FOR RELEASE: 10:00 A.M. ET, Monday, January 22, 2024

The Conference Board®
U.S. Business Cycle Indicators℠

THE CONFERENCE BOARD LEADING ECONOMIC INDEX® (LEI) FOR THE UNITED STATES

AND RELATED COMPOSITE ECONOMIC INDEXES FOR DECEMBER 2023

The Conference Board Leading Economic Index® (LEI) for the U.S. decreased 0.1 percent,
The Conference Board Coincident Economic Index® (CEI) rose 0.2 percent, and
The Conference Board Lagging Economic Index® (LAG) decreased 0.2 percent in December.

This month's release of the composite economic indexes incorporates 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/ or contact us at indicators@tcb.org.

- The Conference Board LEI for the U.S. declined further in December. Although most components made positive contributions this month—led by the S&P 500® Index of Stock Prices, the Leading Credit Index™, and average weekly initial claims for unemployment insurance—they were slightly outweighed by negative contributions from the ISM® New Orders Index, interest rate spread, consumer expectations, and average weekly manufacturing hours. In the six-month period ending December 2023, the LEI fell 2.9 percent (about a −5.8 percent annual rate), slower than its contraction of 4.3 percent (about a −8.5 percent annual rate) over the previous six months. In addition, the weaknesses among the leading indicators remained slightly more widespread than strengths over the past six months.

- The Conference Board CEI for the U.S., a measure of current economic activity, inched up in December. The coincident economic index rose 1.1 percent (about a +2.2 percent annual rate) between June and December 2023, slightly faster than its growth of 0.8 percent (about a +1.6 percent annual rate) over the previous six months. The strengths among the coincident indicators continued to remain very widespread, as all four components increased over the past six months. While CEI improved, the lagging economic index (LAG) decreased, and as a result, the coincident-to-lagging ratio increased in December. Real GDP grew at a 4.9 percent annual rate in Q3 2023, up significantly from its Q2 growth of 2.1 percent (annual rate).

- The Conference Board LEI for the U.S. continued to fall in December, but at a materially slower pace than in the past several months. Meanwhile, The Conference Board CEI for the U.S. has been steadily rising through December, and its six-month growth rate is following suit. Taken together, the current behavior of the composite indexes and their components suggest a further deceleration of economic growth heading into 2024.

The next release is scheduled for February 20, 2024, Tuesday at 10 A.M. ET

LEADING INDICATORS. Six of the ten indicators that comprise ***The Conference Board Leading Economic Index***® for the U.S. increased in December. The positive contributors—beginning with the largest positive contributors—were the S&P 500® Index of Stock Prices, the Leading Credit Index™ (inverted), average weekly initial claims for unemployment insurance (inverted), building permits, manufacturers' new orders for consumer goods and materials*, and manufacturers' new orders for nondefense capital goods excluding aircraft*. The negative contributors—beginning with the largest negative contributor—were the ISM® New Orders Index, the interest rate spread, average consumer expectations for business conditions, and average weekly manufacturing hours. The LEI for the U.S. decreased 0.1 percent in December and now stands at 103.1 (2016=100). Based on revised data, this index decreased 0.5 percent in November and decreased 1.0 percent in October. Over the six-month span through December, the leading economic index decreased 2.9 percent, with four out of ten components advancing (diffusion index, six-month span equals 40 percent).

COINCIDENT INDICATORS. All four indicators that comprise ***The Conference Board Coincident Economic Index***® for the U.S. increased in December. The positive contributors to the index—beginning with the largest positive contributor—were personal income less transfer payments*, employees on nonagricultural payrolls, manufacturing and trade sales*, and industrial production.

The CEI increased 0.2 percent in December and now stands at 111.7 (2016=100). Based on revised data, this index increased 0.2 percent in November and remained unchanged in October. During the six-month period through December, the coincident economic index increased 1.1 percent, with all four components advancing (diffusion index, six-month span equals 100 percent).

LAGGING INDICATORS. ***The Conference Board Lagging Economic Index***® for the U.S. decreased 0.2 percent in December and now stands at 118.4 (2016=100), with one of its seven components advancing. The positive contributor to the index was the change in CPI for services. The negative contributors—beginning with the largest negative contributors—were the average duration of unemployment (inverted), commercial and industrial loans outstanding*, and the change in the index of labor cost per unit of output, manufacturing*. The ratio of manufacturing and trade inventories to sales*, the ratio of consumer installment credit outstanding to personal income*, and the average prime rate charged by banks held steady in December. Based on revised data, the lagging economic index increased 0.5 percent in November and increased 0.2 percent in October.

DATA AVAILABILITY AND NOTES.

The data series used to compute **The Conference Board Leading Economic Index®** (LEI) for the U.S., **The Conference Board Coincident Economic Index®** (CEI) for the U.S. and **The Conference Board Lagging Economic Index®** (LAG) for the U.S. and reported in the tables in this release are those available "as of" 8:30 am ET on January 18, 2024. Some series are estimated as noted below.

* Series in The Conference Board LEI for the U.S. based on our estimates are manufacturers' new orders for consumer goods and materials and manufacturers' new orders for nondefense capital goods excluding aircraft. Series in The Conference Board CEI for the U.S. that are based on our estimates are personal income less transfer payments and manufacturing and trade sales. Series in The Conference Board LAG for the U.S. that are based on our estimates are manufacturing and trade inventories to sales ratio, the change in labor cost per unit of output, manufacturing, consumer installment credit to income ratio, and the personal consumption expenditure deflator used to deflate commercial and industrial loans outstanding.

The procedure used to estimate the current month's personal consumption expenditure deflator (used in the calculation of commercial and industrial loans outstanding) incorporates the current month's consumer price index when it is available before the release of The Conference Board LEI for the U.S.

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THE CYCLICAL INDICATOR APPROACH. The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading, coincident, and lagging economic indexes are essentially composite averages of several individual leading, coincident, or lagging indicators. (See page 3 for details.) They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component—primarily because they smooth out some of the volatility of individual components.

Historically, the cyclical turning points in The Conference Board LEI for the U.S. have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for the U.S. have occurred at about the same time as those in aggregate economic activity. The cyclical turning points in The Conference Board LAG for the U.S. generally have occurred after those in aggregate economic activity.

U.S. Composite Economic Indexes: Components and Standardization Factors

Leading Economic Index		Factor
1	Average weekly hours, manufacturing	0.2412
2	Average weekly initial claims for unemployment insurance	0.0141
3	Manufacturers' new orders, consumer goods and materials	0.0763
4	ISM® new orders index	0.1669
5	Manufacturers' new orders, nondefense capital goods excl. aircraft	0.0464
6	Building permits, new private housing units	0.0302
7	S&P 500® Index of Stock Prices	0.0413
8	*Leading Credit Index™*	0.1004
9	Interest rate spread, 10-year Treasury bonds less federal funds	0.1257
10	Avg. consumer expectations for business conditions	0.1575
Coincident Economic Index		
1	Employees on nonagricultural payrolls	0.3272
2	Personal income less transfer payments	0.3122
3	Industrial production	0.1927
4	Manufacturing and trade sales	0.1679
Lagging Economic Index		
1	Inventories to sales ratio, manufacturing and trade	0.1210
2	Average duration of unemployment	0.0278
3	Consumer installment credit outstanding to personal income ratio	0.1135
4	Commercial and industrial loans	0.0913
5	Average prime rate	0.3521
6	Labor cost per unit of output, manufacturing	0.0525
7	Consumer price index for services	0.2418

Notes:
The component factors are inversely related to the standard deviation of the month-to-month changes in each component. They are used to equalize the volatility of the contribution from each component and are “normalized” to sum to 1. When one or more components are missing, the other factors are adjusted proportionately to ensure that the total continues to sum to 1.

These factors were revised effective with the release in January 2024, and all historical values for the three composite economic indexes were revised at this time to reflect the changes. (Under normal circumstances, updates to the leading, coincident, and lagging economic indexes only incorporate revisions to data over the past six months.) The factors for The Conference Board LEI for the U.S. were calculated using May 1990-December 2022 as the sample period for measuring volatility. A separate set of factors for the February 1959 - December 1977, January 1978 - December 1983 and January 1984 – April 1990 periods are available upon request. The primary sample period for the coincident and lagging economic indexes was February 1959 – December 2022. For additional information on the standardization factors and the index methodology see: “Benchmark Revisions in the Composite Indexes,” *Business Cycle Indicators* December 1997 and “Technical Appendix: Calculating the Composite Indexes” *Business Cycle Indicators* December 1996, or the Website: www.conference-board.org/topics/business-cycle-indicators.

The trend adjustment factor for The Conference Board LEI for the U.S. is -0.0858 (over the 1984 – present) and 0.1096 (over the 1959-1983 period), and the trend adjustment factor for The Conference Board LAG for the U.S. is 0.1588.

To address the problem of lags in available data, those leading, coincident and lagging indicators that are not available at the time of publication are estimated using statistical imputation. An autoregressive model is used to estimate each unavailable component. The resulting indexes are therefore constructed using real and estimated data and will be revised as the unavailable data during the time of publication become available. Such revisions are part of the monthly data revisions, now a regular part of the U.S. Business Cycle Indicators program. The main advantage of this procedure is to utilize in the leading economic index data such as stock prices, interest rate spread, and manufacturing hours that are available sooner than other data on real aspects of the economy such as manufacturers' new orders. Empirical research by The Conference Board suggests that there are real gains in adopting this procedure to make all the indicator series as up-to-date as possible.

NOTICES

The Conference Board Leading Economic Index® (LEI) for the U.S. news release schedule for 2024**:**

Monday, January 22, 2024	For December 2023 data
Tuesday, February 20, 2024	For January 2024 data
Thursday, March 21, 2024	For February 2024 data
Thursday April 18, 2024	For March 2024 data
Friday, May 17, 2024	For April 2024 data
Friday, June 21, 2024	For May 2024 data
Thursday, July 18, 2024	For June 2024 data
Monday, August 19, 2024	For July 2024 data
Thursday, September 19, 2024	For August 2024 data
Monday, October 21, 2024	For September 2024 data
Thursday, November 21, 2024	For October 2024 data
Thursday, December 19, 2024	For November 2024 data

All releases are at 10:00 AM ET.

About The Conference Board

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AVAILABLE FROM THE CONFERENCE BOARD

U.S. Business Cycle Indicators Internet Subscription
(Includes historical data and charts)
$ 1140 per year

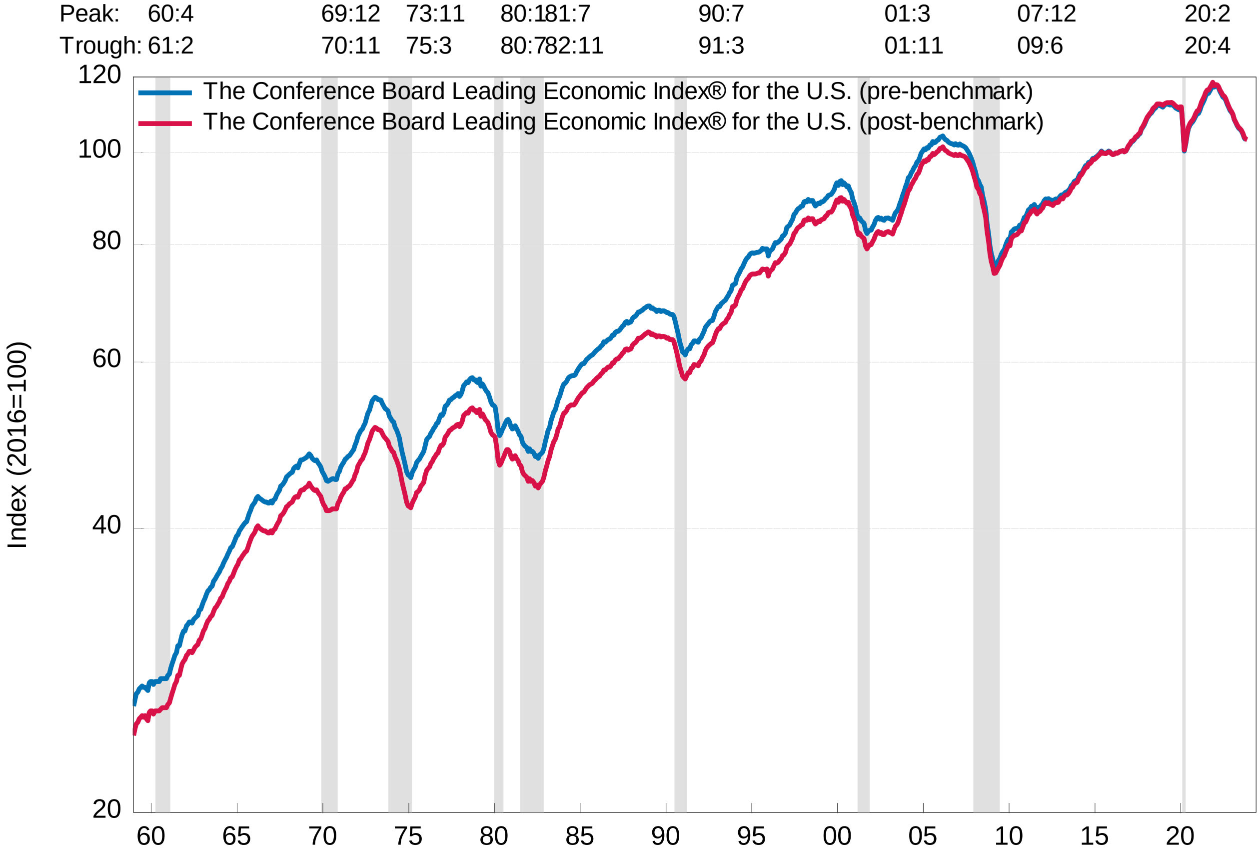
BCI Handbook (published 2001) PDF only – website download

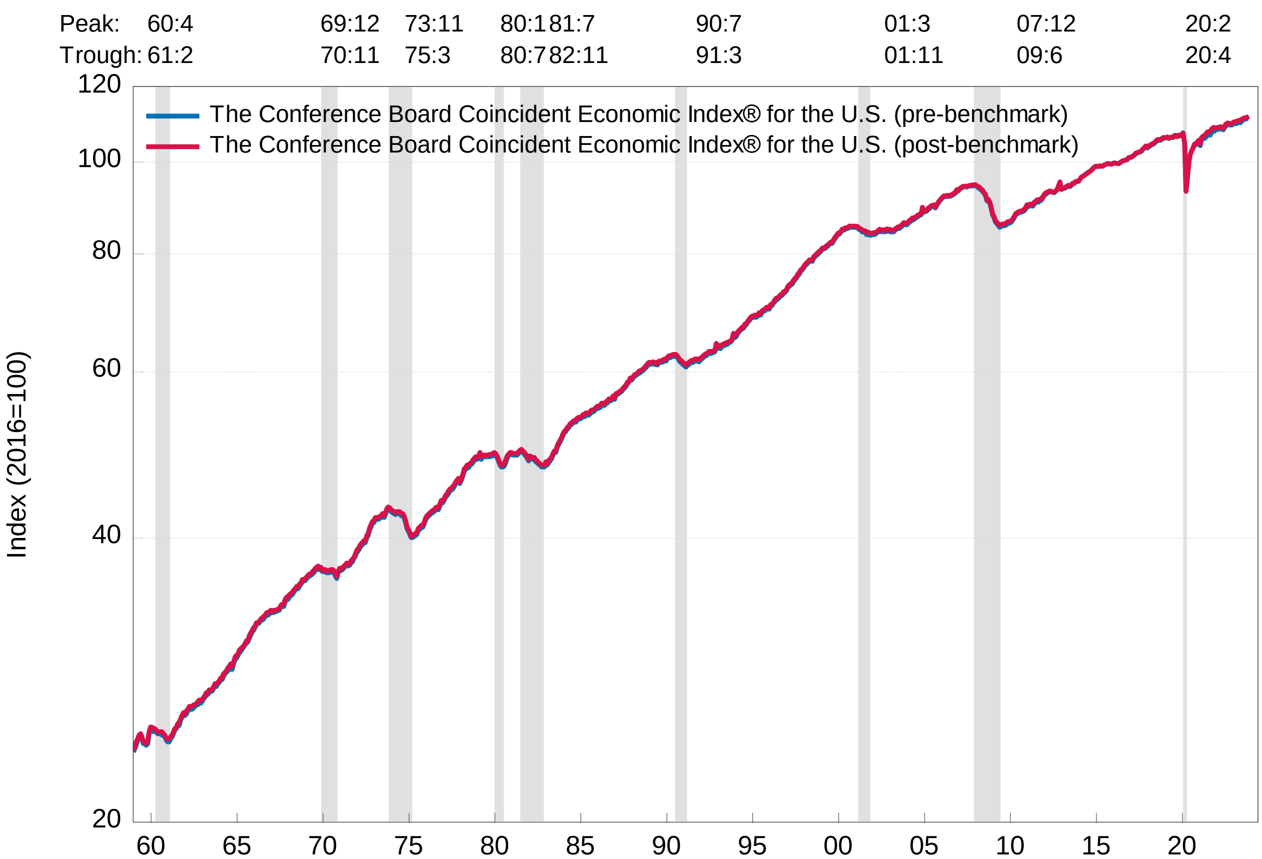
Understanding Business Cycles: The Indicators Approach to Forecasting for Agility:
https://www.conference-board.org/publications/publicationdetail.cfm?publicationid=2510

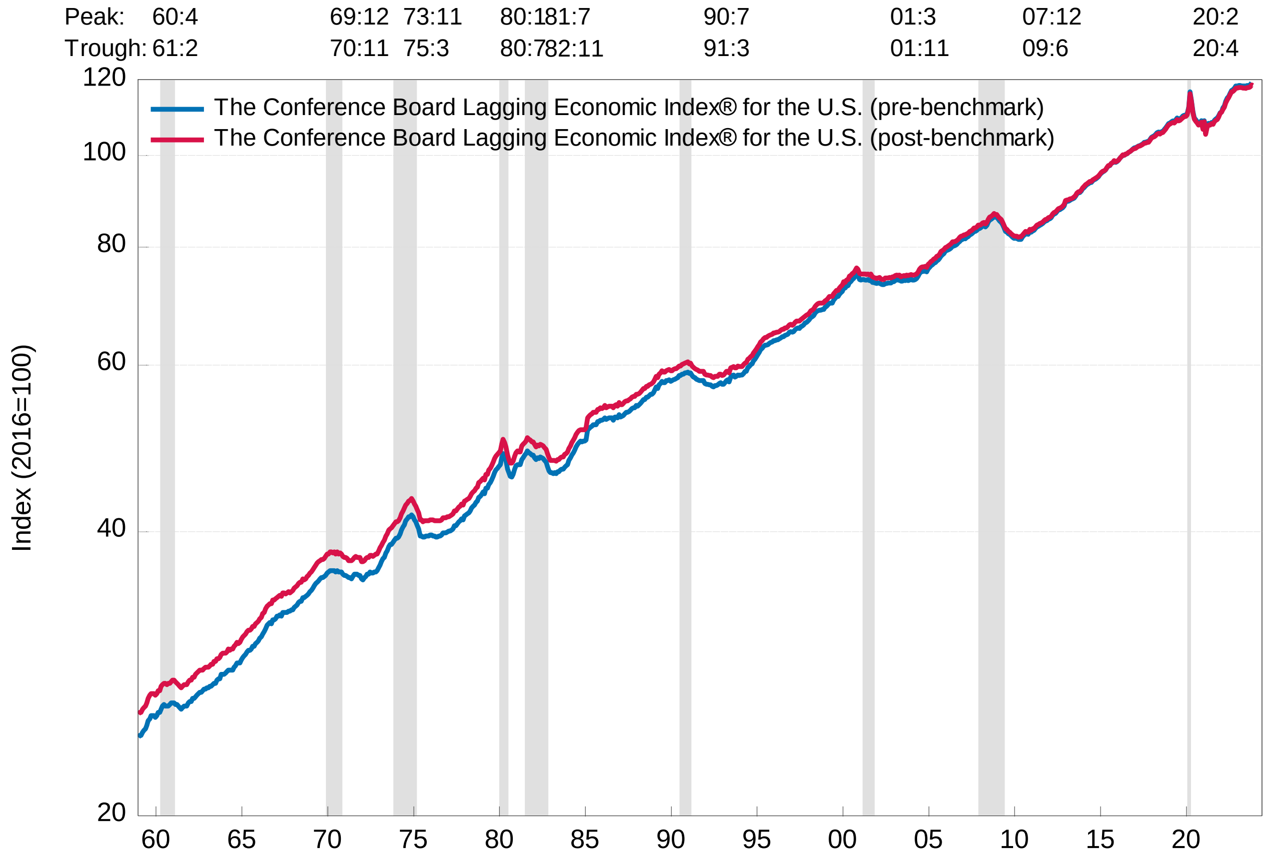
Business Cycle Indicators for Brazil, China, the Euro Area, France, Germany, India, Japan, South Korea, Mexico, Spain, the U.K, and the U.S. are available at $ 1140 per country per year.

TO VIEW DATA PREVIOUSLY AVAILABLE IN TABLES, PLEASE VISIT:
https://data-central.conference-board.org/

The composite business cycle indexes pre- and post- benchmark revisions: 1959-present







Shaded areas represent recessions as determined by the National Bureau of Economic Research.