



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 FEBRUARY 2010**

**The Conference Board Leading Economic Index® (LEI)** for Japan increased 0.9 percent, while **The Conference Board Coincident Economic Index® (CEI)** decreased 0.4 percent in February.

- The Conference Board LEI for Japan increased again in February, and there were upward revisions to the index as actual data for operating profits for the fourth quarter of 2009 became available. Despite this month's gain, the six-month growth rate in the leading economic index has continued to moderate -- to 14.1 percent (a 30.2 percent annual rate) for the period through February 2010, down from a recent high of 18.7 percent (about a 41.0 percent annual rate) from April to October 2009. Nevertheless, it is still a large improvement from the deep declines in the first half of last year. In addition, the strengths among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for Japan decreased in February for the first time in eleven months. Large declines in number of employed persons, wage and salary income, and industrial production more than offset a small positive contribution from the retail, wholesale, and manufacturing sales component. The coincident economic index increased by 2.3 percent (a 4.7 percent annual rate) from August 2009 to February 2010, in line with the increase of 2.0 percent (about a 4.1 percent annual rate) during the previous six months. At the same time, real GDP expanded at a 3.8 percent annual rate in the fourth quarter of 2009, following a 0.6 percent (annual rate) decline in the third quarter and a 6.0 percent (annual rate) gain in the second quarter of 2009.
- The Conference Board LEI for Japan has been on an upward trend for a year now, but it is still 6.9 percent lower than its most recent peak reached in December 2006. In addition, its six-month growth rate has continued to moderate. At the same time, The Conference Board CEI for Japan declined for the first time in almost a year, although the rate of its six-month increase has remained fairly steady in recent months. Taken together, the behavior of the composite indexes suggests that the economy will continue to recover, but the pace of recovery is likely to be modest in the near term.

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

With the increase of 0.9 percent in February, The Conference Board LEI for Japan now stands at 100.4 (2004=100). Based on revised data, this index increased 2.3 percent in January and increased 2.0 percent in December. During the six-month span through February, the index increased 14.1 percent, and eight of the ten components advanced (diffusion index, six-month span equals 80.0 percent).

**COINCIDENT INDICATORS.** Only one of the four components that make up The Conference Board CEI for Japan increased in February. The positive contributor was the retail, wholesale, and manufacturing sales\* component. Number of employed persons, wage and salary income\*, and industrial production declined in February.

With the decrease of 0.4 percent in February, The Conference Board CEI for Japan now stands at 97.6 (2004=100). Based on revised data, this index increased 1.1 percent in January and increased 0.5 percent in December. During the six-month span through February, the index increased 2.3 percent, and all four components advanced (diffusion index, six-month span equals 100.0 percent).

**DATA AVAILABILITY AND NOTES.** The data series used to compute **The Conference Board Leading Economic Index**<sup>®</sup> (LEI) for Japan and **The Conference Board Coincident Economic Index**<sup>®</sup> (CEI) for Japan reported in this release are those available “as of” 5:00 P.M. ET April 5, 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	2010	6-month
	Dec	Jan	Feb
			Aug to Feb
<b>Leading Economic index (LEI)</b>	97.3 r	99.5 p	100.4 p
Percent Change	2.0 r	2.3 p	0.9 p
Diffusion	85.0	70.0	60.0
			80.0
<b>Coincident Economic Index (CEI)</b>	96.9	98.0 p	97.6 p
Percent Change	0.5	1.1 p	-0.4 p
Diffusion	100.0	100.0	25.0
			100.0

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

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The next release is scheduled for Friday, May 7, 2010 at 10:00 A.M. (JST)  
*In the U.S* – Thursday, May 6, 2010 at 9:00 P.M (ET)