

News Release

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The Conference Board Leading Economic Index® (LEI) for the U.S. Continued to Decline in February

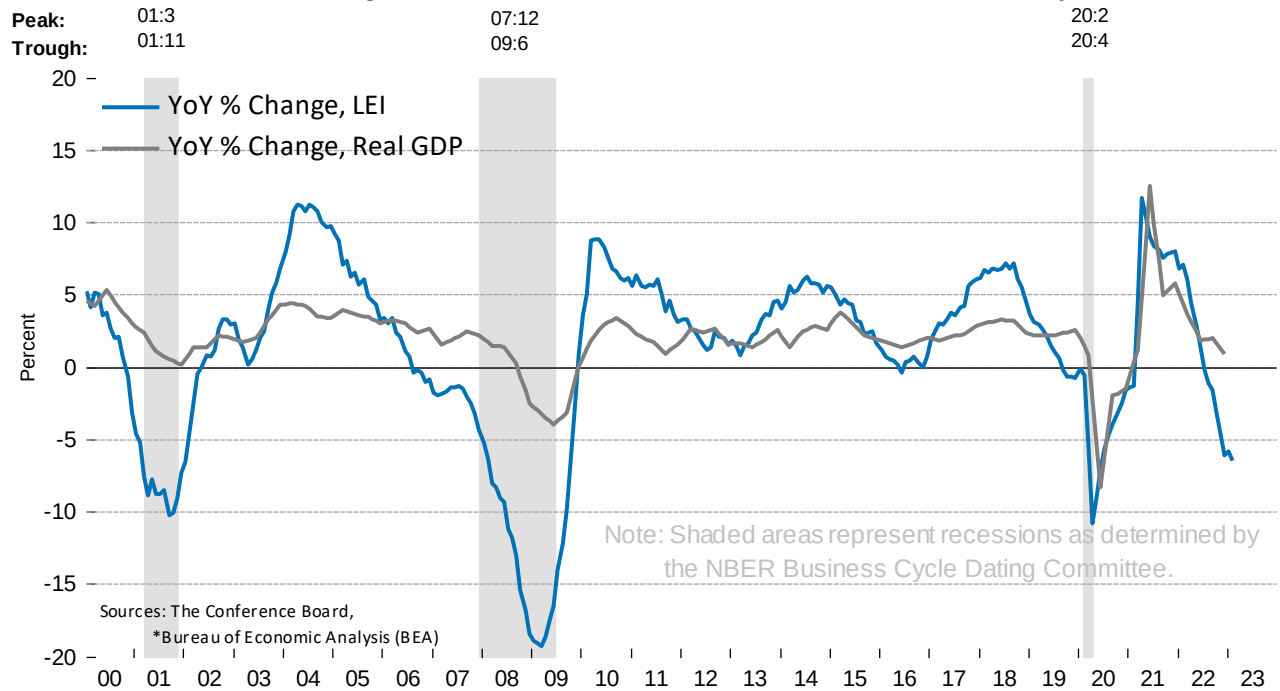
New York, March 17, 2023...The Conference Board Leading Economic Index® (LEI) for the U.S. fell again by 0.3 percent in February 2023 to 110.0 (2016=100), after also declining by 0.3 percent in January. The LEI is down 3.6 percent over the six-month period between August 2022 and February 2023—a steeper rate of decline than its 3.0 percent contraction over the previous six months (February–August 2022).

“The LEI for the US fell again in February, marking its eleventh consecutive monthly decline,” said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board**. “Negative or flat contributions from eight of the index’s ten components more than offset improving stock prices and a better-than-expected reading for residential building permits. While the rate of month-over-month declines in the LEI have moderated in recent months, the leading economic index still points to risk of recession in the US economy. The most recent financial turmoil in the US banking sector is not reflected in the LEI data but could have a negative impact on the outlook if it persists. Overall, The Conference Board forecasts rising interest rates paired with declining consumer spending will most likely push the US economy into recession in the near term.”

The Conference Board Coincident Economic Index® (CEI) for the U.S. increased by 0.1 percent in February 2023 to 109.8 (2016=100), after an increase of 0.2 percent in January. The CEI is now up 0.6 percent over the six-month period between August 2022 and February 2023—slightly lower than 0.7 percent growth it recorded over the previous six months. The CEI’s component indicators—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.

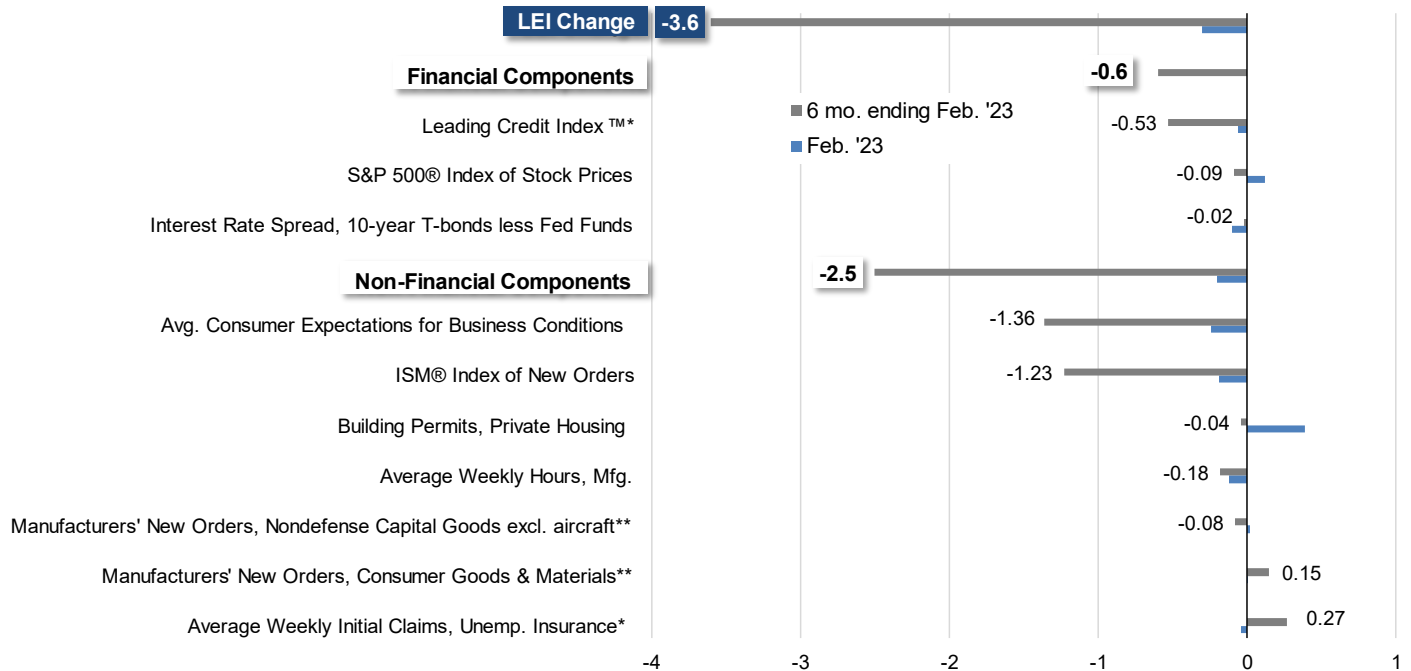
The Conference Board Lagging Economic Index® (LAG) for the U.S. increased by 0.2 percent in February 2023 to 118.5 (2016 = 100), following an increase of 0.1 percent in January. The LAG is up 2.1 percent over the six-month period from August 2022 and February 2023, less than half the growth rate of 4.6 percent over the previous six months.

The annual growth rate of the US LEI continued to decline in February



Negative contributions were widespread among both financial and non-financial components

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



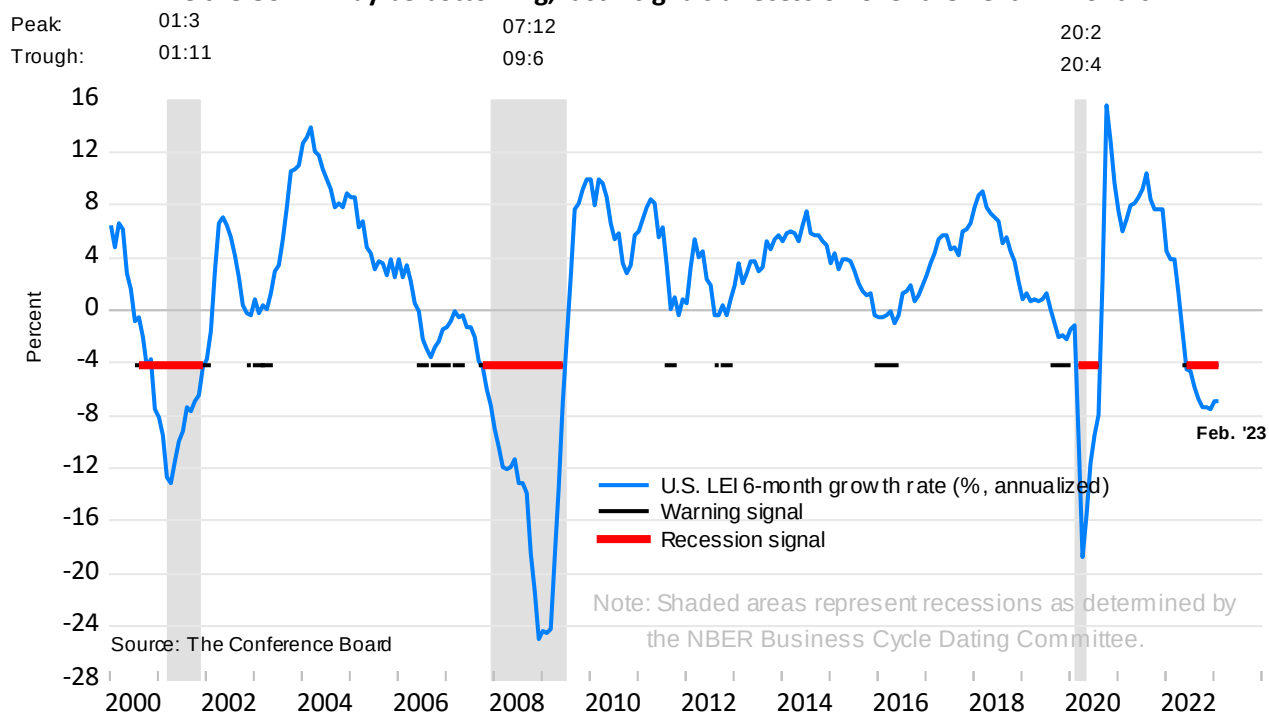
Source: The Conference Board

* 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

While the US LEI may be bottoming, it still signals a recession over the next 12 months



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 -4.2 percent. The red dotted line is drawn at the threshold value (measured by the median, -4.2 percent) on the months when both criteria are met simultaneously. Thus, the red dots signal a recession.

Summary Table of Composite Economic Indexes

	2022	2023		6-month
	Dec	Jan	Feb	Aug to Feb
Leading Index	110.6	110.3	110.0	
Percent Change	-0.8	-0.3	-0.3	-3.6
Diffusion	20.0	60.0	40.0	20.0
Coincident Index	109.5 r	109.7 r	109.8	
Percent Change	0.2 r	0.2	0.1	0.6
Diffusion	75.0	87.5	75.0	75.0
Lagging Index	118.2 r	118.3 r	118.5	
Percent Change	0.4 r	0.1 r	0.2	2.1
Diffusion	42.9	35.7	57.1	71.4

p Preliminary r Revised c Corrected

Indexes equal 100 in 2016

Source: The Conference Board

The next release is scheduled for Thursday, April 20, 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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