

News Release

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Using the Composite Indexes: *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 Australia Inched Up in May

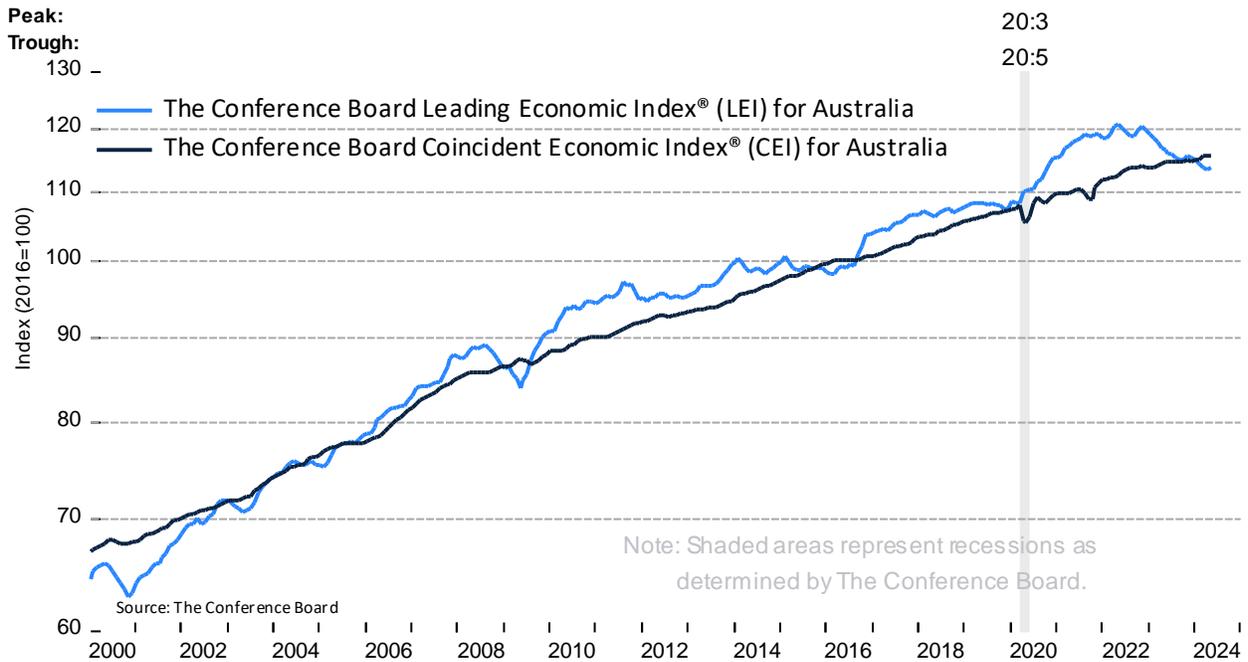
The Conference Board Leading Economic Index® (LEI) for Australia increased by 0.2 percent in May 2024 to 113.5 (2016=100), only partially offsetting a 0.4 percent decrease in May (according to downwardly revised data). Overall, the LEI fell by 1.7 percent from November 2023 to May 2024, a faster rate of contraction than the 0.7 percent decline over the previous six months.

The Conference Board Coincident Economic Index® (CEI) for Australia remained unchanged in May 2024 at 115.4 (2016=100), after being also unchanged in April. Overall, the CEI grew by 0.5 percent from November 2023 to May 2024, after increasing by 0.3 percent over the previous six months.

“The LEI for Australia inched up in May,” said **Ian Hu, Economic Research Associate at The Conference Board**. “Financial components were largely flat in May, but most non-financial components were up, namely building approvals and the sales to inventories ratio which recovered from the previous month’s drop, resulting in the increase to the Index. However, this most recent monthly improvement came after a streak of five consecutive declines in the LEI, and the long-term growth of the Index remains in negative territory, suggesting persisting risks to growth ahead. The Conference Board currently forecasts Australia’s real GDP growth to slow to 1.3 percent in 2024.”

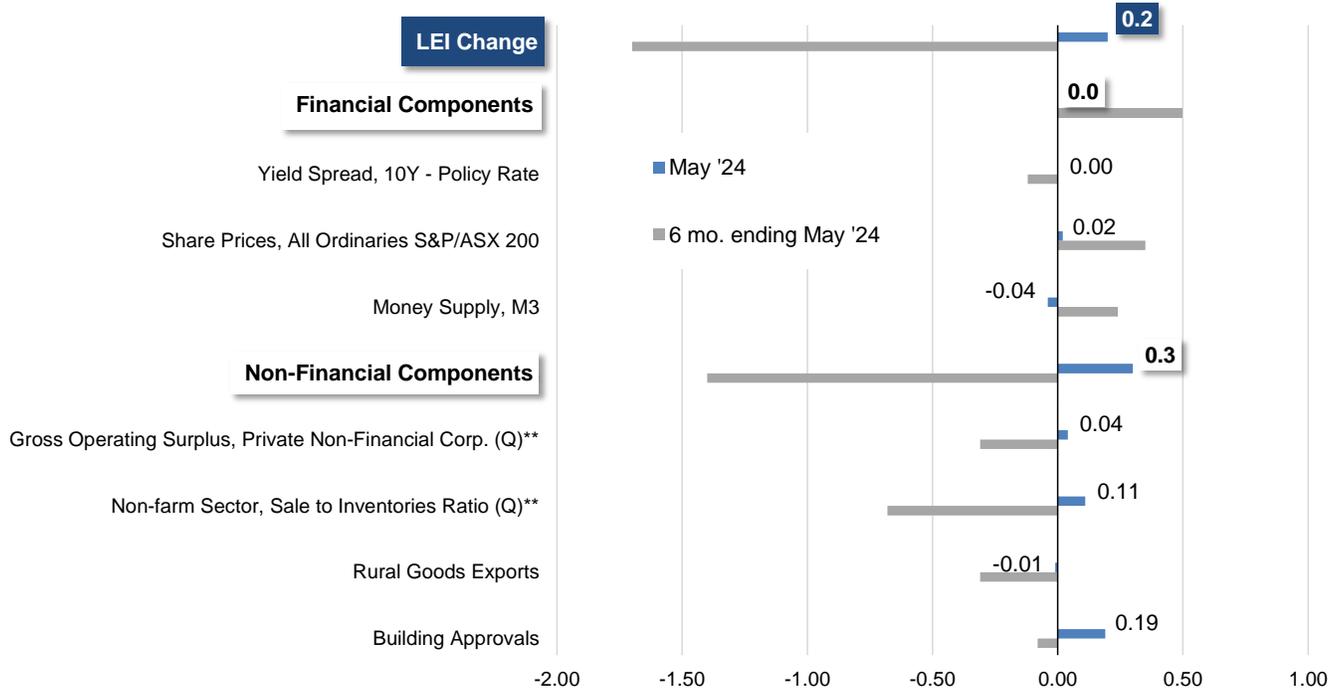
The next release is scheduled for Thursday, August 15, 2024, at 10:30 A.M. ET.

The Australia LEI picked up slightly in May



The majority of components contributed positively or neutrally to the LEI

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



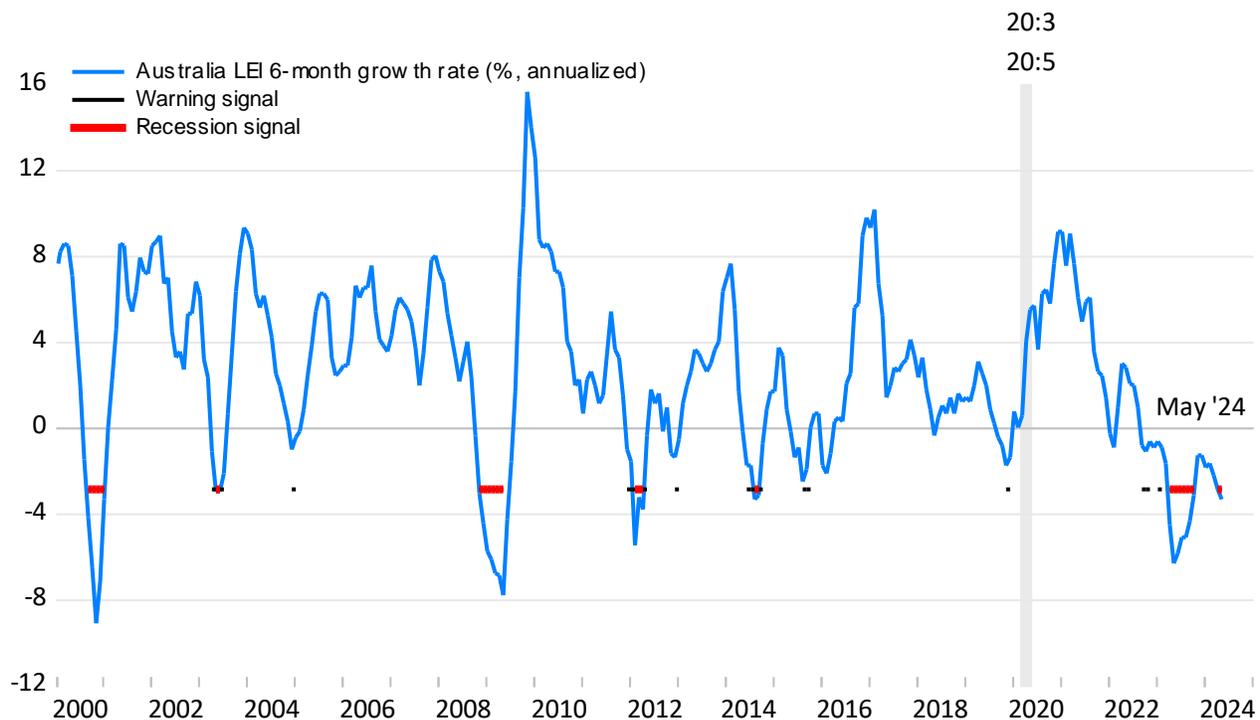
Source: The Conference Board

* Inverted series; a negative change in this component makes a positive contribution.

** Statistical Imputation. -- Q: Quarterly series; these series are converted to a monthly series through a linear interpolation.

LEI change might not equal sum of its contributions due to application of trend adjustment factor

The six-month growth rate became more negative, turning the recession risk signal back on



NOTE: The chart illustrates the so-called **3Ds**—**duration, depth, and diffusion**—for interpreting a downward movement in the LEI. **Duration** refers to how long the decline has lasted. **Depth** denotes the size of decline. Duration and depth are measured by the rate of change of the index over the most recent six months. **Diffusion** is a measure of how widespread the decline is among the LEI’s component indicators—on a scale of 0 to 100, a six-month **diffusion index** reading below 50 indicates most components are weakening.

The **3Ds rule** signals an impending recession when: 1) the six-month diffusion index lies below 50, shown by the black warning signal lines in the chart; and 2) the LEI’s six-month rate of decline falls below the threshold of -2.9 percent. The **red recession signal lines** indicate months when both criteria are met simultaneously—and thus that a recession is likely imminent or underway.

About The Conference Board *Leading Economic Index*® (LEI) and *Coincident Economic Index*® (CEI) for Australia

The composite economic indexes are key elements in an analytic system designed to signal peaks and troughs in the business cycle. Comprised of multiple independent indicators, 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 reflects current economic conditions and is highly correlated with real GDP. The LEI is a predictive tool that anticipates—or “leads”—turning points in the business cycle by around seven months.

The seven components of *Leading Economic Index*® for Australia include:

- Yield Spread, 10Y – Policy Rate
- Share Prices, All Ordinaries S&P/ASX 200
- Money Supply, M3
- Building Approvals
- Rural Goods Exports
- Non-Farm Sector, Sale to Inventories Ratio
- Gross Operating Surplus, Private Non-Financial Corp.

The four components of the *Coincident Economic Index*® for Australia are:

- Employment
- Household Income
- Industrial Production
- Retail Trade

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

About The Conference Board

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