

## Conference Board's Leading Economic Index Declines Again in March

- **The Conference Board's Leading Economic Index (LEI) slipped 0.7% in March, the largest monthly decline since October 2023.**
- **The decline was concentrated in three components with five of the 10 decreasing on the month.**
- **The year-on-year growth rate accelerated to -1.9%, the thirty third consecutive annual decline.**
- **The fourth straight monthly decline in the LEI is consistent with PNC's forecast for slower economic growth in 2025.**
- **PNC's March baseline forecast calls for two 25 basis point cuts in the fed funds rate this year, lowering the fed funds rate to a range of 3.75%-4.00%.**

The Conference Board's Leading Economic Index (LEI) declined 0.7% in March to 100.5 (2016=100) following a 0.2% dip in February (previously -0.3%). The decline was more than double PNC's forecast of -0.3% and points to slower growth in the near term. The drop was concentrated in three components: Average Consumer Expectations for Business Conditions (-0.26%), S&P 500 Stock Index (-0.25%) and ISM New Orders Index (-0.22%). Conversely, Average Manufacturing Weekly Hours and Private Housing Building Permits rose 0.06% and 0.05% respectively and limited the overall decrease. The LEI is down 1.2% in the six-month period ending March 2025, about half of the 2.3% drop over the previous six months.

The Conference Board's Coincident Economic Index (CEI) climbed 0.1% in March 2025 after a 0.3% increase in February. Consequently, the CEI rose 0.8% over the six-month period ending March 2025, up slightly from 0.7% over the previous six months. The CEI's four components - payroll employment, personal income less transfer payments, manufacturing and trade sales and industrial production - are used to help determine U.S. recessions. Industrial production was the only negative component in March.

The Conference Board's Lagging Economic Index decreased by 0.1% in March after a 0.3% increase in February. Despite the slight decline, the six-month growth was positive at 0.7%, offsetting the 0.7% decrease over the prior six months.

The fourth successive monthly decline in the Conference Board's Leading Economic Index is consistent with PNC's outlook for slower economic growth in 2025. As a result, PNC's March baseline forecast calls for two 25 basis point cuts in the fed funds rate this year, lowering the fed funds rate to a range of 3.75%-4.00%. However, depending on the expected near-term inflation trajectory, those rate cuts could be pushed out to later this year.

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