The Conference Board Leading Economic Index® (LEI) for the US Fell in October

Updated 21 November 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.*

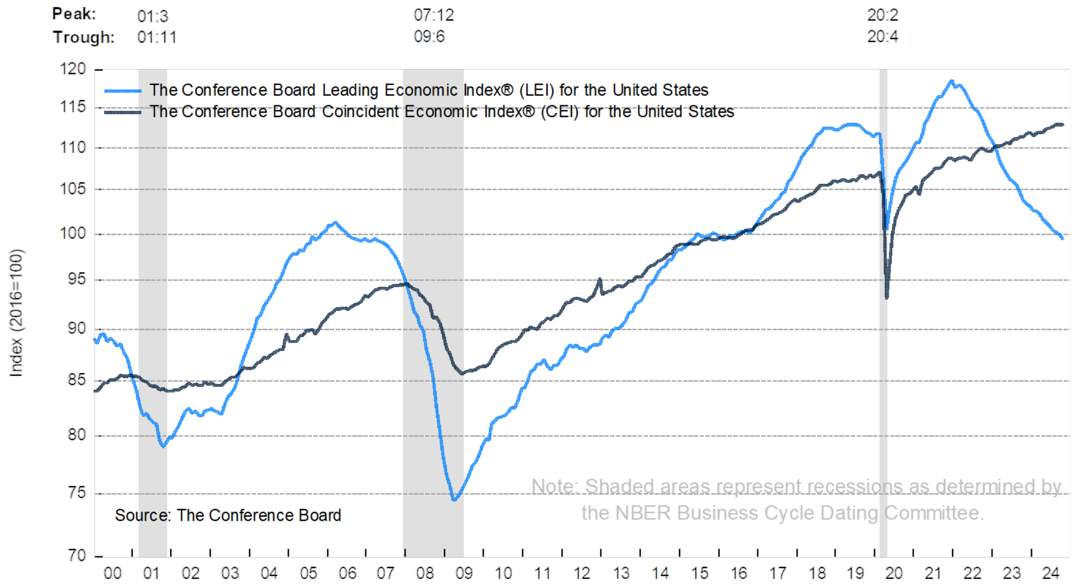
The Conference Board Leading Economic Index® (LEI) for the US declined by 0.4% in October 2024 to 99.5 (2016=100), following a 0.3% decline in September (revised up from a 0.5% decline). Over the six-month period between April and October 2024, the LEI fell by 2.2%, slightly more than its 2.0% decline over the previous six-month period (October 2023 to April 2024).

“The largest negative contributor to the LEI’s decline came from manufacturer new orders, which remained weak in 11 out of 14 industries,” said Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board. “In October, manufacturing hours worked fell by the most since December 2023, while unemployment insurance claims rose and building permits declined, partly reflecting the impact of hurricanes in the Southeast US. Additionally, the negative yield spread continued to weigh on the LEI. Apart from possible temporary impacts of hurricanes, the US LEI continued to suggest challenges to economic activity ahead. “

The Conference Board Coincident Economic Index® (CEI) for the US was unchanged for a second month in a row at 112.8 (2016=100). The CEI increased by 0.8% in the six-month period ending October 2024, higher than its 0.5% 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. Personal income less transfer payments and manufacturing and trade sales, which are estimates for October, contributed positively but were offset by the second consecutive decline in industrial production. Payroll employment was virtually unchanged.

The Conference Board Lagging Economic Index® (LAG) for the US ticked down by 0.1% to 118.7 (2016=100) in October 2024, after a decline of 0.3% in September. The LAG's six-month growth rate was negative at 0.8% between April and October 2024, a partial reversal from a 1.2% increase over the six-month period from October 2023 to April 2024.

The LEI continued to decline in October

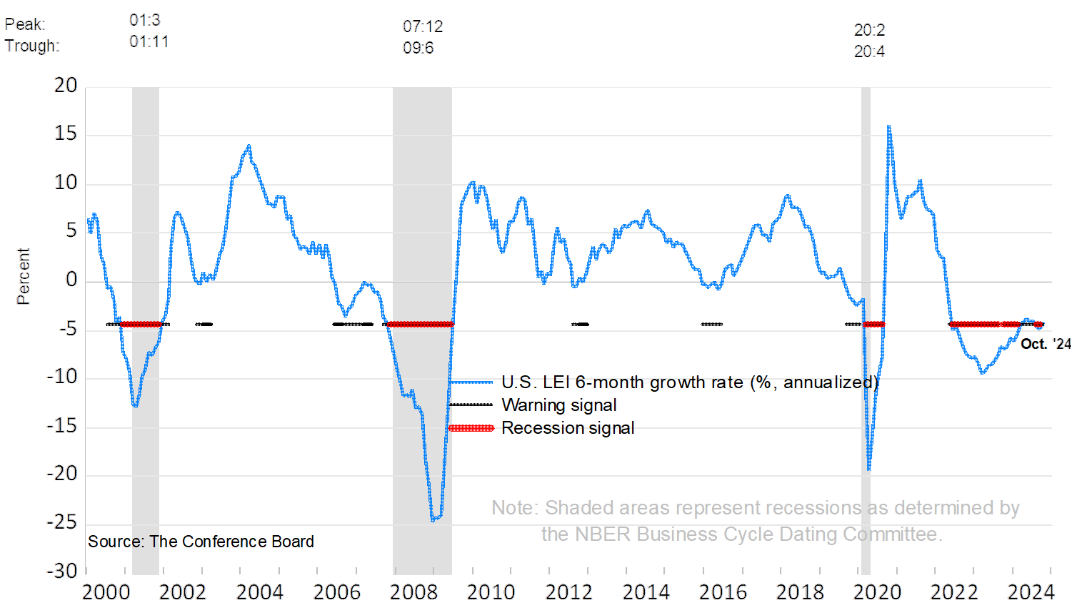


New orders continued to lead the decline in the LEI

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 contribiutins due to application of trend adjustment factor

The LEI stopped signalling an impending recession in October



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
	August	September	October	Apr to Oct
Leading Index	**100.2**	**99.9** *r*	**99.5** *p*	
Percent Change	-0.3	-0.3 *r*	-0.4	-2.2
Diffusion	45.0	60.0	40.0	25.0
Coincident Index	**112.8**	**112.8** *r*	**112.8** *p*	
Percent Change	0.2	0.0 *r*	0.0	0.8
Diffusion	75.0	75.0	62.5	75.0
Lagging Index	**119.2** *r*	**118.8** *r*	**118.7** *p*	
Percent Change	0.0	-0.3	-0.1	-0.8
Diffusion	21.4	14.3	35.7	0.0

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 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® 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® 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 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
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. ConferenceBoard.org

The next release is scheduled for Thursday, December 19th at 10 A.M. ET

For further information contact:

Jonathan Liu at +732.991.1754 JLiu@tcb.org

Joseph DiBlasi at +781.308.7935 JDiBlasi@tcb.org
