



News Release

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The Conference Board<sup>®</sup>

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

**THE CONFERENCE BOARD LEADING ECONOMIC INDEX<sup>®</sup> (LEI) FOR  
JAPAN  
AND RELATED COMPOSITE ECONOMIC INDEXES FOR OCTOBER 2014**

**The Conference Board Leading Economic Index<sup>®</sup> (LEI) for Japan increased 0.4 percent and  
The Conference Board Coincident Economic Index<sup>®</sup> (CEI) increased 0.1 percent in October.**

Next month's release will incorporate annual benchmark revisions to the composite economic indexes, which bring them up-to-date with revisions in the source data. Also, with this benchmark revision, the base year of the composite indexes will be changed to 2010 = 100 from 2004 = 100. These revisions do not change the cyclical properties of the indexes. The indexes are updated throughout the year, but only for the previous six months. Data revisions that fall outside of the moving six-month window are not incorporated until the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes, in levels and month-on-month changes, will not be directly comparable to those issued prior to the benchmark revision.

For more information, please visit our website at <http://www.conference-board.org/data/bci.cfm> or contact us at [indicators@conference-board.org](mailto:indicators@conference-board.org).

- The Conference Board LEI for Japan increased for the third consecutive month in October. Real money supply and the index of overtime worked in manufacturing made the largest positive contributions to the index this month. Despite October's improvement, the leading economic index has fallen by 1.1 percent (about a -2.2 percent annual rate) from April to October 2014, slightly steeper than its decline of 0.7 percent (about a -1.4 percent annual rate) over the previous six months. However, the strengths and weaknesses among the leading indicators have remained balanced in recent months.
- The Conference Board CEI for Japan, a measure of current economic activity, edged up in October with all components, except for number of employed persons, contributing positively. The six-month growth rate of the coincident economic index improved by 0.1 percent (a 0.2

percent annual rate), a reversal from the decline of 1.1 percent (a -2.2 percent annual rate) during the previous six months. In addition, the strengths among the coincident components have become more widespread in recent months and are now balanced with the weaknesses. At the same time, real GDP contracted at a 1.9 percent annual rate in the third quarter after contracting 6.7 percent (annual rate) in the second quarter.

- The Conference Board LEI and The Conference Board CEI for Japan have improved in recent months, and the strengths among their components have become more widespread. The six-month change for the LEI still remains in negative territory, but the rate of its decline has eased considerably. The CEI's six-month growth rate has moved slightly into positive territory for the first time since the first quarter of this year. Taken together, the behavior of both indexes suggests that the current contraction in economic activity is unlikely to continue, with some upside potential for growth in early 2015.

**LEADING INDICATORS.** Seven of the ten components that make up The Conference Board LEI for Japan increased in October. The positive contributors to the index – in order from the largest positive contributor to the smallest – include real money supply, the index of overtime worked, the new orders for machinery and construction component\*, dwelling units started, the six-month growth rate of labor productivity, the interest rate spread and stock prices. The negative contributors – in order from the larger negative contributor to the smaller – include the Tankan business conditions survey and real operating profits\*. Business failures (inverted) remained unchanged in October.

With the increase of 0.4 percent in October, The Conference Board LEI for Japan now stands at 99.1 (2004=100). Based on revised data, this index increased 0.8 percent in September and increased 0.3 percent in August. During the six-month span through October, the index decreased 1.1 percent, and five of the ten components advanced (diffusion index, six-month span equals 50.0 percent).

**COINCIDENT INDICATORS.** Three of the four components that make up The Conference Board CEI for Japan increased in October. The positive contributors to the index – in order from the largest positive contributor to the smallest – include wage and salary income, industrial production and the retail, wholesale, and manufacturing sales\* component. Number of employed persons declined in October.

With the increase of 0.1 percent in October, The Conference Board CEI for Japan now stands at 95.6 (2004=100). Based on revised data, this index increased 0.4 percent in September and decreased 0.1 percent in August. During the six-month span through October, the index increased 0.1 percent, and two of the four components advanced (diffusion index, six-month span equals 50.0 percent).

**DATA AVAILABILITY AND NOTES.** The data series used to compute **The Conference Board Leading Economic Index**<sup>®</sup> (LEI) for Japan and **The Conference Board Coincident Economic Index**<sup>®</sup> (CEI) for Japan reported in this release are those available “as of” 2:00 P.M. ET December 8, 2014. Some series are estimated as noted below.

\* The series in The Conference Board LEI that are based on our estimates are the six month growth rate of labor productivity, real operating profits and new orders for machinery. The series in The Conference Board CEI that is based on our estimates is real manufacturing sales.

### Summary Table of Composite Economic Indexes

	2014			6-month Apr to Oct
	Aug	Sep	Oct	
<b>Leading Economic Index (LEI)</b>	97.9 r	98.7 p	99.1 p	
Percent Change	0.3 r	0.8 p	0.4 p	-1.1 p
Diffusion	50.0	70.0	75.0	50.0
<b>Coincident Economic Index (CEI)</b>	95.1 r	95.5 p	95.6 p	
Percent Change	-0.1 r	0.4 p	0.1 p	0.1 p
Diffusion	25.0	87.5	75.0	50.0

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

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The next release is scheduled for Friday, January 9, 2015 at 10:00 A.M. (JST)

*In the U.S* – Thursday, January 8, 2015 at 8:00 P.M. (ET)

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