



News Release

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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 JULY 2014

The Conference Board Leading Economic Index® (LEI) for Australia declined 0.2 percent and

The Conference Board Coincident Economic Index® (CEI) increased 0.2 percent in August.

- The Conference Board LEI for Australia decreased in August, with rural goods exports, gross operating surplus*, and building approvals making the largest negative contributions. Between February and August, the six-month growth rate of the leading economic index fell 0.3 percent (about a -0.6 percent annual rate), a reversal from its increase of 3.1 percent (about a 6.3 percent annual rate) over the previous six months. Additionally, the weaknesses among the leading indicators have become more widespread than the strengths in the recent months.
- The Conference Board CEI for Australia, a measure of current economic activity, increased slightly in August. The coincident economic index grew 0.6 percent (about a 1.3 percent annual rate) in the six-month period through August 2014, down from 1.4 percent (about a 2.8 percent

annual rate) in the previous six months. Meanwhile, real GDP increased at a 2.0 percent annual rate in the second quarter of 2014, down from 4.3 percent (annual rate) in the first quarter.

- The Conference Board LEI for Australia decreased in August, for the fourth time this year, and as a result, its six-month growth rate has declined slightly into negative territory this month. Meanwhile, the six-month growth rate of the CEI for Australia has moderated in recent months, and is lower compared to six months ago. Taken together, the recent behavior of the composite indexes suggests that economic expansion should continue, but with the risk of slower pace in the near term.

LEADING INDICATORS. Three of the seven components that make up 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 yield spread, the sales to inventories ratio*, and money supply*. Rural goods exports, gross operating surplus* and building approvals declined, while share prices remained unchanged in August.

With the 0.2 percent decrease in August, The Conference Board LEI for Australia now stands at 128.9 (2004=100). Based on revised data, this index increased 0.6 percent in July and increased 0.2 percent in June. During the six-month period through August, the leading economic index decreased 0.3 percent, and four of the seven components increased (diffusion index, six-month span equals 57.1 percent).

COINCIDENT INDICATORS. All four components that make up The Conference Board CEI for Australia increased in August. The positive contributors to the index—in order from the largest positive contributor to the smallest—were employed persons, household gross disposable income*, retail trade and industrial production*.

With the increase of 0.2 percent in August, The Conference Board CEI for Australia now stands at 125.3 (2004=100). Based on revised data, this index increased 0.1 percent in July and 0.1 percent in June. During the six-month period through August, the coincident economic index increased 0.6 percent, with two of the four components in the series making positive contributions (diffusion index, six-month span equals 62.5 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 20, 2014. 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

	2014			6-month
	Jun	Jul	Aug	Feb to Aug
Leading Economic Index	128.3 p	129.1 p	128.9 p	
Percent Change	0.2 p	0.6 p	-0.2 p	-0.3
Diffusion	71.4	85.7	42.9	57.1
Coincident Economic Index	124.9 p	125.0 p	125.3 p	
Percent Change	0.1 p	0.1 p	0.2 p	0.6
Diffusion	62.5	75.0	100.0	62.5

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 18, 2014 at 10:00 A.M. (AEDT)
In the U.S. – November 17, 2014 at 6:00 P.M. (ET)

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