



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. AEST, THURSDAY, OCTOBER 29, 2009

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

The Conference Board Leading Economic Index™ (LEI) for Australia increased 1.8 percent and **The Conference Board Coincident Economic Index™ (CEI)** declined 0.2 percent in August.

- The Conference Board LEI for Australia increased sharply in August, and there were upward revisions to the index in recent months, as actual data for the non-farm sales to inventories ratio for the second quarter became available. In August, large positive contributions from building approvals, the yield spread, and stock prices more than offset the negative contribution from rural goods exports. With the sharp gain in August, the six-month growth rate of the leading economic index has continued to pick up, to 5.7 percent (about an 11.7 percent annual rate) for the period through August 2009 – the sharpest six-month increase since September 1997. 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, fell slightly in August -- its first decline since May last year. With this month's small decrease, the six-month growth rate of the coincident economic index has continued to slow, to 0.7 percent (about a 1.4 percent annual rate) during the period through August 2009, down from 1.4 percent (about a 2.9 percent annual rate) for the previous six months. However, the strengths among the coincident indicators have been 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 0.8 percent annual rate in the second half of 2008.
- After declining sharply in the second half of last year, The Conference Board LEI for Australia has been on a rising trend since the beginning of 2009 and its six-month growth rate has continued to accelerate. The leading index has exceeded its previous peak, and is now 2.2 percent above its most recent high reached a year ago. At the same time, The Conference Board CEI for Australia has continued to grow, but at a slower pace in recent months. Taken together, the current behavior of the composite indexes suggests that the economy will continue to expand, albeit slowly in the near term.

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

With the 1.8 percent increase in August, The Conference Board LEI for Australia now stands at 118.6 (2004=100). Based on revised data, this index increased 1.0 percent in July and increased 1.1 percent in June. During the six-month period through August, the leading economic index increased 5.7 percent, and five of the seven components increased (diffusion index, six-month span equals 71.4 percent).

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

With the decrease of 0.2 percent in August, The Conference Board CEI for Australia now stands at 113.2 (2004=100). Based on revised data, this index remained unchanged in July and increased 0.1 percent in June. During the six-month period through August, the coincident economic index increased 0.7 percent, with three of the four components in the series making positive contributions (diffusion index, six-month span equals 75.0 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 October 27, 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

	Jun	2009 Jul	Aug	6-month Feb to Aug
Leading Economic Index	115.3 r	116.5 p	118.6 p	
Percent Change	1.1 r	1.0 p	1.8 p	5.7
Diffusion	71.4	71.4	71.4	71.4
 Coincident Economic Index	 113.4	 113.4 p	 113.2 p	
Percent Change	0.1	0.0 p	-0.2 p	0.7
Diffusion	75.0	75.0	50.0	75.0

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

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The next release is scheduled for November 24, 2009 at 10:00 A.M. (AEST)

In the U.S. - November 23, 2009 at 6:00 P.M. (EST)