

News Release

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

For Release 9:30 AM ET, July 15, 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 Germany Dipped in May

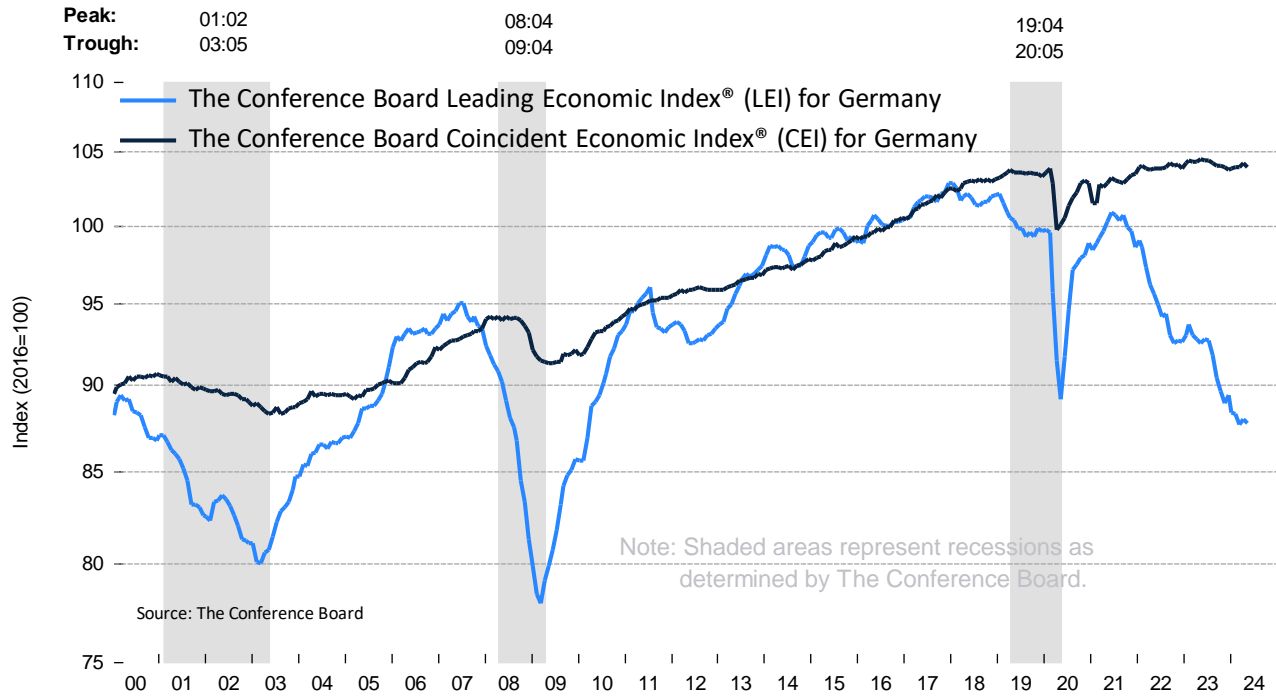
The Conference Board Leading Economic Index® (LEI) for Germany declined slightly by 0.2 percent in May 2024 to 87.8 (2016=100), after improving by 0.3 percent in April (an upward revision based on latest available data). The LEI for Germany contracted by 1.2 percent between November 2023 and May 2024, a slower rate of decline than the 3.9 percent contraction over the previous six-month period.

The Conference Board Coincident Economic Index® (CEI) for Germany decreased by 0.3 percent in May 2024 to 103.9 (2016=100), reversing a 0.3 percent gain in April. Over the six-month period between November 2023 and May 2024, the growth rate for the Germany CEI remained unchanged, an improvement from a 0.6 percent decline over the previous six-month period.

“The LEI for Germany declined slightly in May, partially reversing the previous month’s gain,” said **Allen Li, Associate Economist at The Conference Board**. “Large negative contributions from the yield spread and new orders for investment goods fueled LEI’s monthly decline. However, the other five components improved, and most of them have had a positive contribution to the Index over the past six months. As a result, the six-month growth of Germany LEI continued to improve, signaling that headwinds to growth have abated. The Conference Board expects German real GDP to grow by a modest 0.3 percent in 2024.”

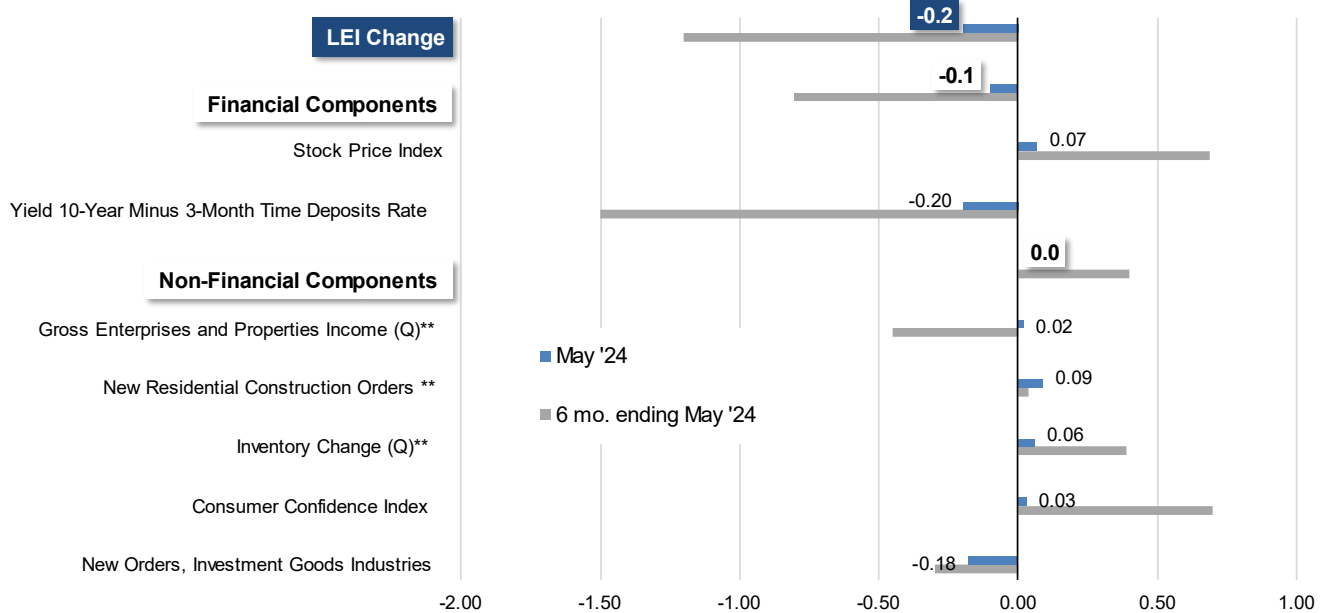
The next release is scheduled for Wednesday, August 14, 2024, at 9:30 A.M. ET.

The Germany LEI dipped slightly in May



Negative contributions from the yield spread and new orders for investment goods weighed on the LEI this month

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



Source: The Conference Board
 ** Statistical Imputation. -- Q: Quarterly series; these series are converted to a monthly series through a linear interpolation
 LEI change might not equal sum of its contributions due to application of trend adjustment factor

The longer-term trajectory of the Germany LEI continued to improve, and did not signal trouble ahead in May



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 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 -4.6 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 Germany

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 seven components of ***Leading Economic Index*® for Germany** include:

- New Orders for Investment Goods
- Yield Spread, 10-Year Minus 3-Month Time Deposits Rate
- Consumer Confidence Index
- Inventory Change
- New Residential Construction Orders
- Stock Price Index
- Gross Enterprises and Properties Income

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

- Industrial Production
- Employed Persons
- Retail Trade
- Manufacturing Sales

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

About The Conference Board

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