



News Release

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FOR RELEASE: 10:00 A.M. AEST, THURSDAY, OCTOBER 28, 2010

The Conference Board[®]

Australia Business Cycle IndicatorsSM

THE CONFERENCE BOARD LEADING ECONOMIC INDEX[®]

(LEI) FOR AUSTRALIA

AND RELATED COMPOSITE ECONOMIC INDEXES FOR AUGUST 2010

The Conference Board Leading Economic Index[®] (LEI) for Australia increased 0.2 percent and **The Conference Board Coincident Economic Index[®] (CEI)** increased 0.3 percent in August.

- The Conference Board LEI for Australia increased again in August. Large gains in the sales-to-inventories ratio, gross operating profits, and money supply more than offset negative contributions from building approvals, rural goods exports, and share prices in August. With this month's small increase, the six-month growth rate in the leading economic index has continued to pick up, to 4.6 percent (about a 9.4 percent annual rate) from February to August 2010, from 2.5 percent (a 5.0 percent annual rate) for the previous six months. However, the strengths among the leading indicators have only been slightly more widespread than the weaknesses over the past six months.

- The Conference Board CEI for Australia also increased in August, and all its components continued to advance. With this month's gain, the coincident economic index grew by 1.0 percent (a 2.1 percent annual rate) in the six-month period through August 2010 – about the same rate as in the previous six months. At the same time, real GDP increased at a 4.9 percent annual rate in the second quarter of 2010, an improvement from the gain of 2.7 percent annual rate in the first quarter of 2010.
- The Conference Board LEI for Australia has been increasing for more than a year now, with its six-month growth rate continuing to pickup. At the same time, The Conference Board CEI for Australia, a measure of current economic activity, has also continued to increase steadily this year. Taken together, the current behavior of the composite indexes suggests that economic expansion will continue in the near term.

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

With the 0.2 percent increase in August, The Conference Board LEI for Australia now stands at 120.4 (2004=100). Based on revised data, this index increased 0.8 percent in July and increased 0.6 percent in June. During the six-month period through August, the leading economic index increased 4.6 percent, and four of the seven components increased (diffusion index, six-month span equals 57.1 percent).

COINCIDENT INDICATORS. All four components in The Conference Board CEI for Australia increased in August. The increases - in order from the largest positive contributor to the smallest – occurred in employed persons, retail trade, household gross disposable income*, and industrial production*.

With the increase of 0.3 percent in August, The Conference Board CEI for Australia now stands at 115.9 (2004=100). Based on revised data, this index increased 0.2 percent in July and increased 0.3 percent in June. During the six-month period through August, the coincident economic index increased 1.0 percent, with three of the four components in the series making positive contributions (diffusion index, six-month span equals 87.5 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 October 26, 2010. Some series are estimated as noted below.

* 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

	2010			6-month
	Jun	Jul	Aug	Feb to Aug
Leading Economic Index	119.1 p	120.1 p	120.4 p	
Percent Change	0.6 p	0.8 p	0.2 p	4.6
Diffusion	57.1	71.4	42.9	57.1
Coincident Economic Index	115.4 p	115.6 p	115.9 p	
Percent Change	0.3 p	0.2 p	0.3 p	1.0
Diffusion	87.5	100.0	100.0	87.5

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board All Rights Reserved

The next release is scheduled for November 24, 2010 at 10:00 A.M. (AEST)
In the U.S. – November 23, 2010 at 6:00 P.M. (EST)

For more information, visit The Conference Board website: www.conference-board.org/data/bci.cfm