

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 Stalled in August

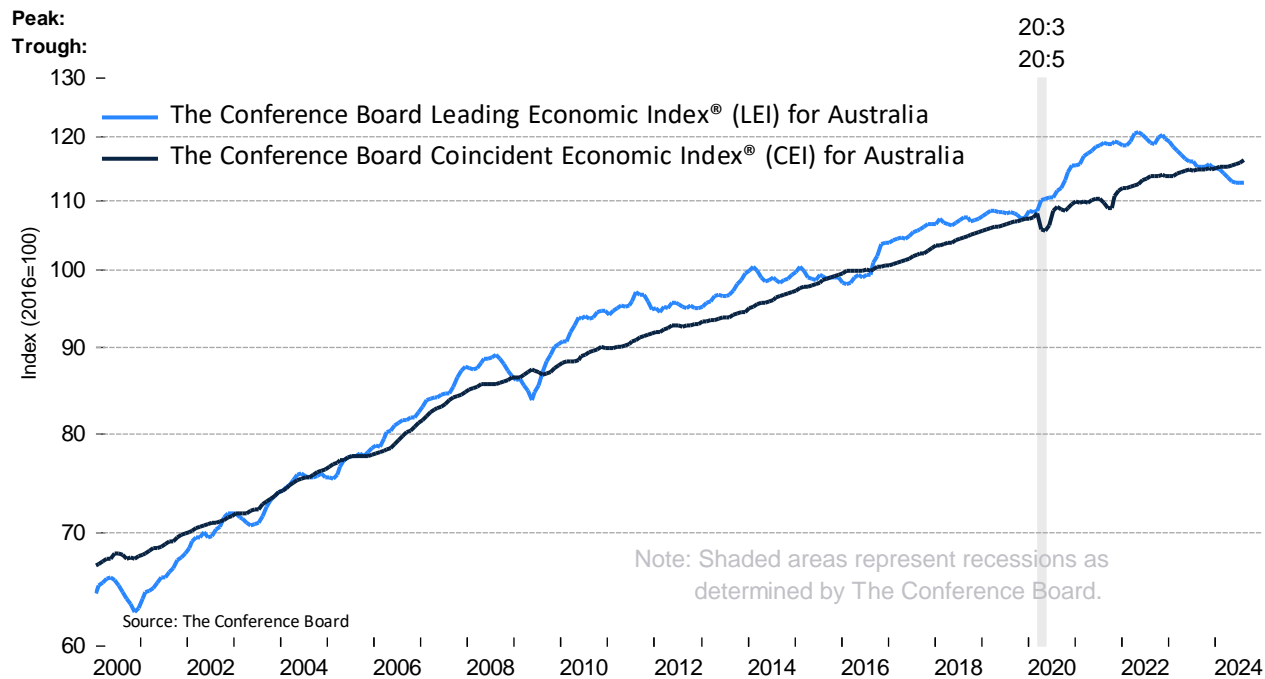
The Conference Board Leading Economic Index® (LEI) for Australia remained unchanged in August 2024 at 112.5 (2016=100), following also no change in July. The LEI fell by 1.7% over the six-month period from February to August 2024, a significantly faster rate of contraction than the 0.5% decline over the previous six-month period between August 2023 and February 2024.

The Conference Board Coincident Economic Index® (CEI) for Australia increased by 0.3% in August 2024 to 116.0 (2016=100), after also increasing by 0.3% in July. Overall, the CEI grew by 0.9% over the six-month period from February to August 2024, up from the 0.3% increase over the previous six-month period.

“The LEI for Australia stalled in August, for the second consecutive month” said **Ian Hu, Economic Research Associate at The Conference Board**. “The large positive contribution from the sales-to-inventory ratio, followed by gross operating surplus, were balanced by weak rural goods exports and the negative yield spread. The growth rates of the semi- and annual changes to the LEI have become less negative in recent months, suggesting that headwinds to growth, while still present, may slightly lessen through the end of the year. All-in-all, The Conference Board currently forecasts Australia’s annual real GDP growth to weaken to 1.1% in 2024 before rebounding to 2.1% in 2025.”

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

The Australia flatlined for the second consecutive month in August



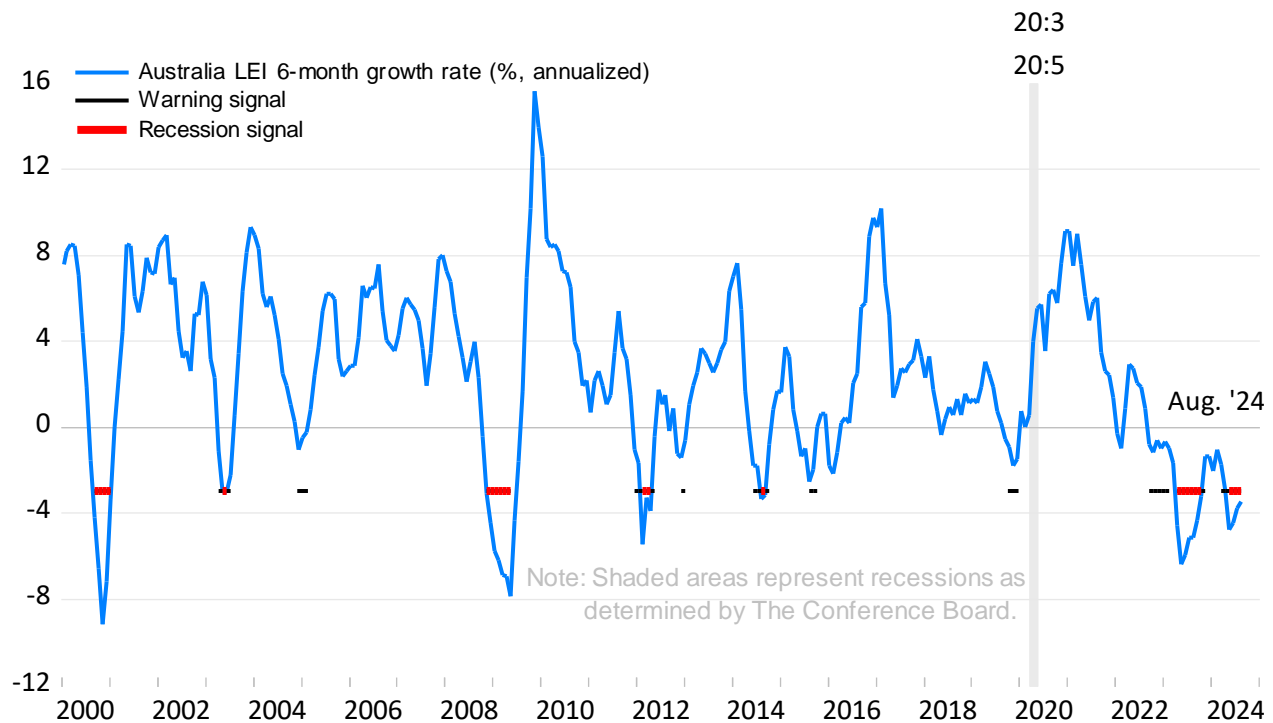
Contributions from the sales-to-inventory ratio and gross operating surplus were not strong enough to overturn underlying weakness in exports and the negative yield spread

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

With no change to the Australia LEI in August, its semiannual growth rate remains below the recession risk threshold



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%. 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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