

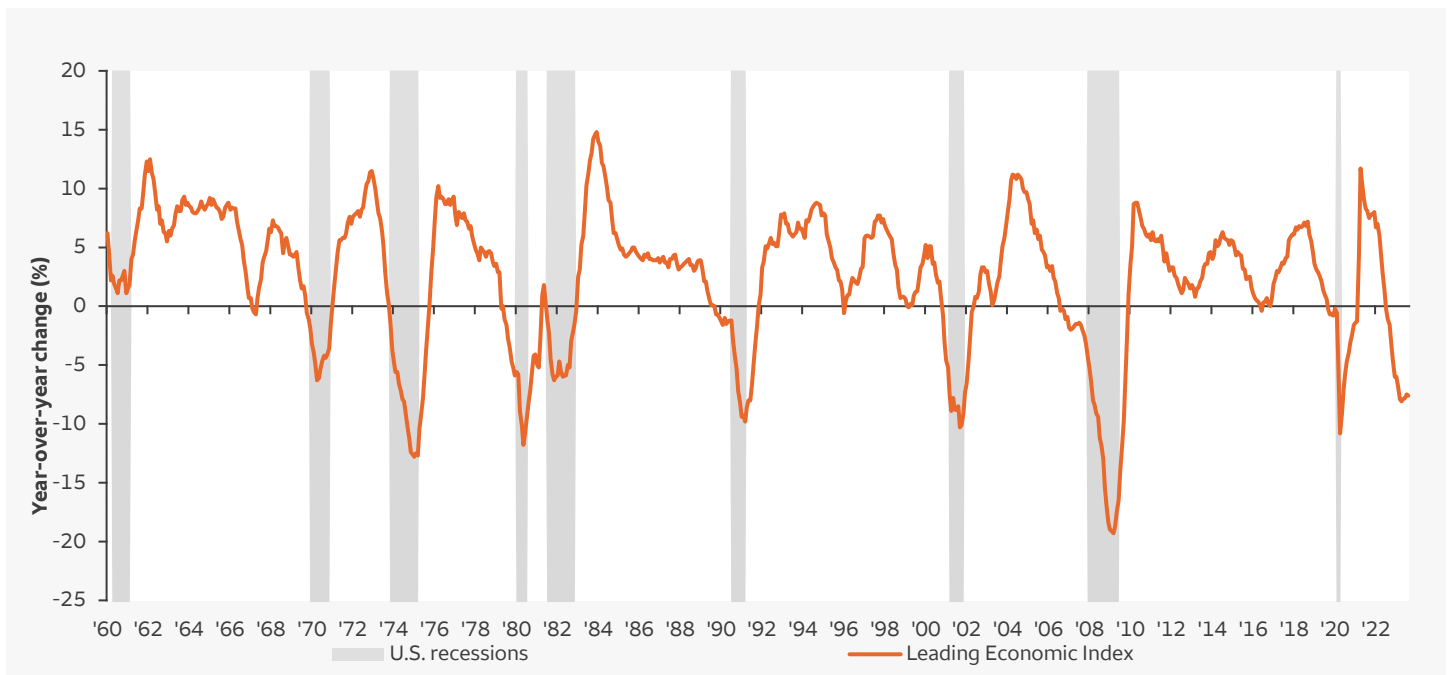


# Chart of the Week

Weekly market analysis on key market indexes

October 10, 2023

## Recession drum beats louder



Sources: Bloomberg and Wells Fargo Investment Institute. Monthly data from January 1, 1960, to August 31, 2023. The Conference Board Leading Economic Index® (LEI) is a composite average of 10 leading indicators in the U.S.

### Leading economic indicators continue to imply a slowdown in economic growth

The Conference Board's Leading Economic Index is an average of 10 leading indicators in the U.S. It is one of the key elements that economists use to gauge peaks and troughs in the business cycle.

The index has been falling steadily since April 2022. Year-on-year declines have been a fixture of the report since July of last year. Historically, as the chart shows, declines in this composite index have been tied to an approaching recession.

#### What it may mean for investors

We believe ongoing declines in the ratio of coincident to lagging indicators, which often foreshadow changes in the leading economic indicators, point toward further slowing in economic growth and an increasing risk of recession. We continue to favor defensive portfolio positioning, with a focus on quality and liquidity in equities and a bias to fixed-income investments split between short- and long-term securities.

Excerpted from *Market Charts: Turning data into knowledge* (October 5, 2023)

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