

## Leading Economic Index Slips in May

- The Conference Board's Leading Economic Index (LEI) slipped 0.1% in May, the sixth successive monthly decline.
- Four of the 10 components fell, five increased and one was unchanged.
- The year-on-year growth rate improved to -2.3% in May from -2.6% in April.
- The sixth straight monthly decline in the LEI is consistent with PNC's forecast for slower economic growth in 2025.
- PNC's baseline forecast calls for the Federal Open Market Committee to lower the fed funds rate by 25 basis points in December followed by two additional 25 basis point rate cuts early next year.

The Conference Board's Leading Economic Index (LEI) slipped 0.1% in May to 99.0 (2016=100) following a downwardly revised 1.4% drop in April (previously -1.0%). That was well below PNC's forecast of a 0.3% increase and marks the sixth straight monthly decline. Four of the 10 components fell, led by Average Consumer Expectations for Business Conditions (-0.25%), the ISM New Orders Index (-0.17%) and Private Housing Building Permits (-0.06%). Conversely, the S&P 500 Stock Index increased a sharp 0.33% and limited the overall decline. The other components that rose were Average Weekly Manufacturing Hours (+0.06%), Manufacturers' New Orders Nondefense Capital Goods Excluding Aircraft (+0.06%), Manufacturers' New Orders Consumer Goods & Materials (+0.01%) and the Interest Rate Spread (+0.01%). The Leading Credit Index was unchanged. The LEI has declined from a year ago for 35 consecutive months, although the rate of decline slowed to -2.3% in May from -2.6% in April.

The Conference Board's Coincident Economic Index (CEI) inched up 0.1% in May after a 0.2% increase in April. Consequently, the CEI rose by 1.3% over the six-month period ending May, more than double its 0.5% growth 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 May and the only one that declined.

The Conference Board's Lagging Economic Index (LAG) increased 0.4% in May after a 0.3% upturn in April. The monthly acceleration in growth pushed the LAG's six-month growth rate up to 0.8%, a sharp reversal of its 0.3% decrease over the prior six months.

The sixth 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 baseline forecast has the FOMC lowering the fed funds rate by 25 basis points in December followed by two additional 25 basis point rate cuts early next year.

PNC Economics  
Jay Hawkins, Senior Economist  
[economics@pnc.com](mailto:economics@pnc.com)

Visit [pnc.com/economicreports](https://pnc.com/economicreports) for more information from PNC Economics.