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 Decreased in December

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 conference-board.org/topics/business-cycle-indicators/ or email us at indicators@tcb.org.

The Conference Board Leading Economic Index® (LEI) for the US inched down by 0.1% in December 2024 to 101.6 (2016=100), after an upwardly revised increase of 0.4% in November. The LEI declined by 1.3% over the second half of 2024, slightly less than its 1.7% decline over the first half of the last year.

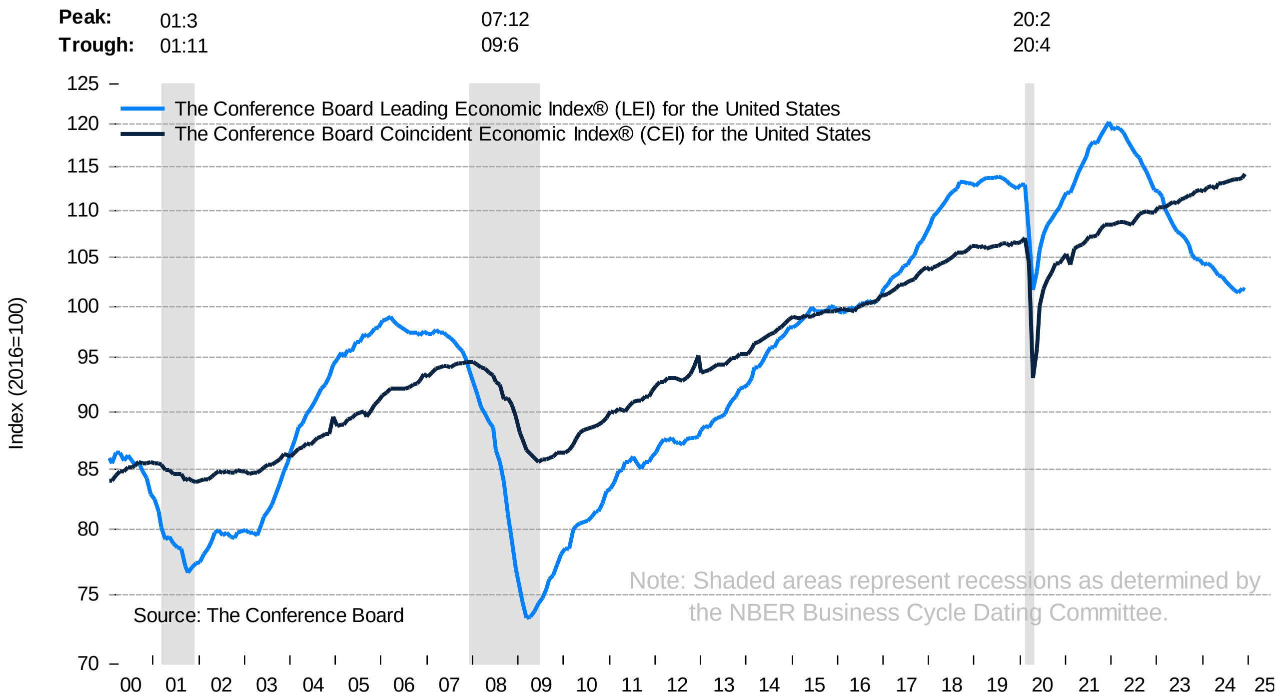
"The Index fell slightly in December failing to sustain November's increase," said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board.** "Low consumer confidence about future business conditions, still relatively weak manufacturing orders, an increase in initial claims for unemployment, and a decline in building permits contributed to the decline. Still, half of the 10 components of the index contributed positively in December. Moreover, the LEI's six-month and twelve-month growth rates were less negative, signaling fewer headwinds to US economic activity ahead. Nonetheless, we expect growth momentum to remain strong to start the year and US real GDP to expand by 2.3% in 2025."

The Conference Board Coincident Economic Index® (CEI) for the US rose by 0.4% in December 2024 to 114.1 (2016=100), following a 0.2% increase in November. As a result, the CEI increased by 0.9% in the six-month period ending December 2024, slightly higher than its 0.7% 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 December, with the largest positive contribution coming from industrial production, which contributed negatively in three out of the past six months. This was followed by personal income less transfer payments, payroll employment, and manufacturing and trade sales.

The Conference Board Lagging Economic Index® (LAG) for the US increased by 0.1% to 118.5 (2016=100) in December 2024, after an increase of 0.2% in November. However, the LAG's six-month growth rate remained negative at 0.5% over the second half of 2024, a partial reversal from its 0.8% increase over the first half of 2024.

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

The LEI pulled back slightly in December 2024 after November's upwardly revised gain



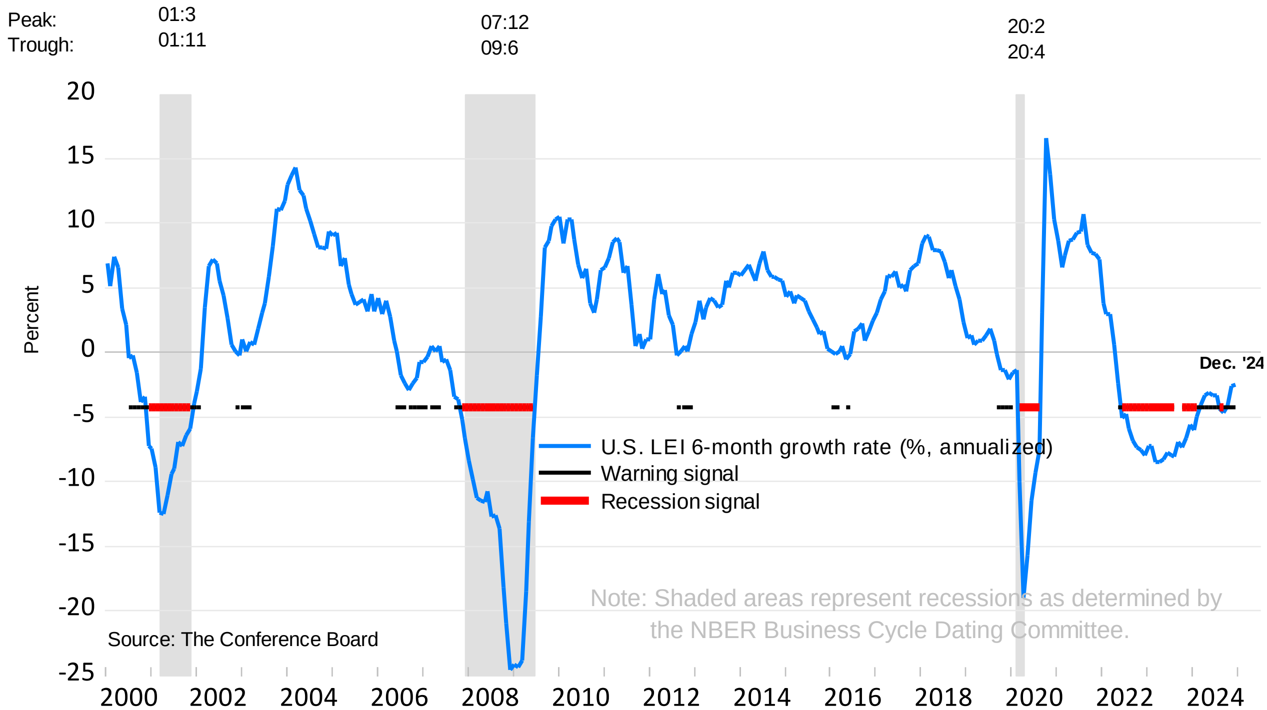
Consumer expectations and new orders were the main drags on the LEI in December

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

	Dec. '24	6 months ending in Dec. '24
Financial Components		
Leading Credit Index ™*	0.07	0.45
S&P 500® Stock Index	0.06	0.44
Interest Rate Spread, 10-year T-bonds less Fed Funds	-0.01	-0.61
Non-Financial Components		
Avg. Consumer Expectations for Business Conditions	-0.07	-0.34
ISM® New Orders Index	-0.06	-0.95
Building Permits, Private Housing	-0.02	0.06
Average Weekly Hours, Mfg.	0.06	0.06
Manufacturers' New Orders, Nondefense Capital Goods excl. aircraft**	0.01	-0.01
Manufacturers' New Orders, Consumer Goods & Materials**	0.01	-0.04
Average Weekly Initial Claims, Unemp. Insurance*	-0.03	0.10

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 is no longer signalling a risk of recession



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 −4.4%. The **red recession signal lines** indicate months when both criteria are met simultaneously—and thus that a recession is likely imminent or underway.

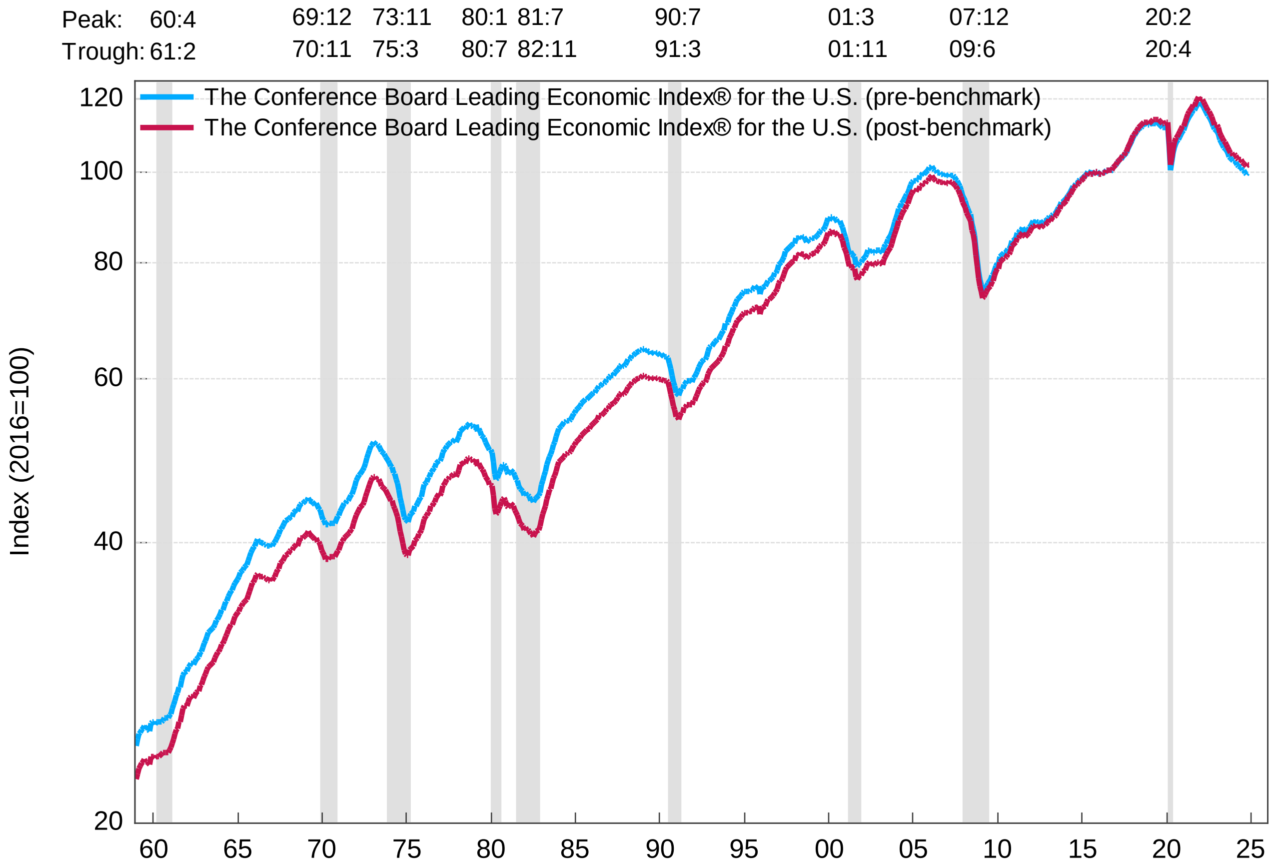
Summary Table of Composite Economic Indexes

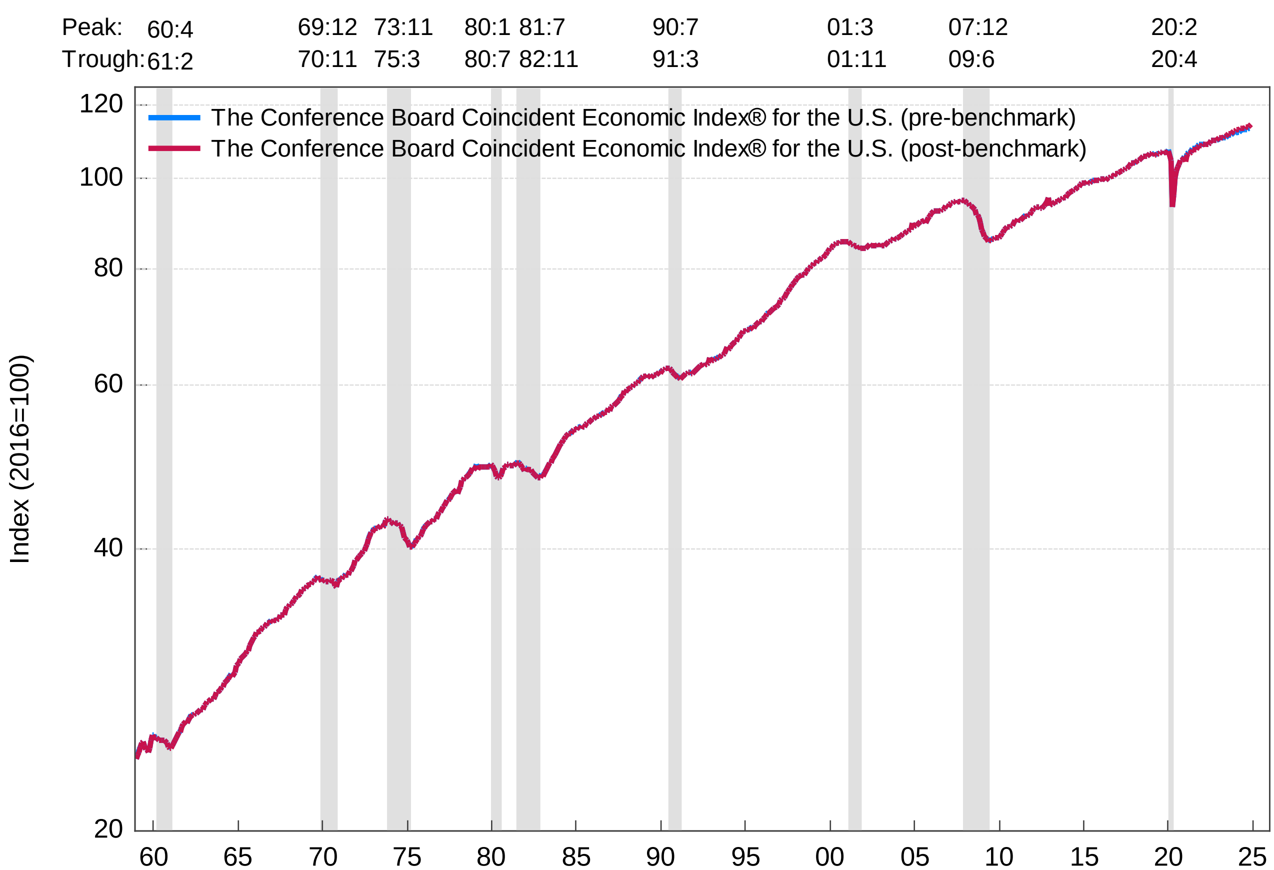
	2024						6-Month
	October		November		December		Jun to Dec
Leading Index	101.3	*r*	101.7	*r*	101.6	*p*	
Percent Change	-0.3	*r*	0.4	*r*	-0.1		-1.3
Diffusion	20.0		60.0		50.0		50.0
Coincident Index	113.5	*r*	113.7	*r*	114.1	*p*	
Percent Change	0.0	*r*	0.2	*r*	0.4		0.9
Diffusion	37.5		100.0		100.0		75.0
Lagging Index	118.2	*r*	118.4	*r*	118.5	*p*	
Percent Change	0.0	*r*	0.2	*r*	0.1		-0.5
Diffusion	42.9		57.1		50.0		0.0

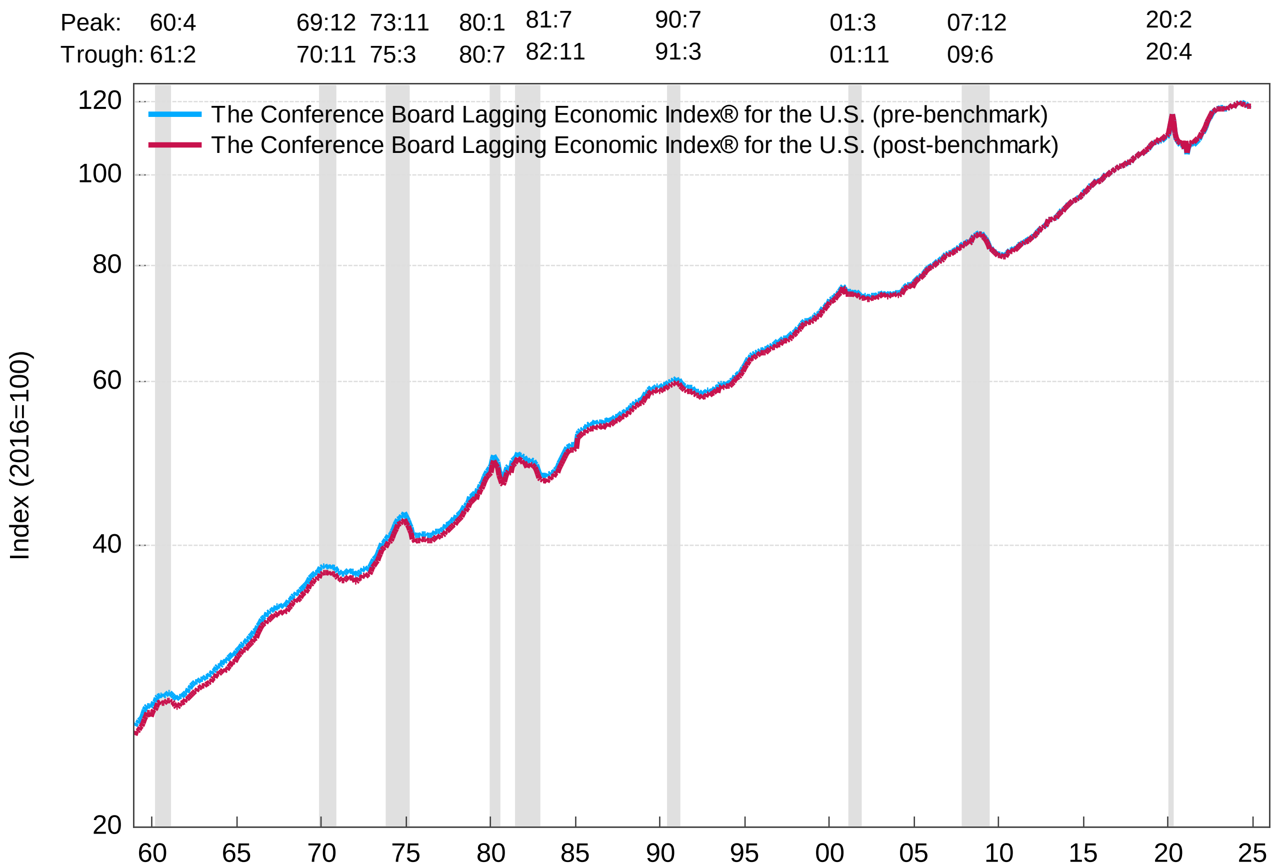
p Preliminary *r* Revised *c* Corrected
Indexes equal 100 in 2016

Source: The Conference Board

The composite business cycle indexes pre- and post- benchmark revisions: 1959-present







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/

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