FOR RELEASE: 10:00 A.M. ET, Friday, March 18, 2022

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 FEBRUARY 2022

The Conference Board Leading Economic Index® (LEI) for the U.S. increased 0.3 percent, **The Conference Board Coincident Economic Index®** (CEI) increased 0.4 percent, and **The Conference Board Lagging Economic Index®** (LAG) remained unchanged in February.

- The Conference Board LEI for the U.S. increased in February. Positive contributions from most of the index's components more than offset negative contributions from three components: consumer expectations for business conditions, stock prices, and building permits. In the six-month period ending February 2022, the leading economic index grew 2.1 percent (about a 4.3 percent annual rate), down from 5.4 percent (about a 11.1 percent annual rate) over the previous six months. In addition, the strengths among the leading indicators have remained more widespread than weaknesses.

- The Conference Board CEI for the U.S., a measure of current economic activity, also increased in February. The coincident economic index rose 1.5 percent (about a 3.0 percent annual rate) between August 2021 and February 2022, slower than the growth of 2.5 percent (about a 5.1 percent annual rate) over the previous six months. However, the strengths among the coincident indicators have remained very widespread, with all components advancing over the past six months. While CEI improved, the lagging economic index was unchanged. As a result, the coincident-to-lagging ratio increased. Real GDP expanded at a 7.0 percent annual rate in the fourth quarter of last year, after increasing 2.3 percent (annual rate) in the third quarter.

- The Conference Board LEI for the U.S. increased slightly in February, after declining in January. As a result, its six-month rate continued to moderate. Meanwhile, The Conference Board CEI for the U.S. has been rising slowly through February, but its six-month growth rate also declined. Taken together, the current behavior of the composite indexes and their components suggests that the expansion in economic activity should continue, but may moderate in the near term.

LEADING INDICATORS. Seven of the ten indicators that comprise The Conference Board LEI for the U.S. increased in February. The positive contributors—beginning with the largest positive contributor—were interest rate spread, average weekly manufacturing hours, average weekly initial claims for unemployment insurance (inverted), the ISM® New Orders Index, the Leading Credit Index™ (inverted), manufacturers' new orders for nondefense capital goods excluding aircraft*, and manufacturers' new orders for consumer goods and materials*. The negative contributors—beginning with the largest negative contributor—were average consumer expectations for business conditions, stock prices, and building permits.

The LEI for the U.S. increased 0.3 percent in February and now stands at 119.9 (2016=100). Based on revised data, this index decreased 0.5 percent in January and increased 0.8 percent in December. Over the six-month span through February, the leading economic index increased 2.1 percent, with seven out of ten components advancing (diffusion index, six-month span equals 70 percent).

The next release is scheduled for April 21, 2022, Thursday at 10 A.M. ET

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

The CEI increased 0.4 percent in February and now stands at 108.0 (2016=100). Based on revised data, this index increased 0.3 percent in January and decreased 0.1 percent in December. During the six-month period through February, the coincident economic index increased 1.5 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. remained unchanged in February and now stands at 110.3 (2016=100), with two of its seven components advancing. The positive contributors to the index were the change in CPI for service and the ratio of consumer installment credit outstanding to personal income*. The negative contributors—beginning with the largest negative contributor—were the average duration of unemployment (inverted), commercial and industrial loans outstanding* and the ratio of manufacturing and trade inventories to sales*. The change in the index of labor cost per unit of output, manufacturing*, and the average prime rate charged by banks held steady in February. Based on revised data, the lagging economic index increased 0.7 percent in January and increased 0.6 percent in December.

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” 9:15 am ET on March 17, 2022. 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	0.2373
2	Average weekly initial claims for unemployment insurance	0.0140
3	Manufacturers' new orders, consumer goods and materials	0.0779
4	ISM® new orders index	0.1702
5	Manufacturers' new orders, nondefense capital goods excl. aircraft	0.0459
6	Building permits, new private housing units	0.0307
7	Stock prices, 500 common stocks	0.0419
8	*Leading Credit Index™*	0.0991
9	Interest rate spread, 10-year Treasury bonds less federal funds	0.1247
10	Avg. consumer expectations for business conditions	0.1583
Coincident Economic Index		
1	Employees on nonagricultural payrolls	0.3230
2	Personal income less transfer payments	0.3146
3	Industrial production	0.1923
4	Manufacturing and trade sales	0.1701
Lagging Economic Index		
1	Inventories to sales ratio, manufacturing and trade	0.1168
2	Average duration of unemployment	0.0270
3	Consumer installment credit outstanding to personal income ratio	0.1595
4	Commercial and industrial loans	0.0861
5	Average prime rate	0.3318
6	Labor cost per unit of output, manufacturing	0.0499
7	Consumer price index for services	0.2289

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 February 2022, 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 2020 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 2020. 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: http://www.conference-board.org/data/bci.cfm

The trend adjustment factor for The Conference Board LEI for the U.S. is -0.0735 (over the 1984 – present) and 0.1156 (over the 1959-1983 period), and the trend adjustment factor for The Conference Board LAG for the U.S. is 0.1628.

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 2022**:**

Friday, January 21, 2022	For December 2021 data
Friday, February 18, 2022	For January 2022 data
Friday, March 18, 2022	For February 2022 data
Thursday April 21, 2022	For March 2022 data
Thursday, May 19, 2022	For April 2022 data
Friday, June 17, 2022	For May 2022 data
Thursday, July 21, 2022	For June 2022 data
Thursday, August 18, 2022	For July 2022 data
Thursday, September 22, 2022	For August 2022 data
Thursday, October 20, 2022	For September 2022 data
Friday, November 18, 2022	For October 2022 data
Thursday, December 22, 2022	For November 2022 data

All releases are at 10:00 AM ET.

About The Conference Board

The Conference Board is the member-driven think tank that delivers trusted insights for what's ahead. Founded in 1916, we are a non-partisan, not-for-profit entity holding 501 (c)(3) tax-exempt status in the United States. www.conference-board.org.

AVAILABLE FROM THE CONFERENCE BOARD

U.S. Business Cycle Indicators Internet Subscription
(Includes monthly release, data and charts)
$ 995 per year

Monthly BCI Report (PDF)
(Sample available at http://www.conference-board.org/data/monthlybci.cfm)
$ 400 per year

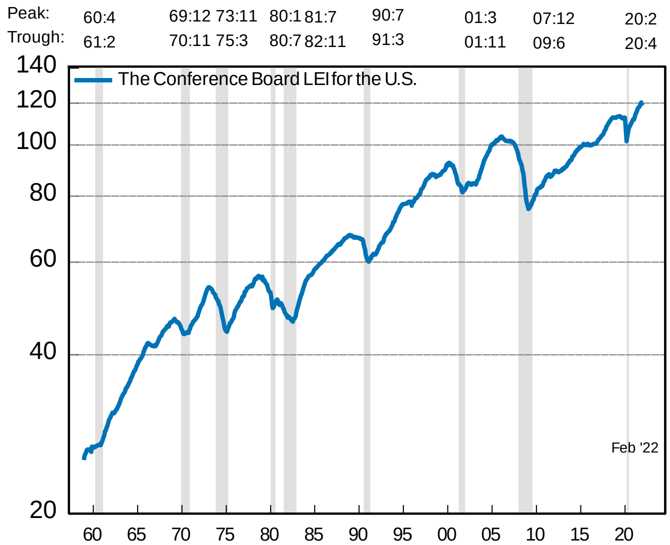
BCI Handbook (published 2001) PDF only – website download

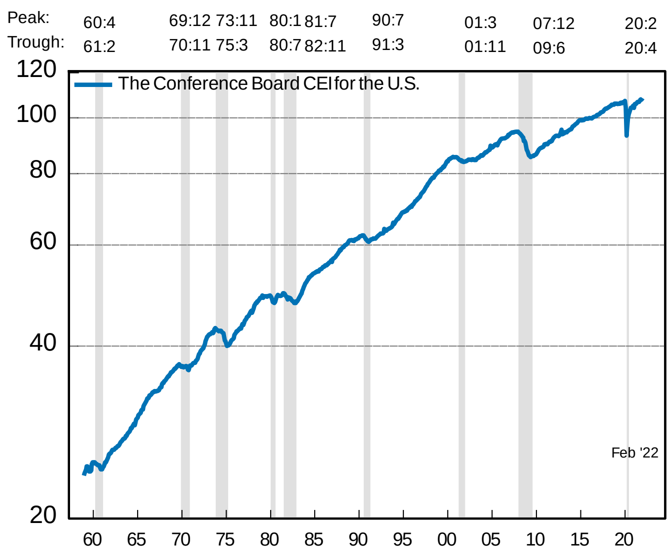
Understanding Business Cycles: The Indicators Approach to Forecasting for Agility:
https://www.conference-board.org/publications/publicationdetail.cfm?publicationid=2510

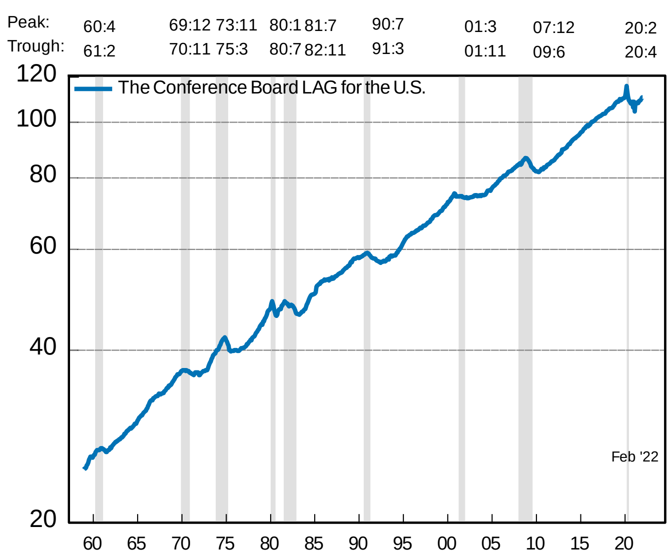
Business Cycle Indicators for Brazil, China, the Euro Area, France, Germany, India, Japan, South Korea, Mexico, Spain, the U.K, and the U.S. are available at $ 995 per country per year.

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

U.S. Composite Economic Indexes (2016=100)







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