



# Economics Group

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## Leading Index Consistent With Slower Growth

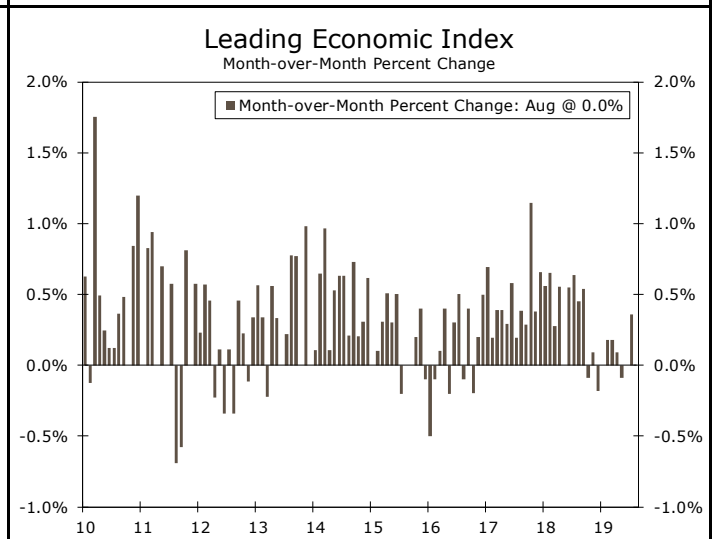
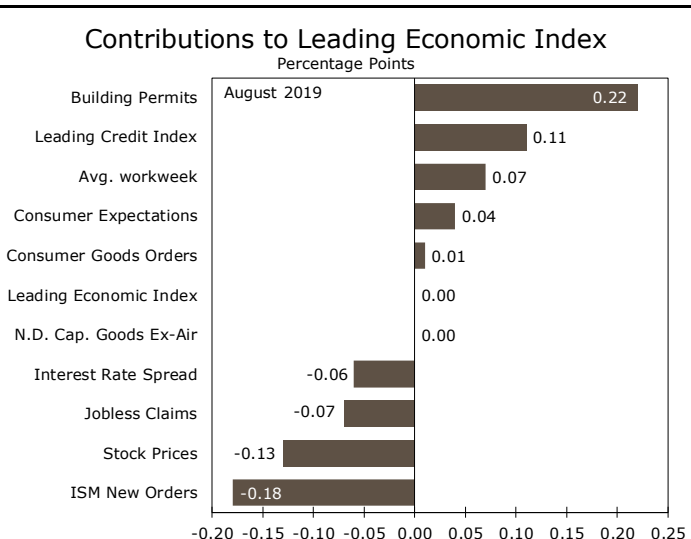
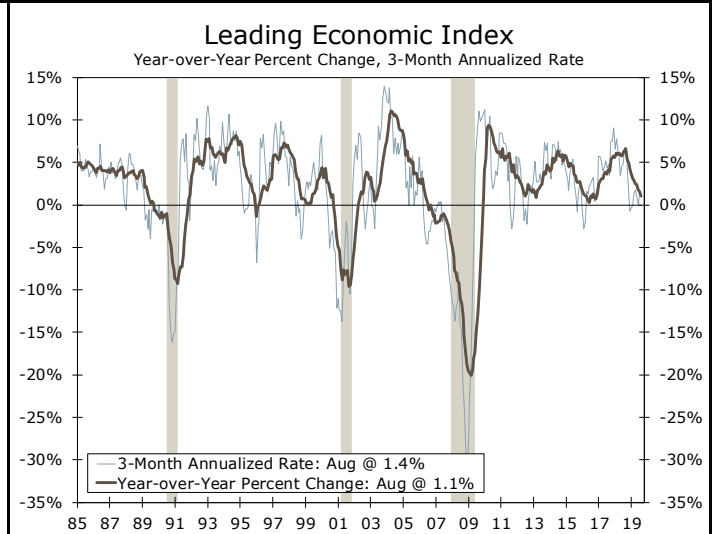
*The Leading Economic Index (LEI) remained unchanged at 112.1 in August, after rising 0.4% in July. The pace of growth is consistent with a slowing, but still expanding, economy.*

**Mixed Results from Components**

- The index has 10 components, five of which made a positive contribution in August. A whopping 0.22 percentage point gain from building permits helped offset weakness in the manufacturing sector. The negative contribution there came with little surprise, as the ISM New Orders Index fell below 50 in August to 47.2, tying the cycle low set in 2012. The stock market selloff in August also weighed heavily on the index.

**LEI Slowing on Trend**

- The index has eked out only modest gains over the past year, as the year-over-year rate has been trending down and the three-month annualized rate has flirted with negative territory. A surge in the LEI in Q3-2018 has made for more difficult comparisons for the annual growth rate in recent months. We may soon see a pick-up in the year-over-year rate, but, if it were to turn negative, it would be a signal of a more concerning slowdown ahead.



Source: The Conference Board and Wells Fargo Securities

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