THE CONFERENCE BOARD

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 the US Declined in January

The Conference Board Leading Economic Index® (LEI) for the US fell by 0.3% in January 2025 to 101.5 (2016=100), after a 0.1% increase in December 2024 (upwardly revised from an initially estimated decline of 0.1%). Overall, the LEI recorded a 0.9% decline in the six-month period ending January 2025, much less than its 1.7% decline over the previous six months.

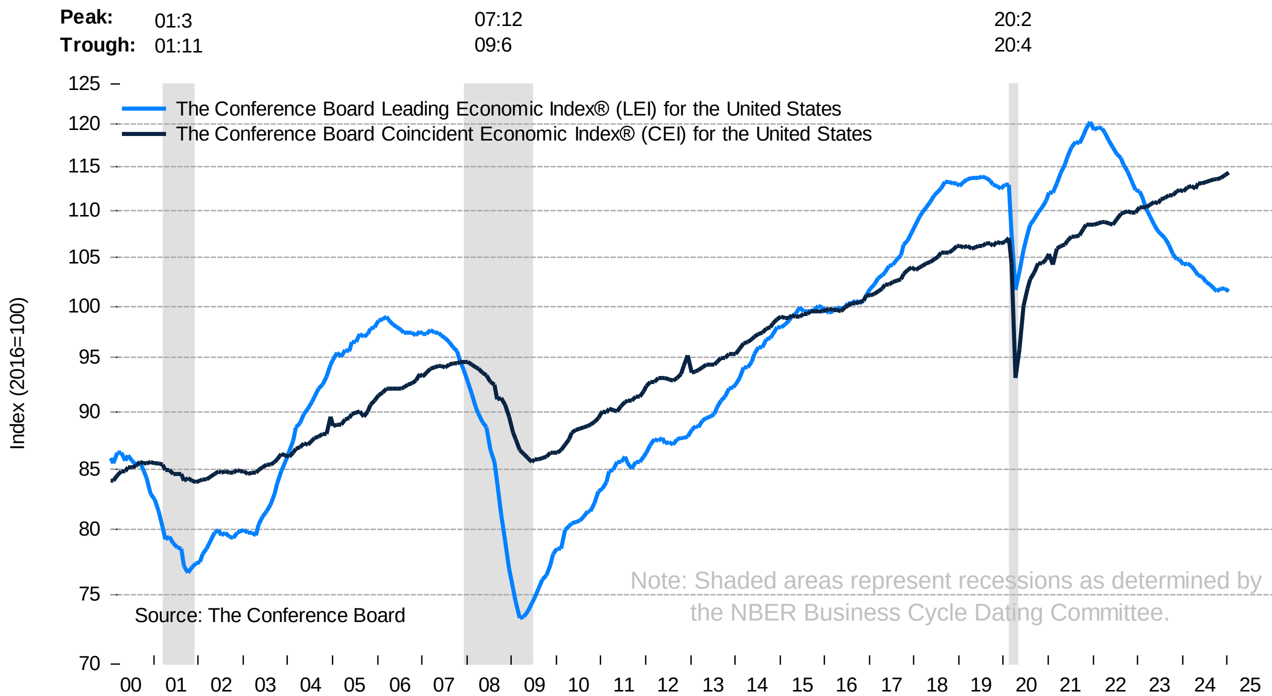
"The US LEI declined in January, reversing most of the gains from the previous two months," said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board.** "Consumers' assessments of future business conditions turned more pessimistic in January, which—alongside fewer weekly hours worked in manufacturing—drove the monthly decline. However, manufacturing orders have almost stabilized after weighing heavily on the Index since 2022, and the yield spread contributed positively for the first time since November 2022. Overall, just four of the LEI's 10 components were negative in January. In addition, the LEI's six-month and annual growth rates continued to trend upward, signaling milder obstacles to US economic activity ahead. We currently forecast that real GDP for the US will expand by 2.3% in 2025, with stronger growth in the first half of the year."

The Conference Board Coincident Economic Index® (CEI) for the US rose by 0.3% in January 2025 to 114.3 (2016=100), after also increasing 0.3% in December 2024. As a result, the CEI rose by 1.0% over the six-month period between July 2024 and January 2025, close to its 0.9% growth over the previous six months. The CEI's four component indicators—payroll employment, personal income less transfer payments, manufacturing and trade sales, and industrial production—are included among the data used to determine recessions in the US. They all improved in January, with the largest positive contribution coming from industrial production for the second consecutive month. This was followed by personal income less transfer payments, manufacturing and trade sales, and payroll employment.

The Conference Board Lagging Economic Index® (LAG) for the US increased by 0.5% to 119.3 (2016=100) in January 2025, after no change in December 2024. As a result, the LAG's six-month change turned positive to 0.3% growth for the first time since the summer of 2024.

The next release is scheduled for Thursday, March 20, 2025, at 10 A.M. ET.

The LEI fell in January 2025, reversing most of the gains in November and December 2024

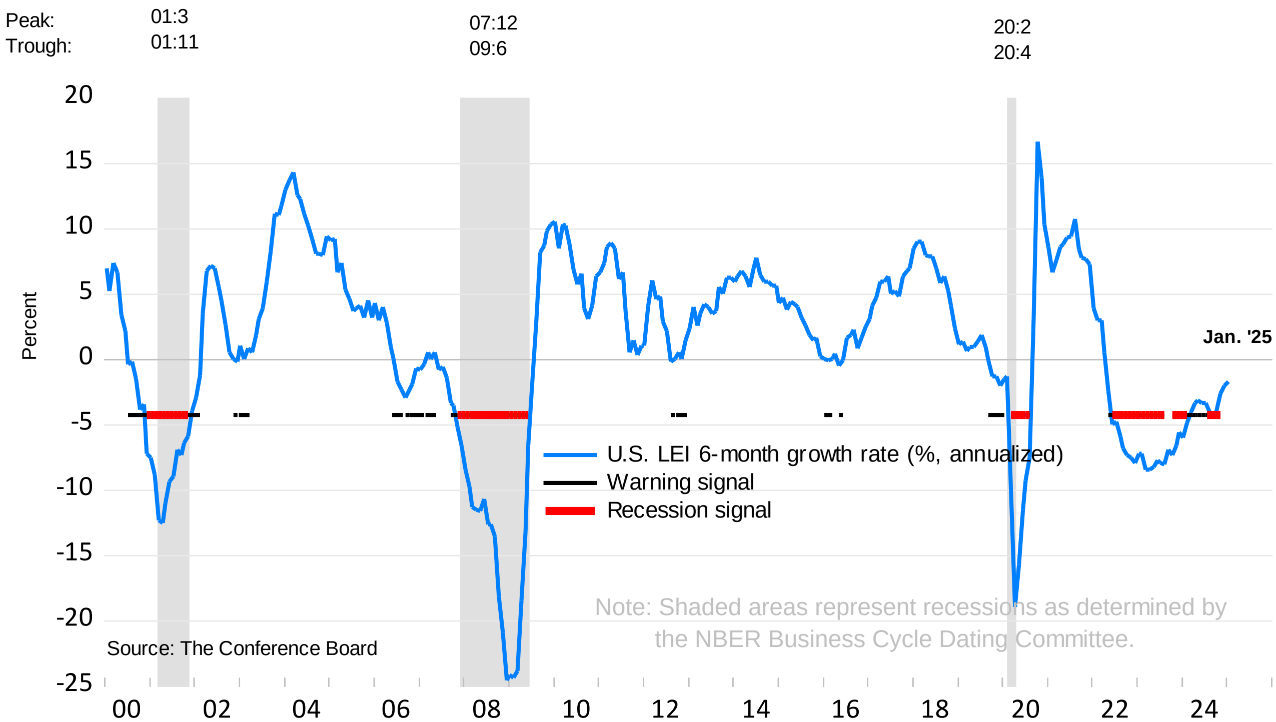


Consumer expectations and weekly hours worked in manufacturing fueled January's decline

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

The LEI's annual growth rate has been improving, signaling milder downside risks to growth



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 −4.3%. The **red recession signal lines** indicate months when both criteria are met simultaneously—and thus that a recession is likely imminent or underway.

Summary Table of Composite Economic Indexes

	2024				2025		6-Month
	November		December		January		Jul to Jan
Leading Index	101.7		101.8	*r*	101.5	*p*	
Percent Change	0.3	*r*	0.1	*r*	-0.3		-0.9
Diffusion	60.0		50.0		60.0		65.0
Coincident Index	113.7		114.0	*r*	114.3	*p*	
Percent Change	0.2		0.3	*r*	0.3		1.0
Diffusion	75.0		100.0		100.0		100.0
Lagging Index	118.7	*r*	118.7	*r*	119.3	*p*	
Percent Change	0.3	*r*	0.0	*r*	0.5		0.3
Diffusion	42.9		42.9		50.0		28.6

p Preliminary *r* Revised *c* Corrected
Indexes equal 100 in 2016

Source: The Conference Board

About The Conference Board *Leading Economic Index®* (LEI) and *Coincident Economic Index®* (CEI) for the US
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 ten components of the ***Leading Economic Index®* for the US** are:

- Average weekly hours in manufacturing
- Average weekly initial claims for unemployment insurance
- Manufacturers' new orders for consumer goods and materials
- ISM® Index of New Orders
- Manufacturers' new orders for nondefense capital goods excluding aircraft orders
- Building permits for new private housing units
- S&P 500® Index of Stock Prices
- Leading Credit Index™
- Interest rate spread (10-year Treasury bonds less federal funds rate)
- Average consumer expectations for business conditions

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

- Payroll employment
- Personal income less transfer payments
- Manufacturing and trade sales
- Industrial production

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