

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 October

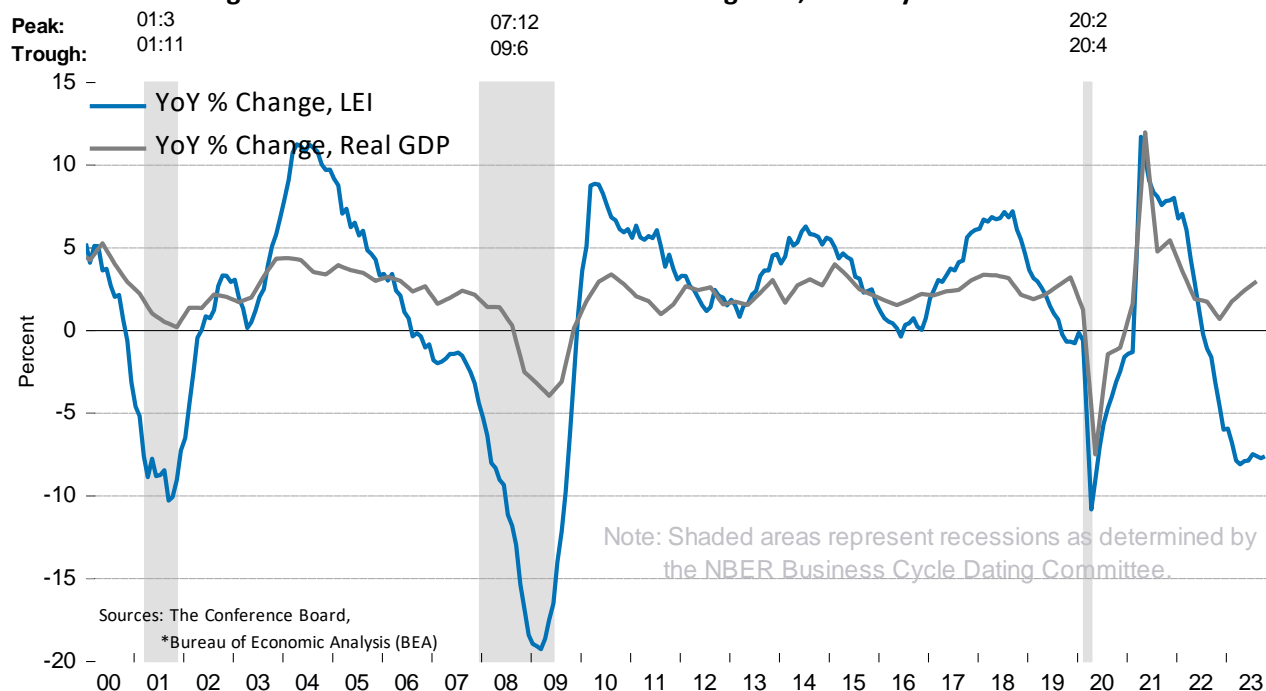
New York, November 20, 2023...The Conference Board Leading Economic Index® (LEI) for the U.S. fell by 0.8 percent in October 2023 to 103.9 (2016=100), following a decline of 0.7 percent in September. The LEI contracted by 3.3 percent over the six-month period between April and October 2023, a smaller decrease than its 4.5 percent contraction over the previous six months (October 2022 to April 2023).

“The US LEI trajectory remained negative, and its six- and twelve-month growth rates also held in negative territory in October,” said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board.** “Among the leading indicators, deteriorating consumers’ expectations for business conditions, lower ISM® Index of New Orders, falling equities, and tighter credit conditions drove the index’s most recent decline. After a pause in September, the LEI resumed signaling recession in the near term. The Conference Board expects elevated inflation, high interest rates, and contracting consumer spending—due to depleting pandemic saving and mandatory student loan repayments—to tip the US economy into a very short recession. We forecast that real GDP will expand by just 0.8 percent in 2024.”

The Conference Board Coincident Economic Index® (CEI) for the U.S. was unchanged in October 2023 at 110.8 (2016=100), but the index is below its September’s level after a downward revision. The CEI is now up 0.9 percent over the six-month period between April and October 2023, compared to 0.4 percent growth 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 advanced in October, with personal income less transfer payments being the strongest contributor, followed by manufacturing and trade sales and employees on nonagricultural payroll. Industrial production was the only negative contributor in the month.

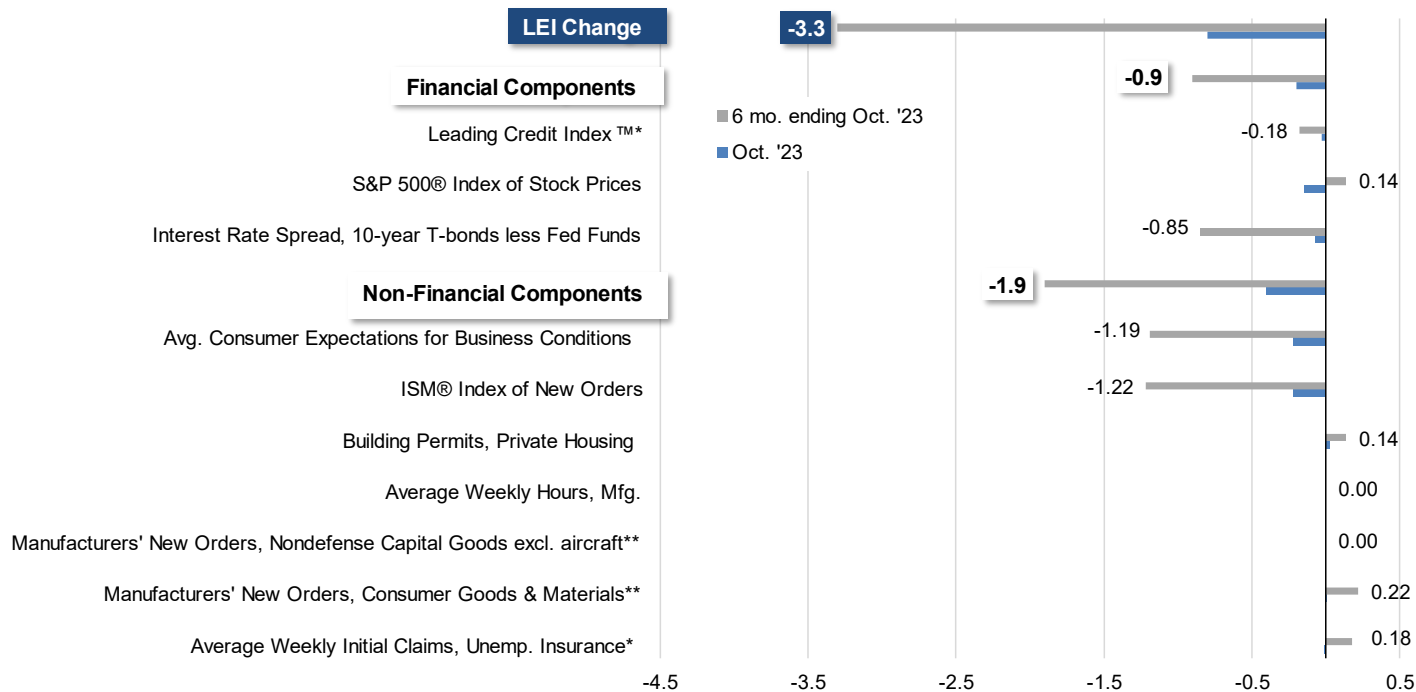
The Conference Board Lagging Economic Index® (LAG) for the U.S. improved by 0.1 percent in October 2023 to 118.6 (2016 = 100), following the same rate of increase as in September. The LAG is up slightly by 0.3 percent over the six-month period from April to October 2023, down three-fold from its 0.9 percent growth over the previous six months.

The annual growth rate of the LEI continues to be negative, but may have reached a bottom



Most components contributed negatively to the LEI in October

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



Source: The Conference Board

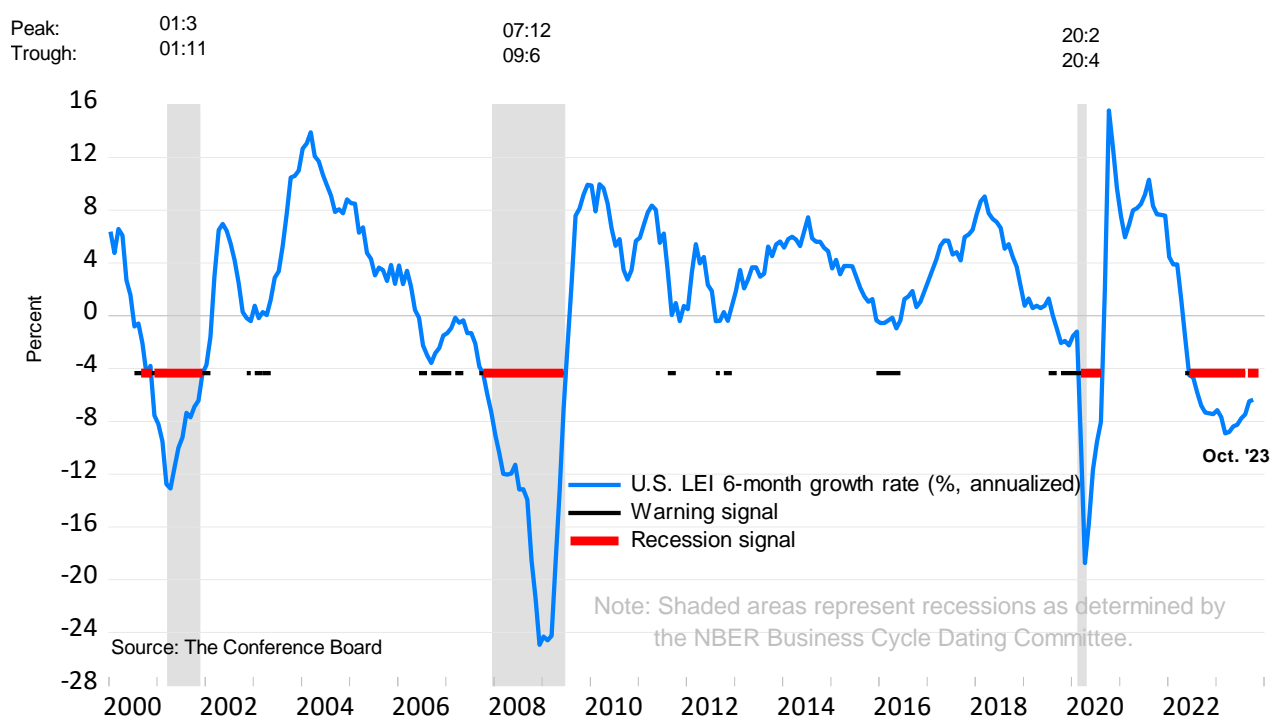
* Inverted series; a negative change in this component makes a positive contribution.

** 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.

After a pause in September, the LEI resumed signaling recession in October



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 -4.4 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		2023		6-month
	Aug	Sep	Oct	Apr to	Oct
Leading Index	105.4 r	104.7 r	103.9 p		
Percent Change	-0.4 r	-0.7	-0.8		-3.3
Diffusion	40.0	20.0	30.0		45.0
Coincident Index	110.6	110.8 r	110.8 p		
Percent Change	0.1	0.2 r	0.0		0.9
Diffusion	87.5	100.0	75.0		75.0
Lagging Index	118.4 r	118.5	118.6 p		
Percent Change	0.2 r	0.1 r	0.1		0.3
Diffusion	42.9	50.0	57.1		14.3

p Preliminary r Revised c Corrected

Indexes equal 100 in 2016

Source: The Conference Board

The next release is scheduled for Thursday, December 21, 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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