

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 Decreased in August

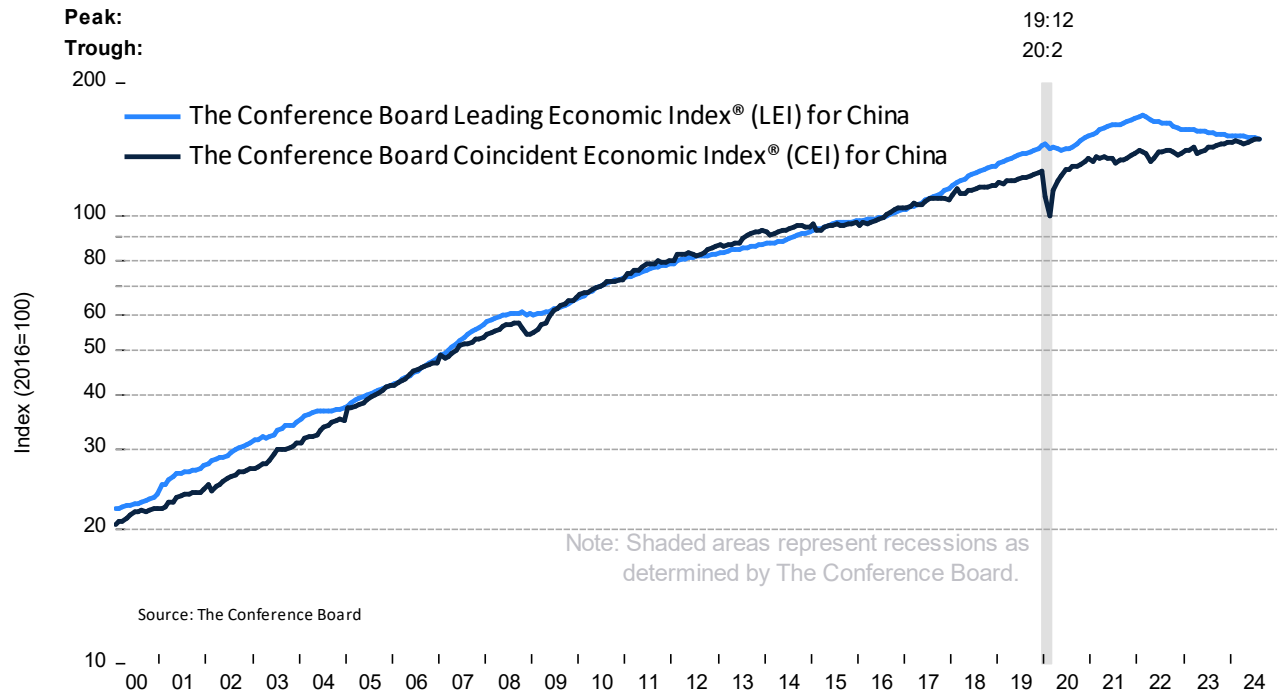
The Conference Board Leading Economic Index® (LEI) for China decreased by 0.2% in August 2024 to 149.7 (2016=100), after remaining unchanged in July. The LEI declined by 1.3% over the six-month period from February to August of 2024, after declining by 1.4% over the six-month period between August 2023 and February 2024.

The Conference Board Coincident Economic Index® (CEI) for China improved by 0.8% in August 2024 to 149.8 (2016=100), following an increase of 0.7% in July. The Index grew by 1.0% over the six-month period from February to August of 2024, a much slower pace than the 3.4% growth rate over the previous six-month period.

“The China LEI decreased in August, continuing a two and a half year long downward trend,” said **Malala Lin, Economic Research Associate, at The Conference Board**. “The Index remained under the pressure of persistently weak consumer confidence. Additionally, most other non-financial components contributed negatively in August including declining imports for machinery and transport equipment, a weaker manufacturing PMI, a lower Logistics Prosperity Index, and less labor market demand. Although the annual and semiannual growth rates of the Index remained negative, they stabilized, suggesting that headwinds to growth persist but have not worsened. Adding to previous rounds of fiscal and monetary support, the most recent PBoC aggressive monetary stimulus is expected to sustain growth going forward. Overall, The Conference Board expects that despite weaker economic momentum, an annual real GDP growth of 5.0% in 2024 is still reachable thanks to this public policy support.”

The next release is scheduled for Monday, October 28, 2024, at 9:00 A.M. ET

The China LEI decreased in August



Deteriorating consumer confidence continued to be the main source of weakness in the Index

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

	Aug. '24	6 mo. ending Aug. '24
Financial Components		
Loan: Medium & Long Term	0.13	0.50
Non-Financial Components		
Consumer Expectation Index**	-0.54	-3.08
Logistics Prosperity Index	-0.05	-0.61
PMI: Mfg: New Export Order	-0.05	-0.23
5000 Industrial Enterprises Survey: Profitability**	0.11	0.12
Imports: Machinery & Transport Equipment	-0.11	0.21
City Labor Market: Demand**	-0.01	-0.03
Floor Space Started: Commodity Bldg	0.00	-0.16

Source: The Conference Board

** Statistical Imputation.

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

The widespread weaknesses among China LEI's components continued to suggest headwinds ahead and kept the warning signal on



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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