THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. AEST, WEDNESDAY, SEPTEMBER 30, 2009

The Conference Board®
Australia Business Cycle Indicators℠

THE CONFERENCE BOARD LEADING ECONOMIC INDEX™ (LEI) FOR AUSTRALIA

AND RELATED COMPOSITE ECONOMIC INDEXES FOR JULY 2009

The Conference Board Leading Economic Index™ (LEI) for Australia increased 0.7 percent and **The Conference Board Coincident Economic Index™** (CEI) remained unchanged in July.

- The Conference Board LEI for Australia increased again in July, but there were downward revisions to the index in the last four months, as actual data for gross operating surplus for the second quarter became available. In July, large positive contributions from stock prices, the yield spread, and building approvals more than offset the negative contributions from gross operating surplus and rural goods exports. With July's increase, the six-month growth rate of the leading economic index has picked up to 1.3 percent (about a 2.7 percent annual rate) for the period through July 2009, a sharp reversal from the 3.2 percent decline (about a -6.3 percent annual rate) in the previous six months. Moreover, the strengths among the leading indicators have remained widespread in recent months.

- The Conference Board CEI for Australia, a measure of current economic activity, was unchanged in July. There were slight upward revisions to the index as actual data for second quarter household disposable income became available. During the six-month period through July 2009, the coincident economic index increased by 1.1 percent (about a 2.2 percent annual rate), slightly below the 1.4 percent increase (about a 2.9 percent annual rate) for the previous six months. However, the strengths among the coincident indicators have become slightly more widespread than the weaknesses in recent months. At the same time, real GDP increased at a 2.0 percent annual rate in the first half of 2009 (including a 2.5 percent annual rate in the second quarter), an improvement from the decline of 2.8 percent annual rate in the fourth quarter of 2008.

- After declining sharply in the second half of last year, The Conference Board LEI for Australia has been on a flat to slightly rising trend since the beginning of 2009. In addition, the six-month change in the index, which turned positive last month, has continued to pick up. At the same time, The Conference Board CEI for Australia has continued to increase slowly. All in all, the current behavior of the composite indexes suggests that economic growth will remain weak in the near term.

LEADING INDICATORS. Five 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 share prices, building approvals*, yield spread, the sales to inventories ratio*, and money supply*. Gross operating surplus* and rural goods exports* declined in July.

With the 0.7 percent increase in July, The Conference Board LEI for Australia now stands at 113.4 (2004=100). Based on revised data, this index increased 0.6 percent in June and declined 0.6 percent in May. During the six-month period through July, the leading economic index increased 1.3 percent, and five of the seven components increased (diffusion index, six-month span equals 71.4 percent).

The next release is scheduled for October 29, 2009 at 10:00 A.M. (AEST)
In the U.S. – October 28, 2009 at 7:00 P.M. (EST)

COINCIDENT INDICATORS. Three of the 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, household gross disposable income*, and industrial production*. Retail trade declined in July.

Remaining unchanged in July, The Conference Board CEI for Australia now stands at 113.4 (2004=100). Based on revised data, this index increased 0.1 percent in June and increased 0.5 percent in May. During the six-month period through July, the coincident economic index increased 1.1 percent, with two of the four components in the series making positive contributions (diffusion index, six-month span equals 62.5 percent).

** See notes under data availability.*

FOR TABLES AND CHARTS, SEE BELOW

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 28,2009. 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.

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.

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THE CYCLICAL INDICATOR APPROACH. The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading and coincident economic indexes are essentially composite averages of several individual leading or coincident indicators. (See page 3 for details.) They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component—primarily because they smooth out some of the volatility of individual components.

Historically, the cyclical turning points in The Conference Board LEI for Australia have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for Australia have occurred at about the same time as those in aggregate economic activity.

Further explanations of the cyclical indicator approach and the composite economic index methodology appear in The Conference Board's *Business Cycle Indicators* report and Web site: http://www.conference-board.org/economics/bci/.

Australia Composite Economic Indexes: Components and Standardization Factors

Leading Economic Index		Factor
1.	Yield Spread, 10 year minus Policy Rate	.1202
2.	Share Prices, All Ordinaries	.0437
3.	Money Supply, M3	.2540
4.	Rural Goods Exports	.0284
5.	Sales to Inventory Ratio	.3633
6.	Gross Operating Surplus, Private Non-Financial Corporations	.1336
7.	Building Approvals	.0567
Coincident Economic Index		
1.	Retail Trade	.3459
2.	Industrial Production	.0953
3.	Employed Persons	.3761
4.	Household Disposable Income	.1827

Notes:
The component factors are inversely related to the standard deviation of the month-to-month changes in each component. They are used to equalize the volatility of the contribution from each component and are "normalized" to sum to 1.

These factors were revised effective with the January 2009 release, and all historical values for the two composite economic indexes have been revised at the time to reflect the changes. (Under normal circumstances, updates to the leading and coincident economic indexes only incorporate revisions to data over the past six months.) The factors above were calculated using 1979 to 2007 as the sample period for measuring volatility for The Conference Board LEI for Australia, and 1982 to 2007 as the sample period for The Conference Board CEI for Australia. There are additional sample periods as the result of different starting dates for the component data. When one or more components are missing, the other factors are adjusted proportionately to ensure that the total continues to sum to 1. For additional information on the standardization factors and the index methodology visit our Web site: http://www.conference-board.org/economics/bci/ .

The trend adjustment factor for The Conference Board LEI for Australia is -0.0595 calculated from 1960-1973, and -0.1527 calculated over the sample period 1974-2007.

To address the problem of lags in available data, those leading and coincident indicators that are not available at the time of publication are estimated using statistical imputation. An autoregressive model is used to estimate each component. The resulting indexes are constructed using real and estimated data, and will be revised as the data unavailable at the time of publication become available. Such revisions are part of the monthly data revisions, now a regular part of the U.S. Business Cycle Indicators program. The main advantage of this procedure is to utilize in the leading economic index the data, such as stock prices, that are available sooner than other data on "real" aspects of the economy, such as new orders and changes in inventory. Empirical research by The Conference Board suggests there are real gains in adopting this procedure to make all the indicator series as up-to-date as possible.

NOTICES

The schedule for "**The Conference Board Leading Economic Index™** (LEI) for Australia" news release for 2009 is:

August 2009 Data	Wednesday, October 28, 2009
September 2009 Data	Monday, November 23, 2009
October 2009 Data	Monday, December 21, 2009

All releases are at 8:00 PM EST (10:00 A M AEDST the next day).

ABOUT THE CONFERENCE BOARD

The Conference Board is a global, independent business membership and research association working in the public interest. Our mission is unique: to provide the world's leading organizations with the practical knowledge they need to improve their performance *and* better serve society. The Conference Board is a non-advocacy, not-for-profit entity holding 501 (c) (3) tax-exempt status in the U.S. For additional information about The Conference Board and how it can meet your needs, visit our website at www.conference-board.org.

AVAILABLE FROM THE CONFERENCE BOARD:

Australia Business Cycle Indicators Internet Subscription *(Includes monthly release, data, charts and commentary)*	not currently available
Individual Data Series	not currently available
Monthly BCI Report *(Sample available at http://www.conference-board.org/publications/describeBCI.cfm)*	$ 275 per year
BCI Handbook (published 2001)	$ 20
Corporate Site License	contact Indicators Program at (212) 339-0330

Business Cycle Indicators for France, Germany, Japan, Korea, Mexico, Spain and the U.K. are available at $635 per country per year (1 user). Discounts are available to Associates of The Conference Board and accredited academic institutions.

The Conference Board Australia Business Cycle Indicators

Table 1.--Summary of Australia Composite Economic Indexes

	2009						
	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.
Leading index	111.9	112.2 r	112.5	112.6	111.9 r	112.6 p	113.4 p
Percent change	-0.4	0.3 r	0.3 r	0.1	-0.6 r	0.6 p	0.7 p
Diffusion index	71.4	64.3	78.6	71.4	50.0	64.3	71.4
Coincident index	112.2	112.4 r	112.4 r	112.7 r	113.3 r	113.4 p	113.4 p
Percent change	0.3	0.2	0.0 r	0.3	0.5	0.1 p	0.0 p
Diffusion index	37.5	37.5	75.0	100.0	75.0	75.0	75.0

	Jul to Jan	Aug to Feb	Sep to Mar	Oct to Apr	Nov to May	Dec to Jun	Jan to Jul
Leading index							
Percent change	-3.2	-3.4	-2.3	-1.7	-1.1 r	0.3 p	1.3 p
Diffusion index	57.1	57.1	57.1	42.9	57.1 r	71.4	71.4
Coincident index							
Percent change	1.4	1.4	1.2 r	1.3 r	1.7 r	1.3 p	1.1 p
Diffusion index	75.0	75.0	50.0	50.0	50.0	50.0	62.5

p Preliminary. r Revised (noted only for index levels and one-month percent changes).

CALCULATION NOTE: The diffusion indexes measure the proportion of the components that are rising. Components that rise more than 0.05 percent are given a value of 1.0, components that change less than 0.05 percent are given a value of 0.5, and components that fall more than 0.05 percent are given a value of 0.0.

For more information, visit our Web site at www.conference-board.org/economics/bci

Source: The Conference Board

The Conference Board Australia Business Cycle Indicators

Table 2.--Data and Net Contributions for Components of the Australia Leading Economic Index

Component	2009 Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.
	Australia Leading Economic Index component data						
Yield Spread (10 Year - Policy Rate, 3 month moving average)	-0.75	-0.40	0.31	0.78	1.45	1.94	2.35
Share Prices, All Ordinaries (Index 2005=100)	81.6	77.1	82.5	87.1	88.0	91.1	98.1
Money Supply, M3 (Mill. Constant A$, SA)	678652 r	689608 r	690131 r	696680 r	701649 r	705325 ##	707343 ##
Building Approvals, (Thous. '96-'97 A$, SA, 3 month moving average)	4585481 r	4727992 r	4802057 r	4982581 r	4611873 r	4954557 #	5234789 #
Rural Goods Exports, (Mill. Constant A$, SA)	2439.8 r	2429.6 r	2604.2 r	2317.0 r	2222.8 r	2202.1 #	2125.0 #
Sales to Inventories Ratio, SA (Q)	1.590	1.590	1.590	1.600	1.600	1.600 **	1.610 **
Gross Operating Surplus, Private Non-Financial Corp. (Mill. '96-'97 A$, SA, Q)	57266 r	57473 r	56151 r	54823 r	53489 r	52604 **	52034 **
LEADING INDEX (2004=100)	**111.9**	**112.2** r	**112.5** r	**112.6** r	**111.9** r	**112.6 p**	**113.4 p**
Percent change from preceding month	-0.4	0.3 r	0.3 r	0.1 r	-0.6 r	0.6 p	0.7 p
	Australia Leading Economic Index net contributions						
Yield Spread (10 Year - Policy Rate, 3 month moving average)	....	-0.05	0.04	0.09	0.17	0.23	0.28
Share Prices, All Ordinaries (Index 2005=100)	....	-0.25	0.30	0.24	0.05	0.15	0.32
Money Supply, M3 (Mill. Constant A$, SA)	....	0.41	0.02 r	0.24	0.18 r	0.13 ##	0.07 ##
Building Approvals, (Thous. '96-'97 A$, SA, 3 month moving average)	....	0.17 r	0.09 r	0.21 r	-0.44 r	0.41 #	0.31 #
Rural Goods Exports, (Mill. Constant A$, SA)	....	-0.01 r	0.20 r	-0.33 r	-0.12	-0.03 #	-0.10 #
Sales to Inventories Ratio, SA (Q)	....	0.09 r	0.08 r	0.08 r	0.08 r	0.08 **	0.07 **
Gross Operating Surplus, Private Non-Financial Corp. (Mill. '96-'97 A$, SA, Q)	....	0.05 r	-0.31 r	-0.32 r	-0.33 r	-0.22 **	-0.15 **

p Preliminary. r Revised. -- * Inverted series; a negative change in this component makes a positive contribution.
Estimates of the quarterly deflator (implicit price index) are used to deflate these series
Estimates of the quarterly deflator (CPI) are used to deflate money supply.
Money Supply (M3) level from April 2002 and on are derived from growth rates reported by the Reserve Bank of Australia
** Statistical Imputation (See page 2 for more details) -- Q: Quarterly series; these series are converted to monthly through a linear interpolation
Data Sources: Australian Bureau of Statistics, Reserve Bank of Australia, Thomson Financial

CALCULATION NOTE--The percent change in the index does not always equal the sum of the net contributions of the individual components (because of rounding effects and base value differences).

The Conference Board Australia Business Cycle Indicators

Table 3.--Data and Net Contributions for Components of the Australia Coincident Economic Index

Component	2009 Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.
	Australia Coincident Economic Index component data						
Retail Trade (Mill. Constant A$, SA, 3-month moving average)	11594.6 r	11687 r	11695.4 r	11714.6 r	11855.9 r	11871.7	11816.7
Industrial Production (Index 1997-98=100, SA, Q).....	100.8 r	100.1 r	100.3 r	100.4 r	100.6 r	100.7 **	100.9 **
Employed Persons (Thousands of Persons, SA).....	10804.3 r	10805.3 r	10766.6 r	10792.7 r	10783.2 r	10757.0 r	10790.7
Household Gross Disposable Income, (Mill. Constant A$, SA. Q).....	114250.2 r	113688.0 r	114428.1 r	115164.4 r	115897.0 r	116441.8 **	116882.3 **
COINCIDENT INDEX (2004=100).....	**112.2 #**	**112.4** r	**112.4** r	**112.7** r	**113.3** r	**113.4 p**	**113.4 p**
Percent change from preceding month.....	0.3	0.2 r	0.0 r	0.3 r	0.5 r	0.1 p	0.0 p
	Australia Coincident Economic Index net contributions						
Retail Trade (Mill. Constant A$, SA, 3-month moving average)	....	0.27	0.03 r	0.06	0.41	0.05 r	-0.16
Industrial Production (Index 1997-98=100, SA, Q).....	....	-0.07 r	0.02	0.02	0.02	0.01 **	0.01 **
Employed Persons (Thousands of Persons, SA).....	....	0.00	-0.13	0.09	-0.03	-0.09	0.12
Household Gross Disposable Income, (Mill. Constant A$, SA. Q).....	....	-0.09 r	0.12 r	0.12 r	0.12 r	0.09 **	0.07 **

* Inverted Series, a negative change in this component makes a positive contribution

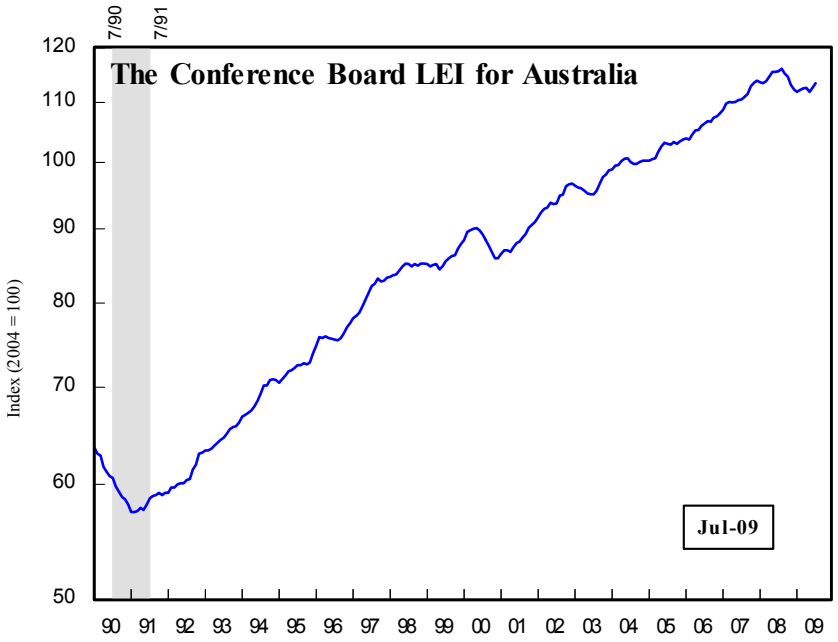
** Statistical Imputation (See page 2 for more details)

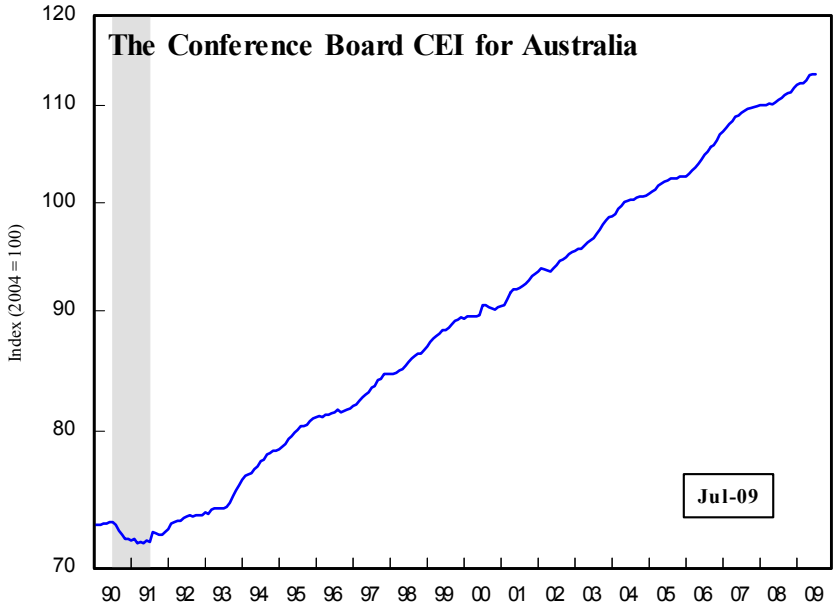
Estimates of the quarterly deflator (CPI) are used to deflate retail trade

Q Quarterly series; these series are converted to monthly through a linear interpolation.

Data Sources: Australian Bureau of Statistics, Reserve Bank of Australia, Thomson Financial

CALCULATION NOTE--The percent change in the index does not always equal the sum of the net contributions of the individual components (because of rounding effects and base value differences).





Source: The Conference Board

Note: The shaded areas represent business cycle recessions. The peaks and troughs are designated by The Conference Board based on the coincident index and real GDP.