

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 November

Next month's release of the composite economic indexes will incorporate 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 <https://www.conference-board.org/topics/business-cycle-indicators/> or contact us at indicators@conference-board.org.

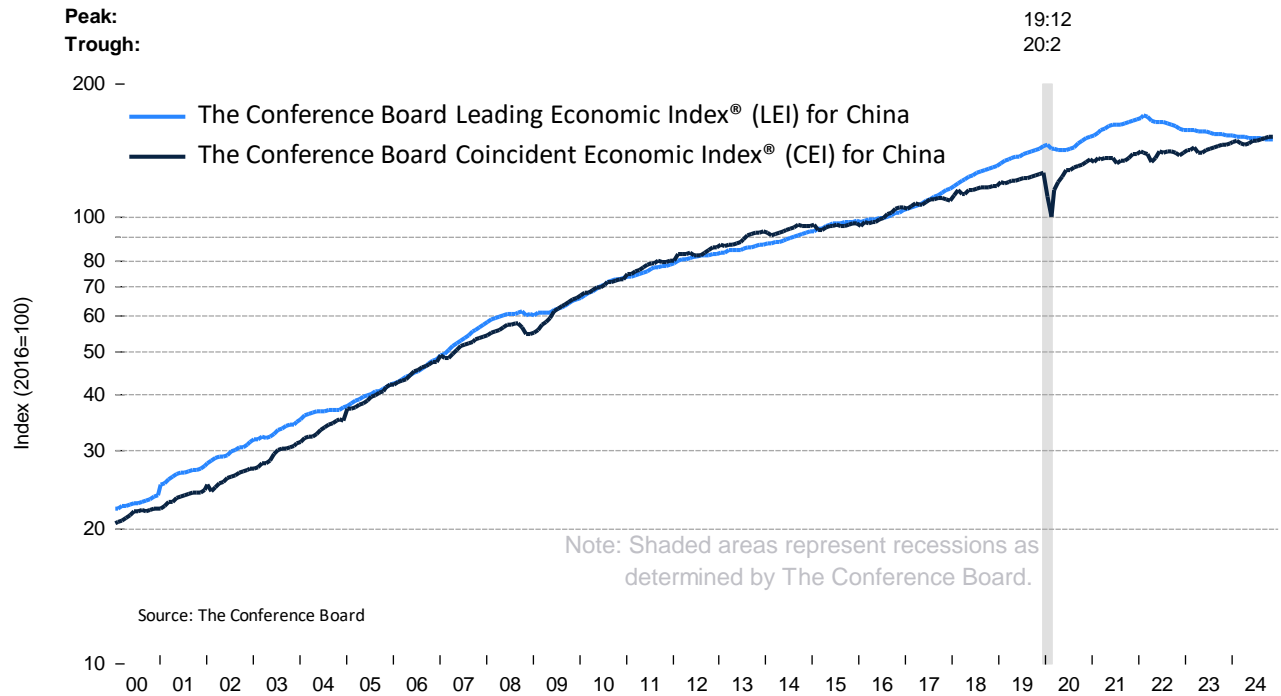
The Conference Board Leading Economic Index® (LEI) for China ticked down by 0.1% in November 2024 to 148.9 (2016=100), after decreasing by 0.3% in October. Overall, the LEI declined by 1.1% over the six-month period from May to November of 2024, slightly less than the 1.4% contraction over the six-month period between November 2023 and May 2024.

The Conference Board Coincident Economic Index® (CEI) for China inched up by 0.2% in November 2024 to 151.3 (2016=100), following an increase of 0.6% in October. The Index grew by 3.4% over the six-month period from May to November of 2024, significantly larger than the 0.7% growth over the previous six-month period.

"The China LEI decreased slightly in November, adhering to the general downward trend that began in early 2022," said **Ian Hu, Economic Research Associate, at The Conference Board**. "A struggling consumer confidence continued to weigh most heavily on the headline Index. The Logistics Prosperity Index and a soft manufacturing PMI also fueled the decline. Although the semi- and annual growth rates are less negative than in previous months, growth prospects are uncertain, especially against the persisting headwinds from the property downturn. While the effects of stimulus measures adopted in the fall should materialize next year, the potential tariffs on Chinese goods from the incoming US administration may dampen growth ahead. Overall, The Conference Board currently projects China's annual real GDP growth at 4.8% in 2024 and 4.5% in 2025.

The next release is scheduled for Monday, January 27, 2025, at 9:00 A.M. ET

The China LEI continued to decline in November



A persisting depression in consumer confidence weighs heaviest on the Index

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

Nov. '24

6 mo. ending Nov. '24

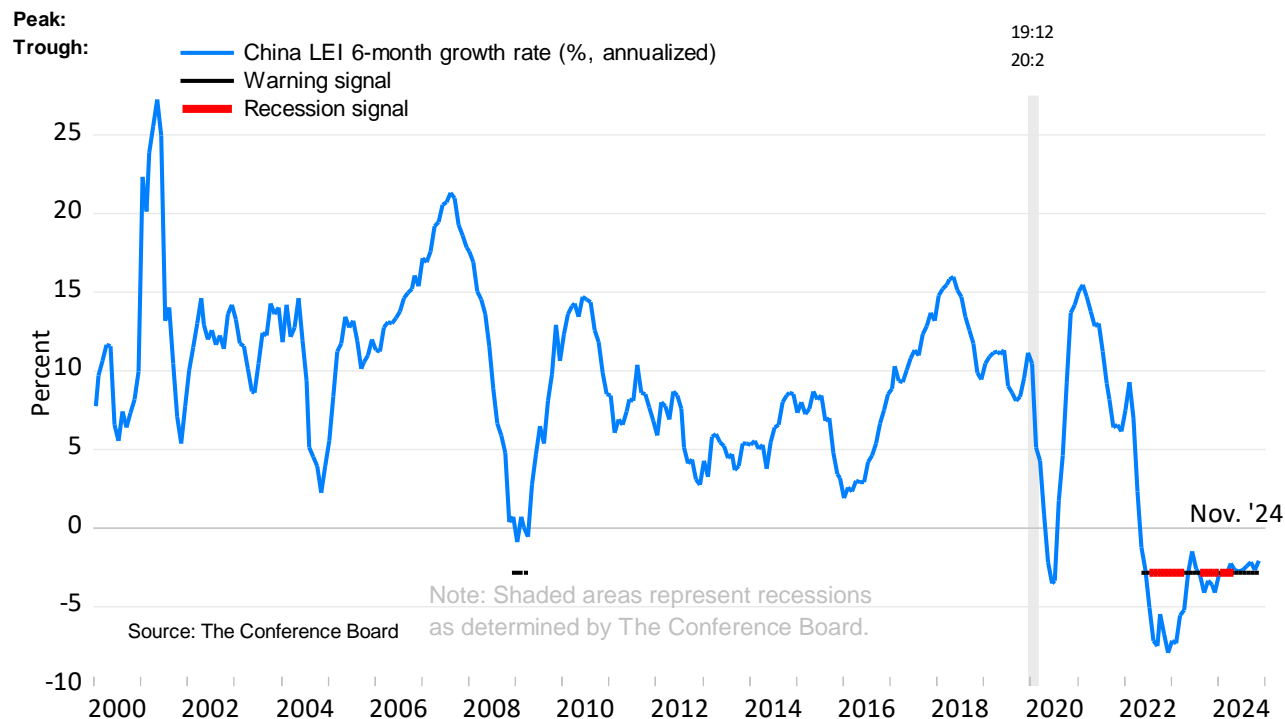
Financial Components			
Loan: Medium & Long Term		0.02	0.49
Non-Financial Components			
Consumer Expectation Index**	-0.50	-3.13	
Logistics Prosperity Index	-0.08	-0.56	
PMI: Mfg: New Export Order	-0.07	-0.43	
5000 Industrial Enterprises Survey: Profitability**	0.09	0.56	
Imports: Machinery & Transport Equipment	0.02	0.08	
City Labor Market: Demand**	-0.01	-0.06	
Floor Space Started: Commodity Bldg	0.07	-0.07	

Source: The Conference Board

** Statistical Imputation.

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

The 6-month growth rate of the China LEI was short of triggering the recession signal, but widespread weakness among its components continued to warn of 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 -3.0% . 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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