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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 FEBRUARY 2010

The Conference Board Leading Economic Index® (LEI) for Australia declined 0.3 percent and **The Conference Board Coincident Economic Index® (CEI)** declined 0.2 percent in February.

- The Conference Board LEI for Australia declined again in February, following a small decrease in January. A substantial drop in building approvals more than offset small positive contributions from most of the other components. With this month's decline, the six-month increase in the leading economic index slowed to 1.0 percent (about a 2.0 percent annual rate) in the period through February 2010, down from 1.8 percent (about a 3.7 percent annual rate) for the previous six months. Moreover, the weaknesses among the leading indicators have become far more widespread than the strengths in recent months.
- The Conference Board CEI for Australia also decreased slightly in February – the first decline since August last year. A large drop in retail trade contributed to the decline this month. Despite the decrease in February, the six-month growth rate of the coincident economic index continued to pick up, to 1.3 percent (about a 2.7 percent annual rate) in the period ending in February, up from 0.4 percent (about a 0.7 percent annual rate) during the previous six months. At the same time, real GDP

increased at a 3.7 percent annual rate during the last quarter of 2009, an improvement from the gains of 1.1 percent annual rate in the third quarter and 3.0 percent average annual rate for the first half of the year.

- The Conference Board LEI for Australia has declined for two consecutive months, after generally increasing since early 2009. In addition, its six-month growth rate has continued to slow, amid widespread weaknesses among its components. Meanwhile, The Conference Board CEI for Australia has been on a modest rising trend since mid-2009. Taken together, the current behavior of the composite indexes suggests that the economy will continue to expand, but perhaps at a modest pace 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 the yield spread, money supply*, gross operating surplus*, and share prices. Building approvals*, the sales to inventories ratio*, and rural goods exports* declined in February.

With the 0.3 percent decrease in February, The Conference Board LEI for Australia now stands at 113.4 (2004=100). Based on revised data, this index declined 0.2 percent in January and increased 0.6 percent in December. During the six-month period through February, the leading economic index increased 1.0 percent, and two of the seven components increased (diffusion index, six-month span equals 28.6 percent).

COINCIDENT INDICATORS. Two of the four components in The Conference Board CEI for Australia increased in February. The increases occurred in industrial production* and household gross disposable income*. Retail trade and employed persons declined in February.

With the decrease of 0.2 percent in February, The Conference Board CEI for Australia now stands at 114.9 (2004=100). Based on revised data, this index increased 0.4 percent in January and increased 0.3 percent in December. During the six-month period through February, the coincident economic index increased 1.3 percent, with two of the four components in the series making positive contributions (diffusion index, six-month span equals 50.0 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 April 27, 2010. 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.

Summary Table of Composite Economic Indexes

		2009		6-month
	Dec	Jan	Feb	Aug to Feb
Leading Economic Index	113.9 p	113.7 p	113.4 p	
Percent Change	0.6 p	-0.2 p	-0.3 p	1.0
Diffusion	64.3	42.9	50.0	28.6
Coincident Economic Index	114.6 p	115.1 p	114.9 p	
Percent Change	0.3 p	0.4 p	-0.2 p	1.3
Diffusion	87.5	100.0	62.5	50.0

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 May 27, 2010 at 10:00 A.M. (AEST)

In the U.S. – May 26, 2010 at 8:00 P.M. (ET)