

CURRENT RECESSION BEGAN IN JULY

CAMBRIDGE, January 06 -- The Business Cycle Dating Committee of the National Bureau of Economic Research met today and identified July 1981 as the most recent peak in U.S. economic activity. The peak marks the onset of a recession in the business cycle chronology maintained by the Bureau.

In the opinion of the committee, there is no doubt that the U.S. economy is currently undergoing a recession. All the indicators traditionally considered are well below their peaks. Industrial production in November 1981 was 146.5, well below its level of 153.9 in July. Employees on nonagricultural payrolls were 91,561,000 in November, as compared to 92,033,000 in September. The unemployment rate was 8.4 percent in November, relative to 7.0 percent in July.

The committee considered a wide variety of evidence in determining that the peak occurred in July. Although different indicators of economic activity peaked at different times during

the year, as is typically the case at business cycle turning points, the configuration of the downturn among the main series clearly suggested a July peak. Of the major indicators, both industrial production and unemployment signalled peaks in July; manufacturing and trade sales adjusted for inflation and real GNP peaked somewhat earlier; nonfarm employment and real personal income excluding transfer payments peaked later.

The committee also reviewed its earlier decision that a peak of economic activity occurred in January 1980 and a trough in July 1980 and reaffirmed that decision. Although not all economic indicators had regained their 1979-80 peaks by the summer of 1981, the committee agreed that the resurgence of economic activity in the previous year clearly constituted a business cycle recovery. Even so, the 12-month expansion beginning in July 1980 and ending in July 1981 was one of the shortest on record in the NBER's business cycle chronology which dates back to 1854, and the shortest since WWII. The expansion of 1912 lasted twelve months; the expansion of 1919 lasted 10 months.

Committee members are William Branson, Princeton University; Martin Feldstein and Benjamin Friedman, Harvard University; Robert Gordon, Northwestern University (who did not attend today's meeting); Robert Hall, Stanford University; Geoffrey Moore, Rutgers University; and Victor Zarnowitz, University of Chicago.

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