

# The Conference Board Leading Economic Index® (LEI) for the U.S. Declined in July

*Updated 19 August 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.*

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**The Conference Board Leading Economic Index® (LEI)** for the U.S. fell by 0.6 percent in July 2024 to 100.4 (2016=100), following a decline of 0.2 percent in June. Over the six-month period ending in July 2024, the LEI fell by 2.1 percent, a smaller rate of decline than its -3.1 percent over the six-month period between July 2023 and January 2024.

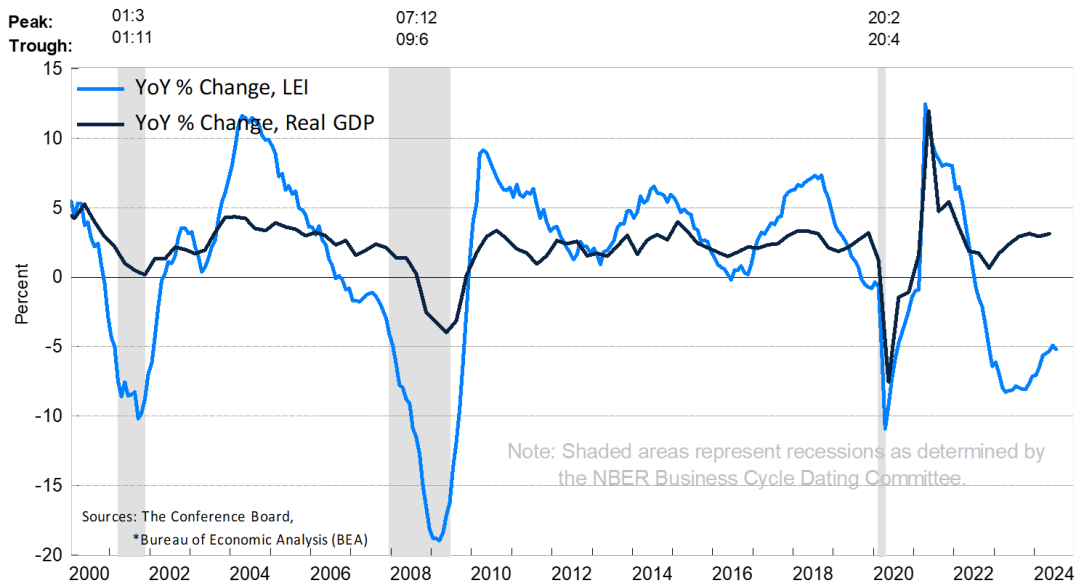
“The LEI continues to fall on a month-over-month basis, but the six-month annual growth rate no longer signals recession ahead,” said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board.** “In July, weakness was widespread among non-financial components. A sharp deterioration in new orders, persistently weak consumer expectations of business conditions, and softer building permits and hours worked in manufacturing drove the decline, together with the still-negative yield spread. These data continue to suggest headwinds in economic growth going forward. The Conference Board expects US real GDP growth to slow over

the next few quarters as consumers and businesses continue cutting spending and investments. US real GDP is expected to expand at a pace of 0.6 percent annualized in Q3 2024 and 1 percent annualized in Q4.”

**The Conference Board Coincident Economic Index® (CEI)** for the U.S. was flat in July 2024 at 112.5 (2016=100), after increasing by 0.2 percent in June. The CEI grew by 0.9 percent in the six-month period between January and July of 2024, faster than its 0.5 percent 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 July, except for industrial production, which experienced its largest negative contribution to the CEI since January 2024.

**The Conference Board Lagging Economic Index® (LAG)** for the U.S. inched down by 0.1 percent in July 2024 to 119.6 (2016=100), partially reversing an increase of 0.2 percent in June. The LAG’s six-month growth rate softened to 0.6 percent over the six-month period ending in July 2024, about half the 1.1 percent increase over the six-month period from July 2023 to January of 2024.

## The LEI’s annual growth rate has stabilized but remains negative, suggesting downward pressures on economic activity ahead



## The LEI’s weakness was led by non-financial components 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.

For the fourth consecutive month, the US LEI has not signaled a recession ahead



**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 percent. 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 Jan to Jul
	May	June	July	
<b>Leading Index</b>	101.2 <i>r</i>	101.0 <i>r</i>	100.4 <i>p</i>	
Percent Change	-0.5 <i>r</i>	-0.2	-0.6	-2.1
Diffusion	40.0	50.0	50.0	40.0
<b>Coincident Index</b>	112.3	112.5 <i>r</i>	112.5 <i>p</i>	
Percent Change	0.4	0.2 <i>r</i>	0.0	0.9
Diffusion	100.0	100.0	75.0	100.0
<b>Lagging Index</b>	119.5 <i>r</i>	119.7 <i>r</i>	119.6 <i>p</i>	
Percent Change	-0.1 <i>r</i>	0.2 <i>r</i>	-0.1	0.6
Diffusion	35.7	57.1	42.9	64.3

*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<sup>®</sup> Index of Stock Prices
- Leading Credit Index<sup>™</sup>
- 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<sup>®</sup> 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 Thursday, September 19th at 10 A.M. ET

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