

WASHINGTON (AP) — The government said today that its index of leading economic indicators marked its biggest increase in six months during January, signaling a more robust economic growth ahead.

The Commerce Department said its composite index comprised of a dozen individual economic statistics selected for their ability to foresee economic developments rose by 2.2 per cent in January.

That was the biggest increase since a 2.5 per cent jump in July and ended five months of virtual stagnation in the index. The January increase alone surpassed the total 2.1 per cent rise

or those five months.

At the same time, Commerce revised to nine-tenths of a per cent the index increase for December. The 1.1 per cent increase originally had been reported as four-tenths of a per cent.

In the past, the index has anticipated economic turnarounds by three months or so, and the latest report signaled a stronger economic growth, particularly in the business investment sector, in the months ahead.

Factors contributing most to the January rise were the volume of contracts and orders for new factories and facilities and stock prices.

The monthly average of 50 stocks used in the government

index showed a 9.2 per cent increase in January. The

volume of new plant and equipment either contracted for or ordered during the month jumped ahead by 13 per cent.

The signals from Commerce's composite index were in line with other economic indicators showing that stronger growth in the economy is likely in the next few months. After an initial strong spurt in economic growth at the onset of the recovery last spring, growth slowed significantly over the fall and early winter.

But now consumer spending is continuing to be strong, and there are early signs that business is now prepared to begin spending more on increasing its capacity.

Only 11 of the 12 individual indicators in the composite index were available for the January report, but only two of them — holdings of cash and near-cash by business and consumers and the money supply — showed declines.

Signaling economic growth along with higher stock prices and bigger orders for business spending were an increase in the average work week, a reduction in the layoff rate for manufacturing, higher prices to producers of key wholesale goods, formation of more new businesses, increased orders for producers of consumer goods.