

## 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 Increased in September**

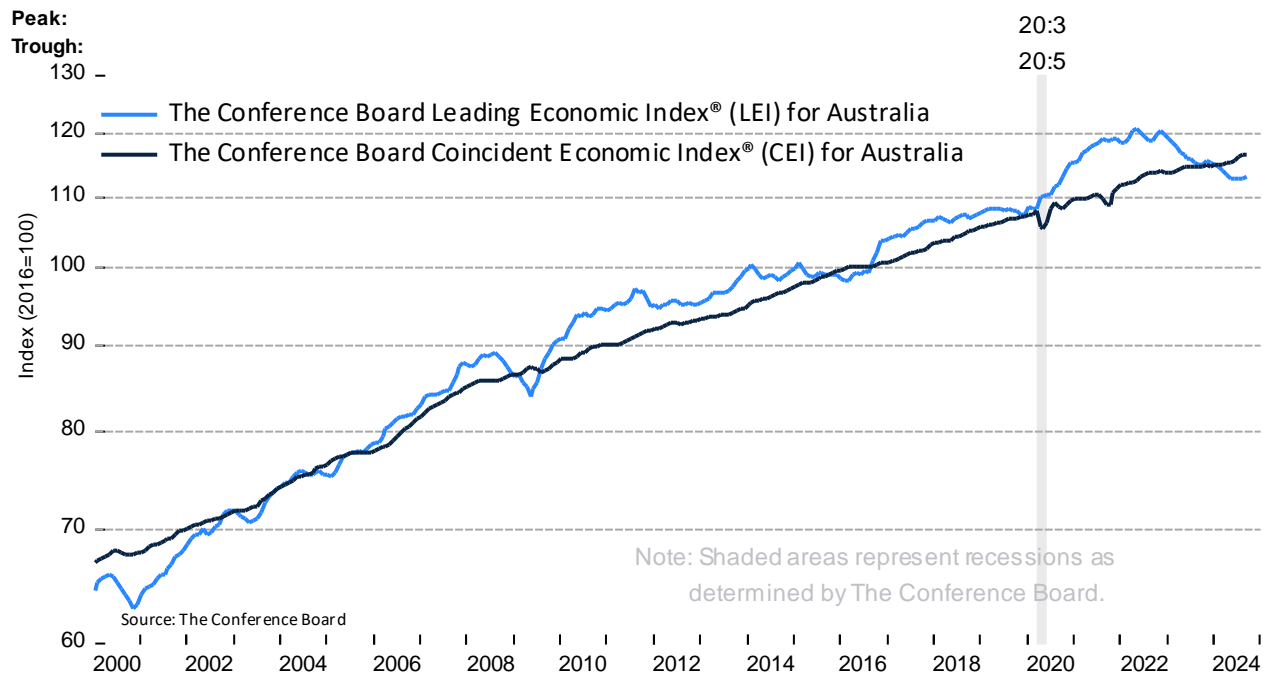
**The Conference Board Leading Economic Index® (LEI)** for Australia ticked up in September 2024 by 0.3% to 113.1 (2016=100), following 0.1% increase in August. However, the LEI fell by 0.8% over the six-month period from March to September 2024, a similar rate of contraction to the 0.9% decline over the previous six-month period between September 2023 and March 2024.

**The Conference Board Coincident Economic Index® (CEI)** for Australia inched up by 0.1% in September 2024 to 116.5 (2016=100), after increasing by 0.3% in August. Overall, the CEI grew by 1.3% over the six-month period from March to September 2024, up from the 0.3% increase over the previous six-month period.

“The LEI for Australia increased in September, after being relatively flat over the past two months” said **Ian Hu, Economic Research Associate at The Conference Board**. “Positive contributions of similar magnitude from the money supply, share prices, rural goods exports, building approvals, and the gross operating surplus drove the increase of the LEI. The negative semi- and annual growth rates of the Index have become less intense over recent months, and the LEI does not signal recession risks anymore. Overall, this suggests that economic obstacles may ease in the near future. All-in-all, The Conference Board currently forecasts Australia’s annual real GDP growth to remain at 1.1% in 2024 before picking up to 2.1% in 2025.”

**The next release is scheduled for Friday, December 20, 2024, at 10:30 A.M. ET.**

The Australia LEI picked up slightly in September



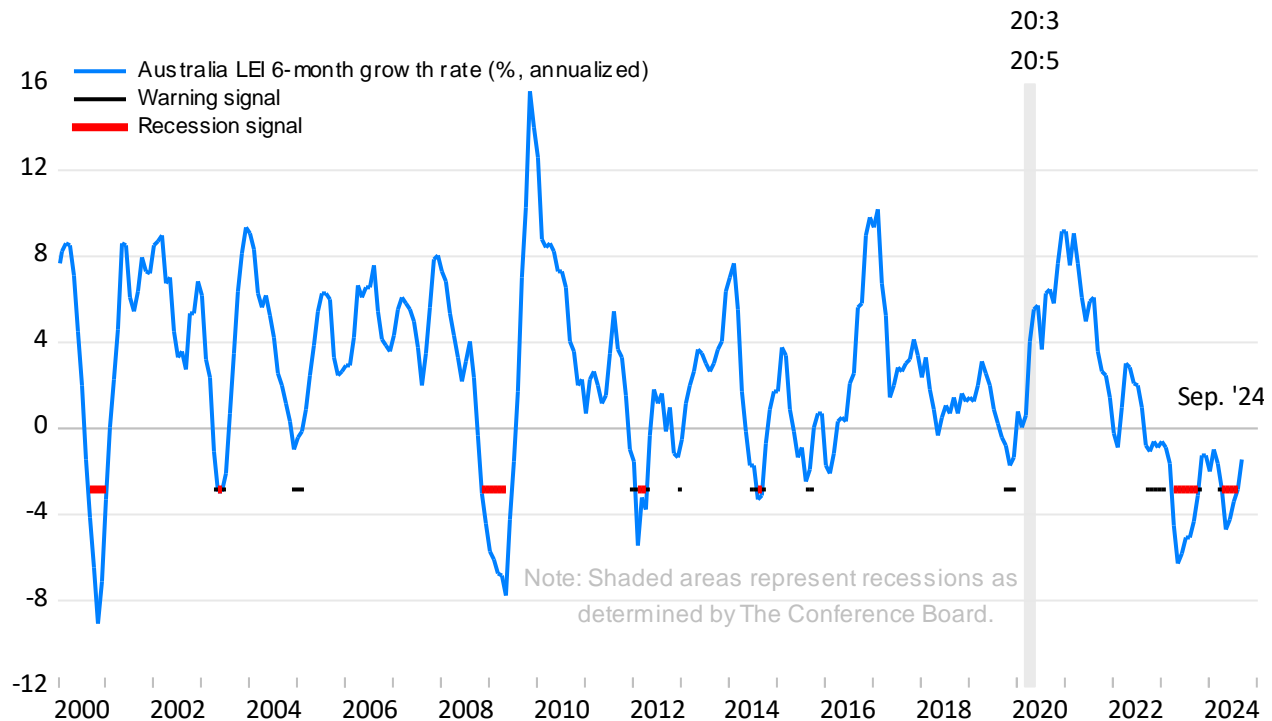
All components, save the yield spread and sale to inventories ratio, fueled the increase of the LEI

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

	Sep. '24	6 mo. ending Sep. '24
Financial Components		
Yield Spread, 10Y - Policy Rate	-0.05	-0.12
Share Prices, All Ordinaries S&P/ASX 200	0.09	0.19
Money Supply, M3	0.11	0.45
Non-Financial Components		
Gross Operating Surplus, Private Non-Financial Corp. (Q)**	0.07	-0.48
Non-farm Sector, Sale to Inventories Ratio (Q)**	0.00	-0.22
Rural Goods Exports	0.09	0.03
Building Approvals	0.09	0.18

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 of the Australia LEI moved out of recession signal territory in September



**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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