

The Conference Board Leading Economic Index® (LEI) for the U.S. Inched Down Further in August

Updated 19 September 2024

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 U.S. declined by 0.2% in August 2024 to 100.2 (2016=100), following an unrevised 0.6% decline in July. Over the six-month period between February and August 2024, the LEI fell by 2.3%, a smaller rate of decline than the 2.7% drop over the six-month period between August 2023 and February 2024.

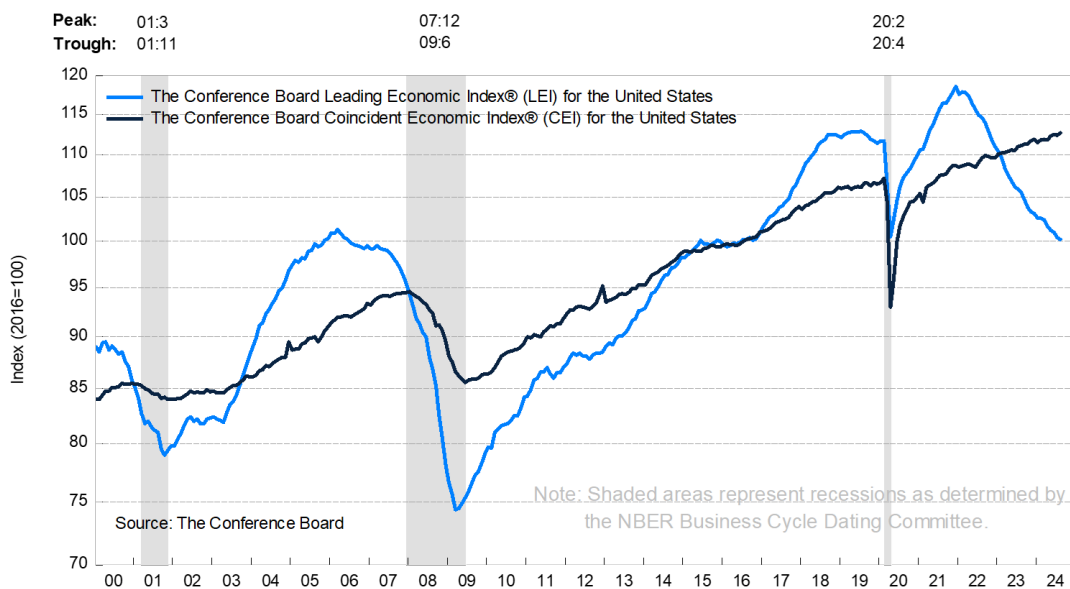
“In August, the US LEI remained on a downward trajectory and posted its sixth consecutive monthly decline,” said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board.** “The erosion continued to be driven by new orders, which recorded its lowest value since May 2023. A negative interest rate spread, persistently gloomy consumer expectations of future business

conditions, and lower stock prices after the early-August financial market tumult also weighed on the Index. Overall, the LEI continued to signal headwinds to economic growth ahead. The Conference Board expects US real GDP growth to lose momentum in the second half of this year as higher prices, elevated interest rates, and mounting debt erode domestic demand. However, in the Fed’s September 2024 Summary of Economic Projections, policymakers suggested 100 basis points of interest rate cuts are likely by the end of this year, which should lower borrowing costs and support stronger economic activity in 2025.”

The Conference Board Coincident Economic Index® (CEI) for the U.S. increased by 0.3% in August 2024 to 112.7 (2016=100), after a downwardly revised 0.1% decline in July. Overall, the CEI grew by 0.8% in the six-month period ending in August 2024, slightly above its 0.6% growth rate 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. All components improved in August, with industrial production recovering the most after July’s decline.

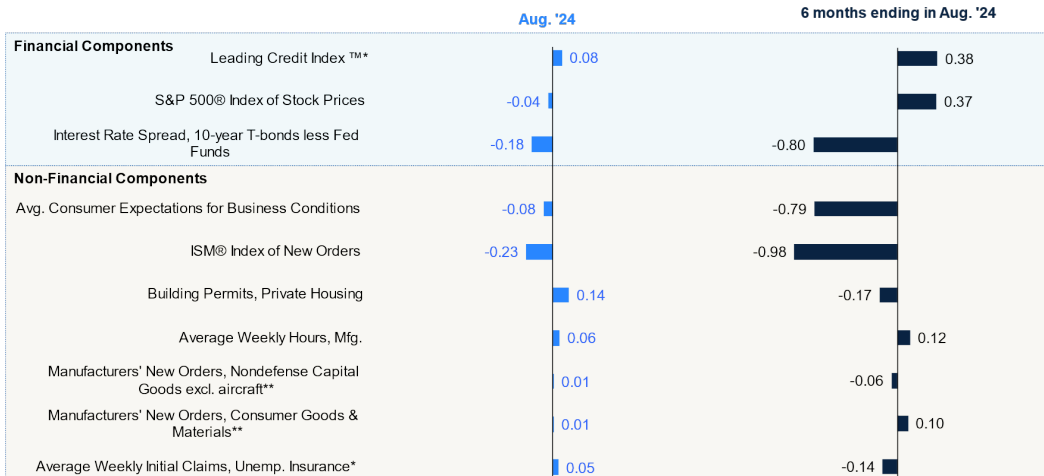
The Conference Board Lagging Economic Index® (LAG) for the U.S. was unchanged at 119.5 (2016=100) in August 2024, after a decline of 0.1% in July. The LAG’s six-month growth rate softened further to 0.3% over the six-month period ending in August 2024, after a 1.1% increase over the six-month period from February 2023 to August 2024.

The LEI has continued to fall in 2024, but the rate of decline has moderated since last year



The LEI’s weakness in August was led by new orders and the yield spread

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

NOTE: Starting with the September 2023 release, Leading Credit Index™ calculations (from 2020 to current) use the SOFR Overnight Financing Rate in the USD Swap spread semiannual 2 year instead of LIBOR rate. LIBOR remains in the USD Swap spread semiannual 2 year from 1990 to 2020.

August’s decline in the US LEI lowered the six-month growth rate, triggering a recession signal



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 Feb to Aug
	June	July	August	
Leading Index	101.0	100.4	100.2 <i>p</i>	
Percent Change	-0.2	-0.6	-0.2	-2.3
Diffusion	45.0	30.0	60.0	40.0
Coincident Index	112.5	112.4 <i>r</i>	112.7 <i>p</i>	
Percent Change	0.2	-0.1 <i>r</i>	0.3	0.8
Diffusion	100.0	75.0	100.0	100.0
Lagging Index	119.6 <i>r</i>	119.5 <i>r</i>	119.5 <i>p</i>	
Percent Change	0.1 <i>r</i>	-0.1	0.0	0.3
Diffusion	35.7	50.0	28.6	21.4

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

Source: The Conference Board

About The Conference Board **Leading Economic Index® (LEI)** and **Coincident Economic Index® (CEI)** for the U.S.

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® for the U.S.** are:

- Average weekly hours in manufacturing
- Average weekly initial claims for unemployment insurance
- Manufacturers’ new orders for consumer goods and materials
- ISM® Index of New Orders
- Manufacturers’ new orders for nondefense capital goods excluding aircraft orders

- Building permits for new private housing units
- S&P 500[®] 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[®] for the U.S.** 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/>

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The next release is scheduled for Monday, October 21st at 10 A.M. ET

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