# The Conference Board Leading Economic Index® (LEI) for the U.S. Fell Slightly in June

***Updated 18 July 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.*

---

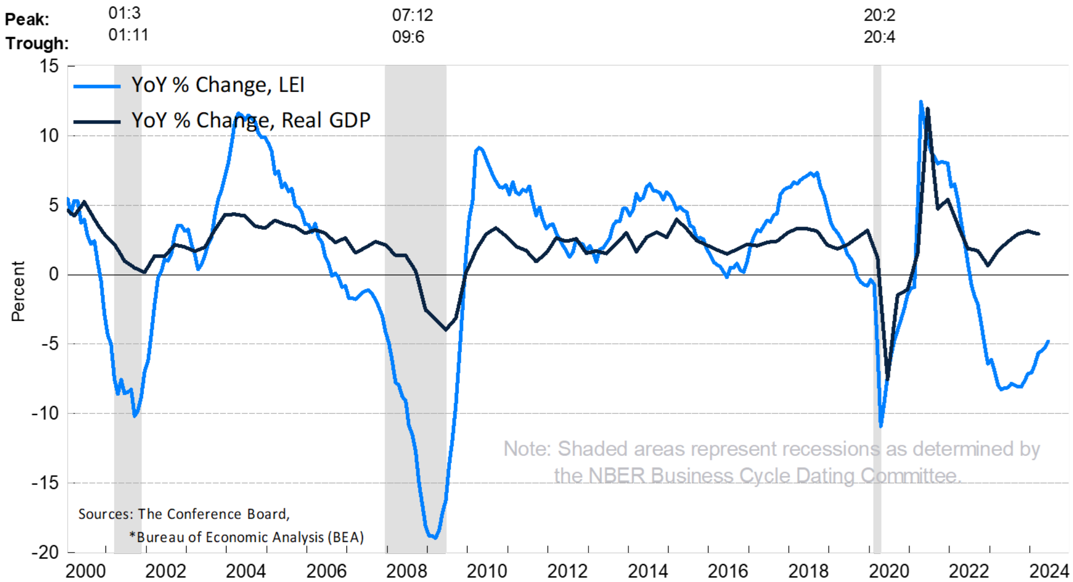
**The Conference Board Leading Economic Index®** (LEI) for the U.S. declined by 0.2 percent in June 2024 to 101.1 (2016=100), following a decline of 0.4 percent (upwardly revised) in May. Over the first half of 2024, the LEI fell by 1.9 percent, a smaller decrease than its 2.9 percent contraction over the second half of last year.

"The US LEI continued to trend down in June, but the contraction was smaller than in the past three months," said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board.** "The decline continued to be fueled by gloomy consumer expectations, weak new orders, negative interest rate spread, and an increased number of initial claims for unemployment. However, due to the smaller month-on-month rate of decline, the LEI's long-term growth has become less negative, pointing to a slow recovery. Taken together, June's data suggest that economic activity is likely to continue to lose momentum in the months ahead. We currently forecast that cooling consumer spending will push US GDP growth down to around 1 percent (annualized) in Q3 of this year."

**The Conference Board Coincident Economic Index®** (CEI) for the U.S. rose by 0.3 percent in June 2024 to 112.6 (2016=100), after increasing by 0.4 percent in May. The CEI grew 0.6 percent over the first half of 2024, about half its growth rate of 1.3 percent over the previous six months. 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 four components of the index improved in June, with industrial production making the largest positive contribution to the CEI for the second consecutive month.

**The Conference Board Lagging Economic Index®** (LAG) for the U.S. inched up by 0.1 percent in June 2024 to 119.5 (2016=100), partially reversing a decline of 0.2 percent in May. The LAG's six-month growth rate rebounded to 1.2 percent over the first half of this year, substantially higher than its 0.3 percent increase over the second half of 2023.

## The LEI's year-over-year growth rate was negative but to a lesser degree compared to prior months



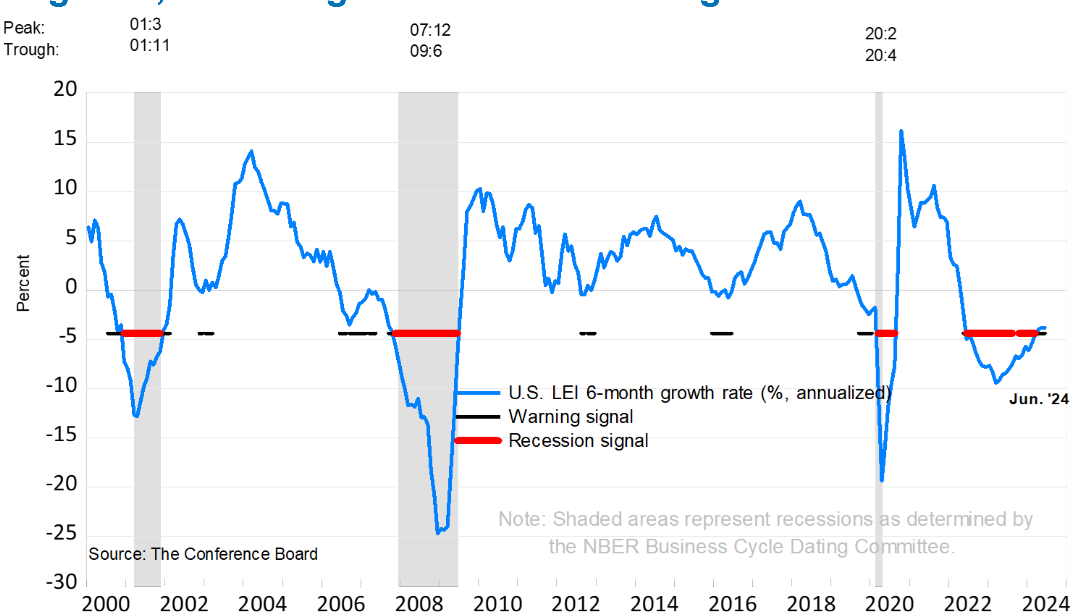

## June's decline in the LEI was led by consumer sentiment, new orders, yield spread, and unemployment insurance claims

**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

**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.

## The six-month growth rate of the LEI has trended less negative, switching off the 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 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 |
|---|---|---|---|---|
| | April | May | June | Dec to Jun |
| **Leading Index** | 101.7 | 101.3 *r* | 101.1 *p* | |
| Percent Change | -0.6 | -0.4 *r* | -0.2 | -1.9 |
| Diffusion | 30.0 | 40.0 | 60.0 | 40.0 |
| **Coincident Index** | 111.8 *r* | 112.3 *r* | 112.6 *p* | |
| Percent Change | -0.1 *r* | 0.4 | 0.3 | 0.6 |
| Diffusion | 50.0 | 100.0 | 100.0 | 75.0 |
| **Lagging Index** | 119.6 *r* | 119.4 | 119.5 *p* | |
| Percent Change | 0.4 *r* | -0.2 *r* | 0.1 | 1.2 |
| Diffusion | 57.1 | 28.6 | 57.1 | 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® 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/

**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 Monday, August 19th at 10 A.M. ET

**For further information contact:**

Joseph DiBlasi at +781.308.7935 JDiBlasi@tcb.org

Jonathan Liu at +732.991.1754 JLiu@tcb.org