

News Release

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For Release 10:00 AM ET, March 21, 2024

About the Leading Economic Index and the Coincident Economic Index:

The Leading Economic Index (LEI) provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term. The Coincident Economic Index (CEI) provides an indication of the current state of the economy. Additional details are below.

The Conference Board Leading Economic Index® (LEI) for the U.S. Inched Up in February

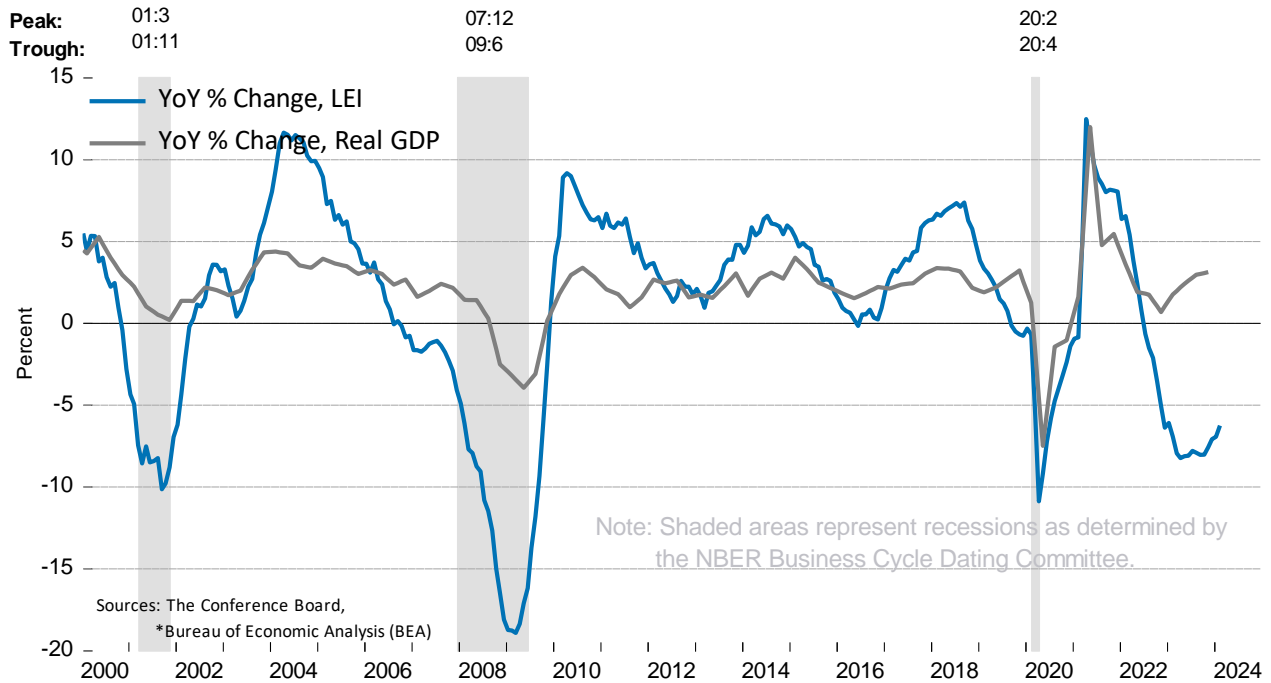
The Conference Board Leading Economic Index® (LEI) for the U.S. increased by 0.1 percent in February 2024 to 102.8 (2016=100), following a 0.4 percent decline in January. Over the six-month period between August 2023 and February 2024, the LEI contracted by 2.6 percent—a smaller decrease than the 3.8 percent decline over the previous six months.

“The U.S. LEI rose in February 2024 for the first time since February 2022,” said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board**. “Strength in weekly hours worked in manufacturing, stock prices, the Leading Credit Index™, and residential construction drove the LEI’s first monthly increase in two years. However, consumers’ expectations and the ISM® Index of New Orders have yet to recover, and the six- and twelve-month growth rates of the LEI remain negative. Despite February’s increase, the Index still suggests some headwinds to growth going forward. The Conference Board expects annualized US GDP growth to slow over the Q2 to Q3 2024 period, as rising consumer debt and elevated interest rates weigh on consumer spending.”

The Conference Board Coincident Economic Index® (CEI) for the U.S. rose by 0.2 percent in February 2024 to 112.3 (2016=100), after a 0.1 percent increase in January. The CEI rose 1.1 percent over the six-month period ending February 2024, up from 0.8 percent over the previous six months. The CEI’s component indicators—payroll employment, personal income less transfer payments, manufacturing and trade sales, and industrial production—are included among the data used to determine recessions in the US. All four components of the index were positive last month, with personal income less transfer payments and payroll employment having the strongest contributions to the Index.

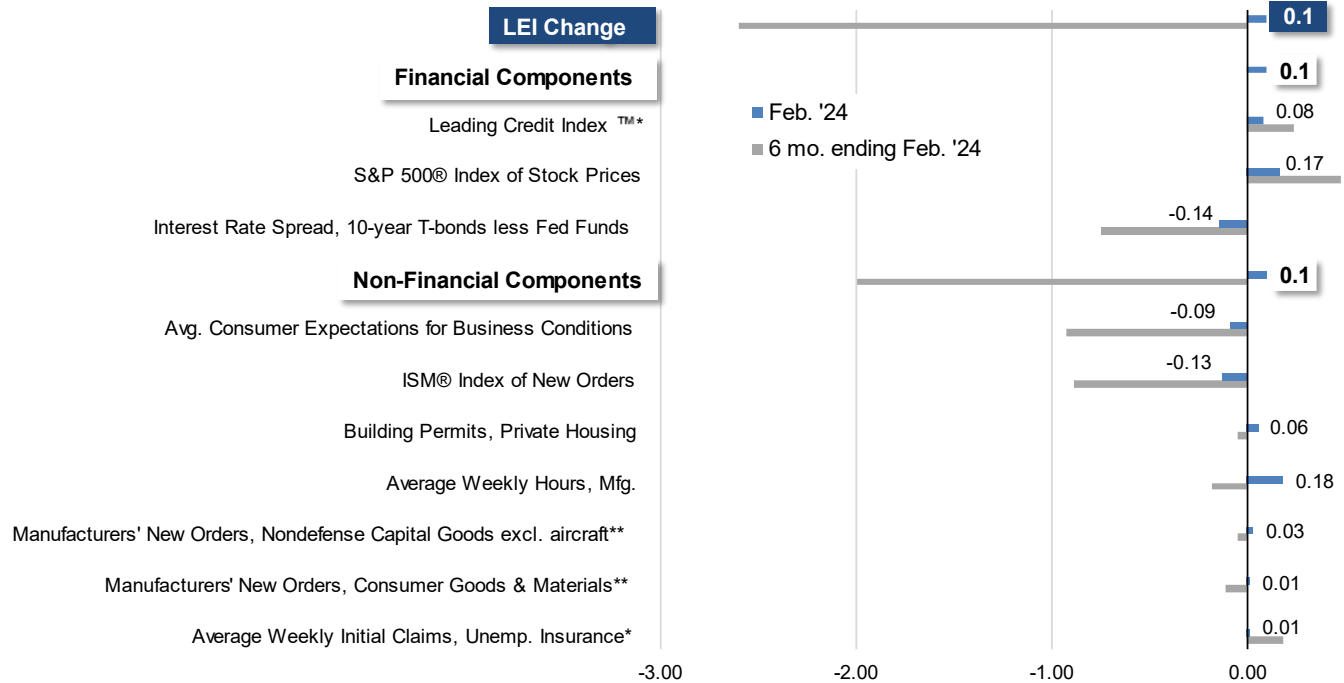
The Conference Board Lagging Economic Index® (LAG) for the U.S. rose by 0.3 percent in February 2024 to 118.8 (2016 = 100), after a 0.3 percent increase in January. The LAG is up by 0.8 percent over the six-month period from August 2023 to February 2024, after recording no growth over the previous six months.

The LEI's year-over-year trend remains negative



February's improvement in the LEI was fueled by hours worked in manufacturing and stock prices

The Conference Board Leading Economic Index® and Component Contributions (Percent)



Source: The Conference Board
 * Inverted series; a negative change in this component makes a positive contribution.
 ** Statistical Imputation
 LEI change might not equal sum of its contributions due to application of trend adjustment factor

Note: Starting with September 2023 release Leading Credit Index™ calculations (from 2020 to current) use the SOFR Overnight Financing Rate in the USD Swap spread semiannual 2 year instead of LIBOR rate. LIBOR remains in the USD Swap spread semiannual 2 year from 1990 to 2020.

The LEI's negative six-month growth rate still signals headwinds to growth



Note: The chart illustrates the so-called 3Ds rule which is a reliable rule of thumb to interpret the **duration, depth, and diffusion** – the **3Ds** – of a downward movement in the LEI. Duration refers to how long-lasting a decline in the index is, and depth denotes how large the decline is. Duration and depth are measured by the rate of change of the index over the last six months. Diffusion is a measure of how widespread the decline is (i.e., the diffusion index of the LEI ranges from 0 to 100 and numbers below 50 indicate most of the components are weakening). The 3Ds rule provides signals of impending recessions 1) when the diffusion index falls below the threshold of 50 (denoted by the black dotted line in the chart), and simultaneously 2) when the decline in the index over the most recent six months falls below the threshold of -4.4 percent. The red dotted line is drawn at the threshold value (measured by the median, -4.4 percent) on the months when both criteria are met simultaneously. Thus, the red dots signal a recession.

Summary Table of Composite Economic Indexes

| | 2023 | | 2024 | | 6-Month Aug to Feb |
|-------------------------|----------|----------|---------|----------|-----------------------|
| | December | | January | February | |
| Leading Index | 103.1 | | 102.7 | 102.8 | <i>p</i> |
| Percent Change | -0.2 | | -0.4 | 0.1 | -2.6 |
| Diffusion | 45.0 | | 20.0 | 70.0 | 30.0 |
| Coincident Index | 112.0 | <i>r</i> | 112.1 | 112.3 | <i>p</i> |
| Percent Change | 0.3 | <i>r</i> | 0.1 | 0.2 | 1.1 |
| Diffusion | 75.0 | | 75.0 | 100.0 | 75.0 |
| Lagging Index | 118.0 | <i>r</i> | 118.4 | 118.8 | <i>p</i> |
| Percent Change | -0.5 | <i>r</i> | 0.3 | 0.3 | 0.8 |
| Diffusion | 21.4 | | 50.0 | 64.3 | 21.4 |

*p*Preliminary *r*Revised *c*Corrected
Indexes equal 100 in 2016

Source: The Conference Board

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

About *The Conference Board Leading Economic Index*[®] (LEI) for the U.S.

The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The indexes are constructed to summarize and reveal common turning points in the economy in a clearer and more convincing manner than any individual component. The CEI is highly correlated with real GDP. The LEI is a predictive variable that anticipates (or “leads”) turning points in the business cycle by around 7 months. Shaded areas denote recession periods or economic contractions. The dates above the shaded areas show the chronology of peaks and troughs in the business cycle.

The ten components of *The Conference Board Leading Economic Index*[®] for the U.S. include: Average weekly hours in manufacturing; Average weekly initial claims for unemployment insurance; Manufacturers’ new orders for consumer goods and materials; ISM[®] Index of New Orders; Manufacturers’ new orders for nondefense capital goods excluding aircraft orders; Building permits for new private housing units; S&P 500[®] Index of Stock Prices; Leading Credit Index[™]; Interest rate spread (10-year Treasury bonds less federal funds rate); Average consumer expectations for business conditions.

To access data, please visit: <https://data-central.conference-board.org/>

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