



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. AEST, FRIDAY, MARCH 26, 2010

The Conference Board®
Australia Business Cycle IndicatorsSM
THE CONFERENCE BOARD LEADING ECONOMIC INDEX®
(LEI) FOR AUSTRALIA
AND RELATED COMPOSITE ECONOMIC INDEXES FOR JANUARY 2010

The Conference Board Leading Economic Index® (LEI) for Australia declined 0.2 percent and **The Conference Board Coincident Economic Index®** (CEI) increased 0.4 percent in January.

- The Conference Board LEI for Australia declined slightly in January – the first decrease in eight months. There were large upward revisions to the index from August to November 2009 as actual data for the sales-to-inventories ratio and gross operating surplus for the fourth quarter of 2009 became available. In January, substantial drops in stock prices and building approvals more than offset positive contributions from the yield spread and rural goods exports. Despite the decline in January, the leading economic index increased by 2.7 percent (about a 5.5 percent annual rate) in the six-month period through January 2010, an improvement from the 0.5 percent growth (about a 1.1 percent annual rate) in the previous six months. The strengths and weaknesses among the leading indicators have been largely balanced in recent months.
- The Conference Board CEI for Australia, a measure of current economic activity, continued to increase in January. The strengths among the coincident indicators were very widespread, as all components advanced this month. With this month's gain, the six-month growth rate of the coincident economic index continued to pick up, to 1.1 percent (about a 2.1 percent annual rate) in the period through January, from the 0.8 percent increase (about a 1.6 percent annual rate) during the previous six months. At the same time, real GDP increased at a 3.7 percent annual rate during the last quarter of 2009, an improvement from the gains of 1.1 percent annual rate in the third quarter and the 3.0 percent average annual rate for the first half of the year.
- The Conference Board LEI for Australia declined in January for the first time after seven consecutive gains, and its six-month growth rate has moderated somewhat lately. Meanwhile, The Conference Board CEI for Australia has been on a modest rising trend since mid-2009. Taken together, the current behavior of the composite indexes suggests that the economy will continue to expand, but perhaps at a modest pace in the near term.

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

With the 0.2 percent decrease in January, The Conference Board LEI for Australia now stands at 113.7 (2004=100). Based on revised data, this index increased 0.6 percent in December and increased 0.1 percent in November. During the six-month period through January, the leading economic index increased 2.7 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 January. The increases - in order from the largest positive contributor to the smallest – occurred in employed persons, retail trade, industrial production*, and household gross disposable income*.

With the increase of 0.4 percent in January, The Conference Board CEI for Australia now stands at 115.1 (2004=100). Based on revised data, this index increased 0.3 percent in December and increased 0.4 percent in November. During the six-month period through January, the coincident economic index increased 1.1 percent, with three of the four components in the series making positive contributions (diffusion index, six-month span equals 62.5 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 March 23,2010. Some series are estimated as noted below.

* 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

	2009		6-month	
	Nov	Dec	Jan	Jul to Jan
Leading Economic Index	113.2 r	113.9 p	113.7 p	
Percent Change	0.1 r	0.6 p	-0.2 p	2.7
Diffusion	50.0	64.3	35.7	57.1
Coincident Economic Index	114.3 r	114.6 p	115.1 p	
Percent Change	0.4 r	0.3 p	0.4 p	1.1
Diffusion	75.0	87.5	100.0	62.5

n.a. Not available p Preliminary r Revised
 Indexes equal 100 in 2004

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The next release is scheduled for April 29, 2010 at 10:00 A.M. (AEDST)
In the U.S. – April 28, 2010 at 8:00 P.M. (DST)