



Conference Board's Leading Economic Index Declined in August

Headlines

- **The Conference Board's Leading Economic Index (LEI) declined 0.5% in August, the largest drop since April 2025.**
- **Six of the 10 components declined, three advanced and one was unchanged.**
- **The LEI has declined from a year ago for 38 months in a row.**
- **PNC expects the Federal Open Market Committee to reduce the fed funds rate by 25 basis points at each of the two remaining meetings this year and once in early 2026.**

The Conference Board's Leading Economic Index (LEI) slid 0.5% in August to 98.4 (2016=100) following an upwardly revised 0.1% increase in July. That was well below PNC's forecast of a 0.1% drop and marks the seventh decline in the past nine months. Six of the 10 components decreased, led by Average Consumer Expectations for Business Conditions (-0.19%), Average Weekly Manufacturing Hours (-0.12%), Private Housing Building Permits (-0.11%) and the ISM New Orders Index (-0.08%). Conversely, the S&P 500 Stock Index and the Leading Credit Index rose 0.07% and 0.05%, respectively and limited the overall decline. The other component that increased was Manufacturers' New Orders Consumer Goods and Materials (+0.01%), while Manufacturers' New Orders Nondefense Capital Goods Excluding Aircraft was unchanged. The LEI has fallen from a year ago for 38 consecutive months, and the rate of decline accelerated to -3.6% in August from -3.4% in July (Figure 1).

The Conference Board's Coincident Economic Index (CEI) climbed 0.2% in August following increases of 0.1% in July and June. The CEI increased by 0.6% over the past six months through August, down from 0.9% 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. All components improved slightly in August.

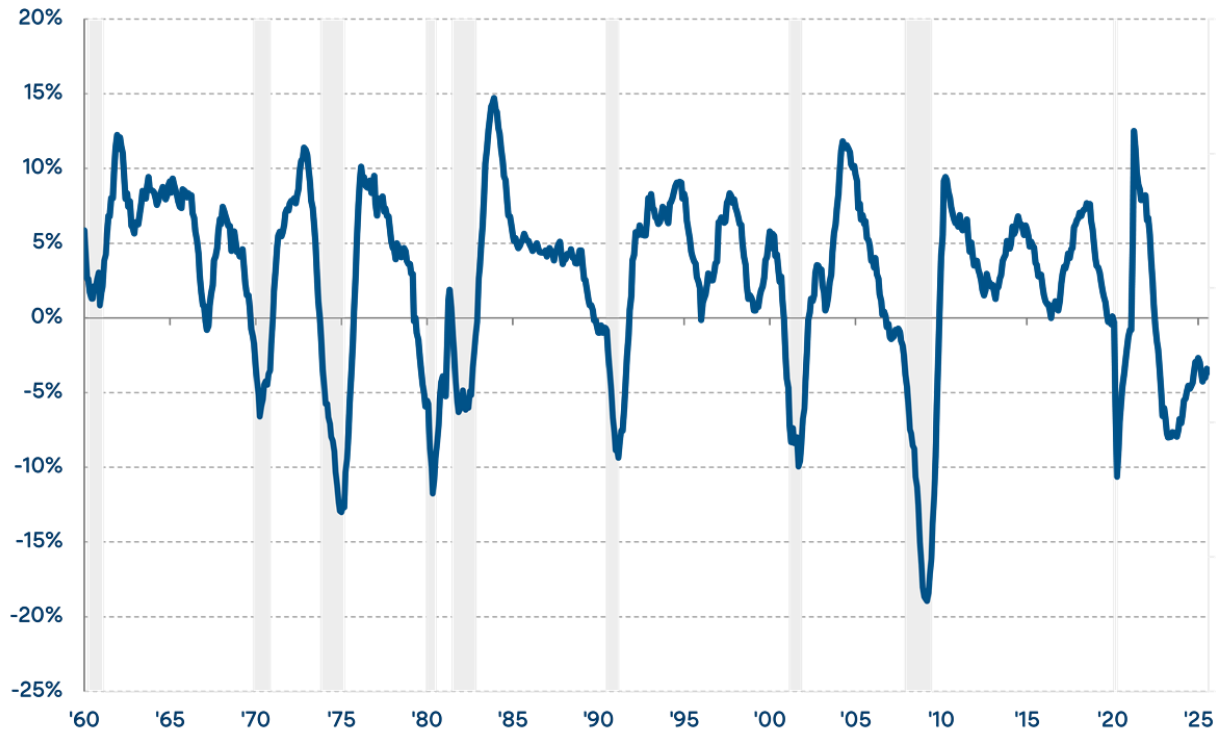
The Conference Board's Lagging Economic Index (LAG) edged up 0.1% in August after flat readings in July and June. The slight acceleration drove the LAG's six-month growth rate up to 0.7% from 0.3% over the previous six months.

The seventh decline in the past nine months in the Conference Board's Leading Economic Index is consistent with PNC's outlook for slower economic growth in the second half of 2025. Consequently, PNC's baseline forecast has the



FOMC cutting the fed funds rate by 25 basis points at each of the two remaining meetings this year and once early next year, lowering the fed funds rate to a range of 3.25%-3.50%.

Figure 1: Leading Economic Index – YoY Percent Change



Please reach out with any questions,

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