



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. JST, WEDNESDAY, FEBRUARY 10, 2010

The Conference Board®
Japan Business Cycle IndicatorsSM
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX™ (LEI)
FOR JAPAN
AND RELATED COMPOSITE ECONOMIC INDEXES FOR DECEMBER 2009**

The Conference Board Leading Economic Index™ (LEI) for Japan increased 1.3 percent
The Conference Board Coincident Economic Index™ (CEI) increased 0.5 percent in
December.

- The Conference Board LEI for Japan increased again in December, with most of the components contributing positively to the index. Despite this month's increase, the six-month growth in the leading economic index has moderated somewhat, to 14.9 percent (a 38.1 percent annual rate) in the second half of 2009, down from 17.7 percent (about 37.0 percent annual rate) in the six-month period ending in September. However, it is still a large improvement from the 2.7 percent decline (about a -5.3 percent annual rate) during the first half of the year. Moreover, the strengths among the leading indicators have remained widespread during the last six months.
- The Conference Board CEI for Japan also continued to increase in December, and the strengths among the coincident indicators were very widespread. With this month's gain, the coincident economic index has increased by 2.4 percent (a 5.6 percent annual rate) from June to December 2009, a reversal from the 2.8 percent decline (about a -5.5 percent annual rate) during the previous six months. At the same time, real GDP grew at a 1.3 percent annual rate in the third quarter of 2009, below the 2.7 percent annual rate of growth for the second quarter, but still a large improvement from the 11.9 percent annual rate contraction in the first quarter of the year.
- The Conference Board LEI for Japan has risen substantially since March 2009 from the deep declines in the second half of 2008. However, its six-month growth rate has moderated somewhat in the last two months. At the same time, The Conference Board CEI for Japan also began to increase in the second quarter, and its six-month growth rate continues to pick up. Taken together, the behavior of the composite indexes suggests that economic activity will continue to improve, but likely at a modest pace in the near term.

LEADING INDICATORS. Seven of the ten components that make up The Conference Board LEI for Japan increased in December. 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, stock prices, the (inverted) business failures, dwelling units started, interest rate spread, and real operating profits*. The negative contributors include the new orders for machinery and construction component* and real money supply. The Tankan business conditions survey remained unchanged in December.

With the increase of 1.3 percent in December, The Conference Board LEI for Japan now stands at 95.1 (2004=100). Based on revised data, this index increased 1.7 percent in November and increased 2.0 percent in October. During the six-month span through December, the index increased 14.9 percent, and eight of the ten components advanced (diffusion index, six-month span equals 85.0 percent).

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

With the increase of 0.5 percent in December, The Conference Board CEI for Japan now stands at 96.7 (2004=100). Based on revised data, this index increased 0.2 percent in November and increased 0.2 percent in October. During the six-month span through December, the index increased 2.4 percent, and all four components advanced (diffusion index, six-month span equals 100.0 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 February 8, 2010. 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 to Dec
	Oct	Nov	Dec	
Leading Economic index (LEI)	92.3 p	93.9 p	95.1 p	
Percent Change	2.0 p	1.7 p	1.3 p	14.9 p
Diffusion	80.0	60.0	75.0	85.0
Coincident Economic Index (CEI)	96.0 p	96.2 p	96.7 p	
Percent Change	0.2 p	0.2 p	0.5 p	2.4 p
Diffusion	75.0	62.5	100.0	100.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

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The next release is scheduled for Wednesday, March 10, 2010 at 10:00 A.M. (JST)
In the U.S – Tuesday, March 9, 2010 at 8:00 P.M (ET)