

Economics Group

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Leading Economic Index at a Record High

The Leading Economic Index (LEI) increased 0.6 percent in February, marking the sixth consecutive month of gains. Strength in ISM new orders and the interest rate spread components helped boost the index.

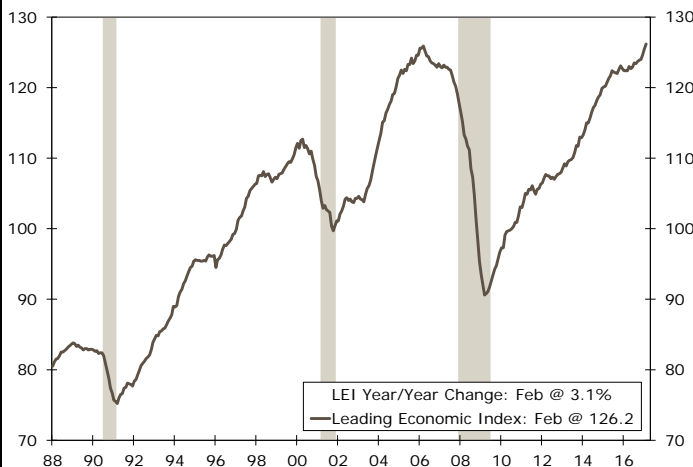
Record High for the Index

- The LEI gained another 0.6 percent in the month of February and now stands at 126.2, a record high for the index. The previous high of 125.9 occurred back in March 2006.
- The building permits component was the only component to subtract from the topline (-0.19). However, the March NAHB housing index points to builder confidence trending higher, suggesting that this negative drag may be short-lived.

Interest Rate Spread Continues to Pull Index Higher

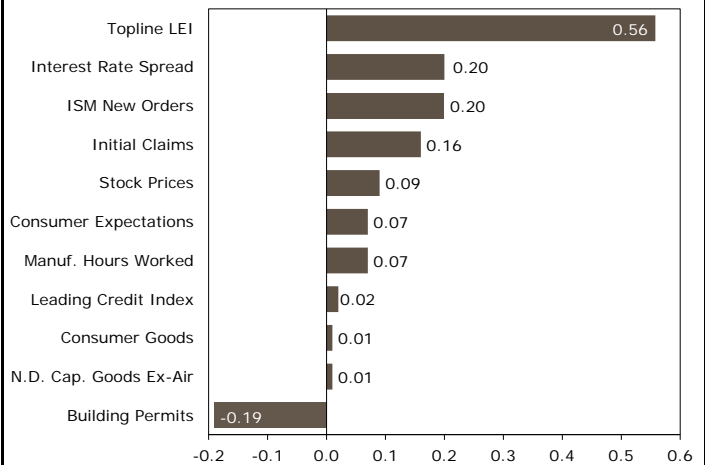
- The interest rate spread component contributed 0.20 percentage points to the overall index, the third consecutive month in which it added 0.20 points or more to the topline figure.
- The ISM new orders component also added 0.20 percentage points, its largest contribution since Dec. 2013. The ISM manufacturing index is currently at a two-and-a-half year high at 57.7. Surging new orders point to continued economic activity.

Leading Economic Index



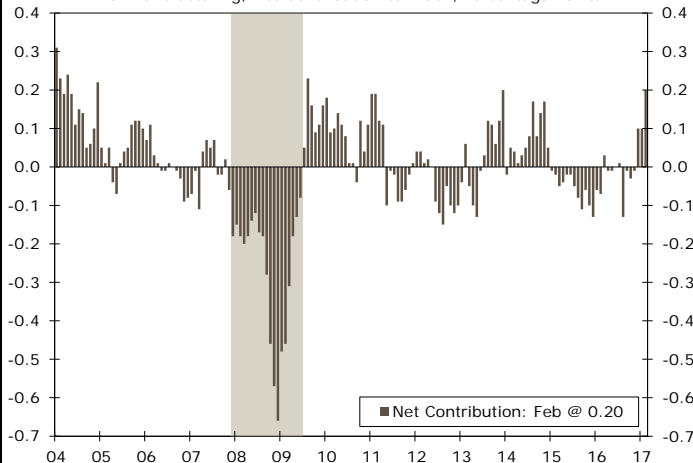
Net Contribution to Leading Economic Index

February 2017, Percentage Points



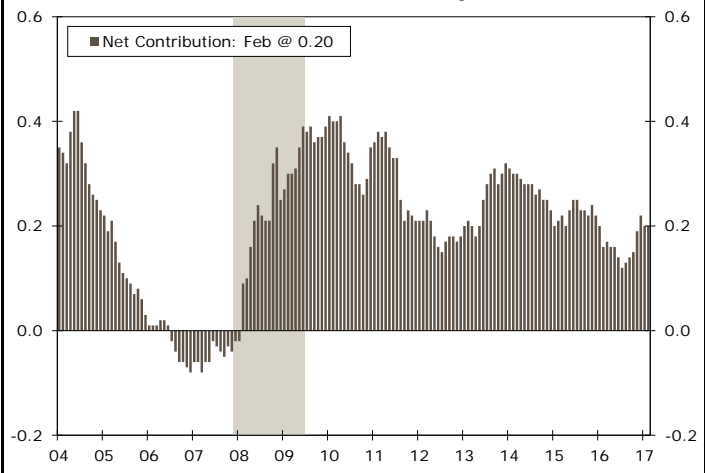
ISM New Orders Index

For Manufacturing, Net Contribution to Index, Percentage Points



10-Year Treasury less Federal Funds Rate

Net Contribution to Index, Percentage Points



Source: The Conference Board and Wells Fargo Securities

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