



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 OCTOBER 2009**

Next month's release will incorporate annual benchmark revisions to the composite indexes, which bring them up-to-date with revisions in the source data. These revisions do not change the cyclical properties of the indexes. The indexes are updated throughout the year, but only for the previous six months. Data revisions that fall outside of the moving six-month window are not incorporated until the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes will no longer be directly comparable to those issued prior to the benchmark revision.

For more information, please visit our website at <http://www.conference-board.org/economics/bci/> or contact us at indicators@conference-board.org.

The Conference Board Leading Economic Index™ (LEI) for Japan increased 1.7 percent, and **The Conference Board Coincident Economic Index™ (CEI)** increased 0.2 percent in October.

- The Conference Board LEI for Japan increased again in October, and it has risen for the past eight months now. The strengths among the leading indicators were also widespread. While stock prices continued to decline, all the other leading indicators contributed positively to the index this month. The leading economic index increased by 18.0 percent (a 39.3 percent annual rate) in the six months ending in October 2009, a sharp reversal from the 17.2 percent decline (about a -31.5 percent annual rate) during the previous six months. Moreover, the strengths among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for Japan increased slightly again in October. With this increase, the six-month growth rate of the index stands at 2.5 percent (a 5.0 percent annual rate) for the period through October 2009, well above the 7.1 percent decline (about a -13.6 percent annual rate) during the previous six months. Additionally, the strengths among the coincident indicators have remained widespread in recent months. At the same time, real GDP growth picked up to a 4.8 percent annual rate in the third quarter of 2009, up from the 2.7 percent annual rate of growth for the second quarter.
- The Conference Board LEI for Japan remains on an uptrend that began in March this year. However, its growth has moderated somewhat in recent months. Similarly, The Conference Board CEI for Japan began to increase in the second quarter, but its growth rate has slowed lately. Taken together, the behavior of the composite indexes suggests that the economy will continue to recover 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 October. 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, real operating profits*, the index of overtime worked, real money supply, the Tankan business conditions survey, the (inverted) business failures, interest rate spread, dwelling units started, and the new orders for machinery and construction component*. The negative contributor was stock prices.

With the increase of 1.7 percent in October, The Conference Board LEI for Japan now stands at 87.8 (2004=100). Based on revised data, this index increased 2.7 percent in September and increased 3.1 percent in August. During the six-month span through October, the index increased 18.0 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 October. The positive contributors to the index – in order from the largest positive contributor to the smallest – include the retail, wholesale, and manufacturing sales* component, wage and salary income, and industrial production. The number of employed persons declined in October.

With the increase of 0.2 percent in October, The Conference Board CEI for Japan now stands at 95.7 (2004=100). Based on revised data, this index increased 0.3 percent in September and increased 0.5 percent in August. During the six-month span through October, the index increased 2.5 percent, and three of the four components advanced (diffusion index, six-month span equals 75.0 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 December 4, 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
	Aug	Sep	Oct	Apr to Oct
Leading Economic index (LEI)	84.0 r	86.3 p	87.8 p	
Percent Change	3.1 r	2.7 p	1.7 p	18.0 p
Diffusion	80.0	75.0	85.0	70.0
Coincident Economic Index (CEI)	95.2 r	95.5 p	95.7 p	
Percent Change	0.5 r	0.3 p	0.2 p	2.5 p
Diffusion	75.0	87.5	75.0	75.0

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

Source: The Conference Board

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Professional Contacts at The Conference Board:
Indicator Program: 1-212-339-0330

Media Contacts:
Frank Tortorici: 908-875-8908

Website: <http://www.conference-board.org/economics/bci/>
E-mail: indicators@conference-board.org

The next release is scheduled for Wednesday, January 13, 2010 at 10:00 A.M. (JST)
In the U.S – Tuesday, January 12, 2009 at 8:00 P.M (ET)