

FOR RELEASE: 10:00 A.M. ET, Thursday, March 21, 2024

The Conference Board®
 U.S. Business Cycle IndicatorsSM
THE CONFERENCE BOARD LEADING ECONOMIC INDEX®
(LEI) FOR THE UNITED STATES
AND RELATED COMPOSITE ECONOMIC INDEXES FOR FEBRUARY 2024

The Conference Board Leading Economic Index® (LEI) for the U.S. increased 0.1 percent, **The Conference Board Coincident Economic Index®** (CEI) increased 0.2 percent, and **The Conference Board Lagging Economic Index®** (LAG) increased 0.3 percent in February.

- The Conference Board LEI for the U.S. inched up in February. Positive contributions, from average weekly manufacturing hours, S&P 500® Index of Stock Prices, the Leading Credit Index™, and building permits more than offset negative contributions from the yield spread, ISM® New Orders Index, and average consumer expectations for business conditions. Over the six-month period ending February 2024, the Leading Economic Index decreased 2.6 percent (about a -5.1 percent annual rate), a slower rate of decline than its contraction of 3.8 percent (about a -7.5 percent annual rate) over the previous six months. In addition, the weaknesses among the leading indicators became more widespread, as only three out of ten components advanced in the six months between August 2023 and February 2024.
- The Conference Board CEI for the U.S., a measure of current economic activity, edged up in February. The Coincident Economic Index rose 1.1 percent (about a 2.2 percent annual rate) between August 2023 and February 2024, slightly faster than its 0.8-percent growth (about a 1.6 percent annual rate) over the previous six months. The strengths among the coincident indicators have remained widespread, with three out of four components advancing over the past six months. The Lagging Economic Index continued to increase but at a faster rate than the CEI. As a result, the coincident-to-lagging ratio declined. Real GDP expanded at a 3.2 percent annual rate in the last quarter of 2023, after increasing 4.9 percent (annual rate) in Q3 of last year.
- The Conference Board LEI for the U.S. rose in February, after two years of declines. However, six- and twelve-month growth rates are still negative, with weaknesses widespread among its components. Meanwhile, The Conference Board CEI for the U.S. has been steadily rising through February, and its six-month growth rate has followed suit. Taken together, the current behavior of the composite indexes and their components suggest that while current economic activity is favorable, headwinds to future growth are present but may ease in the near term.

LEADING INDICATORS: Seven of the ten indicators that comprise *The Conference Board Leading Economic Index®* for the U.S. increased in February. The positive contributors—beginning with the largest positive contributor—were average weekly manufacturing hours, S&P 500® Index of Stock Prices, the Leading Credit Index™ (inverted), building permits, manufacturers’ new orders for nondefense capital goods excluding aircraft*, manufacturers’ new orders for consumer goods and materials*, and the average weekly initial claims for unemployment insurance (inverted). The negative contributors—beginning with the largest negative contributor—were the interest rate spread, the ISM® New Orders Index, and the average consumer expectations for business conditions.

The LEI for the U.S. increased 0.1 percent in February and now stands at 102.8 (2016=100). Based on revised data, this index decreased 0.4 percent in January and decreased 0.2 percent in December.

The next release is scheduled for April 18, 2024, Thursday at 10 A.M. ET

Over the six-month span through February, the leading economic index decreased 2.6 percent, with three out of ten components advancing (diffusion index, six-month span equals 30 percent).

COINCIDENT INDICATORS: All four indicators that comprise *The Conference Board Coincident Economic Index*[®] for the U.S. increased in February. The positive contributors to the index—beginning with the largest positive contributor—were personal income less transfer payments*, employees on nonagricultural payrolls, manufacturing and trade sales*, and industrial production.

The CEI increased 0.2 percent in February and now stands at 112.3 (2016=100). Based on revised data, this index increased 0.1 percent in January and increased 0.3 percent in December. During the six-month period through February, the coincident economic index increased 1.1 percent, with three out of four components advancing (diffusion index, six-month span equals 75 percent).

LAGGING INDICATORS: *The Conference Board Lagging Economic Index*[®] for the U.S. increased 0.3 percent in February and now stands at 118.8 (2016=100), with four of its seven components advancing. The positive contributors to the index—beginning with the largest positive contributor—were commercial and industrial loans outstanding*, the change in CPI for services, the ratio of consumer installment credit outstanding to personal income*, and the ratio of manufacturing and trade inventories to sales*. The negative contributors were the average duration of unemployment (inverted) and the change in the index of labor cost per unit of output, manufacturing*, while the average prime rate charged by banks held steady in February. Based on revised data, the lagging economic index increased 0.3 percent in January and decreased 0.5 percent in December.

DATA AVAILABILITY AND NOTES.

The data series used to compute **The Conference Board Leading Economic Index**[®] (LEI) for the U.S., **The Conference Board Coincident Economic Index**[®] (CEI) for the U.S. and **The Conference Board Lagging Economic Index**[®] (LAG) for the U.S. and reported in the tables in this release are those available “as of” 8:30 am ET on March 19, 2024. Some series are estimated as noted below.

* Series in The Conference Board LEI for the U.S. based on our estimates are manufacturers’ new orders for consumer goods and materials and manufacturers’ new orders for nondefense capital goods excluding aircraft. Series in The Conference Board CEI for the U.S. that are based on our estimates are personal income less transfer payments and manufacturing and trade sales. Series in The Conference Board LAG for the U.S. that are based on our estimates are manufacturing and trade inventories to sales ratio, the change in labor cost per unit of output, manufacturing, consumer installment credit to income ratio, and the personal consumption expenditure deflator used to deflate commercial and industrial loans outstanding.

The procedure used to estimate the current month’s personal consumption expenditure deflator (used in the calculation of commercial and industrial loans outstanding) incorporates the current month’s consumer price index when it is available before the release of The Conference Board LEI for the U.S.

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THE CYCLICAL INDICATOR APPROACH. The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading, coincident, and lagging economic indexes are essentially composite averages of several individual leading, coincident, or lagging indicators. (See page 3 for details.) They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component—primarily because they smooth out some of the volatility of individual components.

Historically, the cyclical turning points in The Conference Board LEI for the U.S. have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for the U.S. have occurred at about the same time as those in aggregate economic activity. The cyclical turning points in The Conference Board LAG for the U.S. generally have occurred after those in aggregate economic activity.

U.S. Composite Economic Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1 Average weekly hours, manufacturing	0.2412
2 Average weekly initial claims for unemployment insurance	0.0141
3 Manufacturers' new orders, consumer goods and materials	0.0763
4 ISM® new orders index	0.1669
5 Manufacturers' new orders, nondefense capital goods excl. aircraft	0.0464
6 Building permits, new private housing units	0.0302
7 S&P 500® Index of Stock Prices	0.0413
8 <i>Leading Credit Index</i> ™	0.1004
9 Interest rate spread, 10-year Treasury bonds less federal funds	0.1257
10 Avg. consumer expectations for business conditions	0.1575
<u>Coincident Economic Index</u>	
1 Employees on nonagricultural payrolls	0.3272
2 Personal income less transfer payments	0.3122
3 Industrial production	0.1927
4 Manufacturing and trade sales	0.1679
<u>Lagging Economic Index</u>	
1 Inventories to sales ratio, manufacturing and trade	0.1210
2 Average duration of unemployment	0.0278
3 Consumer installment credit outstanding to personal income ratio	0.1135
4 Commercial and industrial loans	0.0913
5 Average prime rate	0.3521
6 Labor cost per unit of output, manufacturing	0.0525
7 Consumer price index for services	0.2418

Notes:

The component factors are inversely related to the standard deviation of the month-to-month changes in each component. They are used to equalize the volatility of the contribution from each component and are “normalized” to sum to 1. When one or more components are missing, the other factors are adjusted proportionately to ensure that the total continues to sum to 1.

These factors were revised effective with the release in January 2024, and all historical values for the three composite economic indexes were revised at this time to reflect the changes. (Under normal circumstances, updates to the leading, coincident, and lagging economic indexes only incorporate revisions to data over the past six months.) The factors for The Conference Board LEI for the U.S. were calculated using May 1990-December 2022 as the sample period for measuring volatility. A separate set of factors for the February 1959 - December 1977, January 1978 - December 1983 and January 1984 – April 1990 periods are available upon request. The primary sample period for the coincident and lagging economic indexes was February 1959 – December 2022. For additional information on the standardization factors and the index methodology see: “Benchmark Revisions in the Composite Indexes,” *Business Cycle Indicators* December 1997 and “Technical Appendix: Calculating the Composite Indexes” *Business Cycle Indicators* December 1996, or the Website: www.conference-board.org/topics/business-cycle-indicators.

The trend adjustment factor for The Conference Board LEI for the U.S. is -0.0858 (over the 1984 – present) and 0.1096 (over the 1959-1983 period), and the trend adjustment factor for The Conference Board LAG for the U.S. is 0.1588.

To address the problem of lags in available data, those leading, coincident and lagging indicators that are not available at the time of publication are estimated using statistical imputation. An autoregressive model is used to estimate each unavailable component. The resulting indexes are therefore constructed using real and estimated data and will be revised as the unavailable data during the time of publication become available. Such revisions are part of the monthly data revisions, now a regular part of the U.S. Business Cycle Indicators program. The main advantage of this procedure is to utilize in the leading economic index data such as stock prices, interest rate spread, and manufacturing hours that are available sooner than other data on real aspects of the economy such as manufacturers’ new orders. Empirical research by The Conference Board suggests that there are real gains in adopting this procedure to make all the indicator series as up-to-date as possible.

NOTICES

The Conference Board Leading Economic Index® (LEI) for the U.S. news release schedule for 2024:

Monday, January 22, 2024	For December 2023 data
Tuesday, February 20, 2024	For January 2024 data
Thursday, March 21, 2024	For February 2024 data
Thursday April 18, 2024	For March 2024 data
Friday, May 17, 2024	For April 2024 data
Friday, June 21, 2024	For May 2024 data
Thursday, July 18, 2024	For June 2024 data
Monday, August 19, 2024	For July 2024 data
Thursday, September 19, 2024	For August 2024 data
Monday, October 21, 2024	For September 2024 data
Thursday, November 21, 2024	For October 2024 data
Thursday, December 19, 2024	For November 2024 data

All releases are at 10:00 AM ET.

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AVAILABLE FROM THE CONFERENCE BOARD

U.S. Business Cycle Indicators Internet Subscription

(Includes historical data and charts)

\$ 1140 per year

BCI Handbook (published 2001) PDF only – website download

Understanding Business Cycles: The Indicators Approach to Forecasting for Agility:

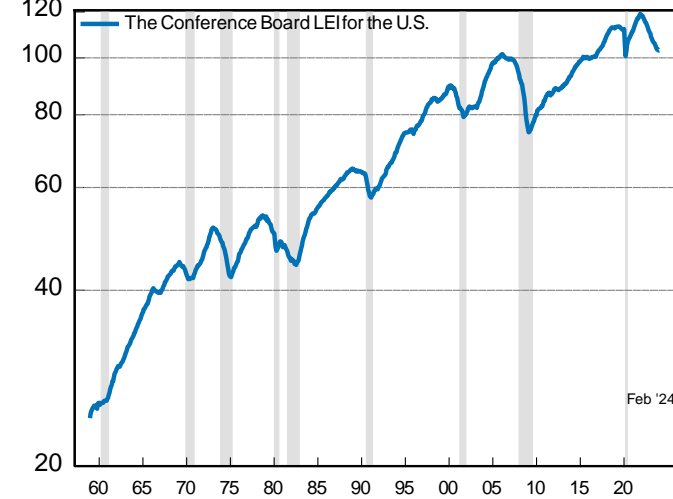
<https://www.conference-board.org/publications/publicationdetail.cfm?publicationid=2510>

Business Cycle Indicators for Brazil, China, the Euro Area, France, Germany, India, Japan, South Korea, Mexico, Spain, the U.K, and the U.S. are available at \$ 1140 per country per year.

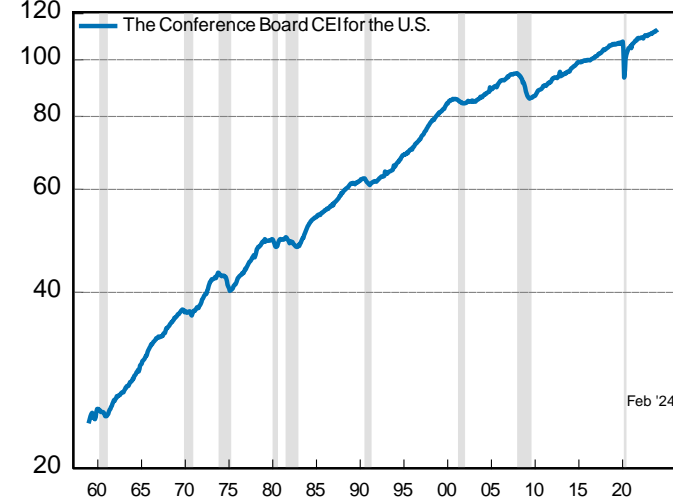
TO VIEW DATA PREVIOUSLY AVAILABLE IN TABLES, PLEASE VISIT:
<https://data-central.conference-board.org/>

U.S. Composite Economic Indexes (2016=100)

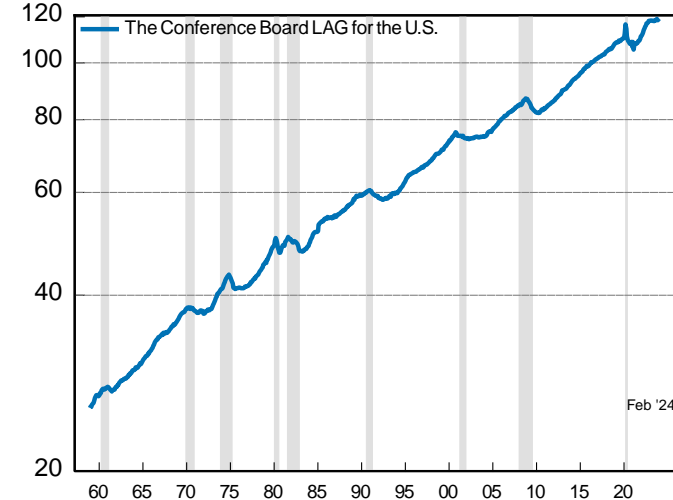
Peak:	60:4	69:12	73:11	80:18	1:7	90:7	01:3	07:12	20:2
Trough:	61:2	70:11	75:3	80:7	82:11	91:3	01:11	09:6	20:4



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Shaded areas represent recessions as determined by the National Bureau of Economic Research.

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