

## News Release

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**For Release 9:30 AM ET, January 14, 2025**

**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 Euro Area Declined in December**

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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](mailto:indicators@conference-board.org).

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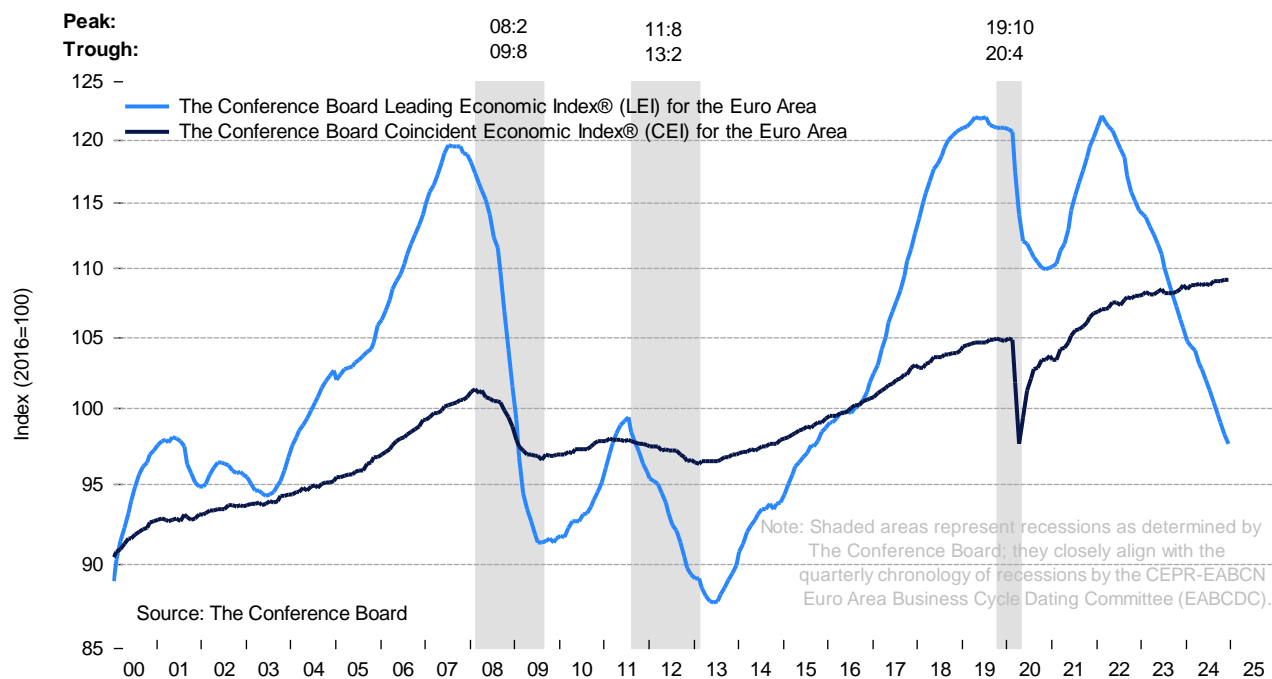
**The Conference Board Leading Economic Index® (LEI)** for the Euro Area declined by 0.6% in December 2024 to 97.6 (2016=100), following a slightly larger decline of 0.8% in November. As a result, the LEI contracted by 4.3% over the six-month period from June to December 2024, a faster rate of decline than the -3.4% over the previous six-month period between December 2023 and June 2024.

**The Conference Board Coincident Economic Index® (CEI)** for the Euro Area was unchanged in December 2024 at 109.1 (2016=100), following an uptick of 0.1% in November. Nevertheless, the CEI grew by 0.3% over the six-month period from June to December 2024, slightly faster than the 0.1% growth over the previous six months.

"The Euro Area LEI continued to decline in December" said **Ian Hu, Economic Research Associate, at The Conference Board**. "All components, except for the systemic stress indicator and stock prices, fueled the decline of the LEI. Furthermore, weak orders, the negative yield spread, and a depressed consumer outlook have contributed negatively to the Index every month for the past 18 months. Persistently negative growth rates, stemming as early as March 2022, indicate continued pressures on economic activity for 2025, even if on-going monetary easing by the European Central Bank (ECB) should help lessen some of these unfavorable economic conditions. All-in-all, The Conference Board projects the Euro Area's real GDP to grow at below 1% in 2024 and at about 1% in 2025."

**The next release is scheduled for Tuesday, February 11, 2025, at 9:30 A.M. ET.**

## The Euro Area LEI continued to fall in December



## All non-financial components and the yield spread contributed to the December decline

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

	Dec. '24	6 mo. ending Dec. '24
<b>Financial Components</b>		
Systemic Stress Composite Indicator*	0.14	0.73
ECB Yield Spread	-0.10	-0.94
EURO STOXX® Index	0.07	-0.02
<b>Non-Financial Components</b>		
Index of Residential Building Permits**	-0.01	-0.28
Volume of Order Books	-0.13	-0.69
Markit® Manufacturing New Orders	-0.19	-1.09
Markit® Business Expectations Index (Services)	-0.10	-0.51
Consumer Expectation of General Economic Situation	-0.19	-0.83

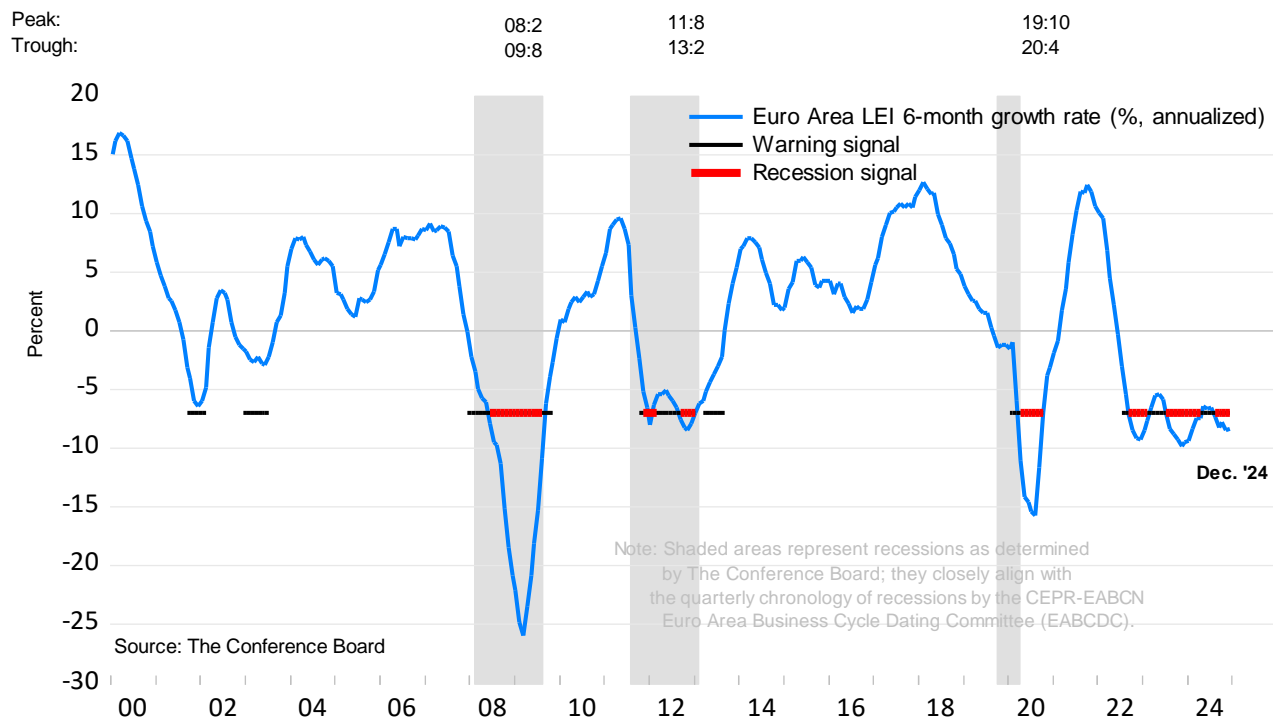
Source: The Conference Board

\* 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

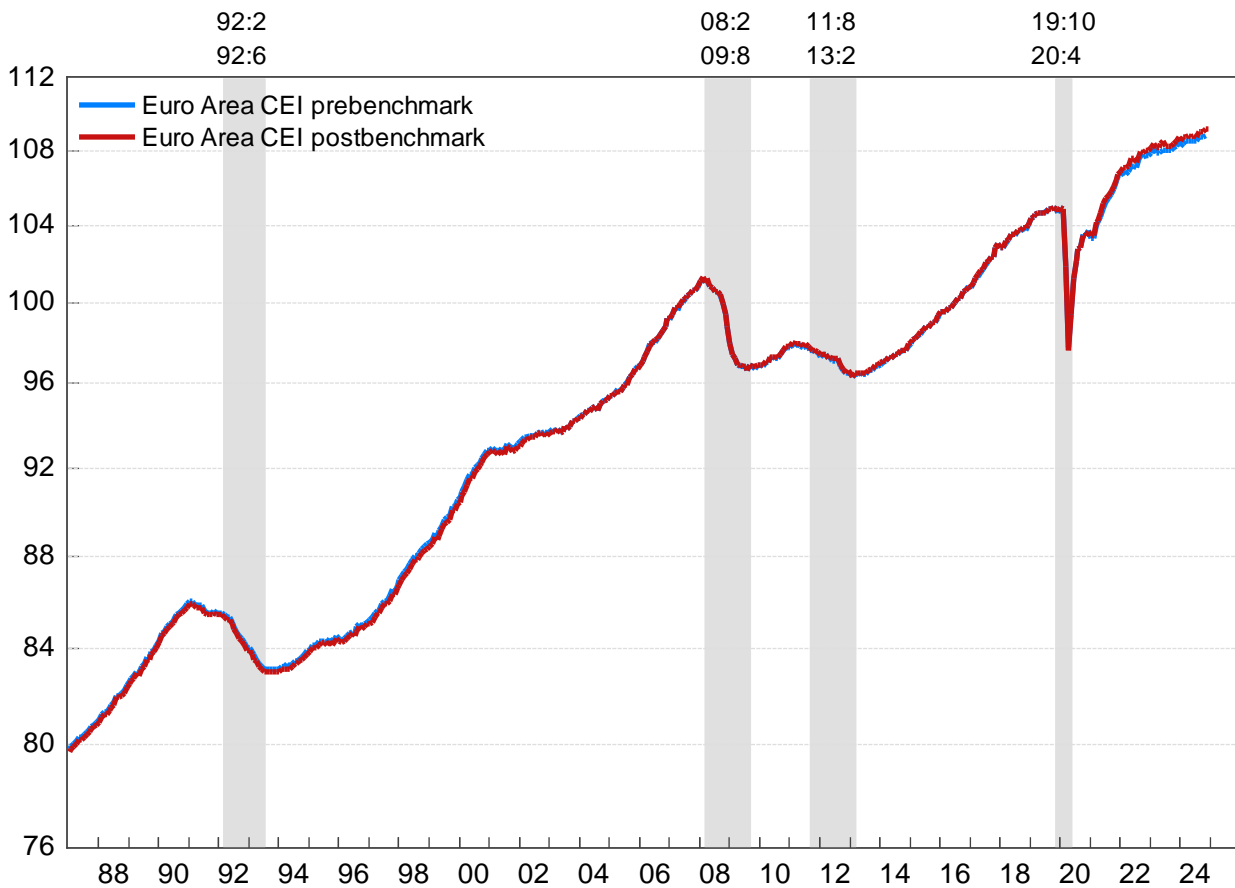
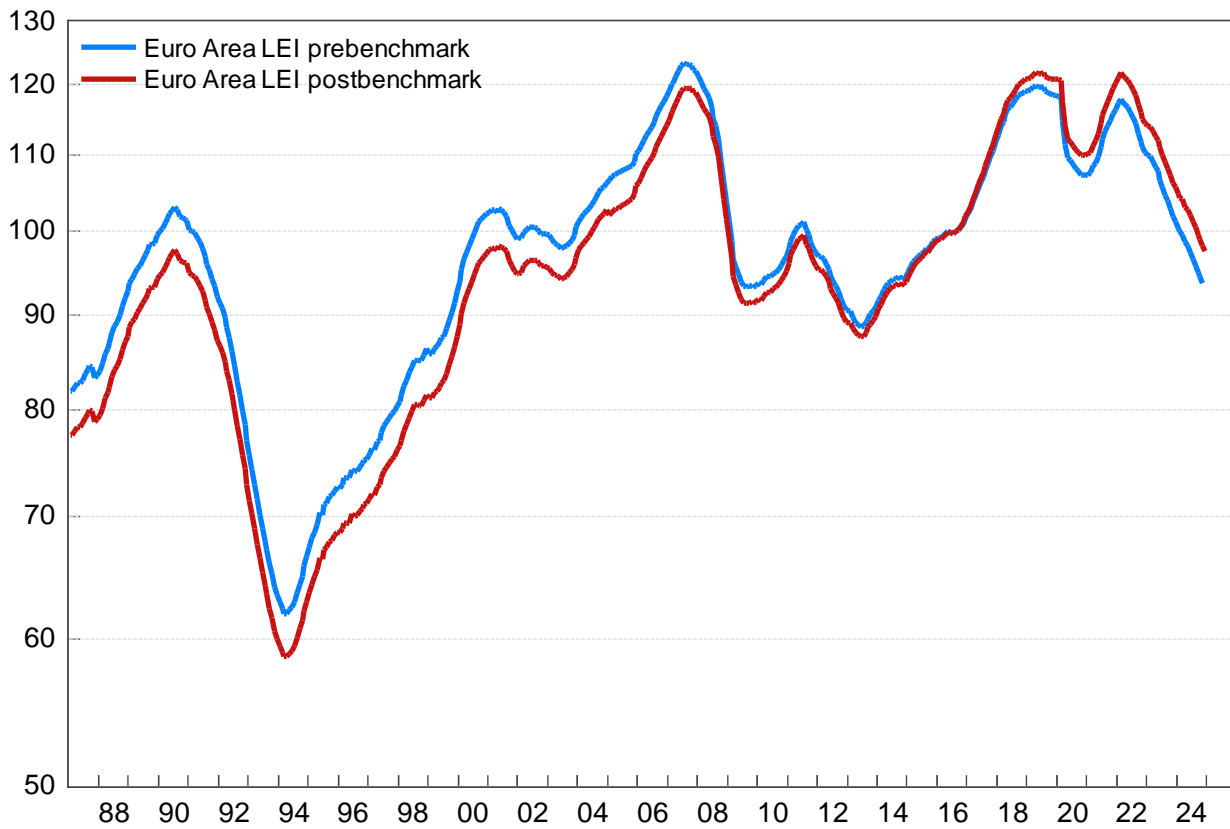
## The large negative six-month growth rate of the Euro Area LEI paired with widespread weakness among its components continued to signal recession risks



**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 -6.9 percent. 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: 1987-present



## **About The Conference Board *Leading Economic Index*<sup>®</sup> (LEI) and *Coincident Economic Index*<sup>®</sup> (CEI) for the Euro Area**

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 two months.

The eight components of *Leading Economic Index*<sup>®</sup> for the Euro Area are:

- ECB Minimum Bid Yield Spread
- Consumer Expectations of the General Economic Situation
- EURO STOXX<sup>®</sup> Price Index
- Markit<sup>®</sup> Manufacturing New Orders
- Markit<sup>®</sup> Business Expectations Index (Services)
- Volume of Order Books
- Index of Residential Building Permits
- Systemic Stress Composite Indicator

The four components of the *Coincident Economic Index*<sup>®</sup> for the Euro Area are:

- Industrial Production
- Employment
- Retail Sales
- Manufacturing Sales

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

## **About The Conference Board**

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