



THE CONFERENCE BOARD

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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 NOVEMBER 2008

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, the base years of the composite economic indexes have been changed to 2004=100 from 1990=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 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/economics/bci/> or contact us at indicators@conference-board.org.

The Conference Board Leading Economic Index (LEI) for Australia declined 1.0 percent and The Conference Board Coincident Economic Index (CEI) increased 0.1 percent in November.

- The Leading Economic Index declined sharply in November, decreasing for the third consecutive month. Building approvals, share prices, the yield spread, and rural goods exports contributed negatively to the index, more than offsetting the continued strong expansion in real money supply. The six-month change in the index has continued to fall -- to -1.2 percent (a -2.4 percent annual rate) in the period through November 2008, down sharply from the 1.8 percent rate of growth (a 3.6 percent annual rate) from November 2007 to May 2008. In addition, the strengths and weaknesses among the leading indicators have remained nearly balanced in recent months.
- The Coincident Economic Index continued to increase in November, with the strengths among its components remaining widespread in recent months. Retail trade rose again this month, while employment fell. The six-month change in the CEI has picked up to 1.1 percent (a 2.2 percent annual rate) through November 2008, up from 0.3 percent (a 0.5 percent annual rate) for the previous six months. Meanwhile, real GDP growth dropped to a 0.3 percent annual rate for the third quarter of 2008, down sharply from the 1.9 percent average annual rate of growth in the first half of the year.
- The LEI began to weaken in the middle of 2008, and the six-month change in the index turned negative in November. Meanwhile, the CEI, a measure of current economic activity, has remained on an upward trend during this period, with the strengths among its components remaining consistently widespread. The continued weakening in the LEI suggests that economic growth will remain slow in the near term.

LEADING INDICATORS. Three of the seven components in the Leading Economic Index increased in November. The positive contributors to the index — in order from the largest positive contributor to the smallest — are money supply*, gross operating surplus*, and the sales to inventories ratio*. Building approvals*, share prices, the yield spread and rural goods exports declined.

The next release is scheduled for February 26, 2009 at 10:00 A.M. (AEST)
In the U.S. – February 25, 2009 at 6:00 P.M. (ET)

With the 1.0 percent decrease in November, the Leading Economic Index now stands at 114.1 (2004=100). Based on revised data, this index declined 0.2 percent in October and declined 0.3 percent in September. During the six-month period through November, the leading economic index decreased 1.2 percent, and four of the seven components increased (diffusion index, six-month span equals 57.1 percent).

COINCIDENT INDICATORS. Three of the four components in the Coincident Economic Index increased in November. The increases - in order from the largest positive contributor to the smallest - occurred in household gross disposable income*, retail trade, and industrial production*. Employed persons declined in November.

With the increase of 0.1 percent in November, the Coincident Economic Index now stands at 111.3 (2004=100). Based on revised data, this index increased 0.3 percent in October and increased 0.2 percent in September. During the six-month period through November, the coincident economic index increased 1.1 percent, with all four components in the series making positive contributions (diffusion index, six-month span equals 87.5 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 January 28, 2009. Some series are estimated as noted below.

NOTES: Series in the Leading Economic Index 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 the Coincident Economic Index 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 retail sales component of the CEI has been replaced by retail trade data published by the Australian Bureau of Statistics. The retail sales series previously used in calculating the index was discontinued by the source agency. There were slight modifications to the business cycle chronology as a result of the series replacement and of this month's benchmark revisions but the cyclical properties of the CEI have remained essentially unchanged.

Summary Table of Composite Economic Indexes

	Sep	Oct	Nov	6-month May to Nov
Leading Economic Index	115.5 p	115.3 p	114.1 p	
Percent Change	-0.3 p	-0.2 p	-1.0 p	-1.2
Diffusion	35.7	50.0	42.9	57.1
Coincident Economic Index	110.9 p	111.2 p	111.3 p	
Percent Change	0.2 p	0.3 p	0.1 p	1.1
Diffusion	75.0	100.0	75.0	87.5

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

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