



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. AEST, THURSDAY, FEBRUARY 26, 2009

The Conference Board®  
Australia Business Cycle Indicators<sup>SM</sup>  
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX™ (LEI)  
FOR AUSTRALIA  
AND RELATED COMPOSITE ECONOMIC INDEXES FOR DECEMBER 2008**

The Conference Board Leading Economic Index™ (LEI) for Australia declined 0.9 percent and The Conference Board Coincident Economic Index™ (CEI) for Australia increased 0.7 percent in December.

- TCB's LEI for Australia fell sharply again in December, the fourth consecutive decline in the index. Index levels were revised lower from September through November as a result of downward data revisions to real money supply, building approvals, and rural goods exports. The six-month change in the index has continued to decline -- to -2.3 percent (a -4.6 percent annual rate) in the period through December 2008, down from 1.4 percent (a 2.8 percent annual rate) for the first half of 2008. However, the strengths among the components have been slightly more widespread than the weaknesses over the past six months.
- TCB's CEI for Australia rose sharply in December, due primarily to a large jump in retail sales spurred by the economic stimulus package. The six-month growth rate in the index has increased to 1.5 percent (a 3.1 percent annual rate) in the period through December, up from 0.4 percent (about a 0.7 percent annual rate) for the first half of 2008, with the strengths among its components remaining widespread. Meanwhile, real GDP growth slowed to a 0.3 percent annual rate in the third quarter of 2008, down from the 1.9 percent average annual rate growth for the first half of the year.
- TCB's LEI for Australia began to decline in September 2008, and this decline has accelerated sharply in recent months. The fall in this index over the past six months is the largest since early 2001. Meanwhile, TCB's CEI for Australia, a measure of current economic conditions, has continued to increase during this period, but its growth has been well below the very rapid growth in the first half of 2007. The continued deterioration in TCB's LEI for Australia suggests that the economy will remain weak in the near term.

**LEADING INDICATORS.** Two of the seven components in The Conference Board Leading Economic Index™ (LEI) for Australia increased in December. The positive contributors to the index—from the larger positive contributor to the smaller—are gross operating surplus\* and the sales to inventories ratio\*. Building approvals\*, yield spread, money supply\* and share prices declined, while rural goods exports\* remained unchanged in December.

With the 0.9 percent decrease in December, TCB's LEI for Australia now stands at 112.8 (2004=100). Based on revised data, this index declined 1.1 percent in November and declined 0.3 percent in October. During the six-month period through December, the leading economic index decreased 2.3 percent, and four of the seven components increased (diffusion index, six-month span equals 57.1 percent).

The next release is scheduled for March 26, 2009 at 10:00 A.M. (AEST)  
*In the U.S. – March 25, 2009 at 7:00 P.M. (ET)*

**COINCIDENT INDICATORS.** Three of the four components in The Conference Board Coincident Economic Index™ (CEI) for Australia increased in December. The increases - in order from the largest positive contributor to the smallest – occurred in retail trade, household gross disposable income\*, and industrial production\*. Employed persons held steady in December.

With the increase of 0.7 percent in December, the TCB’s CEI for Australia now stands at 112.0 (2004=100). Based on revised data, this index remained unchanged in November and increased 0.2 percent in October. During the six-month period through December, this index increased 1.5 percent, with all four components in the series making positive contributions (diffusion index, six-month span equals 100.0 percent).

\* See notes under data availability.

**FOR TABLES AND CHARTS, SEE BELOW**

**DATA AVAILABILITY.** The data series used by The Conference Board 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 February 24, 2009. Some series are estimated as noted below.

NOTES: Series in TCB’s LEI for Australia that are based on The Conference Board 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 TCB’s CEI for Australia that are based on The Conference Board estimates are industrial production and household disposable income. CPI was used to deflate retail trade.

Effective with this release, the seasonally adjusted retail trade data replaces the trend estimated series, the publication of which has been suspended by the Australia Bureau of Statistics.

**Summary Table of Composite Economic Indexes**

	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>6-month Jun to Dec</b>
<b>Leading Economic Index</b>	115.1 p	113.8 p	112.8 p	
Percent Change	-0.3 p	-1.1 p	-0.9 p	-2.3
Diffusion	50.0	42.9	50.0	57.1
<b>Coincident Economic Index</b>	111.2 p	111.2 p	112.0 p	
Percent Change	0.2 p	0.0 p	0.7 p	1.5
Diffusion	75.0	50.0	87.5	100.0

n.a. Not available    p Preliminary    r Revised  
Indexes equal 100 in 2004

Source: The Conference Board                      All Rights Reserved

**Professional Contacts at The Conference Board:**

Indicator Program:                      1-212-339-0330

**Media Contacts:**

Frank Tortorici:                      1-212-339-0231

Carol Courter:                      1-212-339-0232

Email:    indicators@conference-board.org

Website:    <http://www.conference-board.org/economics/bci/>