

## News Release

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**Using the Composite Indexes:** *The Leading Economic Index (LEI) 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 (CEI) provides an indication of the current state of the economy. Additional details are below.*

### **The Conference Board Leading Economic Index® (LEI) for the US Increased in November**

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Next month's release of the composite economic indexes will incorporate annual benchmark revisions which bring them up to date with revisions in the source data. These revisions do not change the cyclical properties of the indexes. The indexes are updated throughout the year, but only for the previous six months. Data revisions that fall outside of the moving six-month window are not incorporated until the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes, in levels and month-on-month changes, will not be directly comparable to those issued prior to the benchmark revision.

For more information, please visit [conference-board.org/topics/business-cycle-indicators/](https://conference-board.org/topics/business-cycle-indicators/) or contact us at [indicators@tcb.org](mailto:indicators@tcb.org).

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**The Conference Board Leading Economic Index® (LEI) for the US** increased by 0.3% in November 2024 to 99.7 (2016=100), nearly reversing its 0.4% decline in October. Over the six-month period between May and November 2024, the LEI declined by 1.6%, slightly less than its 1.9% decline over the previous six months (November 2023 to May 2024).

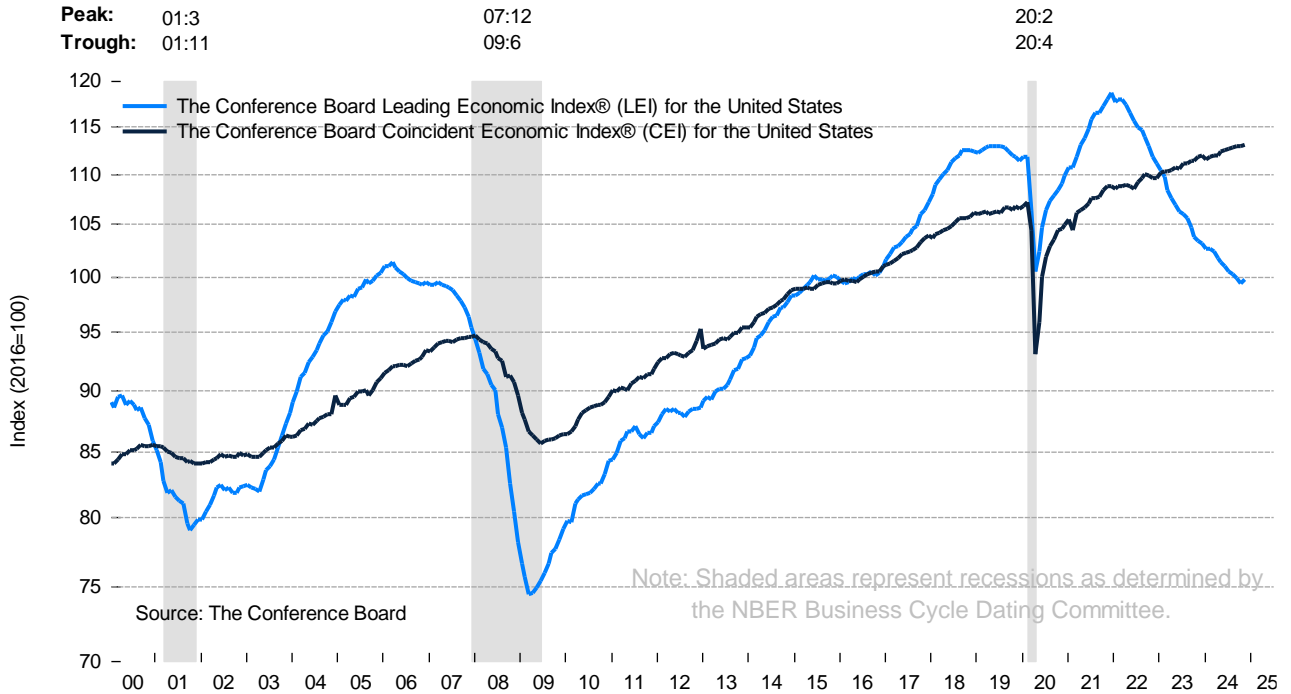
“The US LEI rose in November for the first time since February 2022,” said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board**. “A rebound in building permits, continued support from equities, improvement in average hours worked in manufacturing, and fewer initial unemployment claims boosted the LEI in November. It’s worth noting that gains in building permits were not widespread geographically or by building type; they were concentrated mainly to the Northeast and Midwest, and on buildings with 5+ units rather than single-family dwellings. Overall, the rise in LEI is a positive sign for future economic activity in the US. The Conference Board currently forecasts US GDP to expand by 2.7% in 2024, but growth to slow to 2.0% in 2025.”

**The Conference Board Coincident Economic Index® (CEI) for the US** improved by 0.1% in November 2024 to 113.0 (2016=100)—the same rate of growth as each month between July and October. As a result, the CEI increased by 0.6% in the six-month period ending November 2024, slightly higher than its 0.5% growth over the previous six-month period. 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. Personal income less transfer payments was the highest positive contributor to CEI, based on estimates for November, followed by payroll employment, and manufacturing and trade sales, all of which offset the third consecutive decline in industrial production.

**The Conference Board Lagging Economic Index® (LAG) for the US** increased by 0.3% to 118.8 (2016=100) in November 2024, after a decline of 0.1% in October. However, the LAG’s six-month growth rate was negative at 0.4% between May and November 2024, a partial reversal from its 0.6% increase over the previous six months.

**The next release is scheduled for Wednesday, January 22, 2025, at 10 A.M. ET.**

## The LEI increased in November 2024 for the first time in over two years



## Stronger building permits and higher stock prices boosted the LEI in November

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

	Nov. '24	6 months ending in Nov. '24
<b>Financial Components</b>		
Leading Credit Index™**	0.05	0.47
S&P 500® Stock Index	0.10	0.52
Interest Rate Spread, 10-year T-bonds less Fed Funds	-0.04	-0.76
<b>Non-Financial Components</b>		
Avg. Consumer Expectations for Business Conditions	-0.01	-0.44
ISM® New Orders Index	-0.11	-1.02
Building Permits, Private Housing	0.18	0.23
Average Weekly Hours, Mfg.	0.06	-0.06
Manufacturers' New Orders, Nondefense Capital Goods excl. aircraft**	0.02	0.01
Manufacturers' New Orders, Consumer Goods & Materials**	0.01	-0.04
Average Weekly Initial Claims, Unemp. Insurance*	0.06	0.03

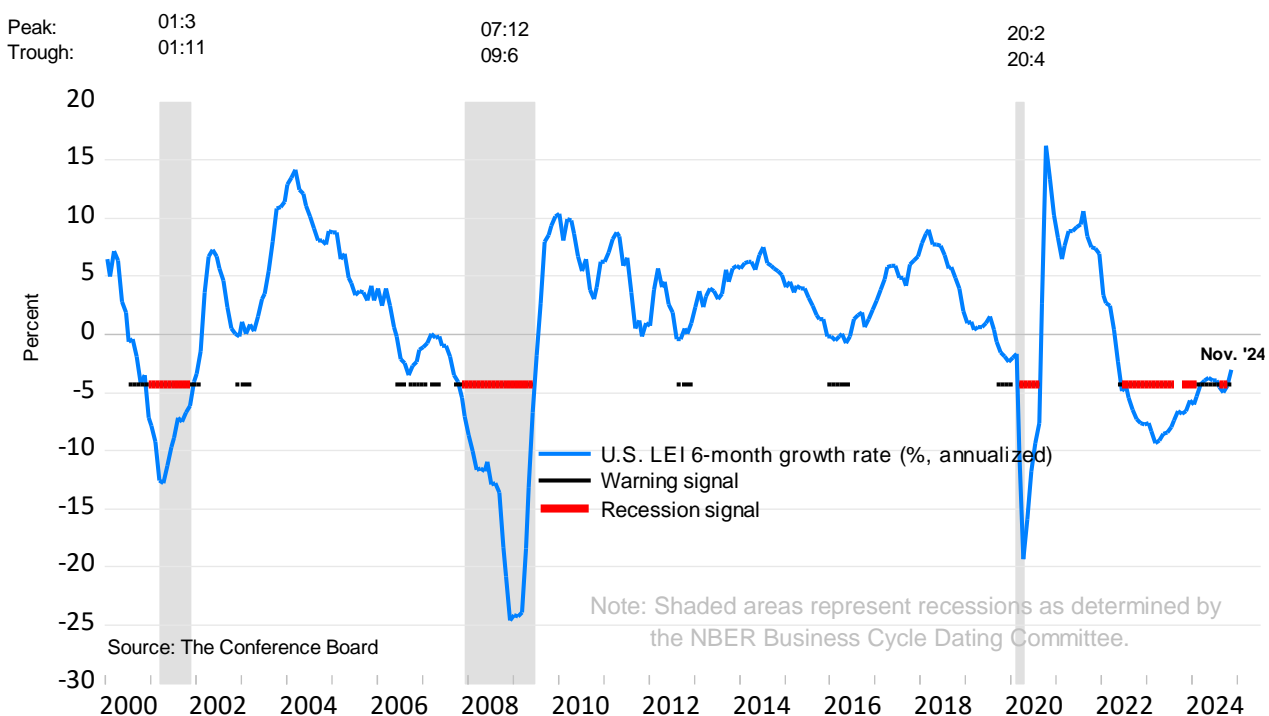
Source: The Conference Board

\* 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

## With November's gain, the LEI no longer signals an impending recession



**NOTE:** The chart illustrates the so-called **3Ds**—**duration, depth, and diffusion**—for interpreting a downward movement in the LEI. **Duration** refers to how long the decline has lasted. **Depth** denotes the size of decline. Duration and depth are measured by the rate of change of the index over the most recent six months. **Diffusion** is a measure of how widespread the decline is among the LEI's component indicators—on a scale of 0 to 100, a **diffusion index** reading below 50 indicates most components are weakening.

The **3Ds rule** signals an impending recession when: 1) the six-month diffusion index lies below 50, shown by the black warning signal lines in the chart; and 2) the LEI's six-month rate of decline falls below the threshold of  $-4.4\%$ . The **red recession signal lines** indicate months when both criteria are met simultaneously—and thus that a recession is likely imminent or underway.

## Summary Table of Composite Economic Indexes

	2024			6-Month May to Nov
	September	October	November	
<b>Leading Index</b>	99.8 <i>r</i>	99.4 <i>r</i>	99.7 <i>p</i>	
Percent Change	-0.4 <i>r</i>	-0.4	0.3	-1.6
Diffusion	55.0	20.0	70.0	50.0
<b>Coincident Index</b>	112.8	112.9 <i>r</i>	113.0 <i>p</i>	
Percent Change	0.1 <i>r</i>	0.1 <i>r</i>	0.1	0.6
Diffusion	62.5	62.5	75.0	75.0
<b>Lagging Index</b>	118.6 <i>r</i>	118.5 <i>r</i>	118.8 <i>p</i>	
Percent Change	-0.4 <i>r</i>	-0.1	0.3	-0.4
Diffusion	0.0	42.9	71.4	0.0

*p* Preliminary *r* Revised *c* Corrected  
Indexes equal 100 in 2016

Source: The Conference Board

### **About The Conference Board *Leading Economic Index*<sup>®</sup> (LEI) and *Coincident Economic Index*<sup>®</sup> (CEI) for the US**

The composite economic indexes are key elements in an analytic system designed to signal peaks and troughs in the business cycle. Comprised of multiple independent indicators, 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 reflects current economic conditions and is highly correlated with real GDP. The LEI is a predictive tool that anticipates—or “leads”—turning points in the business cycle by around seven months.

The ten components of the *Leading Economic Index*<sup>®</sup> for the US are:

- 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™
- Interest rate spread (10-year Treasury bonds less federal funds rate)
- Average consumer expectations for business conditions

The four components of the *Coincident Economic Index*<sup>®</sup> for the US are:

- Payroll employment
- Personal income less transfer payments
- Manufacturing and trade sales
- Industrial production

To access data, please visit: <https://data-central.conference-board.org/>

### **About The Conference Board**

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