

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 Ticked Down in May

This month's release of the composite economic indexes incorporates annual benchmark revisions which bring them up-to-date with revisions in the source data. These revisions do not change the cyclical properties of the indexes. The indexes are updated throughout the year, but only for the previous six months. Data revisions that fall outside of the moving six-month window are not incorporated until the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes, in levels and month-on-month changes, will not be directly comparable to those issued prior to the benchmark revision.

For more information, please visit conference-board.org/topics/business-cycle-indicators/ or contact us at indicators@tcb.org.

The Conference Board Leading Economic Index® (LEI) for China ticked down by 0.1% in May 2026 to 148.8 (2016=100), after declining by 0.9% in April. As a result, the LEI contracted by 1.4% over the six-month period from November 2025 to May 2026, a slightly smaller rate of decline compared to the 1.9% contraction over the previous six-month period between May and November 2025.

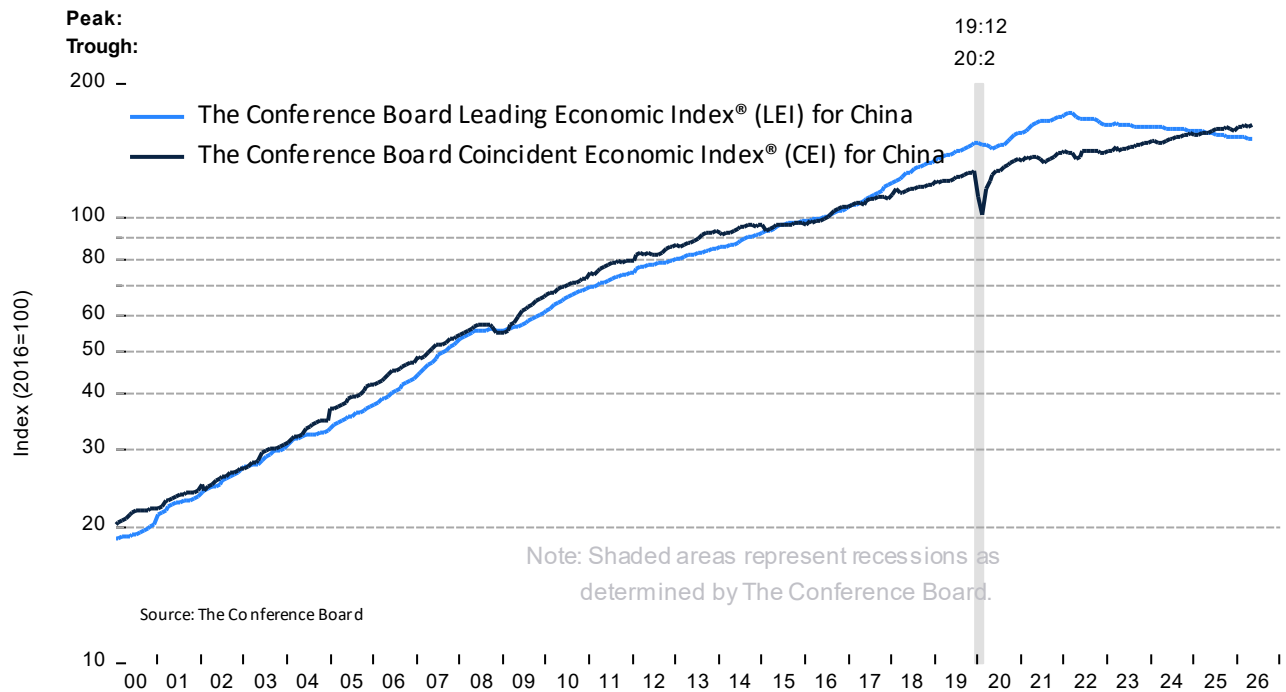
The Conference Board Coincident Economic Index® (CEI) for China rose by 1.3% in May 2026 to 160.1 (2016=100), more than offsetting the 0.9% decline in April. The CEI expanded by 2.1% over the six-month period from November 2025 to May 2026, greater than the 1.7% growth rate registered from May to November 2025.

"The China LEI declined in 6 out of the last 7 months and continued its downward trend in May," said **Timothy Brennan, Economic Research Associate, at The Conference Board**. "The consumer expectations component has been a primary drag on the index, with the measure remaining below the neutral threshold of 100 for more than four years. Additionally, the logistics prosperity index and medium- and long-term loans also recorded notable negative contributions. Imports of machinery and transportation equipment, building construction, and labor demand improved in May but not enough to offset the weaknesses of all remaining components."

"The semi- and annual-growth rates of the LEI declined, and the 6-month diffusion index remained below 50, triggering the recession warning signal in May, but we do not anticipate a recession in China," added Brennan. "The demand-side of the economy remained weak, with hard activity data reinforcing the subdued consumer expectations survey measure. According to published data, retail sales fell by 0.6% y/y, the first monthly decline since December 2022. Fixed-asset investment also contracted by 4.1% y/y in the January–May 2026 period. Exports continue to support China's economic growth. However, a challenging external environment, like heightened trade tensions with Europe, poses downside risk. The Conference Board currently forecasts annual real GDP growth to slow to 4.5% in 2026 from 5.0% in 2025."

The next release is scheduled for Thursday, July 23, 2026, at 9:00 A.M. ET

The China LEI continued its downward trend in May

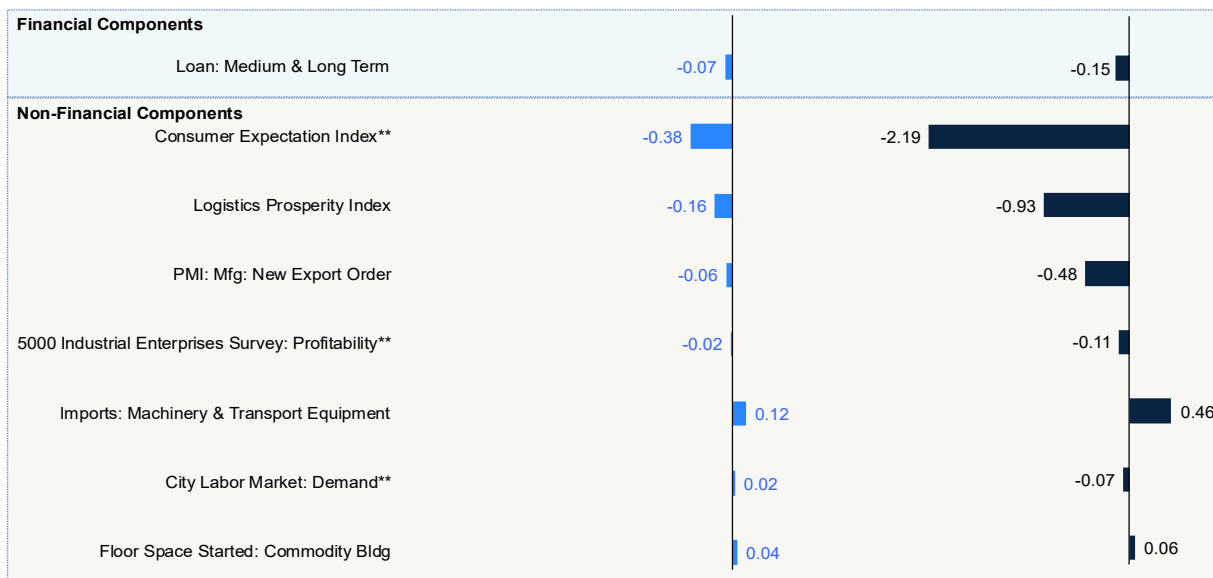


The LEI's decline was fueled by weak consumer expectations, a decrease in the logistics prosperity index, and a reduction of medium- and long-term loans

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

May, '26

6 mo. ending May, '26

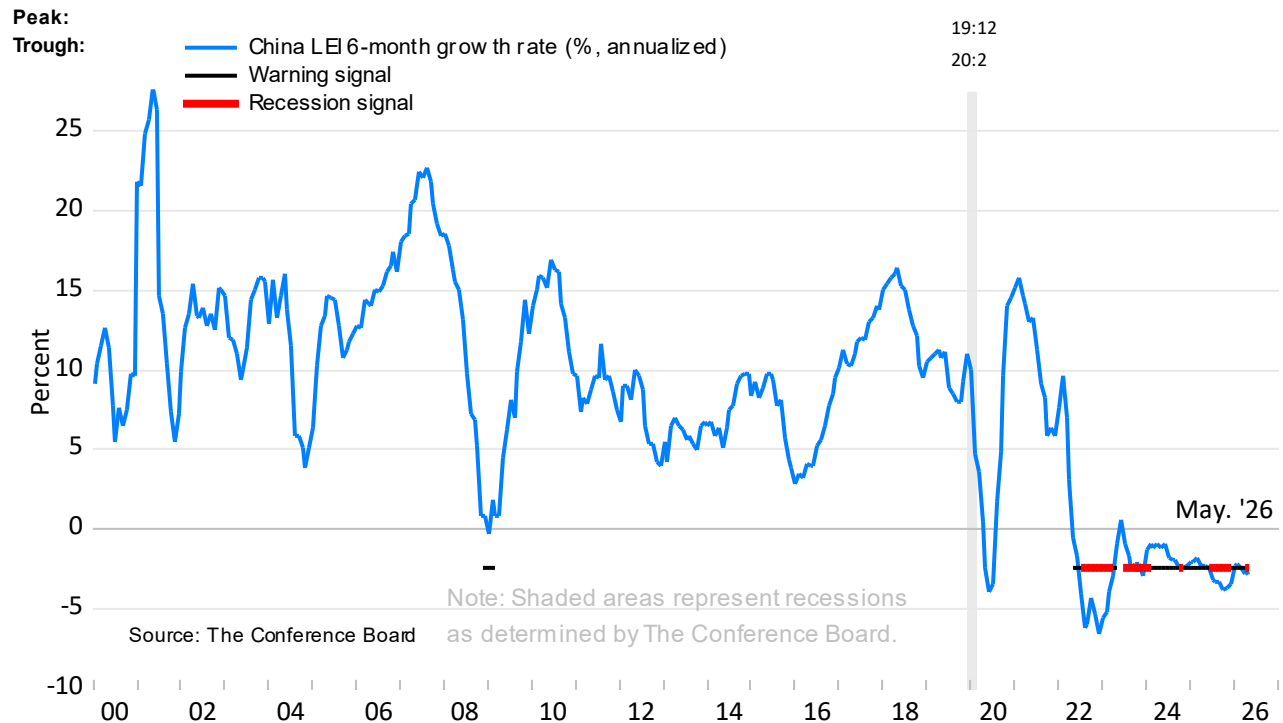


Source: The Conferenc Board

** Statistical Imputation.

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

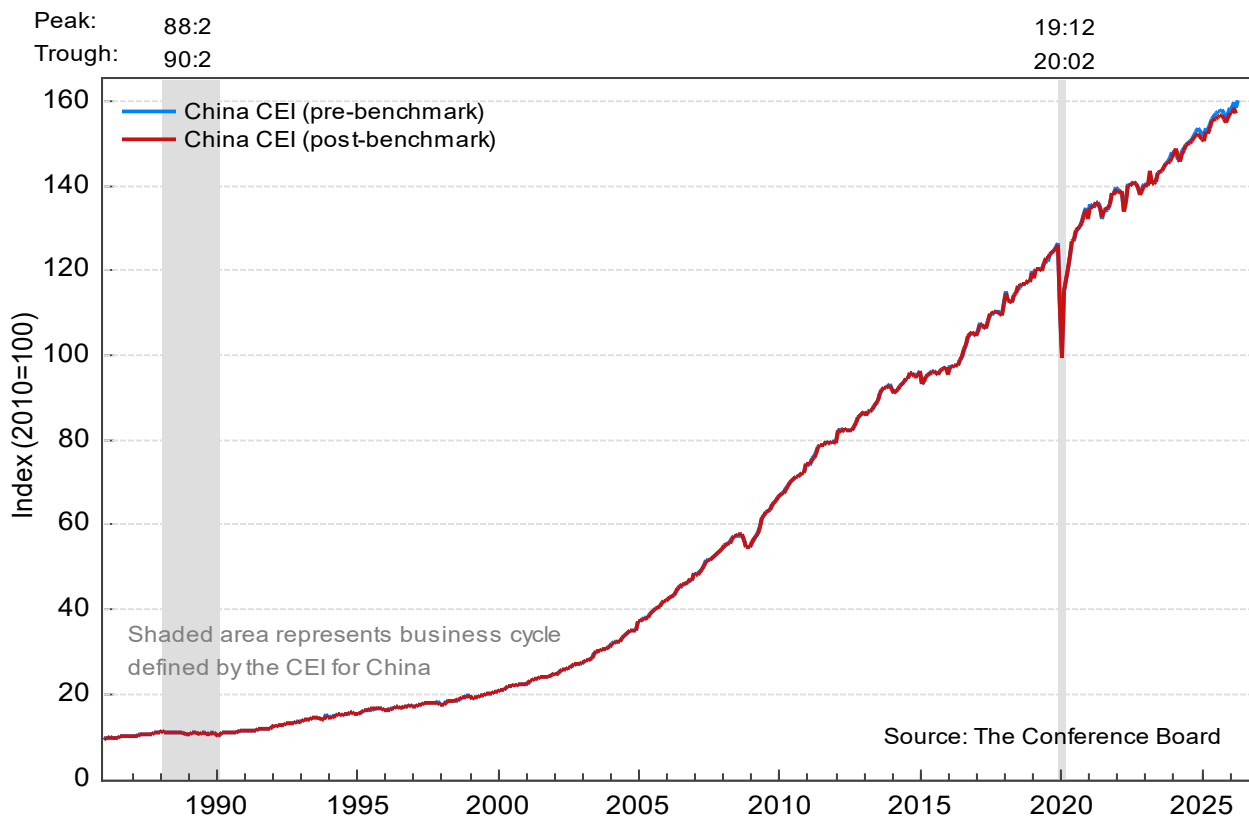
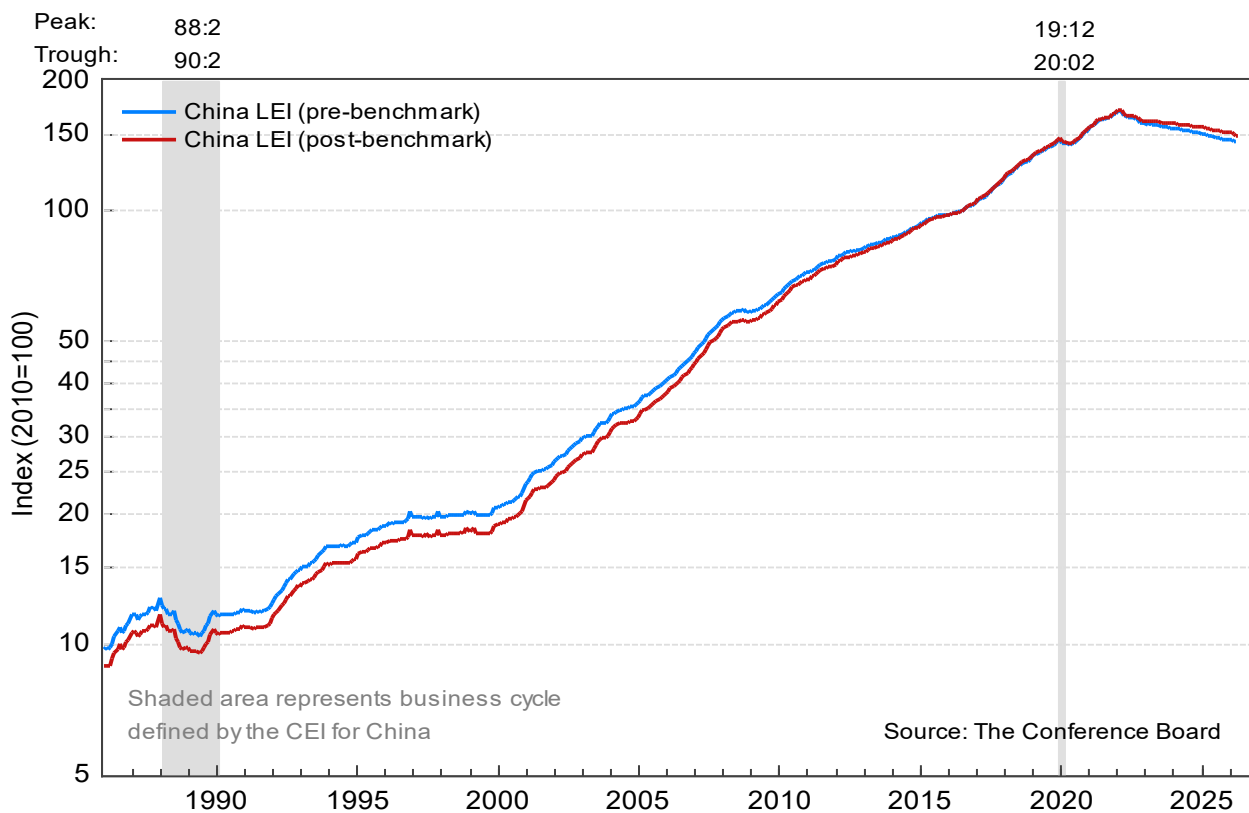
Weaknesses across most LEI components and still negative growth rate triggered the recession signal again in May



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.

The composite business cycle indexes pre- and post- benchmark revisions: 1986 - present



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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