

News Release

Jonathan Liu (732) 991-1754 / jonathan.liu@tcb.org

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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 July

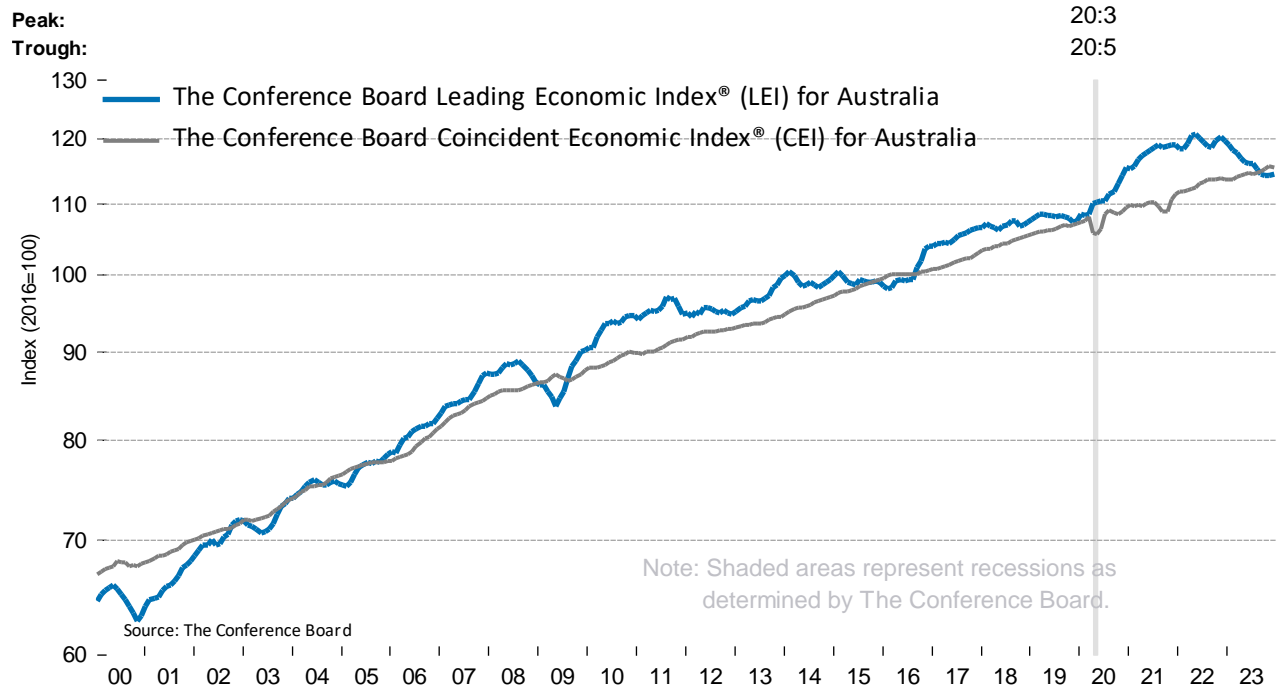
The Conference Board Leading Economic Index® (LEI) for Australia ticked up by 0.1 percent in July 2024 to 112.1 (2016=100), a partial reversal of the revised decrease of 0.2 percent in June. The LEI fell by 2.3 percent over the six-month period from January to July 2024, a significantly faster rate of contraction than the 1.0 percent decline over the previous six-month period between July 2023 and January 2024.

The Conference Board Coincident Economic Index® (CEI) for Australia increased by 0.3 percent in July 2024 to 115.8 (2016=100), after a downwardly revised 0.2 percent increase in June. Overall, the CEI grew by 1.0 percent over the six-month period from January to July 2024, up from the 0.3 percent increase over the previous six-month period.

“The LEI for Australia ticked up slightly in July, marking the first increase in the Index since November 2023” said **Ian Hu, Economic Research Associate at The Conference Board**. “Positive contributions from share prices, rural goods exports, and the money supply narrowly offset the large negative contribution from the sales-to-inventory ratio, which has been on a slight downward trend since its all-time peak in August 2021. Furthermore, the semiannual change to the LEI, while more negative than six months ago, showed some slight improvement compared to May and June readings. All of it is possibly pointing towards lessened economic challenges and a potential for higher growth in the second half of 2024. Overall, The Conference Board currently forecasts Australia’s annual real GDP growth to be weaker than last year and reach around 1.3 percent in 2024.”

The next release is scheduled for Wednesday, October 16, 2024, at 10:30 A.M. ET.

The Australia LEI inched up in July



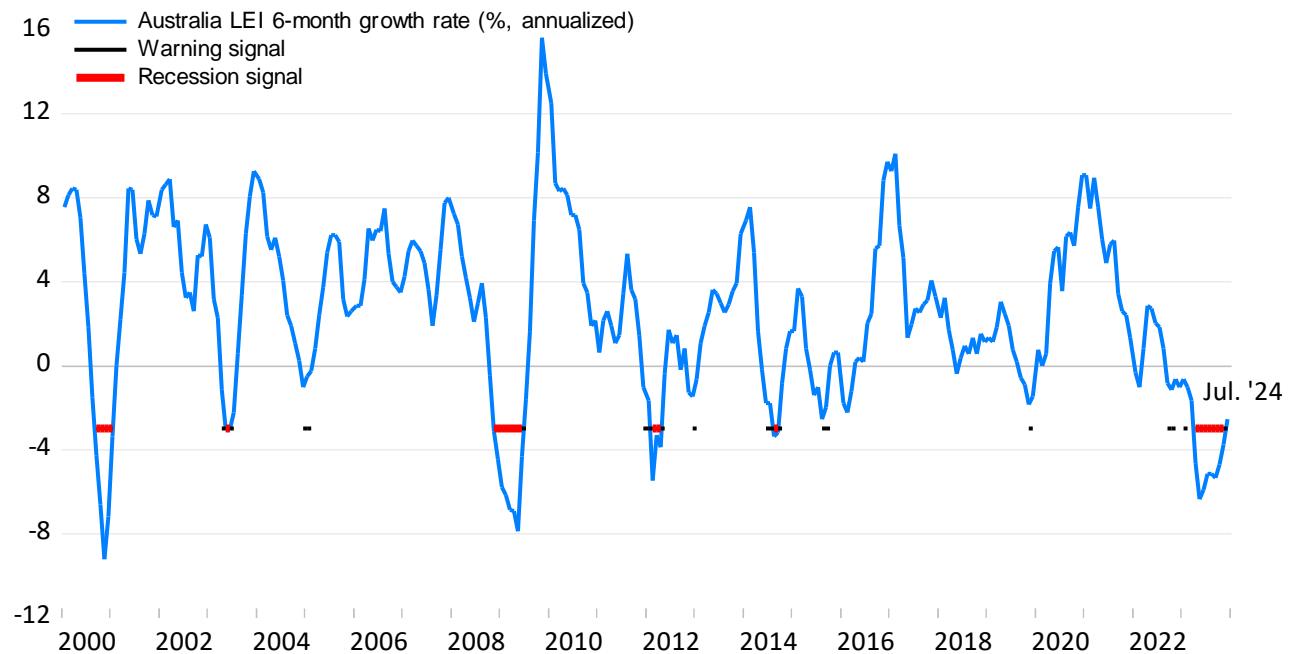
Financial components, alongside rural exports, fueled the slight increase to the LEI

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

	Jul. '24	6 mo. ending Jul. '24
Financial Components		
Yield Spread, 10Y - Policy Rate	0.00	-0.09
Share Prices, All Ordinaries S&P/ASX 200	0.17	0.22
Money Supply, M3	0.11	0.14
Non-Financial Components		
Gross Operating Surplus, Private Non-Financial Corp. (Q)**	0.00	-0.96
Non-farm Sector, Sale to Inventories Ratio (Q)**	-0.22	-0.88
Rural Goods Exports	0.17	0.03
Building Approvals	0.01	0.04

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

Improvement in the Australia LEI's semiannual growth rate turn off the recession signal in July



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 are:

- 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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