

WASHINGTON (AP) — The government index designed to anticipate future economic trends fell during August for the first time since the current recovery began, the government reported today.

The Commerce Department said. its. composite index _ of leading indicators fell 1.5 per cent in August, due primarily to a higher layoff rate in manufacturi and reduced business spending.

The drop is the first since February, 1975, and the largest since the 3.4 per cent decline a month before that.

A decline in the index is generally a signal of slower growth in the economy. The initial report is subject to substantial revision, so that the initial figures are _ not necessarily solid. Most economists consider a three-month drop or increase in the index to be necessary before they consider a change in direction for the economy is indicated.

But the index drop does come after three consecutive months of a rising unemployment rate despite growing employment

in the midst of what administration economists consider a lull in economic growth.

Administration economists have been contending that the lull is only temporary.

The August decline follows a five-tenths of 1 per cent advance in July and leaves the index, which is at 108 per cent of its

1967 average, precisely where it was in May.

The leading indicator index is composed of a dozen individual economic statistics selected for their position in the forefront of economic trends. Of the 11 statistics available in time for computation in the August index, eight pointed downward,

The layoff rate in manufacturing jumped to 1.5 per cent in August after registering a 1.1 per cent rate in July. The volume of contracts and orders for factories and facilities slipped 12.5 per cent after marking a 1.8 per cent advance the previous month.

Other factors contributing to the August decline were a shorter average work week for factory workers, a slower growth in assets held by consumers and business, a slower formation of new businesses, lower stock prices, a smaller amount of money in circulation after adjustment for inflation and a smaller volume of new orders received by manufacturers of consumer products and their suppliers

Upward influences in the index were higher prices for key wholesale materials, a larger number of building permits issued and slower deliveries by suppliers. The slower deliveries is taken as a signal of increased demand and therefore of quickened economic activity