Leading U.S. Indicators Fall, Pointing to Choppy Growth

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Leading U.S. economic indicators fell in February, pointing to choppy growth, while the latest weekly reading on new claims for unemployment benefits suggested a mild improvement in the labor market.

The Conference Board, a private-research group, reported Thursday that its index of leading indicators declined 0.5% to 137.3 last month, compared with expectations for a 0.4% drop. January's reading was revised down to a 0.3% decline. The leading index has been flat to declining in the nine of the last 12 months. The index was equal to 100 in 1996.

The Conference Board noted that the biggest negative contributors, in order, were average weekly initial claims for unemployment insurance, consumer expectations, vendor performance, building permits and interest-rate spread.

Four of the 10 indicators that make up the leading index showed improvement in February. The largest positive contribution came from manufacturers' new orders for nondefense capital goods, stock prices, real money supply and manufacturers' new orders for consumer goods and materials.

The composite index of coincident indicators also increased by 0.3% to 123.7, after a 0.1% decrease in January. The index of lagging indicators increased by 0.2% in February to 127.9 after an unchanged reading for the prior month, based on revised data.

The Conference Board is a nonprofit research and business-membership group that computes the composite indexes from the U.S. Department of Commerce.

Jobless Claims Unexpectedly Drop

Initial jobless claims unexpectedly decreased by 4,000 to 316,000, after seasonal adjustments, in the week that ended Saturday, the Labor Department said Thursday. New claims for the week ending March 10 were revised upward to 320,000 from an originally reported 318,000.

The four-week average of new claims last week declined to 326,000 from 329,750.

The number of new jobless claims filed nationwide last week was smaller than Wall Street had expected. The median estimate of 17 economists surveyed by Dow Jones Newswires called for an increase of 2,000 claims to 320,000.

Recent data showed U.S. payrolls expanded in February at the slowest pace in two years, increasing by 97,000 jobs after growing by 146,000 in January and 226,000 in December. The construction industry had big losses, likely due to severe weather. While unexciting, the payroll increase was solid, roughly in line with expectations and seen as lowering chances for a Federal Reserve rate cut in the near term. Following a two-day meeting, the Fed said yesterday that it would hold its target for the federal-funds rate at 5.25%, as expected.

The Labor Department report Thursday on unemployment claims included the total number of workers drawing jobless benefits in the week that ended March 10, the latest period for which data are available. The number -- known as continuing claims -- fell by 69,000 to 2,501,000. The jobless rate for workers with unemployment insurance decreased to 1.9% from 2.0%.

There were 19 states and territories reporting an increase in initial jobless claims for the week of March 10, while 34 reported a decrease. Texas reported the biggest increase, at 2,837; those were related to layoffs in the service, real-estate, and manufacturing industries. New York state reported the biggest decrease, down by 10,766 because of fewer layoffs in the transportation and service industries.

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