THE CONFERENCE BOARD

**FOR RELEASE: 10:00 A.M. ET, Thursday, April 21, 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 MARCH 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) increased 0.6 percent in March.

- The Conference Board LEI for the U.S. increased again in March. Positive contributions from most of its components more than offset a large negative contribution from consumer expectations for business conditions. In the six-month period ending March 2022, the leading economic index increased 1.9 percent (about a 3.8 percent annual rate), much slower than its growth of 4.4 percent (about a 9.1 percent annual rate) over the previous six months. However, the strengths among the leading indicators remain more widespread than its weaknesses.

- The Conference Board CEI for the U.S., a measure of current economic activity, also increased in March. The coincident economic index rose 2.2 percent (about a 4.4 percent annual rate) between September 2021 and March 2022, faster than its growth of 0.9 percent (about a 1.9 percent annual rate) for the previous six months. However, the strengths among the coincident indicators have remained very widespread, with all components advancing over the past six months. The lagging economic index also continued to rise, but at a higher rate than the CEI. As a result, the coincident-to-lagging ratio declined in March. Real GDP expanded at a 6.9 percent annual rate in the last quarter of 2021, up from 2.3 percent (annual rate) in the third quarter.

- The Conference Board LEI for the U.S. continued to increase in March, but at a slower pace than in the final months of 2021. Meanwhile, The Conference Board CEI for the U.S. has also been rising slowly through March, and its six-month growth rate continues improving. Taken together, the current behavior of the composite indexes and their components suggest that the expansion in economic activity should continue, but at a moderating pace, in the near term.

LEADING INDICATORS. Seven of the ten indicators that comprise The Conference Board LEI for the U.S. increased in March. The positive contributors—beginning with the largest positive contributor—were the interest rate spread, average weekly initial claims for unemployment insurance (inverted), the Leading Credit Index™ (inverted), average weekly manufacturing hours, manufacturers' new orders for nondefense capital goods excluding aircraft*, manufacturers' new orders for consumer goods and materials*, building permits. The negative contributors—beginning with the most negative contributor—were average consumer expectations for business conditions, S&P 500® Index of Stock Prices, and the ISM® New Orders Index.

The LEI for the U.S. increased 0.3 percent in March and now stands at 119.8 (2016=100). Based on revised data, this index increased 0.6 percent in February and decreased 0.4 percent in January. Over the six-month span through March, the leading economic index increased 1.9 percent, with six out of ten components advancing (diffusion index, six-month span equals 60 percent).

The next release is scheduled for May 19, 2022, Thursday at 10 A.M. ET

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

The CEI increased 0.4 percent in March and now stands at 108.7 (2016=100). Based on revised data, this index increased 0.4 percent in February and increased 0.6 percent in January. During the six-month period through March, the coincident economic index increased 2.2 percent, with four out of four components advancing (diffusion index, six-month span equals 100 percent).

LAGGING INDICATORS. The Conference Board Lagging Economic Index for the U.S. increased 0.6 percent in March and now stands at 110.9 (2016=100), with five of its seven components advancing. The positive contributors to the index—beginning with the largest positive contributor—were the average duration of unemployment (inverted), the change in CPI for services, commercial and industrial loans outstanding*, the average prime rate charged by banks, and the ratio of manufacturing and trade inventories to sales*. The negative contributor was the ratio of consumer installment credit outstanding to personal income*, while the index of labor cost per unit of output, manufacturing* held steady in March. Based on revised data, the lagging economic index increased 0.2 percent in February and increased 0.5 percent in January.

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 April 19, 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

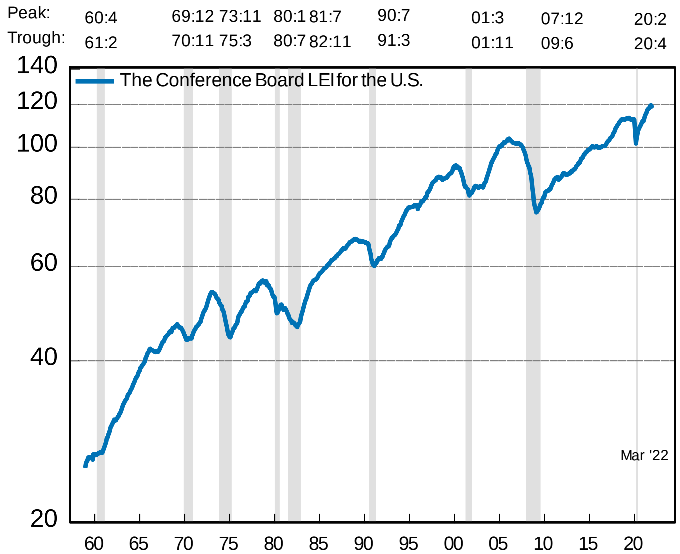
**BCI Handbook (published 2001)** PDF only – website download

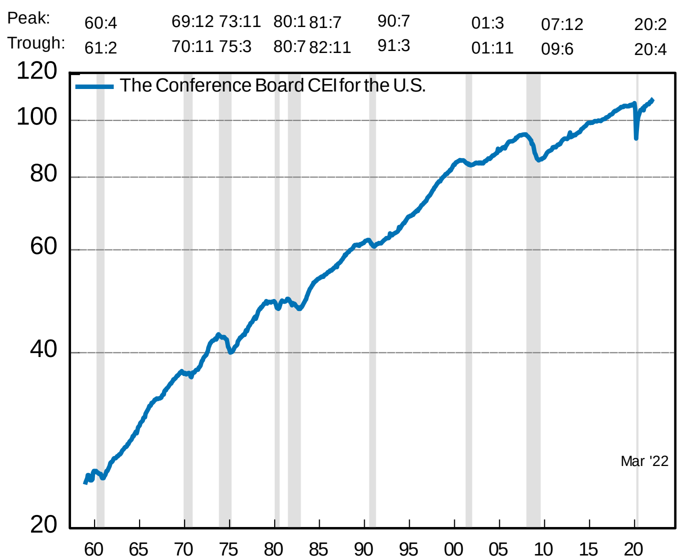
**Understanding Business Cycles: The Indicators Approach to Forecasting for Agility:**
https://www.conference-board.org/publications/publicationdetail.cfm?publicationid=2510

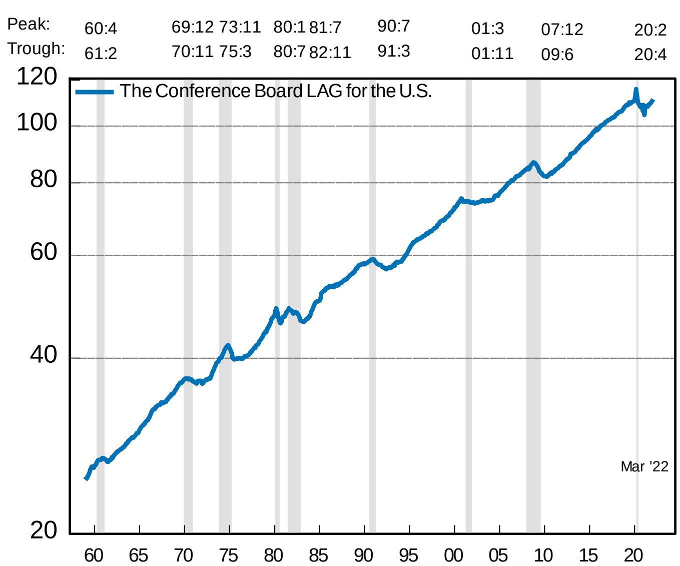
Business Cycle Indicators for Brazil, China, the Euro Area, France, Germany, India, Japan, South Korea, Mexico, Spain, the U.K, and the U.S. are available at $ 995 per country per year.

**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.