

## News Release

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### **About the Leading Economic Index and the Coincident Economic Index:**

*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 the U.S. Fell in March**

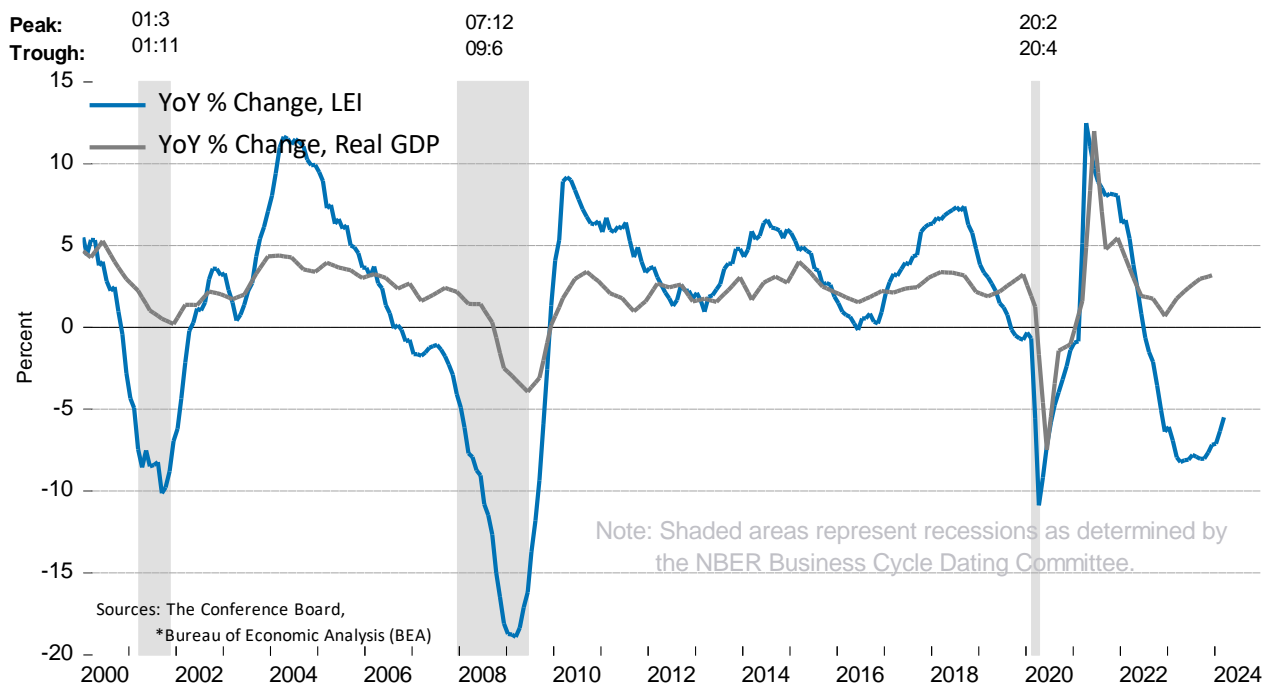
**The Conference Board Leading Economic Index® (LEI)** for the U.S. decreased by 0.3 percent in March 2024 to 102.4 (2016=100), after increasing by 0.2 percent in February. Over the six-month period between September 2023 and March 2024, the LEI contracted by 2.2 percent—a smaller decrease than the 3.4 percent decline over the previous six months.

“February’s uptick in the U.S. LEI proved to be ephemeral as the Index posted a decline in March,” said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board**. “Negative contributions from the yield spread, new building permits, consumers’ outlook on business conditions, new orders, and initial unemployment insurance claims drove March’s decline. The LEI’s six-month and annual growth rates remain negative, but the pace of contraction has slowed. Overall, the Index points to a fragile—even if not recessionary—outlook for the U.S. economy. Indeed, rising consumer debt, elevated interest rates, and persistent inflation pressures continue to pose risks to economic activity in 2024. The Conference Board forecasts GDP growth to cool after the rapid expansion in the second half of 2023. As consumer spending slows, US GDP growth is expected to moderate over Q2 and Q3 of this year.”

**The Conference Board Coincident Economic Index® (CEI)** for the U.S. rose by 0.3 percent in March 2024 to 112.0 (2016=100), after a 0.1 percent increase in February. As a result, the CEI rose by 0.6 percent over the six-month period ending March 2024, down from a 0.9 percent increase over the previous six months. The CEI’s component indicators—payroll employment, personal income less transfer payments, manufacturing and trade sales, and industrial production—are included among the data used to determine recessions in the US. All four components of the index improved last month. Industrial production and personal income less transfer payments made the largest positive contributions to the Index.

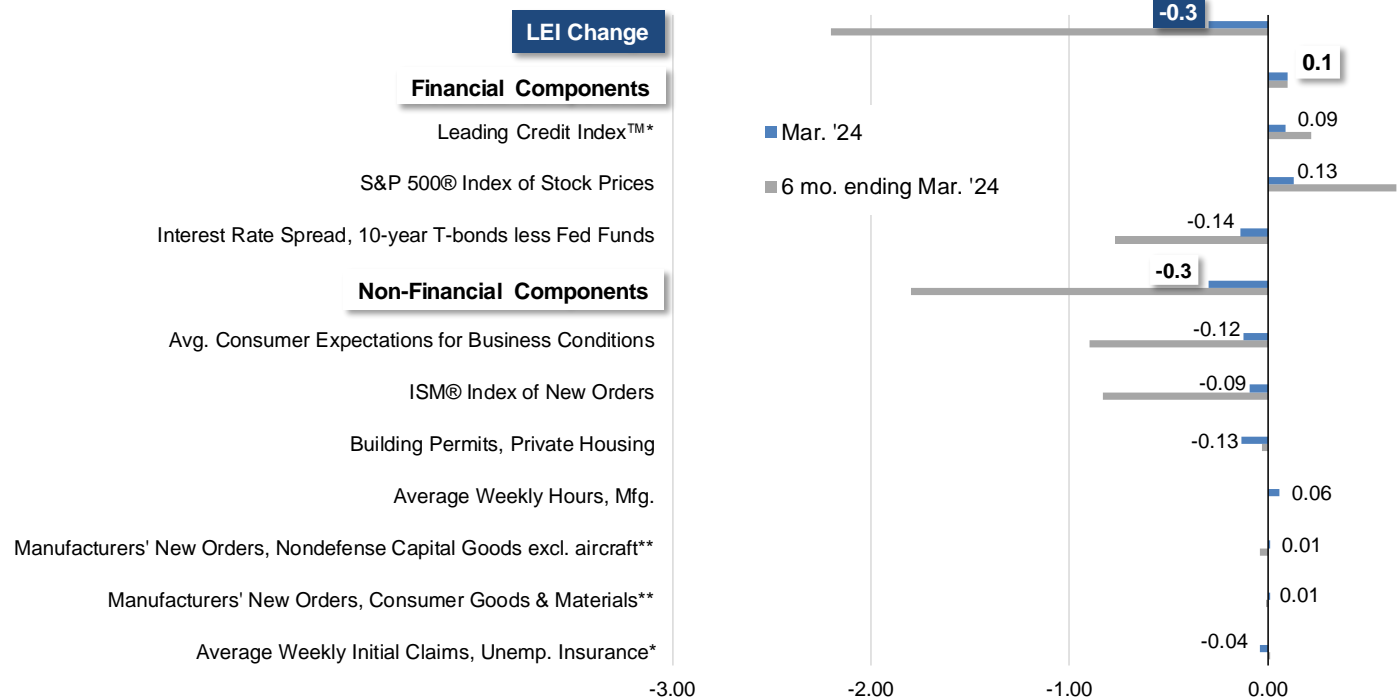
**The Conference Board Lagging Economic Index® (LAG)** for the U.S. was unchanged in March 2024 at 119.0 (2016 = 100), after a 0.3 percent increase in February. The LAG is up by 1.0 percent over the six-month period from September 2023 to March 2024, after recording no growth over the previous six months.

## The LEI's year-over-year growth remains negative, but is on an upward trend



The LEI's decline in March was driven by the negative yield spread and weakness in building permits, consumer sentiment, and new orders

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



Source: The Conference Board

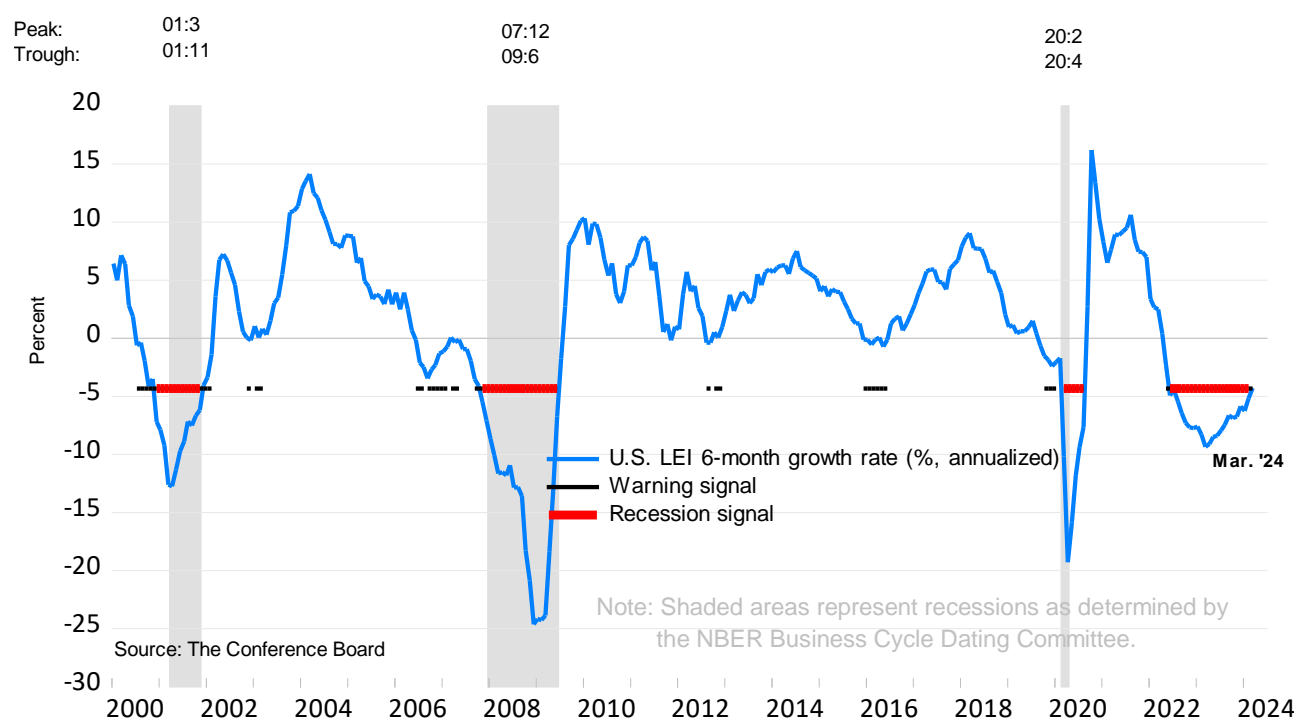
\* Inverted series; a negative change in this component makes a positive contribution.

\*\* Statistical Imputation

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

**Note:** Starting with September 2023 release Leading Credit Index™ calculations (from 2020 to current) use the SOFR Overnight Financing Rate in the USD Swap spread semiannual 2 year instead of LIBOR rate. LIBOR remains in the USD Swap spread semiannual 2 year from 1990 to 2020.

Thanks to an improved six-month growth rate, the LEI did not signal a recession in March



Note: The chart illustrates the so-called 3Ds rule which is a reliable rule of thumb to interpret the **duration, depth, and diffusion** – the **3Ds** – 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 3Ds 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 -4.4 percent. The red dotted line is drawn at the threshold value (measured by the median, -4.4 percent) on the months when both criteria are met simultaneously. Thus, the red dots signal a recession.

Summary Table of Composite Economic Indexes

	2024			6-Month Sep to Mar
	January	February	March	
Leading Index	102.5 <i>r</i>	102.7 <i>r</i>	102.4 <i>p</i>	
Percent Change	-0.5 <i>r</i>	0.2 <i>r</i>	-0.3 <i>p</i>	-2.2
Diffusion	20.0	70.0	50.0	35.0
Coincident Index	111.6 <i>r</i>	111.7 <i>r</i>	112.0 <i>p</i>	
Percent Change	-0.3 <i>r</i>	0.1 <i>r</i>	0.3 <i>p</i>	0.6
Diffusion	50.0	75.0	100.0	75.0
Lagging Index	118.7 <i>r</i>	119.0 <i>r</i>	119.0 <i>p</i>	
Percent Change	0.6 <i>r</i>	0.3 <i>r</i>	0.0 <i>p</i>	1.0
Diffusion	50.0	50.0	28.6	35.7

*p* Preliminary *r* Revised *c* Corrected  
Indexes equal 100 in 2016

Source: The Conference Board

The next release is scheduled for Friday, May 17, 2024, at 10 A.M. ET.

**About *The Conference Board Leading Economic Index*® (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*®** 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® Index of New Orders; Manufacturers’ new orders for nondefense capital goods excluding aircraft orders; Building permits for new private housing units; S&P 500® Index of Stock Prices; Leading Credit Index™; 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/>

**About The Conference Board**

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