

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 Jumped Up in November

This month's release of the composite economic indexes incorporates 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 by 0.7% in November 2024 to 113.1 (2016=100), following a 0.1% uptick in October. Furthermore, the LEI grew by 0.7% over the six-month period from May to November 2024, slightly reversing the 3.0% contraction over the previous six-month period between November 2023 and May 2024.

The Conference Board Coincident Economic Index® (CEI) for Australia also increased by 0.3% in November 2024 to 117.0 (2016=100), after increasing by 0.2% in October. Overall, the CEI grew by 1.2% over the six-month period from May to November 2024, substantially faster than 0.3% increase over the previous six-month period.

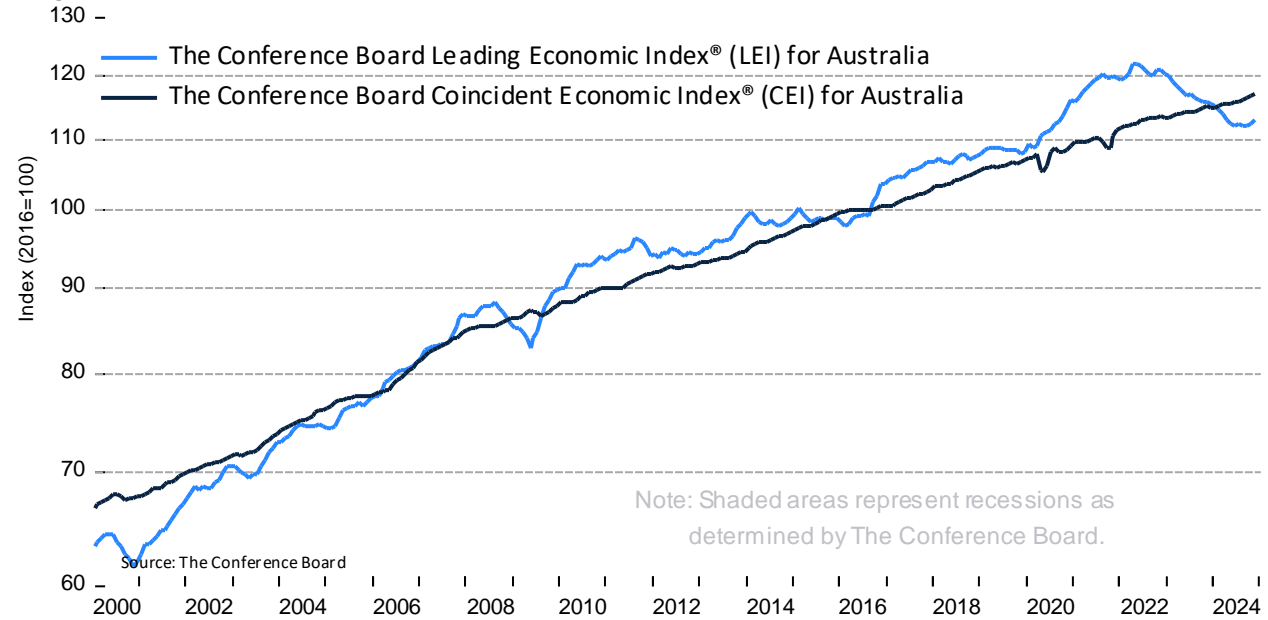
"The LEI for Australia increased for a third consecutive month in November," said **Ian Hu, Economic Research Associate at The Conference Board**. "A strong contribution from rural goods exports (excluding meat, cereal, and wool products), fueled the increase of the Index. Following China's recently lifting of the ban on some Australian products, exports of agricultural and fishing products are likely to increase further in 2025, providing additional support to the LEI in the coming months. Meanwhile, the six-month annual growth rate turned positive, which already suggests a substantial improvement of Australia's economic outlook for 2025. The Conference Board currently estimates that Australia's annual real GDP grew by 1.0% in 2024 but expects growth to accelerate to 1.5% in 2025."

The next release is scheduled for Thursday, February 13, 2025, at 10:30 A.M. ET.

The Australia LEI continued to recover

Peak:

Trough:



Rural goods exports drove the increase to the LEI in November

The Conference Board Leading Economic Index® and Component Contributions (Percent)

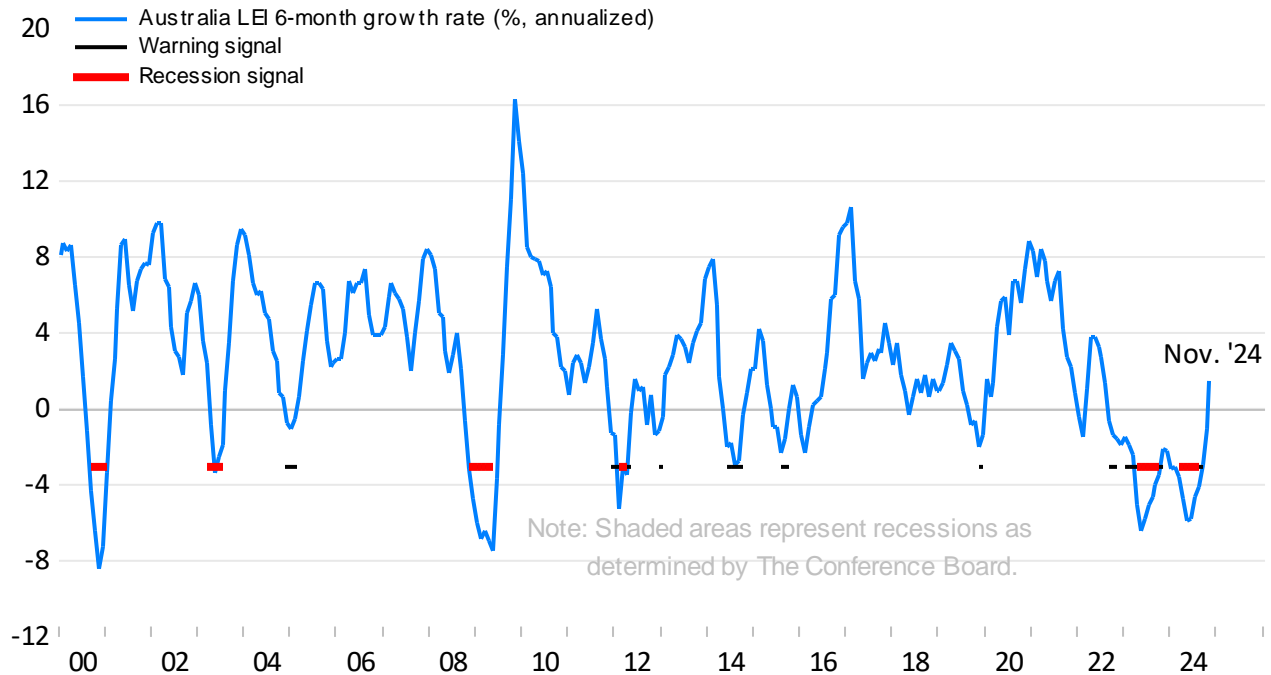
Nov. '24

6 mo. ending Nov. '24



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

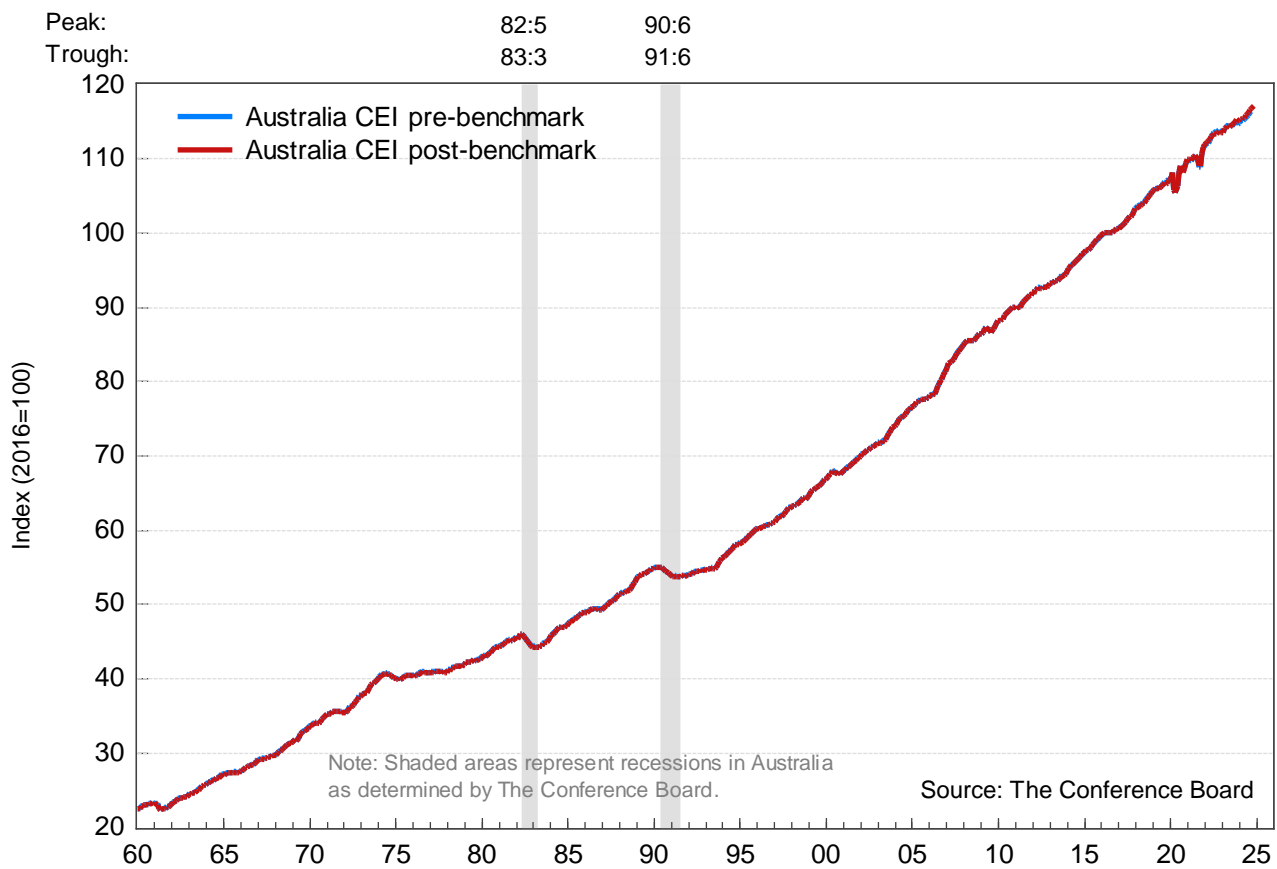
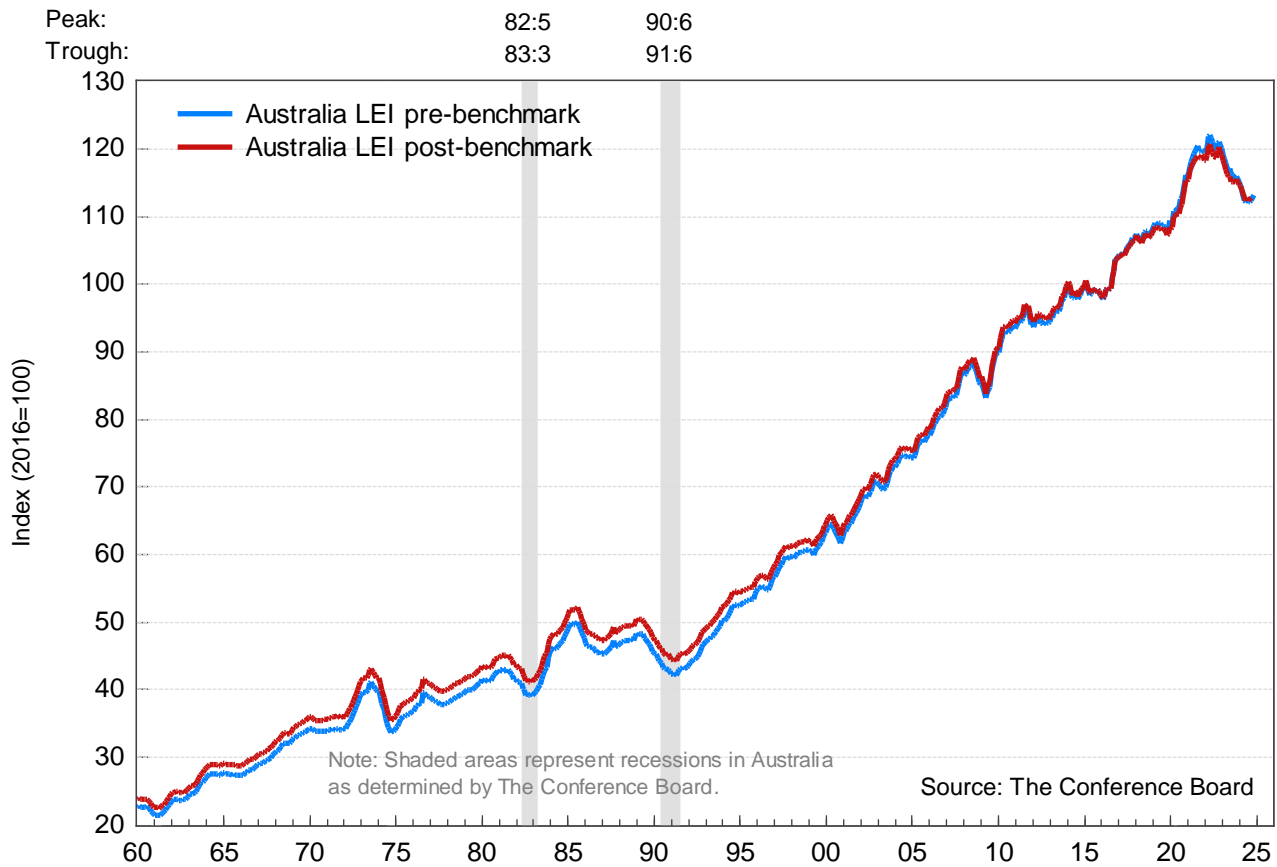
The six-month growth rate of the Australia LEI, paired with the strength of its components, no longer signaled recession in November



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.

The composite business cycle indexes pre- and post- benchmark revisions: 1960-present



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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