

## 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 Mexico Continued to Fall in October**

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

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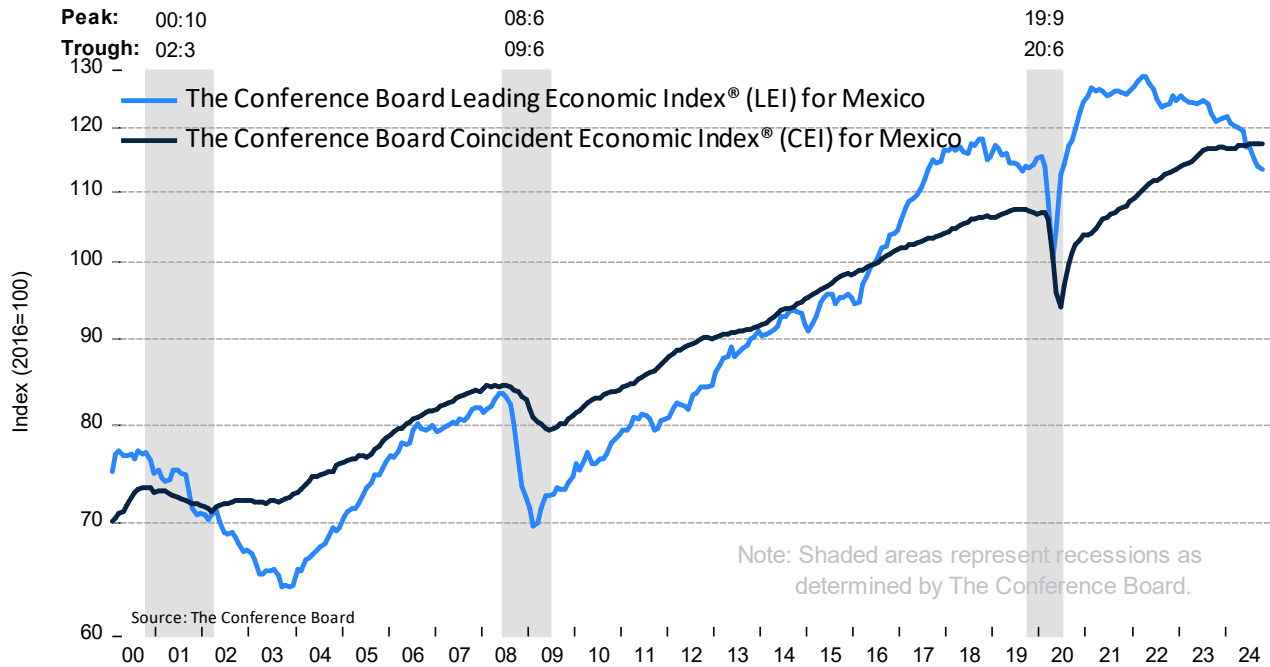
**The Conference Board Leading Economic Index® (LEI)** for Mexico decreased by 0.3% in October 2024 to 113.5 (2016=100), following a large decrease of 1.0% in September. As a result, the LEI contracted by 5.4% over the six-month period between April and October 2024, after contracting by 0.9% over the previous six-month period between October 2023 and April 2024.

**The Conference Board Coincident Economic Index® (CEI)** for Mexico remained stagnant at 117.5 (2016=100) since August 2024. However, overall, the CEI increased by 0.3% in the six-month period between April and October 2024, after also increasing by 0.3% over the previous six-month period.

“The Mexico LEI declined again in October, but not to the same extent as in the previous 2 months” said **Malala Lin, Economic Research Associate, at The Conference Board**. “In August and September, the LEI experienced large declines. In October, most components made positive contributions to the Index, but they were not enough to offset negative contributions from the opinion balance of manufacturing inventories and stock prices, resulting in another, but smaller, decrease in the LEI. As a result, the semiannual growth rate of the LEI remained deeply negative and continued to signal recession risks. While the rate-cut cycle by the Bank of Mexico is expected to continue and support the economy, efforts by the new administration to reduce the fiscal deficits will likely weigh on growth going forward. In addition, possible tariffs from the US may create new headwinds in 2025. Overall, The Conference Board currently forecasts real GDP to grow only by 1.6% in 2024 and 1.5% in 2025.”

**The next release is scheduled for Tuesday, January 21, 2025 at 11 A.M. ET.**

## The Mexico LEI continued to decrease in October



## Weakness in opinion balance of manufacturing inventories and stock prices pulled the LEI down in October

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

|   | Oct. '24 | 6 mo. ending Oct. '24 |
|---|----------|-----------------------|
| <b>Financial Components</b>                         |          |                       |
| Federal Funds, Money Market Rate*                   | 0.02     | 0.05                  |
| Stock Prices, IPC35 (BOLSA)                         | -0.18    | -0.58                 |
| Real Exchange Rate, Peso/US\$ *                     | 0.02     | -1.97                 |
| <b>Non-Financial Components</b>                     |          |                       |
| Industrial Production, Construction Component       | 0.07     | 0.13                  |
| Manufacturing Inventories, Opinion Balance          | -0.28    | -2.80                 |
| Acquisition Cost of Imported Crude Oil, US Refiners | 0.09     | -0.68                 |

Source: The Conference Board

\* Inverted series; a negative change in this component makes a positive contribution.

LEI change might not equal sum of its contributions due to application of trend adjustment factor

## The six-month growth rate of the LEI still signaled recession risks 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 **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  $-4.9\%$ . 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 Mexico

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 six components of the *Leading Economic Index*® for Mexico are:

- Industrial Production (Construction)
- Stock Prices
- U.S. Refiners’ Acquisition Cost of Domestic and Imported Crude Oil
- Manufacturing Inventories (Opinion Balance)
- Federal Funds, Money Market Rate
- Real Exchange Rate

The three components of the *Coincident Economic Index*® for Mexico are:

- Industrial Production
- Retail Sales
- Employment, IMSS Beneficiaries

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

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