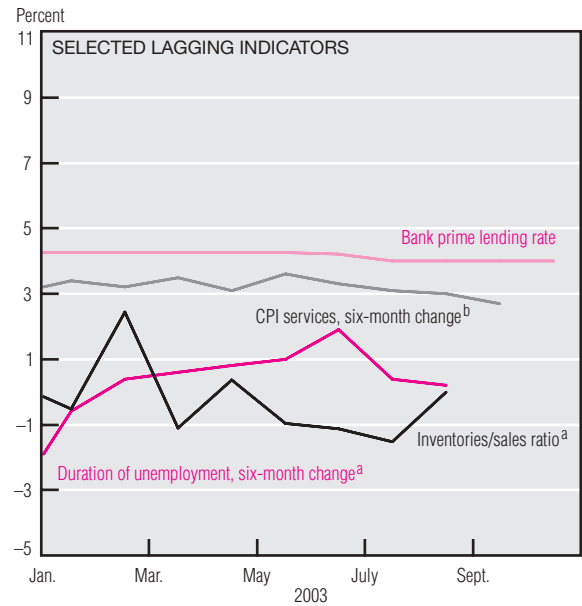
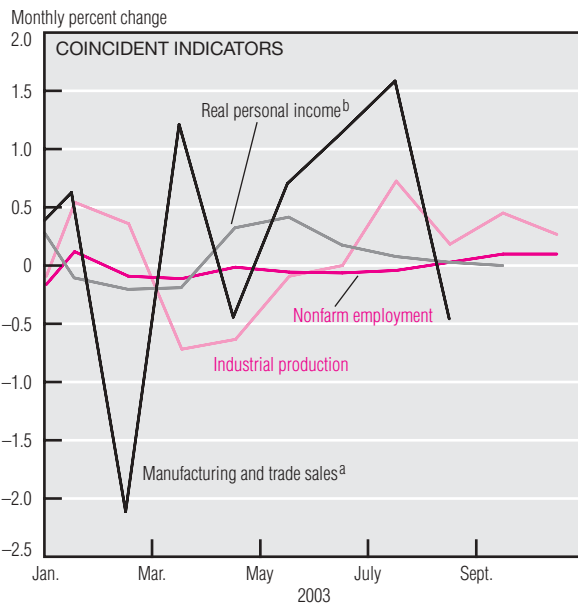
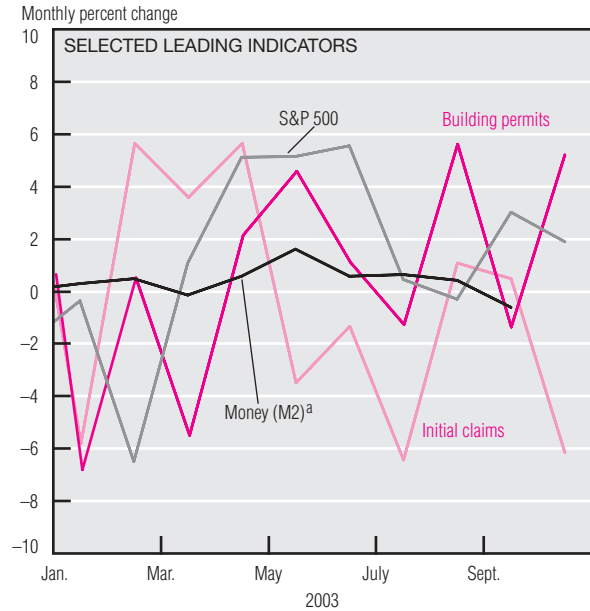


Business Cycle Indicators



a. Latest data available, August 2003.

b. Latest data available, September 2003.

SOURCES: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Labor, Bureau of Labor Statistics; and The Conference Board.

According to business cycle indicators published by the Conference Board, the economy has grown recently, is growing now, and is expected to continue growing in the near future.

All three of the Conference Board's composite indexes—the leading, coincident, and lagging indicators of economic activity—rose in October. The Leading Composite Index, the most closely monitored of the three, is a weighted average of 10 key economic data series designed to predict economic conditions in the near future.

It increased 0.4% in October, when six of its 10 indicators rose. The major positive contribution was a larger-than-expected decline in initial claims for unemployment. Other positive contributors included building permits, vendor performance, stock prices, consumer expectations, and the interest rate spread. Negative influences included the real money supply and manufacturers' new orders for capital goods and consumer goods.

The Composite Coincident Index is a weighted average of four economic

data series designed to reflect current real economic activity. In October, all four of these series showed signs of growth, causing the overall index to rise 0.2%. The two major contributors to this improvement were nonagricultural payroll and industrial production.

In October, the Lagging Composite Index, which reports turning points that have already occurred, posted its first increase since March. Its 0.2% October increase was the result of gains in five of its seven data series.