

News Release

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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 Australia Inched Up in October

Next month's release of the composite economic indexes will incorporate annual benchmark revisions which bring them up-to-date with revisions in the source data. These revisions do not change the cyclical properties of the indexes. The indexes are updated throughout the year, but only for the previous six months. Data revisions that fall outside of the moving six-month window are not incorporated until the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes, in levels and month-on-month changes, will not be directly comparable to those issued prior to the benchmark revision.

For more information, please visit <https://www.conference-board.org/topics/business-cycle-indicators/> or contact us at indicators@conference-board.org.

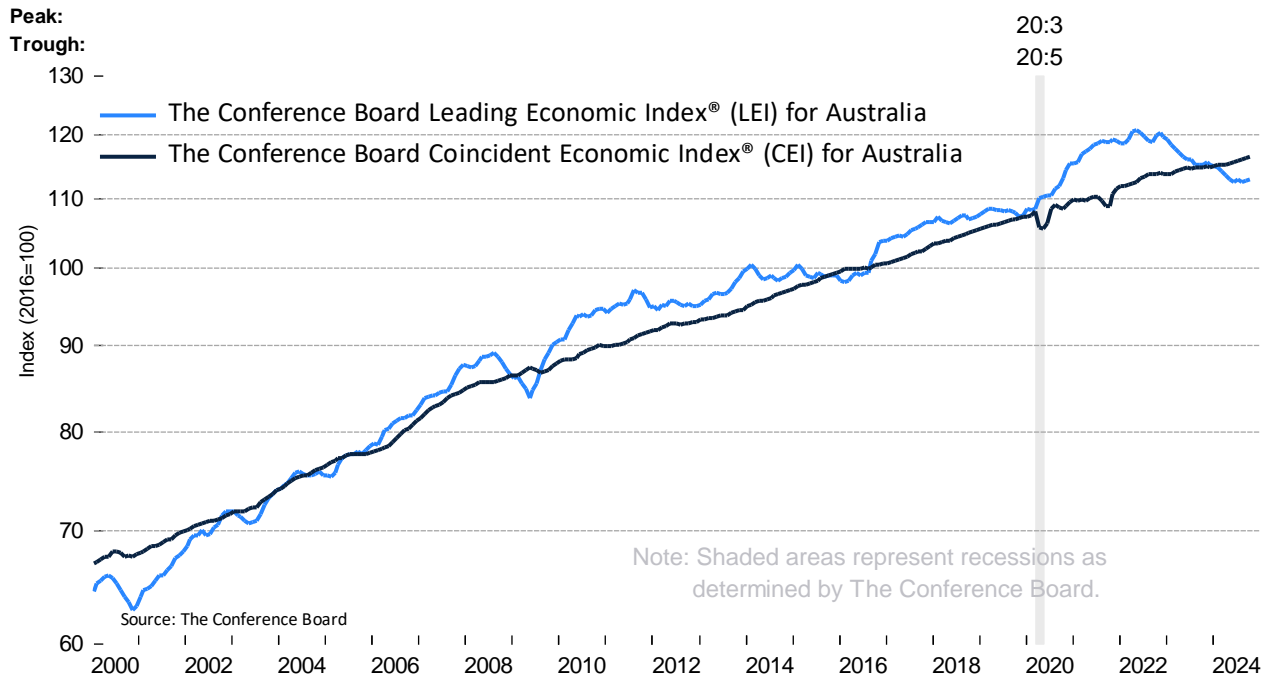
The Conference Board Leading Economic Index® (LEI) for Australia increased in October 2024 by 0.2% to 112.8 (2016=100), following a similar 0.2% increase in September. However, the LEI fell by 0.4% over the six-month period from April to October 2024, a much less intense decline than the contraction of 1.5% over the previous six-month period between October 2023 and April 2024.

The Conference Board Coincident Economic Index® (CEI) for Australia also increased by 0.2% in October 2024 to 116.3 (2016=100), after increasing by 0.3% in September. Overall, the CEI grew by 1.0% over the six-month period from April to October 2024, up from the 0.4% increase over the previous six-month period.

"The LEI for Australia increased for a second consecutive month in October," said **Ian Hu, Economic Research Associate at The Conference Board**. Strong positive contributions from the sales to inventories ratio and the money supply drove the index in October. All remaining components contributed negatively, especially share prices. The six-month and annual growth rates of the Index have become notably less negative since the middle of this year. As a result, the LEI remained outside of recession signal territory for the 2nd consecutive month. Overall, this suggests slightly lessened headwinds to growth entering 2025. The Conference Board currently projects Australia's annual real GDP growth at 1.0% in 2024 and accelerating to 1.3% in 2025."

The next release is scheduled for Thursday, January 16, 2025, at 10:30 A.M. ET.

The Australia LEI increased in October



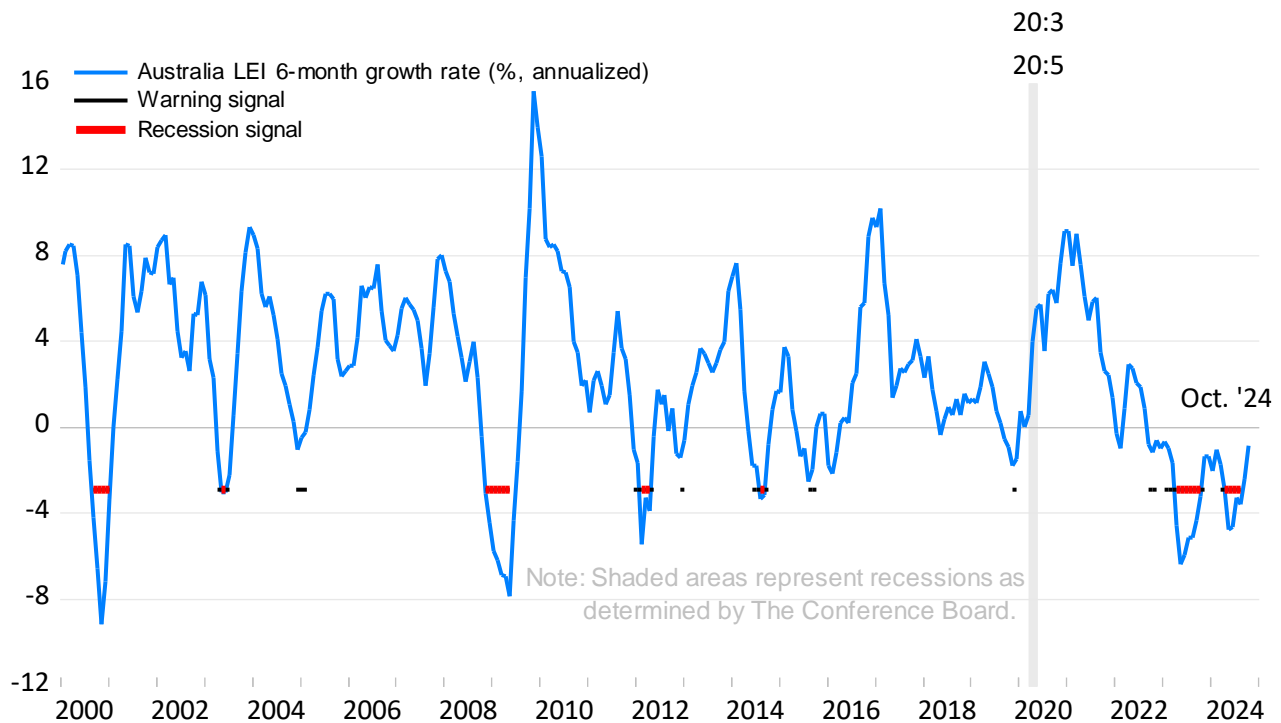
The sales to inventories ratio and money supply drove the increase of the LEI

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. --Q: Quarterly series; these series are converted to a monthly series through a linear interpolation
LEI change might not equal sum of its contributions due to application of trend adjustment factor

The six-month growth rate of the Australia LEI remained out of recession signal territory 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 six-month **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 -2.9% . The **red recession signal lines** indicate months when both criteria are met simultaneously—and thus that a recession is likely imminent or underway.

About The Conference Board *Leading Economic Index*® (LEI) and *Coincident Economic Index*® (CEI) for Australia

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 seven components of *Leading Economic Index*® for Australia are:

- Yield Spread, 10Y – Policy Rate
- Share Prices, All Ordinaries S&P/ASX 200
- Money Supply, M3
- Building Approvals
- Rural Goods Exports
- Non-Farm Sector, Sale to Inventories Ratio
- Gross Operating Surplus, Private Non-Financial Corp.

The four components of the *Coincident Economic Index*® for Australia are:

- Employment
- Household Income
- Industrial Production
- Retail Trade

To access data, please visit: <https://data-central.conference-board.org/>

About The Conference Board

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