

Volatility of Output Growth and ISM Index

		<u>1972-2010.5</u>	
	Std. Dev.	Fraction of Variance in Business Cycles 2 years <p<8years	Fraction of Variance at High Frequencies p<2years
Output Growth	8.35	23.90	68.57
Diffusion Index	7.85	54.15	30.03

Autocorrelation and Cross-correlation Structure of Output Growth and the ISM index

	<u>Autocorrelations (1972-2010.5)</u>						
k	0	1	2	3	4	5	6
$\rho(\Delta x_b, \Delta x_{t-k})$	1.00	0.36	0.33	0.27	0.16	0.10	0.10
$\rho(I_b, I_{t-k})$	1.00	0.89	0.78	0.66	0.54	0.44	0.35
	<u>Cross-Correlations (1972-2010.5)</u>						
k	-3	-2	-1	0	1	2	3
$\rho(\Delta x_b, I_{t+k})$	0.23	0.34	0.47	0.58	0.62	0.56	0.47

Volatility of the Manufacturing ISM Diffusion and Synthetic Diffusion Indices

		<u>1972-2010.5</u>	
	Std. Dev.	Fraction of Variance in Business Cycles 2 years <p<8years	Fraction of Variance at High Frequencies p<2years
Diffusion Index	7.85	54.15	30.03
Pseudo Diffusion Index	6.08	49.8	31.74

**Autocorrelation and Cross-correlation Structure of the ISM
Diffusion and Synthetic Diffusion indices**

<u>Autocorrelations (1972-2010.5)</u>							
k	0	1	2	3	4	5	6
$\rho(I_t, I_{t-k})$	1.00	0.89	0.78	0.66	0.54	0.44	0.35
$\rho(I_t, I_{t-k})$ pseudo	1.00	0.90	0.76	0.61	0.47	0.36	0.28
<u>Cross-Correlations (1972-2010.5)</u>							
k	-3	-2	-1	0	1	2	3
$\rho(\Delta x_t, I_{t+k})$	0.23	0.34	0.47	0.58	0.62	0.56	0.47
$\rho(\Delta x_t, I_{t+k})$ pseudo	0.22	0.31	0.40	0.59	0.73	0.67	0.58

**Volatility of Manufacturing Output Growth and the Synthetic
Diffusion Index with Fully Informed Respondents, $\alpha = 1$**

<u>1972-2010.5</u>			
	Standard Deviation	Fraction of Variance at Business Cycle Frequencies 2 years < p < 8 years	Fraction of Variance at High Frequencies p < 2 years
Output Growth	8.35	23.90	68.57
Pseudo Index	11.74	28.13	61.80

**Autocorrelation of Manufacturing Output Growth and the
Synthetic Diffusion Index with Fully Informed Respondents, $\alpha = 1$**

<u>Autocorrelations (1972-2010.5)</u>							
k	0	1	2	3	4	5	6
$\rho(\Delta x_t, \Delta x_{t-k})$	1.00	0.36	0.33	0.27	0.16	0.10	0.10
$\rho(I_t, I_{t-k})$ pseudo	1.00	0.39	0.40	0.42	0.22	0.18	0.20

Most Informative Sectors Ranked According to R_j^2 (F)

Sector	R_j^2 (F)	Weight
1. Plastics Products	0.65	2.27
2. Household and Institutional Furniture	0.51	0.86
3. Other Miscellaneous Manufacturing	0.48	1.35
4. Metal Valves Except Ball and Roller Bearings	0.47	1.15
5. Commercial and Service Industry Machinery	0.45	2.16
6. Reconstituted Wood Products	0.45	0.09
7. Architectural and Structural Metal Products	0.45	1.16
8. Metalworking Machinery	0.43	0.83
9. Fabricated Metals: Forging and Stamping	0.42	0.50
10. Foundries	0.42	0.76
11. Sawmills and Wood Preservation	0.41	0.43
12. Fabricated Metals: Spring and Wire Products	0.38	0.20
13. Textile Furnishings Mills	0.38	0.35
14. Motor Vehicle Bodies	0.37	0.20
15. Other Electrical Equipment	0.36	0.47

Least Informative Sectors Ranked According to R_j^2 (F)

Sector	R_j^2 (F)	Weight
1. Aircraft and Parts	0.001	2.438
2. Guided Missile and Space Vehicles and Propulsion	0.002	0.749
3. Fluid Milk	0.004	0.377
4. Coffee and Tea	0.007	0.18
5. Dry, Condensed, and Evaporated Dairy Products	0.009	0.155
6. Primary Smelting/Refining of Nonferrous Metal	0.01	0.069
7. Farm Machinery and Equipment	0.011	0.396
8. Heavy Duty Trucks	0.013	0.152
9. Animal Food	0.017	0.411
10. Wineries and Distilleries	0.018	0.273
11. Copper and Nonferrous Metal Rolling	0.021	0.35
12. Mining and Oil and Gas Field Machinery	0.021	0.296
13. Grain and Oilseed Milling	0.025	0.773
14. Soft Drinks and Ice	0.025	0.598
15. Seafood Product Preparation and Packaging	0.027	0.139