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The Conference Board[®]

Japan Business Cycle IndicatorsSM

**THE CONFERENCE BOARD LEADING ECONOMIC INDEX[®]
(LEI) FOR JAPAN
AND RELATED COMPOSITE ECONOMIC INDEXES FOR APRIL 2010**

The Conference Board Leading Economic Index[®] (LEI) for Japan decreased 0.1 percent. The Conference Board Coincident Economic Index[®] (CEI) increased 0.2 percent in April.

- The Conference Board LEI for Japan declined in April for the first time since February 2009. There were downward revisions to the index in the past several months as actual data for real operating profits for the first quarter became available. With this month's decline, the six-month growth rate in the leading economic index continued to moderate -- to 10.3 percent (a 21.7 percent annual rate) for the period through April 2010, down from the rapid growth of 18.7 percent (about a 41.0 percent annual rate) in the previous six months. Nevertheless, the strengths among the leading indicators have remained very widespread in recent months.
- The Conference Board CEI for Japan increased in April, and last month's small decline was revised to a slight increase as actual data for the retail, wholesale, and manufacturing sales component became available. Despite the small increase in April, the growth rate of the coincident economic index has slowed to 2.5 percent (a 5.1 percent annual rate) in the last six months, down from the 3.0 – 4.0 percent (about a 6.0 – 8.0 percent annual rate) in the second half of 2009. At the same time, real GDP increased by 4.9 percent (annual rate) in the first quarter of 2010, up from 4.2 percent (annual rate) in the fourth quarter and 0.5 percent (annual rate) in the third quarter of 2009.
- The Conference Board LEI for Japan declined for the first time since February last year, and its six-month growth rate has continued to moderate. The growth in The Conference Board CEI for

Japan has also slowed in recent months. Taken together, the behavior of the composite indexes suggests that the recovery in the economy will continue, but the pace of the expansion will likely be modest in the near term.

LEADING INDICATORS. Six of the ten components that make up The Conference Board LEI for Japan increased in April. The positive contributors to the index – in order from the largest positive contributor to the smallest – include the Tankan business conditions survey, real money supply, interest rate spread, real operating profits*, stock prices, and dwelling units started. The negative contributors – in order from the largest negative contributor to the smallest – include the six-month growth rate of labor productivity, the new orders for machinery and construction component*, the index of overtime worked, and the (inverted) business failures* .

With the decrease of 0.1 percent in April, The Conference Board LEI for Japan now stands at 102.8 (2004=100). Based on revised data, this index increased 2.4 percent in March and increased 1.0 percent in February. During the six-month span through April, the index increased 10.3 percent, and nine of the ten components advanced (diffusion index, six-month span equals 95.0 percent).

COINCIDENT INDICATORS. Three of the four components that make up The Conference Board CEI for Japan increased in April. The positive contributors to the index – in order from the largest positive contributor to the smallest – include the retail, wholesale, and manufacturing sales* component, industrial production, and wage and salary income. Number of employed persons declined in April.

With the increase of 0.2 percent in April, The Conference Board CEI for Japan now stands at 98.7 (2004=100). Based on revised data, this index increased 0.2 percent in March and decreased 0.2 percent in February. During the six-month span through April, the index increased 2.5 percent, and three of the four components advanced (diffusion index, six-month span equals 75.0 percent).

DATA AVAILABILITY AND NOTES. The data series used to compute **The Conference Board Leading Economic Index**[®] (LEI) for Japan and **The Conference Board Coincident Economic Index**[®] (CEI) for Japan reported in this release are those available “as of” 5:00 P.M. ET June 9, 2010. Some series are estimated as noted below.

* The series in The Conference Board LEI that are based on our estimates are real operating profits and new orders for machinery. The series in The Conference Board CEI that is based on our estimates is real manufacturing sales.

Summary Table of Composite Economic Indexes

	2010			6-month
	Feb	Mar	Apr	Oct to Apr
Leading Economic index (LEI)	100.5 r	102.9 p	102.8 p	
Percent Change	1.0 r	2.4 p	-0.1 p	10.3 p
Diffusion	60.0	90.0	55.0	95.0
Coincident Economic Index (CEI)	98.3 r	98.5 p	98.7 p	
Percent Change	-0.2 r	0.2 p	0.2 p	2.5 p
Diffusion	25.0	75.0	75.0	75.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board

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The next release is scheduled for Thursday, July 9, 2010 at 10:00 A.M. (JST)

In the U.S – Friday, July 8, 2010 at 9:00 P.M (EST)

For more information, visit The Conference Board website: <http://www.conference-board.org/economics/bci/>