



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. JST, FRIDAY, JUNE 12, 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 APRIL 2009**

**The Conference Board Leading Economic Index™ (LEI)** for Japan decreased 2.9 percent and **The Conference Board Coincident Economic Index™ (CEI)** increased 0.4 percent in April.

- The Conference Board LEI for Japan continued its downward trend in April, although the rate of decline has moderated in the last two months. In addition, the strengths among the leading components were slightly more widespread than the weaknesses in April. A substantial decline in operating profits more than offset gains in the index of overtime worked, stock prices, the six-month growth rate of labor productivity, and real money supply. With April's decrease, the leading economic index has fallen by 25.9 percent (about a -45.1 percent annual rate) in the six months through April, and the weaknesses among the leading indicators continued to be very widespread during this period.
- The Conference Board CEI for Japan increased slightly in April, the first gain in a year. A record monthly increase in industrial production more than offset continued weaknesses in the number of employees and the retail, wholesale, and manufacturing sales component. Despite the small gain in April, the six-month growth rate of the index stands at -8.3 percent (a -15.8 percent annual rate), near the lowest level since the index began in 1965. In addition, the weaknesses among the coincident indicators during this period continued to be very widespread. At the same time, real GDP contracted at a 15.2 percent annual rate in the first quarter of 2009, the largest drop in 35 years, following a downwardly revised 14.4 percent contraction for the fourth quarter of 2008.
- The rates of decline in The Conference Board LEI and The Conference Board CEI for Japan, which became very sharp from the third quarter of 2008, seem to have stabilized in April. However, given the still deep and widespread decline in the leading economic index, it is too early to tell whether Japan's economy is starting to recover. Taken together, the recent behavior of the composite indexes suggests that the current contraction in economic activity is likely to continue, but will probably become less severe in the near term.

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

With the decrease of 2.9 percent in April, The Conference Board LEI for Japan now stands at 66.6 (2004=100). Based on revised data, this index decreased 3.7 percent in March and decreased 6.3 percent in February. During the six-month span through April, the index decreased 25.9 percent, and three of the ten components advanced (diffusion index, six-month span equals 30.0 percent).

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

With the increase of 0.4 percent in April, The Conference Board CEI for Japan now stands at 92.2 (2004=100). Based on revised data, this index decreased 1.6 percent in March and decreased 2.4 percent in February. During the six-month span through April, the index decreased 8.3 percent, and one of the four components advanced (diffusion index, six-month span equals 25.0 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 June 9, 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
	Feb	Mar	Apr	Oct to Apr
<b>Leading Economic index (LEI)</b>	71.2 p	68.6 p	66.6 p	
Percent Change	-6.3 p	-3.7 p	-2.9 p	-25.9 p
Diffusion	35.0	50.0	60.0	30.0
<b>Coincident Economic Index (CEI)</b>	93.3 p	91.8 p	92.2 p	
Percent Change	-2.4 p	-1.6 p	0.4 p	-8.3 p
Diffusion	0.0	25.0	50.0	25.0

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

Source: The Conference Board                      All Rights Reserved

Professional Contacts at The Conference Board:

Indicator Program:                      1-212-339-0330

Website:                      <http://www.conference-board.org/economics/bci/>

E-mail: [indicators@conference-board.org](mailto:indicators@conference-board.org)

Media Contacts:

Frank Tortorici: 1-212-339-0231

Carol Courter: 1-212-339-0232

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

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