News Release

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The Conference Board Leading Economic Index® (LEI) for the U.S. Declined Again in November

Next month's release of the composite economic indexes will incorporate annual benchmark revisions which bring them up-to-date with revisions in the source data. These revisions do not change the cyclical properties of the indexes. The indexes are updated throughout the year, but only for the previous six months. Data revisions that fall outside of the moving six-month window are not incorporated until the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes, in levels and month-on-month changes, will not be directly comparable to those issued prior to the benchmark revision.

For more information, please visit https://www.conference-board.org/topics/business-cycle-indicators/ or contact us at indicators@conference-board.org.

New York, December 22, 2022…**The Conference Board Leading Economic Index®** (LEI) for the U.S. decreased by 1.0 percent in November 2022 to 113.5 (2016=100), following a decline of 0.9 percent in October. The LEI is now down 3.7 percent over the six-month period between May and November 2022—a much steeper rate of decline than its 0.8 percent contraction over the previous six-month period, between November 2021 and May 2022.

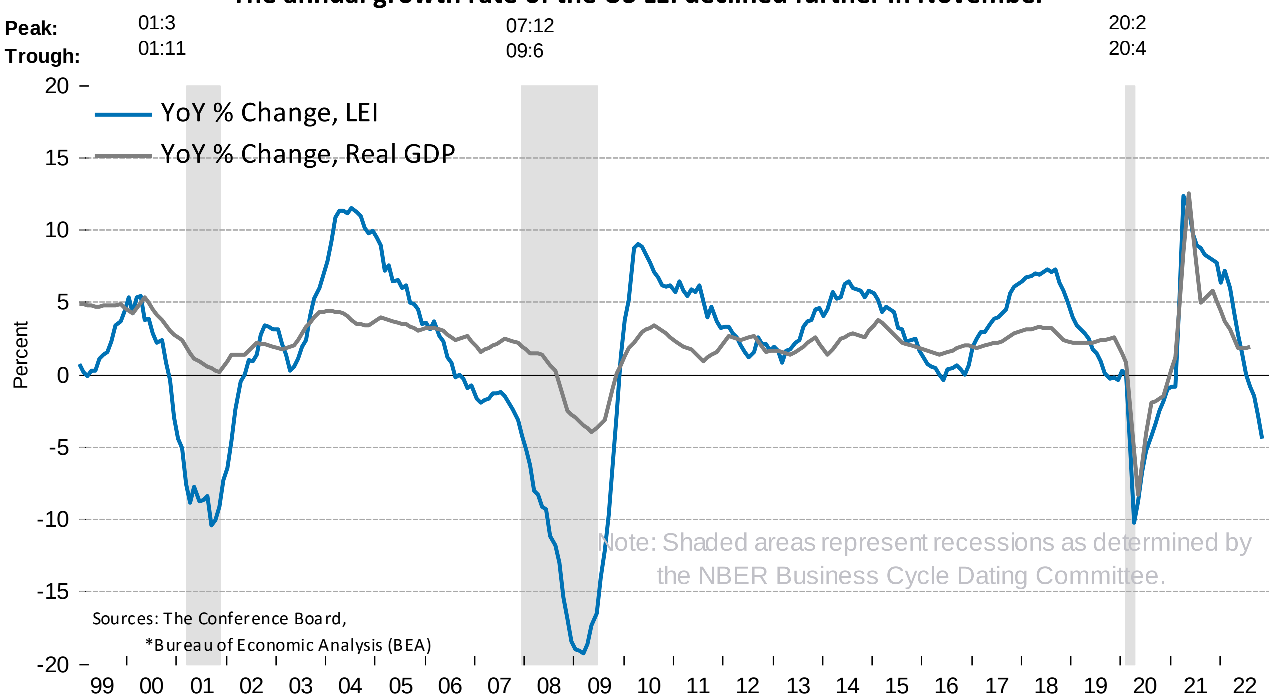
"The US LEI fell sharply in November, continuing the slide it's been on for most of 2022 after peaking in February," said **Ataman Ozyildirim, Senior Director, Economics, at The Conference Board.** "Only stock prices contributed positively to the US LEI in November. Labor market, manufacturing, and housing indicators all weakened—reflecting serious headwinds to economic growth. Interest rate spread and manufacturing new orders components were essentially unchanged in November, confirming a lack of economic growth momentum in the near term."

The Conference Board Coincident Economic Index® (CEI) for the U.S. increased by 0.1 percent in November 2022 to 109.4 (2016=100), after an increase of 0.2 percent in October. The CEI rose by 1.2 percent over the six-month period from May to November 2022, faster than its growth of 0.7 percent over the previous six-month period. CEI components—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. Only the industrial production index contributed negatively to the CEI in November.

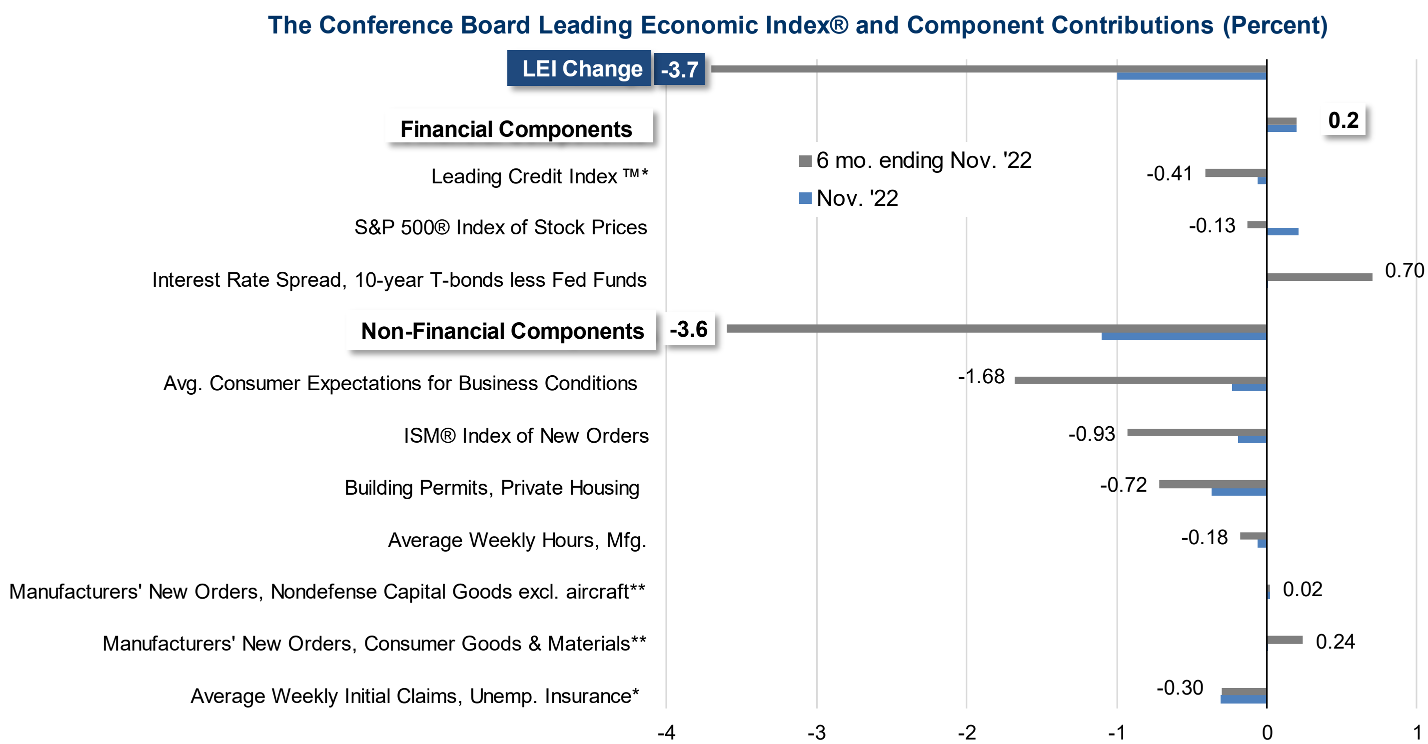
Ozyildirim said: "Despite the current resilience of the labor market—as revealed by the US CEI in November—and consumer confidence improving in December, the US LEI suggests the Federal Reserve's monetary tightening cycle is curtailing aspects of economic activity, especially housing. As a result, we project a US recession is likely to start around the beginning of 2023 and last through mid-year."

The Conference Board Lagging Economic Index® (LAG) for the U.S. increased by 0.2 percent in November 2022 to 116.4 (2016 = 100), following no change in October. The LAG is up 2.7 percent over the six-month period from May to November 2022, slower than its growth of 4.0 percent over the previous six-month period.

The annual growth rate of the US LEI declined further in November

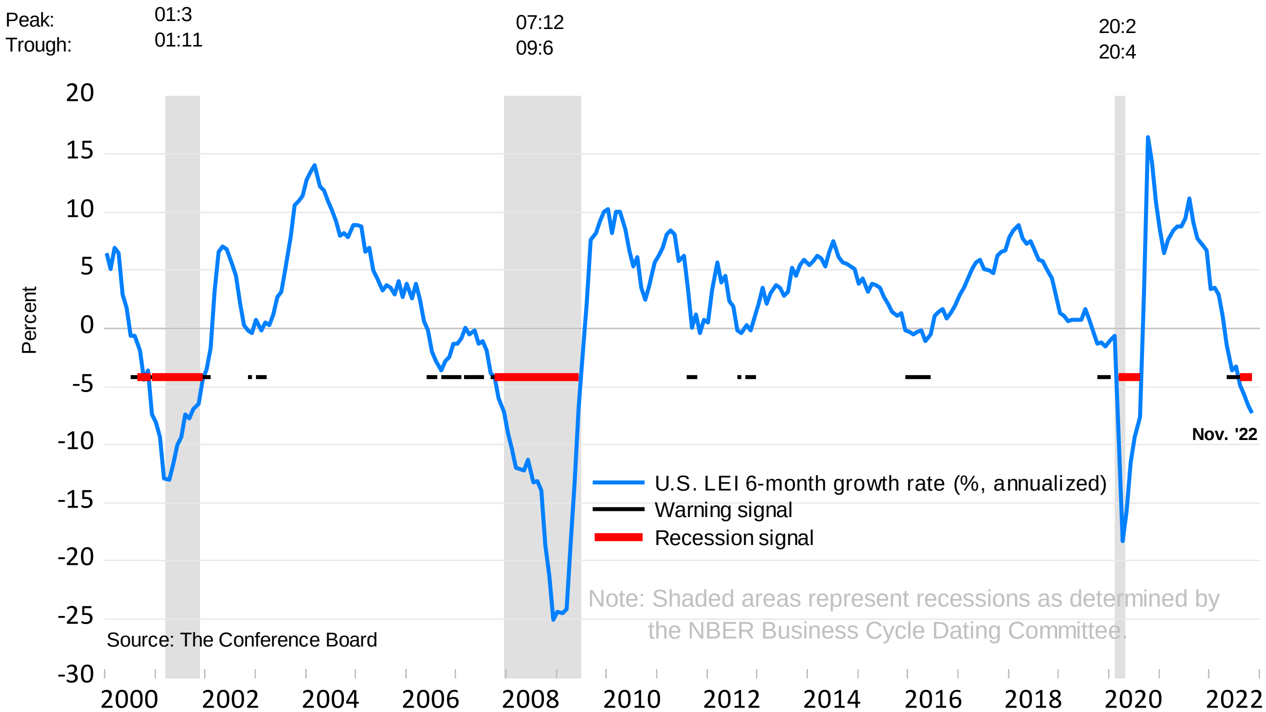


Most components contributed negatively to the US LEI



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 trajectory of the US LEI continues to signal a recession



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 -4.0 percent. The red dotted line is drawn at the threshold value (measured by the median, -4.0 percent) on the months when both criteria are met simultaneously. Thus, the red dots signal a recession.

Summary Table of Composite Economic Indexes

	2022 Sep		2022 Oct		2022 Nov		6-month May to Nov
Leading Index	115.8		114.7	r	113.5	p	
Percent Change	-0.5		-0.9	r	-1.0	p	-3.7
Diffusion	50.0		30.0		40.0		30.0
Coincident Index	109.1		109.3		109.4	p	
Percent Change	0.2	r	0.2		0.1	p	1.2
Diffusion	100.0		75.0		75.0		100.0
Lagging Index	116.2		116.2	r	116.4	p	
Percent Change	0.7	r	0.0	r	0.2	p	2.7
Diffusion	100.0		42.9		50.0		71.4

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

The next release is scheduled for Monday, January 23, 2023, 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/

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