

Conference Board's Leading Economic Index Fell Sharply in April

- The Conference Board's Leading Economic Index (LEI) slipped 1.0% in April, the largest monthly decline since March 2023.
- The decline was broad-based with seven of the 10 components decreasing on the month.
- The year-on-year growth rate deteriorated to -2.3%, the thirty fourth consecutive annual decline.
- The fifth straight monthly decline in the LEI is consistent with PNC's forecast for slower economic growth in 2025.
- PNC's May baseline forecast calls for the Federal Open Market Committee to lower the fed funds rate a few times starting later this year.

The Conference Board's Leading Economic Index (LEI) declined 1.0% in April to 99.4 (2016=100) following a 0.8% drop in February (previously -0.7%). The decline was the largest since March 2023 when recession fears were elevated and was nearly double PNC's forecast of -0.6%. Seven of the 10 components declined, led by Average Consumer Expectations for Business Conditions (-0.33%) the S&P 500 Stock Index (-0.24%) and the ISM New Orders Index (-0.17%). Conversely, Manufacturers' New Orders Nondefense Capital Goods excluding Aircraft, the Leading Credit Index and Manufacturers' Orders, Consumer Goods and Materials inched up 0.03%, 0.02% and 0.01% respectively and limited the overall decline. The LEI is down 2.0% in the six-month period ending April 2025, unchanged from the drop over the previous six months.

The Conference Board's Coincident Economic Index (CEI) edged up 0.1% in April 2025 after a 0.3% increase in March. Consequently, the CEI rose by 1.1% over the six-month period ending April 2025, up slightly from 0.9% over the prior 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 weakest component in April.

The Conference Board's Lagging Economic Index (LAG) increased by 0.3% in April after a 0.1% increase in March. The monthly acceleration in growth pushed the LAG's six-month growth rate up to 0.8%, offsetting the 0.8% decrease over the prior six months.

The fifth 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 May baseline forecast has the FOMC lowering the fed funds rate a few times starting later this year after the impacts of tariffs on inflation and growth become more apparent.

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