



THE CONFERENCE BOARD

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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 NOVEMBER 2009**

This month's release incorporates annual benchmark revisions to the composite economic 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 not be 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](mailto:indicators@conference-board.org).

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

- The Conference Board LEI for Japan increased again in November, and the strengths among the leading indicators continued to be more widespread than weaknesses. With November's increase, the six-month growth in the leading economic index continued to pick up, to 15.9 percent (a 34.4 percent annual rate) in the six months ending in November 2009, a large improvement from the 9.5 percent decline (about a -18.1 percent annual rate) during the previous six months. Moreover, the strengths among the leading indicators have remained widespread during the last six months.
- The Conference Board CEI for Japan also continued to increase in November. With this month's gain, the coincident economic index increased by 2.1 percent (a 4.3 percent annual rate) from May to November 2009, well above the 4.6 percent decline (about a -8.9 percent annual rate) during the previous six months. Additionally, in the last six months, the strengths among the coincident indicators remained more widespread than the weaknesses. At the same time, real GDP grew at a 1.3 percent annual rate in the third quarter of 2009, slightly below the 2.7 percent annual rate of growth for the second quarter, but still a large improvement from the 11.9 percent annual rate contraction in the first quarter of the year.
- Although its six-month growth rate has moderated somewhat in the last three months, The Conference Board LEI for Japan has improved substantially since March 2009 from the deep declines in the second half of 2008. At the same time, The Conference Board CEI for Japan also began to increase in the second quarter, and its six-month growth rate continues to pick up. Taken together, the behavior of the composite indexes suggests that economic activity will continue to improve, but likely at a modest pace in the near term.

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

With the increase of 1.7 percent in November, The Conference Board LEI for Japan now stands at 93.9 (2004=100). Based on revised data, this index increased 2.0 percent in October and increased 2.7 percent in September. During the six-month span through November, the index increased 15.9 percent, and eight of the ten components advanced (diffusion index, six-month span equals 85.0 percent).

**COINCIDENT INDICATORS.** Three of the four components that make up The Conference Board CEI for Japan increased in November. The positive contributors to the index – in order from the largest positive contributor to the smallest – include industrial production, number of employed persons, and the retail, wholesale, and manufacturing sales\* component. Wage and salary income\* declined in November.

With the increase of 0.2 percent in November, The Conference Board CEI for Japan now stands at 96.2 (2004=100). Based on revised data, this index increased 0.2 percent in October and increased 0.3 percent in September. During the six-month span through November, the index increased 2.1 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 January 11, 2010. 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	
	Sep	Oct	Nov	May to Nov
<b>Leading Economic index (LEI)</b>	90.5 p	92.3 p	93.9 p	
Percent Change	2.7 p	2.0 p	1.7 p	15.9 p
Diffusion	75.0	80.0	70.0	85.0
<b>Coincident Economic Index (CEI)</b>	95.8 p	96.0 p	96.2 p	
Percent Change	0.3 p	0.2 p	0.2 p	2.1 p
Diffusion	87.5	75.0	50.0	75.0

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, February 10, 2010 at 10:00 A.M. (JST)

*In the U.S* – Tuesday, February 9, 2010 at 8:00 P.M (ET)