

News Release

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For Release 9:00 AM ET, January 27, 2025

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 Inched Down in December

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 <https://www.conference-board.org/topics/business-cycle-indicators/> or contact us at indicators@conference-board.org.

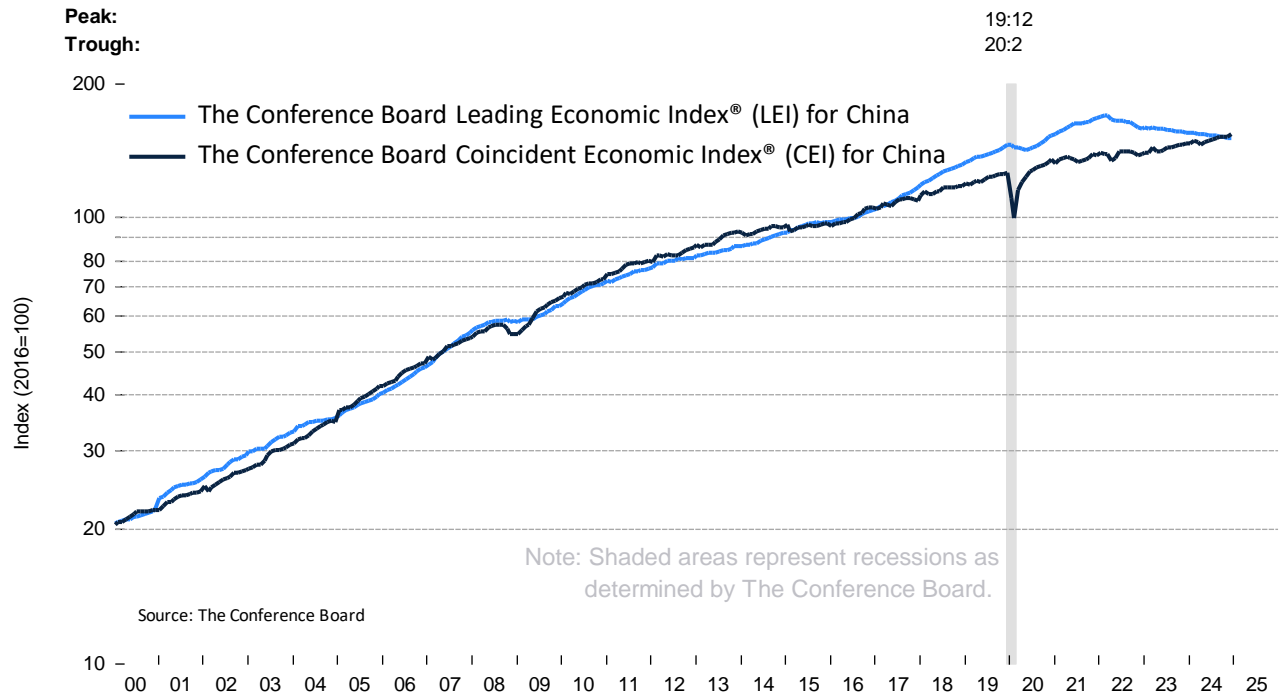
The Conference Board Leading Economic Index® (LEI) for China ticked down by 0.1% in December 2024 to 150.2 (2016=100), after decreasing by 0.5% in November. Overall, the LEI declined by 1.6% over the second half of 2024, a slightly larger rate of decline than the 1.4% contraction over the first half of 2024.

The Conference Board Coincident Economic Index® (CEI) for China rose by 0.7% in December 2024 to 152.9 (2016=100), following a downwardly revised no change in November. Overall, the Index grew by 3.2% over the second half of 2024, twice the 1.6% growth rate over the first half of 2024.

"The China LEI inched down in December, continuing a nearly 3-year long trend," said **Ian Hu, Economic Research Associate, at The Conference Board**. "The Index remained under significant pressure from the persistence of weak consumer confidence. Additionally, most other non-financial components contributed to the decline of the Index. The two exceptions were strong imports in machinery and transport equipment and higher floor space started. Despite strong year-over-year growth in the 4th quarter, with real GDP growing by 5.4% thanks to stimulus measures, weak consumer confidence and uncertainty about US tariffs continue to weigh on the Chinese economy. As such, The Conference Board currently forecasts annual real GDP growth to slow to 4.5% in 2025.

The next release is scheduled for Wednesday, February 26, 2025, at 9:00 A.M. ET

The China LEI continued to tick down in December

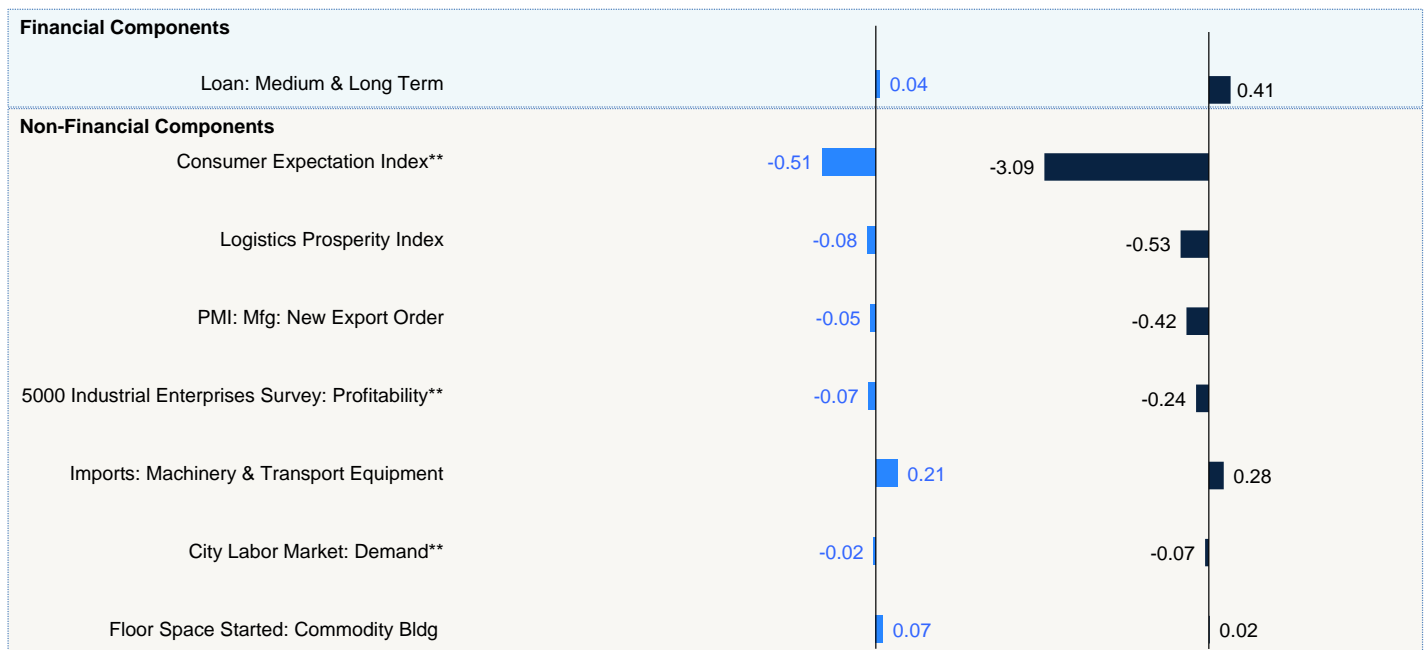


The persistently depressed consumer confidence continued to weigh on the Index

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

Dec. '24

6 mo. ending Dec. '24

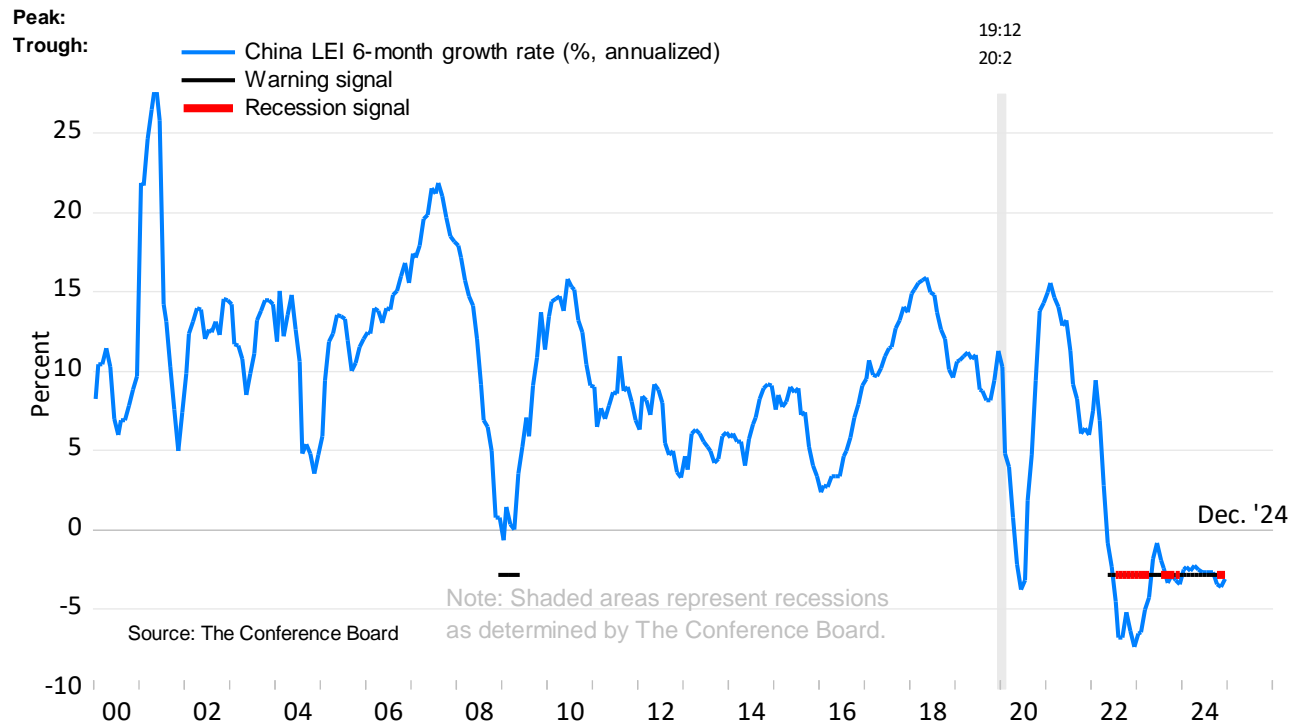


Source: The Conference Board

** Statistical Imputation.

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

The semiannual growth rate of the China LEI narrowly triggered recession signal, continuing to warn of economic risks ahead

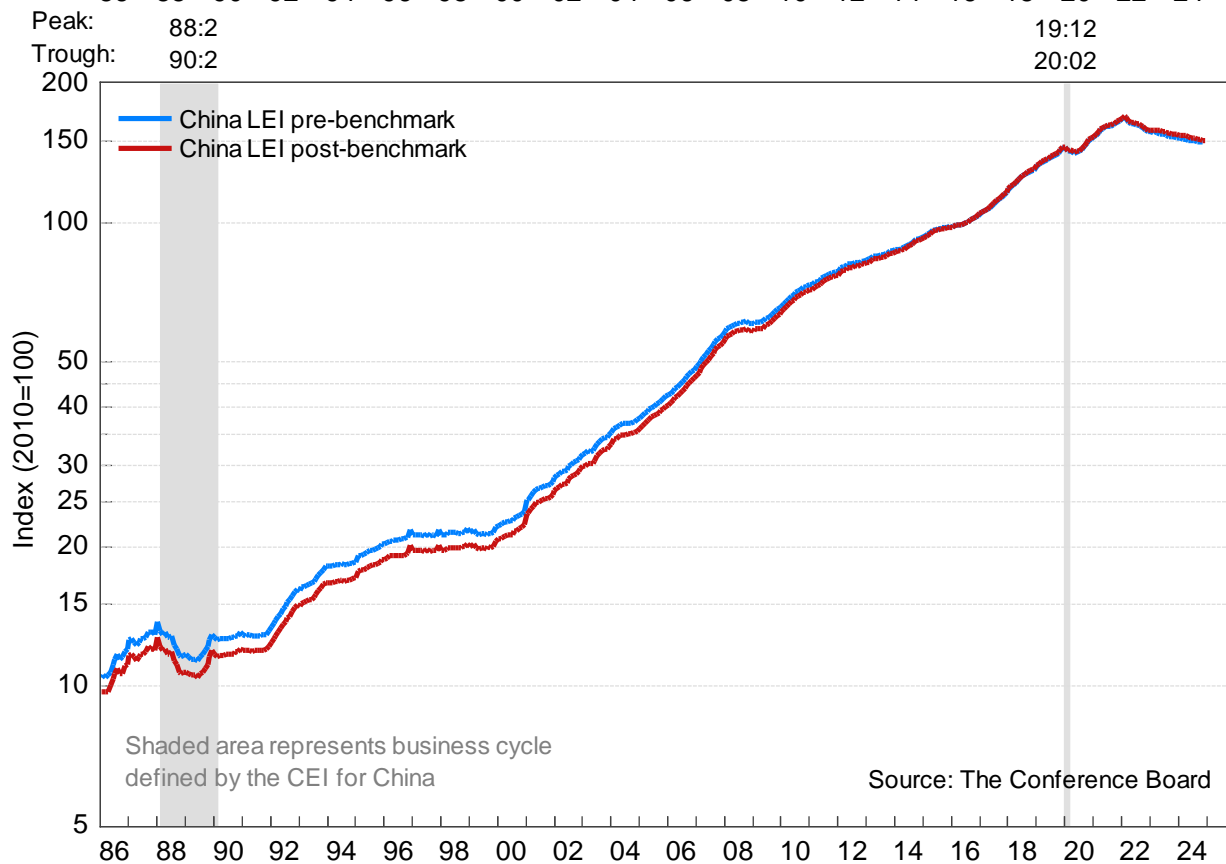
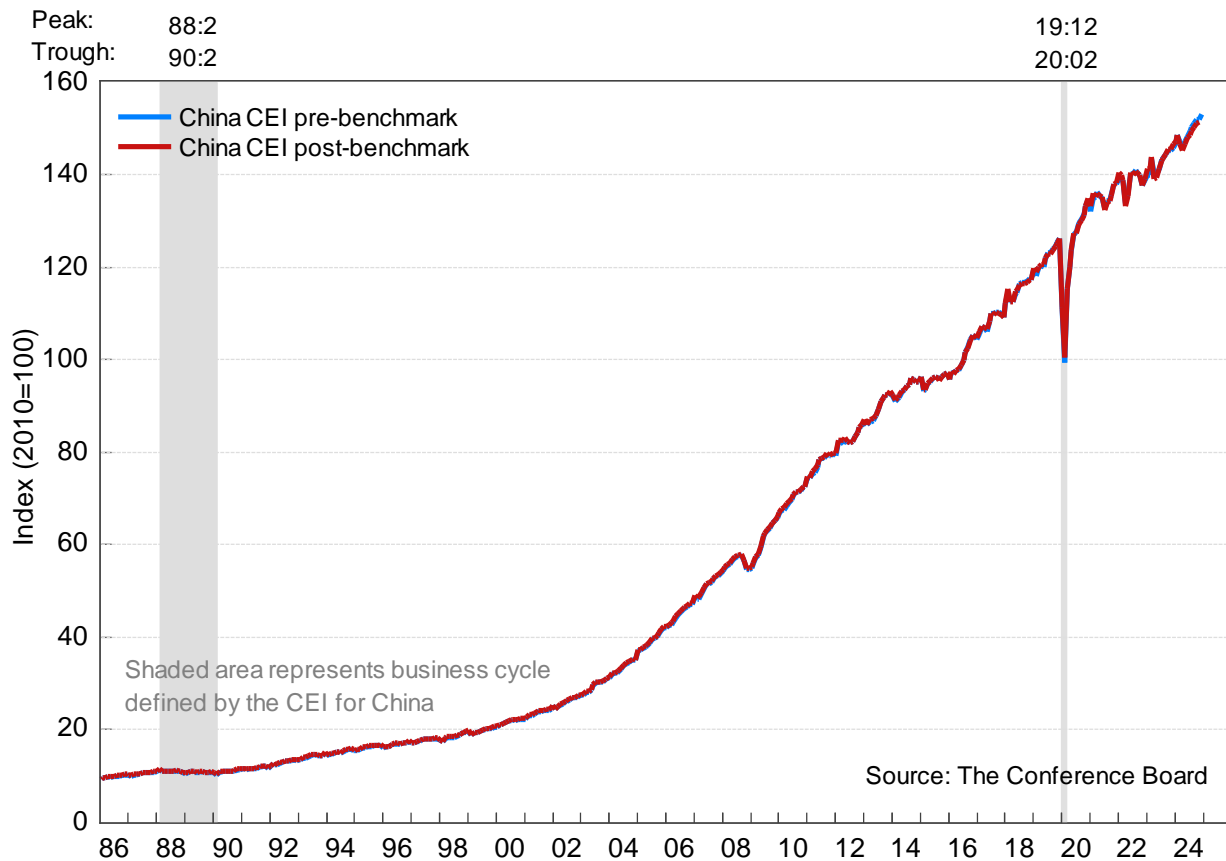


NOTE: The chart illustrates the so-called **3Ds**—**duration, depth, and diffusion**—for interpreting a downward movement in the LEI.

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.

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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