

News Release

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FOR RELEASE: 10:00 A.M. AEST, TUESDAY, JULY 27, 2010

The Conference Board[®]

Australia Business Cycle IndicatorsSM

THE CONFERENCE BOARD LEADING ECONOMIC INDEX[®]

(LEI) FOR AUSTRALIA

AND RELATED COMPOSITE ECONOMIC INDEXES FOR MAY 2010

The Conference Board Leading Economic Index[®] (LEI) for Australia increased 0.3 percent and **The Conference Board Coincident Economic Index[®] (CEI)** increased 0.2 percent in May.

- The Conference Board LEI for Australia increased again in May, and the strengths and weaknesses among the leading indicators were balanced this month. Despite the increase in May, the six-month growth rate in the leading economic index continued to moderate, to 1.7 percent (a 3.4 percent annual rate) between November 2009 and May 2010, down from 3.4 percent (a 6.8 percent annual rate) for the previous six months. Nonetheless, the strengths among the leading indicators have been slightly more widespread than the weaknesses over the past six months.
- The Conference Board CEI for Australia also increased in May, with all its components advancing. Retail trade picked up this month, after declining for three consecutive months. With May's small gain, the coincident economic index grew by 1.0 percent (a 1.9 percent annual rate) in the six-month period through May 2010, an improvement from the 0.1 percent decline (about a -0.2 percent annual rate) for the previous six months. At the same time, real GDP increased at a

2.0 percent annual rate in the first quarter of 2010, down from a 4.5 percent annual rate in the fourth quarter of 2009.

- The Conference Board LEI for Australia remains on a rising trend, which began in the middle of last year. However, its six-month growth rate has moderated in recent months. At the same time, The Conference Board CEI for Australia has continued to increase this year, and its six-month growth has been fairly stable. Taken together, the current behavior of the composite indexes suggests that the economic expansion is likely to continue, albeit at a modest pace in the near term.

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

With the 0.3 percent increase in May, The Conference Board LEI for Australia now stands at 115.7 (2004=100). Based on revised data, this index increased 0.1 percent in April and increased 0.3 percent in March. During the six-month period through May, the leading economic index increased 1.7 percent, and four of the seven components increased (diffusion index, six-month span equals 57.1 percent).

COINCIDENT INDICATORS. All four components in The Conference Board CEI for Australia increased in May. The increases - in order from the largest positive contributor to the smallest – occurred in employed persons, retail trade, household gross disposable income*, and industrial production*.

With the increase of 0.2 percent in May, The Conference Board CEI for Australia now stands at 115.1 (2004=100). Based on revised data, this index increased 0.1 percent in April and increased 0.2 percent in March. During the six-month period through May, 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 75.0 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 July 21, 2010. 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.

Effective with the February 26, 2009 release, the seasonally adjusted retail trade data replaced the trend estimated series, the publication of which was suspended by the Australia Bureau of Statistics.

Summary Table of Composite Economic Indexes

	2010			6-month
	Mar	Apr	May	Nov to May
Leading Economic Index	115.2 p	115.3 p	115.7 p	
Percent Change	0.3 p	0.1 p	0.3 p	1.7
Diffusion	71.4	42.9	50.0	57.1
Coincident Economic Index	114.8 p	114.9 p	115.1 p	
Percent Change	0.2 p	0.1 p	0.2 p	1.0
Diffusion	75.0	75.0	100.0	75.0

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 August 26, 2010 at 10:00 A.M. (AEST)
In the U.S. – August 25, 2010 at 8:00 P.M. (ET)

For more information, visit The Conference Board website:

<http://www.conference-board.org/data/bci.cfm>