



News Release

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The Conference Board®

Japan Business Cycle IndicatorsSM

THE CONFERENCE BOARD LEADING ECONOMIC INDEX® (LEI) FOR JAPAN

AND RELATED COMPOSITE ECONOMIC INDEXES FOR NOVEMBER 2014

This month's release incorporates 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 was 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.

The Conference Board Leading Economic Index® (LEI) for Japan increased 0.6 percent and The Conference Board Coincident Economic Index® (CEI) decreased 0.1 percent in November.

- The Conference Board LEI for Japan continues to improve with November's gain driven by large positive contributions from money supply and stock prices. The leading economic index increased 0.2 percent (about a 0.4 percent annual rate) between May to November 2014, a substantial improvement from its decline of 2.6 percent (about a -5.2 percent annual rate) over the previous six months. In addition, the strengths among the leading indicators have become very widespread.
- The Conference Board CEI for Japan edged down in November, with the majority of components decreasing. Industrial production has been the weakest component of the coincident economic index in the second half of 2014. The six-month growth rate of the index, although still negative, improved to -0.3 percent (about a -0.6 percent annual rate) from -1.0 percent (about a

–2.0 percent annual rate) in the previous six months. In addition, the weaknesses among the coincident indicators have become very widespread. At the same time, real GDP contracted at a 1.9 percent annual rate in the third quarter of 2014 after contracting 6.7 percent (annual rate) in the second quarter.

- The most recent improvement in The Conference Board LEI was largely the result of monetary policies and improved stock prices, although business failures (inverted) and the yield spread were also strong positive contributors to the LEI in the second half of 2014. Meanwhile, the Conference Board CEI for Japan continues on a downward trend, but the rate of decline has eased compared to first half of 2014. The moderately improved performance of the leading economic index suggests that the current contraction in economic activity is likely to continue subsiding, with some possible upside potential during the early months of 2015.

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

With the increase of 0.6 percent in November, The Conference Board LEI for Japan now stands at 103.3 (2010=100). Based on revised data, this index increased 0.1 percent in October and increased 0.8 percent in September. During the six-month span through November, the index increased 0.2 percent, and seven of the ten components advanced (diffusion index, six-month span equals 70.0 percent).

COINCIDENT INDICATORS. Only one of the four components that make up The Conference Board CEI for Japan improved in November. The positive contributor to the index was wage and salary income. Number of employed persons, industrial production, and the retail, wholesale, and manufacturing sales* components declined in November.

With the decrease of 0.1 percent in November, The Conference Board CEI for Japan now stands at 97.7 (2010=100). Based on revised data, this index remained unchanged in October and increased 0.5 percent in September. During the six-month span through November, the index decreased 0.3 percent, and only one of the four components advanced (diffusion index, six-month span equals 25.0 percent).

DATA AVAILABILITY AND NOTES. The data series used to compute **The Conference Board Leading Economic Index**[®] (LEI) for Japan and **The Conference Board Coincident Economic Index**[®] (CEI) for Japan reported in this release are those available “as of” 10:00 A.M. ET January 6, 2015. 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 May to Nov |
|--|---------|---------|---------|-----------------------|
| | Sep | Oct | Nov | |
| Leading Economic Index (LEI) | 102.6 p | 102.7 p | 103.3 p | |
| Percent Change | 0.8 p | 0.1 p | 0.6 p | 0.2 p |
| Diffusion | 85.0 | 90.0 | 80.0 | 70.0 |
| Coincident Economic Index (CEI) | 97.8 p | 97.8 p | 97.7 p | |
| Percent Change | 0.5 p | 0.0 p | -0.1 p | -0.3 p |
| Diffusion | 87.5 | 75.0 | 25.0 | 25.0 |

n.a. Not available p Preliminary r Revised
Indexes equal 100 in 2010

Source: The Conference Board All Rights Reserved

The next release is scheduled for Thursday, February 12, 2015 at 10:00 A.M. (JST)

In the U.S – Wednesday, February 11, 2015 at 8:00 P.M. (ET)

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

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