



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. AEST, WEDNESDAY, SEPTEMBER 30, 2009

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

The Conference Board Leading Economic Index™ (LEI) for Australia increased 0.7 percent and **The Conference Board Coincident Economic Index™ (CEI)** remained unchanged in July.

- The Conference Board LEI for Australia increased again in July, but there were downward revisions to the index in the last four months, as actual data for gross operating surplus for the second quarter became available. In July, large positive contributions from stock prices, the yield spread, and building approvals more than offset the negative contributions from gross operating surplus and rural goods exports. With July's increase, the six-month growth rate of the leading economic index has picked up to 1.3 percent (about a 2.7 percent annual rate) for the period through July 2009, a sharp reversal from the 3.2 percent decline (about a -6.3 percent annual rate) in the previous six months. Moreover, the strengths among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for Australia, a measure of current economic activity, was unchanged in July. There were slight upward revisions to the index as actual data for second quarter household disposable income became available. During the six-month period through July 2009, the coincident economic index increased by 1.1 percent (about a 2.2 percent annual rate), slightly below the 1.4 percent increase (about a 2.9 percent annual rate) for the previous six months. However, the strengths among the coincident indicators have become slightly more widespread than the weaknesses in recent months. At the same time, real GDP increased at a 2.0 percent annual rate in the first half of 2009 (including a 2.5 percent annual rate in the second quarter), an improvement from the decline of 2.8 percent annual rate in the fourth quarter of 2008.
- After declining sharply in the second half of last year, The Conference Board LEI for Australia has been on a flat to slightly rising trend since the beginning of 2009. In addition, the six-month change in the index, which turned positive last month, has continued to pick up. At the same time, The Conference Board CEI for Australia has continued to increase slowly. All in all, the current behavior of the composite indexes suggests that economic growth will remain weak in the near term.

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

With the 0.7 percent increase in July, The Conference Board LEI for Australia now stands at 113.4 (2004=100). Based on revised data, this index increased 0.6 percent in June and declined 0.6 percent in May. During the six-month period through July, the leading economic index increased 1.3 percent, and five of the seven components increased (diffusion index, six-month span equals 71.4 percent).

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

Remaining unchanged in July, The Conference Board CEI for Australia now stands at 113.4 (2004=100). Based on revised data, this index increased 0.1 percent in June and increased 0.5 percent in May. During the six-month period through July, the coincident economic index increased 1.1 percent, with two of the four components in the series making positive contributions (diffusion index, six-month span equals 62.5 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 September 28, 2009. Some series are estimated as noted below.

NOTES: 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

	May	2009 Jun	Jul	6-month Jan to Jul
Leading Economic Index	111.9 r	112.6 p	113.4 p	
Percent Change	-0.6 r	0.6 p	0.7 p	1.3
Diffusion	50.0	64.3	71.4	71.4
Coincident Economic Index	113.3 r	113.4 p	113.4 p	
Percent Change	0.5	0.1 p	0.0 p	1.1
Diffusion	75.0	75.0	75.0	62.5

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

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The next release is scheduled for October 29, 2009 at 10:00 A.M. (AEST)

In the U.S. – October 28, 2009 at 7:00 P.M. (EST)