Leading Indicators Rose 0.4% As Economy Improved in August

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DOW JONES NEWSWIRES

NEW YORK -- An economic indicator designed to reflect future economic trends over the next six months showed the economy improved in August, while a more recent reading of the labor market was slightly improved.

The Conference Board, a business-research group in New York, said its index of leading indicators designed to point to the economy's future direction rose by 0.4% in August. The gain was the fourth straight monthly increase.

Meanwhile, the Labor Department reported that first-time jobless claims fell by 29,000 to 399,000 in the week ended Sept. 13, the first time that claims were below 400,000 since the week ended Aug. 23. Economists say numbers above 400,000 indicate a weakening labor market, while a figure below that level indicates a stabilizing market.

The jobless claims are included as one of the 10 components of the index of leading indicators and, ironically, had the largest negative contribution to the leading indicator index in August.

Indeed, the period of rising claims during August and the first week in September may have been one of the reasons the Federal Open Market Committee -- the policy-setting arm of the Federal Reserve -- altered its postmeeting statement on Tuesday. In a statement after its meeting, the FOMC said that "the labor market has been weakening," in place of the more upbeat assessment that "labor market indicators are mixed" it used in the statement following the Aug. 12 FOMC meeting.

The two reports together suggest that "we are likely to continue to have growth without much job creation," said Steve Wood, economist at Insight Economics in Danville, Calif.

In a related development, the Federal Reserve Bank of Philadelphia reported that its business-outlook survey of regional manufacturing activity in eastern Pennsylvania, southern New Jersey and Delaware slipped to a reading of 14.6 in September from 22.1 in August. However, the survey's new-orders index moved to a 46-month high in September, adding support for the view of stronger growth ahead.

The component that measures employment remained in negative territory at -4.7, suggesting that job losses continued this month. The reading improved somewhat from -8.7 in August.

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See the full text of Thursday's reports and analysis from Briefing.com:

- Jobless claims -- Labor Dept.¹, Briefing.com²
- Leading indicators -- Conference Board³, Briefing.com⁴
- Manufacturing activity -- Philadelphia Fed⁵, Briefing.com⁶

WHAT ECONOMISTS THINK

To rebound? Or not to rebound? See complete data from September's economic forecasting survey⁷, including estimates for GDP, inflation, unemployment and interest rates.
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