

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 Germany Rose in July

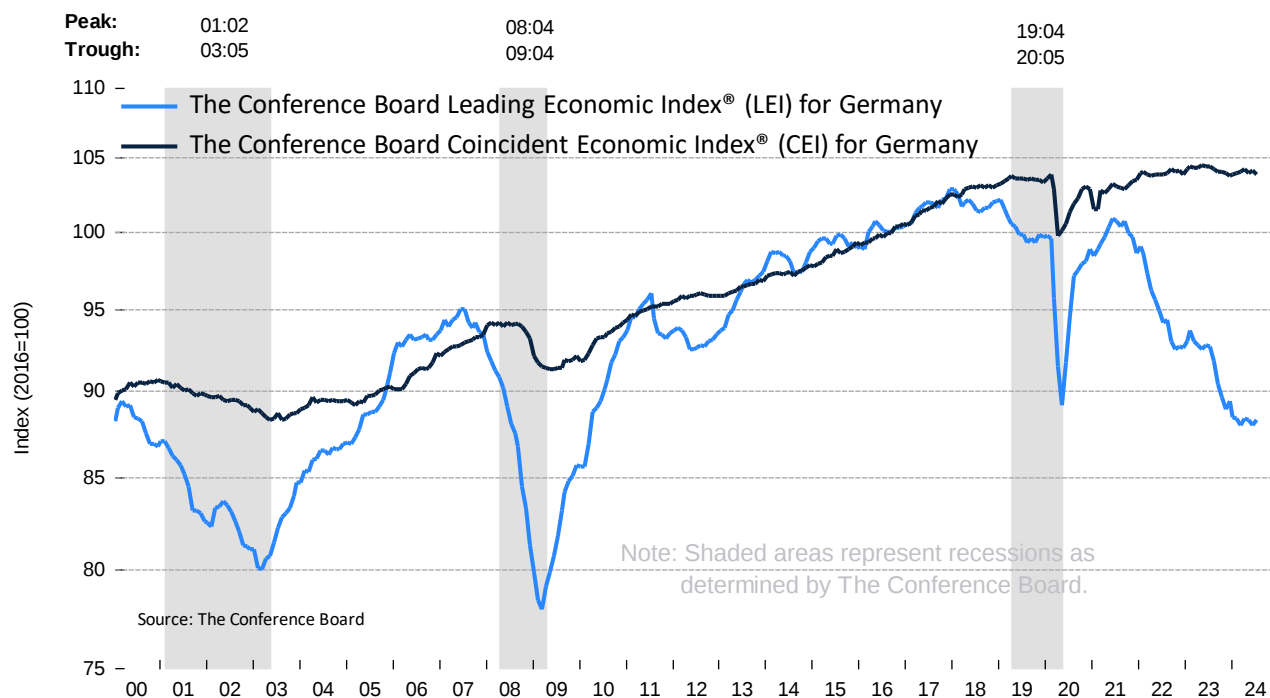
The Conference Board Leading Economic Index® (LEI) for Germany rose by 0.3 percent in July 2024 to 88.3 (2016=100), reversing a 0.3 percent decline in June. Over the six-month period between January and July 2024, the LEI for Germany contracted by 0.2 percent, a muted rate of decline compared to the 4.5 percent contraction between July 2023 and January 2024.

The Conference Board Coincident Economic Index® (CEI) for Germany decreased by 0.3 percent in July 2024 to 103.8 (2016=100), more than reversing the 0.2 percent improvement in June. The CEI for Germany was flat over the six-month period from January to July 2024, still an improved rate compared to the 0.6 percent decline over the previous six-month period.

“The LEI for Germany recovered in July, erasing the decline from the prior month.” said **Allen Li, Associate Economist at The Conference Board**. “July’s Index reading saw further improvements in new orders for investment goods, which weighed on the Index earlier this year, and consumer confidence. If sustained in coming months, it could signal a potential forthcoming recovery in private consumption and the industrial sector. Moreover, five of the seven components showed positive contributions, except for the yield spread, which has weighed on the Index since January 2023, and new residential construction orders. The semiannual and annual growth rate of the Germany LEI, while still negative, continued to recover, suggesting headwinds to growth should lessen in the near term. The LEI suggests that the German economy could experience some growth in the second half of this year.”

The next release is scheduled for Tuesday, October 15, 2024, at 9:30 A.M. ET.

The Germany LEI recovered in July



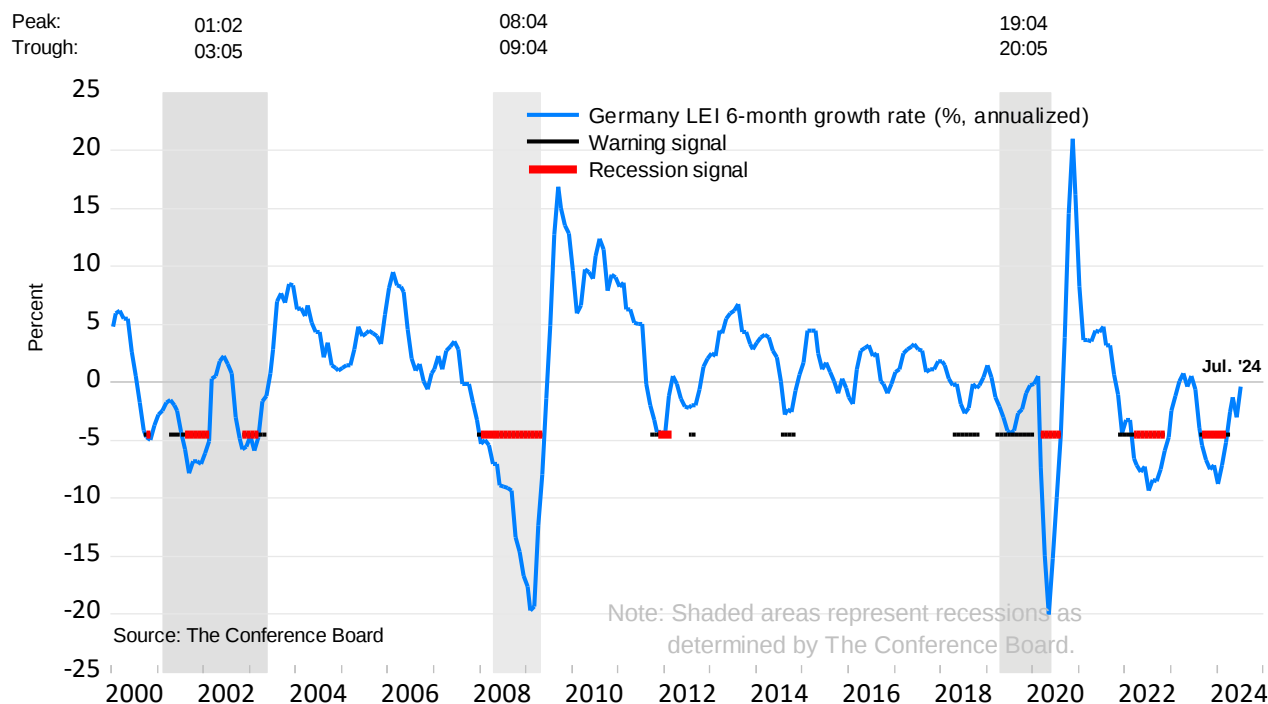
July's LEI for Germany saw improvements in new orders for investment goods and consumer confidence

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 longer-term trajectory of the Germany LEI, while still negative, continued to recover, suggesting headwinds to growth should lessen in the near term



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 **diffusion index** reading below 50 indicates most components are weakening.

The **3Ds rule** signals an impending recession when: 1) the 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 -4.6 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 Germany

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 five months.

The seven components of *Leading Economic Index*® for Germany are:

- New Orders for Investment Goods
- Yield Spread, 10-Year Minus 3-Month Time Deposits Rate
- Consumer Confidence Index
- Inventory Change
- New Residential Construction Orders
- Stock Price Index
- Gross Enterprises and Properties Income

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

- Industrial Production
- Employed Persons
- Retail Trade
- Manufacturing Sales

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

About The Conference Board

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