

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 Inched Down in January

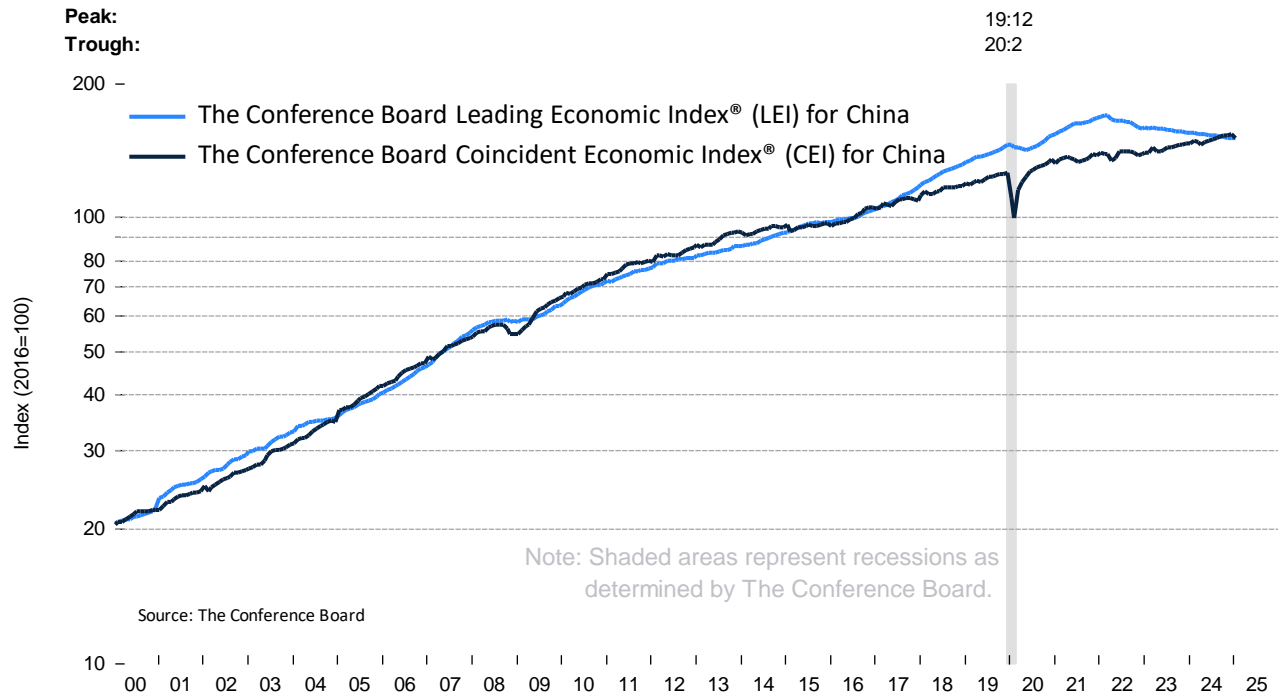
The Conference Board Leading Economic Index® (LEI) for China ticked down by 0.2% in January 2025 to 149.9 (2016=100), after decreasing by 0.1% in December 2024. Overall, the LEI declined by 1.8% over the six-month period from July 2024 to January 2025, a marginally larger rate of decline than the 1.4% contraction over the previous six-month period between January and July 2024.

The Conference Board Coincident Economic Index® (CEI) for China fell by 1.6% in January 2025 to 150.5 (2016=100), more than reversing the 0.7% gain in December 2024. Overall, the Index grew by 0.8% over the six-month period from July 2024 to January 2025, less than half of the 1.8% growth experienced over the previous six-month period.

“The China LEI inched down in January, continuing a 3-year long downtrend,” said **Ian Hu, Economic Research Associate, at The Conference Board**. “The decline was broad-based with nearly all components weighing on the LEI. In particular, the depressed consumer confidence remained a major drag. The only positive contribution came from medium- and long-term loans, which also supported the Index in recent months. Additionally, the negative semi- and annual growth rates of the LEI are still intense and point to headwinds to economic growth ahead. With US-China trade under high tension, the Chinese economy will face further pressures in 2025 that may not be yet fully reflected in the Index. Altogether, The Conference Board currently forecasts annual real GDP growth to slow to 4.5% in 2025 after 5.0% in 2024.”

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

The China LEI continued to decline in January



Depressed consumer confidence drove the most recent weakness

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

Jan. '25

6 mo. ending Jan. '25

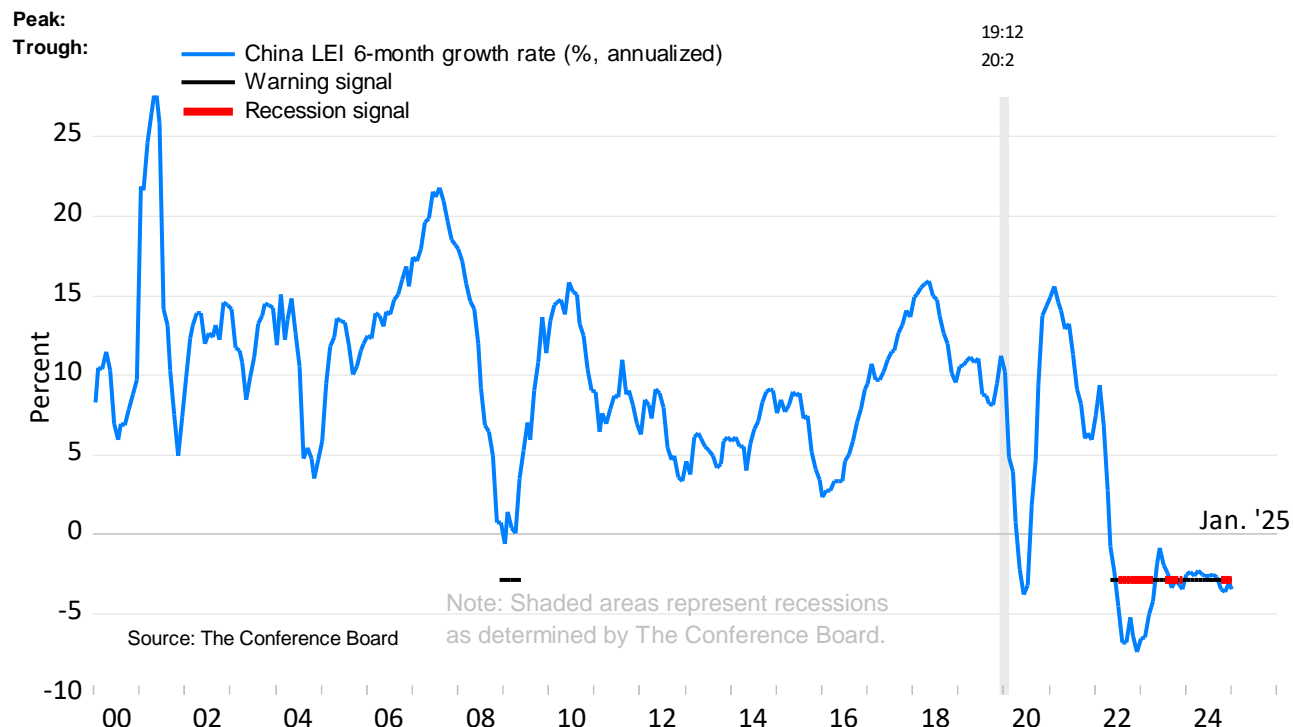


Source: The Conference Board

** 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 triggered the recession signal again, indicating headwinds to growth in the near term



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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