

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 Declined in August

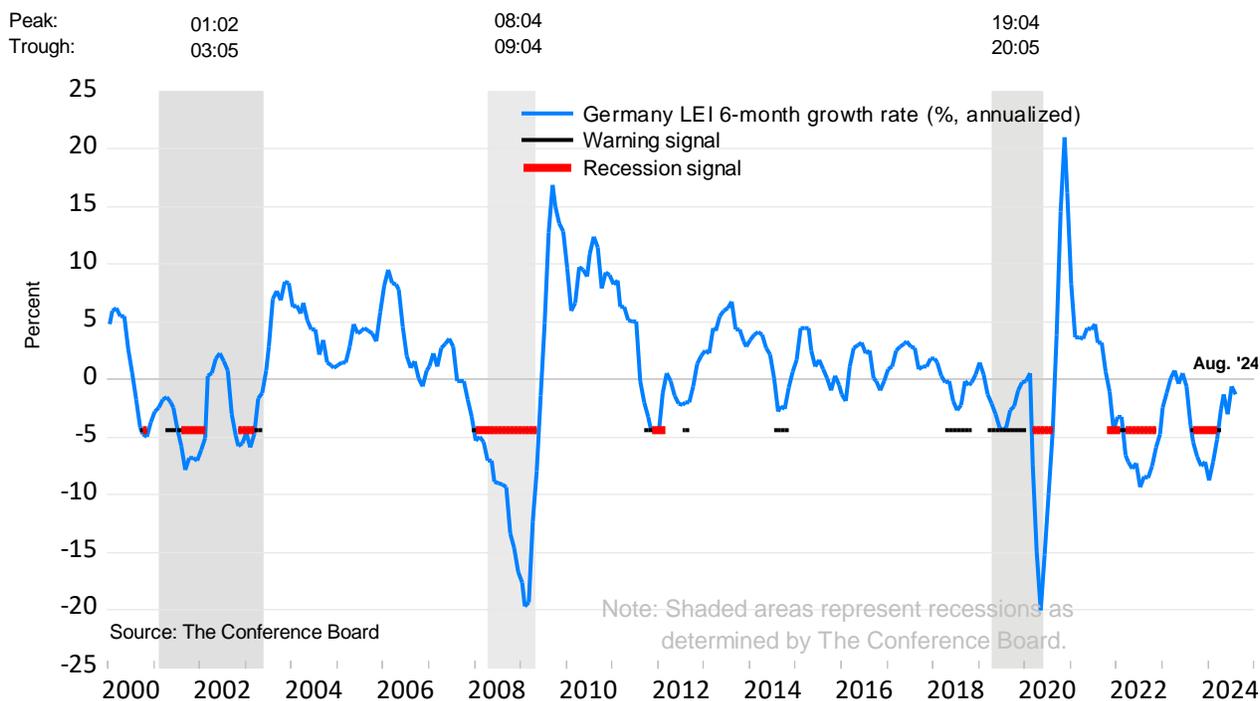
The Conference Board Leading Economic Index® (LEI) for Germany declined by 0.5% in August 2024 to 87.8 (2016=100), after rising by 0.2% in July. Over the six-month period between February and August 2024, the LEI for Germany contracted by 0.7%, still a slower rate of decline compared to the 3.7% contraction between August 2023 and February 2024.

The Conference Board Coincident Economic Index® (CEI) for Germany rose by 0.3% in August 2024 to 104.0 (2016=100), reversing a 0.3% decrease in July. The CEI for Germany improved slightly by 0.1% from February to August 2024, after declining by 0.3% over the previous six-month period.

“The LEI for Germany declined in August, resuming its downtrend and reaching the lowest level since early 2010,” said **Allen Li, Associate Economist at The Conference Board**. “August’s decline in the Index was led by the recent softening in consumer confidence, a continued negative contribution from the yield spread, and to a lesser extent, weaker stock prices and new residential construction orders. Although the components of the Germany LEI remained weak, when viewed on a longer-term basis, the pace of decline was much more muted than the downtrend seen in the previous two years. The Conference Board currently expects real GDP in Germany to remain fragile for the remainder of the year, with a second quarter of negative growth in Q3, pushing Germany into a technical recession. The German economy is expected to contract by 0.1% in 2024 and then rebound moderately by 0.7% in 2025.”

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

The semi-annual growth of the Germany LEI remained negative but well off the lows of early 2024, suggesting that headwinds to economic growth may lessen towards the end of the year



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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