

# Leading Economic Indicators

Leading Economic Indicators (LEI) is an index of 10 economic variables designed to signal when the economy is slowing or heading into a recession. The LEI Index is tallied and published by the Conference Board. The Conference Board is a non-profit research group which has been tracking and studying the economy since 1916.

The LEI Index has a fairly good track record of doing what it was designed to do. According to the National Bureau of Economic Research, The U.S. has experienced eight recessions since 1960. The LEI turned negative before all but one of them.

## LEI Components

Average weekly hours, manufacturing

Average weekly initial claims for unemployment insurance

Manufacturer's new orders, consumer goods and materials

ISM new orders index

Manufacturers' new orders, nondefense capital goods excluding aircraft

Building permits, new private housing units

Stock prices, 500 common stocks

Leading Credit Index

Interest rate spread, 10-year Treasury bonds less federal funds

Average consumer conditions for business conditions