



Economics Group

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Leading Economic Index Drops for First Time in 2017

The Leading Economic Index (LEI) reversed course in September, declining 0.2 percent over the month. The drop represents the first contraction since August of 2016, but the recent hurricanes are likely the culprit.

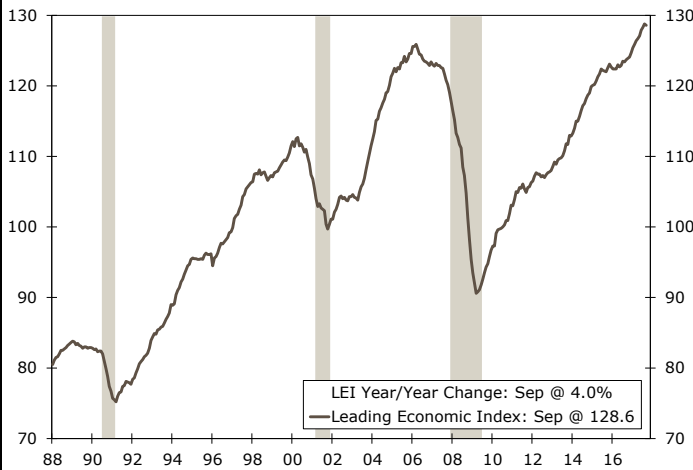
Contraction in the Index Likely Hurricane Noise

- The LEI decreased 0.2 percent in September, following 12 consecutive months of gains. The September weakness is likely the result of the temporary impact of the recent hurricanes that devastated Houston and Florida.
- Four components contributed negatively to the index while the remaining six added to the topline figure. The source of weakness was largely contained in labor markets and residential construction, consistent with the hurricane impact.

Despite Headline Dip, Positive Details Lurk

- While the headline figure contracted, the September print represents the second highest reading for the index in its history.
- ISM new orders added 0.19 percentage points to the topline figure, its largest contribution since March of this year. The interest rate spread added 0.12 percentage points while the stock market component added 0.06 percentage points. The mix of positively contributing hard data and market expectation-driven data is an encouraging sign.

Leading Economic Index



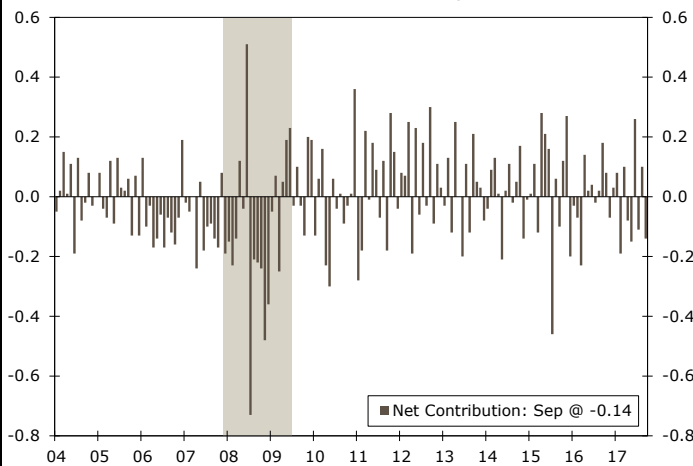
Net Contribution to Leading Economic Index

September 2017, Percentage Points



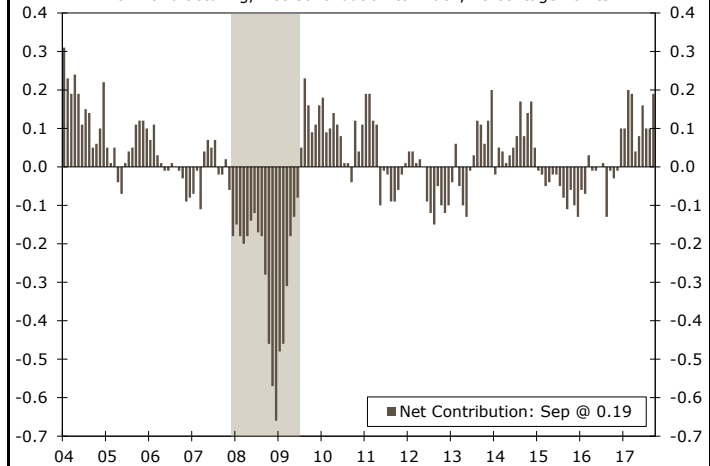
Building Permits

Net Contribution to Index, Percentage Points



ISM New Orders Index

For Manufacturing, Net Contribution to Index, Percentage Points



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