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The Conference Board[®]

Australia Business Cycle IndicatorsSM

THE CONFERENCE BOARD LEADING ECONOMIC INDEX[®]

(LEI) FOR AUSTRALIA

AND RELATED COMPOSITE ECONOMIC INDEXES FOR SEPTEMBER 2010

The Conference Board Leading Economic Index[®] (LEI) for Australia declined 0.1 percent and **The Conference Board Coincident Economic Index[®] (CEI)** increased 0.3 percent in September.

- The Conference Board LEI for Australia fell in September for the first time since May 2009, with building approvals and rural goods exports declining sharply. Despite the small decline in September, the leading economic index grew by 3.5 percent (a 7.2 percent annual rate) from March to September 2010, slightly up from the 2.9 percent increase (a 5.9 percent annual rate) in the previous six months. Moreover, the strengths and weaknesses among the leading indicators have been roughly balanced over the past six months.
- The Conference Board CEI for Australia, a measure of current economic activity, increased again in September, and all components continued to advance. With September's gain, the coincident economic index grew by 1.5 percent (a 3.0 percent annual rate) in the six-month

period through September 2010, up from the 1.0 percent rate (a 1.9 percent annual rate) in the previous six months. At the same time, real GDP increased at a 4.9 percent annual rate in the second quarter of 2010, an improvement from the growth of 2.7 percent (annual rate) in the first quarter of 2010.

- The Conference Board LEI for Australia declined slightly in September for the first time since the middle of last year, but its six-month growth rate has been generally stable in recent months. At the same time, The Conference Board CEI for Australia continues to increase, and its growth rate has picked up slightly in the last six months. Taken together, the current behavior of the composite indexes suggests that economic expansion will continue in the near term.

LEADING INDICATORS. Five of the seven components in The Conference Board LEI for Australia increased in September. The positive contributors to the index — in order from the largest positive contributor to the smallest — are the sales to inventories ratio*, share prices, gross operating surplus*, yield spread, and money supply*. Building approvals and rural goods exports declined in September.

With the 0.1 percent decrease in September, The Conference Board LEI for Australia now stands at 120.4 (2004=100). Based on revised data, this index increased 0.2 percent in August and increased 0.8 percent in July. During the six-month period through September, the leading economic index increased 3.5 percent, and four of the seven components increased (diffusion index, six-month span equals 57.1 percent).

COINCIDENT INDICATORS. All four components in The Conference Board CEI for Australia increased in September. The increases - in order from the largest positive contributor to the smallest – occurred in employed persons, retail trade, household gross disposable income*, and industrial production*.

With the increase of 0.3 percent in September, The Conference Board CEI for Australia now stands at 116.4 (2004=100). Based on revised data, this index increased 0.3 percent in both August and July. During the six-month period through September, the coincident economic index increased 1.5 percent, with all four components in the series making positive contributions (diffusion index, six-month span equals 100.0 percent).

DATA AVAILABILITY. The data series used to compute **The Conference Board Leading Economic Index[®]** (LEI) for Australia and **The Conference Board Coincident Economic Index[®]** (CEI) for Australia reported in this release are those available “as of” 10 A.M. ET on November 22, 2010. Some series are estimated as noted below.

NOTES: Series in The Conference Board LEI for Australia that are based on our estimates are sales to inventory ratio and gross operating surplus for private non-financial corporations, the implicit price index used to deflate rural goods exports and building approvals, and the CPI used to deflate money supply M3. Series in The Conference Board CEI for Australia that are based on our estimates are industrial production and household disposable income. CPI was used to deflate retail trade.

Summary Table of Composite Economic Indexes

	2010			6-month
	Jul	Aug	Sep	Mar to Sep
Leading Economic Index	120.2 p	120.5 p	120.4 p	
Percent Change	0.8 p	0.2 p	-0.1 p	3.5
Diffusion	71.4	42.9	57.1	57.1
Coincident Economic Index	115.7 p	116.0 p	116.4 p	
Percent Change	0.3 p	0.3 p	0.3 p	1.5
Diffusion	100.0	100.0	100.0	100.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board All Rights Reserved

The next release is scheduled for December 21, 2010 at 10:00 A.M. (AEST)
In the U.S. – December 20, 2010 at 6:00 P.M. (EST)

For more information, visit The Conference Board website: www.conference-board.org/data/bci.cfm