



## News Release

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The Conference Board<sup>®</sup>

Australia Business Cycle Indicators<sup>SM</sup>

**THE CONFERENCE BOARD LEADING ECONOMIC INDEX<sup>®</sup>**

**(LEI) FOR AUSTRALIA**

**AND RELATED COMPOSITE ECONOMIC INDEXES FOR DECEMBER 2011**

**The Conference Board Leading Economic Index<sup>®</sup> (LEI) for Australia increased 0.2 percent and The Conference Board Coincident Economic Index<sup>®</sup> (CEI) remained unchanged in December.**

- The Conference Board LEI for Australia increased slightly in December following a decline in November. Large gains in money supply\* and the sales to inventory ratio\* more than offset the negative contribution from the yield spread. The yield spread has been inverted for four months through December. With the gain in December, the leading economic index increased by 2.1 percent (about a 4.3 percent annual rate) over the second half of 2011, faster than the 1.6 percent increase (about a 3.3 percent annual rate) during the first half of the year. In addition, the strengths among the leading indicators have been slightly more widespread than the weaknesses in recent months.
- The Conference Board CEI for Australia, a measure of current economic activity, was unchanged in December. The coincident economic index increased by 1.0 percent (about a 2.0 percent annual rate) between June and December 2011, up from 0.2 percent (about 0.3 percent

annual rate) over the first half of 2011. At the same time, real GDP increased by 3.9 percent (annual rate) in the third quarter of 2011, down from 5.7 percent (annual rate) in the second quarter.

- The Conference Board LEI for Australia continued to fluctuate around an upward trend through December, although the six-month growth rate of the leading economic index has moderated in recent months. Meanwhile, The Conference Board CEI for Australia continued to grow on its slightly rising trend, but the rate of its increases has eased in the last two months. Taken together, the recent behavior of the composite indexes suggests that the economy is likely to grow at a more moderate pace in the near term, despite solid economic activity in 2011.

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

With the 0.2 percent increase in December, The Conference Board LEI for Australia now stands at 128.4 (2004=100). Based on revised data, this index declined 0.3 percent in November and increased 0.5 percent in October. During the six-month period through December, the leading economic index increased 2.1 percent, and three of the seven components increased (diffusion index, six-month span equals 57.1 percent).

**COINCIDENT INDICATORS.** Two of the four components in The Conference Board CEI for Australia increased in December. Household gross disposable income\* and industrial production\* made positive contributions to the index this month. Employed persons and retail trade declined in December.

Holding steady in December, The Conference Board CEI for Australia now stands at 119.4 (2004=100). Based on revised data, this index increased 0.1 percent in November and increased 0.3 percent in October. During the six-month period through December, 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 75 percent).

**DATA AVAILABILITY.** The data series used to compute **The Conference Board Leading Economic Index<sup>®</sup>** (LEI) for Australia and **The Conference Board Coincident Economic Index<sup>®</sup>** (CEI) for Australia reported in this release are those available “as of” 10 A.M. ET on February 16, 2012. 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

|                                      | 2011        |             |             | 6-month    |
|--------------------------------------|-------------|-------------|-------------|------------|
|                                      | Oct         | Nov         | Dec         | Jun to Dec |
| <b>Leading Economic Index</b>        | 128.5 p     | 128.1 p     | 128.4 p     |            |
| Percent Change                       | 0.5 p       | -0.3 p      | 0.2 p       | 2.1        |
| Diffusion                            | 71.4        | 57.1        | 50.0        | 57.1       |
| <br><b>Coincident Economic Index</b> | <br>119.3 p | <br>119.4 p | <br>119.4 p |            |
| Percent Change                       | 0.3 p       | 0.1 p       | 0.0 p       | 1.0        |
| Diffusion                            | 100.0       | 62.5        | 50.0        | 75.0       |

n.a. Not available    p Preliminary    r Revised

Indexes equal 100 in 2004

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The next release is scheduled for March 20, 2012 at 10:00 A.M. (AEDST)

*In the U.S. – March 19, 2012 at 7:00 P.M. (ET)*

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