

## News Release

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### **The Conference Board Leading Economic Index® (LEI) for the U.S. Declined Further in March**

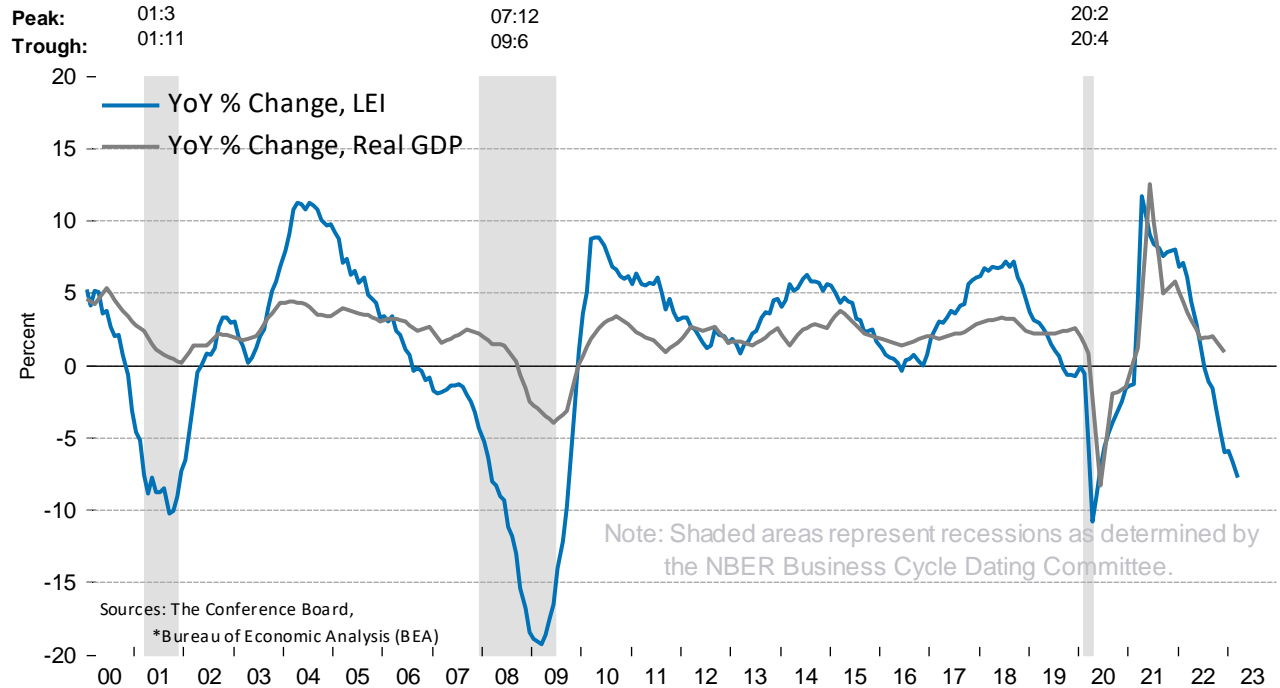
**New York, April 20, 2023...**The Conference Board Leading Economic Index® (LEI) for the U.S. fell by 1.2 percent in March 2023 to 108.4 (2016=100), following a decline of 0.5 percent in February. The LEI is down 4.5 percent over the six-month period between September 2022 and March 2023—a steeper rate of decline than its 3.5 percent contraction over the previous six months (March–September 2022).

“The U.S. LEI fell to its lowest level since November of 2020, consistent with worsening economic conditions ahead,” said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board**. “The weaknesses among the index’s components were widespread in March and have been so over the past six months, which pushed the growth rate of the LEI deeper into negative territory. Only stock prices and manufacturers’ new orders for consumer goods and materials contributed positively over the last six months. The Conference Board forecasts that economic weakness will intensify and spread more widely throughout the US economy over the coming months, leading to a recession starting in mid-2023.”

**The Conference Board Coincident Economic Index® (CEI)** for the U.S. increased by 0.2 percent in March 2023 to 110.2 (2016=100), after also rising 0.2 percent in February. The CEI is now up 0.8 percent over the six-month period between September 2022 and March 2023—slightly lower than the 1.0 percent growth it recorded over the previous six months. The CEI’s component indicators—payroll employment, personal income less transfer payments, manufacturing trade and sales, and industrial production—are included among the data used to determine recessions in the US. Payroll employment’s contribution to the coincident economic index weakened somewhat in March.

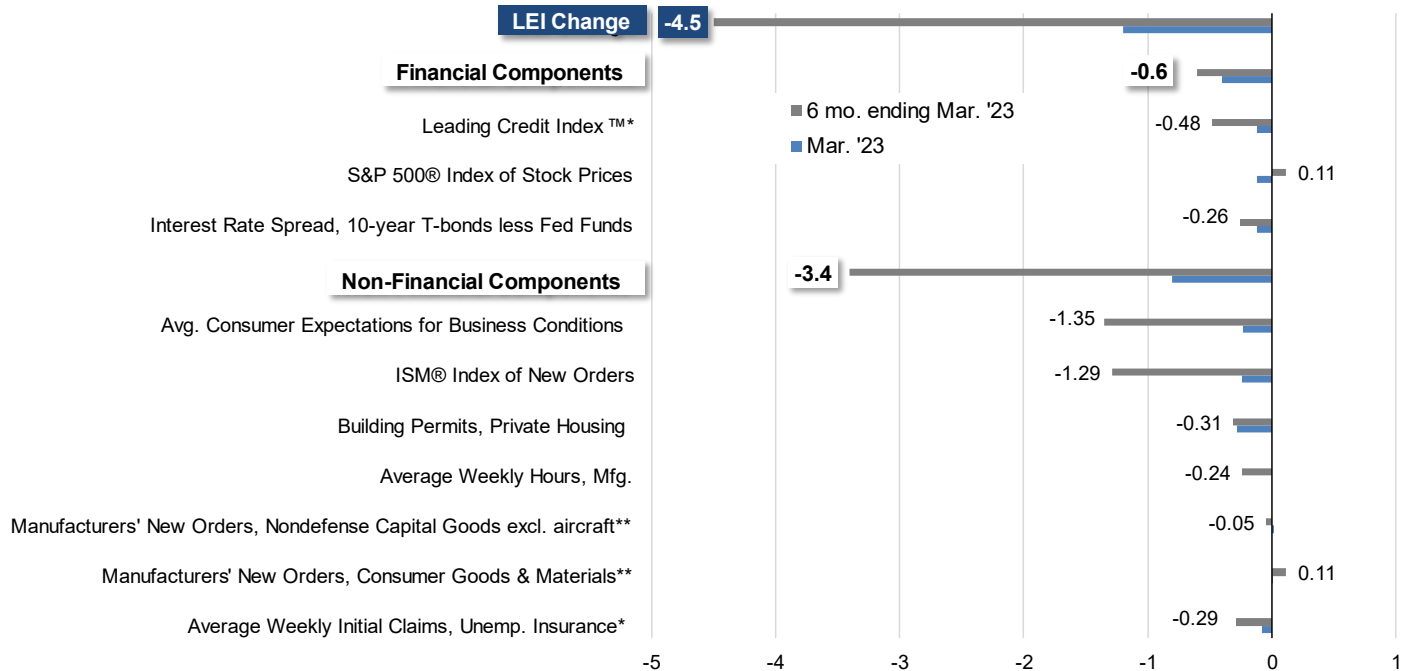
**The Conference Board Lagging Economic Index® (LAG)** for the U.S. decreased by 0.2 percent in March 2023 to 118.3 (2016 = 100), following an increase of 0.2 percent in February. The LAG is up 1.1 percent over the six-month period from September 2022 and March 2023, substantially less than the growth rate of 4.4 percent over the previous six months.

## The annual growth rate of the US LEI continued to decline



## Negative contributions were widespread among both financial and non-financial components

### The Conference Board Leading Economic Index® and Component Contributions (Percent)



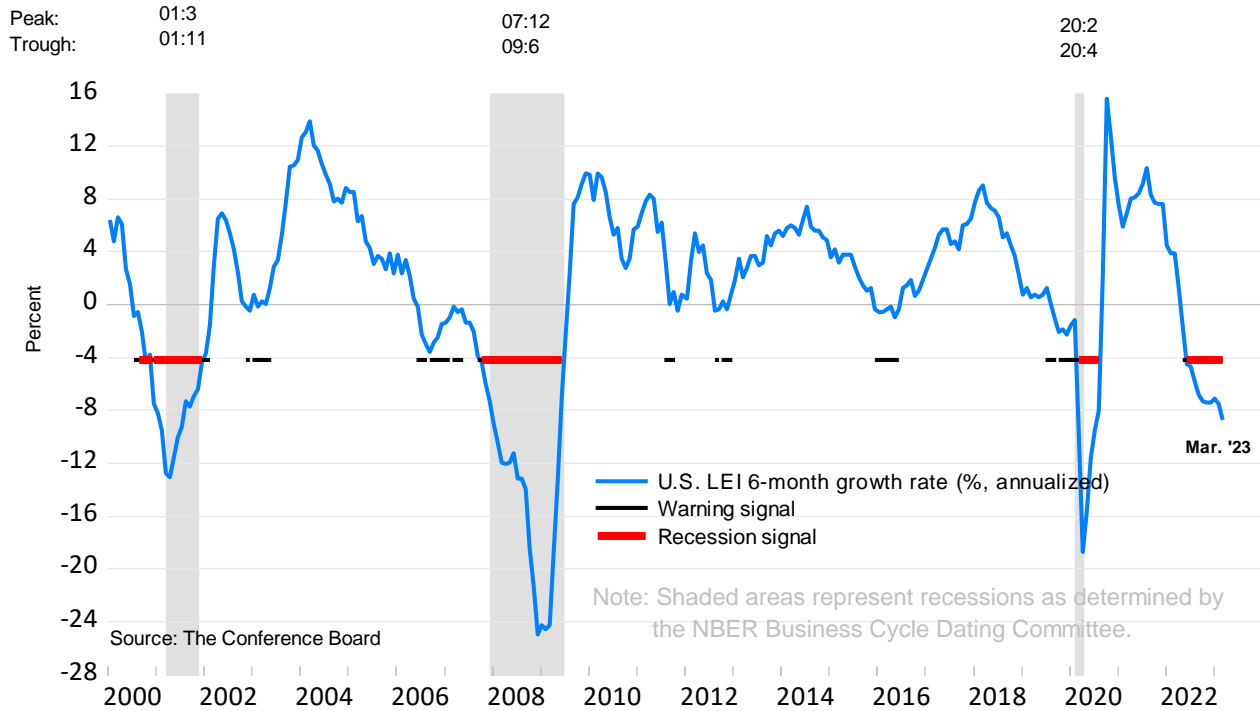
Source: The Conference Board

\* Inverted series; a negative change in this component makes a positive contribution.

\*\* Statistical Imputation

LEI change might not equal sum of its contributions due to application of trend adjustment factor

## The US LEI still signals a recession over the next 12 months



Note: The chart illustrates the so-called 3D's rule which is a reliable rule of thumb to interpret the **duration, depth, and diffusion – the 3D's** – of a downward movement in the LEI. Duration refers to how long-lasting a decline in the index is, and depth denotes how large the decline is. Duration and depth are measured by the rate of change of the index over the last six months. Diffusion is a measure of how widespread the decline is (i.e., the diffusion index of the LEI ranges from 0 to 100 and numbers below 50 indicate most of the components are weakening). The 3D's rule provides signals of impending recessions 1) when the diffusion index falls below the threshold of 50 (denoted by the black dotted line in the chart), and simultaneously 2) when the decline in the index over the most recent six months falls below the threshold of -4.2 percent. The red dotted line is drawn at the threshold value (measured by the median, -4.2 percent) on the months when both criteria are met simultaneously. Thus, the red dots signal a recession.

### Summary Table of Composite Economic Indexes

	2023			6-month
	Jan	Feb	Mar	Sep to Mar
Leading Index	110.2	r 109.7	r 108.4	
Percent Change	-0.5	r -0.5	r -1.2	-4.5
Diffusion	50.0	20.0	25.0	20.0
Coincident Index	109.8	r 110.0	r 110.2	
Percent Change	0.4	r 0.2	r 0.2	0.8
Diffusion	100.0	87.5	100.0	75.0
Lagging Index	118.3	118.5	118.3	
Percent Change	0.0	r 0.2	-0.2	1.1
Diffusion	28.6	50.0	35.7	57.1

p Preliminary r Revised c Corrected  
Indexes equal 100 in 2016  
Source: The Conference Board

The next release is scheduled for Thursday, May 18, 2023, at 10 A.M. ET.

About ***The Conference Board Leading Economic Index***<sup>®</sup> (LEI) for the U.S.: The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. 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 is highly correlated with real GDP. The LEI is a predictive variable that anticipates (or “leads”) turning points in the business cycle by around 7 months. Shaded areas denote recession periods or economic contractions. The dates above the shaded areas show the chronology of peaks and troughs in the business cycle.

The ten components of ***The Conference Board Leading Economic Index***<sup>®</sup> for the U.S. include: Average weekly hours in manufacturing; Average weekly initial claims for unemployment insurance; Manufacturers’ new orders for consumer goods and materials; ISM<sup>®</sup> Index of New Orders; Manufacturers’ new orders for nondefense capital goods excluding aircraft orders; Building permits for new private housing units; S&P 500<sup>®</sup> Index of Stock Prices; Leading Credit Index<sup>™</sup>; Interest rate spread (10-year Treasury bonds less federal funds rate); Average consumer expectations for business conditions.

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

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