



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. JST, FRIDAY, MARCH 6, 2009

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 JANUARY 2009**

**The Conference Board Leading Economic Index™ (LEI)** for Japan decreased 4.7 percent and **The Conference Board Coincident Economic Index™ (CEI)** for Japan decreased 1.2 percent in January.

- In January, TCB's LEI for Japan registered its largest monthly decline since the index began in 1965, with seven of the ten components declining. The index of overtime worked and six-month growth rate of labor productivity both had record monthly declines. The real money supply and interest rate spread components have been making consistently positive contributions to the index in recent months. The six-month growth rate for TCB's LEI for Japan has fallen to 16.3 percent (about a -29.9 percent annual rate) from July 2008 to January 2009, also the largest decline in this growth rate since the index began. Moreover, the weaknesses among the leading indicators continued to be very widespread.
- TCB's CEI for Japan also declined sharply in January. Industrial production again registered a record fall this month. The six-month growth rate of the CEI fell to -5.4 percent (a -10.4 percent annual rate), the lowest since the index began in 1965. However, the weaknesses and strengths among the CEI components were balanced in recent months. At the same time, real GDP contracted at a 12.7 percent annual rate, the largest drop in 35 years. The growth of real GDP for Japan in 2008 averaged at a -4.5 percent annual rate.
- TCB's LEI and CEI for Japan have been falling for more than a year now, and their downward trend –widespread throughout their components-- continued to accelerate through the beginning of 2009. The composite economic indexes show no sign that the current contraction in economic activity will end in the first half of 2009.

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

With the decrease of 4.7 percent in January, TCB's LEI for Japan now stands at 81.3 (2004=100). Based on revised data, this index decreased 4.4 percent in December and decreased 2.9 percent in November. During the six-month span through January, the index decreased 16.3 percent, and one of the ten components advanced (diffusion index, six-month span equals 10.0 percent).

**COINCIDENT INDICATORS.** Two of the four components that make up TCB's CEI decreased in January. The positive contributors to the index – in order from the larger positive contributor to the smaller – include number of employed persons and wage and salary income. Industrial production and the retail, wholesale, and manufacturing sales\* component declined in January.

With the decrease of 1.2 percent in January, TCB's CEI now stands at 97.2 (2004=100). Based on revised data, this index decreased 1.4 percent in December and 1.3 percent in November. During the six-month span through January, the index decreased -5.4 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) and **The Conference Board Coincident Economic Index™** (CEI) for Japan reported in this release are those available “as of” 5:00 P.M. ET March 3, 2009. Some series are estimated as noted below.

\* The series in the leading economic index that are based on The Conference Board estimates are real operating profits and new orders for machinery. The series in the coincident economic index that are based on The Conference Board estimates are real manufacturing sales.

### Summary Table of Composite Economic Indexes

	2008		2009	6-month
	Nov	Dec	Jan	Jul to Jan
<b>Leading Economic index (LEI)</b>	89.2 p	85.3 p	81.3 p	
Percent Change	-2.9 p	-4.4 p	-4.7 p	-16.3 p
Diffusion	10.0	30.0	25.0	10.0
<b>Coincident Economic Index (CEI)</b>	99.8 r	98.4 p	97.2 p	
Percent Change	-1.3 r	-1.4 p	-1.2 p	-5.4 p
Diffusion	50.0	25.0	50.0	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, April 8, 2009 at 10:00 A.M. (JST)

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