



THE CONFERENCE BOARD

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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 AUGUST 2009**

The Conference Board Leading Economic Index™ (LEI) for Japan increased 2.9 percent and **The Conference Board Coincident Economic Index™ (CEI)** increased 0.3 percent in August.

- The Conference Board LEI for Japan increased sharply for the sixth consecutive month in August. Except for dwelling units started, all the leading indicators made positive contributions to the index this month. The leading economic index increased by 18.1 percent (a 39.5 percent annual rate) in the six months ending in August 2009 – the highest six-month growth rate since the index started in 1965 and a sharp reversal from the 25.6 percent decline during the previous six months. Moreover, the strengths among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for Japan also increased in August, its fifth straight monthly gain. The number of employed increased for the first time since January this year; industrial production and wage and salary income also improved this month. With the increase in August, the six-month change in the index became positive for the first time since the beginning of 2008, rising to 1.3 percent (a 2.6 percent annual rate) from February to August 2009, well above the 8.4 percent decline in the previous six months. Additionally, the strengths and weaknesses among the coincident indicators have also become balanced in recent months. At the same time, real GDP growth was revised down from 3.7 percent (annual rate) to 2.3 percent for the second quarter of 2009, due to adjustments in private sector inventory and investments. However, this is the first increase in GDP in a year and is a large improvement from the 12.4 percent contraction in the first quarter of 2009.
- The Conference Board LEI for Japan, which declined sharply from the third quarter of 2008, has risen strongly since March this year, and its six-month growth rate has continued to accelerate. Meanwhile, The Conference Board CEI for Japan also began to increase in the second quarter, and its six-month change has become positive. Taken together, the behavior of the composite indexes suggests that economic activity will likely continue to improve, but perhaps at a modest pace in the near term.

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

With the increase of 2.9 percent in August, The Conference Board LEI for Japan now stands at 84.1 (2004=100). Based on revised data, this index increased 3.5 percent in July and increased 2.5 percent in June. During the six-month span through August, the index increased 18.1 percent, and seven of the ten components advanced (diffusion index, six-month span equals 70.0 percent).

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

With the increase of 0.3 percent in August, The Conference Board CEI for Japan now stands at 94.5 (2004=100). Based on revised data, this index increased 0.5 percent in July and increased 0.1 percent in June. During the six-month span through August, the index increased 1.3 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™** (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 October 7, 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

	2009			6-month
	Jun	Jul	Aug	Feb to Aug
Leading Economic index (LEI)	78.9 p	81.7 p	84.1 p	
Percent Change	2.5 p	3.5 p	2.9 p	18.1 p
Diffusion	80.0	90.0	80.0	70.0
Coincident Economic Index (CEI)	93.7 p	94.2 p	94.5 p	
Percent Change	0.1 p	0.5 p	0.3 p	1.3 p
Diffusion	75.0	87.5	75.0	50.0

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 Wednesday, November 11, 2009 at 10:00 A.M. (JST)

In the U.S – Tuesday, November 10, 2009 at 8:00 P.M (ET)