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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 JULY 2010

The Conference Board Leading Economic Index[®] (LEI) for Australia increased 0.8 percent and **The Conference Board Coincident Economic Index[®] (CEI)** increased 0.2 percent in July.

- The Conference Board LEI for Australia increased again in July, and there were large upward revisions to the index as actual data for the sales-to-inventories ratio and gross operating profits for the second quarter of 2010 became available. With this month's increase, the six-month growth rate in the leading economic index has picked up, to 4.4 percent (a 9.1 percent annual rate) from January to July 2010, from 3.8 percent (a 7.7 percent annual rate) for the previous six months. Additionally, the strengths among the leading indicators have been slightly more widespread than the weaknesses over the past six months.
- The Conference Board CEI for Australia also increased in July, and all its components continued to advance. With July's gain, the coincident economic index grew by 0.7 percent (a 1.4 percent annual rate) in the six-month period through July 2010 – about the same rate as 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 2.7 percent annual rate in the first quarter of 2010.

- The Conference Board LEI for Australia remains on a rising trend that began in the middle of 2009, and its six-month growth rate has picked up somewhat in recent months. At the same time, The Conference Board CEI for Australia, a measure of current economic activity, continues to increase, with its six-month growth rate remaining fairly stable this year. Taken together, the current behavior of the composite indexes suggests that economic expansion will continue in the near term.

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

With the 0.8 percent increase in July, The Conference Board LEI for Australia now stands at 120.0 (2004=100). Based on revised data, this index increased 0.6 percent in June and increased 1.0 percent in May. During the six-month period through July, the leading economic index increased 4.4 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 July. 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 0.2 percent in July, The Conference Board CEI for Australia now stands at 115.6 (2004=100). Based on revised data, this index increased 0.3 percent in June and increased 0.2 percent in May. During the six-month period through July, the coincident economic index increased 0.7 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 September 27, 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.

Effective with the February 26, 2009 release, the seasonally adjusted retail trade data replaced the trend estimated series, the publication of which was suspended by the Australia Bureau of Statistics.

Summary Table of Composite Economic Indexes

	2010			6-month
	May	Jun	Jul	Jan to Jul
Leading Economic Index	118.4 r	119.1 p	120.0 p	
Percent Change	1.0 r	0.6 p	0.8 p	4.4
Diffusion	57.1	57.1	71.4	57.1
 Coincident Economic Index	 115.1	 115.4 p	 115.6 p	
Percent Change	0.2	0.3 p	0.2 p	0.7
Diffusion	75.0	87.5	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 October 28, 2010 at 10:00 A.M. (AEST)
In the U.S. – October 27, 2010 at 7:00 P.M. (EST)

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