**FOR RELEASE: 10:00 A.M. ET, Thursday, September 23, 2021**

The Conference Board®
U.S. Business Cycle Indicators℠

# THE CONFERENCE BOARD LEADING ECONOMIC INDEX® (LEI) FOR THE UNITED STATES

## AND RELATED COMPOSITE ECONOMIC INDEXES FOR AUGUST 2021

**The Conference Board Leading Economic Index®** (LEI) for the U.S. increased 0.9 percent,
**The Conference Board Coincident Economic Index®** (CEI) increased 0.2 percent, and
**The Conference Board Lagging Economic Index®** (LAG) increased 0.1 percent in August.

- The Conference Board LEI for the U.S. increased sharply in August, fueled by positive contributions from all components except for consumer expectations for business conditions and average weekly manufacturing hours. In the six-month period ending August 2021, the leading economic index increased 6.4 percent (about a 13.1 percent annual rate), up sharply from 3.4 percent (about a 6.9 percent annual rate) over the previous six months. In addition, the strengths among the leading indicators remained widespread.

- The Conference Board CEI for the U.S., a measure of current economic activity, increased slightly in August. The coincident economic index rose 2.8 percent (about a 5.7 percent annual rate) between February and August 2021, much faster than the growth of 1.2 percent (about a 2.4 percent annual rate) over the previous six months. Also, the strengths among the coincident indicators have remained very widespread, with all components advancing over the past six months. The lagging economic index continued to increase, but at a slower pace than the CEI. As a result, the coincident-to-lagging ratio is up slightly.  Real GDP expanded at a 6.6 percent annual rate in the second quarter of the year, after increasing 6.3 percent (annual rate) in the first quarter.

- The Conference Board LEI for the U.S. continued to increase in August, and at a faster pace than in the past several months. Meanwhile, The Conference Board CEI for the U.S. has also been rising through August, and its six-month growth rate has been improving. Taken together, the current behavior of the composite indexes and their components suggests that the expansion in economic activity will continue in the near term.

LEADING INDICATORS. Eight of the ten indicators that comprise The Conference Board LEI for the U.S. increased in August. The positive contributors – beginning with the largest positive contributor – were average weekly initial claims for unemployment insurance (inverted), the ISM® New Orders Index, building permits, the Leading Credit Index™ (inverted), the interest rate spread, stock prices, manufacturers' new orders for nondefense capital goods excluding aircraft*, and manufacturers' new orders for consumer goods and materials*. The one negative contributor was average consumer expectations for business conditions. Average weekly manufacturing hours held steady in August.

The LEI for the U.S. increased 0.9 percent in August and now stands at 117.1 (2016=100). Based on revised data, this index increased 0.8 percent in July and increased 0.6 percent in June. Over the six-month span through August, the leading economic index increased 6.4 percent, with nine out of ten components advancing (diffusion index, six-month span equals 90 percent).

The next release is scheduled for October 21, 2021, Thursday at 10 A.M. ET

COINCIDENT INDICATORS. All four indicators that comprise The Conference Board CEI for the U.S. increased in August. The positive contributors to the index – beginning with the largest positive contributor – were employees on nonagricultural payrolls, industrial production, personal income less transfer payments*, and manufacturing and trade sales*.

The CEI increased 0.2 percent in August and now stands at 105.9 (2016=100). Based on revised data, this index increased 0.6 percent in July and increased 0.5 percent in June. During the six-month period through March, the coincident economic index increased 2.8 percent, with all four components advancing (diffusion index, six-month span equals 100 percent).

LAGGING INDICATORS. The Conference Board Lagging Economic Index for the U.S. increased 0.1 percent in August and now stands at 106.3 (2016=100), with three of its seven components advancing. The positive contributors to the index – beginning with the largest positive contributor – were the ratio of consumer installment credit outstanding to personal income*, change in the index of labor cost per unit of output, manufacturing* and the ratio of manufacturing and trade inventories to sales*. The negative contributors – beginning with the largest negative contributor – were the change in CPI for services, commercial and industrial loans outstanding* and the average duration of unemployment (inverted). The average prime rate charged by banks held steady in August. Based on revised data, the lagging economic index increased 0.5 percent in July and decreased 0.1 percent in June.

DATA AVAILABILITY AND NOTES.

The data series used to compute **The Conference Board Leading Economic Index®** (LEI) for the U.S., **The Conference Board Coincident Economic Index®** (CEI) for the U.S. and **The Conference Board Lagging Economic Index®** (LAG) for the U.S. and reported in the tables in this release are those available "as of" 8:30 am ET on September 21, 2021. Some series are estimated as noted below.

* Series in The Conference Board LEI for the U.S. based on our estimates are manufacturers' new orders for consumer goods and materials and manufacturers' new orders for nondefense capital goods excluding aircraft. Series in The Conference Board CEI for the U.S. that are based on our estimates are personal income less transfer payments and manufacturing and trade sales. Series in The Conference Board LAG for the U.S. that are based on our estimates are manufacturing and trade inventories to sales ratio, the change in labor cost per unit of output, manufacturing, consumer installment credit to income ratio, and the personal consumption expenditure deflator used to deflate commercial and industrial loans outstanding.

The procedure used to estimate the current month's personal consumption expenditure deflator (used in the calculation of commercial and industrial loans outstanding) incorporates the current month's consumer price index when it is available before the release of The Conference Board LEI for the U.S.

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THE CYCLICAL INDICATOR APPROACH. The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading, coincident, and lagging economic indexes are essentially composite averages of several individual leading, coincident, or lagging indicators. (See page 3 for details.) They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component—primarily because they smooth out some of the volatility of individual components.

Historically, the cyclical turning points in The Conference Board LEI for the U.S. have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for the U.S. have occurred at about the same time as those in aggregate economic activity. The cyclical turning points in The Conference Board LAG for the U.S. generally have occurred after those in aggregate economic activity.

U.S. Composite Economic Indexes: Components and Standardization Factors

| Leading Economic Index | | Factor |
|---|---|---|
| 1 | Average weekly hours, manufacturing | 0.2798 |
| 2 | Average weekly initial claims for unemployment insurance | 0.0326 |
| 3 | Manufacturers' new orders, consumer goods and materials | 0.0844 |
| 4 | ISM® new orders index | 0.1587 |
| 5 | Manufacturers' new orders, nondefense capital goods excl. aircraft | 0.0411 |
| 6 | Building permits, new private housing units | 0.0289 |
| 7 | Stock prices, 500 common stocks | 0.0393 |
| 8 | *Leading Credit Index™* | 0.0833 |
| 9 | Interest rate spread, 10-year Treasury bonds less federal funds | 0.1109 |
| 10 | Avg. consumer expectations for business conditions | 0.1410 |
| **Coincident Economic Index** | | |
| 1 | Employees on nonagricultural payrolls | 0.5302 |
| 2 | Personal income less transfer payments | 0.2052 |
| 3 | Industrial production | 0.1446 |
| 4 | Manufacturing and trade sales | 0.1200 |
| **Lagging Economic Index** | | |
| 1 | Inventories to sales ratio, manufacturing and trade | 0.1282 |
| 2 | Average duration of unemployment | 0.0356 |
| 3 | Consumer installment credit outstanding to personal income ratio | 0.1842 |
| 4 | Commercial and industrial loans | 0.0844 |
| 5 | Average prime rate | 0.3055 |
| 6 | Labor cost per unit of output, manufacturing | 0.0508 |
| 7 | Consumer price index for services | 0.2113 |

Notes:
The component factors are inversely related to the standard deviation of the month-to-month changes in each component. They are used to equalize the volatility of the contribution from each component and are "normalized" to sum to 1. When one or more components are missing, the other factors are adjusted proportionately to ensure that the total continues to sum to 1.

These factors were revised effective with the release in January 2021, and all historical values for the three composite economic indexes were revised at this time to reflect the changes. (Under normal circumstances, updates to the leading, coincident, and lagging economic indexes only incorporate revisions to data over the past six months.) The factors for The Conference Board LEI for the U.S. were calculated using May 1990-December 2019 as the sample period for measuring volatility. A separate set of factors for the February 1959 - December 1977, January 1978 - December 1983 and January 1984 – April 1990 periods are available upon request. The primary sample period for the coincident and lagging economic indexes was February 1959 – December 2019. For additional information on the standardization factors and the index methodology see: "Benchmark Revisions in the Composite Indexes," *Business Cycle Indicators* December 1997 and "Technical Appendix: Calculating the Composite Indexes" *Business Cycle Indicators* December 1996, or the Website: http://www.conference-board.org/data/bci.cfm

The trend adjustment factor for The Conference Board LEI for the U.S. is -0.0760 (over the 1984 – present) and 0.0928 (over the 1959-1983 period), and the trend adjustment factor for The Conference Board LAG for the U.S. is 0.1463.

To address the problem of lags in available data, those leading, coincident and lagging indicators that are not available at the time of publication are estimated using statistical imputation. An autoregressive model is used to estimate each unavailable component. The resulting indexes are therefore constructed using real and estimated data and will be revised as the unavailable data during the time of publication become available. Such revisions are part of the monthly data revisions, now a regular part of the U.S. Business Cycle Indicators program. The main advantage of this procedure is to utilize in the leading economic index data such as stock prices, interest rate spread, and manufacturing hours that are available sooner than other data on real aspects of the economy such as manufacturers' new orders. Empirical research by The Conference Board suggests that there are real gains in adopting this procedure to make all the indicator series as up-to-date as possible.

# NOTICES

**The Conference Board Leading Economic Index®** (LEI) for the U.S. news release schedule for 2021**:**

| | |
|---|---|
| Thursday, January 28, 2021 | For December 2020 data |
| Monday, February 22, 2021 | For January 2021 data |
| Thursday, March 18, 2021 | For February 2021 data |
| Thursday April 22, 2021 | For March 2021 data |
| Thursday, May 20, 2021 | For April 2021 data |
| Thursday, June 17, 2021 | For May 2021 data |
| Thursday, July 22, 2021 | For June 2021 data |
| Thursday, August 19, 2021 | For July 2021 data |
| Thursday, September 23, 2021 | For August 2021 data |
| Thursday, October 21, 2021 | For September 2021 data |
| Thursday, November 18, 2021 | For October 2021 data |
| Monday, December 20, 2021 | For November 2021 data |

All releases are at 10:00 AM ET.

## 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. www.conference-board.org.

AVAILABLE FROM THE CONFERENCE BOARD

**U.S. Business Cycle Indicators Internet Subscription**
*(Includes monthly release, data and charts)*
$ 995 per year

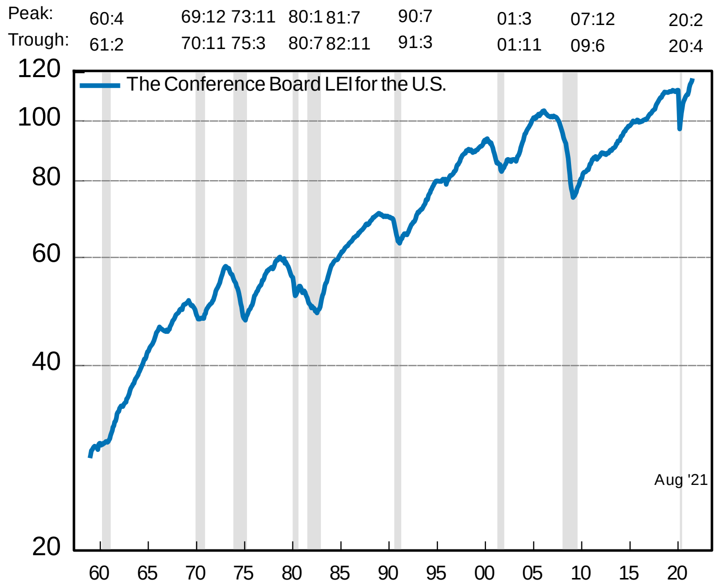
**Monthly BCI Report** (PDF)
*(Sample available at http://www.conference-board.org/data/monthlybci.cfm)*
$ 400 per year

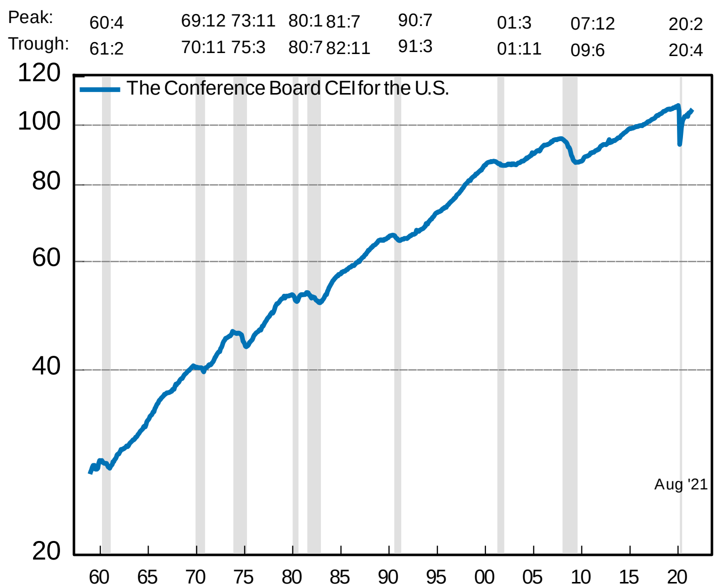
**BCI Handbook (published 2001)** PDF only – website download

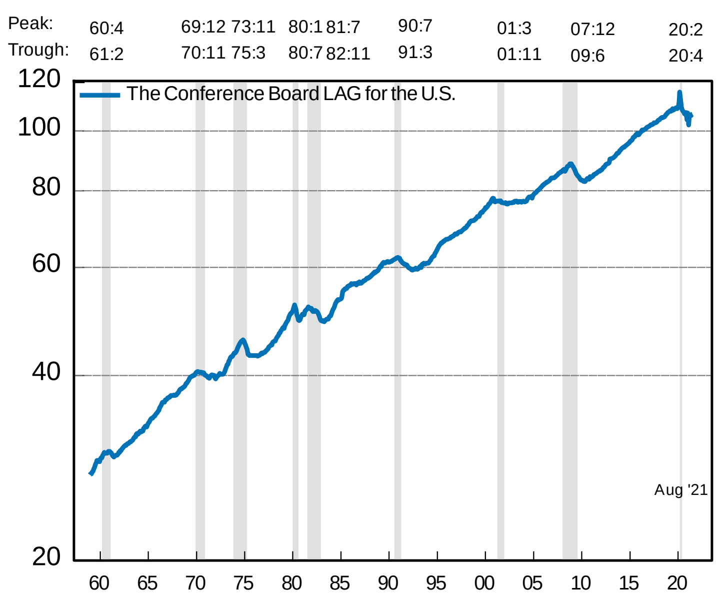
**Understanding Business Cycles: The Indicators Approach to Forecasting for Agility:**
https://www.conference-board.org/publications/publicationdetail.cfm?publicationid=2510

Business Cycle Indicators for Brazil, China, the Euro Area, France, Germany, India, Japan, Korea, Mexico, Spain, the U.K, and the U.S. are available at $ 995 per country per year.

# U.S. Composite Economic Indexes (2016=100)




Shaded areas represent recessions as determined by the National Bureau of Economic Research.