

- **The Conference Board's Leading Economic Index (LEI) decreased 0.4% month-on-month in October, spot on with the consensus forecast. The LEI has fallen for eight months in a row, pointing to weaker economic growth in the near term.**
- **The year earlier growth rate improved to -4.1%, the smallest decline since October 2022. Nonetheless, the LEI has fallen annually for 28 consecutive months.**
- **Six of the 10 components declined, one was flat, and three rose.**
- **PNC expects the Federal Open Market Committee to cut the fed funds rate by 25 basis points in December with four identical decreases in the first half of next year, putting the fed funds rate in the range of 3.25-3.50% by mid-2025.**

The Conference Board's Leading Economic Index (LEI) fell 0.4% in October, in line with the consensus forecast but down from the upwardly revised 0.3% drop in September (was previously -0.5%). The LEI has fallen for eight consecutive months, pointing to weaker near-term economic growth. Six of the 10 components declined, three rose, and one was flat. ISM New Orders (-0.18%), Average Weekly Hours Manufacturing (-0.12%) and the Interest Rate Spread (-0.09%) contributed the most to the drop. The largest increases were in the S&P 500 Stock Index (+0.12%) and the Leading Credit Index (+0.05%). Despite the larger month-on-month decline, the year-ago drop improved to -4.1%, the smallest since October 2022. Nonetheless, the LEI has declined year-on-year for 28 months in a row. The LEI has been signaling economic weakness for more than two years, but the U.S. economy continues to perform well.

The Conference Board's Coincident Economic Index (CEI) was unchanged for a second month in a row in October. The CEI's components - payroll employment, personal income less transfer payments, manufacturing and trade sales and industrial production - are included in the data to determine U.S. recessions. Personal income less transfer payments and manufacturing and trade sales made positive contributions. There was a drop in industrial production, in part because of the Boeing machinists strike and Hurricanes Helene and Milton, while payroll employment was unchanged.

The Conference Board's Lagging Economic Index (LAG) dipped 0.1% in October following a 0.3% drop in September. The LAG's six-month growth rate was -0.8% between April and October 2024, a notable deterioration from a 1.2% increase over the previous six month.

PNC's outlook for the federal funds rate is the same as it was in October, before the presidential election. This includes a 25-basis point cut in the fed funds rate at the Federal Open Market Committee's December 18 meeting, which would bring the rate down to a range of 4.25% to 4.50% at the end of 2024. PNC then expects 25 basis point cuts in the fed funds rates at each of the FOMC's four meetings in the first half of 2025. This would bring the rate down to a range of 3.25% to 3.50% by mid-2025, with the fed funds rate then expected to remain in that range. However, risks to this fed funds rate forecast are to the upside.

Action Economics Survey	Range	Median	Last Actual	PNC's Comment
Fed Funds Rate Target Range Mid-Point (after the FOMC meeting on 12/18/24)	4.38-4.63%	4.38%	4.88%	4.38%. FOMC to cut the fed funds rate by 25 basis points in December.
Nov Consumer Confidence (11/26, Tuesday)	105.0-115.0	112.0	108.7 (Oct)	112.0. Confidence to rise with election decided and equity markets rising.
Oct New Home Sales (11/26, Tuesday)	0.700-0.764M	0.723M	0.738M (Sept)	0.710. New home sales expected to slip.
Oct Durable Goods (11/27, Wednesday)	-1.0 to 2.5%	0.3%	-0.7% (Sept)	2.5%. Durable goods forecast to rebound as the Boeing strike was resolved.
Oct Advance Trade in Goods (11/27, Wednesday)	-\$106.7 to -\$99.0	-\$102.0	-\$108.7 (Sept)	-\$104.5. Trade deficit projected to narrow slightly.
Q3 GDP Second Report (11/27, Wednesday)	2.8-3.3%	2.8%	2.8% (Q3)	2.9%. Slight upward revision to Q3 GDP.
Q3 Chain Price Index Second Report (11/27, Wednesday)	1.8-1.9%	1.8%	1.8% (Q3)	1.8%. No revision to Q3 GDP Price Index.
Initial Claims, Week of 11/23/24 (11/27, Wednesday)	200-221K	217K	213K (11/16/24)	218K. Initial claims to rise slightly but remain at low level.
Oct Personal Income (11/27, Wednesday)	0.2-0.6%	0.3%	0.3% (Sept)	0.2%. Personal income growth to moderate amid slowing job growth.
Oct Personal Consumption Expenditure (11/27, Wednesday)	0.2-0.5%	0.4%	0.5% (Sept)	0.3%. Consumer spending growth to slow amid weaker income growth.

Action Economics Survey	Range	Median	Last Actual	PNC's Comment
Nov ISM (12/2, Monday)	45.9-48.5	47.5	46.5 (Oct)	47.5. ISM Manufacturing Index improves slightly but remains in contraction territory.
Oct Construction Spending (12/2, Monday)	0.0-0.3%	0.3%	0.1% (Sept)	0.3%. Construction spending gains expected to accelerate.
Nov ADP Employment Survey (12/4, Wednesday)	109-183K	150K	233K (Oct)	165K. Private sector job growth projected to moderate from October's unsustainable gain.
Oct Factory Orders (12/4, Wednesday)	0.0-1.3%	0.3%	-0.5% (Sept)	1.3%. Factory orders forecast to rebound strongly.
Nov ISM -NMI (12/4, Wednesday)	54.1-57.5	55.5	56.0 (Oct)	57.5. Service sector activity expected to accelerate.
Oct Trade Balance (12/5, Thursday)	-\$82.0 to - \$74.4B	-\$78.7B	-\$84.4B (Sept)	-\$82.0. Trade deficit projected to narrow slightly.
Nov Nonfarm Payrolls (12/6, Friday)	141-265K	175K	12K (Oct)	265K. Job growth expected to rebound from October's anemic gain that was depressed by the Boeing strike and hurricanes.
Nov Private Nonfarm Payrolls (12/6, Friday)	135-245K	155K	-28K (Oct)	245K. Job growth expected to rebound from October's anemic gain that was depressed by the Boeing strike and hurricanes.
Nov Manufacturing Payrolls (12/6, Friday)	11-35K	25K	-46K (Oct)	35K. Manufacturing payrolls rebound with Boeing strike settled.
Nov Unemployment Rate (12/6, Friday)	4.1-4.2%	4.2%	4.1% (Oct)	4.1%. Unemployment rate expected to remain unchanged.
Nov Average Hourly Earnings (12/6, Friday)	0.3-0.4%	0.3%	0.4% (Oct)	0.3%. Average hourly earnings growth to moderate slightly.
Nov Hours Worked (12/6, Friday)	34.3-34.4hrs	34.3hrs	34.3hrs (Oct)	34.3. Hours worked to remain unchanged.

Action Economics Survey	Range	Median	Last Actual	PNC's Comment
Dec U. Mich. Consumer Sentiment (prelim) (12/6, Friday)	72.0-78.0	73.0	71.8 (Nov final)	78.0. Sentiment to rise with election decided and equity markets rising.
Oct Consumer Credit (12/6, Friday)	\$10-0-\$13.0B	\$6.0B	\$6.0B (Sept)	\$13.0B. Consumer credit projected to increase.

Monthly Calendar of Economic Data: November/December 2024

Nov 26

CB Consumer Confidence			
	Total	Current	Expect
Sept	99.2	123.8	82.8
Oct	108.7	138.0	89.1
Nov			

New Home Sales (000)	
Aug	709
Sept	738
Oct	

Nov 27

Durable Goods		
	Total	Ex-Transp.
Aug	-0.8%	0.6%
Sept	-0.8	0.4
Oct		

Unemployment Claims (000)				
July	Aug	Sept	Oct	Nov
223	234	231	260	221
245	228	222	242	219
235	233	219	228	213
250	232	225	218	
	228			

Gross Domestic Product		
3 rd Qtr (Second Report)		
	Real GDP	Price Index
Q1'24	1.6	3.0
Q2'24	3.0	2.5
Q3'24(1 st)	2.8	1.8
Q3'24(2 nd)		

Personal		
	Income	Spending
Aug	0.2	0.3
Sept	0.3	0.5
Oct		

Nov 29

Nov Chicago PMI

Dec 2

ISM Manufacturing Index	
Sept	47.2
Oct	46.5
Nov	

Construction Spending	
Aug	0.1
Sept	0.1
Oct	

Dec 4

Nov ADP Employment Survey

Manufacturers'			
	Ship	Inv	Orders
Aug	-0.7	0.1	-0.8
Sept	-0.4	-0.2	-0.5
Oct			

Dec 3

	Autos		Light	
	Dom	For	Truck	Total
Sept	2.0	1.0	12.8	15.8
Oct	2.0	1.1	13.0	16.0
Nov				

ISM Non-Manufacturers Index	
Sept	54.9
Oct	56.0
Nov	

Dec 5

Trade Balance (\$B)	
Aug	-\$70.8
Sept	-\$84.4
Oct	

Dec 6

	U. Rate	Jobs (000)
Sept	4.1	+223
Oct	4.1	+12
Nov		

Consumer Credit (\$B)	
Aug	\$7.6
Sept	\$6.0
Oct	

Dec U. of Mich. Consumer Sentiment (prelim)

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