	45	137-139
19.0	Personal Income, OBE, 1929-58	47	139

LIST OF INDICATORS AND INDEXES

		<i>Page</i>	
		Source	Data
19.1	Personal Income, Barger and Klein, 1921-41	48	140
19.2	Labor Income in Mining, Manufacturing, and Construction, OBE, 1929-58	49	140
D 19.2	Payroll and Other Income Payment Series, 1919-40	67	168
20.0	Sales by Retail Stores, Census, 1935-58	49	141
D 20.0	Sales by Retail Stores, Census, 1948-58	67	168
20.1	Index of Department Store Sales, FRB, 1919-58	51	142-143
20.2	Sales by Retail Stores Excluding Food Stores, Census, 1935-58	49	143
<i>Wholesale Prices</i>			
21.0	Index of Wholesale Prices of All Commodities Other Than Farm Products and Foods, BLS, 1913-58	52	144-146
D 21.0	Wholesale Prices, Mfd. Goods, BLS, 1947-58	67	169
D 21.1	Wholesale Prices, 1919-40	67	169
<i>Others</i>			
D 51.0	Roughly Coincident Indicators, NBER, 1946-58	67	172
D 51.1	Roughly Coincident Series, One-Month Span, 1948-58	67	173
D 51.2	Roughly Coincident Series, Three-Month Span, 1948-58	67	173
D 51.3	Roughly Coincident Series, 1885-1941	67	174
<i>Lagging Group</i>			
22.0	Plant and Equipment Expenditures, Total, OBE-SEC, 1947-58	54	147
D 22.0	Plant and Equipment Expenditures, Actual and Expected, OBE-SEC, 1947-58	67	170
22.1	Plant and Equipment Expenditures, Mfg., Chawner, 1915-40	55	147
23.0	Wage and Salary Cost per Unit of Output, Mfg., 1946-58	56	148
23.1	Production Worker Wage Cost per Unit of Output, Mfg., 1919-58	57	148-150
23.2	Labor Cost per Dollar of Real Gross National Product, 1947-58	58	150



LIST OF INDICATORS AND INDEXES

	<i>Page</i>		
	Source	Data	
24.0	Manufacturers' Inventories, Book Value, Census-OBE, 1926-58	58	151
24.1	Manufacturers' Finished Goods Inventories, Book Value, Census-OBE, 1939-58	58	152
25.0	Consumer Instalment Debt, FRB, 1929-58	60	152-153
26.0	Bank Interest Rates on Business Loans, FRB, 1939-58	61	154
26.1	Bank Rates on Customers' Loans, Riefler, 1919-39	62	154
D 52.0	Lagging Indicators, NBER, 1946-58	67	174
D 52.1	Lagging Series, 1885-1941	68	175
 <i>Other Indexes</i>			
D 53.0	Leading and Roughly Coincident Indicators, NBER, 1946-58	67	175
D 53.1	Leading and Roughly Coincident Series, One-Month Span, 1948-58	67	176
D 53.2	Leading and Roughly Coincident Series, Three-Month Span, 1948-58	67	176
D 54.0	Leading, Roughly Coincident, and Lagging Indicators, NBER, 1946-58	67	176
D 55.0	Well-Conforming Series, 1885-1941	68	177
D 56.0	Poorly Conforming Series, 1919-40	68	178
D 57.0	Cross-Section Sample, 1919-41	68	178
D 57.1	Cross-Section Sample, 1919-41, 1947-54	68	179
D 58.0	All-Inclusive Sample, 1919-40	68	179



European business cycle indicators. This quarterly publication provides short-term analysis based on the joint harmonised EU programme of business and consumer surveys. This series has been merged into European Economy Technical Papers since July 2015. European Business Cycle Indicators - 1st quarter 2015. A business cycle is a cycle of fluctuations in the Gross Domestic Product. The GDP Formula consists of consumption, government spending, investments, and net exports. We break down the GDP formula into steps in this guide. Gross Domestic Product (GDP) is the monetary value, in local currency, of all final economic goods and services produced in a country during a specific period of time. Business Cycle Analysis: Background Indicator Analysis: A Robust Approach Can we Predict Recessions? The sheer severity of the Great Recession for many developed economies – most importantly the United States – motivates the vital question of whether the recession, or the crisis that triggered it, could have been foreseen. Can we Predict Recessions? Econometric models are “falsifiable” since these can be tested against real data. On the other hand, the leading indicator approach relies on