

FOR RELEASE: 10:00 A.M. ET, Thursday, September 19, 2024

The Conference Board®
 U.S. Business Cycle IndicatorsSM
THE CONFERENCE BOARD LEADING ECONOMIC INDEX®
(LEI) FOR THE UNITED STATES
AND RELATED COMPOSITE ECONOMIC INDEXES FOR AUGUST 2024

The Conference Board Leading Economic Index® (LEI) for the U.S. decreased by 0.2%, **The Conference Board Coincident Economic Index®** (CEI) increased by 0.3%, and **The Conference Board Lagging Economic Index®** (LAG) remained unchanged in July.

- The Conference Board LEI for the U.S. decreased for the sixth consecutive month in July. Large negative contributions from the ISM® New Orders Index and the yield spread, followed by consumer expectations and the S&P 500® Price Index, more than offset the positive contributions from building permits, the Leading Credit Index™, average weekly hours in manufacturing, and lower initial claims for unemployment insurance. In the six-month period ending August 2024, the leading economic index decreased by 2.3% (about a -4.6% annual rate), a slightly slower rate of contraction than the -2.7% (about a -5.4% annual rate) over the previous six months. In addition, the weaknesses among the leading indicators remained widespread, as only four out of ten components improved between February and August 2024.
- The Conference Board CEI for the U.S., a measure of current economic activity, rose in August. The coincident economic index rose by 0.8% (about a 1.6% annual rate) between February and August 2024, faster than its 0.6% growth (about a 1.3% annual rate) over the previous six months. Additionally, the strengths among the coincident indicators remained widespread, with all four components advancing over the past six months. While the CEI improved, the lagging economic index remained unchanged; as a result, the coincident-to-lagging ratio ticked up in August. Real GDP expanded by 3.0% (annual rate) in the second quarter of 2024, after increasing by 1.4% (annual rate) in the first quarter.
- The Conference Board LEI for the U.S. continued to fall in August, and its six-month and twelve-month trends remain steadily negative. Meanwhile, The Conference Board CEI for the U.S. has been rising moderately through August, and its six-month growth rate increased slightly. Taken together, the current behavior of the composite indexes and their components suggest economic activity will continue cooling through the end of 2024 but avoid tipping into recession.

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

The next release is scheduled for October 21, 2024, Monday at 10 A.M. ET

The LEI for the U.S. decreased by 0.2% in August and now stands at 100.2 (2016=100). Based on revised data, this index decreased by 0.6% in July and decreased by 0.2% in June. Over the six-month span through August, the leading economic index decreased by 2.3%, with four out of ten components advancing (diffusion index, six-month span equals 40%).

COINCIDENT INDICATORS: All four indicators that comprise *The Conference Board Coincident Economic Index*[®] for the U.S. increased in August. The positive contributors to the index—beginning with the largest positive contributor—were industrial production, personal income less transfer payments*, manufacturing and trade sales*, and employees on nonagricultural payrolls.

The CEI increased by 0.3% in August and now stands at 112.7 (2016=100). Based on revised data, this index decreased by 0.1% in July and increased by 0.2% in June. During the six-month period through August the coincident economic index increased by 0.8%, with all four components advancing (diffusion index, six-month span equals 100%).

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

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” 8:30 am ET on September 18, 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.

For further information contact:

Jonathan Liu 732-991-1754 / JLiu@tcb.org

Indicators Program:

Email: indicators@tcb.org

Website: www.conference-board.org/data/bci.cfm

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

<u>Leading Economic Index</u>	<u>Factor</u>
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 <i>Leading Credit Index</i> ™	0.1004
9 Interest rate spread, 10-year Treasury bonds less federal funds	0.1257
10 Avg. consumer expectations for business conditions	0.1575
<u>Coincident Economic Index</u>	
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
<u>Lagging Economic Index</u>	
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 period) 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

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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:

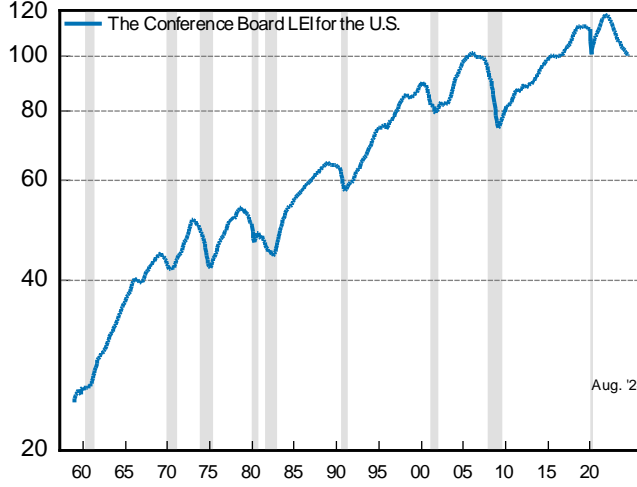
<https://www.conference-board.org/publications/publicationdetail.cfm?publicationid=2510>

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.

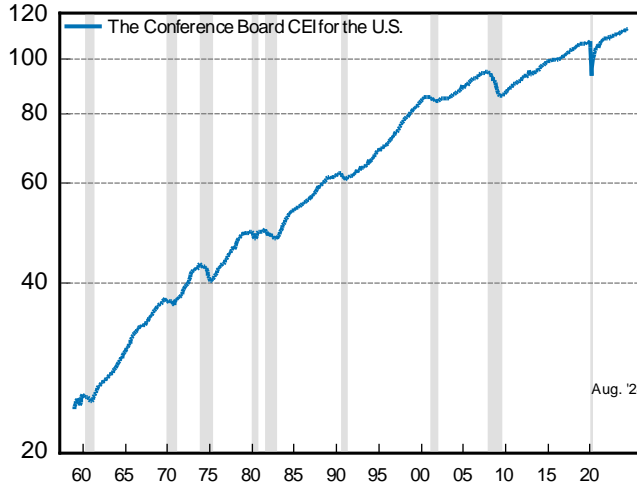
TO VIEW DATA PREVIOUSLY AVAILABLE IN TABLES, PLEASE VISIT:
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U.S. Composite Economic Indexes (2016=100)

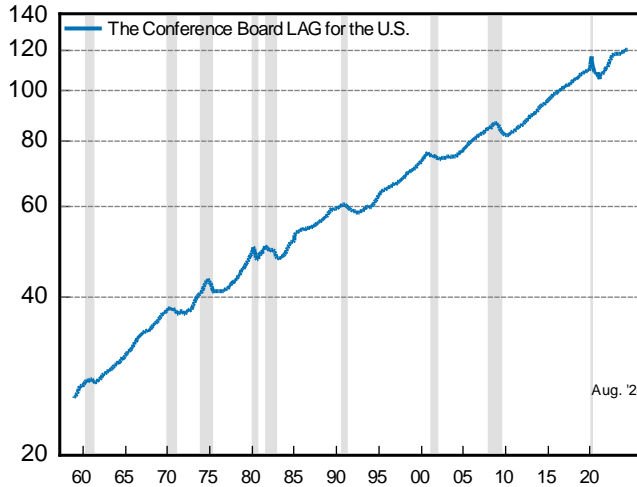
Peak: 60:4 69:12 73:11 80:18 1:7 90:7 01:3 07:12 20:2
 Trough: 61:2 70:11 75:3 80:7 82:11 91:3 01:11 09:6 20:4



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

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