

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 Fell in November

Next month's release of the composite economic indexes will incorporate annual benchmark revisions which bring them up-to-date with revisions in the source data. These revisions do not change the cyclical properties of the indexes. The indexes are updated throughout the year, but only for the previous six months. Data revisions that fall outside of the moving six-month window are not incorporated until the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes, in levels and month-on-month changes, will not be directly comparable to those issued prior to the benchmark revision.

For more information, please visit <https://www.conference-board.org/topics/business-cycle-indicators/> or contact us at indicators@conference-board.org.

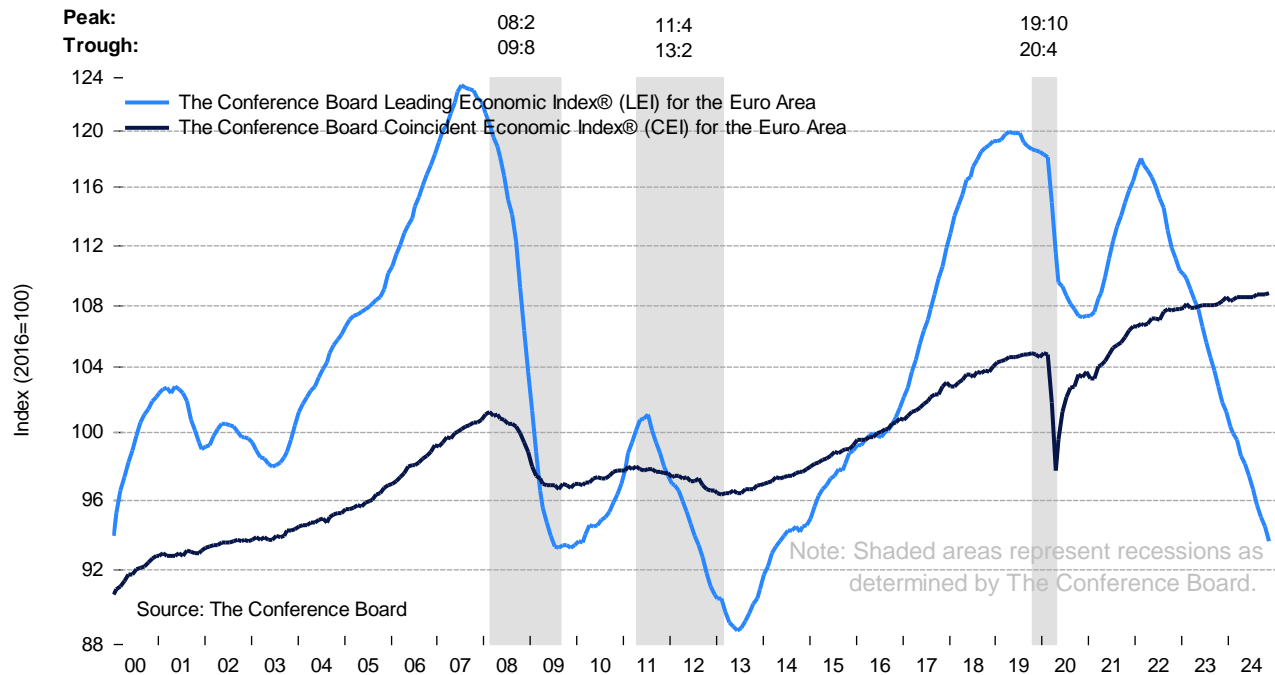
The Conference Board Leading Economic Index® (LEI) for the Euro Area declined by 0.8% in November 2024 to 93.6 (2016=100), following a slightly smaller decline of 0.6% in October. As a result, the LEI contracted by 4.6% over the six-month period from May to November 2024, a higher rate of decline than the 3.6% decline over the previous six-month period between November 2023 and May 2024.

The Conference Board Coincident Economic Index® (CEI) for the Euro Area ticked up by 0.1% in November 2024 to 108.8 (2016=100), following no change in October. The CEI grew by a muted 0.3% over the six-month period from May to November 2024, the same growth as over the previous six months.

“The Euro Area LEI continued on a steady downward trend in November” said **Ian Hu, Economic Research Associate, at The Conference Board**. “All components, except for the systemic stress indicator, contributed to the decline of the LEI. Furthermore, the yield spread, weak new orders, and a depressed consumer outlook drove the large decline over a six-month period. The persistent negative readings of the six-month and annual growth rates of the leading Index suggest continued headwinds to growth. While an expected additional rate cut by the European Central Bank in December could help support economic activity, recent political upheaval in France and Germany and possible trade tensions with the United States are generating new headwinds that are not yet fully captured in the Index. Taking these into account, The Conference Board projects the Euro Area's real GDP growth at 0.9% in 2024 and 1.1% in 2025.”

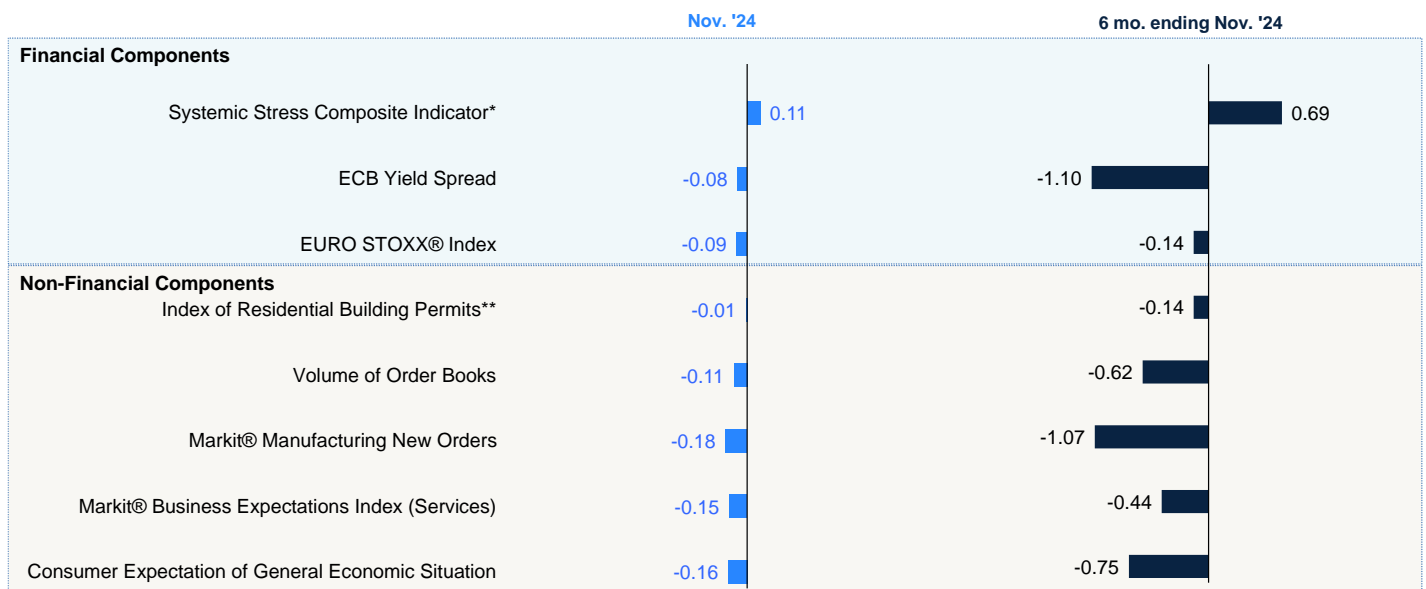
The next release is scheduled for Tuesday, January 14, 2024, at 9:30 A.M. ET.

The Euro Area LEI continued to decline in November



Nearly all components contributed negatively to the Euro Area LEI

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



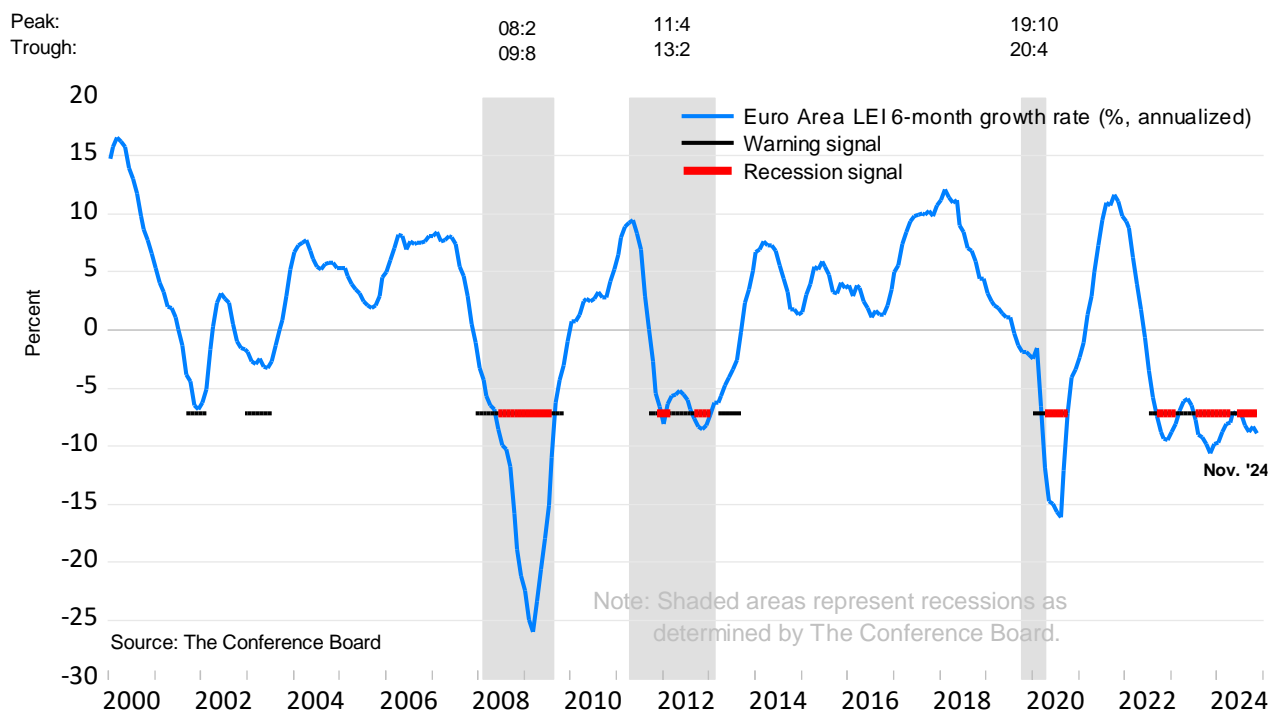
Source: The Conference Board

* 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

With a downtick in the six-month growth rate of the Euro Area LEI in November, the headline Index continues to signal 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) 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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