



# Economics Group

**Tim Quinlan, Senior Economist**  
[tim.quinlan@wellsfargo.com](mailto:tim.quinlan@wellsfargo.com) • (704) 410-3283  
**Michael Pugliese, Economic Analyst**  
[michael.d.pugliese@wellsfargo.com](mailto:michael.d.pugliese@wellsfargo.com) • (704) 410-3156

## Leading Economic Index Keeps Climbing in July

*The Leading Economic Index (LEI) continued to trek higher in July, climbing 0.3 percent over the month. The LEI has strung together 11 consecutive monthly gains, a positive sign for continued economic growth ahead.*

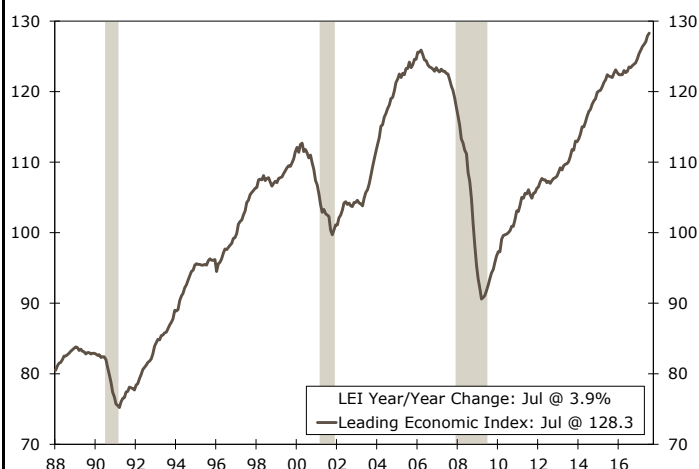
### Factory Orders, Consumer Sentiment Provide Boost

- The LEI increased 0.3 percent in July despite a drag from building permits after yesterday's disappointing housing starts print.
- ISM new orders and consumer expectations for the future provided healthy boosts to the index. The coincident index also ticked up in the month, with positive contributions from all components.

### LEI Maintains Its Winning Streak

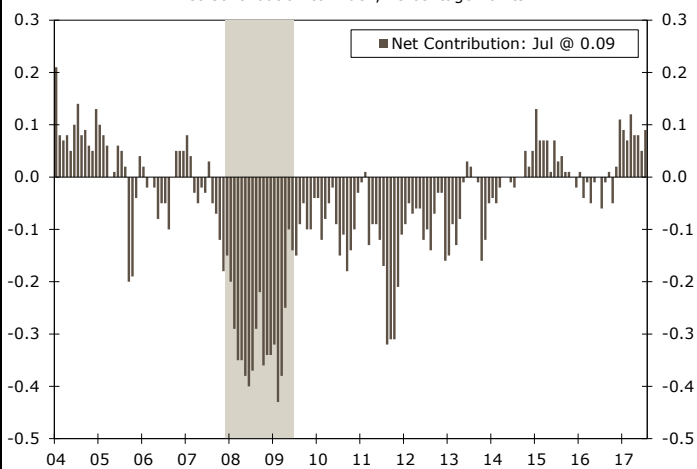
- The LEI has increased for 11 consecutive months dating back to last September. The last time this feat was achieved was in mid-2015, which turned out to be the strongest year of the recovery thus far (2.9 percent full year real GDP growth).
- Our primary recession forecasting model utilizes the LEI as a key input, and with another positive print today the model indicates that the probability of a recession in the next six months is low.

Leading Economic Index



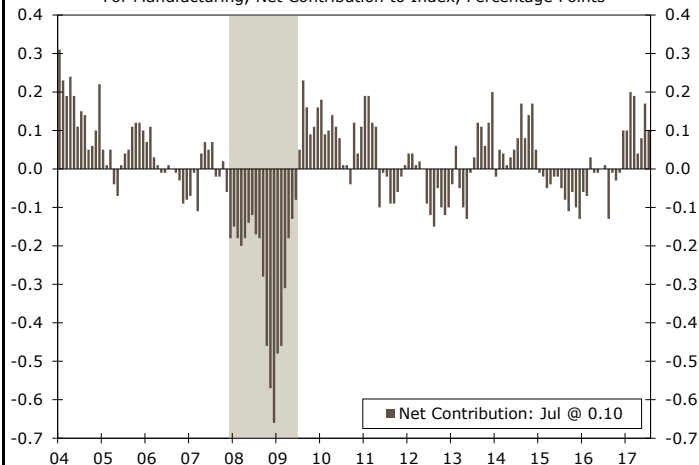
Consumer Confidence

Net Contribution to Index, Percentage Points



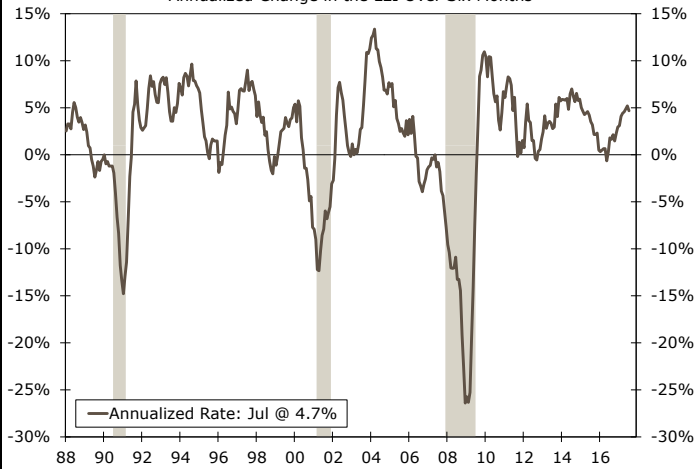
ISM New Orders Index

For Manufacturing, Net Contribution to Index, Percentage Points



Leading Economic Index

Annualized Change in the LEI Over Six Months



Source: The Conference Board, Institute for Supply Management and Wells Fargo Securities

# Wells Fargo Securities Economics Group

|                          |                                               |                                  |                                     |
|--------------------------|-----------------------------------------------|----------------------------------|-------------------------------------|
| Diane Schumaker-Krieg    | Global Head of Research, Economics & Strategy | (704) 410-1801<br>(212) 214-5070 | diane.schumaker@wellsfargo.com      |
| John E. Silvia, Ph.D.    | Chief Economist                               | (704) 410-3275                   | john.silvia@wellsfargo.com          |
| Mark Vitner              | Senior Economist                              | (704) 410-3277                   | mark.vitner@wellsfargo.com          |
| Jay H. Bryson, Ph.D.     | Global Economist                              | (704) 410-3274                   | jay.bryson@wellsfargo.com           |
| Sam Bullard              | Senior Economist                              | (704) 410-3280                   | sam.bullard@wellsfargo.com          |
| Nick Bennenbroek         | Currency Strategist                           | (212) 214-5636                   | nicholas.bennenbroek@wellsfargo.com |
| Anika R. Khan            | Senior Economist                              | (212) 214-8543                   | anika.khan@wellsfargo.com           |
| Eugenio J. Alemán, Ph.D. | Senior Economist                              | (704) 410-3273                   | eugenio.j.aleman@wellsfargo.com     |
| Azhar Iqbal              | Econometrician                                | (704) 410-3270                   | azhar.iqbal@wellsfargo.com          |
| Tim Quinlan              | Senior Economist                              | (704) 410-3283                   | tim.quinlan@wellsfargo.com          |
| Eric Viloría, CFA        | Currency Strategist                           | (212) 214-5637                   | eric.viloria@wellsfargo.com         |
| Sarah House              | Economist                                     | (704) 410-3282                   | sarah.house@wellsfargo.com          |
| Michael A. Brown         | Economist                                     | (704) 410-3278                   | michael.a.brown@wellsfargo.com      |
| Jamie Feik               | Economist                                     | (704) 410-3291                   | jamie.feik@wellsfargo.com           |
| Erik Nelson              | Currency Strategist                           | (212) 214-5652                   | erik.f.nelson@wellsfargo.com        |
| Michael Pugliese         | Economic Analyst                              | (704) 410-3156                   | michael.d.pugliese@wellsfargo.com   |
| E. Harry Pershing        | Economic Analyst                              | (704) 410-3034                   | edward.h.pershing@wellsfargo.com    |
| Hank Carmichael          | Economic Analyst                              | (704) 410-3034                   | john.h.carmichael@wellsfargo.com    |
| Ariana Vaisey            | Economic Analyst                              | (704) 410-1309                   | ariana.b.vaisey@wellsfargo.com      |
| Abigail Kinnaman         | Economic Analyst                              | (704) 410-1570                   | abigail.kinnaman@wellsfargo.com     |
| Shannon Seery            | Economic Analyst                              | (704) 410-1681                   | shannon.seery@wellsfargo.com        |
| Donna LaFleur            | Executive Assistant                           | (704) 410-3279                   | donna.lafleur@wellsfargo.com        |
| Dawne Howes              | Administrative Assistant                      | (704) 410-3272                   | dawne.howes@wellsfargo.com          |

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