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. Declined Further in January

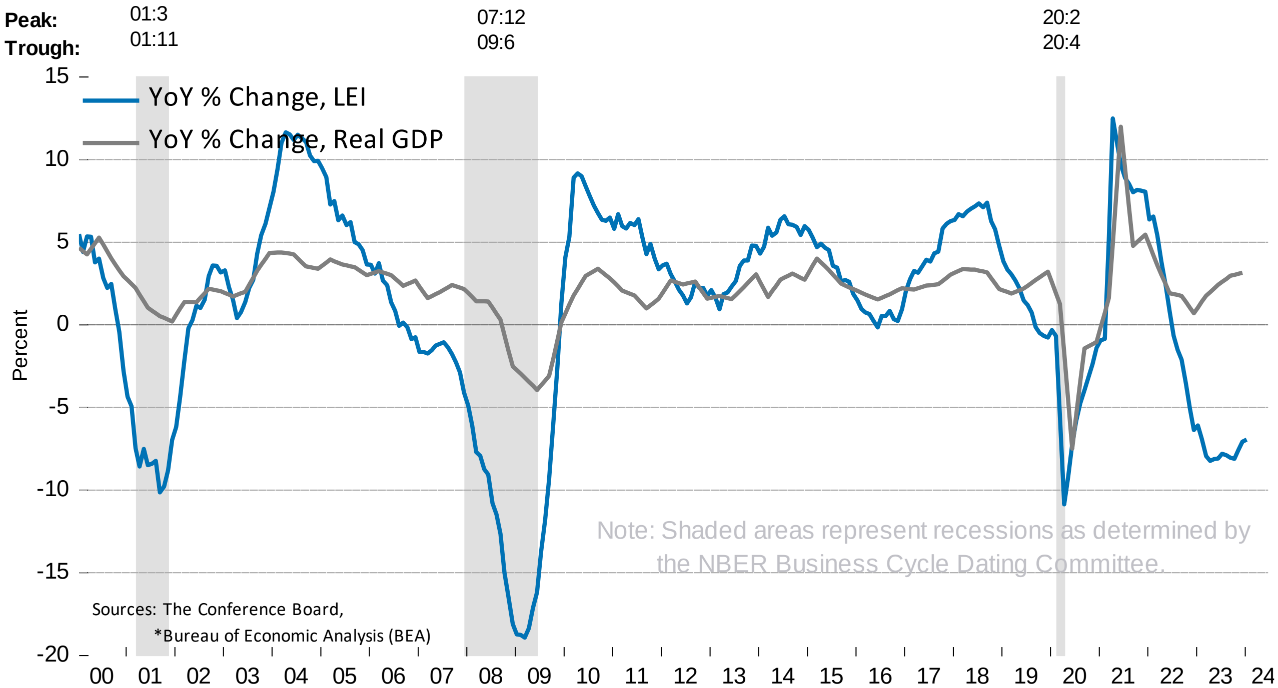
New York, February 20, 2024…**The Conference Board Leading Economic Index®** (LEI) for the U.S. fell by 0.4 percent in January 2024 to 102.7 (2016=100), following a 0.2 percent decline in December 2023. The LEI contracted by 3.0 percent over the six-month period between July 2023 and January 2024, a smaller decrease than the 4.1 percent decline over the previous six months.

"The U.S. LEI fell further in January, as weekly hours worked in manufacturing continued to decline and the yield spread remained negative," said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board.** "While the declining LEI continues to signal headwinds to economic activity, for the first time in the past two years, six out of its ten components were positive contributors over the past six-month period (ending in January 2024). As a result, the leading index currently does not signal recession ahead. While no longer forecasting a recession in 2024, we do expect real GDP growth to slow to near zero percent over Q2 and Q3."

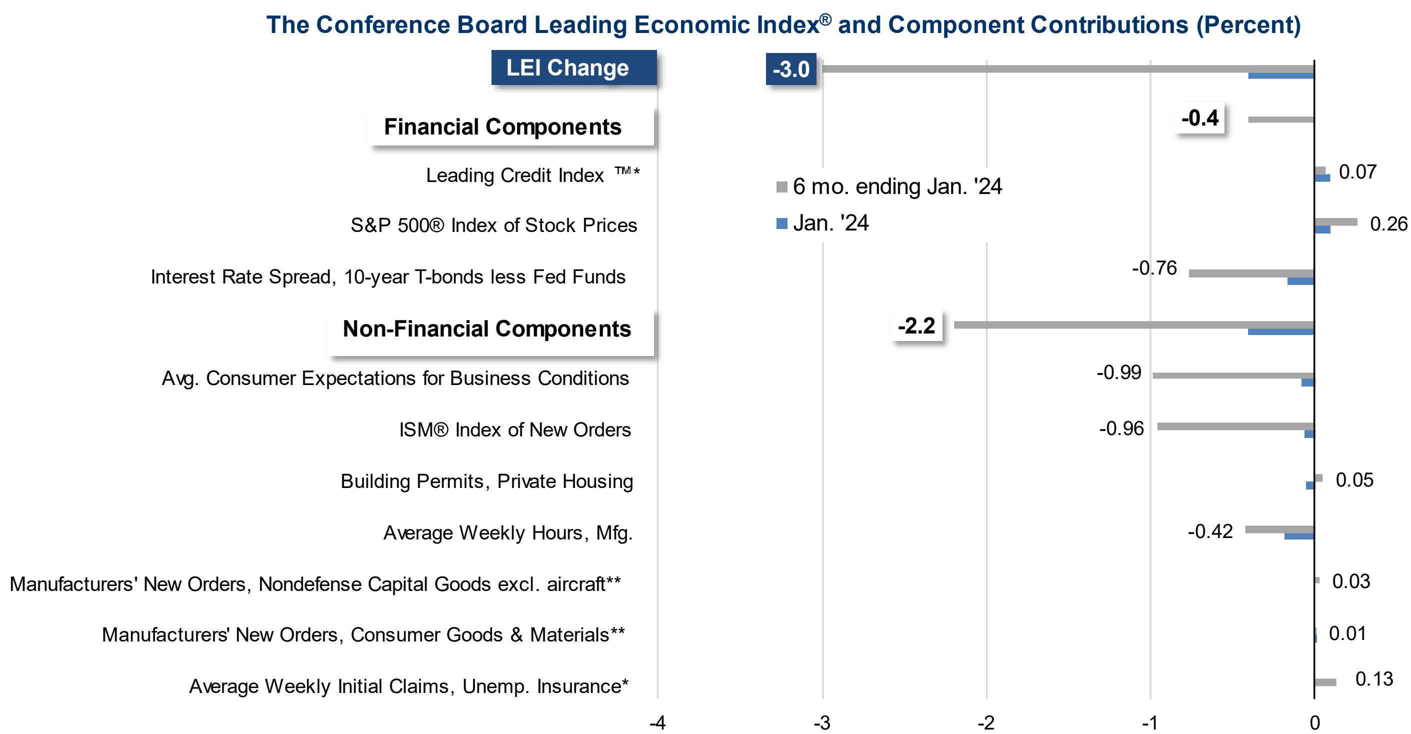
The Conference Board Coincident Economic Index® (CEI) for the U.S. rose by 0.2 percent in January 2024 to 112.1 (2016=100), after a 0.2 percent increase in December 2023. The CEI expanded by 1.0 percent in the six-month period ending January 2024, down from a 0.8 percent growth rate over the previous 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. Three out of four components of the index were positive in January, with payroll employment and personal income less transfer payments having the strongest contributions, followed by a much smaller positive contribution from manufacturing and trade sales.

The Conference Board Lagging Economic Index® (LAG) for the U.S. rose by 0.4 percent in January 2024 to 118.6 (2016 = 100), reversing a decline of 0.4 percent in December 2023. The LAG is up by 0.9 percent over the six-month period from July to January 2024, following a decline of 0.1 percent over the previous six months.

The LEI still declined in January 2024 but at the slowest pace since March 2023



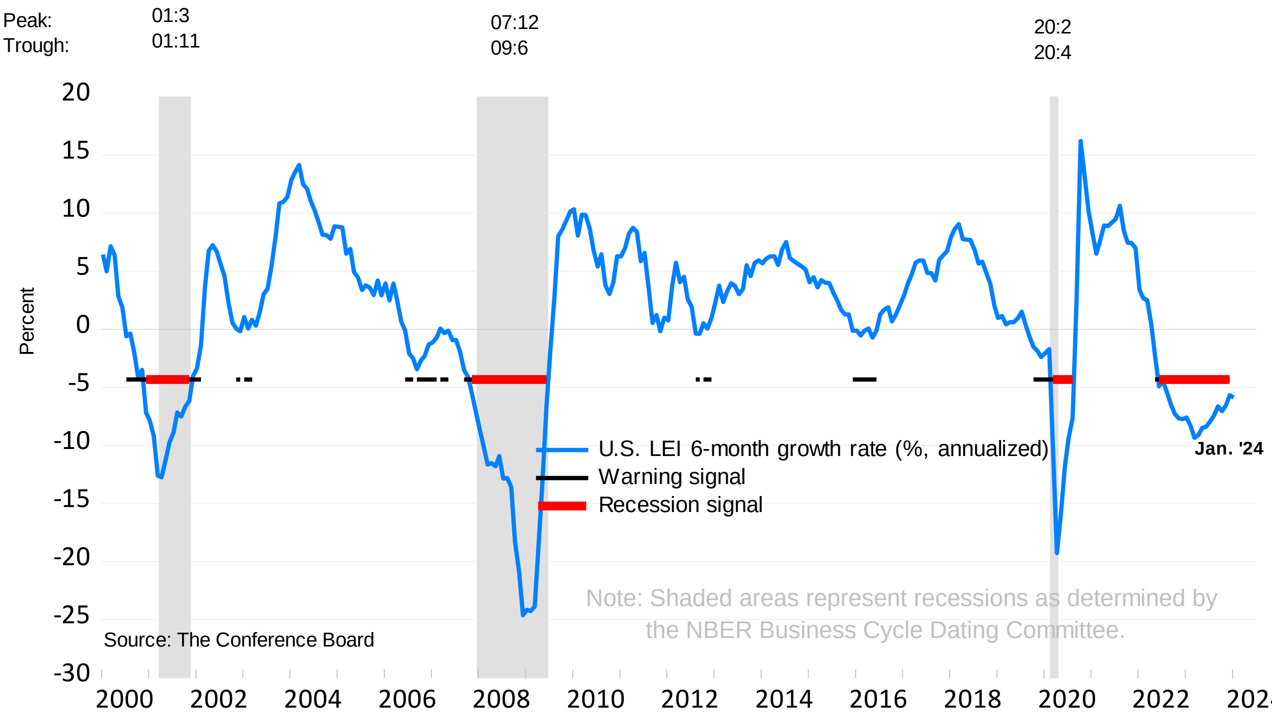
The decline in the January LEI was fueled by a drop in hours worked in manufacturing and the negative yield spread



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.*

The US LEI did not signal recession in January as 6 out of 10 compoments contributed positively



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

	2023 Nov		2023 Dec		2024 Jan		6-month Jul to Jan
Leading Index	103.3	r	103.1		102.7	p	
Percent Change	-0.4	r	-0.2	r	-0.4		-3.0
Diffusion	40.0		60.0		35.0		60.0
Coincident Index	111.7	r	111.9	r	112.1	p	
Percent Change	0.4	r	0.2		0.2		1.0
Diffusion	100.0		87.5		75.0		75.0
Lagging Index	118.6		118.1	r	118.6	p	
Percent Change	0.4	r	-0.4	r	0.4		0.9
Diffusion	64.3		35.7		64.3		28.6

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

The next release is scheduled for Thursday, March 21, 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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