THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. ET, Thursday, July 18, 2024

The Conference Board®
U.S. Business Cycle Indicators℠

THE CONFERENCE BOARD LEADING ECONOMIC INDEX® (LEI) FOR THE UNITED STATES

AND RELATED COMPOSITE ECONOMIC INDEXES FOR JUNE 2024

The Conference Board Leading Economic Index® (LEI) for the U.S. decreased 0.2 percent,
The Conference Board Coincident Economic Index® (CEI) increased 0.3 percent, and
The Conference Board Lagging Economic Index® (LAG) increased 0.1 percent in June.

- The Conference Board LEI for the U.S. decreased for the fourth consecutive month in June. Negative contributions from consumer expectations, the ISM® New Orders Index, the interest rate spread, and weekly initial claims for unemployment more than offset the large positive contribution from the S&P 500® Price Index. Over the first half of 2024, the Leading Economic Index decreased by 1.9 percent (about a −3.8 percent annual rate), a smaller rate of contraction than over the second half of 2023 (−2.9 percent, about a -5.8 percent annual rate). Weaknesses among the leading indicators remained widespread, as only four out of ten components improved over the six months between December 2023 and June 2024.

- The Conference Board CEI for the U.S., a measure of current economic activity, increased in June. Over the first half of 2024, the Coincident Economic Index rose 0.6 percent (about a 1.3 percent annual rate), down from its growth of 1.3 percent (about a 2.5 percent annual rate) over the previous six months. Additionally, the strengths among the coincident indicators remained strong, with three out of four components advancing over the first half of this year. The lagging economic index continued to increase, but at a slower pace than the CEI. As a result, the coincident-to-lagging ratio inched up. Real GDP growth slowed to 1.4 percent (annual rate) in the first quarter of 2024, substantially down from 3.4 percent (annual rate) in Q4 2023.

- The Conference Board LEI for the U.S. continued to fall in June; however, its six-month and annual rates of decline have softened slightly in recent months. Meanwhile, The Conference Board CEI for the U.S. rose again in June, with its six-month and annual growth rates remaining moderate. Taken together, the current behavior of the composite indexes and their components suggest a cooling in economic activity ahead.

LEADING INDICATORS: Six of the ten indicators that comprise ***The Conference Board Leading Economic Index®*** for the U.S. increased in June. The positive contributors—beginning with the largest positive contributor—were S&P 500® Index of Stock Prices, building permits, the Leading Credit Index™ (inverted), average weekly manufacturing hours, manufacturers' new orders for nondefense capital goods excluding aircraft*, and manufacturers' new orders for consumer goods and materials*.The negative contributors—beginning with the largest negative contributor—were average consumer expectations for business conditions, the ISM® New Orders Index, the interest rate spread, and average weekly initial claims for unemployment insurance (inverted).

The LEI for the U.S. decreased 0.2 percent in June and now stands at 101.1 (2016=100). Based on revised data, this index decreased 0.4 percent in May and decreased 0.6 percent in April. Over the six-

The next release is scheduled for August 19, 2024, Monday at 10 A.M. ET

month span through June, the leading economic index decreased 1.9 percent, with four out of ten components advancing (diffusion index, six-month span equals 40 percent).

COINCIDENT INDICATORS: All four indicators that comprise ***The Conference Board Coincident Economic Index***® for the U.S. increased in June, with industrial production being the largest positive contributor to the Index, followed by personal income less transfer payments*, employees on nonagricultural payrolls, and manufacturing and trade sales*.

The CEI increased 0.3 percent in June and now stands at 112.6 (2016=100). Based on revised data, this index increased 0.4 percent in May and decreased 0.1 percent in April. During the six-month period through June the coincident economic index increased 0.6 percent, with three out of four components advancing (diffusion index, six-month span equals 75 percent).

LAGGING INDICATORS: ***The Conference Board Lagging Economic Index***® for the U.S. increased 0.1 percent in June and now stands at 119.5 (2016=100), with four of its seven components advancing. The positive contributors to the index—beginning with the largest positive contributor—were the average duration of unemployment (inverted), the ratio of consumer installment credit outstanding to personal income*, the ratio of manufacturing and trade inventories to sales*, and commercial and industrial loans outstanding*. The negative contributors were the change in CPI for services and change in the index of labor cost per unit of output, manufacturing*. The average prime rate charged by banks and commercial and industrial loans outstanding* held steady in June. Based on revised data, the lagging economic index decreased 0.2 percent in May and increased 0.4 percent in April.

DATA AVAILABILITY AND NOTES.

The data series used to compute **The Conference Board Leading Economic Index®** (LEI) for the U.S., **The Conference Board Coincident Economic Index®** (CEI) for the U.S. and **The Conference Board Lagging Economic Index®** (LAG) for the U.S. and reported in the tables in this release are those available "as of" 9:15 am ET on July 17, 2024. Some series are estimated as noted below.

* Series in The Conference Board LEI for the U.S. based on our estimates are manufacturers' new orders for consumer goods and materials and manufacturers' new orders for nondefense capital goods excluding aircraft. Series in The Conference Board CEI for the U.S. that are based on our estimates are personal income less transfer payments and manufacturing and trade sales. Series in The Conference Board LAG for the U.S. that are based on our estimates are manufacturing and trade inventories to sales ratio, the change in labor cost per unit of output, manufacturing, consumer installment credit to income ratio, and the personal consumption expenditure deflator used to deflate commercial and industrial loans outstanding.

The procedure used to estimate the current month's personal consumption expenditure deflator (used in the calculation of commercial and industrial loans outstanding) incorporates the current month's consumer price index when it is available before the release of The Conference Board LEI for the U.S.

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THE CYCLICAL INDICATOR APPROACH. The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading, coincident, and lagging economic indexes are essentially composite averages of several individual leading, coincident, or lagging indicators. (See page 3 for details.) They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component—primarily because they smooth out some of the volatility of individual components.

Historically, the cyclical turning points in The Conference Board LEI for the U.S. have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for the U.S. have occurred at about the same time as those in aggregate economic activity. The cyclical turning points in The Conference Board LAG for the U.S. generally have occurred after those in aggregate economic activity.

U.S. Composite Economic Indexes: Components and Standardization Factors

Leading Economic Index		Factor
1	Average weekly hours, manufacturing	0.2412
2	Average weekly initial claims for unemployment insurance	0.0141
3	Manufacturers' new orders, consumer goods and materials	0.0763
4	ISM® new orders index	0.1669
5	Manufacturers' new orders, nondefense capital goods excl. aircraft	0.0464
6	Building permits, new private housing units	0.0302
7	S&P 500® Index of Stock Prices	0.0413
8	*Leading Credit Index™*	0.1004
9	Interest rate spread, 10-year Treasury bonds less federal funds	0.1257
10	Avg. consumer expectations for business conditions	0.1575
Coincident Economic Index		
1	Employees on nonagricultural payrolls	0.3272
2	Personal income less transfer payments	0.3122
3	Industrial production	0.1927
4	Manufacturing and trade sales	0.1679
Lagging Economic Index		
1	Inventories to sales ratio, manufacturing and trade	0.1210
2	Average duration of unemployment	0.0278
3	Consumer installment credit outstanding to personal income ratio	0.1135
4	Commercial and industrial loans	0.0913
5	Average prime rate	0.3521
6	Labor cost per unit of output, manufacturing	0.0525
7	Consumer price index for services	0.2418

Notes:
The component factors are inversely related to the standard deviation of the month-to-month changes in each component. They are used to equalize the volatility of the contribution from each component and are “normalized” to sum to 1. When one or more components are missing, the other factors are adjusted proportionately to ensure that the total continues to sum to 1.

These factors were revised effective with the release in January 2024, and all historical values for the three composite economic indexes were revised at this time to reflect the changes. (Under normal circumstances, updates to the leading, coincident, and lagging economic indexes only incorporate revisions to data over the past six months.) The factors for The Conference Board LEI for the U.S. were calculated using May 1990-December 2022 as the sample period for measuring volatility. A separate set of factors for the February 1959 - December 1977, January 1978 - December 1983 and January 1984 – April 1990 periods are available upon request. The primary sample period for the coincident and lagging economic indexes was February 1959 – December 2022. For additional information on the standardization factors and the index methodology see: “Benchmark Revisions in the Composite Indexes,” *Business Cycle Indicators* December 1997 and “Technical Appendix: Calculating the Composite Indexes” *Business Cycle Indicators* December 1996, or the Website: www.conference-board.org/topics/business-cycle-indicators.

The trend adjustment factor for The Conference Board LEI for the U.S. is -0.0858 (over the 1984 – present) and 0.1096 (over the 1959-1983 period), and the trend adjustment factor for The Conference Board LAG for the U.S. is 0.1588.

To address the problem of lags in available data, those leading, coincident and lagging indicators that are not available at the time of publication are estimated using statistical imputation. An autoregressive model is used to estimate each unavailable component. The resulting indexes are therefore constructed using real and estimated data and will be revised as the unavailable data during the time of publication become available. Such revisions are part of the monthly data revisions, now a regular part of the U.S. Business Cycle Indicators program. The main advantage of this procedure is to utilize in the leading economic index data such as stock prices, interest rate spread, and manufacturing hours that are available sooner than other data on real aspects of the economy such as manufacturers’ new orders. Empirical research by The Conference Board suggests that there are real gains in adopting this procedure to make all the indicator series as up-to-date as possible.

NOTICES

The Conference Board Leading Economic Index® (LEI) for the U.S. news release schedule for 2024**:**

Monday, January 22, 2024	For December 2023 data
Tuesday, February 20, 2024	For January 2024 data
Thursday, March 21, 2024	For February 2024 data
Thursday April 18, 2024	For March 2024 data
Friday, May 17, 2024	For April 2024 data
Friday, June 21, 2024	For May 2024 data
Thursday, July 18, 2024	For June 2024 data
Monday, August 19, 2024	For July 2024 data
Thursday, September 19, 2024	For August 2024 data
Monday, October 21, 2024	For September 2024 data
Thursday, November 21, 2024	For October 2024 data
Thursday, December 19, 2024	For November 2024 data

All releases are at 10:00 AM ET.

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.

AVAILABLE FROM THE CONFERENCE BOARD

U.S. Business Cycle Indicators Internet Subscription
(Includes historical data and charts)
$ 1185 per year

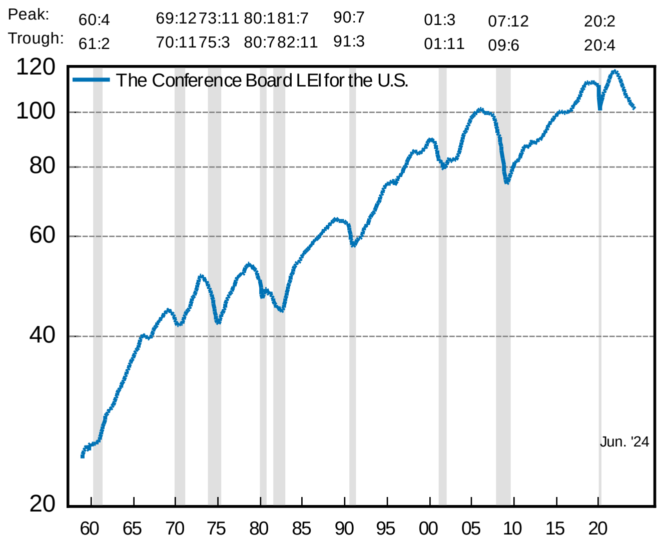
BCI Handbook (published 2001) PDF only – website download

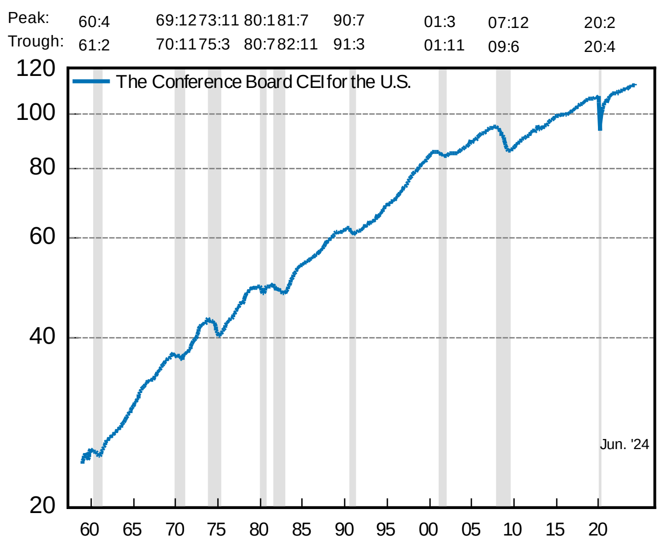
Understanding Business Cycles: The Indicators Approach to Forecasting for Agility:
https://www.conference-board.org/publications/publicationdetail.cfm?publicationid=2510

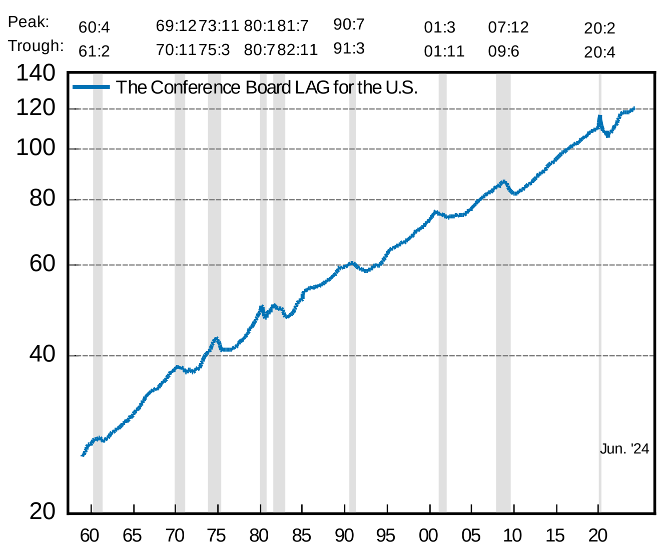
Business Cycle Indicators for Brazil, China, the Euro Area, France, Germany, India, Japan, South Korea, Mexico, Spain, the U.K, and the U.S. are available at $ 1185 per country per year.

TO VIEW DATA PREVIOUSLY AVAILABLE IN TABLES, PLEASE VISIT:
https://data-central.conference-board.org/

U.S. Composite Economic Indexes (2016=100)







Shaded areas represent recessions as determined by the National Bureau of Economic Research.