



Economics Group

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LEI Points to Some Softening in Growth

The Leading Economic Index (LEI) edged up 0.2 percent in February but suggests growth has slowed in recent months. Leading the moderation in growth is slower activity in the manufacturing sector.

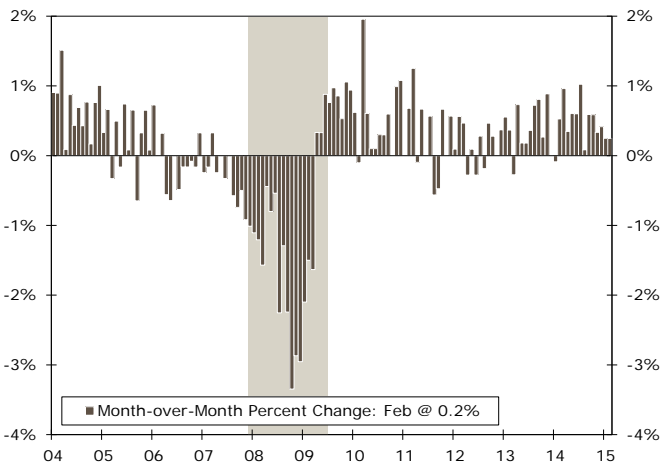
A More Moderate Pace of Growth

- In another sign that growth has moderated since the end of last year, the LEI rose a modest 0.2 percent in February. Over the past three months, the index has risen at a 3.7 percent annualized rate, down from 6.2 percent in November.
- Financial conditions remained supportive to growth over the month, while a rise in building permits suggests a pickup in residential construction.

Manufacturing Slowdown

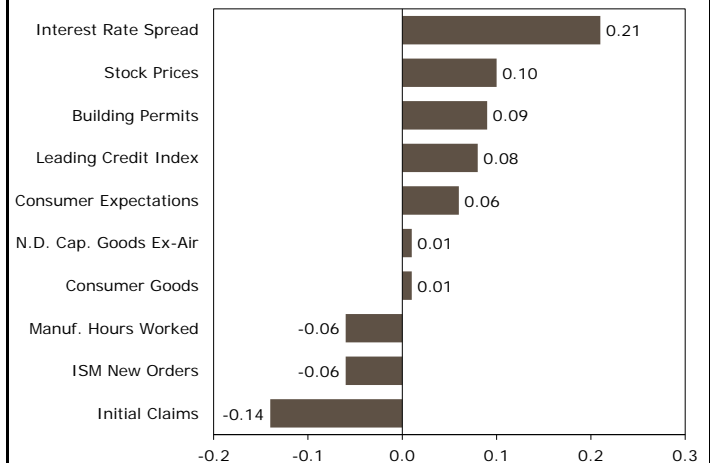
- Weighing on the LEI in February was softening activity in the manufacturing sector. Producers have been facing a stronger dollar and some port-related supply issues, leading to fewer hours worked and a fall in the ISM new orders index.
- In a separate report, the Philly Fed index was nearly unchanged for March, but manufacturers saw a further softening in the pace of new orders while shipments and prices received fell.

Leading Economic Index



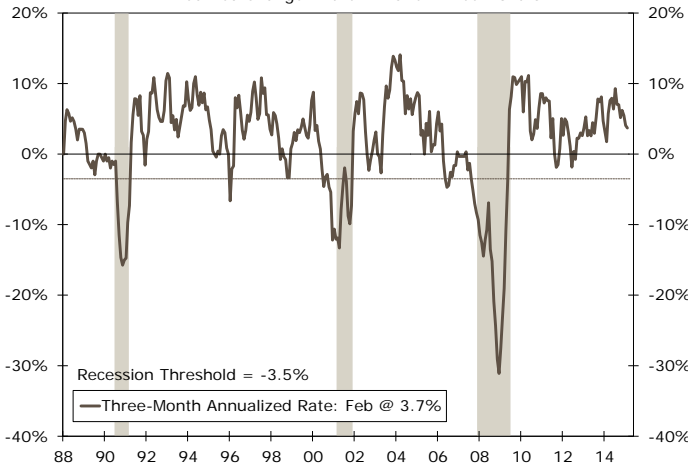
Net Contribution to Leading Economic Index

February 2015, Percentage Points



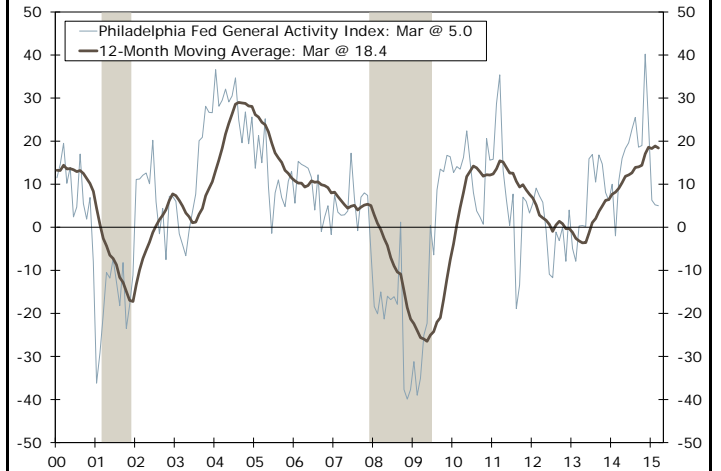
Leading Economic Index

Annualized Change In the LEI Over Three Months



Philadelphia Fed General Activity Index

Diffusion Index



Source: The Conference Board, Federal Reserve Bank of Philadelphia and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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