

## OECD CLIs show biggest monthly drop on record in most major economies

The CLIs for March 2020 **recorded the largest drop on record in most major economies** in line with the considerable economic shock caused by the COVID-19 pandemic and its immediate impact on production, consumption and confidence in the wake of lockdown measures.

Over the next few months, in particular, care will be needed in interpreting the CLI.

- Firstly, with considerable uncertainty around the duration of lockdown measures, the ability of leading indicators to **predict** future movements in the business cycle<sup>1</sup> has been severely curtailed: **current estimates of the CLI are able to provide meaningful signals on current movements in activity**, and should therefore be viewed as **coincident** rather than **leading**<sup>2</sup>.
- Secondly, as always, the magnitude of the CLI decline should not be regarded as a measure of the degree of contraction in economic activity, rather it should be viewed as an indication of the strength of the signal that economies have entered a phase of contraction. For comparison, the signal is stronger now than it was at the time of the Financial Crisis.
- Thirdly, the CLIs are not yet able to anticipate the end of the slowdown, especially as it is not yet clear how long, nor indeed severe, lock-down measures are likely to be. However, as the situation settles, even with a more prolonged lockdown, the CLI will begin to recover its ability to predict as firms and consumers begin to adapt to new (even if only short-term) realities, especially as governments begin to formulate and provide signals around longer term strategies, beyond the initial immediate measures they have had to impose.

<sup>1</sup> The CLI is optimised to identify turning points and not for judging the speed or strength of a recovery or downturn in the business cycle; and users should not interpret it in this way. A very high or low CLI for example cannot be interpreted as an indication of very high or low levels of economic activity or growth. It merely provides a strong signal of the phase a country is likely to be in its business cycle in the near future. For more information please consult the longer OECD note ([link](#)).

<sup>2</sup> Clearly, this makes them less useful than we would like them to be at the present juncture but even as a coincident indicator they remain important and useful. Measures of economic activity, such as GDP growth for example, are only at best available one-month after the reference period. In that sense therefore, even as a coincident measure, the CLI retains some of its 'leading' properties, allowing us to take the pulse of economies in near to 'real-time'.



**Next release:**  
**12 May 2020**

**Data** for 33 OECD member countries and 6 OECD non-member economies are available at: [http://stats.oecd.org/Index.aspx?DataSetCode=MEI\\_CLI](http://stats.oecd.org/Index.aspx?DataSetCode=MEI_CLI)

**Methodological Notes** are available at:

[www.oecd.org/sdd/leading-indicators/44728410.pdf](http://www.oecd.org/sdd/leading-indicators/44728410.pdf)

**Watch** our video explaining the CLIs:

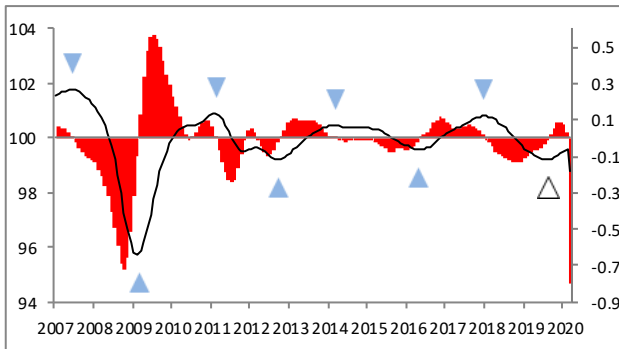
[http://www.youtube.com/watch?feature=player\\_embedded&v=UY8iPW0GVAo](http://www.youtube.com/watch?feature=player_embedded&v=UY8iPW0GVAo)

**Contacts:**

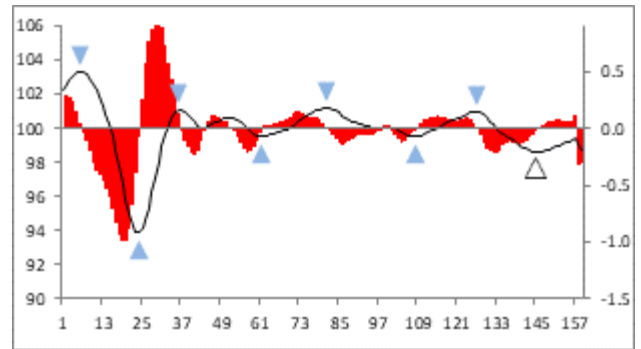
For further information journalists are invited to contact the OECD's Media Relations Division on (33) 1 45 24 97 00 or e-mail [news.contact@oecd.org](mailto:news.contact@oecd.org).

For technical questions contact [stat.contact@oecd.org](mailto:stat.contact@oecd.org)

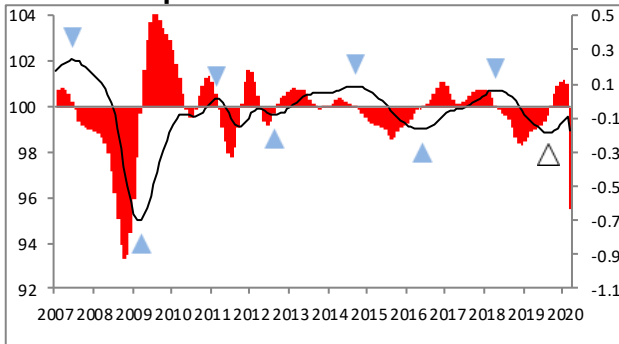
**Sharp slowdown in the OECD area**



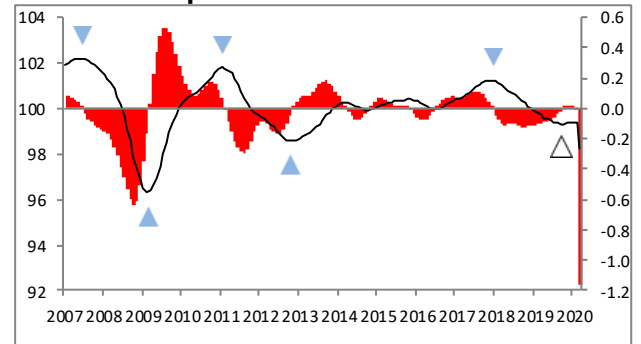
**Sharp slowdown in China**



**Sharp slowdown in the United States**

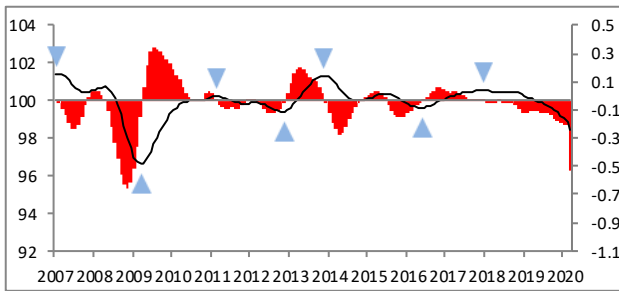


**Sharp slowdown in the euro area**

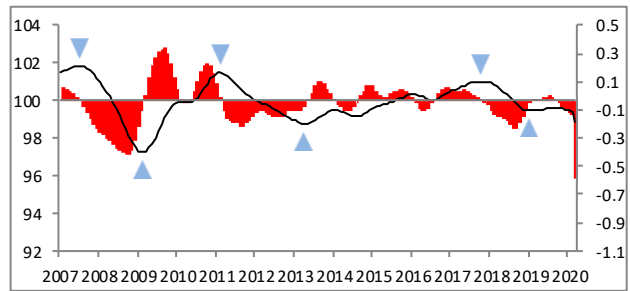


The above graphs show country specific composite leading indicators (CLIs solid line, left axis and the relative month-on-month growth rate, right axis). Turning points of CLIs tend to precede turning points in economic activity relative to trend by six to nine months. The horizontal line at 100 represents the trend of economic activity. Shaded triangles mark confirmed turning-points of the CLI. Blank triangles mark provisional turning-points that may be reversed.

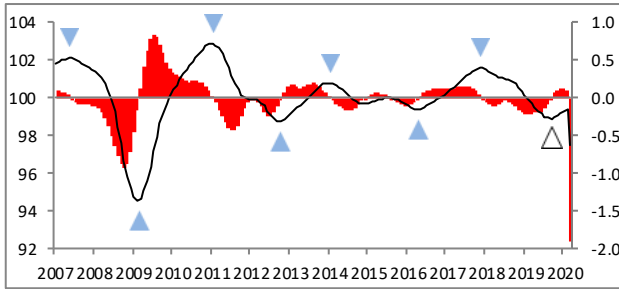
**Sharp slowdown in Japan**



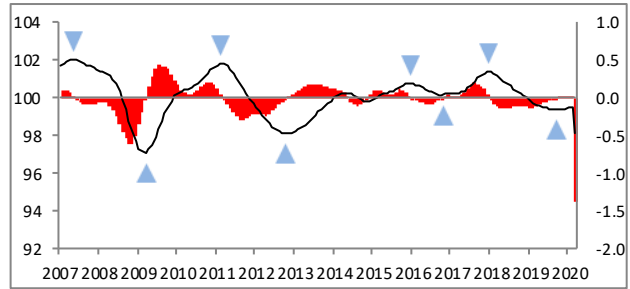
**Sharp slowdown in France**



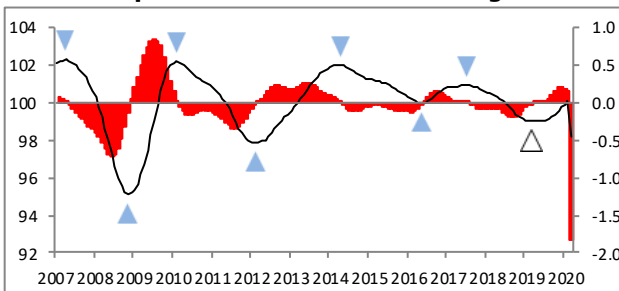
**Sharp slowdown in Germany**



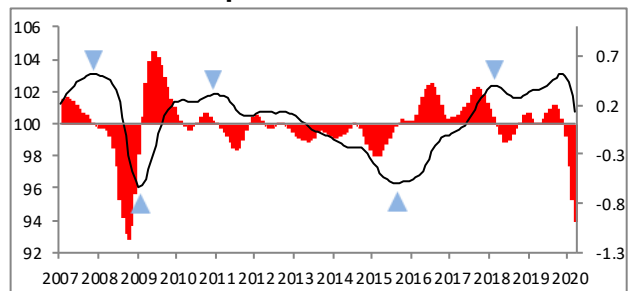
**Sharp slowdown in Italy**



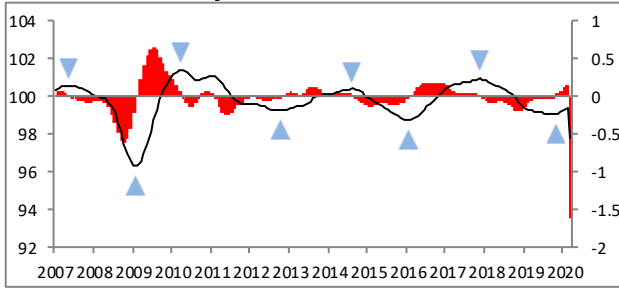
**Sharp slowdown in the United Kingdom**



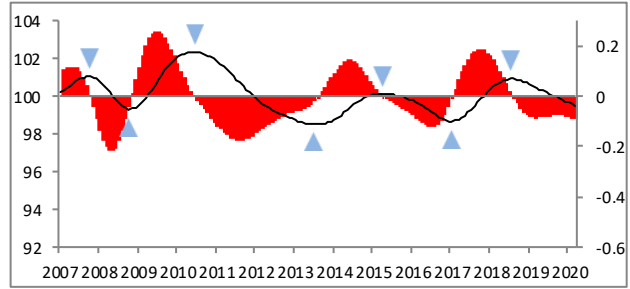
**Sharp slowdown in Brazil**



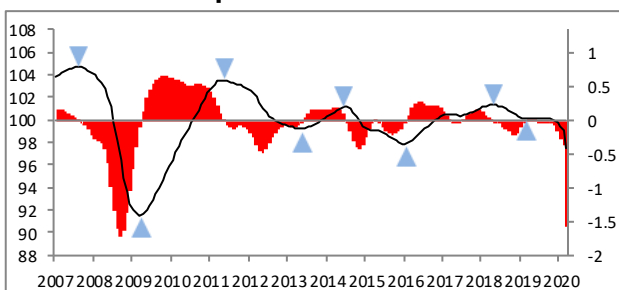
**Sharp slowdown in Canada**



**Slowdown in India**



**Sharp slowdown in Russia**



The graphs show country specific composite leading indicators (CLIs solid line, left axis and the relative month-on-month growth rate, right axis). Turning points of CLIs tend to precede turning points in economic activity relative to trend by six to nine months. The horizontal line at 100 represents the trend of economic activity. Shaded triangles mark confirmed turning-points of the CLI. Blank triangles mark provisional turning-points that may be reversed.

Table 1: Composite Leading Indicators\*

	Ratio to trend, amplitude adjusted (long term average =100)					Month on Month change (%)					Year on Year change (%)	Growth cycle outlook	Memorandum item Last month's growth cycle outlook (when different from current assessment)
	2019		2020			2019		2020			Latest month		
	Nov	Dec	Jan	Feb	Mar	Nov	Dec	Jan	Feb	Mar			
<b>OECD Area</b>	99.4	99.5	99.5	99.6	98.8	0.08	0.09	0.07	0.03	-0.80	-0.67	Sharp slowdown	Stable growth momentum and below-trend growth
<b>Euro Area</b>	99.3	99.4	99.4	99.4	98.2	0.02	0.02	0.01	-0.01	-1.16	-1.47	Sharp slowdown	Stable growth momentum and below-trend growth
<b>Major Five Asia**</b>	99.4	99.4	99.5	99.2	99.0	0.01	0.00	0.01	-0.24	-0.27	-0.39	Sharp slowdown	Signs of easing growth momentum
<b>Major Seven</b>	99.2	99.3	99.4	99.5	98.6	0.07	0.09	0.08	0.07	-0.90	-0.93	Sharp slowdown	Stable growth momentum and below-trend growth
<b>Canada</b>	99.1	99.1	99.3	99.4	97.8	0.03	0.08	0.12	0.15	-1.63	-1.45	Sharp slowdown	Stable growth momentum and below-trend growth
<b>France</b>	99.6	99.5	99.4	99.4	98.8	-0.04	-0.06	-0.08	-0.09	-0.54	-0.66	Sharp slowdown	Stable growth momentum and below-trend growth
<b>Japan</b>	99.4	99.2	99.0	98.9	98.4	-0.14	-0.15	-0.17	-0.16	-0.49	-1.70	Sharp slowdown	Signs of easing growth momentum
<b>Germany</b>	99.1	99.2	99.3	99.4	97.5	0.10	0.12	0.12	0.10	-1.93	-2.25	Sharp slowdown	Stable growth momentum and below-trend growth
<b>Italy</b>	99.4	99.4	99.5	99.5	98.1	0.02	0.03	0.03	0.02	-1.37	-1.54	Sharp slowdown	Stable growth momentum and below-trend growth
<b>United Kingdom</b>	99.5	99.7	99.9	100.1	98.2	0.20	0.20	0.18	0.15	-1.84	-0.77	Sharp slowdown	Growth gaining momentum
<b>United States</b>	99.1	99.2	99.4	99.5	98.9	0.13	0.16	0.16	0.14	-0.59	-0.39	Sharp slowdown	Growth gaining momentum
<b>Brazil</b>	103.1	103.0	102.6	101.8	100.8	0.07	-0.12	-0.42	-0.77	-0.99	-1.26	Sharp slowdown	Growth gaining momentum
<b>China***</b>	99.2	99.3	99.4	99.1	98.8	0.07	0.07	0.12	-0.33	-0.30	0.12	Sharp slowdown	Signs of easing growth momentum
<b>India</b>	99.8	99.7	99.7	99.6	99.5	-0.08	-0.08	-0.09	-0.09	-0.09	-0.98	Slowdown	Stabilising growth momentum
<b>Russia</b>	100.0	99.8	99.5	99.1	97.5	-0.08	-0.17	-0.29	-0.38	-1.59	-2.57	Sharp slowdown	Stable growth momentum and below-trend growth

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Please note that CLI estimates for Mexico, Norway, New Zealand, Slovak Republic and Switzerland could not be updated this month.

\*\* China, India, Indonesia, Japan and Korea.

\*\*\* The reference series for China is the value added of industry, at 1995 constant prices, 100 million Yuan.