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FOR RELEASE: 10:00 A.M. ET, MONDAY, APRIL 19, 2004

The Conference Board® U.S. Business Cycle Indicators℠

U.S. LEADING ECONOMIC INDICATORS

AND RELATED COMPOSITE INDEXES FOR MARCH 2004

The Conference Board announced today that the U.S. leading index increased 0.3 percent, the coincident index increased 0.2 percent and the lagging index decreased 0.1 percent in March.

- The leading index turned up again in March after pausing in February. The leading index has now increased by 4.4 percent from its most recent low in March 2003, although growth has slowed somewhat in recent months.
- The coincident index continued on its steady upward trend in March. The coincident index has now increased at a 2.2 percent annual rate from its most recent low in April 2003. The growth rate of the coincident index has strengthened in recent months, and this strength has been widespread.
- The upturn in the leading index since March 2003 signaled stronger economic growth, and correspondingly, real GDP growth picked up to a 6.2 percent annual rate in the second half of 2003. The current growth rate of the leading index is signaling a continuation of relatively strong economic growth in the near term.

<u>LEADING INDICATORS.</u> Six of the ten indicators that make up the leading index increased in March. The positive contributors - beginning with the largest positive contributor – were vendor performance, real money supply*, average weekly initial claims for unemployment insurance (inverted), building permits, manufacturers' new orders for consumer goods and materials*, and index of consumer expectations. The negative contributors - beginning with the largest negative contributor – were interest rate spread, stock prices, average weekly manufacturing hours, and manufacturers' new orders for nondefense capital goods*.

The leading index now stands at 115.3 (1996=100). Based on revised data, this index remained unchanged in February and increased 0.4 percent in January. During the six-month span through March, the leading index increased 1.8 percent, with seven out of ten components advancing (diffusion index, six-month span equals 70 percent).

<u>COINCIDENT INDICATORS.</u> Three of the four indicators that make up the coincident index increased in March. The positive contributors to the index - beginning with the largest positive contributor - were employees on nonagricultural payrolls, personal income less transfer payments*, and manufacturing and trade sales*. The negative contributor was industrial production.

The coincident index now stands at 116.4 (1996=100). This index increased 0.3 percent in February and increased 0.1 percent in January. During the six-month period through March, the coincident index increased 1.3 percent.

The next release is scheduled for May 20, Thursday at 10 A.M. ET.

LAGGING INDICATORS. The lagging index stands at 97.9 (1996=100) in March, with four of the seven components advancing. The positive contributors to the index – beginning with the largest positive contributor – were change in CPI for services, average duration of unemployment (inverted), change in labor cost per unit of output*, and ratio of consumer installment credit to personal income*. The negative contributor was commercial and industrial loans outstanding*. The ratio of manufacturing and trade inventories to sales* and average prime rate charged by banks held steady in March. Based on revised data, the lagging index decreased 0.1 percent in February and increased 0.1 percent in January.

DATA AVAILABILITY AND NOTES.

The data series used by The Conference Board to compute the three composite indexes and reported in the tables in this release are those available "as of" 12 Noon on April 16, 2004. Some series are estimated as noted below.

* Series in the leading index that are based on The Conference Board estimates are manufacturers' new orders for consumer goods and materials, manufacturers' new orders for nondefense capital goods, and the personal consumption expenditure deflator for money supply. Series in the coincident index that are based on The Conference Board estimates are personal income less transfer payments and manufacturing and trade sales. Series in the lagging index that are based on The Conference Board estimates are inventories to sales ratio, consumer installment credit to income ratio, change in CPI for services and the personal consumption expenditure deflator for commercial and industrial loans outstanding.

The procedure used to estimate the current month's personal consumption expenditure deflator (used in the calculation of real money supply and commercial and industrial loans outstanding) now incorporates the current month's consumer price index when it is available before the release of the U.S. Leading Economic Indicators.

Effective with the September 18, 2003 release, the method for calculating manufacturers' new orders for consumer goods and materials (A0M008) and manufacturers' new orders for nondefense capital goods (A0M027) has been revised. Both series are now constructed by deflating nominal aggregate new orders data instead of aggregating deflated industry level new orders data. Both the new and the old methods utilize appropriate producer price indices. This simplification remedies several issues raised by the recent conversion of industry data to the North American Classification System (NAICS), as well as several other issues, e.g. the treatment of semiconductor orders. While this simplification caused a slight shift in the levels of both new orders series, the growth rates were essentially the same. As a result, this simplification had no significant effect on the leading index.

Effective with the January 22, 2004 release a programming error in the calculation of the leading index -- in place since January 2002 -- has been corrected. The cyclical behavior of the leading index was not affected by either the calculation error or its correction, but the level of the index in the 1959-1996 period is slightly higher.

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THE CYCLICAL INDICATOR APPROACH. The composite indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading, coincident, and lagging indexes are essentially composite averages of between four and ten individual leading, coincident, or lagging indicators. (See page 3 for details.) They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component—primarily because they smooth out some of the volatility of individual components.

Historically, the cyclical turning points in the leading index have occurred before those in aggregate economic activity, while the cyclical turning points in the coincident index have occurred at about the same time as those in aggregate economic activity. The cyclical turning points in the lagging index generally have occurred after those in aggregate economic activity.

U.S. Composite Indexes: Components and Standardization Factors

Leading Index	Factor
1 Average weekly hours, manufacturing	0.1965
2 Average weekly initial claims for unemployment insurance	0.0252
3 Manufacturers' new orders, consumer goods and materials	0.0588
4 Vendor performance, slower deliveries diffusion index	0.0292
5 Manufacturers' new orders, nondefense capital goods	0.0146
6 Building permits, new private housing units	0.0202
7 Stock prices, 500 common stocks	0.0291
8 Money supply, M2	0.2774
9 Interest rate spread, 10-year Treasury bonds less federal funds	0.3303
10 Index of consumer expectations	0.0188

Coincident Index	
1 Employees on nonagricultural payrolls	0.5235
2 Personal income less transfer payments	0.2141
3 Industrial production	0.1467
4 Manufacturing and trade sales	0.1157

Lagging Index	
1 Average duration of unemployment	0.0378
2 Inventories to sales ratio, manufacturing and trade	0.1249
3 Labor cost per unit of output, manufacturing	0.0648
4 Average prime rate	0.2788
5 Commercial and industrial loans	0.0968
6 Consumer installment credit to personal income ratio	0.2019
7 Consumer price index for services	0.1950

Notes:
The component factors are inversely related to the standard deviation of the month-to-month changes in each component. They are used to equalize the volatility of the contribution from each component and are "normalized" to sum to 1. When one or more components are missing, the other factors are adjusted proportionately to ensure that the total continues to sum to 1.

These factors were revised effective on the release for January 2004, and all historical values for the three composite indexes were revised at this time to reflect the changes. (Under normal circumstances, updates to the leading, coincident, and lagging indexes only incorporate revisions to data over the past six months.) The factors for the leading index were calculated using 1984-2002 as the sample period for measuring volatility. A separate set of factors for the 1959-1983 period is available upon request. The primary sample period for the coincident and lagging indexes was 1959-2002. For additional information on the standardization factors and the index methodology see: "Benchmark Revisions in the Composite Indexes," *Business Cycle Indicators* December 1997 and "Technical Appendix: Calculating the Composite Indexes" *Business Cycle Indicators* December 1996, or the Web site: www.globalindicators.org.

To address the problem of lags in available data, those leading, coincident and lagging indicators that are not available at the time of publication are estimated using statistical imputation. An autoregressive model is used to estimate each unavailable component. The resulting indexes are therefore constructed using real and estimated data, and will be revised as the unavailable data during the time of publication become available. Such revisions are part of the monthly data revisions, now a regular part of the U.S. Business Cycle Indicators program. The main advantage of this procedure is to utilize in the leading index data such as stock prices, interest rate spread, and manufacturing hours that are available sooner than other data on real aspects of the economy such as manufacturers' new orders. Empirical research by The Conference Board suggests that there are real gains in adopting this procedure to make all the indicator series as up-to-date as possible.

U.S. Leading Economic Indicators news release schedule for 2004:

May 20, Thursday………………………………for April 2004 data
June 17, Thursday………………………………for May 2004 data
July 22, Thursday………………………….……for June 2004 data
August 19, Thursday……………………………for July 2004 data
September 23, Thursday………………………..for August 2004 data
October 21, Thursday…………………………..for September 2004 data
November 18, Thursday………………………..for October 2004 data
December 20, Monday…………………………for November 2004 data

All releases are at 10:00AM ET.

ABOUT THE CONFERENCE BOARD. The Conference Board is the premier business membership and research network founded in 1916. It has become a global leader in helping executives build strong professional relationships, expand their business knowledge and find solutions to a wide range of business challenges. Its Economics Program, under the direction of Chief Economist Gail Fosler, is a recognized source of forecasts, analysis and objective indicators such as Leading Economic Indicators and Consumer Confidence.

This role is part of a long tradition of research and education that stretches back to the compilation of the first continuous measure of the cost of living in the United States in 1919. In 1995, The Conference Board assumed responsibility for computing the composite indexes from the U.S. Department of Commerce. The Conference Board now produces business cycle indexes for the U.S., Australia, France, Germany, Korea, Japan, Mexico, Spain and the U.K. To subscribe to any of these indexes, please visit www.globalindicators.org or contact the customer service department at 212-339-0345 or email indicators@conference-board.org.

AVAILABLE FROM THE CONFERENCE BOARD

U.S. Business Cycle Indicators Internet Subscription *(Includes monthly release, data, charts and commentary)*	$ 500 per year (1 user)
Individual Data Series	$ 15 per series downloaded
Monthly BCI Report *(Sample available on request)*	$ 130 per year
Monthly News Release (fax or email)	$ 45 per year
BCI Handbook (published 2001)	$ 20
Corporate Site License	contact Indicators Program at (212) 339-0336

Business Cycle Indicators for Australia, France, Germany, Japan, Korea, Mexico, Spain and the UK are available at $500 per country per year (1 user). Discounts are available to Associates of The Conference Board and accredited academic institutions.

Table 1.--Summary of Composites Indexes

	2003								2004					
	Sep	Oct		Nov		Dec		Jan		Feb		Mar	
Leading index	113.3	113.9		114.2		114.5	r	115.0	r	115.0	r	115.3	p
Percent change	.1	.5		.3		.3	r	.4		.0		.3	p
Diffusion index	40.0	85.0		60.0		75.0		50.0		45.0		60.0	
Coincident index	114.9	115.2		115.6		115.8	r	115.9	r	116.2	p	116.4	p
Percent change	.2	.3		.3		.2	r	.1		.3	p	.2	p
Diffusion index	100.0	100.0		100.0		87.5		62.5		87.5		75.0	
Lagging index	99.0	99.0	r	98.4	r	98.0	r	98.1	r	98.0	p	97.9	p
Percent change	-.6	.0	r	-.6		-.4		.1		-.1	p	-.1	p
Diffusion index	21.4	50.0		7.1		42.9		64.3		64.3		64.3	
Coincident-lagging ratio	116.1	116.4	r	117.5	r	118.2	r	118.1	r	118.6	p	118.9	p

	Mar to Sep	Apr to Oct	May to Nov	Jun to Dec	Jul to Jan	Aug to Feb	Sep to Mar
Leading index							
Percent change	2.6	3.1	2.3	2.2	2.0	1.6	1.8
Diffusion index	85.0	100.0	90.0	90.0	80.0	80.0	70.0
Coincident index							
Percent change	.6	1.0	1.1	1.2	1.0	1.3	1.3
Diffusion index	75.0	87.5	100.0	100.0	100.0	100.0	100.0
Lagging index							
Percent change	-2.0	-1.7	-2.1	-1.8	-1.5	-1.6	-1.1
Diffusion index	14.3	21.4	.0	14.3	21.4	21.4	28.6

p Preliminary. r Revised (noted only for index levels and one-month percent changes).

CALCULATION NOTE: The diffusion indexes measure the proportion of the components that are rising. Components that rise more than 0.05 percent are given a value of 1.0, components that change less than 0.05 percent are given a value of 0.5, and components that fall more than 0.05 percent are given a value of 0.0.

The full history of composite and diffusion indexes is available by subscription on our web site at www.globalindicators.org .

Source: The Conference Board

Table 2.--Data and Net Contributions for Components of the Leading Index

Component	2003 Sep	2003 Oct	2003 Nov	2003 Dec	2004 Jan	2004 Feb	2004 Mar
	Leading index component data						
Average workweek, production workers, mfg. (hours)...........................	40.4	40.5	40.8	40.6	41.0 r	41.0	40.9 p
Average weekly initial claims, state unemployment insurance (thousands)*.	404.8	381.2	362.4	355.5	345.3	352.7	342.6 p
Manufacturers' new orders, consumer goods and materials (mil. 1982 dol.)......	143,679 r	146,441 r	145,370 r	146,479 r	144,316 r	143,009 r	143,298 **
Vendor performance--slower deliveries diffusion index (percent).......................	53.1	54.1	56.0	58.6	60.4	62.1	67.9
Manufacturers' new orders, nondefense capital goods (mil. 1982 dol.).................	43,141 r	44,051 r	41,271 r	42,983	41,683 r	42,633 r	42,142 **
Building permits (thous.)..........................	1,875	1,981	1,863	1,953	1,932	1,909 r	1,946
Stock prices, 500 common stocks (c) (index: 1941-43=10)..............................	1,019.44	1,038.73	1,049.90	1,080.64	1,132.52	1,143.36	1,123.98
Money supply, M2 (bil. 2000 dol.)............	5,767.5 r	5,750.6 r	5,748.2 r	5,731.4 r	5,717.0 r	5,755.2 r	5,776.2 **
Interest rate spread, 10-year Treasury bonds less federal funds.......................	3.26	3.28	3.30	3.29	3.15	3.07	2.83
Index of consumer expectations (c) (1966:1=100)...	80.8	83.0	88.1	89.8	100.1	88.5	88.8
LEADING INDEX (1996=100)....................	113.3	113.9	114.2	114.5 r	115.0 r	115.0 r	115.3 p
Percent change from preceding month..	0.1	0.5	0.3	0.3 r	0.4	0.0	0.3 p
	Leading index net contributions						
Average workweek, production workers, mfg...	....	.05	.15	-.10	.19	.00	-.05
Average weekly initial claims, state unemployment insurance.......................	....	.15	.13	.05	.07	-.05	.07
Manufacturers' new orders, consumer goods and materials...............................	....	.11	-.04	.04	-.09	-.05	.01 **
Vendor performance--slower deliveries diffusion index.......................................	....	.05	.10	.13	.09	.08	.26
Manufacturers' new orders, nondefense capital goods..	....	.03	-.10	.06	-.04	.03	-.02 **
Building permits.......................................	....	.11	-.12	.10	-.02	-.02	.04
Stock prices, 500 common stocks (c)	....	.05	.03	.08	.14	.03	-.05
Money supply, M2...................................	....	-.08	-.01	-.08	-.07	.18	.10 **
Interest rate spread, 10-year Treasury bonds less federal funds.......................	....	.01	.01	.00	-.05	-.03	-.08
Index of consumer expectations (c)	....	.05	.11	.04	.20	-.23	.01

p Preliminary. r Revised. c Corrected.
* Inverted series; a negative change in this component makes a positive contribution to the index.
** Statistical Imputation (See page 3 for more details)
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Table 3.--Data and Net Contributions for Components of the Coincident and Lagging Indexes

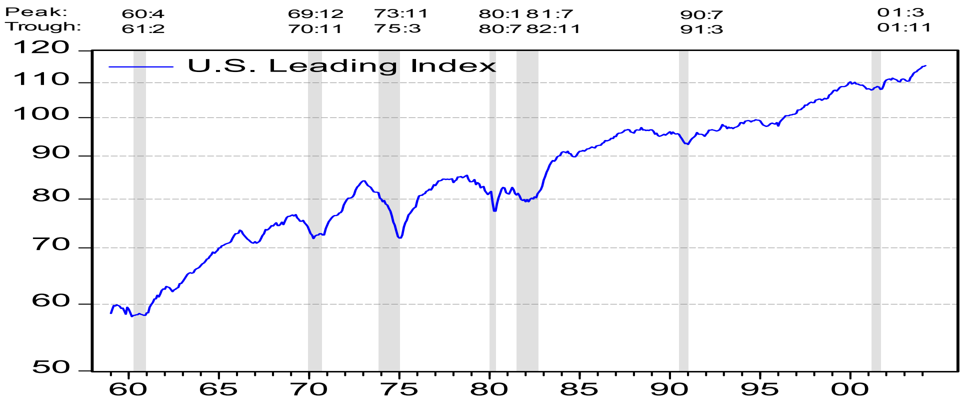
Component	2003 Sep	2003 Oct	2003 Nov	2003 Dec	2004 Jan	2004 Feb	2004 Mar
	Coincident index component data						
Employees on nonagricultural payrolls (thousands)	129,856	129,944	130,027	130,035	130,194 r	130,240 r	130,548
Personal income less transfer payments (ann. rate, bil. 2000 dol.)	7,457.1 r	7,489.9 r	7,539.8 r	7,544.4 r	7,541.8 r	7,554.3 r	7,570.0 **
Industrial production (index: 1997=100)	111.492	111.776	112.859	113.124 r	113.865 r	114.787 r	114.523
Manufacturing and trade sales (mil. 2000 dol.)	882,313 r	885,965 r	891,205 r	898,296 r	896,448 r	899,307 r	901,113 **
COINCIDENT INDEX (1996=100)	114.9	115.2	115.6	115.8 r	115.9 r	116.2 r	116.4 p
Percent change from preceding month	0.2	0.3	0.3	0.2 r	0.1	0.3	0.2 p
	Coincident index net contributions						
Employees on nonagricultural payrolls	....	.04	.03	.00	.06	.02	.12
Personal income less transfer payments	....	.09	.14	.01	-.01	.04	.04 **
Industrial production	....	.04	.14	.03	.10	.12	-.03
Manufacturing and trade sales	....	.05	.07	.09	-.02	.04 **	.02 **
	Lagging index component data						
Average duration of unemployment (weeks)*	19.6	19.4	20.0	19.6	19.8	20.3	20.1
Ratio, manufacturing and trade inventories to sales (chain 2000 dol.)	1.309 r	1.306 r	1.300 r	1.288 r	1.290	1.291 **	1.291 **
Change in index of labor cost per unit of output, mfg. (6-month percent, ann. rate)	-1.1 r	-1.4 r	-3.2	-3.8 r	-3.3 **	-2.9 **	-2.6 **
Average prime rate charged by banks (percent)	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Commercial and industrial loans outstanding (mil. 2000 dol.)	552,195	546,920 r	545,633 r	520,972 r	519,113 r	521,637 r	509,209 **
Ratio, consumer installment credit outstanding to personal income (percent)	21.34 r	21.36 r	21.25 r	21.26 r	21.36 r	21.33 r	21.34 **
Change in CPI for services (6-month percent, ann. rate)	2.7	3.0	2.1	2.3	2.4	2.5	2.8
LAGGING INDEX (1996=100)	99.0	99.0 r	98.4 r	98.0 r	98.1 r	98.0 p	97.9 p
Percent change from preceding month	-.6	.0 r	-.6	-.4	.1	-.1 p	-.1 p
	Lagging index net contributions						
Average duration of unemployment	....	.04	-.12	.08	-.04	-.09	.04
Ratio, manufacturing and trade inventories to sales	....	-.03	-.06	-.12	.02	.01 **	.00 **
Change in index of labor cost per unit of output, mfg.	....	-.02	-.12	-.04	.03 **	.03 **	.02 **
Average prime rate charged by banks	....	.00	.00	.00	.00	.00	.00
Commercial and industrial loans outstanding	....	-.09	-.02	-.45	-.03	.05	-.23 **
Ratio, consumer installment credit outstanding to personal income	....	.02	-.10	.01	.09	-.03	.01 **
Change in CPI for services	....	.06	-.18	.04	.02	.02	.06

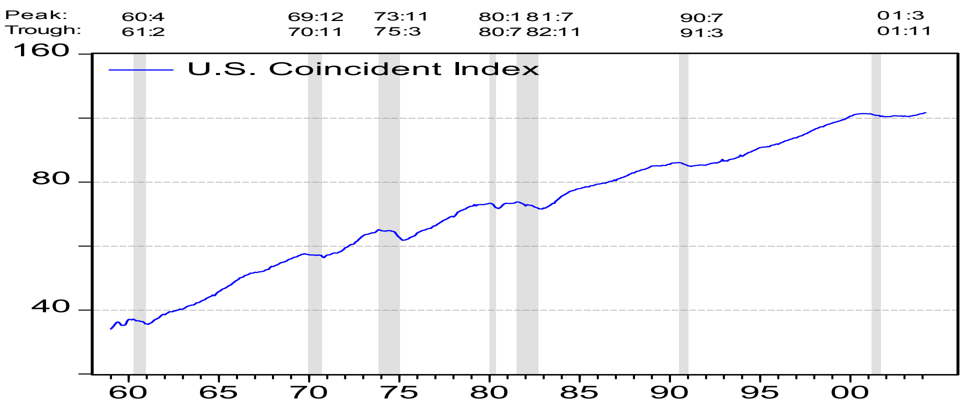
CPI Consumer Price Index. For additional notes see table 2.

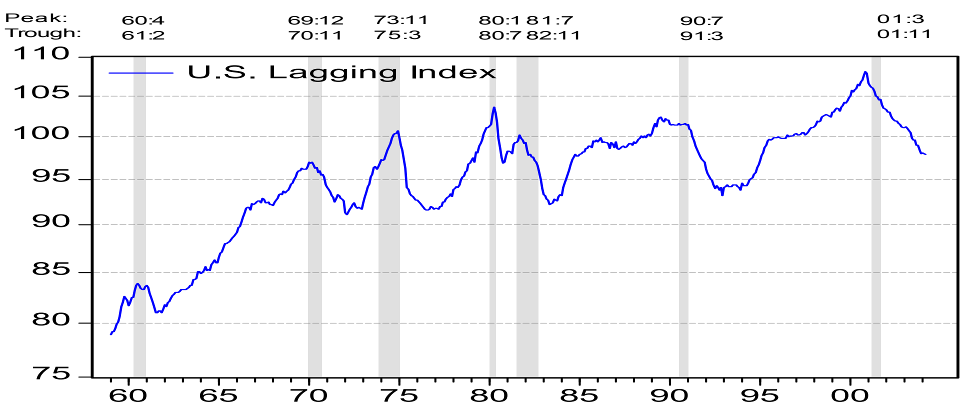
* Inverted series; a negative change in this component makes a positive contribution to the index.

** Statistical Imputation (See page 3 for more details)

U.S. Composite Indexes (1996=100)







Shaded areas represent recessions.

Source: The Conference Board