THE CONFERENCE BOARD

The Conference Board®
Australia Business Cycle Indicators℠
THE CONFERENCE BOARD LEADING ECONOMIC INDEX™ (LEI) FOR AUSTRALIA
AND RELATED COMPOSITE ECONOMIC INDEXES FOR FEBRUARY 2009

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

- The Conference Board LEI for Australia increased slightly in February, following five consecutive declines. Money supply and building approvals rose sharply this month, more than offsetting the large decline in share prices. Despite this small gain, the six-month change in the index has continued to decline -- to -3.9 percent (a -7.6 percent annual rate) in the period through February, down from 2.4 percent (a 4.8 percent annual rate) from February to August 2008. However, the strengths and weaknesses among the leading indicators have remained somewhat balanced in recent months.

- The Conference Board CEI for Australia rose again in February, helped by a continued increase in retail sales. The six-month change in the index has increased to 2.4 percent (about a 4.9 percent annual rate) in the period through February, up from 0.7 percent (a 1.5 percent annual rate) for the previous six months, and the strengths among its components have remained widespread. Meanwhile, real GDP fell at an average 0.9 percent annual rate in the second half of 2008 (including a decline of 2.1 percent annual rate for the fourth quarter), well below the 1.6 percent annual rate of growth in the first half of the year.

- After declining for almost half a year, The Conference Board LEI for Australia rose modestly this month. However, the six-month growth rate of the index is still at its lowest since late 2000. Meanwhile, The Conference Board CEI for Australia remains on an upward trend, although its growth over the past several months can be attributed primarily to a large jump in retail sales fueled by the economic stimulus package. All in all, the sharp decline in the leading economic index in recent months suggests that the economy will remain weak in the near term.

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

    With the 0.2 percent increase in February, The Conference Board LEI for Australia now stands at 111.6 (2004=100). Based on revised data, this index declined 0.5 percent in January and declined 1.0 percent in December. During the six-month period through February, the leading economic index decreased 3.9 percent, and four of the seven components increased (diffusion index, six-month span equals 57.1 percent).

The next release is scheduled for May 28, 2009 at 10:00 A.M. (AEST)
In the U.S. – May 27, 2009 at 8:00 P.M. (ET)

COINCIDENT INDICATORS. Two of the four components in The Conference Board CEI for Australia increased in February. The increases - in order from the larger positive contributor to the smaller – occurred in retail trade and household gross disposable income*. Industrial production* declined, while employed persons* remained unchanged in February.

With the increase of 0.4 percent in February, The Conference Board CEI for Australia now stands at 113.5 (2004=100). Based on revised data, this index increased 0.6 percent in January and increased 0.7 percent in December. During the six-month period through February, the coincident economic index increased 2.4 percent, with three of the four components in the series making positive contributions (diffusion index, six-month span equals 75.0 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 April 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:

March 2009 Data	Wednesday, May 27, 2009
April 2009 Data	Wednesday, June 24, 2009
May 2009 Data	Monday, July 27, 2009
June 2009 Data	Wednesday, August 26, 2009
July 2009 Data	Tuesday, September 29, 2009
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
For over 90 years, The Conference Board has created and disseminated knowledge about management and the marketplace to help businesses strengthen their performance and better serve society. The Conference Board operates as a global independent membership organization working in the public interest. It publishes information and analysis, makes economics-based forecasts and assesses trends, and facilitates learning by creating dynamic communities of interest that bring together senior executives from around the world. The Conference Board is a not-for-profit organization and holds 501(c)(3) tax-exempt status in the United States. 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	not currently available
(Includes monthly release, data, charts and commentary)	
Individual Data Series	not currently available
Monthly BCI Report	$ 275 per year
(Sample available at http://www.conference-board.org/publications/describeBCI.cfm)	
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

	2008					2009	
	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
Leading index	116.1	115.2	114.6	113.1	112.0 p	111.4 p	111.6 p
Percent change	0.4	-0.8	-0.5	-1.3	-1.0 p	-0.5 p	0.2 p
Diffusion index	78.6	28.6	42.9	28.6	28.6	50.0	71.4
Coincident index	110.8	111.1 r	111.3 r	111.6 r	112.4 p	113.1 p	113.5 p
Percent change	0.2	0.3 r	0.2 r	0.3 r	0.7 p	0.6 p	0.4 p
Diffusion index	75.0	62.5	50.0	50.0	25.0	62.5	62.5

	Feb to Aug	Mar to Sep	Apr to Oct	May to Nov	Jun to Dec	Jul to Jan	Aug to Feb
Leading index							
Percent change	2.4	1.2	0.0	-2.1	-3.0 p	-3.6 p	-3.9 p
Diffusion index	64.3	42.9	57.1	28.6	42.9	57.1	57.1
Coincident index							
Percent change	0.7	1.0 r	1.0 r	1.4 r	1.9 p	2.3 p	2.4 p
Diffusion index	75.0	50.0	50.0	50.0	50.0	75.0	75.0

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

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The Conference Board Australia Business Cycle Indicators

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

Component	2008 Aug.		Sep.		Oct.		Nov.		Dec.		2009 Jan.		Feb.	
	Australia Leading Economic Index component data													
Yield Spread (10 Year - Policy Rate, 3 month moving average)	-0.60		-0.91		-1.22		-1.48		-1.29		-0.75		-0.40	
Share Prices, All Ordinaries (Index 2005=100)	118.3		106.0		92.6		86.2		85.7		81.6		77.1	
Money Supply, M3 (Mill. Constant A$, SA)	646333	r	656767	r	664869	r	672433	r	672035	r	679899	r	689041	##
Building Approvals, (Thous. '96-'97 A$, SA, 3 month moving average)	6606836	r	6395292	r	5949379	r	5235525	r	4692726	r	4236109	r	4414447	#
Rural Goods Exports, (Mill. Constant A$, SA)	2210.5	r	2074.3	r	2506.1	r	2369.2	r	2347.3	r	2438.9	r	2471.8	#
Sales to Inventories Ratio, SA (Q)	1.550	r	1.560		1.570	r	1.580	r	1.590	r	1.590	**	1.600	**
Gross Operating Surplus, Private Non-Financial Corp. (Mill. '96-'97 A$, SA, Q)	61952	r	60595	r	59246	r	57905	r	57086	r	56616	**	56381	**
LEADING INDEX (2004=100)	**116.1**		**115.2**	r	**114.6**	r	**113.1**	r	**112.0**	r	**111.4**	p	**111.6**	p
Percent change from preceding month	0.4		-0.8	r	-0.5	r	-1.3	r	-1.0	r	-0.5	p	0.2	p
	Australia Leading Economic Index net contributions													
Yield Spread (10 Year - Policy Rate, 3 month moving average)	....		-0.11		-0.15		-0.18		-0.16		-0.09		-0.05	
Share Prices, All Ordinaries (Index 2005=100)	....		-0.48		-0.59		-0.31		-0.03		-0.21		-0.25	
Money Supply, M3 (Mill. Constant A$, SA)	....		0.41	r	0.31		0.29	r	-0.02	r	0.30	r	0.34	
Building Approvals, (Thous. '96-'97 A$, SA, 3 month moving average)	....		-0.18	r	-0.41	r	-0.72	r	-0.62	r	-0.58	r	0.23	
Rural Goods Exports, (Mill. Constant A$, SA)	....		-0.18	r	0.54		-0.16		-0.03	r	0.11		0.04	
Sales to Inventories Ratio, SA (Q)	....		0.24	r	0.23	r	0.23	r	0.18	r	0.15	**	0.13	**
Gross Operating Surplus, Private Non-Financial Corp. (Mill. '96-'97 A$, SA, Q)	....		-0.30	r	-0.30	r	-0.31	r	-0.19	r	-0.11	**	-0.06	**

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	2008					2009	
	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
Australia Coincident Economic Index component data							
Retail Trade							
(Mill. Constant A$, SA, 3-month moving average)	11072.4	11072	11048.6	11036.1	11223.0	11391.3	11463.4
Industrial Production							
(Index 1997-98=100, SA, Q)............................	104.2 r	103.2 r	102.1 r	101.0 r	100.3 r	99.8 **	99.5 **
Employed Persons							
(Thousands of Persons, SA)...........................	10790.8 r	10795.7 r	10789.8 r	10818.0 r	10805.2 r	10804.6 r	10805.4
Household Gross Disposable Income,							
(Mill. Constant A$, SA. Q)................................	111181.0 r	113343.7 r	115504.9 r	117664.6 r	119267.7 r	120500.7 **	121486.6 **
COINCIDENT INDEX (2004=100).....	**110.8**	**111.1** r	**111.3** r	**111.6 r**	**112.4 r**	**113.1 p**	**113.5 p**
Percent change from preceding month............	0.2	0.3 r	0.2 r	0.3 **r**	0.7 r	0.6 p	0.4 p
Australia Coincident Economic Index net contributions							
Retail Trade							
(Mill. Constant A$, SA, 3-month moving average)	....	0.00	-0.07	-0.04	0.58	0.51	0.22
Industrial Production							
(Index 1997-98=100, SA, Q)............................	....	-0.10	-0.10	-0.10 r	-0.07 r	-0.05 **	-0.03 **
Employed Persons							
(Thousands of Persons, SA)...........................	....	0.02 r	-0.02 r	0.10	-0.04 r	0.00	0.00
Household Gross Disposable Income,							
(Mill. Constant A$, SA. Q)................................	....	0.35 r	0.35 r	0.34 r	0.25 r	0.19 **	0.15 **

* 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
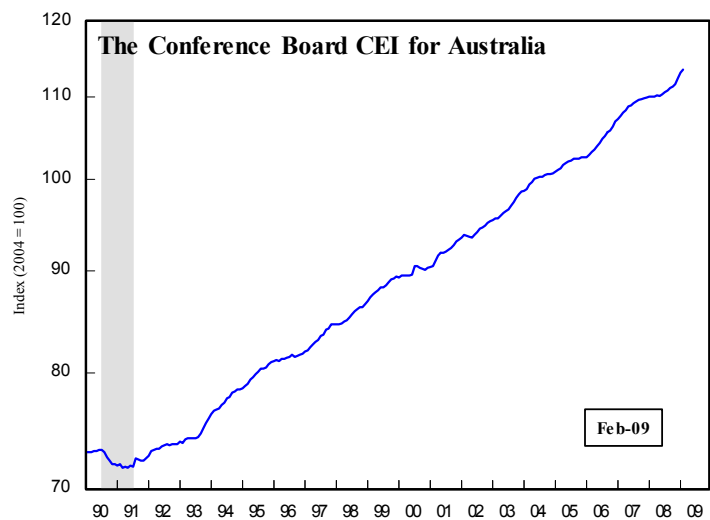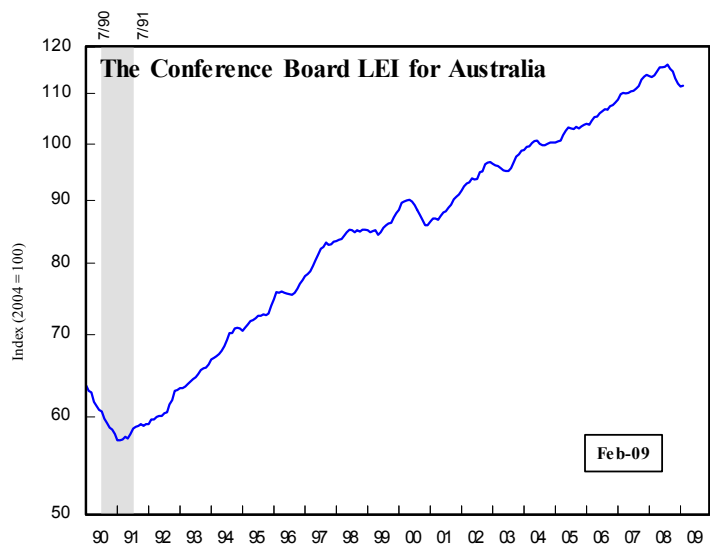
CALCULATION NOTE--The percent change in the index does not always equal the sum of the net contributions

of the individual components (because of rounding effects and base value differences).

The Conference Board LEI for Australia

Index (2004 = 100)

7/90   7/91

Feb-09

The Conference Board CEI for Australia

Index (2004 = 100)

Feb-09

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.