



Economics Group

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Leading Economic Index Jumps in June

The Leading Economic Index (LEI) continued its upward trend in June. The underlying components suggest that the hard data may be closing the gap with the soft, or expectation-related, data.

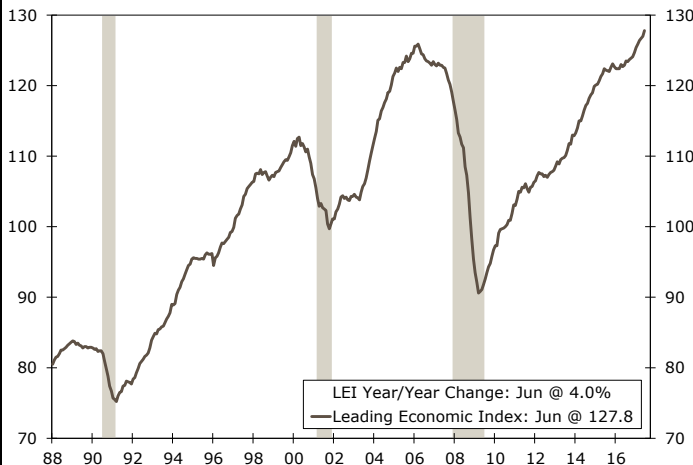
Broad Support From Components

- The LEI increased 0.6 percent in June, its largest monthly increase since December 2014. The June gain also marks the tenth consecutive month in which the index moved higher.
- Eight of the components added to the topline figure, while jobless claims was the only component that weighed on the index, shaving 0.05 percentage points off the index. Average hours worked was flat on the month.

Is Hard Data Materializing?

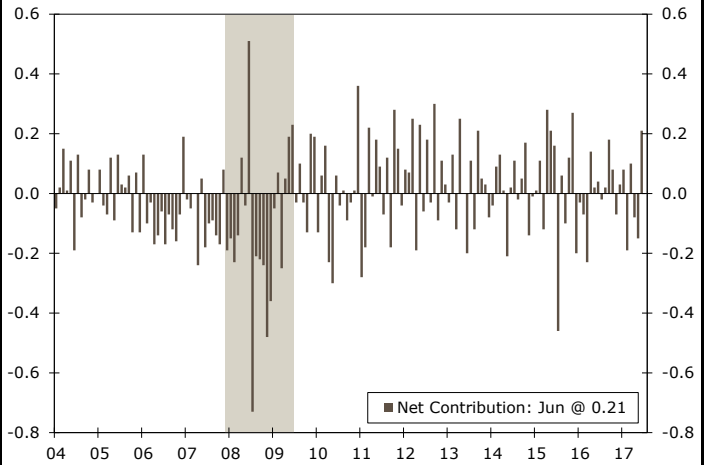
- ISM new orders contributed 0.17 percentage points to the index while the interest rate spread added 0.13 percentage points.
- The building permits component added 0.21 percentage points to the topline figure, its largest contribution since November 2015. Permits for future construction increased 7.4 percent in June, while housing starts rose 8.3 percent. The housing recovery is getting back on track and should continue to boost

Leading Economic Index



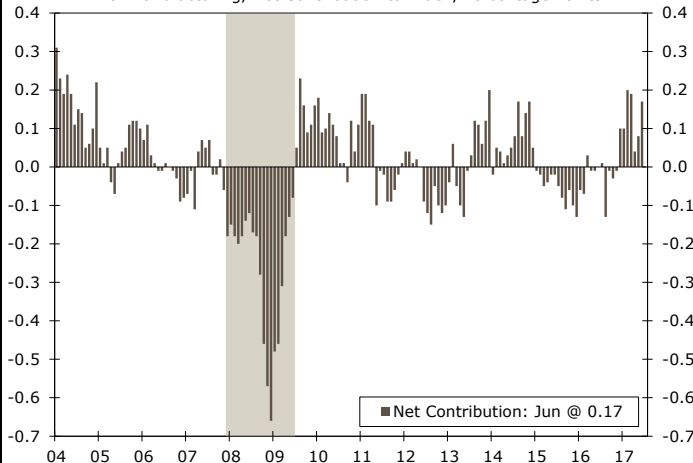
Building Permits

Net Contribution to Index, Percentage Points



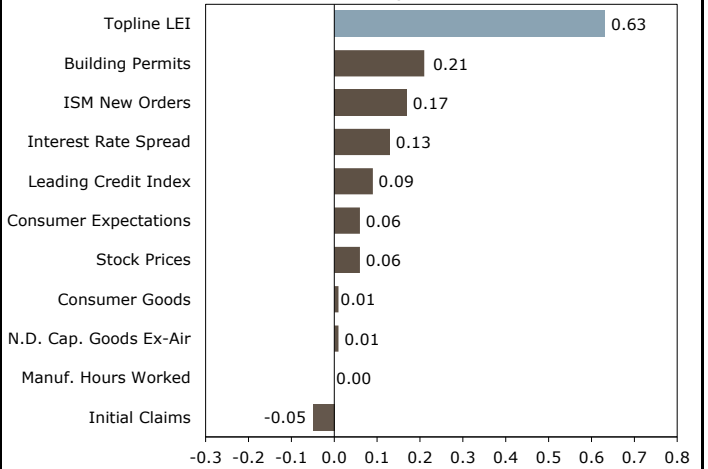
ISM New Orders Index

For Manufacturing, Net Contribution to Index, Percentage Points



Net Contribution to Leading Economic Index

June 2017, Percentage Points



Source: The Conference Board and Wells Fargo Securities

Wells Fargo Securities Economics Group

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