



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (BEIJING TIME), THURSDAY, JULY 15, 2010

The Conference Board®  
China Business Cycle Indicators™

**THE CONFERENCE BOARD LEADING ECONOMIC INDEX®  
(LEI) FOR CHINA  
AND RELATED COMPOSITE ECONOMIC INDEXES FOR MAY 2010**

NOTE: This release incorporates a technical adjustment to *The Conference Board Leading Economic Index®* (LEI) for China. The PMI Supplier Deliveries component is now inverted for inclusion in the LEI; it previously was included in its as-published form. This adjustment has a small impact on the index back to 2005, when the component first became available; the prior history is only marginally affected. It does not impact the LEI's historical trend or *The Conference Board Coincident Economic Index®* (CEI) for China. For further details, please refer to page 9 and page 10, or contact us at: [indicators@conference-board.org](mailto:indicators@conference-board.org)

**The Conference Board Leading Economic Index® (LEI) for China increased 0.8 percent, and The Conference Board Coincident Economic Index® (CEI) increased 0.9 percent in May.**

- The Conference Board LEI for China increased again in May, following no change in April. Apart from the 5000 industry enterprises diffusion index: raw materials supply component, all the leading indicators contributed positively to the index this month. The six-month growth rate of the leading economic index has moderated to 3.2 percent (a 6.5 percent annual rate) in the period through May 2010, down from 4.1 percent (about an 8.7 percent annual rate) for the previous six months. In addition, the strengths among the leading indicators have become less widespread, and have become balanced with the weaknesses in recent months.
- The Conference Board CEI for China, a measure of current economic activity, also increased in May. Except for the volume of passenger traffic, all the coincident indicators made positive contributions to the index this month. With May's gain, the six-month growth in the coincident economic index stands at 6.7 percent (a 13.9 percent annual rate) in the period through May 2010 –the same rate as the previous six months. Moreover, the strengths among the coincident indicators have remained very widespread, with all the components advancing in recent months.
- The Conference Board LEI for China continued to increase in May. However, the strengths among its components have become less widespread, and its six-month growth rate has moderated considerably from the third quarter of last year. At the same time, The Conference Board CEI for China has remained on an upward trend, amid very widespread strength among its components. All in all, the behavior of the composite indexes and their components suggest that China's economic expansion should continue, but growth in economic activity is likely to moderate in coming months.

The next release is scheduled for Tuesday, August 17, 2010 at 10:00 A.M. (Beijing Time)

*In New York – Monday, August 16, 2010 at 10:00 P.M. (ET)*

**LEADING INDICATORS.** Five of the six components that make up The Conference Board LEI for China increased in May. The positive contributors to the index – in order from the largest positive contributor to the smallest – include total loans issued by financial institutions, total floor space started, the consumer expectations index, the PMI new export order index, and the (inverted) PMI supplier delivery index. The 5000 industry enterprises diffusion index: raw materials supply index declined in May.

With the increase of 0.8 percent in May, The Conference Board LEI for China now stands at 145.8 (2004=100). With revisions, this index remained unchanged in April and increased 0.7 percent in March. During the six-month span through May, The Conference Board LEI for China increased 3.2 percent, and three of the six components advanced (diffusion index, six-month span equals 50.0 percent).

**COINCIDENT INDICATORS.** Four of the five components that make up The Conference Board CEI for China increased in May. The positive contributors to the index – in order from the largest positive contributor to the smallest – include manufacturing employment, retail sales of consumer goods, value-added industrial production, and electricity production. Volume of passenger traffic declined in May.

With the increase of 0.9 percent in May, The Conference Board CEI for China now stands at 184.6 (2004=100). This index increased 1.4 percent in April and increased 0.5 percent in March. During the six-month span through April, The Conference Board CEI for China increased 6.7 percent, and all five components advanced (diffusion index, six-month span equals 100.0 percent).

**FOR TABLES AND CHARTS, SEE BELOW**

**DATA AVAILABILITY AND NOTES.** The data series used to compute **The Conference Board Leading Economic Index®** for China and **The Conference Board Coincident Economic Index®** for China reported in this release are those available “as of” 5:00 P.M. (ET) on July 9, 2010.

\* There are no series in The Conference Board LEI and The Conference Board CEI for China that are based on our estimates.

Because of an outlier in November 2009, the contribution to The Conference Board Leading Economic Index ® (**LEI**) for China from the total floor space started component has been set to 0 in both November and December 2009.

The monthly change in April, originally reported to be 1.7 percent and corrected June 29, 2010, to 0.3 percent, becomes 0 due in part to this technical adjustment and also to regular updates from data sources.

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THE CYCLICAL INDICATOR APPROACH. The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading and coincident economic indexes are essentially composite averages of several individual leading or coincident indicators. (See page 3 for details.) They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component—primarily because they smooth out some of the volatility of individual components.

Historically, the cyclical turning points in The Conference Board LEI for China have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for China have occurred at about the same time as those in aggregate economic activity.

Further explanations of the cyclical indicator approach and the composite economic index methodology appear in The Conference Board's *Business Cycle Indicators* report and website: [www.conference-board.org/data/bci.cfm](http://www.conference-board.org/data/bci.cfm)

China Composite Economic Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1. Consumer Expectations Index	0.0900
2. NBS Manufacturing PMI Sub-Indices: Export Orders	0.0814
3. NBS Manufacturing PMI Sub-Indices: PMI Supplier Deliveries, inverted	0.2074
4. Total Loans Issued by Financial Institutions	0.1502
5. 5000 Industry Enterprises Diffusion Index: Raw Materials Supply Index	0.4532
6. Total Floor Space Started	0.0178

<u>Coincident Economic Index</u>	
1. Value Added of Industrial Production	0.1809
2. Retail Sales of Consumer Goods	0.1712
3. Electricity Production	0.1730
4. Volume of Passenger Traffic	0.0905
5. Manufacturing Employment	0.3844

Notes:

The component factors are inversely related to the standard deviation of the month-to-month changes in each component. They are used to equalize the volatility of the contribution from each component and are normalized to sum to 1.

These factors were revised effective on the release for July 2010. Updates to the leading and coincident indexes normally only incorporate revisions to data over the past six months. The factors above for the leading economic index were calculated using the February 2005 to December 2008 period as the sample period for measuring volatility. Separate sets of factors for the January 2005, February 1996 to December 2004, June 1992 to January 1996, February 1990 to May 1992, and the February 1986 to January 1990 period, are available upon request. The factors above for coincident economic index were calculated using the February 2000 to December 2008 period as the sample period. Separate sets of factors for the February 1990 to January 2000, January 1990, July 1986 to December 1989, and the February 1986 to June 1986 period, are available upon request. These multiple sample periods are the result of different starting dates for the component data. When one or more components are missing, the other factors are adjusted proportionately to ensure that the total continues to sum to 1. For additional information on the standardization factors and the index methodology, visit our Web site: [www.conference-board.org/data/bci.cfm](http://www.conference-board.org/data/bci.cfm)

The trend adjustment factor for the leading economic index is 0.2860, calculated over the 1986-2008 period.

To address the problem of lags in available data, those leading and coincident indicators that are not available at the time of publication are estimated using statistical imputation. An autoregressive model is used to estimate each component. The resulting indexes are constructed using real and estimated data, and will be revised as the data unavailable at the time of publication become available. Such monthly data revisions are now a regular part of the U.S. Business Cycle and Global Indicators program. The main advantage of this procedure is to utilize in the leading economic index the data such as bond yields, stock prices, and change in consumer confidence that are available sooner than other data on real aspects of the economy such as housing starts and new orders. Empirical research by The Conference Board suggests there are real gains in adopting this procedure to make all the indicator series as up-to-date as possible.

## NOTICES

The 2010 schedule for “The Conference Board Leading Economic Index® for China” updates is:

June 2010 Data ... Tuesday, August 17, 2010  
July 2010 Data ... Tuesday, September 14, 2010  
August 2010 Data ... Friday, October 15, 2010  
September 2010 Data ... Tuesday, November 16, 2010  
October 2010 Data ... Wednesday, December 15, 2010

All releases are at 10:00 A.M. (Beijing Time)

## **ABOUT THE CONFERENCE BOARD**

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## 世界大型企业研究会中国经济指数

表 1：中国经济指数摘要

	2009						2010
	十一月	十二月	一月	二月	三月	四月	五月
中国先行经济指数	141.3	141.8	142.8	143.6	144.6	144.6	145.8
环比增长	0.3	0.4	0.7	0.6	0.7	0.0	0.8
扩散指数	66.7	33.3	91.7	50.0	50.0	16.7	83.3
中国同步经济指数	173.0	173.2 r	175.8 r	179.6 r	180.5 r	183.0 r	184.6
环比增长	0.9	0.1	1.5 r	2.2 r	0.5 r	1.4 r	0.9
扩散指数	80.0	80.0	80.0	80.0	60.0	100.0	80.0
	五月至 十一月	六月至 十一月	七月至 十二月	八月至 一月	九月至 二月	十月至 三月	十一月至 五月
中国先行经济指数							
环比增长	4.1	3.1	3.5	3.2	3.2	2.6	3.2
扩散指数	66.7	83.3	83.3	100.0	75.0	66.7	50.0
中国同步经济指数							
环比增长	6.7	5.0	5.9	6.8 r	6.3 r	6.8 r	6.7
扩散指数	100.0	100.0	100.0	100.0	100.0	100.0	100.0

p 初步估算 r 已修订 (此处只限于指数与月增长).

计算提示：扩散指数用于衡量指数构成中增长与下降的指标的比例

增长率大于百分之 0.05，其扩散指标为 1.0。如指标增长率小与百分之 0.05，其扩散指标为 0.5。

当指标下降率大于百分之 0.05 时，其扩散指标为 0.0。

如需更多信息，请查询网站：[www.conference-board.org/data/bci.cfm](http://www.conference-board.org/data/bci.cfm)

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## 世界大型企业研究会中国经济指数

**表 2：中国先行经济指数数据及各指标的净贡献率**

指标	2009						2010
	十一月	十二月	一月	二月	三月	四月	五月
<b>中国先行指数各指标</b>							
消费者预期指数 (季节调整后).....	102.99	103.98	104.60	104.50	108.20	106.80	108.17
金融机构人民币各项贷款总额 (十亿元计, 以2004年生产价格指数为基准, 季节调整后). .....	35321.32	35233.21	35401.26	35620.42	35727.04	36107.54	36609.71
5000户企业家调查扩散指数 原材料供应情况指数(季节调整后, 季度数据).....	59.70	59.81	60.12	60.78	60.25 r	60.07 r	59.86
中国制造业采购经理指数 (PMI) 供应商配送时间(逆行指标, 季节调整后).....	50.22	50.37	50.45	50.17	50.76	51.13	50.84
中国制造业采购经理指数 (PMI) 新出口订单(季节调整后).....	54.34	53.90	55.13	53.60	52.29	50.82	52.12
全国房屋建筑新开工面积 (千平方米计, 季节调整后).....	237594.12	112575.18	116817.41	115330.25	154743.44	146819.77	162690.85
<b>先行指数 (2004=100).....</b>	<b>141.30</b>	<b>141.80</b>	<b>142.80</b>	<b>143.60</b>	<b>144.60</b>	<b>144.60</b>	<b>145.80</b>
环比增长.....	0.29	0.35	0.71	0.56	0.70	0.00	0.83
<b>中国先行指数各指标的净贡献率</b>							
消费者预期指数 (季节调整后).....	...	0.09	0.06	-0.01	0.33	-0.13	0.12
金融机构人民币各项贷款总额 (十亿元计, 以2004年生产价格指数为基准, 季节调整后). .....	...	-0.04	0.07	0.09	0.04	0.16	0.21
5000户企业家调查扩散指数 原材料供应情况指数(季节调整后, 季度数据).....	...	0.05	0.14	0.30	-0.24 r	-0.08 r	-0.10
中国制造业采购经理指数 (PMI) 供应商配送时间(逆行指标, 季节调整后).....	...	-0.03 r	0.00 r	0.03 r	-0.12 r	-0.07 r	0.06
中国制造业采购经理指数 (PMI) 新出口订单(季节调整后).....	...	-0.04	0.10	-0.12	-0.11	-0.12	0.11
全国房屋建筑新开工面积 (千平方米计, 季节调整后).....	...	0.00	0.07	-0.02	0.52	-0.09	0.18

p 初步估算 r 已修订 n.a. 无数据 c 已改正 \* 逆行指标; 当此指标下降时, 其对合成指数的净贡献率为正

\*\* 统计估算 -- Q: 季度数据是通过线性插值转换为月度数据的

**数据来源:** CEIC, 中国国家统计局, 中国人民银行, 世界大型企业研究会

计算提示--由于四舍五入的影响及基值的差异, 该指数的百分比变率并不总是等于各指标净贡献率的总和

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**世界大型企业研究会中国经济指数**

**表3：中国同步指数数据及各指标的净贡献率**

指标	2009							2010	
	十一月	十二月	一月	二月	三月	四月	五月		
<b>中国同步指数各指标</b>									
工业增加值产量 (十亿元计, 以2004年生产价格指数为基准, 季节调整后)	914.5	925.6	912.9	952.7	965.9 r	976.4 r	987.1		
社会消费品零售总额 (十亿元计, 以2004年零售价格指数为基准, 季节调整后)	1007.0	973.4 r	1046.8 r	1099.9	1073.8 r	1093.4 r	1112.4		
旅客周转量合计 (十亿人公里, 季节调整后).....	210.7	213.4	213.6	223.6	223.0	226.1	224.1		
发电量 (十亿千瓦小时, 季节调整后).....	329.0	333.0	336.0	332.2	337.6	345.2	348.3		
城镇制造业就业人数 (百万人, 季节调整后, 季度数据).....	70.0 r	70.3 r	70.9 r	71.4 r	72.2 r	72.9 r	73.5		
<b>同步指数 (2004=100).....</b>	<b>173.0</b>	<b>173.2 r</b>	<b>175.8 r</b>	<b>179.6 r</b>	<b>180.5 r</b>	<b>183.0 r</b>	<b>184.6</b>		
环比增长.....	0.9	0.1	1.5 r	2.2 r	0.5 r	1.4 r	0.9		
<b>中国同步指数各指标的净贡献率</b>									
工业增加值产量 (十亿元计, 以2004年生产价格指数为基准, 季节调整后)	...	0.22	-0.25	0.77	0.25	0.19 r	0.20		
社会消费品零售总额 (十亿元计, 以2004年零售价格指数为基准, 季节调整后)	...	-0.58 r	1.24	0.85	-0.41 r	0.31	0.29		
旅客周转量合计 (十亿人公里, 季节调整后).....	...	0.12	0.01	0.41	-0.02	0.13	-0.08		
发电量 (十亿千瓦小时, 季节调整后).....	...	0.21	0.15	-0.20	0.28	0.39	0.15		
城镇制造业就业人数 (百万人, 季节调整后, 季度数据).....	...	0.18	0.34 r	0.28 r	0.43 r	0.36 r	0.31		

p 初步估算 r 已修订 n.a. 无数据 c 已改正 \* 逆行指标; 当此指标下降时, 其对合成指数的净贡献率为正

\*\* 统计估算 -- Q: 季度数据是通过线性插值转换为月度数据的

**数据来源:** CEM, Thomson Financial, 中国国家统计局, 中国人民银行, 世界大型企业研究会

计算提示--由于四舍五入的影响及基值的差异, 该指数的百分比变率并不总是等于各指标净贡献率的总和

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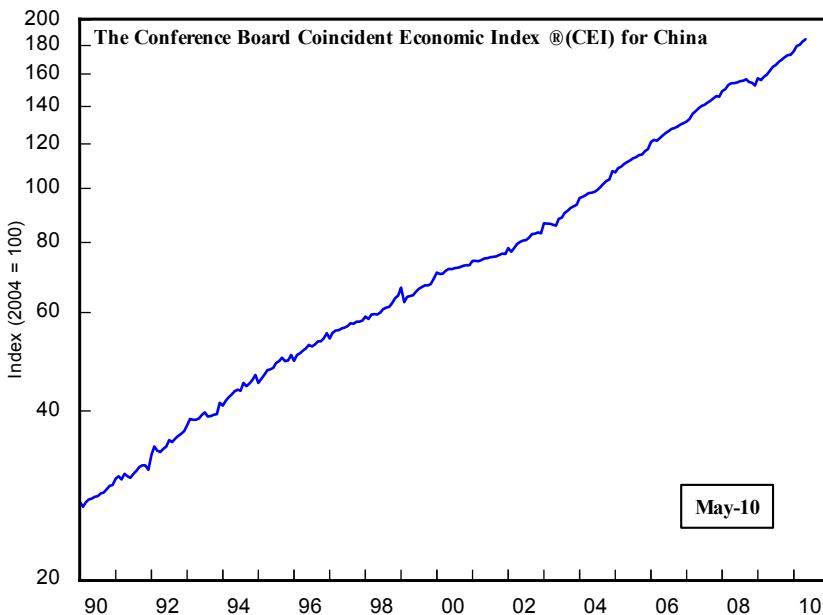
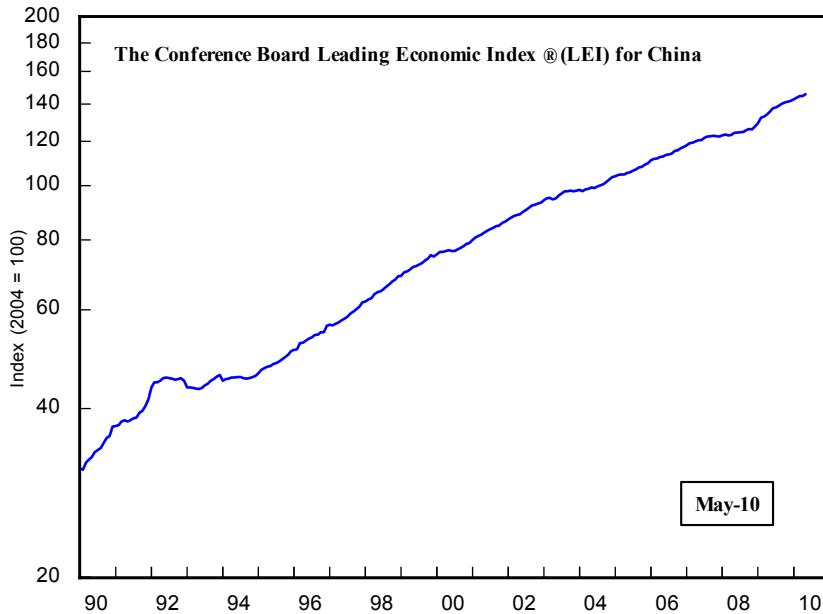
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## 中国经济指数图表



提示：

阴影部分代表商业衰退期。其高峰及谷底的转折点由世界大型企业研究会通过对中国同步指数的计算来指定的。

数据来源：世界大型企业研究会 版权所有

## **Summary of the technical adjustment (inversion of the PMI Supplier Deliveries component) to *The Conference Board Leading Economic Index®* (LEI) for China**

Starting with the July 15, 2010, release, *The Conference Board Leading Economic Index®* (LEI) for China will reflect a technical adjustment with regard to one of the components, the PMI Supplier Deliveries. The adjustment involves “inverting” the PMI Supplier Deliveries component before including it in the LEI. Indexes of supplier deliveries measure the relative speed at which industrial companies receive deliveries from their suppliers. When purchasing managers indicate that their suppliers have been taking longer to deliver, this indicates a strengthening of demand conditions because their suppliers have more difficulty and less capacity to meet their needs. The reverse is true when demand conditions weaken because the suppliers can deal more easily with orders from their clients and shorten delivery times. This index, therefore, tends to lead the business cycle.

The way this kind of index is used depends on its precise calculation. In some cases, such as in the United States, the diffusion index based on this information moves in accordance with the proportion of respondents reporting slower deliveries (plus one-half of the proportion reporting no change in delivery speed). In these cases, this indicator can be directly included in an aggregated leading economic index, as the rise in the indicator reflects strengthening demand conditions and signals an expansion of future economic activity. However, in other cases, such as in many European countries, the diffusion index moves in accordance with the proportion of respondents that indicates that delivery times are getting faster (shortening) or remaining the same. In these cases, the index needs to be inverted for inclusion in an aggregated leading economic index, since a shortening in delivery times means slowing demand conditions.

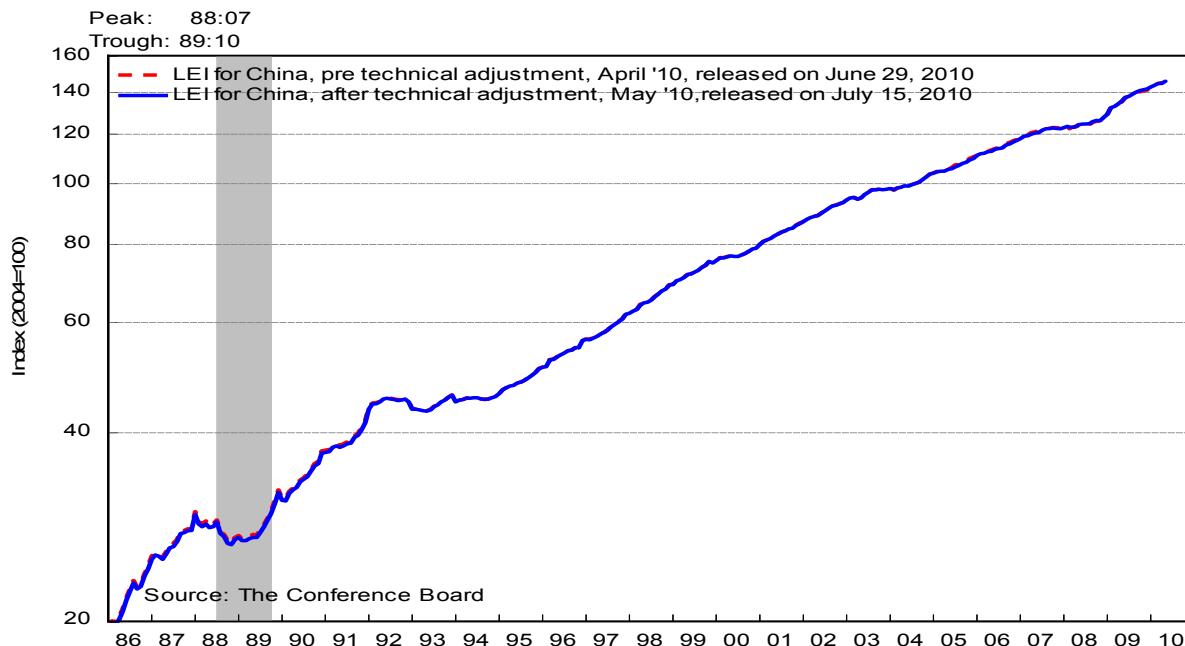
Originally The Conference Board decided not to invert on the basis of our interpretation of the information available to us. Further exploration of the description from the original source of the data, the China Federation of Logistics and Purchasing (CFLP), has led to a change in that decision. We also conducted two conversations with experts close to the sources (from CFLP and the National Bureau of Statistics), which confirmed the need to make the adjustment.

This technical adjustment has a small impact on the LEI for China back to 2005, when the component first became available; the prior history of the LEI is only marginally affected. The adjustment does not impact the LEI’s historical trend or The Conference Board outlook for China’s economy. Chart 1 illustrates that, although there are minor differences in levels, the trend of long-run growth in the LEI remains the same. During the 2008 growth cycle, the 6-month growth rate of the China LEI now stays positive, slowing to near zero, but it does not turn negative as it did before the adjustment. During the last three months, the 6-month growth rate now shows slightly more moderation than it did before the adjustment (this is also partly due to regular updates from data sources.) However, in both cases, the cyclical movements remain the same (Chart 2).

The monthly change in April, originally reported to be 1.7 percent and corrected June 29, 2010, to 0.3 percent, becomes 0 due in part to this technical adjustment and also to regular updates from data sources.

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**Chart 1: The Conference Board Leading Economic Index® (LEI) for China, before and after technical adjustment**



Note: The shaded areas represent business cycle recessions. The peaks and troughs are designated by The Conference Board based on the coincident economic index for China.

**Chart 2: The six-month growth rate of The Conference Board Leading Economic Index® (LEI) for China, before and after technical adjustment**

