

News Release

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

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About the Leading Economic Index and the Coincident Economic Index:

The Leading Economic Index 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 provides an indication of the current state of the economy. Additional details are below.

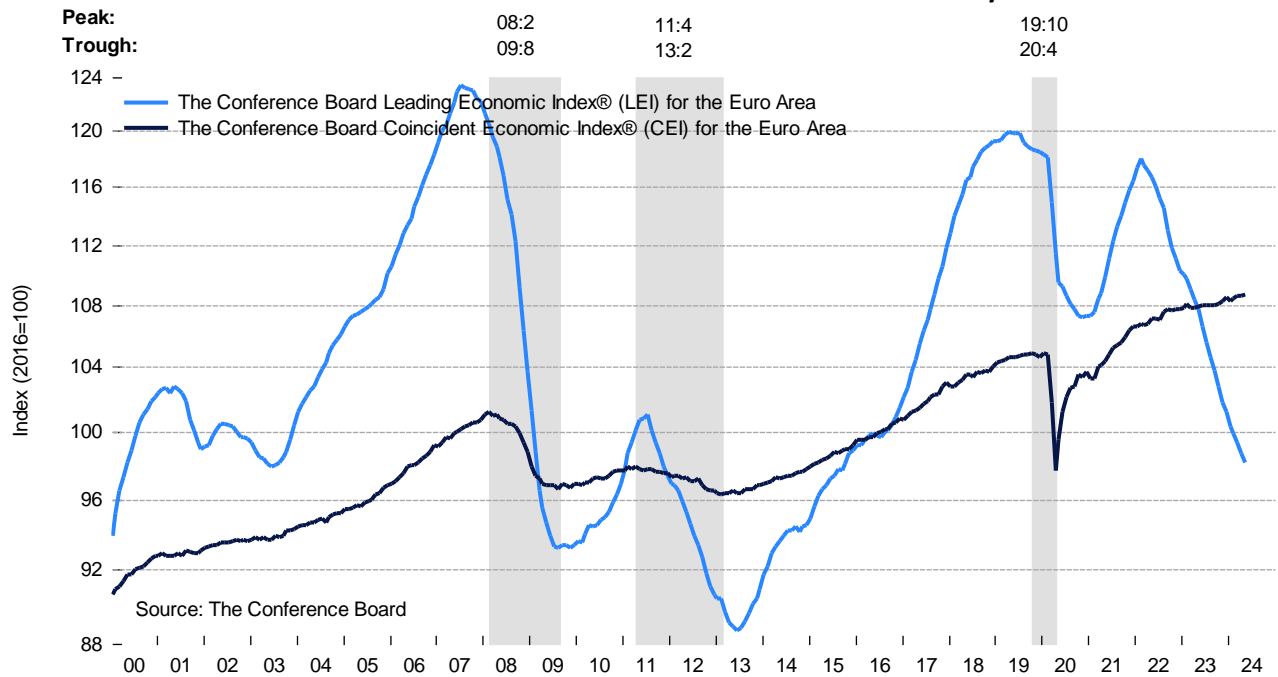
The Conference Board Leading Economic Index® (LEI) for the Euro Area Fell Further in May

The Conference Board Leading Economic Index® (LEI) for the Euro Area declined by 0.5 percent in May 2024 to 98.2 (2016=100), following a 0.7 percent drop in April. As a result, the LEI contracted by 3.5 percent over the six-month period from November 2023 to May 2024, a less intense decline than the 5.5 percent contraction over the six-month period from May to November 2023.

The Conference Board Coincident Economic Index® (CEI) for the Euro Area inched up by 0.1 percent in May 2024 to 108.7 (2016=100), after being unchanged in April. The CEI grew by 0.5 percent over the six-month period from November 2023 to May 2024, a higher pace of increase than the 0.3 percent increase over the previous six-month period.

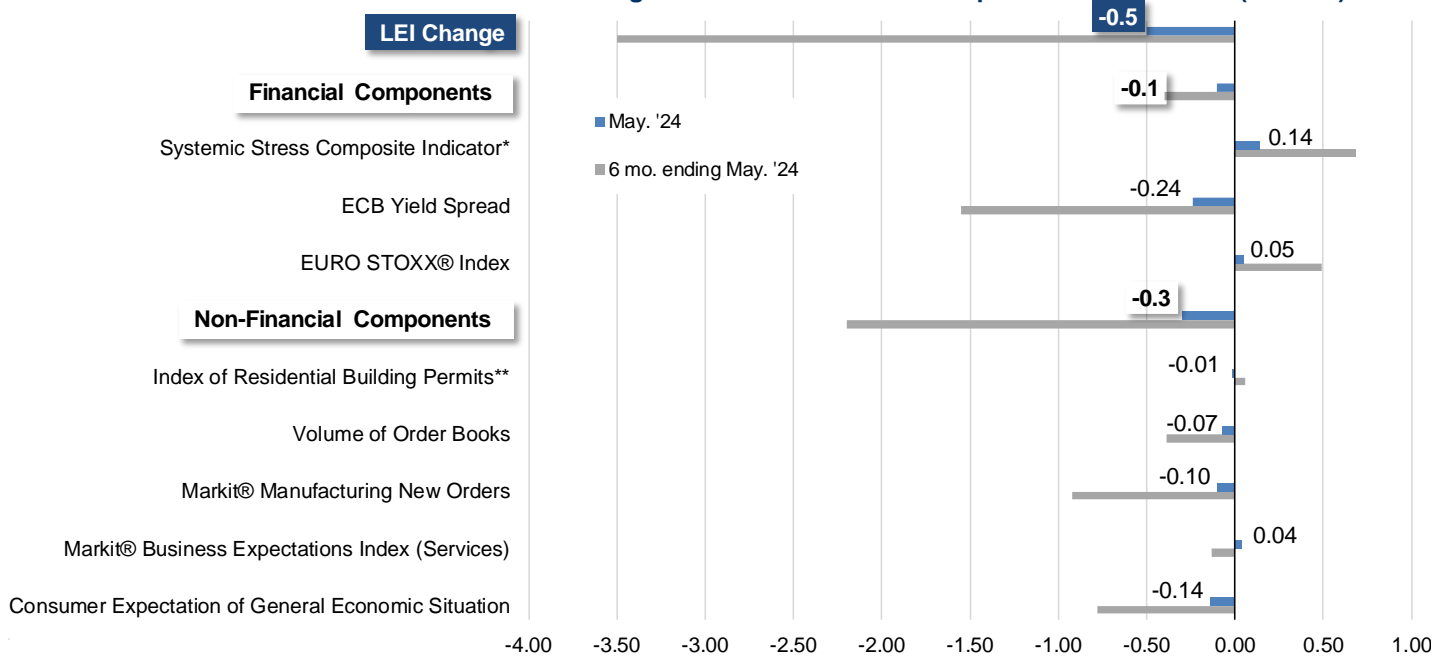
“The Euro Area LEI fell again in May, continuing the downward trend that began over two years ago,” said **Ian Hu, Economic Research Associate, at The Conference Board**. “As in recent months, the negative contribution from the yield spread was the largest drag on the LEI. Additionally, depressed consumer expectations and weak orders indicators weighed on the Index. Although the LEI growth remains deeply negative on both a six-month and annual basis, the 25-basis points rate cut by the European Central Bank in early June, together with additional cuts later in the year, is expected to alleviate growth headwinds going forward. Overall, The Conference Board currently forecasts the Euro Area to pick up in the second half of 2024 and real GDP growth to reach 0.8 percent for the whole year.”

The Euro Area LEI fell for the 27th consecutive month in May



Nearly all non-financial components and the yield spread fueled the Euro Area LEI's decline

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



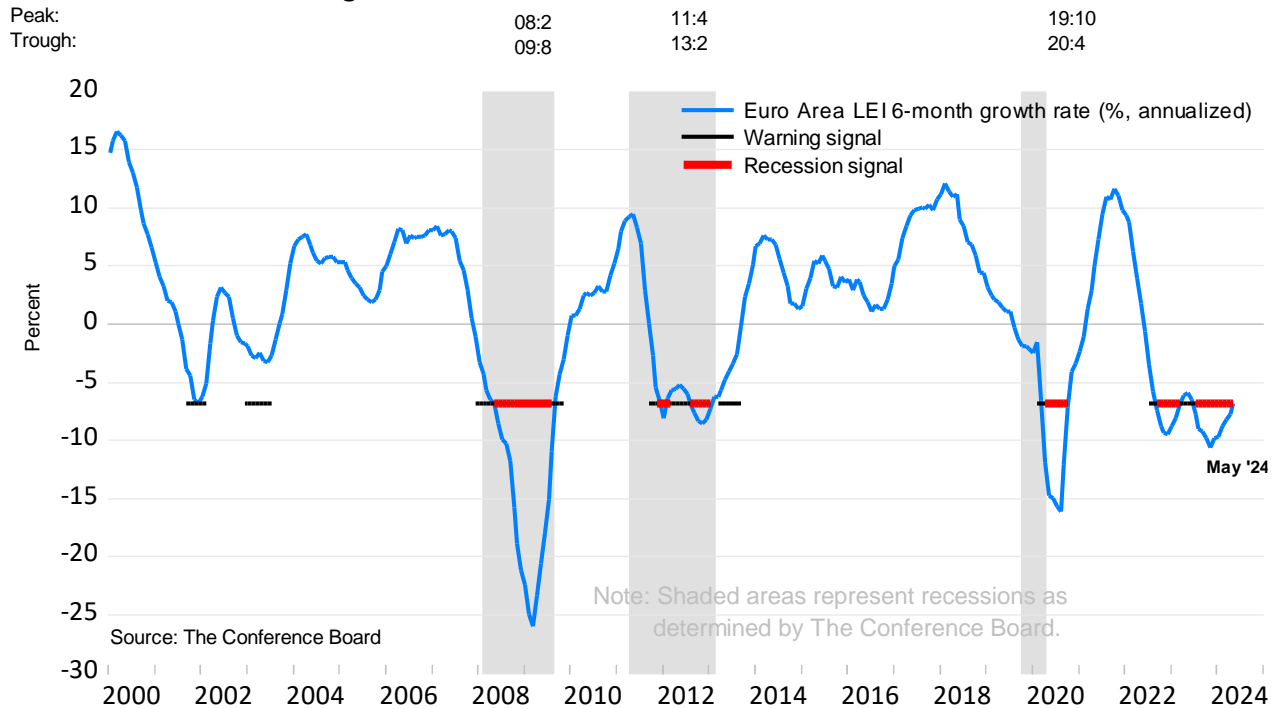
Source: The Conference Board

* 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

The six-month growth rate of the Euro LEI continued to warn of recession risks



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 -6.9 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) for Euro Area

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 1 month. 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 eight components of The Conference Board Leading Economic Index® for the Euro Area include: ECB Yield Spread, Consumer Expectation of General Economy, Manufacturing New Orders, Volume of Order Books, Business Expectations Survey, Eurostoxx Index, Systemic Stress Composite Indicator, Building Permits.

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

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