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 the Euro Area Remained Unchanged in August

The Conference Board Leading Economic Index® (LEI) for the Euro Area remained unchanged in August 2026 at 102.7 (2016=100), after decreasing by 0.2% in July. Due to continuous monthly declines from February to July of this year, the LEI fell by 1.3% over the six-month period ending in August 2026. This is a much faster rate of decline than the 0.4% contraction experienced over the previous six-month period from August 2025 to February 2026.

The Conference Board Coincident Economic Index® (CEI) for the Euro Area ticked up by 0.1% in August 2026 to 110.4 (2016=100), after decreasing by 0.1% in July. The CEI expanded by 0.3% over the six-month period from February to August 2026, a slightly faster pace than the 0.2% increase observed over the previous six-month period from August 2025 to February 2026.

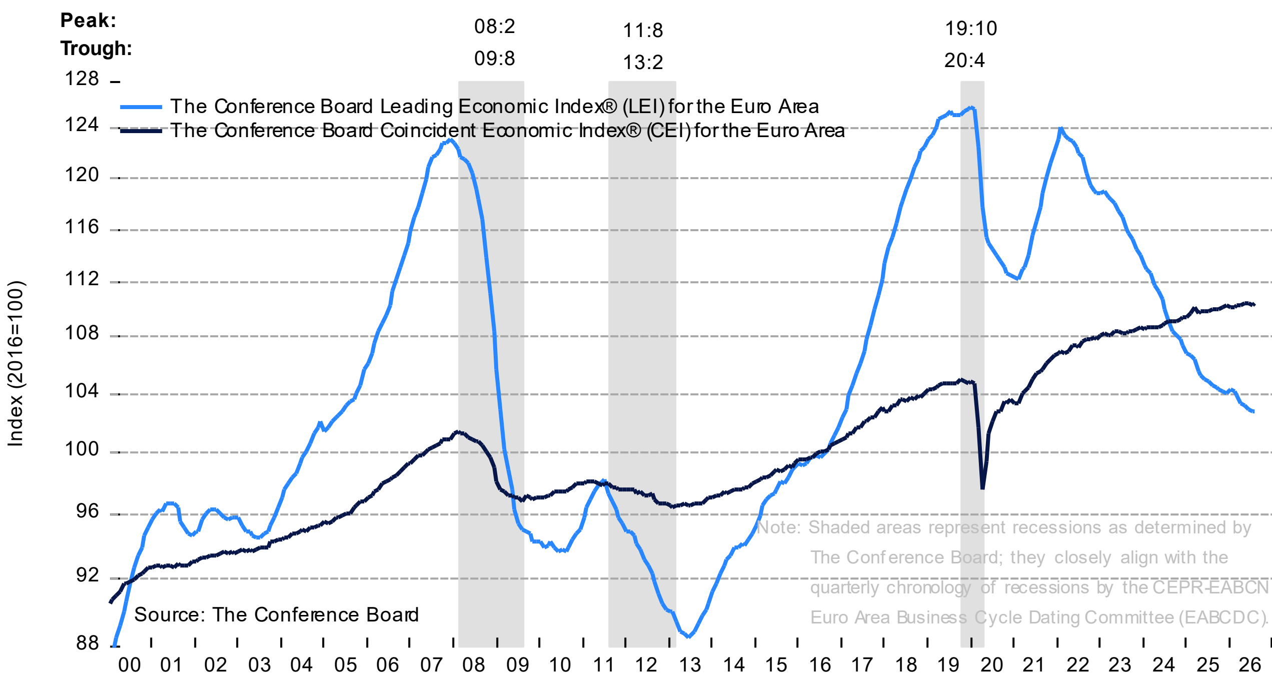
“The Euro Area LEI remained unchanged in August,” said **Timothy Brennan, Economic Research Associate, at The Conference Board.** “All financial components contributed positively to the Index in August. However, as in previous months, the consumer expectations component was the primary drag on the Index. Lower expectations for demand from service businesses and volume of order books also offset the gains from financial components.

‘The 6-month growth rate of the Euro Area LEI, while marginally improved, remained negative, signaling pressure on economic activity ahead,” continued Brennan. “The Euro Area economy remained stable in the face of major geopolitical disruptions through the first half of 2026, supported by a strong labor market and resilient consumer spending.

‘However, energy prices remain elevated, due in large part to the war in the Middle East. Euro Area inflation accelerated to 3.3% y/y in August, with energy increasing by 14.3% y/y. In response to persistent inflationary pressure, the European Central Bank raised key interest rates by 25 basis points for a second time in 2026. Higher energy costs and tighter financial conditions are likely to weigh on household spending and an already weak industrial sector. The Conference Board forecasts real GDP growth in the Euro Area at only 1.2% for 2026, but possibly a slightly higher rate for 2027.”

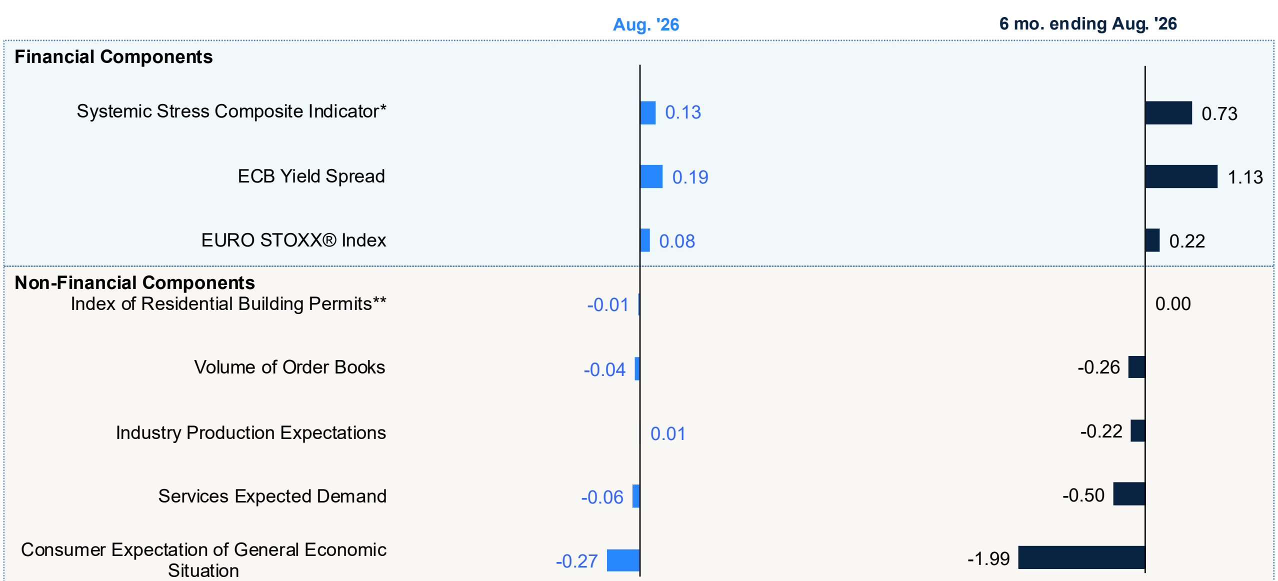
The next release is scheduled for Monday, October 19, 2026, at 9:30 A.M. ET.

The Euro Area LEI remained unchanged in August



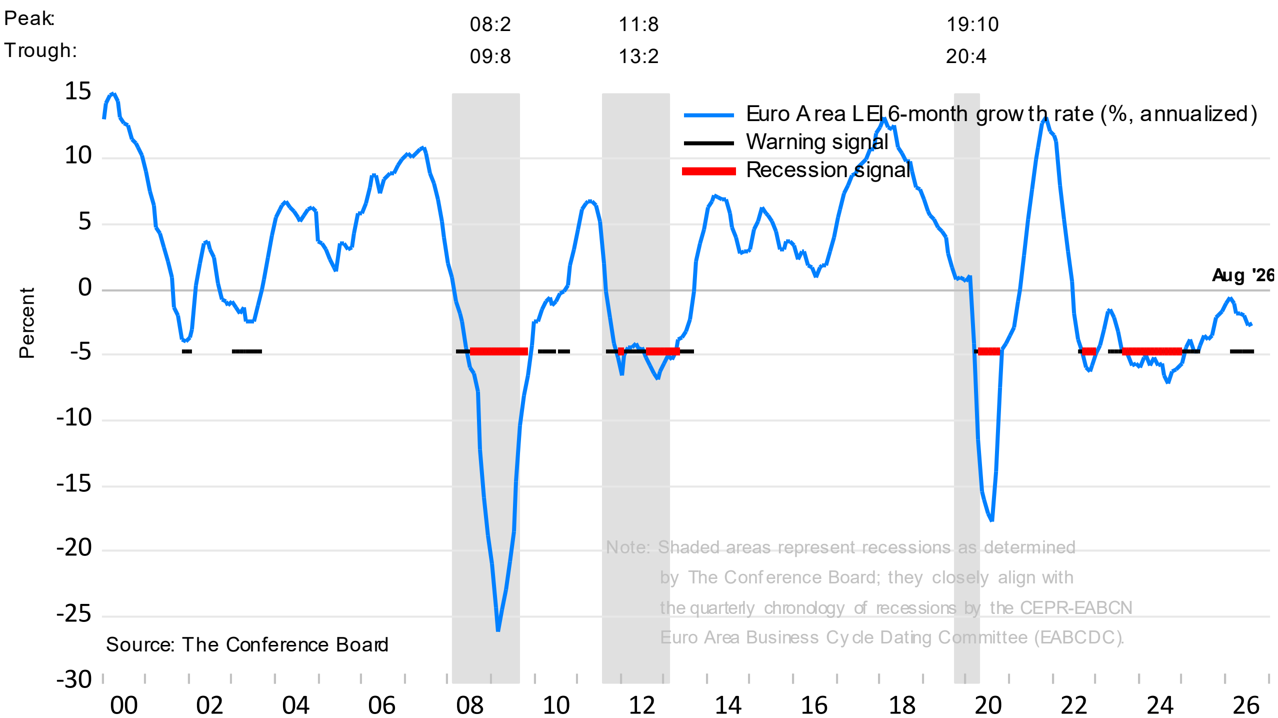
Positive contributions from financial components were offset by weak expectations from consumers and service businesses, as well as a low volume of order books

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 6-month growth rate of the Euro Area LEI was sligthly less negative, and a diffusion index value above 50 did not trigger the recession warning 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 at an annualized rate. **Diffusion** is a measure of how widespread the decline is among the LEI's component indicators—on a scale of 0 to 100, a **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 at or below 50, shown by the black warning signal lines in the chart; and 2) the LEI's six-month growth rate (annualized) falls below the threshold of −5.5%. 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
- Industry Production Expectations
- Services Expected Demand
- 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://www.conference-board.org/data

About The Conference Board

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