



THE CONFERENCE BOARD

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The Conference Board®  
Japan Business Cycle Indicators<sup>SM</sup>  
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX™ (LEI)  
FOR JAPAN  
AND RELATED COMPOSITE ECONOMIC INDEXES FOR FEBRUARY 2009**

**The Conference Board Leading Economic Index™ (LEI)** for Japan decreased 5.4 percent and **The Conference Board Coincident Economic Index™ (CEI)** decreased 1.9 percent in February.

- The Conference Board LEI for Japan fell substantially again in February, and there were large downward revisions to the previous five months as actual data for operating profits for the fourth quarter of 2008 became available. The index of overtime worked and six-month growth rate of labor productivity continued to make large negative contributions to the index this month. With February's decline, the leading economic index has fallen by 25.3 percent (about a -44.2 percent annual rate) from August 2008 to February 2009, the largest six-month decline in its 44-year history. Moreover, the weaknesses among the leading indicators continued to be very widespread.
- The Conference Board CEI for Japan also declined sharply in February, and all of its components decreased this month. Industrial production has fallen at a record pace for three consecutive months, and it is now 30 percent below its January 2008 level. The six-month growth rate of the index fell to -7.9 percent (a -15.1 percent annual rate), the lowest since the index began in 1965. In addition, the weaknesses among the coincident indicators continued to be very widespread in the last six months. At the same time, real GDP contracted at a 12.1 percent annual rate in the fourth quarter of 2008, the largest drop in 35 years. The growth rate of real GDP averaged -4.2 percent (annual rate) in 2008.
- The widespread declines in The Conference Board LEI and The Conference Board CEI for Japan have been persistent for more than a year now, and the rate at which they are falling continued to accelerate through February. Taken together, the behavior of both indexes suggests that the current contraction in economic activity is likely to continue during the first half of 2009 and may remain deep in the near term.

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

With the decrease of 5.4 percent in February, The Conference Board LEI for Japan now stands at 71.5 (2004=100). Based on revised data, this index decreased 6.4 percent in January and decreased 5.8 percent in December. During the six-month span through February, the index decreased 25.3 percent, and two of the ten components advanced (diffusion index, six-month span equals 25.0 percent).

**COINCIDENT INDICATORS.** All four components that make up The Conference Board CEI for Japan decreased in February. The negative contributors to the index – in order from the largest negative contributor to the smallest – include industrial production, the retail, wholesale, and manufacturing sales\* component, number of employed persons, and wage and salary income.

With the decrease of 1.9 percent in February, The Conference Board CEI for Japan now stands at 93.9 (2004=100). Based on revised data, this index decreased 1.6 percent in both January and December. During the six-month span through February, the index decreased 7.9 percent, and one of the four components advanced (diffusion index, six-month span equals 25.0 percent).

**DATA AVAILABILITY AND NOTES.** 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” 5:00 P.M. ET April 3, 2009. Some series are estimated as noted below.

\* The series in The Conference Board LEI that are based on our estimates are 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

	2008		2009	6-month
	Dec	Jan	Feb	Aug to Feb
<b>Leading Economic index (LEI)</b>	80.8 p	75.6 p	71.5 p	
Percent Change	-5.8 p	-6.4 p	-5.4 p	-25.3 p
Diffusion	30.0	30.0	35.0	25.0
<b>Coincident Economic Index (CEI)</b>	97.3 p	95.7 p	93.9 p	
Percent Change	-1.6 p	-1.6 p	-1.9 p	-7.9 p
Diffusion	25.0	25.0	0.0	25.0

n.a. Not available    p Preliminary    r Revised

Indexes equal 100 in 2004

Source: The Conference Board

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The next release is scheduled for Friday, May 8, 2009 at 10:00 A.M. (JST)

*In the U.S* – Thursday, May 7, 2009 at 9:00 P.M (ET)