



THE CONFERENCE BOARD

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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 JUNE 2009**

The Conference Board Leading Economic Index™ (LEI) for Japan increased 1.0 percent while **The Conference Board Coincident Economic Index™ (CEI)** decreased 0.1 percent in June.

- The Conference Board LEI for Japan increased in June, following an increase in May that was the first gain since June 2007, and the strengths among its components continued to be more widespread than the weaknesses. Substantial gains in the six-month growth rate of productivity, business failures (inverted), and the Tankan business conditions index more than offset declines in operating profits* and new orders for machinery and construction*. With June's increase, the six-month decline in the leading economic index has continued to moderate, to 16.4 percent (about a -30.1 percent annual rate), from 26.6 percent at the end of the first quarter. The weaknesses among the leading indicators have also become less widespread during this period.
- The Conference Board CEI for Japan decreased slightly again in June. Large declines in the number of employees and the retail, wholesale, and manufacturing sales* component continued to offset increases in industrial production and wage and salary income. The six-month decline in the index has also moderated in recent months – to 5.5 percent (a -10.6 percent annual rate) for the period ending in June, but the weaknesses among its components have remained widespread. At the same time, real GDP contracted at a 14.2 percent annual rate in the first quarter of 2009, its largest drop in 35 years, following a 13.5 percent decline in the fourth quarter of 2008.
- The rates of decline in The Conference Board LEI and The Conference Board CEI for Japan, which became very sharp beginning in the third quarter of 2008, have moderated substantially in recent months. However, given continued weakness in the manufacturing and sales components of the indexes, it is too early to tell if Japan's economy has started to recover. Taken together, the recent behavior of the composite indexes suggests that the current contraction in economic activity is likely to continue, but will probably become less severe in the near term.

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

With the increase of 1.0 percent in June, The Conference Board LEI for Japan now stands at 67.8 (2004=100). Based on revised data, this index increased 0.9 percent in May and decreased 3.1 percent in April. During the six-month span through June, the index decreased 16.4 percent, and four of the ten components advanced (diffusion index, six-month span equals 40.0 percent).

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

With the decrease of 0.1 percent in June, The Conference Board CEI for Japan now stands at 91.9 (2004=100). Based on revised data, this index decreased 0.2 percent in May and increased 0.3 percent in April. During the six-month span through June, the index decreased 5.5 percent, and one of the four components advanced (diffusion index, six-month span equals 25.0 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 August 4, 2009. 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

	Apr	2009 May	Jun	6-month Dec to Jun
Leading Economic index (LEI)	66.5 p	67.1 p	67.8 p	
Percent Change	-3.1 p	0.9 p	1.0 p	-16.4 p
Diffusion	60.0	70.0	75.0	40.0
Coincident Economic Index (CEI)	92.2 p	92.0 p	91.9 p	
Percent Change	0.3 p	-0.2 p	-0.1 p	-5.5 p
Diffusion	25.0	50.0	50.0	25.0

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 Friday, September 11, 2009 at 10:00 A.M. (JST)
In the U.S – Thursday, September 10, 2009 at 9:00 P.M (ET)