

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 Euro Area Fell in September

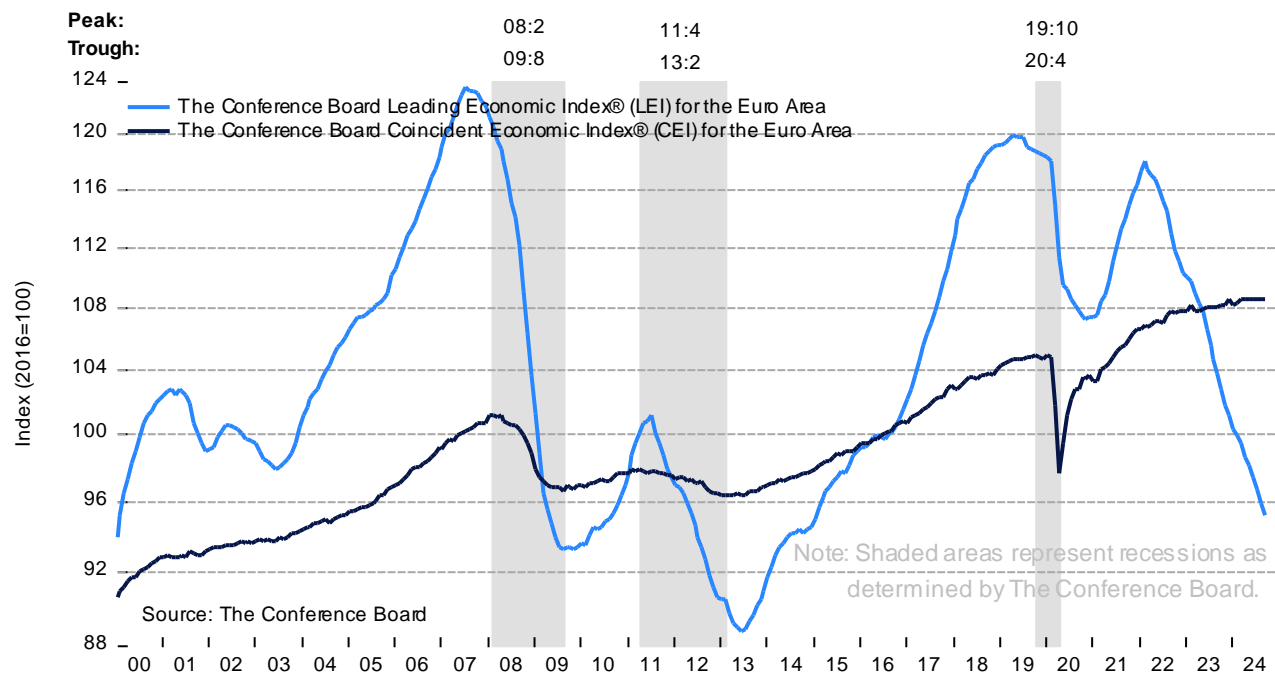
The Conference Board Leading Economic Index® (LEI) for the Euro Area declined by 0.7% in September 2024 to 95.2 (2016=100), following a decline of 0.8% in August. As a result, the LEI contracted by 4.3% over the six-month period from March to September 2024, a slightly higher rate of decline than the 4.1% contraction over the previous six-month period between September 2023 and March 2024.

The Conference Board Coincident Economic Index® (CEI) for the Euro Area inched up by 0.1% in September 2024 to 108.6 (2016=100), following no change in August. The CEI grew by a muted 0.1% over the six-month period from March to September 2024, weaker growth than the 0.5% over the previous six-month period.

“The Euro Area LEI continued to deteriorate in September, remaining on the downward trend that has prevailed for over two years” said **Ian Hu, Economic Research Associate, at The Conference Board**. “The majority of components, save the systemic stress indicator and stock prices, contributed to the deterioration to the LEI. Additionally, over a six-month period, all components, except for the systemic stress indicator, contributed negatively, especially the yield spread, manufacturing new orders, and consumer expectations. Consequently, both the six- and twelve-month growth rates of the LEI remain deeply negative, pointing towards continued headwinds to growth. With Euro Area inflation falling below the European Central Bank’s (ECB) 2.0% objective, two additional interest rate cuts are expected by the end of 2024, which should lessen these headwinds. Overall, The Conference Board projects the Euro Area’s real GDP growth at just below 1% in 2024 and at 1.1% in 2025.”

The next release is scheduled for Wednesday, November 13, 2024, at 9:30 A.M. ET.

The downtrend of the Euro Area LEI persisted in September



Most components contributed negatively to Euro Area LEI

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

	Sep. '24	6 mo. ending Sep. '24
Financial Components		
Systemic Stress Composite Indicator*	0.10	0.72
ECB Yield Spread	-0.24	-1.37
EURO STOXX® Index	0.07	-0.03
Non-Financial Components		
Index of Residential Building Permits**	-0.01	-0.21
Volume of Order Books	-0.11	-0.54
Markit® Manufacturing New Orders	-0.21	-0.99
Markit® Business Expectations Index (Services)	-0.05	-0.19
Consumer Expectation of General Economic Situation	-0.10	-0.74

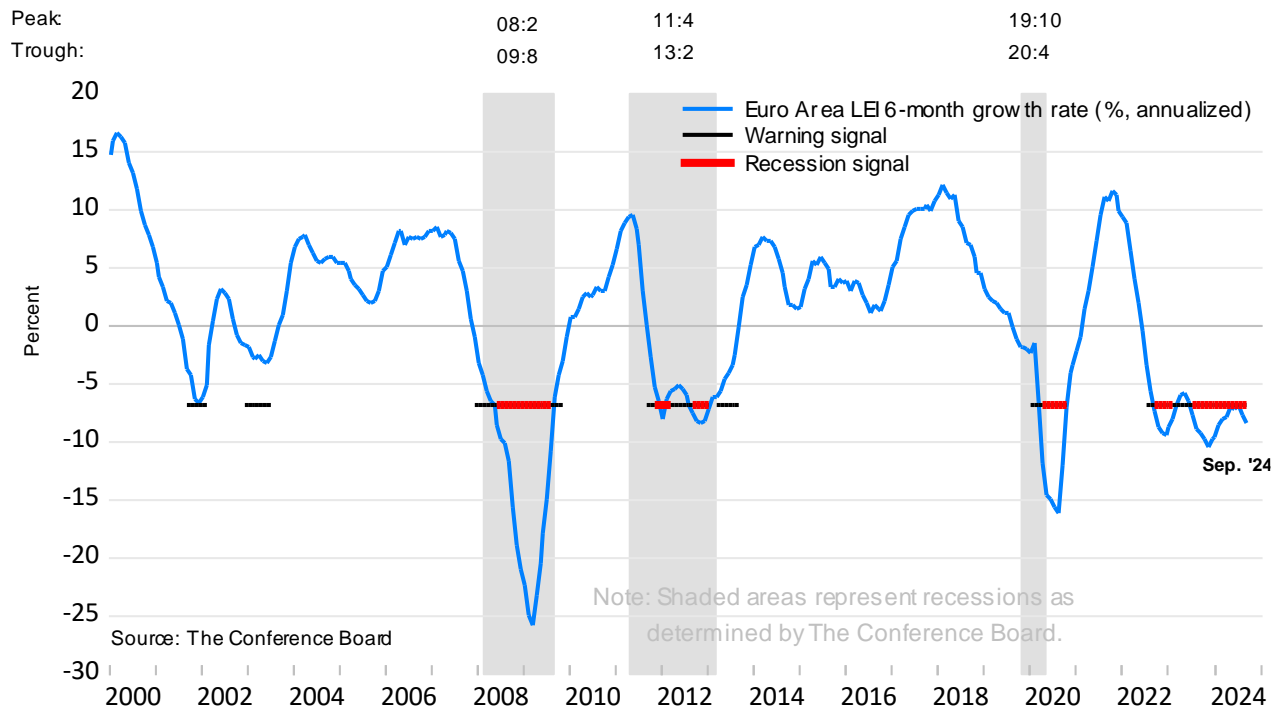
Source: The Conference Board

* 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 Euro Area LEI's semiannual growth rate continue to signal recession risks in September



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 two months.

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

- 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

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