

## News Release

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For Release 10:00 AM ET, February 1, 2023

### **The Conference Board Leading Economic Index® (LEI) Update**

**NOTE:** The Conference Board Leading Economic Index® (LEI) and related composite economic indexes for the U.S. have been revised to account for the latest underlying data and for a technical error.

With the February 1, 2023, release, The Conference Board revised the LEI to bring it fully up to date using all currently available data. For the LEI, the updated components are Initial Claims for Unemployment Insurance (UI Claims), the ISM® New Orders Index, New Orders for Nondefense Capital Goods Excluding Aircraft, and Average Consumer Expectations for Business Conditions.

Additionally, the seasonal adjustment calculation for one LEI component, UI Claims, has been changed for the period from January 2017 to December 2022.

For **The Conference Board Coincident Economic Index® (CEI)**, we incorporated the most recent data updates for Personal Income less transfer payments, and Manufacturing and Trade Sales.

For **The Conference Board Lagging Economic Index® (LAG)**, we incorporated the most recent data updates for the Ratio of Manufacturing & Trade Inventories to Sales, Commercial and Industrial Loans Outstanding, and Change in Manufacturing Labor Cost per Unit Output.

As a result of the data revisions and UI Claims calculation change, the index levels and month-on-month changes have been restated. However, the cyclical properties (e.g., turning points and trends) of the indexes are generally unchanged.

For more information, visit <http://www.conference-board.org/data/bci.cfm> or contact us at [indicators@conference-board.org](mailto:indicators@conference-board.org)

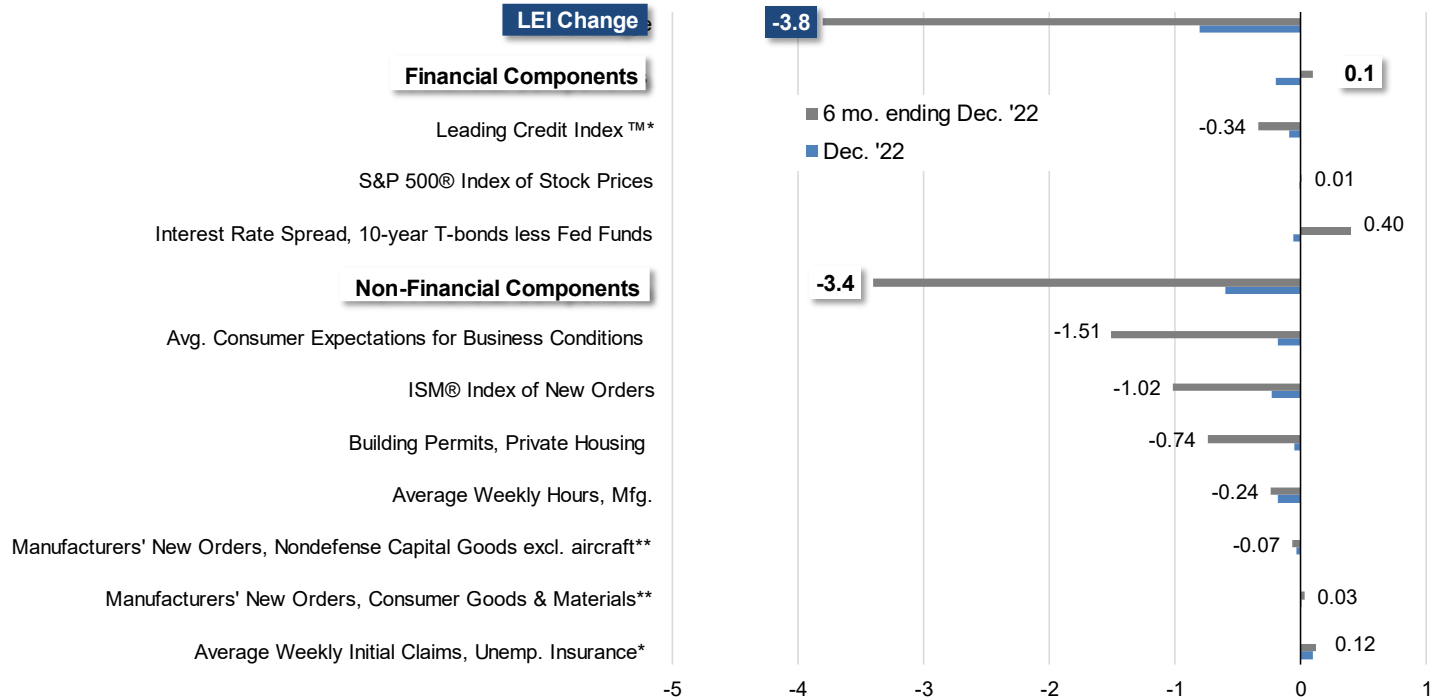
**New York, February 1, 2023...**The Conference Board Leading Economic Index® (LEI) for the U.S. decreased by 0.8 percent in December 2022 to 110.7 (2016=100), following a decline of 0.8 percent in November. The LEI is now down 3.8 percent over the six-month period between June and December 2022—a much steeper rate of decline than its 2.3 percent contraction over the previous six-month period (December 2021–June 2022).

**The Conference Board Coincident Economic Index® (CEI)** for the U.S. remained unchanged in December 2022 at 109.3 (2016=100), after a 0.1 percent decline in November. The CEI rose by 1.1 percent over the six-month period from June to December 2022, faster than its growth of 0.4 percent 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. Only the industrial production index contributed negatively to the CEI in December.

**The Conference Board Lagging Economic Index® (LAG)** for the U.S. increased by 0.3 percent in December 2022 to 117.9 (2016 = 100), following an increase of 0.4 percent in November. The LAG is up 2.6 percent over the six-month period from June to December 2022, much slower than its growth of 4.5 percent over the previous six months.

## The majority of components continue to contribute negatively to the US LEI

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



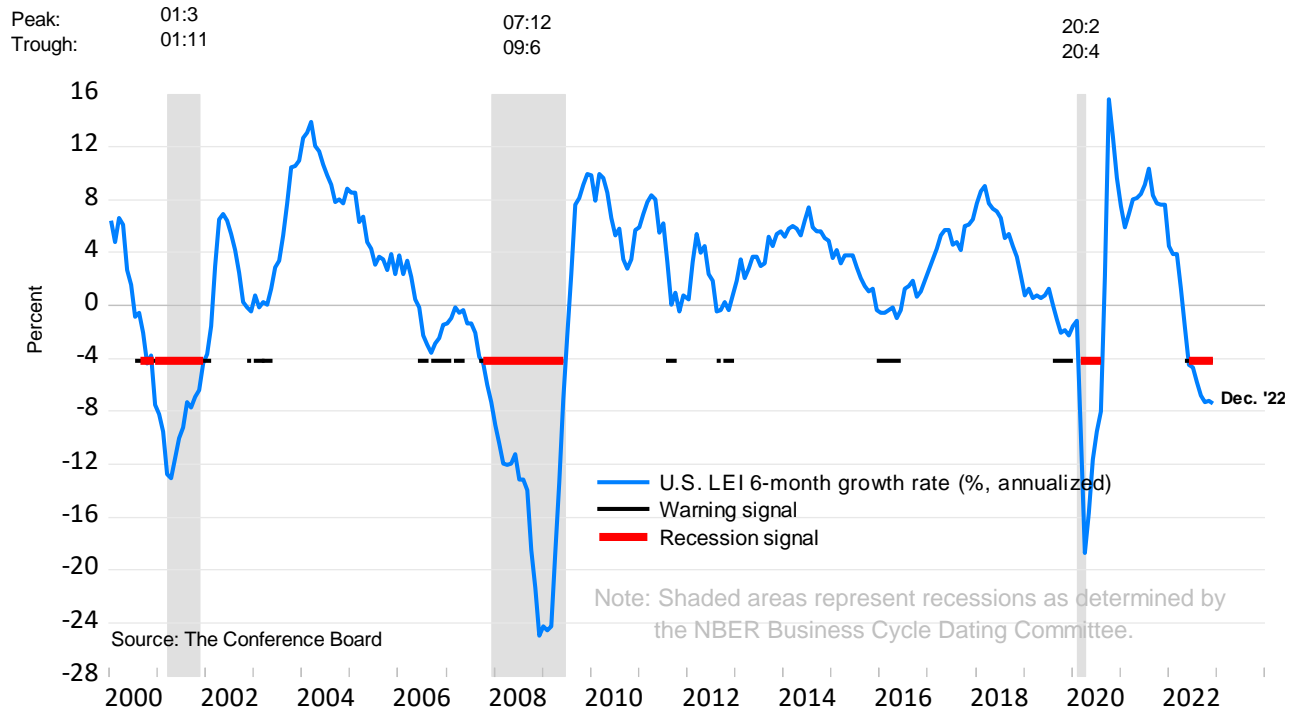
Source: The Conference Board

\* 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 trajectory of the US LEI continues to signal a recession within 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 -4.0 percent. The red dotted line is drawn at the threshold value (measured by the median, -4.0 percent) on the months when both criteria are met simultaneously. Thus, the red dots signal a recession.

### Summary Table of Composite Economic Indexes

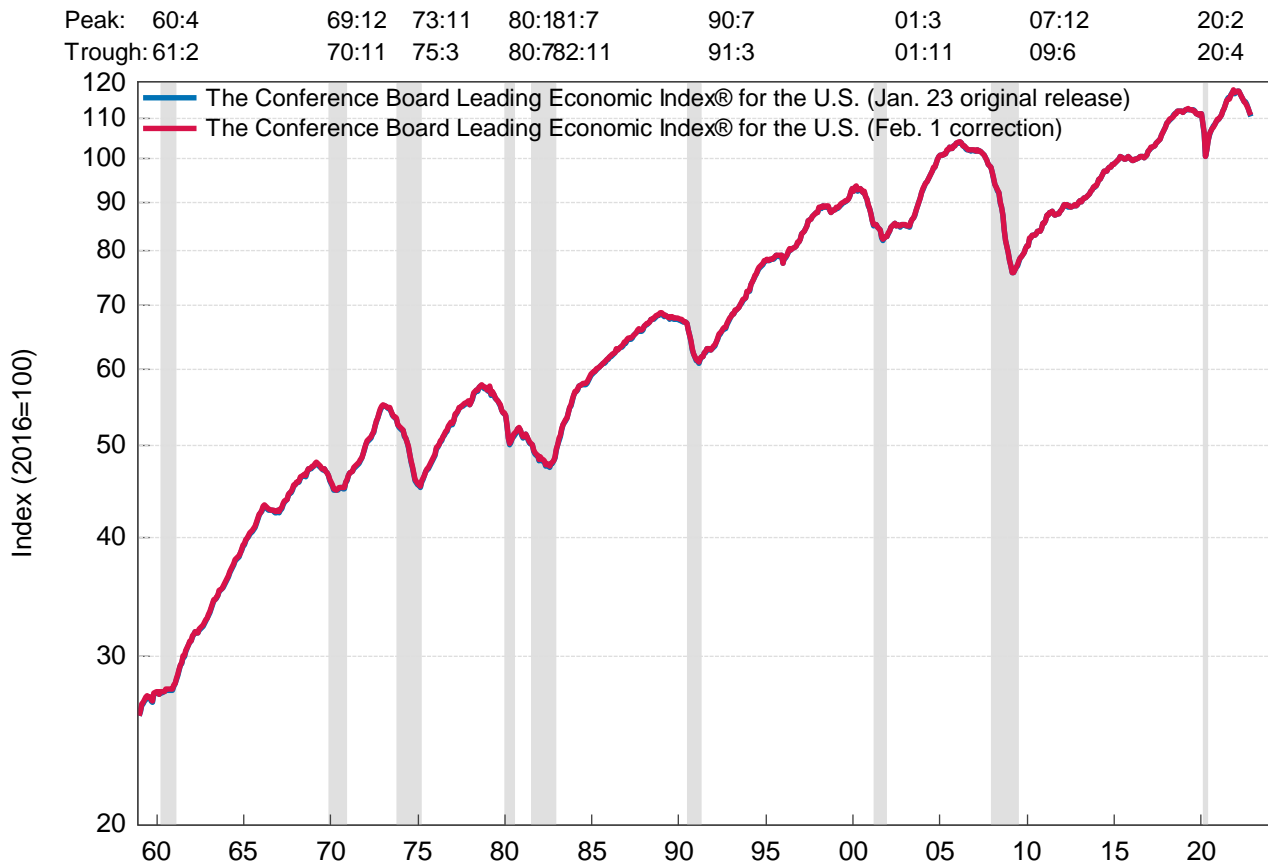
				2022					6-month
				Oct		Nov		Dec	Jun to
									Dec
Leading Index				112.5	c	111.6	c	110.7	c
Percent Change				-0.9	c	-0.8	c	-0.8	c
Diffusion				25.0		20.0		20.0	40.0
Coincident Index				109.4	r	109.3	r	109.3	r
Percent Change				0.1	r	-0.1	r	0.0	r
Diffusion				62.5		50.0		75.0	75.0
Lagging Index				117.0		117.5	r	117.9	r
Percent Change				0.1		0.4	r	0.3	2.6
Diffusion				50.0		71.4		50.0	71.4

p Preliminary r Revised c Corrected

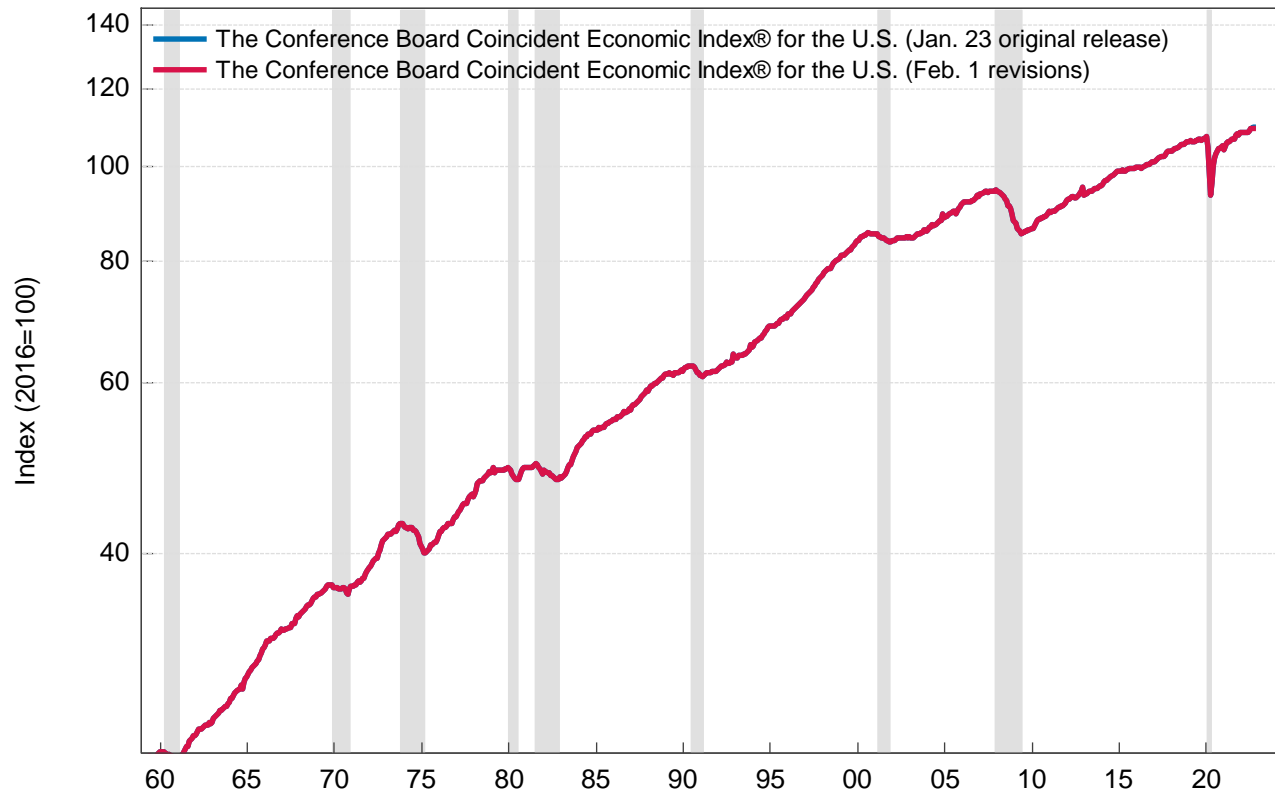
Indexes equal 100 in 2016

Source: The Conference Board

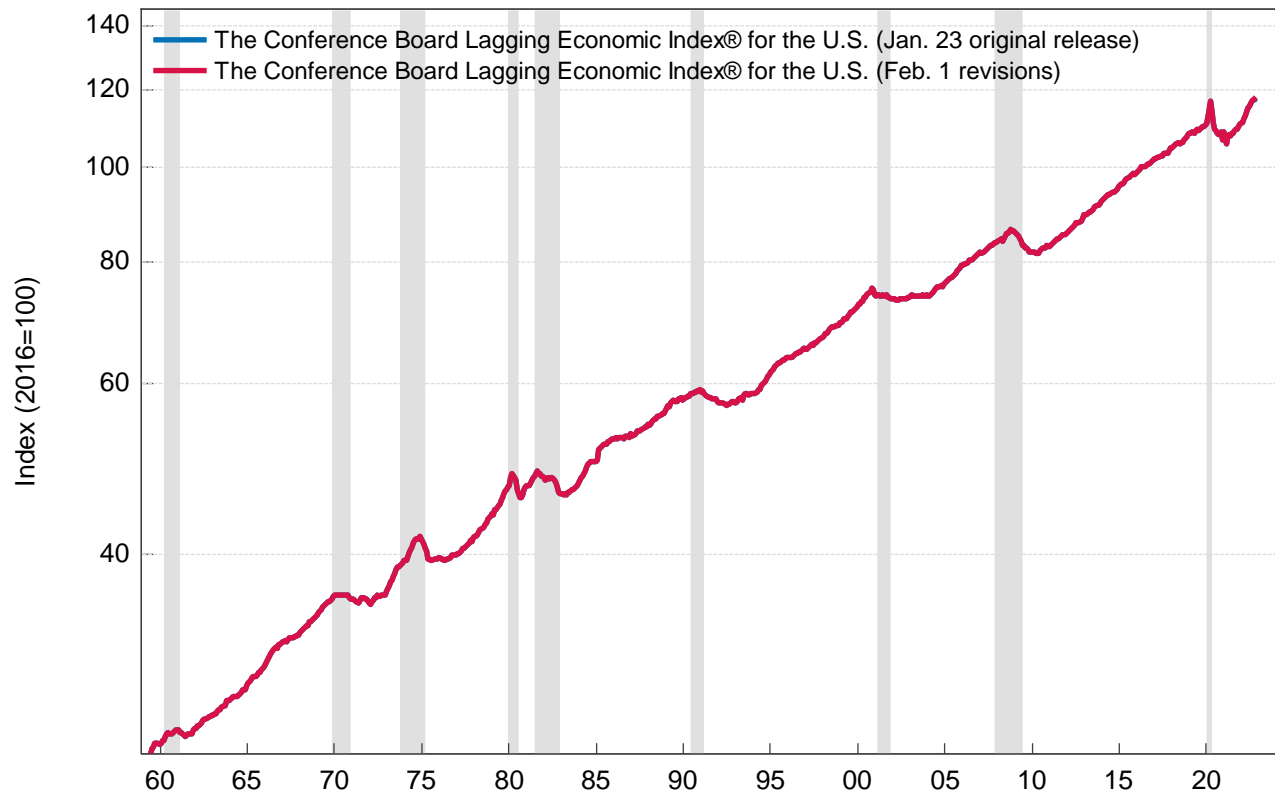
### Comparing the business cycle indexes between the Jan 23, 2023 and Feb 1, 2023 releases: 1959-present



Peak: 60:4	69:12	73:11	80:181:7	90:7	01:3	07:12	20:2
Trough: 61:2	70:11	75:3	80:782:11	91:3	01:11	09:6	20:4



Peak: 60:4	69:12	73:11	80:181:7	90:7	01:3	07:12	20:2
Trough: 61:2	70:11	75:3	80:782:11	91:3	01:11	09:6	20:4



The next release is scheduled for Friday, February 17, 2023, at 10 A.M. ET.

About ***The Conference Board Leading Economic Index***<sup>®</sup> (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***<sup>®</sup> 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<sup>®</sup> Index of New Orders; Manufacturers’ new orders for nondefense capital goods excluding aircraft orders; Building permits for new private housing units; S&P 500<sup>®</sup> Index of Stock Prices; Leading Credit Index<sup>™</sup>; 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/>

## About The Conference Board

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