

News Release

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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.

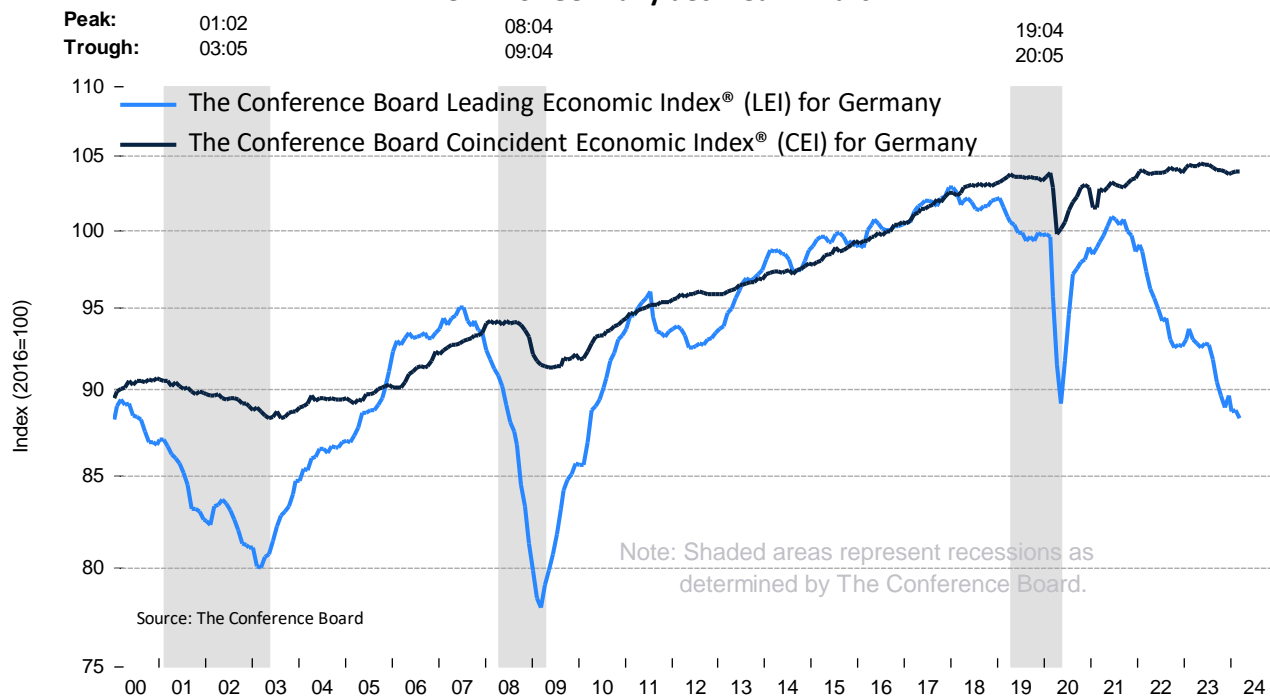
The Conference Board Leading Economic Index® (LEI) for Germany Declined in March

The Conference Board Leading Economic Index® (LEI) for Germany declined by 0.6 percent in March 2024 to 88.3 (2016=100), more than reversing a 0.1 percent increase in February. The LEI for Germany contracted by 2.3 percent between September 2023 and March 2024, after declining by 2.8 percent over the previous six-month period.

The Conference Board Coincident Economic Index® (CEI) for Germany was unchanged in March 2024 at 103.9 (2016=100), after a 0.1 percent increase in February. Over the six-month period between September 2023 and March 2024, the CEI for Germany fell by 0.1 percent, after a 0.3 percent decline over the previous six-month period.

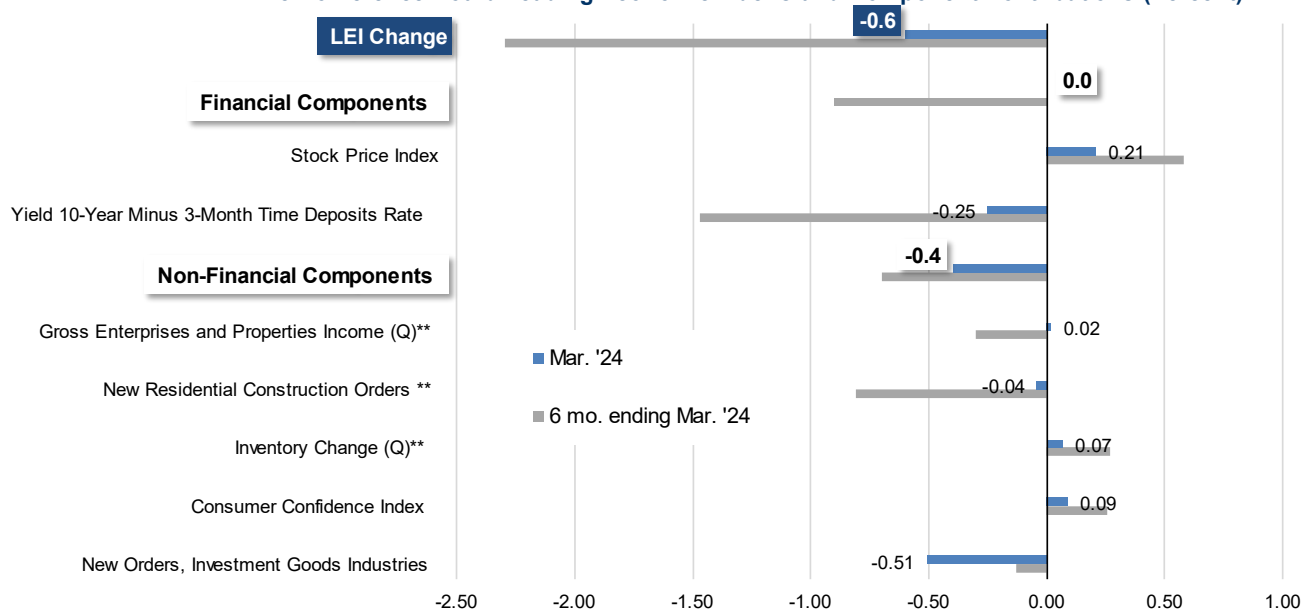
“The LEI for Germany reached a new low in March,” said **Allen Li, Associate Economist at The Conference Board**. “The LEI contracted in four of the past six months. The most recent decline was due primarily to negative contributions resulting from the contraction in new orders for investment goods over the past three months, and the yield spread. While the six-month percent change in the Index has become a bit less negative, it still signals substantial headwinds to economic activity in the near term. The German economy registered small positive growth in the first quarter, hence avoiding a technical recession, and the Conference Board expects Germany’s real GDP to continue to grow at a modest pace in 2024.”

The LEI for Germany declined in March



In March, negative contributions from new orders for investment goods and the yield spread led the decline

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

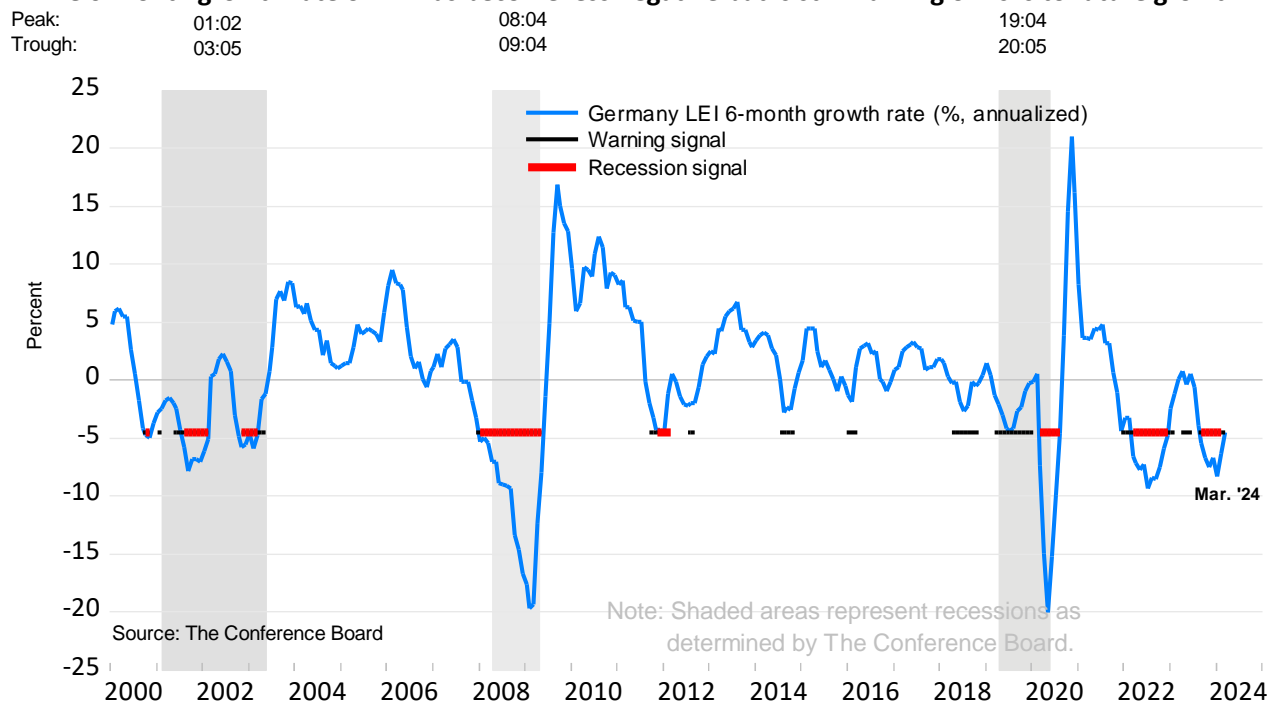


Source: The Conference Board

** 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 6-month growth rate of LEI has become less negative but is still warning of risks to future growth



Note: The chart illustrates the so-called 3D's rule which is a reliable rule of thumb to interpret the **duration, depth, and diffusion** – the 3D's – of a downward movement in the LEI. Duration refers to how long-lasting a decline in the index is, and depth denotes how large the decline is. Duration and depth are measured by the rate of change of the index over the last six months. Diffusion is a measure of how widespread the decline is (i.e., the diffusion index of the LEI ranges from 0 to 100 and numbers below 50 indicate most of the components are weakening). The 3D's rule provides signals of impending recessions 1) when the diffusion index falls below the threshold of 50 (denoted by the black dotted line in the chart), and simultaneously 2) when the decline in the index over the most recent six months falls below the threshold of -4.6 percent. The red dotted line is drawn at the threshold value (measured by the median, -4.6 percent) on the months when both criteria are met simultaneously. Thus, the red dots signal a recession.

About **The Conference Board Leading Economic Index®** (LEI) for Germany: 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 5 months. 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 seven components of **The Conference Board Leading Economic Index®** for Germany include: New Orders, Yield 10-Year Minus 3-Month Time Deposits Rate, Consumer Confidence Index, Inventory Change, New Residential Construction Orders, Stock Price Index, and Gross Enterprises and Properties Income.

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

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