THE CONFERENCE BOARD

News Release

Jonathan Liu (732) 991-1754 / jonathan.liu@tcb.org

For Release 9:00 AM ET, August 27, 2026

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 Decreased in July

The Conference Board Leading Economic Index® (LEI) for China decreased by 0.3% in July 2026 to 148.3 (2016=100), after increasing by 0.1% in June. As a result, the LEI contracted by 1.8% over the six-month period from January to July 2026, a larger rate of decline compared to the 1.2% decrease over the previous six-month period between July 2025 and January 2026.

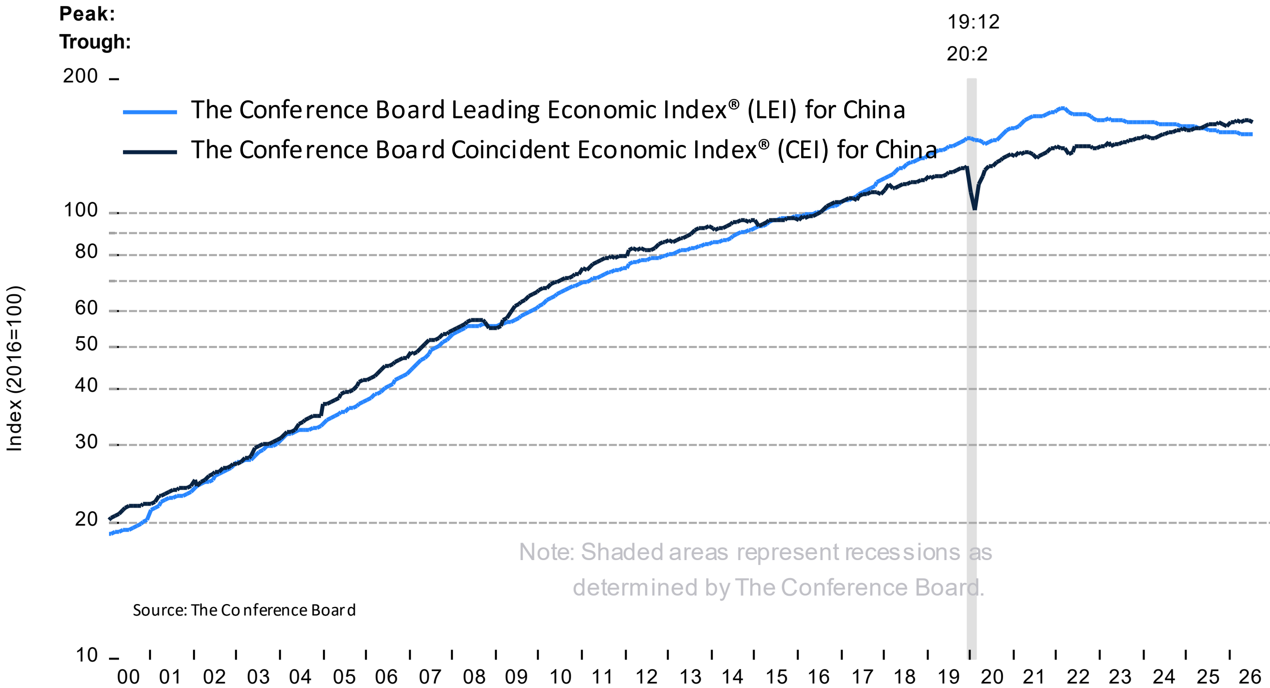
The Conference Board Coincident Economic Index® (CEI) for China fell by 0.8% in July 2026 to 158.3 (2016=100), after decreasing by 0.1% in June. The CEI expanded by only 0.1% over the six-month period from January to July 2026, smaller than the 0.9% growth rate registered over the previous six-month period between July 2025 and January 2026.

“The China LEI declined for the fifth time in the last six months,” said **Timothy Brennan, Economic Research Associate, at The Conference Board.** “The consumer expectations component continued to be the primary drag on the index. Additionally, the building construction and logistics prosperity components recorded notable declines. Imports of machinery and transportation equipment and medium- and long-term loans improved in July, but not enough to offset the weaknesses from the remaining components.

“The semi- and annual-growth rates of the LEI slid further into negative territory, and the 6-month diffusion index remained below 50, triggering the recession warning signal in July, but we do not anticipate a recession in China,” added Brennan. “The economy is showing increasing signs of domestic weakness. The property sector struggled year to date with floor space started contracting by 24%. Fixed asset investment, also continued to soften, falling by 6.7% year to date. However, exports remained a key driver of growth, expanding by 23.9% y/y in July. Additionally, the July Politburo meeting signaled more supportive fiscal and monetary policy, which, depending on its magnitude, could help alleviate persistently tepid domestic demand. Taking these factors into account, The Conference Board continues to forecast annual real GDP growth to slow to 4.5% in 2026 from 5.0% in 2025.”

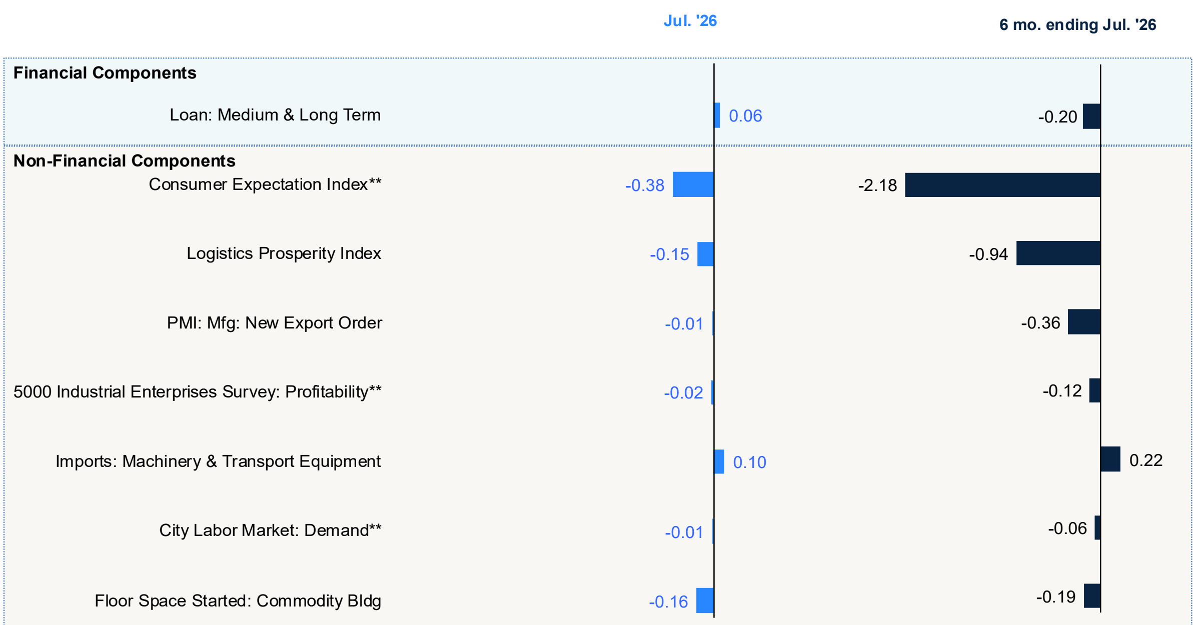
The next release is scheduled for Thursday, September 24, 2026, at 9:00 A.M. ET

The China LEI continued its downward trend in July



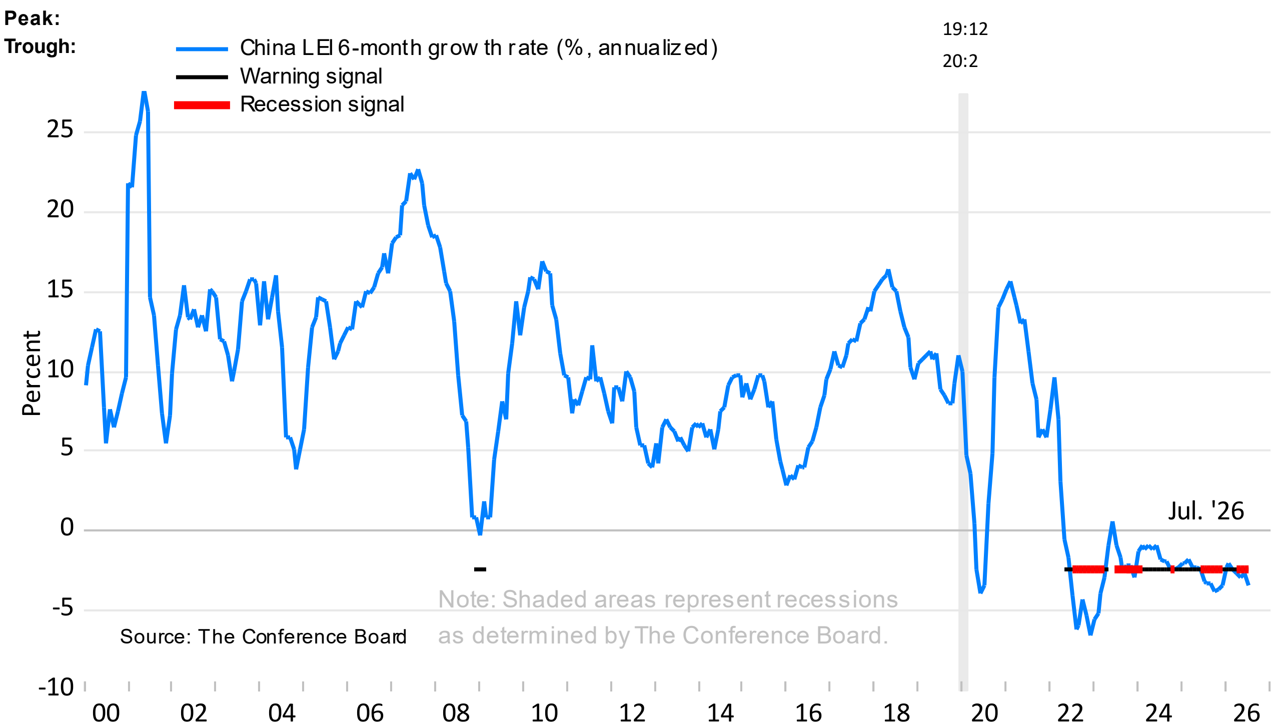
The decline in the July LEI was fueled by weak consumer expectations, a reduction in building construction, and a contraction in the logistics prosperity index

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



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 a more negative growth rate triggered the recession signal again in July, but we do not anticipate a downturn in China



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://www.conference-board.org/data

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