

News Release

Jonathan Liu (732) 991-1754 / jonathan.liu@tcb.org

For Release 9:30 AM ET, July 16, 2024

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 Fell Further in June

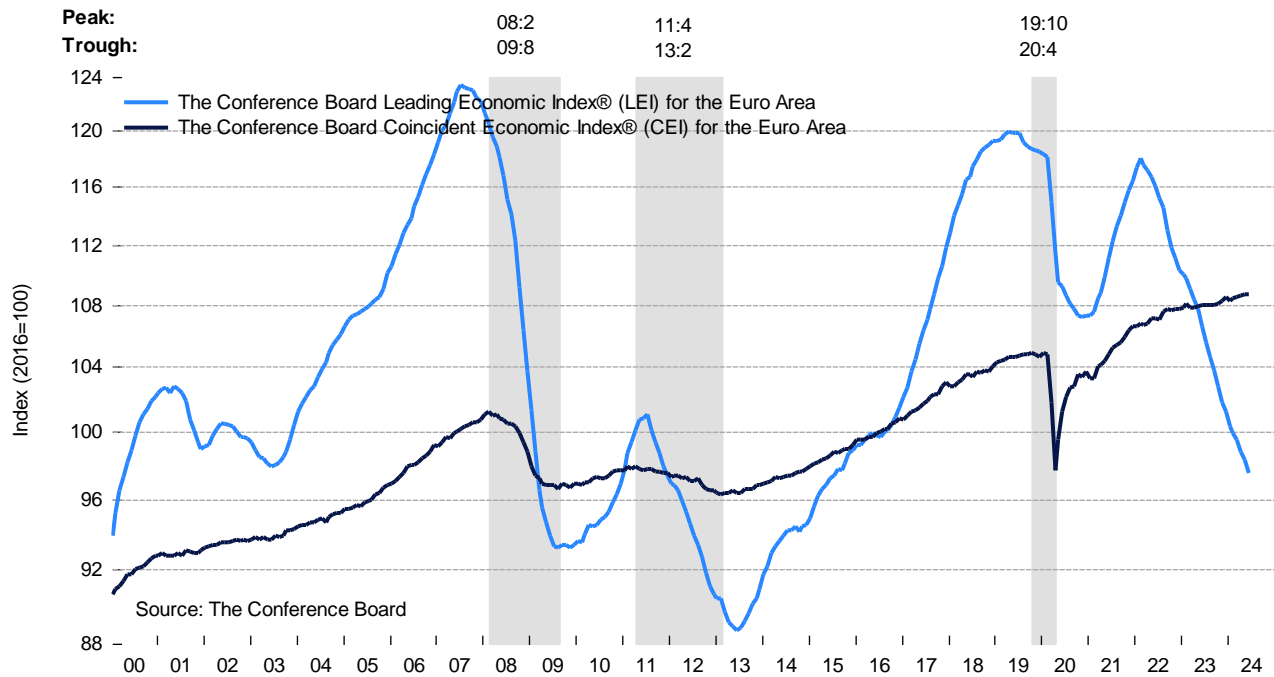
The Conference Board Leading Economic Index® (LEI) for the Euro Area declined by 0.8 percent in June 2024 to 97.5 (2016=100), following a 0.5 percent drop in May. As a result, the LEI contracted by 3.7 percent over the first half of 2024, a less intense decline than the 5.1 percent contraction over the second half of the last year.

The Conference Board Coincident Economic Index® (CEI) for the Euro Area remained unchanged in June 2024 at 108.7 (2016=100), after increasing by 0.1 percent in May. The CEI grew by 0.2 percent over the six-month period from December 2023 to June 2024, slightly down from a 0.5 percent increase over the previous six-month period.

“The Euro Area LEI fell again, continuing the downward trend that began over two years ago,” said **Ian Hu, Economic Research Associate, at The Conference Board**. “All components, except for the systemic stress indicator, contributed negatively to the LEI in June. As in previous months the negative yield spread, weak orders indicators, and depressed consumer expectations weighed on the Index. As such, the six-month and annual changes to the Index remain deeply negative and recession risks persist. However, further monetary easing by the European Central Bank is expected to alleviate growth headwinds in the second half of the year. Overall, The Conference Board projects annual real GDP growth for the Euro Area to reach 0.8 percent in 2024.”

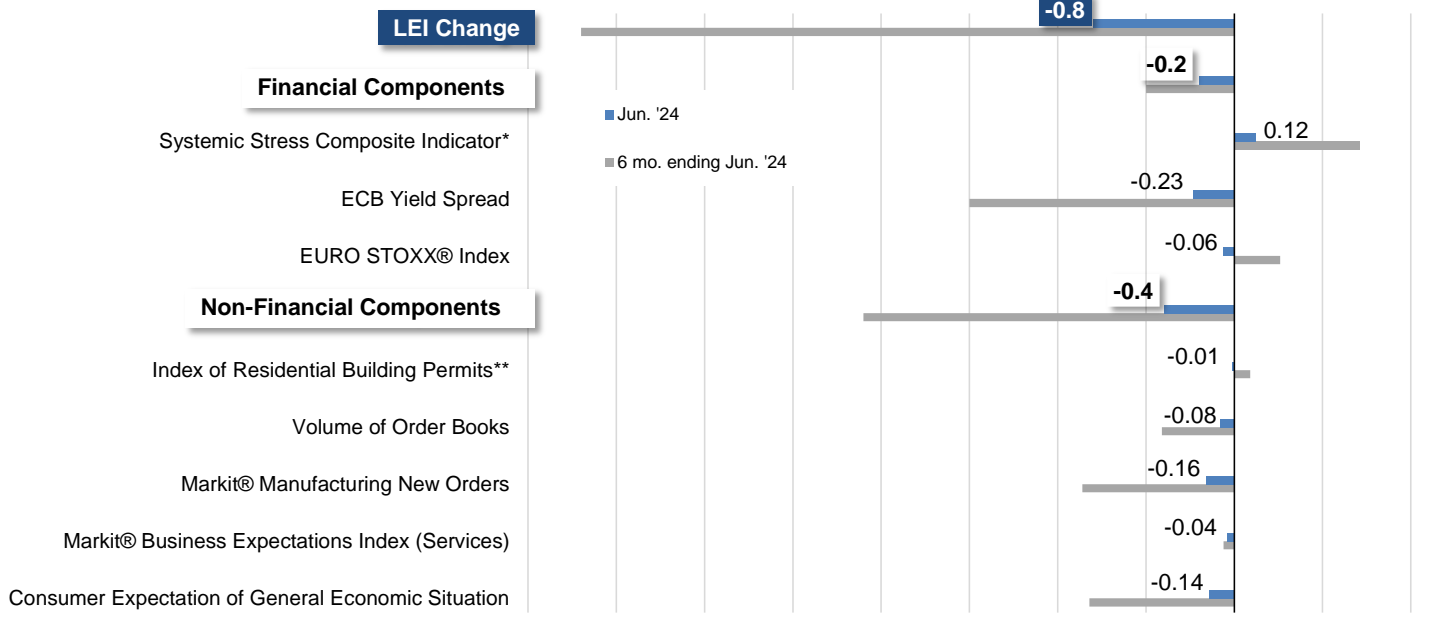
The next release is scheduled for Monday, August 12, 2024, at 9:30 A.M. ET.

The Euro Area LEI fell for the 28th consecutive month in June



All components, save the systemic stress indicator, fueled the decline in the Euro Area LEI

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



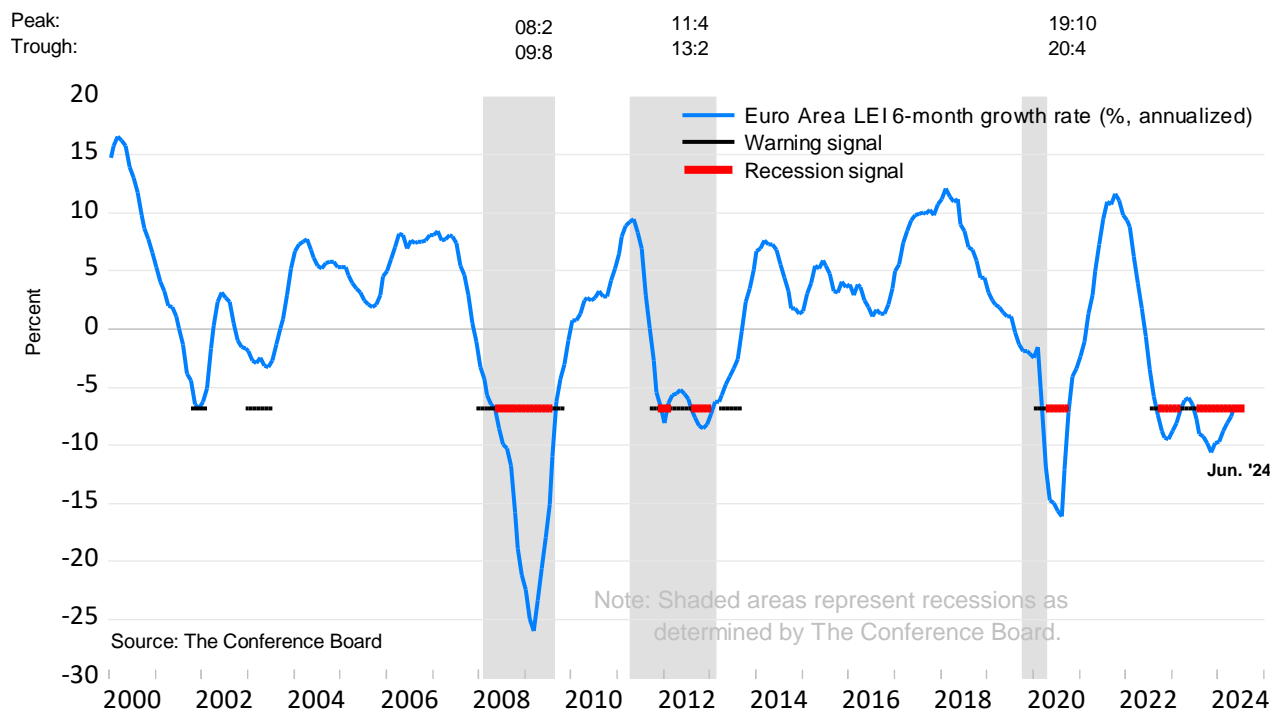
Source: The Conference Board

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

** Statistical Imputation.

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

The six-month growth rate of the Euro Area LEI continued to warn of recession risks in June



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.

About The Conference Board *Leading Economic Index*® (LEI) and *Coincident Economic Index*® (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 five months.

The eight components of *Leading Economic Index*® for the Euro Area include:

- ECB Minimum Bid Yield Spread
- Consumer Expectations of the General Economic Situation
- EURO STOXX® Price Index
- Markit® Manufacturing New Orders
- Markit® 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*® 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

The Conference Board is the member-driven think tank that delivers Trusted Insights for What's Ahead™. Founded in 1916, we are a non-partisan, not-for-profit entity holding 501 (c) (3) tax-exempt status in the United States. [ConferenceBoard.org](https://www.conferenceboard.org)