

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 Germany Ticked 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.

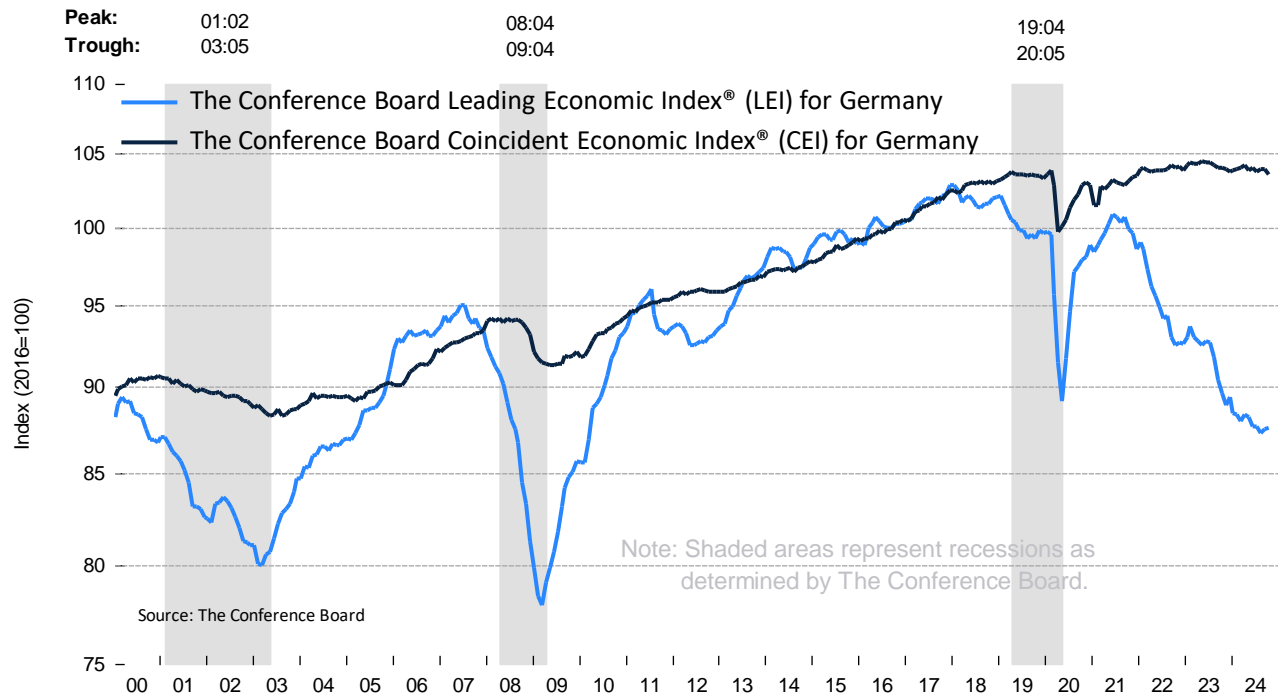
The Conference Board Leading Economic Index® (LEI) for Germany improved slightly by 0.1% in October 2024 to 87.6 (2016=100), after increasing by 0.2% in September, according to revised data. Nevertheless, over the six-month period between April and October 2024, the LEI for Germany contracted by 0.9%, a moderate improvement from the 1.3% decline over the previous six-month period, between October 2023 and April 2024.

The Conference Board Coincident Economic Index® (CEI) for Germany declined by 0.3% in October 2024 to 103.6 (2016=100), following no change in September. The CEI for Germany contracted by 0.6% from April to October 2024, a negative turn, after a 0.2% gain over the previous six-month period.

"The LEI for Germany improved slightly in October, recovering for a second consecutive month from multi-year lows," said **Allen Li, Associate Economist at The Conference Board**. "Of the components, only the negative yield spread weighed on the index. Consumer confidence, driven by expectations of stronger income and stock prices led the October increase. However, new orders for investment goods that supported the Index in recent months seemed to have lost momentum. While the stabilizing pace of decline in the Index on a six-month basis suggests that headwinds may lessen in the near term, the October data does not yet reflect political and trade uncertainty that increased in November, following the collapse of the governing coalition and tariffs announcements by the incoming US administration. The Conference Board currently expects the German economy to contract by 0.1% in 2024, but to slightly recover to 0.7% growth in 2025."

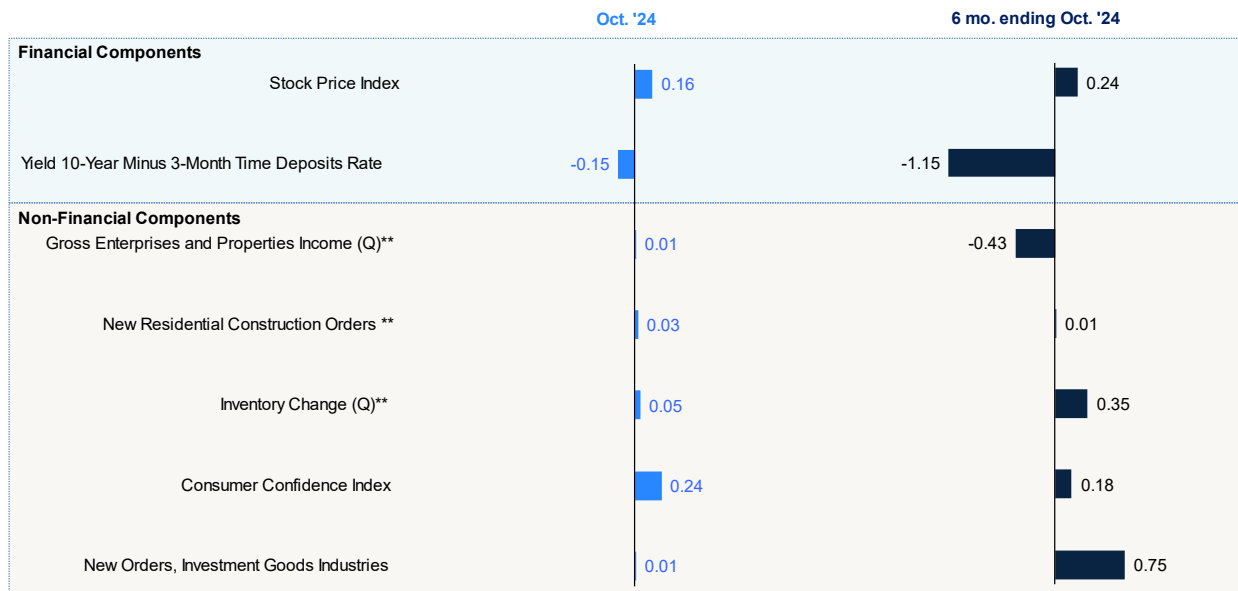
The next release is scheduled for Tuesday, January 21, 2025, at 9:30 A.M. ET.

The Germany LEI improved slightly in October



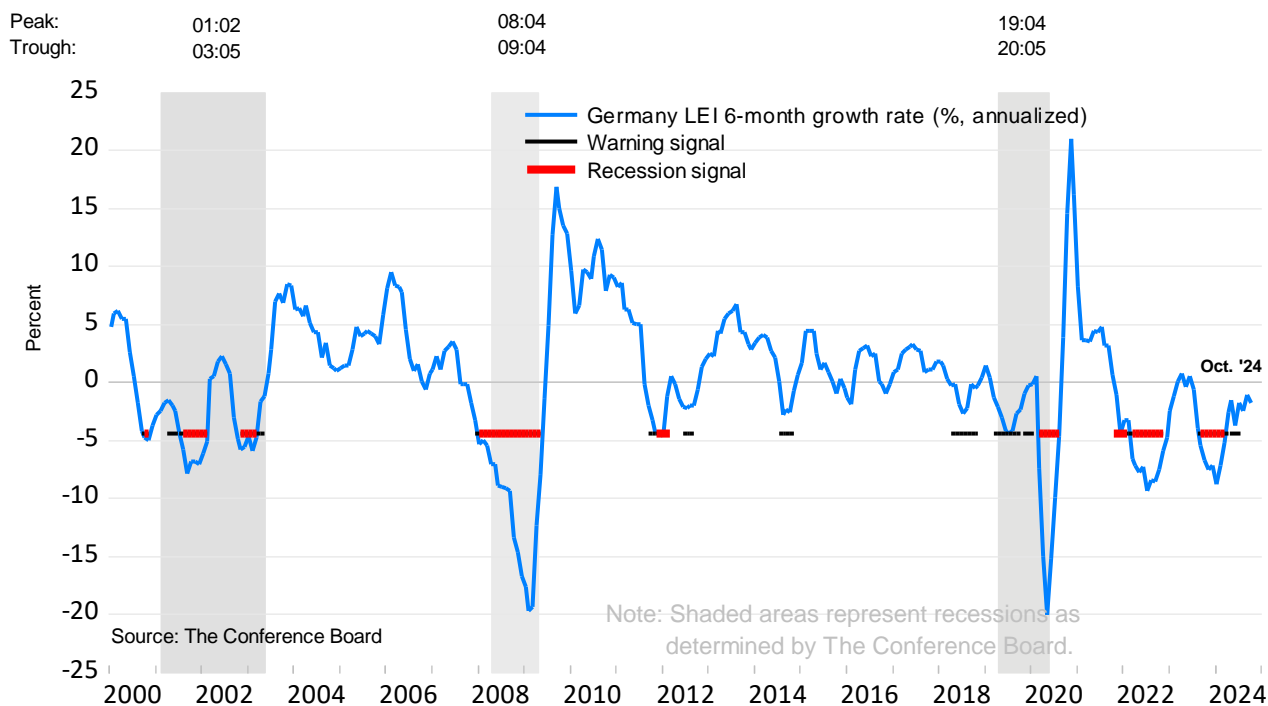
Only the negative yield spread weighed on the Index in October

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



Source: The Conference Board
** 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 semi-annual growth of the Germany LEI remained slightly negative, but has stabilized, suggesting lessened headwinds to economic growth 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 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 **-4.6 percent**. 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 Germany

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 five months.

The seven components of *Leading Economic Index*[®] for Germany are:

- New Orders for Investment Goods
- Yield Spread, 10-Year Minus 3-Month Time Deposits Rate
- Consumer Confidence Index
- Inventory Change
- New Residential Construction Orders
- Stock Price Index
- Gross Enterprises and Properties Income

The four components of the *Coincident Economic Index*[®] for Germany are:

- Industrial Production
- Employed Persons
- Retail Trade
- Manufacturing Sales

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

About The Conference Board

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