

News Release

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Using the Composite Indexes: *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 Again in May

The Conference Board Leading Economic Index® (LEI) for the U.S. decreased by 0.5 percent in May 2024 to 101.2 (2016=100), following a 0.6 percent decline in April. Over the six-month period between November 2023 and May 2024, the LEI fell by 2.0 percent—a smaller decrease than its 3.4 percent contraction over the previous six months.

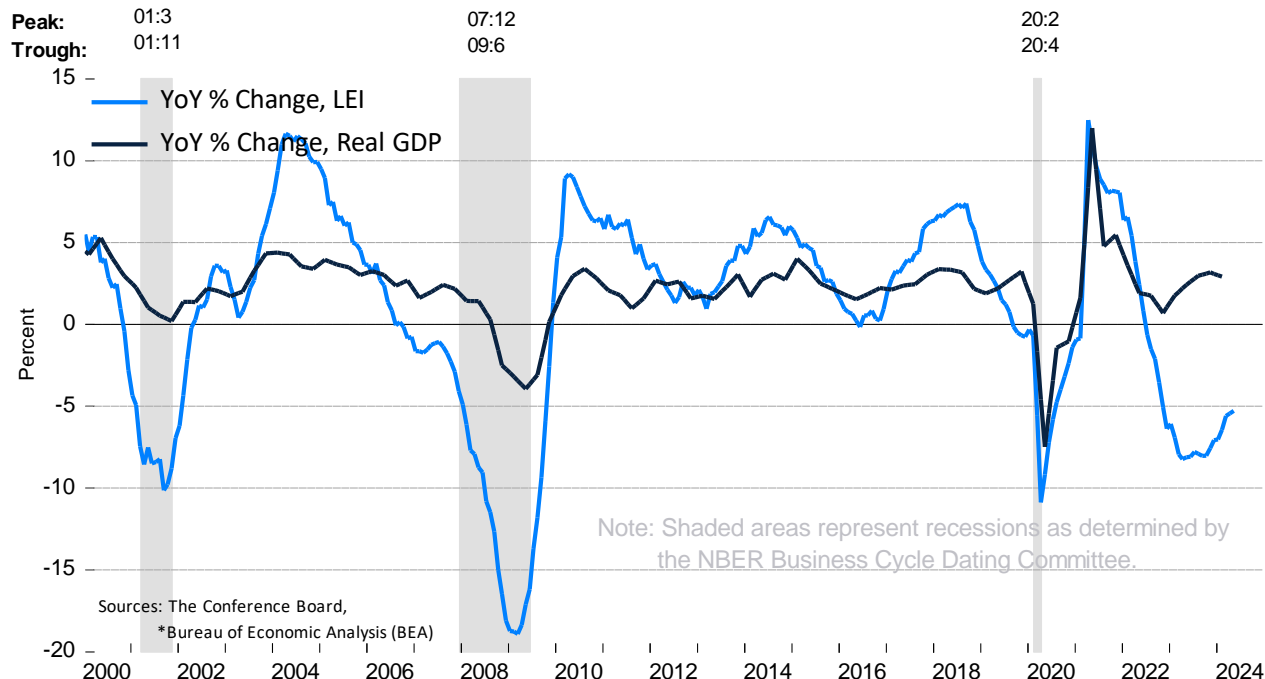
“The U.S. LEI fell again in May, driven primarily by a decline in new orders, weak consumer sentiment about future business conditions, and lower building permits,” said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board**. “While the Index’s six-month growth rate remained firmly negative, the LEI doesn’t currently signal a recession. We project real GDP growth will slow further to under 1 percent (annualized) over Q2 and Q3 2024, as elevated inflation and high interest rates continue to weigh on consumer spending.”

The Conference Board Coincident Economic Index® (CEI) for the U.S. rose by 0.4 percent in May 2024 to 112.4 (2016=100), after increasing by 0.1 percent in April. The CEI grew 0.6 percent over the six-month period ending May 2024, down from its 1.0 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, with industrial production making the largest positive contribution to the Index.

The Conference Board Lagging Economic Index® (LAG) for the U.S. inched down by 0.1 percent in May 2024 to 119.4 (2016=100), after increasing by 0.3 percent in April. As a result, the LAG’s six-month growth rate softened to 0.7 percent between November 2023 and May 2024, down from 0.8 percent over the previous six months.

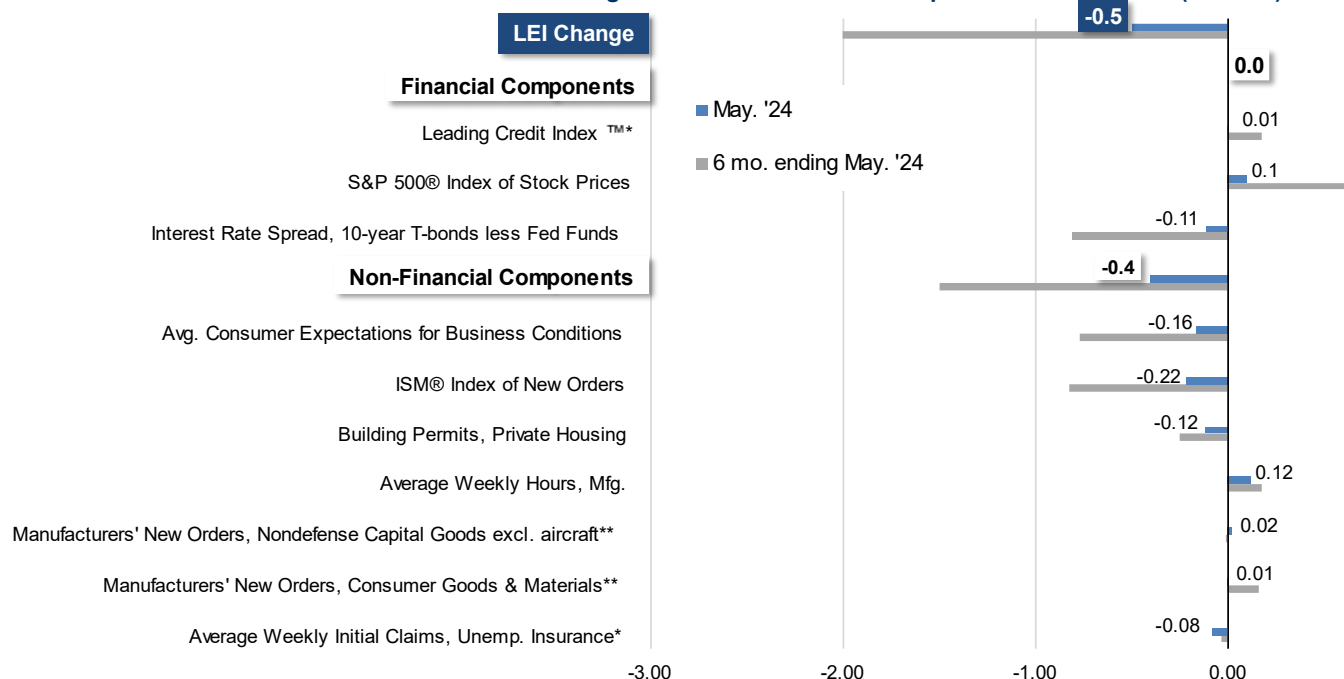
The next release is scheduled for Thursday, July 18, 2024, at 10 A.M. ET.

The LEI's year-over-year growth remained negative but continued trending upward



May's decline in the LEI was led by new orders, consumer sentiment, and building permits

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 the 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 LEI did not signal a recession in May as its six-month growth rate trended less negative



NOTE: The chart illustrates the so-called **3Ds**—**duration**, **depth**, and **diffusion**—for interpreting a downward movement in the LEI. **Duration** refers to how long the decline has lasted. **Depth** denotes the size of decline. Duration and depth are measured by the rate of change of the index over the most recent six months. **Diffusion** is a measure of how widespread the decline is among the LEI's component indicators—on a scale of 0 to 100, a **diffusion index** reading below 50 indicates most components are weakening.

The **3Ds rule** signals an impending recession when: 1) the diffusion index lies below 50, shown by the black warning signal lines in the chart; and 2) the LEI's six-month rate of decline falls below the threshold of -4.4 percent. The **red recession signal lines** indicate months when both criteria are met simultaneously—and thus that a recession is likely imminent or underway.

Summary Table of Composite Economic Indexes

	2024			6-Month
	March	April	May	Nov to May
Leading Index	102.3 <i>r</i>	101.7 <i>r</i>	101.2 <i>p</i>	
Percent Change	-0.3	-0.6	-0.5	-2.0
Diffusion	40.0	25.0	50.0	40.0
Coincident Index	111.9 <i>r</i>	112.0 <i>r</i>	112.4 <i>p</i>	
Percent Change	0.1 <i>r</i>	0.1 <i>r</i>	0.4	0.6
Diffusion	50.0	75.0	100.0	100.0
Lagging Index	119.1 <i>r</i>	119.5 <i>r</i>	119.4 <i>p</i>	
Percent Change	0.1 <i>r</i>	0.3 <i>r</i>	-0.1	0.7
Diffusion	42.9	57.1	35.7	42.9

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

Source: The Conference Board

About The Conference Board *Leading Economic Index*® (LEI) and *Coincident Economic Index*® (CEI) for the U.S.

The composite economic indexes are key elements in an analytic system designed to signal peaks and troughs in the business cycle. Comprised of multiple independent indicators, 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 reflects current economic conditions and is highly correlated with real GDP. The LEI is a predictive tool that anticipates—or “leads”—turning points in the business cycle by around seven months.

The ten components of the ***Leading Economic Index*® for the U.S.** are:

- 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

The four components of the ***Coincident Economic Index*® for the U.S.** are:

- Payroll employment
- Personal income less transfer payments
- Manufacturing and trade sales
- Industrial production

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

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