

News Release

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About the Leading Economic Index and the Coincident Economic Index:

The Leading Economic Index 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 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. Declines Again in April

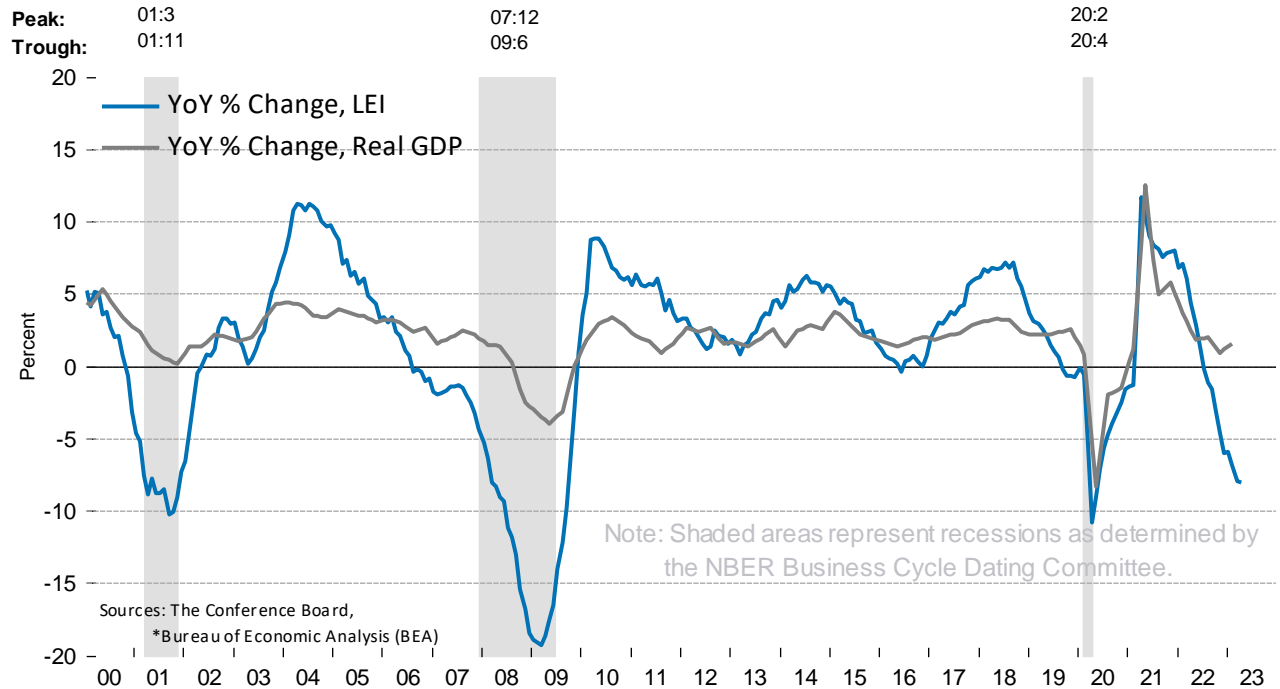
New York, May 18, 2023...The Conference Board Leading Economic Index® (LEI) for the U.S. declined 0.6 percent in April 2023 to 107.5 (2016=100), following a decline of 1.2 percent in March. The LEI is down 4.4 percent over the six-month period between October 2022 and April 2023—a steeper rate of decline than its 3.8 percent contraction over the previous six months (April–October 2022).

“The LEI for the US declined for the thirteenth consecutive month in April, signaling a worsening economic outlook,” said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board.** “Weaknesses among underlying components were widespread—but less so than in March’s reading, which resulted in a smaller decline. Only stock prices and manufacturers’ new orders for both capital and consumer goods improved in April. Importantly, the LEI continues to warn of an economic downturn this year. The Conference Board forecasts a contraction of economic activity starting in Q2 leading to a mild recession by mid-2023.”

The Conference Board Coincident Economic Index® (CEI) for the U.S. increased by 0.3 percent in April 2023 to 110.2 (2016=100), after rising by 0.2 percent in March. The CEI is now up 0.7 percent over the six-month period between October 2022 and April 2023—down from the 0.9 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. While recent trends in manufacturing activity and industrial production have been weak, employment and income growth remain positive.

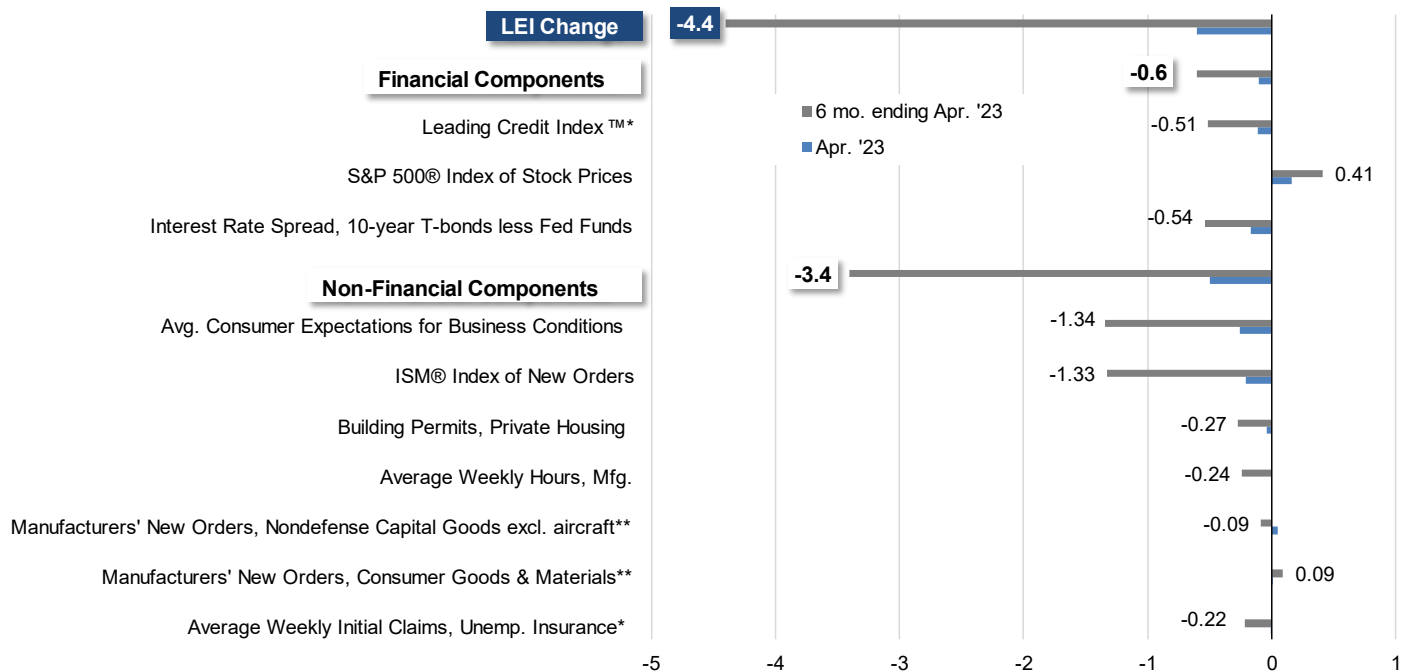
The Conference Board Lagging Economic Index® (LAG) for the U.S. decreased by 0.1 percent in April 2023 to 118.3 (2016 = 100), after remaining unchanged in March. The LAG is up 0.9 percent over the six-month period from October 2022 and April 2023, down significantly from its growth rate of 4.0 percent over the previous six months.

The annual growth rate of the US LEI continued to decline signaling weak GDP growth ahead



Most components contributed negatively to the LEI

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



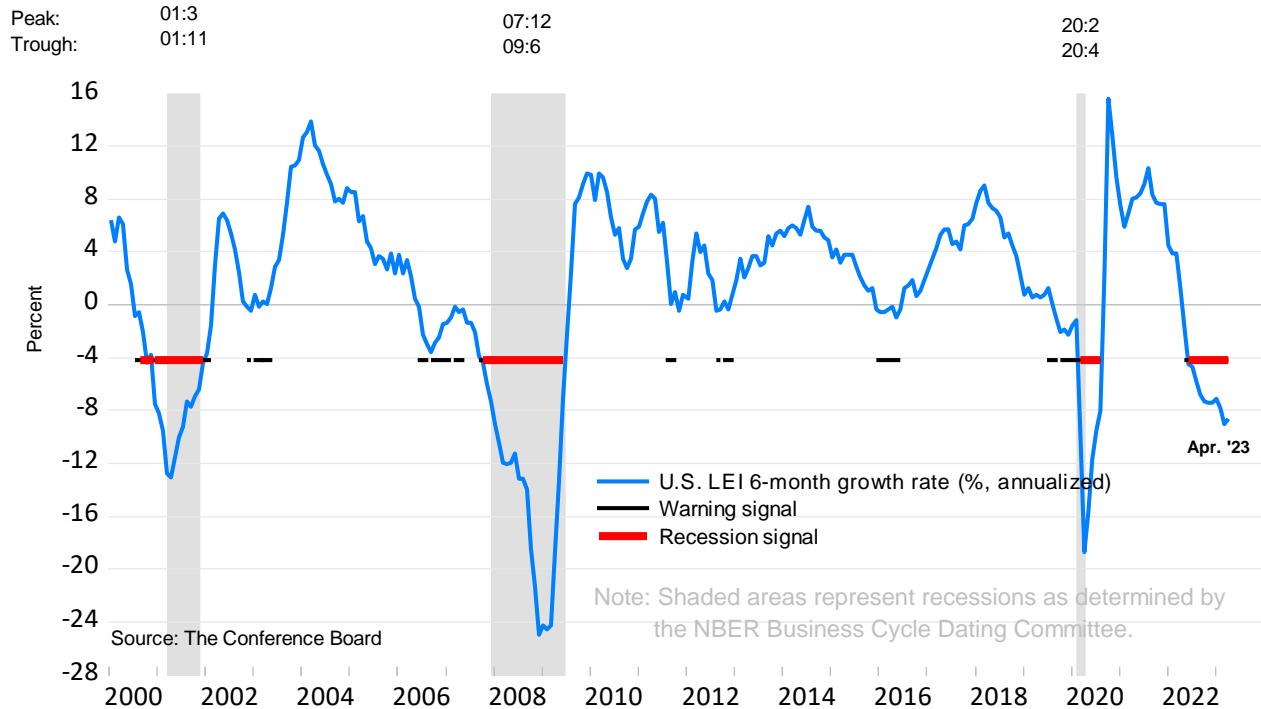
Source: The Conference Board

* 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

The US LEI still signals 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

	2023			6-month
	Feb	Mar	Apr	Oct to Apr
Leading Index	109.5	r 108.2	r 107.5	
Percent Change	-0.6	r -1.2	-0.6	-4.4
Diffusion	30.0	10.0	35.0	20.0
Coincident Index	109.7	r 109.9	r 110.2	
Percent Change	0.0	r 0.2	0.3	0.7
Diffusion	50.0	87.5	100.0	75.0
Lagging Index	118.4	r 118.4	r 118.3	
Percent Change	0.1	r 0.0	r -0.1	0.9
Diffusion	50.0	50.0	35.7	42.9

p Preliminary r Revised c Corrected

Indexes equal 100 in 2016

Source: The Conference Board

The next release is scheduled for Thursday, June 22, 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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