

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 the Euro Area Continued to Decline in August

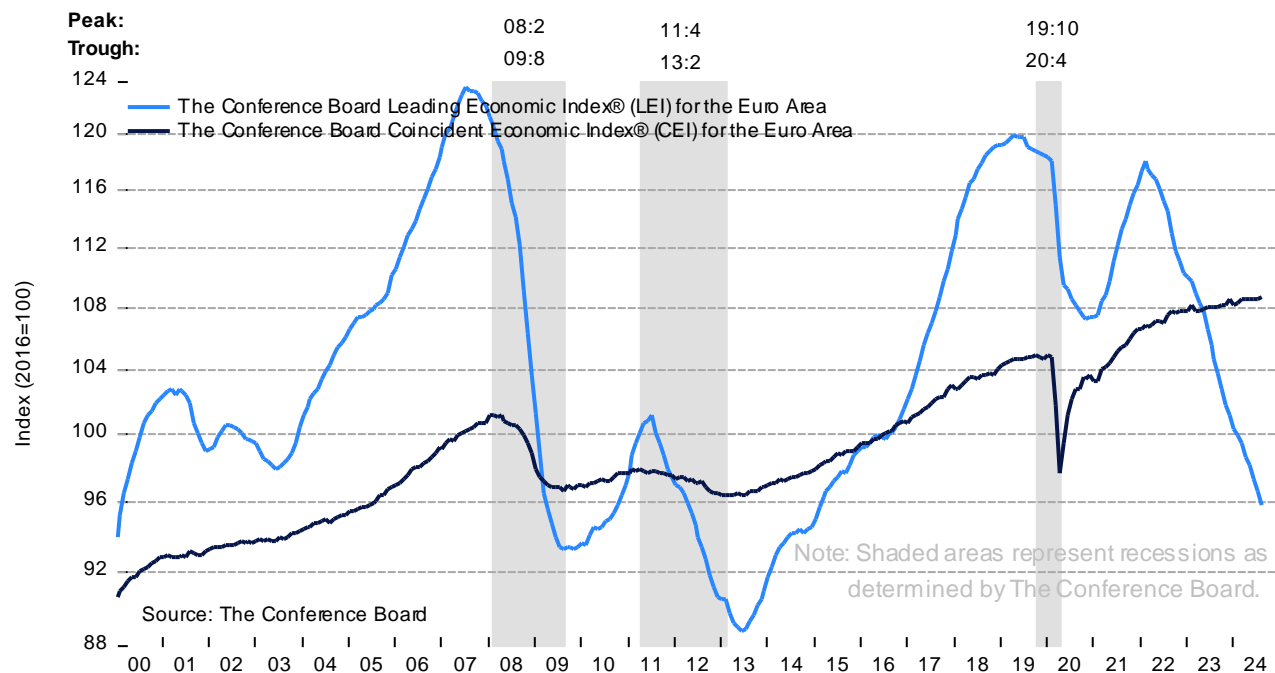
The Conference Board Leading Economic Index® (LEI) for the Euro Area fell by 0.8 percent in August 2024 to 95.8 (2016=100), following a similar drop of 0.7 percent in July. As a result, the LEI contracted by 4.1 percent over the six-month period from February to August 2024, a lower rate of decline than the 4.5 percent contraction over the previous six-month period between August 2023 and February 2024.

The Conference Board Coincident Economic Index® (CEI) for the Euro Area inched up again by 0.1 percent in August 2024 to 108.7 (2016=100), the same rate as in July. The CEI grew by 0.4 percent over the six-month period from February to August 2024, marginally up from the 0.3 percent growth over the previous six-month period.

“Continuing on a downward trend, the Euro Area LEI fell in August,” said **Ian Hu, Economic Research Associate, at The Conference Board**. “As in June and July, all components, except the systemic stress indicator, contributed negatively to the LEI. Moreover, a negative yield spread, alongside lower new orders and depressed consumer expectations, weighed the heaviest on the leading Index in the last six months. As such, the semiannual growth rate of the LEI continued to signal recession risks. However, with an expected rate cut from the ECB this September, these risks are slated to be alleviated. Altogether, The Conference Board predicts Euro Area’s annual real GDP growth to be close to 1 percent in 2024.”

The next release is scheduled for Monday, October 14, 2024, at 9:30 A.M. ET.

The Euro Area LEI continued a downtrend in August



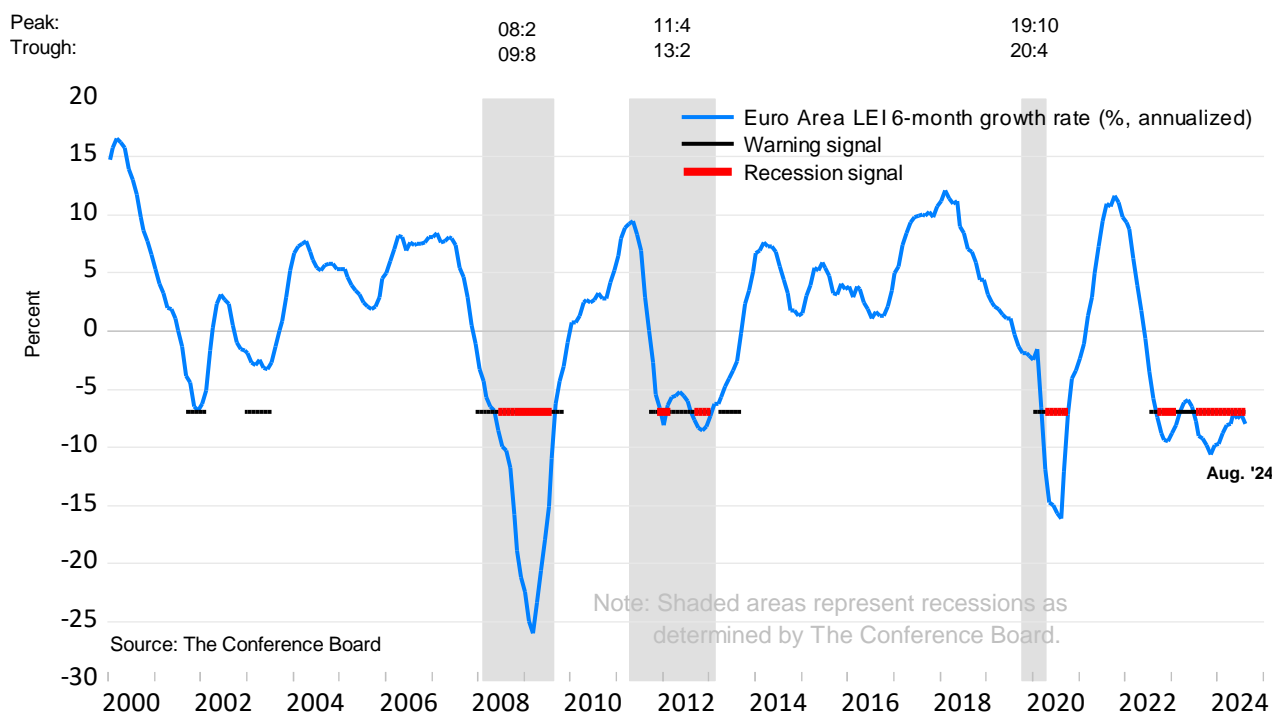
Nearly all components contributed to the decline of the Euro Area LEI in August

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 semiannual growth rate of the Euro Area LEI continued to signal potential recession risks in August



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) and *Coincident Economic Index*® (CEI) for the Euro Area

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 two months.

The eight components of *Leading Economic Index*® for the Euro Area are:

- ECB Minimum Bid Yield Spread
- Consumer Expectations of the General Economic Situation
- EURO STOXX® Price Index
- Markit® Manufacturing New Orders
- Markit® Business Expectations Index (Services)
- Volume of Order Books
- Index of Residential Building Permits
- Systemic Stress Composite Indicator

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

- Industrial Production
- Employment

- Retail Sales
- Manufacturing Sales

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

About The Conference Board

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