



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. JST, WEDNESDAY, MARCH 10, 2010

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

The Conference Board Leading Economic Index® (LEI) for Japan increased 1.8 percent and **The Conference Board Coincident Economic Index® (CEI)** increased 1.1 percent in January.

- The Conference Board LEI for Japan increased again in January, and it has been on an upward trend for the past eleven months. The six-month growth rate in the leading economic index has continued to moderate -- to 12.9 percent (a 27.4 percent annual rate) for the period through January 2010, down from 17.2 percent (about 37.3 percent annual rate) at the end of the third quarter. However, it is still a large improvement from the 6.6 percent growth (about a 13.6 percent annual rate) from January to July 2009. Moreover, the strengths among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for Japan also continued to increase in January, and the strengths among the coincident indicators were very widespread. With this month's gain, the coincident economic index increased by 3.2 percent (a 6.4 percent annual rate) from July 2009 to January 2010, a reversal from the 0.6 percent decline (about a -1.3 percent annual rate) during the previous six months. At the same time, real GDP grew at a 4.6 percent annual rate in the fourth quarter of 2009, following flat growth in the third quarter and a gain of 5.2 percent annual rate during the second quarter.
- The Conference Board LEI for Japan has been on an upward trend for almost a year now, and is back to its September 2008 level. However, its six-month growth rate has continued to moderate. At the same time, The Conference Board CEI for Japan has also been rising since the second quarter of 2009, and its six-month growth rate has picked up in recent months. Taken together, the behavior of the composite indexes suggests that the economic recovery will continue, but the pace of growth is likely to be modest in the near term.

LEADING INDICATORS. Seven of the ten components that make up The Conference Board LEI for Japan increased in January. 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, business failures (inverted), the index of overtime worked, the interest rate spread, real money supply, new orders for machinery and construction *, and real operating profits*. The negative contributors include dwelling units started and stock prices. The Tankan business conditions survey remained unchanged in January.

With the increase of 1.8 percent in January, The Conference Board LEI for Japan now stands at 96.6 (2004=100). Based on revised data, this index increased 1.6 percent in December and increased 1.7 percent in November. During the six-month span through January, the index increased 12.9 percent, and eight of the ten components advanced (diffusion index, six-month span equals 85.0 percent).

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

With the increase of 1.1 percent in January, The Conference Board CEI for Japan now stands at 98.0 (2004=100). Based on revised data, this index increased 0.5 percent in December and increased 0.2 percent in November. During the six-month span through January, the index increased 3.2 percent, and all four components advanced (diffusion index, six-month span equals 100.0 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 March 8, 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

	2009		2010	6-month
	Nov	Dec	Jan	Jul to Jan
Leading Economic index (LEI)	93.4 r	94.9 p	96.6 p	
Percent Change	1.7	1.6 p	1.8 p	12.9 p
Diffusion	60.0	75.0	70.0	85.0
Coincident Economic Index (CEI)	96.4 r	96.9 p	98.0 p	
Percent Change	0.2 r	0.5 p	1.1 p	3.2 p
Diffusion	50.0	100.0	100.0	100.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board

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Professional Contacts at The Conference Board:
Indicator Program: 1-212-339-0330

Media Contacts:
Frank Tortorici: 1-908-875-8908

Website: <http://www.conference-board.org/economics/bci/>
E-mail: indicators@conference-board.org

The next release is scheduled for Wednesday, April 7, 2010 at 10:00 A.M. (JST)

In the U.S – Tuesday, April 6, 2010 at 9:00 P.M (DST)