THE CONFERENCE BOARD

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 Again in July

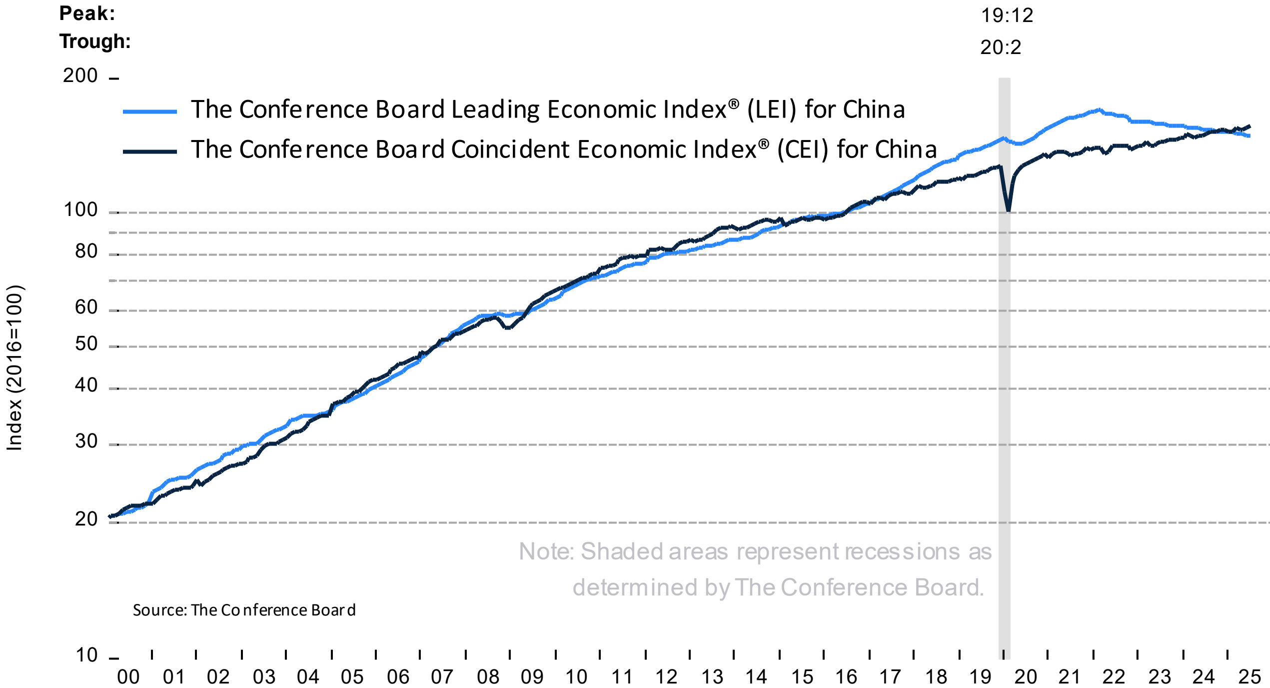
The Conference Board Leading Economic Index® (LEI) for China decreased by 0.3% in July 2025 to 147.4 (2016=100), after also contracting by 0.3% in June. As a result, the LEI declined by 2.0% over the six-month period from January to July 2025, after decreasing by 1.4% over the previous six-month period between July 2024 and January 2025.

The Conference Board Coincident Economic Index® (CEI) for China increased by 0.9% in July 2025 to 155.7 (2016=100), after expanding by 1.1% in June. Overall, the Index grew by 3.2% over six-month period from January to July 2025, more than three times the 1.0% growth observed over the previous six-month period between July 2024 and January 2025.

“The China LEI declined again in July, marking its seventh consecutive monthly drop in 2025,” said **Timothy Brennan, Economic Research Associate, at The Conference Board.** “Machinery and transportation equipment imports bolstered the index, but not enough to offset widespread weaknesses among other components. Indeed, 5 out of 8 components weighed negatively on the LEI. Notably, consumer confidence has been depressed since April 2022 and continued to be a major drag on the Index. With the negative semi- and annual growth rates of the LEI pointing to headwinds and with the 6-month diffusion falling below 50, the recession signal went off again in July. The 90-day extension of the tariff pause on August 11th may give China’s economy some temporary relief, but pressure from weak domestic demand, the continuing property downturn, and global uncertainties will persist. As such, The Conference Board currently forecasts annual real GDP growth to slow to 4.7% in 2025 after 5.0% in 2024.”

The next release is scheduled for Thursday, September 25, 2025, at 9:00 A.M. ET

The China LEI has been on a downward trend since the beginning of 2022

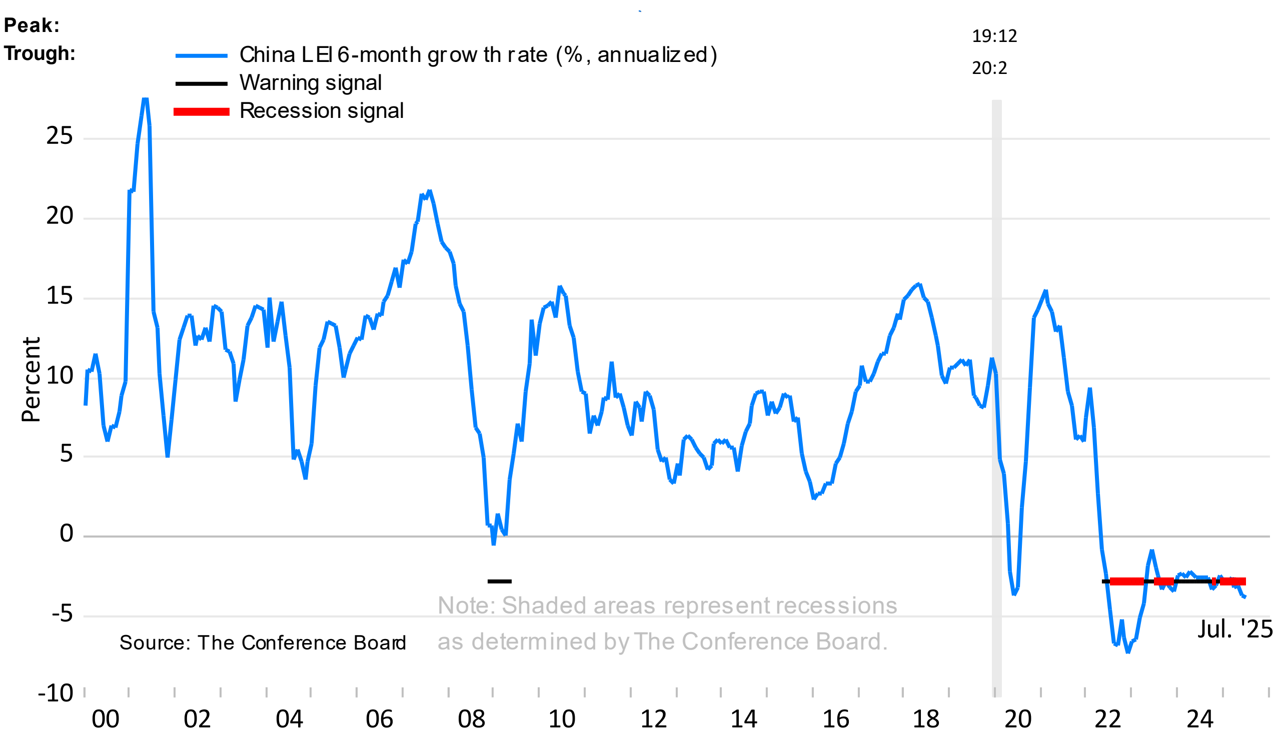


The July decline was driven by weak consumer expectations, logistics prosperity index, and new export orders in manufacturing

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

Source: The Conference Board
** Statistical Imputation.
LEI change might not equal sum of its contributions due to application of trend adjustment factor

The more negative 6-month growth rate and weakness among most of the components triggered the recession signal again in July



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 at an annualized rate. **Diffusion** is a measure of how widespread the decline is among the LEI's component indicators—on a scale of 0 to 100, a **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 at or below 50, shown by the black warning signal lines in the chart; and 2) the LEI's six-month growth rate (annualized) falls below the threshold of −2.8%. 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/

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