

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. Inched Down in December

This month's release of the composite economic indexes incorporates 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 conference-board.org/topics/business-cycle-indicators/ or email us at indicators@tcb.org.

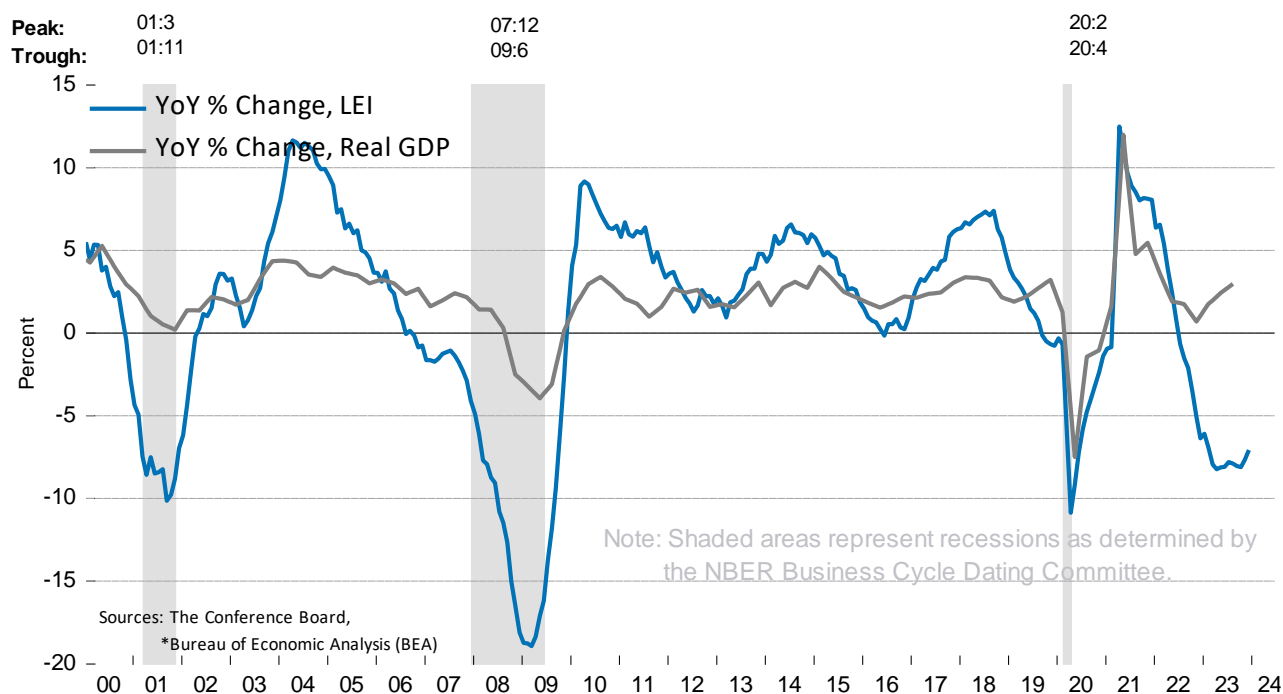
New York, January 22, 2024...The Conference Board Leading Economic Index® (LEI) for the U.S. fell by 0.1 percent in December 2023 to 103.1 (2016=100), following a 0.5 percent decline in November. The LEI contracted by 2.9 percent over the six-month period between June and December 2023, a smaller decrease than its 4.3 percent contraction over the previous six months.

"The US LEI fell slightly in December, continuing to signal underlying weakness in the US economy," said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board**. "Despite the overall decline, six out of ten leading indicators made positive contributions to the LEI in December. Nonetheless, these improvements were more than offset by weak conditions in manufacturing, the high interest-rate environment, and low consumer confidence. As the magnitude of monthly declines has lessened, the LEI's six-month and twelve-month growth rates have turned upward but remain negative, continuing to signal the risk of recession ahead. Overall, we expect GDP growth to turn negative in Q2 and Q3 of 2024 but begin to recover late in the year."

The Conference Board Coincident Economic Index® (CEI) for the U.S. rose by 0.2 percent in December 2023 to 111.7 (2016=100), following a 0.2 percent increase in November. The CEI expanded by 1.1 percent over the second half of 2023, up from its 0.8 percent growth rate over the first half of 2023. 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 were positive in December, with personal income less transfer payments continuing to be the strongest contributor, followed by much smaller positive contributions from the remaining three components.

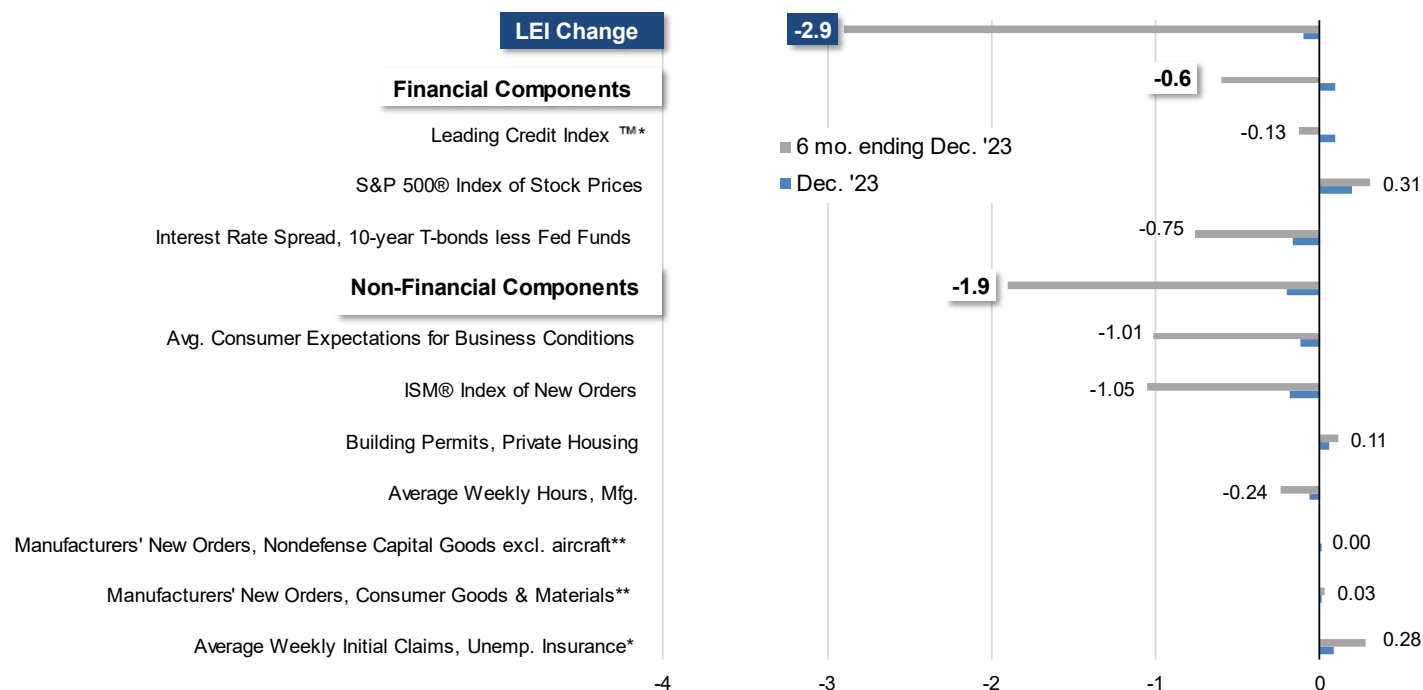
The Conference Board Lagging Economic Index® (LAG) for the U.S. declined by 0.2 percent in December 2023 to 118.4 (2016 = 100), partially reversing an increase of 0.5 percent in November. The LAG is up by 0.6 percent over the six-month period from June to December 2023, following no change over the previous six months.

The annual growth rate of the LEI remains deeply negative



Weakness among a few components more than offset gains elsewhere in December

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



Source: The Conference Board

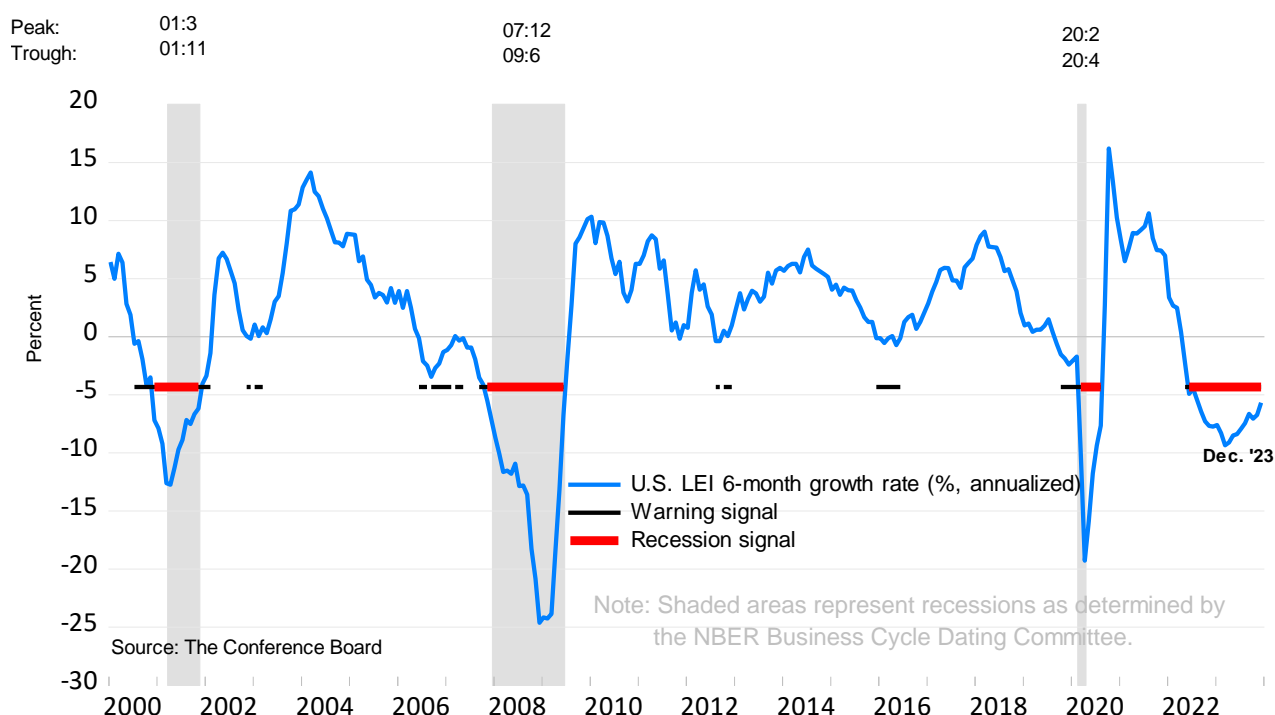
* Inverted series; a negative change in this component makes a positive contribution.

** 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.

Despite a recent upswing in its 6-month growth rate, the US LEI continues to signal recession



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.

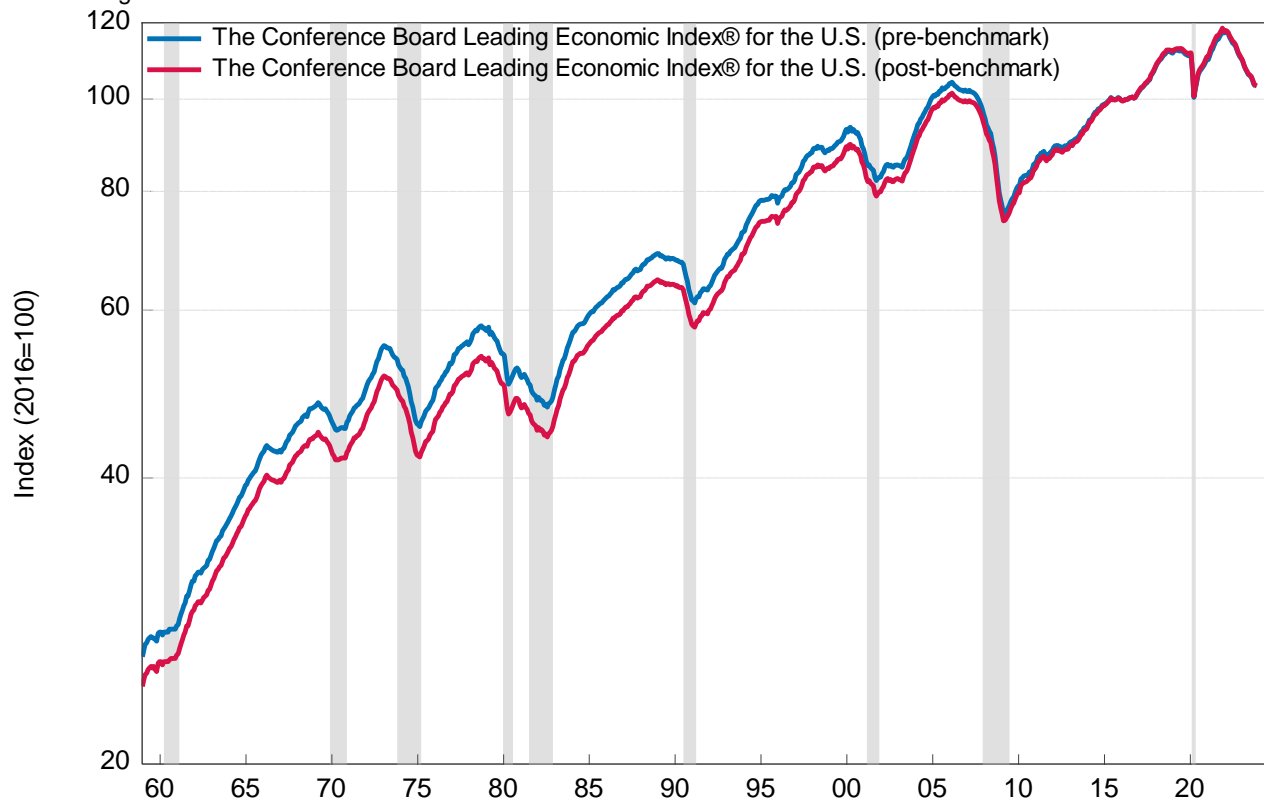
Summary Table of Composite Economic Indexes

	2023			6-month
	Oct	Nov	Dec	Jun to Dec
Leading Index	103.7 r	103.2 r	103.1 p	
Percent Change	-1.0	-0.5	-0.1	-2.9
Diffusion	15.0	40.0	60.0	40.0
Coincident Index	111.3 r	111.5 r	111.7 p	
Percent Change	0.0	0.2	0.2	1.1
Diffusion	50.0	87.5	100.0	100.0
Lagging Index	118.0 r	118.6 r	118.4 p	
Percent Change	0.2 r	0.5	-0.2	0.6
Diffusion	50.0	64.3	35.7	28.6

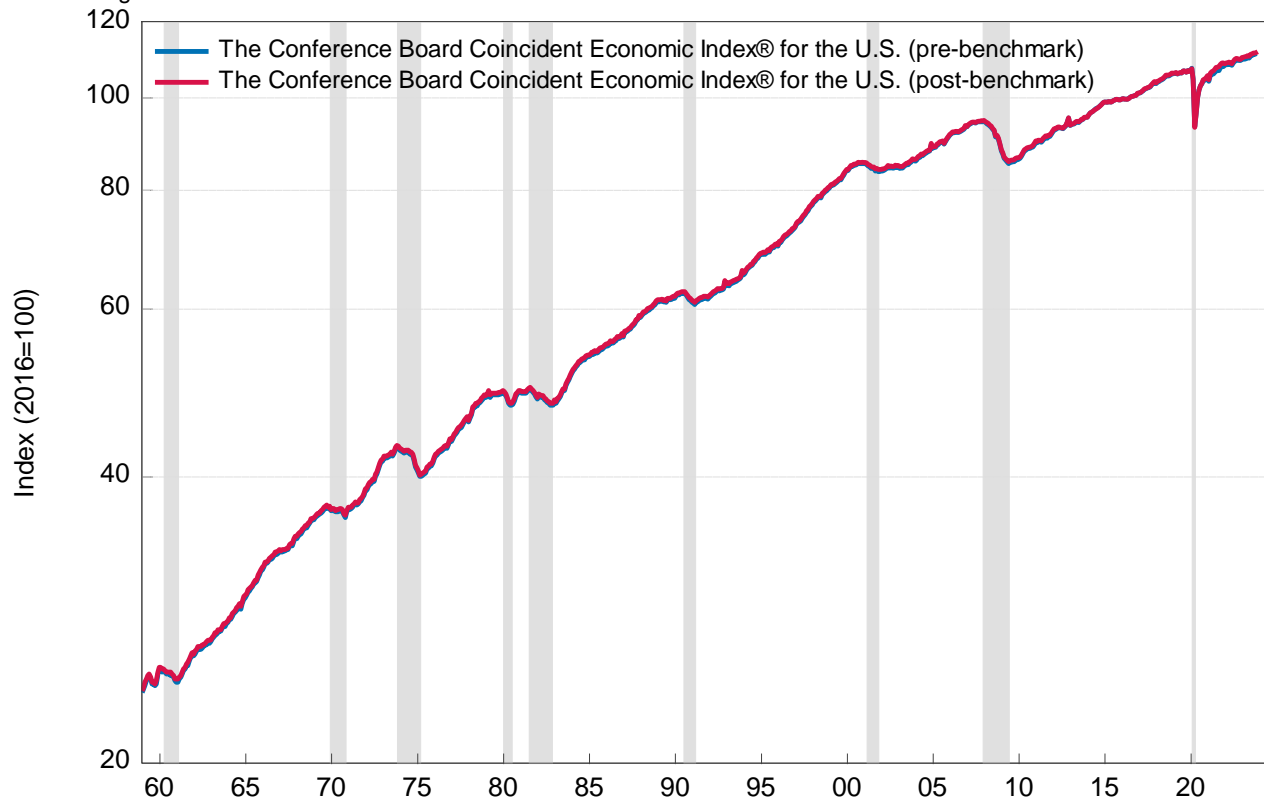
p Preliminary r Revised c Corrected
Indexes equal 100 in 2016
Source: The Conference Board

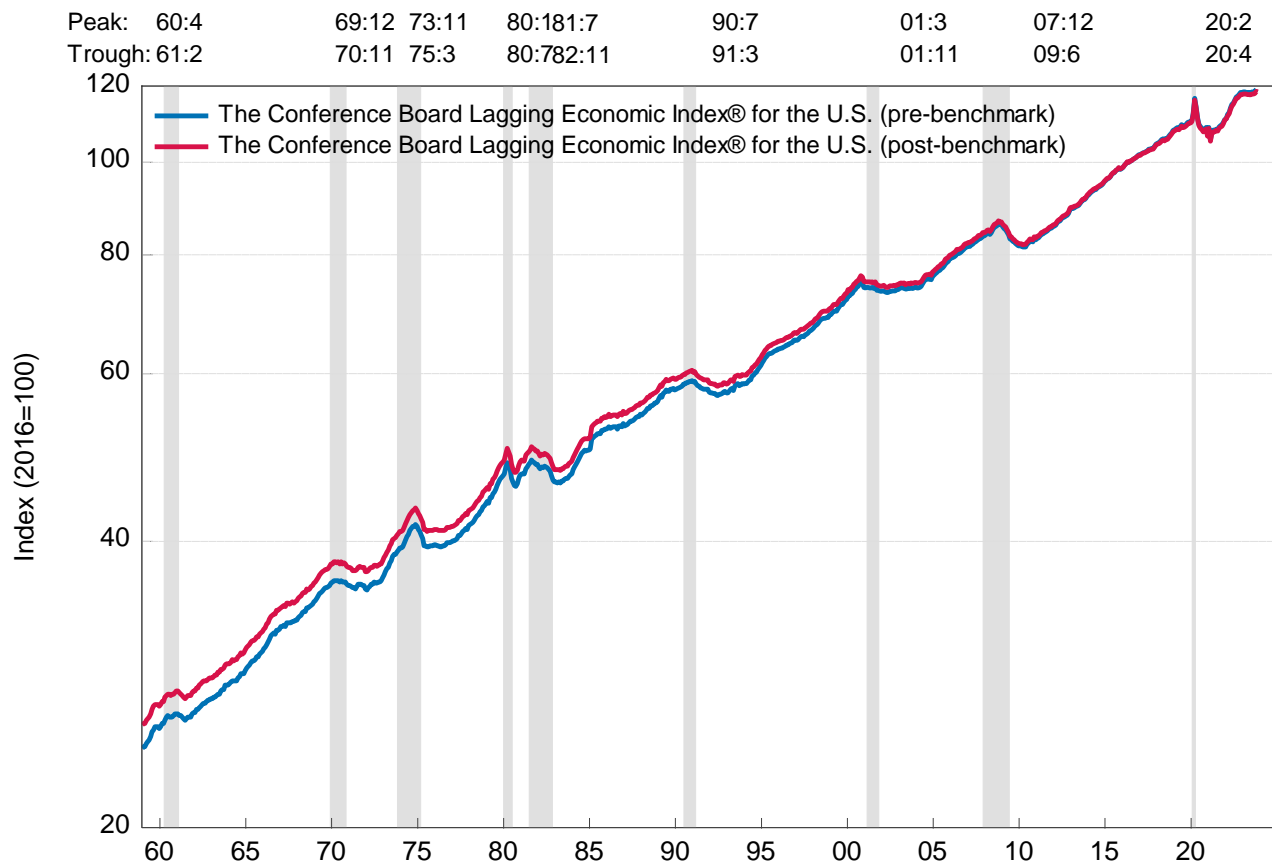
The composite business cycle indexes pre- and post- benchmark revisions: 1959-present

Peak: 60:4 69:12 73:11 80:181:7 90:7 01:3 07:12 20:2
Trough: 61:2 70:11 75:3 80:782:11 91:3 01:11 09:6 20:4



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The next release is scheduled for Tuesday, February 20, 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

The Conference Board is the member-driven think tank that delivers Trusted Insights for What’s Ahead™. Founded in 1916, we are a non-partisan, not-for-profit entity holding 501 (c) (3) tax-exempt status in the United States.

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