

News Release

Jonathan Liu (732) 991-1754 / jonathan.liu@tcb.org

For Release 9:30 AM ET, November 15, 2024

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 Dipped Slightly in September

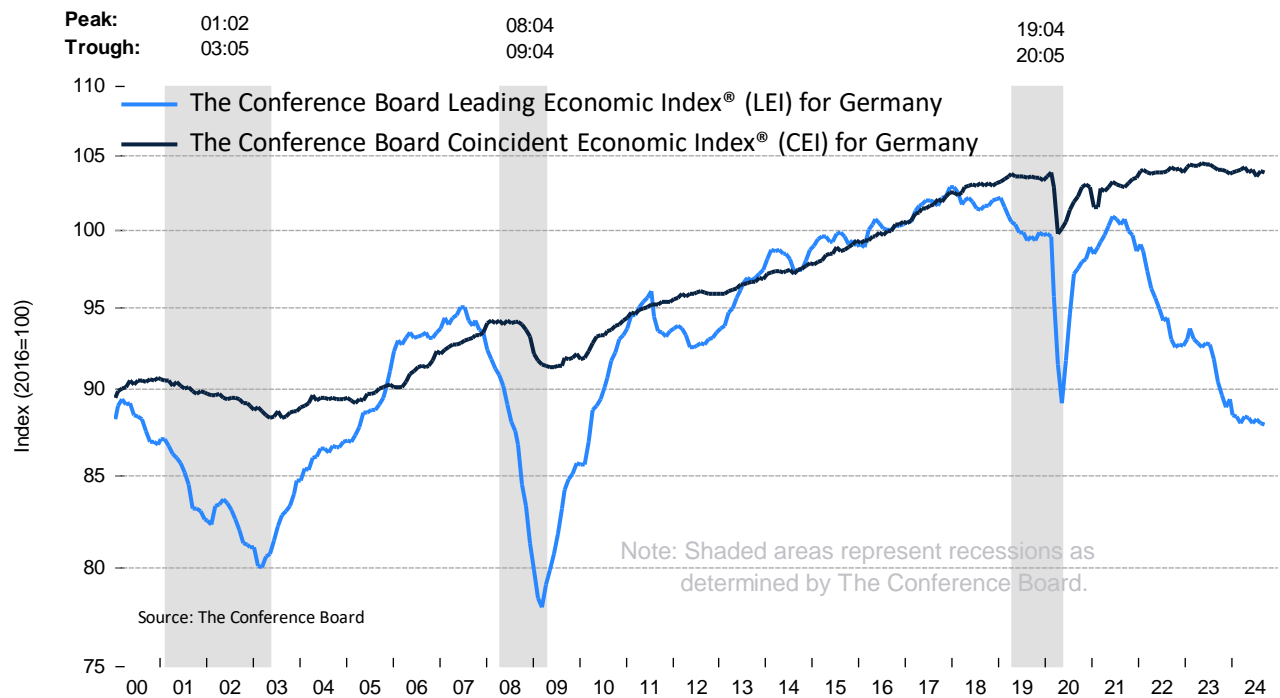
The Conference Board Leading Economic Index® (LEI) for Germany declined by 0.1% in September 2024 to 87.9 (2016=100), after declining by 0.2% in August. Over the six-month period between March and September 2024, the LEI for Germany contracted by only 0.1%, an improvement compared to the 2.7% contraction between September 2023 and March 2024.

The Conference Board Coincident Economic Index® (CEI) for Germany also declined by 0.1% in September 2024 to 103.8 (2016=100), partially reversing a 0.3% increase in August. The CEI for Germany contracted by 0.2% from March to September 2024, after being unchanged over the previous six-month period.

“The LEI for Germany dipped slightly in September, reaching the lowest level since early 2010,” said **Allen Li, Associate Economist at The Conference Board**. “Only two components contributed negatively to the index in September: the negative the yield spread and another soft reading in consumer confidence, more than offsetting the strong positive contribution from stock prices and new orders for investment goods. In addition, all components but the yield spread improved in the past six months, and the pace of decline in the Index has slowed since a year ago. Therefore, despite persisting challenges for the German economy including from high energy prices, the trajectory of the Germany LEI still suggests that headwinds may lessen in the near term. In addition, considering the current domestic and external political uncertainties, the Conference Board expects the German economy to contract by 0.1% in 2024 and remain weak in 2025 at 0.7%.”

The next release is scheduled for Tuesday, December 10, 2024, at 9:30 A.M. ET.

The Germany LEI dipped slightly in September



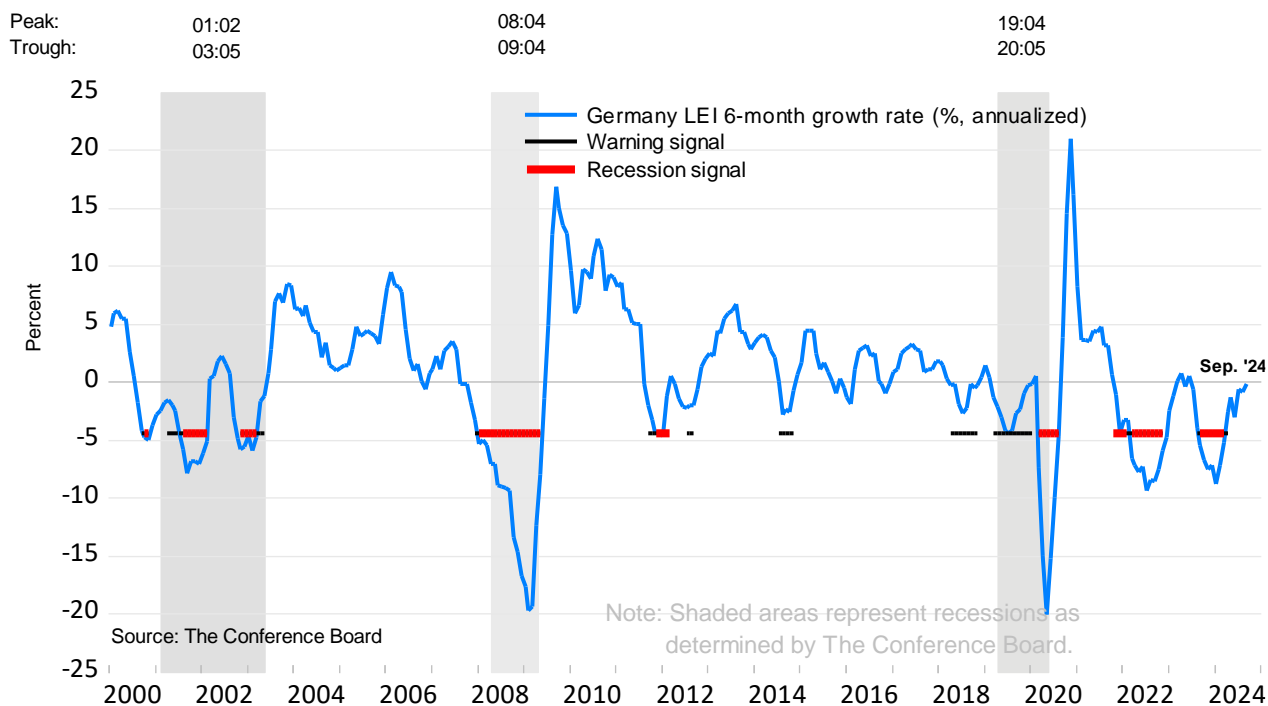
The decline in September was fueled by only two components

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 semi-annual growth of the Germany LEI remained only slightly negative and continued to recover, suggesting lessening headwinds to economic growth ahead



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

The Conference Board is the member-driven think tank that delivers Trusted Insights for What's Ahead™. Founded in 1916, we are a non-partisan, not-for-profit entity holding 501 (c) (3) tax-exempt status in the United States. [ConferenceBoard.org](https://www.conferenceboard.org)