

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 October

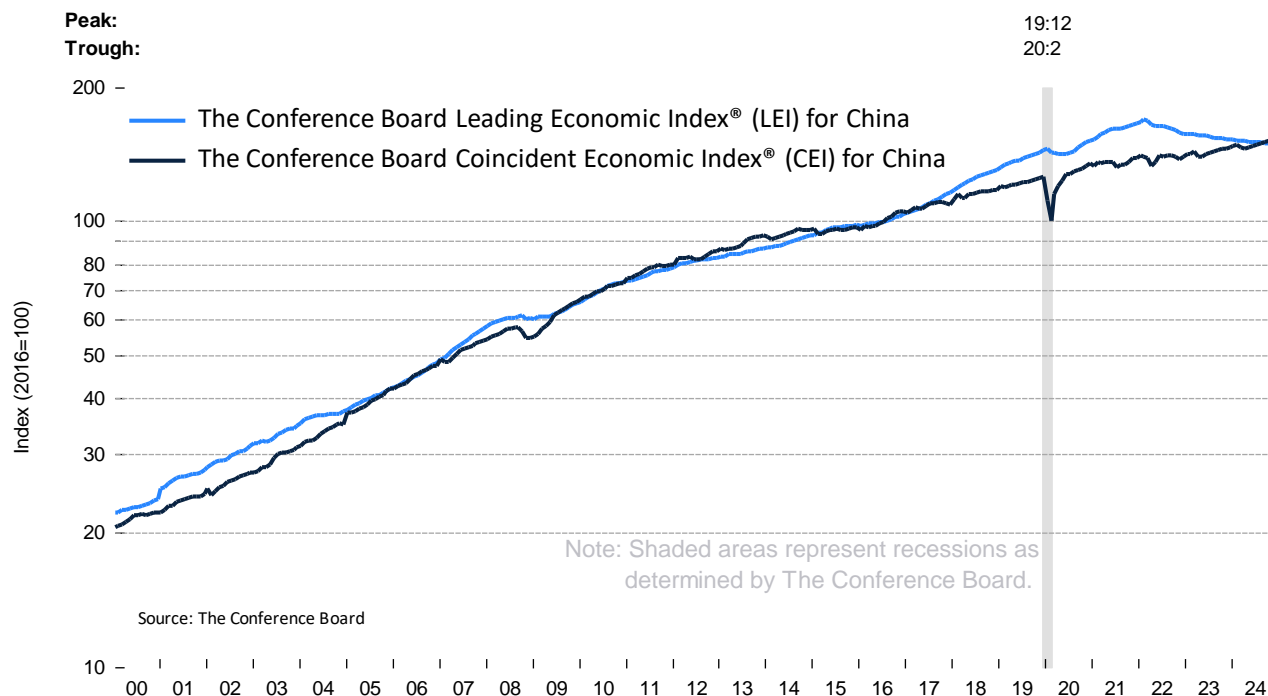
The Conference Board Leading Economic Index® (LEI) for China decreased by 0.3% in October 2024 to 148.9 (2016=100), after also declining a downwardly revised 0.3% in September. The LEI declined by 1.5% over the six-month period from April to October of 2024, slightly more than the 1.2% contraction over the six-month period between October 2023 and April 2024.

The Conference Board Coincident Economic Index® (CEI) for China increased by 0.9% in October 2024 to 151.4 (2016=100), following an increase of 0.6% in September. Overall, the Index grew by 4.3% over the six-month period from April to October of 2024, a significantly large reversal from the 0.1% contraction over the previous six-month period.

“The China LEI continued to decline in October, following the downward trend that began in early 2022,” said **Ian Hu, Economic Research Associate, at The Conference Board**. “The historically lowest levels in consumer confidence weighed down on the Index. A soft Logistics Prosperity Index, a weak manufacturing PMI, and low floor space started also contributed to the LEI’s deterioration. Both the semi- and annual growth rates remained negative and showed no sign of improvement, projecting continued headwinds to growth ahead. China’s GDP already decelerated in Q3 2024 as a result of the property downturn, restrained private consumption, and a slowing pace of infrastructure investment. In addition, most of the impact of the recently announced stimulus measures will only be felt next year. All-in-all, The Conference Board currently projects an annual real GDP growth of 4.8% in 2024 and 4.5% in 2025.”

The next release is scheduled for Tuesday, December 17, 2024, at 9:00 A.M. ET

The China LEI declined again in October



A continued depression of consumer confidence heavily weighs on the Index

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

Oct. '24

6 mo. ending Oct. '24

Financial Components		
Loan: Medium & Long Term	-0.02	0.44
Non-Financial Components		
Consumer Expectation Index**	-0.54	-3.20
Logistics Prosperity Index	-0.10	-0.60
PMI: Mfg: New Export Order	-0.10	-0.42
5000 Industrial Enterprises Survey: Profitability**	0.10	0.47
Imports: Machinery & Transport Equipment	0.03	-0.01
City Labor Market: Demand**	-0.01	-0.06
Floor Space Started: Commodity Bldg	-0.08	-0.18

Source: The Conference Board

** Statistical Imputation.

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

The China LEI signaled recession risks in October, which suggests continued pressures on the economy in near term



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 -3.0%. 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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