

News Release

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Using the Composite Indexes: *The Leading Economic Index (LEI) provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term. The Coincident Economic Index (CEI) provides an indication of the current state of the economy. Additional details are below.*

The Conference Board Leading Economic Index® (LEI) for China Declined in June

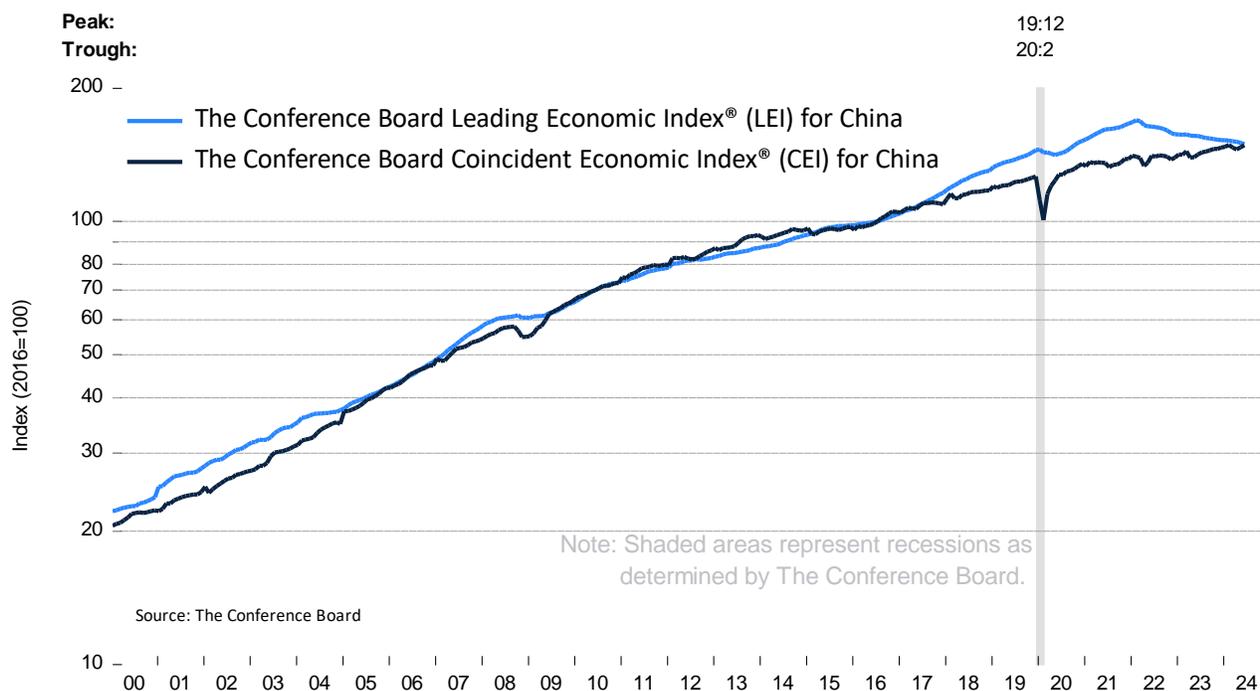
The Conference Board Leading Economic Index® (LEI) for China declined by 0.7 percent in June 2024 to 149.0 (2016=100), following a decline of 0.5 percent in May. As a result, the LEI declined by 2.1 percent over the first half of 2024, the same rate of contraction as over the second half of 2023.

The Conference Board Coincident Economic Index® (CEI) for China improved by 1.0 percent in June 2024 to 148.1 (2016=100), following an increase of 1.2 percent in May. Overall, the CEI grew by 1.2 percent over the first half of this year, down from the 3.6 percent growth rate over the previous six-month period.

“The LEI for China declined in June, continuing to follow the downward path that started over two years ago,” said **Ian Hu, Economic Research Associate, at The Conference Board**. “All components but medium- and long-term loans contributed negatively to the Index. Notably, depressed consumer expectations remained the main source of weakness in the LEI. Real GDP growth already slowed in Q2 2024 to 4.7 percent year-over-year (as reported by the National Bureau of Statistics in China) after 5.3 percent in Q1. The slightly more negative readings of the six- and twelve-month growth rates of the LEI suggest further downside risks for economic growth in the near term. Going forward however, increasing public stimulus is expected to mitigate headwinds through the end of the year. Overall, The Conference Board projects annual real GDP growth at 5.0 percent in 2024.”

The next release is scheduled for Monday, August 26, 2024, at 9:00 A.M. ET

The China LEI continued on a downward path



Non-financial components fueled the decline of the LEI for China

The Conference Board Leading Economic Index® and Component Contributions (Percent)

Jun. '24

6 mo. ending Jun. '24

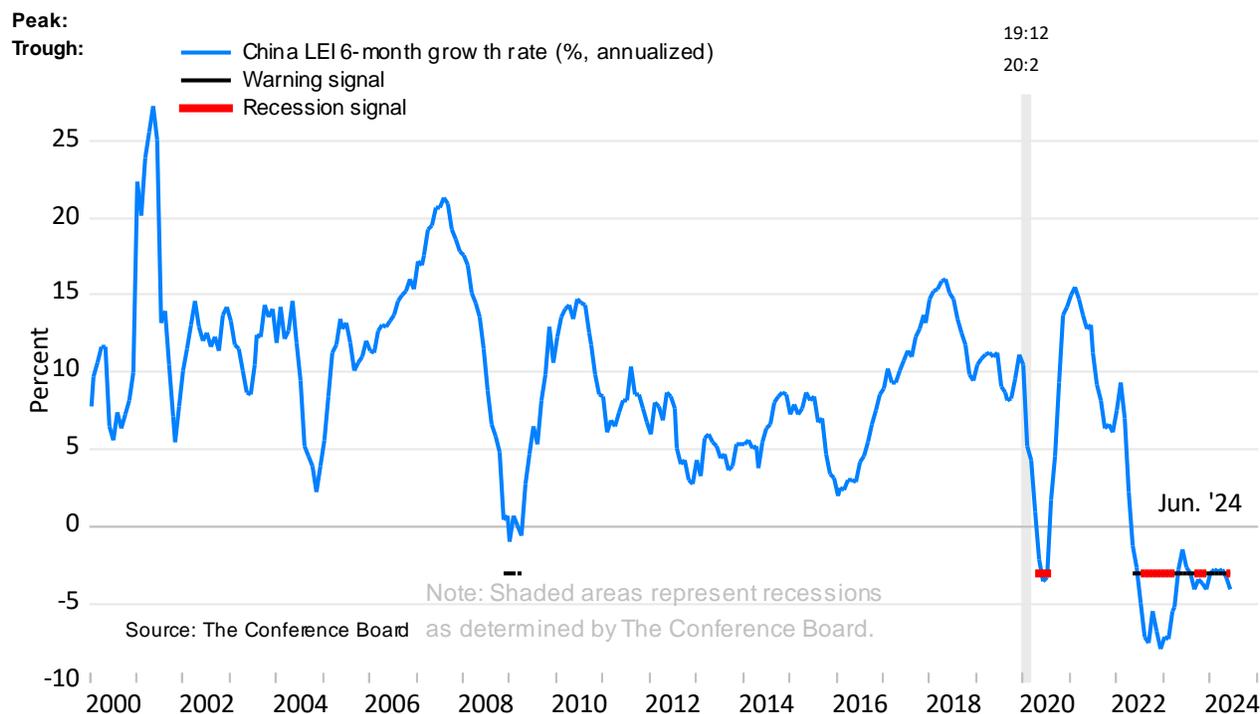


Source: The Conference Board

** Statistical Imputation.

LEI change might not equal sum of its contributions due to application of trend adjustment factor

The six-month growth rate of the China LEI remained in recession signal territory, suggesting economic risks ahead



NOTE: The chart illustrates the so-called **3Ds**—**duration, depth, and diffusion**—for interpreting a downward movement in the LEI. **Duration** refers to how long the decline has lasted. **Depth** denotes the size of decline. Duration and depth are measured by the rate of change of the index over the most recent six months. **Diffusion** is a measure of how widespread the decline is among the LEI’s component indicators—on a scale of 0 to 100, a six-month **diffusion index** reading below 50 indicates most components are weakening.

The **3Ds rule** signals an impending recession when: 1) the six-month diffusion index lies below 50, shown by the black warning signal lines in the chart; and 2) the LEI’s six-month rate of decline falls below the threshold of -3.1 percent. The **red recession signal lines** indicate months when both criteria are met simultaneously—and thus that a recession is likely imminent or underway.

About The Conference Board *Leading Economic Index*® (LEI) and *Coincident Economic Index*® (CEI) for China

The composite economic indexes are key elements in an analytic system designed to signal peaks and troughs in the business cycle. Comprised of multiple independent indicators, the indexes are constructed to summarize and reveal common turning points in the economy in a clearer and more convincing manner than any individual component.

The CEI reflects current economic conditions and is highly correlated with real GDP. The LEI is a predictive tool that anticipates—or “leads”—turning points in the business cycle by around five months.

The eight components of the *Leading Economic Index*® for China are:

- Consumer Expectation Index
- PMI: Mfg: New Export Order
- 5000 Industrial Enterprises Survey: Profitability
- Logistics Prosperity Index
- Loan: Medium & Long Term
- Floor Space Started
- City Labor Market: Demand
- Imports: Machinery and Transport Equipment

The four components of the *Coincident Economic Index*® for China are:

- Value-Added Industrial Production
- Retail Sales of Consumer Goods
- Electricity Production
- Railway: Freight Traffic

To access data, please visit: <https://data-central.conference-board.org/>

About The Conference Board

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