

## Economics Group

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## LEI Continues to Show Strength

**Coming on the heels of a 0.5 percent increase in December, the LEI index jumped 0.6 percent in January, its fifth consecutive monthly increase. The broad-based gains suggest further economic growth.**

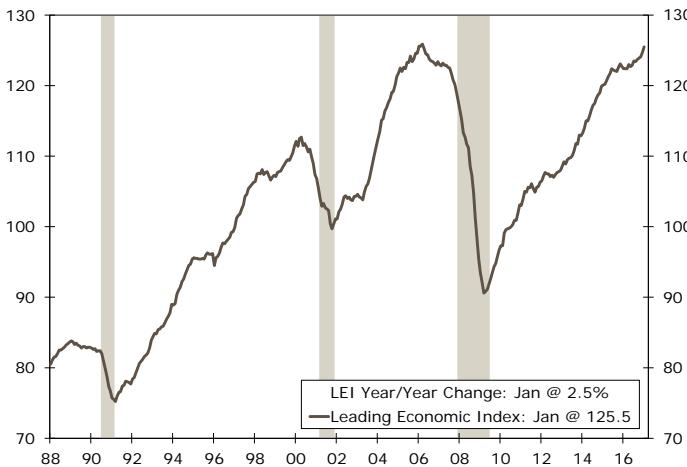
### Leading Economic Index Jumps in January

- The LEI index increased 0.6 percent in January, its largest monthly gain since December 2014. The headline reading bested the consensus forecast, which called for a slightly more modest 0.5 percent growth rate.
- The gains were broad based, with only a single component subtracting from the headline figure (non-defense capital goods ex-air).

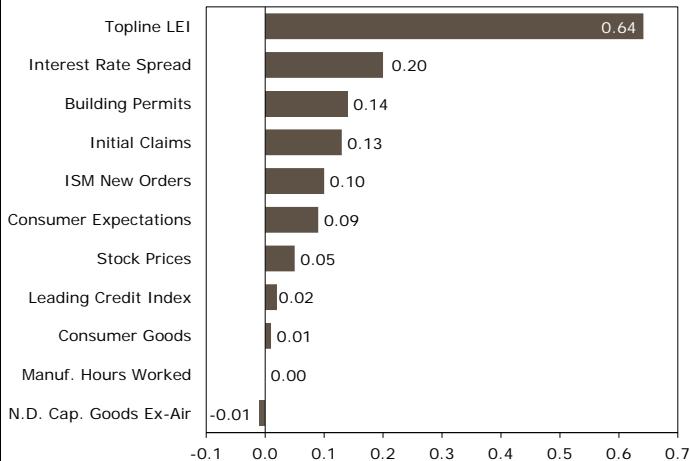
### Interest Rates Continue to Buoy the Index

- Leading the gains were the interest rate spread and building permits, which boosted the index by 0.20 percentage points and 0.14 percentage points, respectively.
- Also contributing to the headline figure was initial jobless claims (0.13 percentage point contribution) and the ISM new orders index, which added 0.10 percentage points, its first back-to-back monthly contribution since the end of 2014.

Leading Economic Index

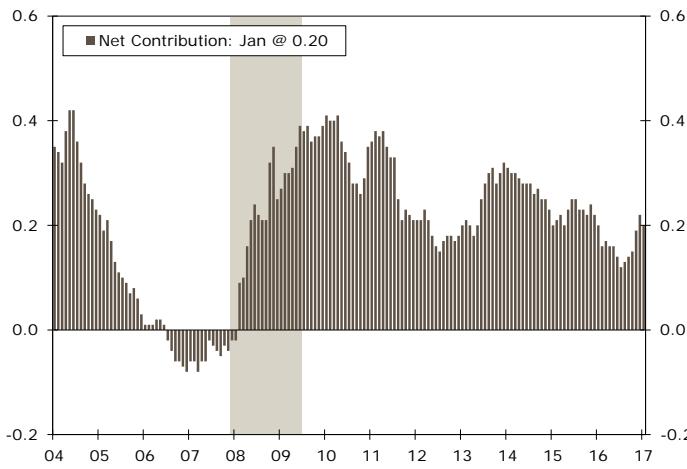


Net Contribution to Leading Economic Index  
 January 2017, Percentage Points



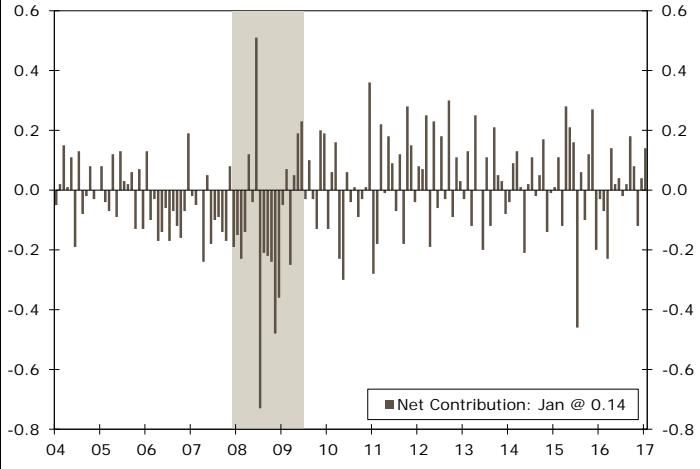
10-Year Treasury less Federal Funds Rate

Net Contribution to Index, Percentage Points



Building Permits

Net Contribution to Index, Percentage Points



Source: The Conference Board, Federal Reserve Board and Wells Fargo Securities

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