THE CONFERENCE BOARD

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. Continues to Fall in September

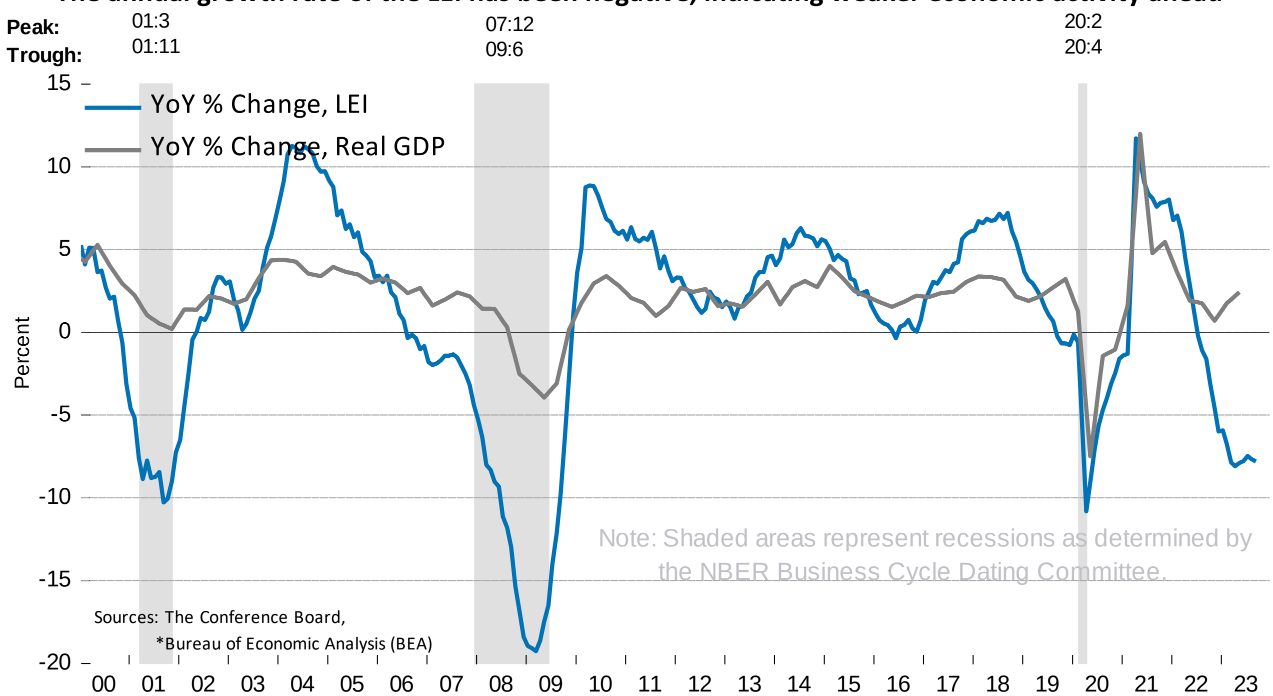
New York, October 19, 2023…**The Conference Board Leading Economic Index®** (LEI) for the U.S. declined by 0.7 percent in September 2023 to 104.6 (2016=100), following a decline of 0.5 percent in August. The LEI is down 3.4 percent over the six-month period between March and September 2023, an improvement from its 4.6 percent contraction over the previous six months (September 2022 to March 2023).

"The LEI for the US fell again in September, marking a year and a half of consecutive monthly declines since April 2022," said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board.** "In September, negative or flat contributions from nine of the index's ten components more than offset fewer initial claims for unemployment insurance. Although the six-month growth rate in the LEI is somewhat less negative, and the recession signal did not sound, it still signals risk of economic weakness ahead. So far, the US economy has shown considerable resilience despite pressures from rising interest rates and high inflation. Nonetheless, The Conference Board forecasts that this trend will not be sustained for much longer, and a shallow recession is likely in the first half of 2024."

The Conference Board Coincident Economic Index® (CEI) for the U.S. increased by 0.3 percent in September 2023 to 110.9 (2016=100), after a 0.1 percent increase in August. The CEI is now up 1.1 percent over the six-month period between March and September 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 trade and sales, and industrial production—are included among the data used to determine recessions in the US. All four components of the index advanced in September, with personal income less transfer payments and employees on nonagricultural payrolls being the strongest contributors, followed by industrial production, and manufacturing and trade sales. Over the past six months, the CEI has improved, confirming that current economic activity remains positive.

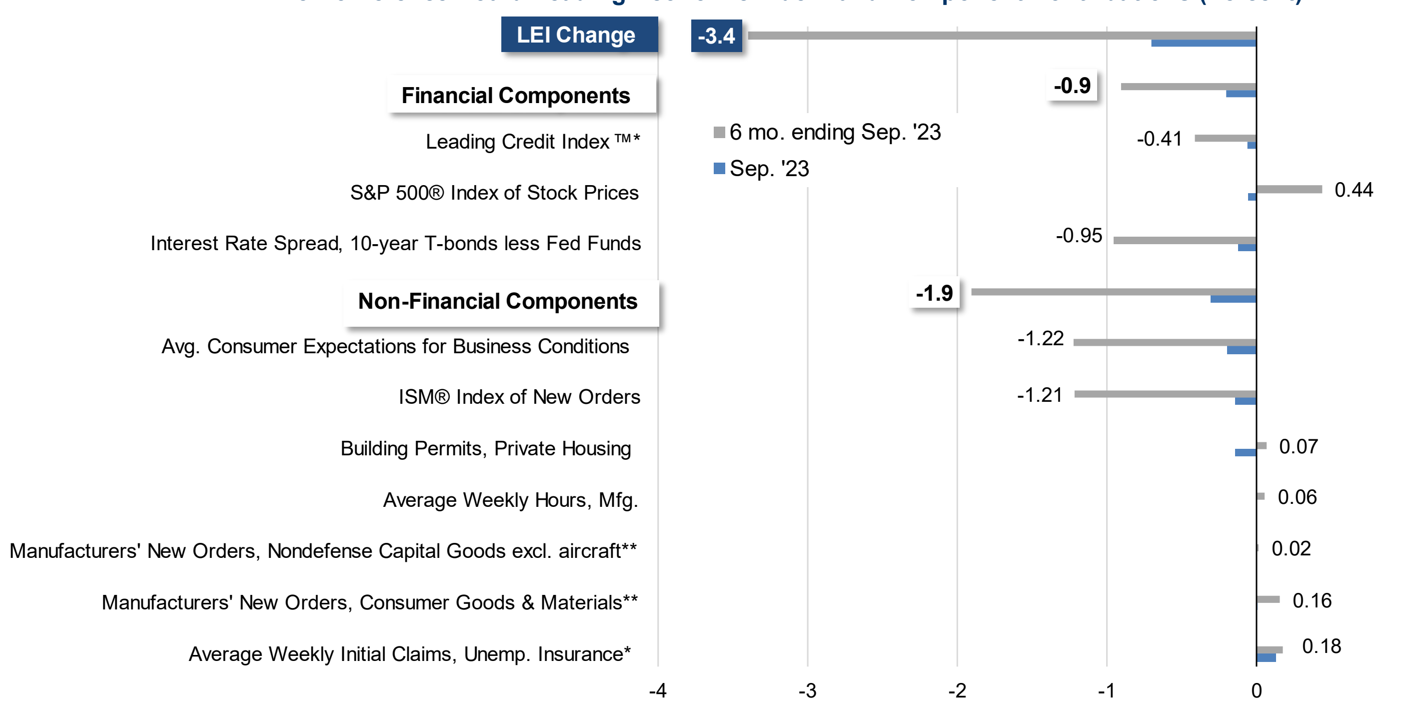
The Conference Board Lagging Economic Index® (LAG) for the U.S. improved by 0.2 percent in September 2023 to 118.5 (2016 = 100), but it remains unchanged from last month due to revisions to underlying data, which downwardly revised headline readings for June, July, and August. The LAG is up slightly by 0.1 percent over the six-month period from March to September 2023, down substantially from its 1.2 percent growth over the previous six months.

The annual growth rate of the LEI has been negative, indicating weaker economic activity ahead



Fewer jobless claims was the only postive contributor to the LEI in September

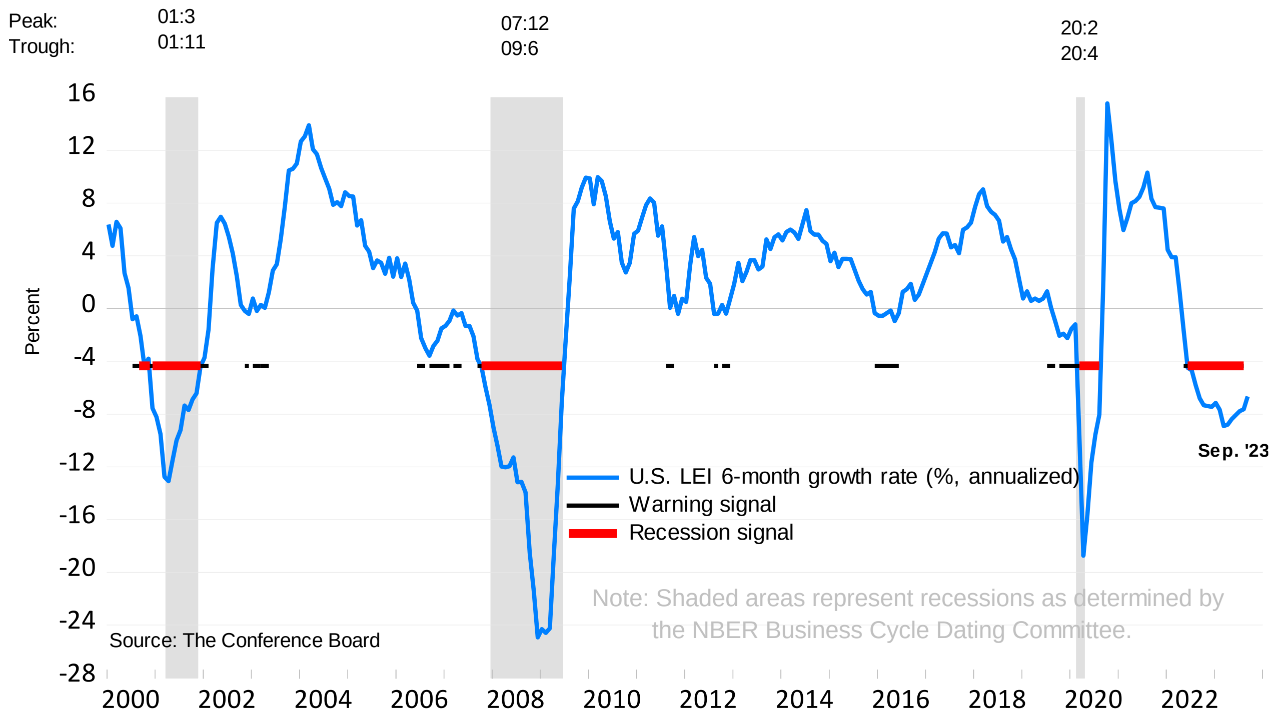
The Conference Board Leading Economic Index® and Component Contributions (Percent)



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.*

While the six-month growth rate of the LEI did not signal recession in September, it still suggests weakness ahead



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 Jul		2023 Aug		2023 Sep		6-month Mar to Sep
Leading Index	105.8		105.3	r	104.6	p	
Percent Change	-0.3		-0.5	r	-0.7		-3.4
Diffusion	50.0		35.0		30.0		60.0
Coincident Index	110.5	r	110.6		110.9	p	
Percent Change	0.5	r	0.1	r	0.3		1.1
Diffusion	100.0		87.5		100.0		100.0
Lagging Index	118.2	r	118.3	r	118.5	p	
Percent Change	-0.1	r	0.1	r	0.2		0.1
Diffusion	28.6		42.9		64.3		14.3

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

The next release is scheduled for Monday, November 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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