



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. JST, WEDNESDAY, NOVEMBER 11, 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 SEPTEMBER 2009**

**The Conference Board Leading Economic Index™ (LEI)** for Japan increased 2.4 percent, and **The Conference Board Coincident Economic Index™ (CEI)** increased 0.2 percent in September.

- The Conference Board LEI for Japan increased again in September, and it has risen sharply for the last seven months. Apart from stock prices and dwelling units started, all the other leading indicators made positive contributions to the index this month. The leading economic index increased by 18.6 percent (a 40.6 percent annual rate) in the six months ending in September 2009 – the highest six-month growth rate since the index started in 1965 and a sharp reversal from the 22.4 percent decline (about a -39.7 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 for the sixth consecutive month in September. With this increase, the six-month growth rate of the index continued to pick up, to 2.6 percent (a 5.3 percent annual rate) from March to September 2009, well above the 8.8 percent decline (about a -16.8 percent annual rate) during the previous six months. Additionally, in the last six months, the strengths among the coincident indicators have become more widespread than the weaknesses for the first time since the beginning of 2008. At the same time, real GDP growth was revised down from 3.7 percent (annual rate) to 2.3 percent for the second quarter of 2009, due to adjustments in private sector inventory and investments. However, this is the first increase in GDP in more than a year and is a large improvement from the 12.4 percent contraction in the first quarter of 2009.
- After declining sharply from the third quarter of 2008, The Conference Board LEI for Japan has risen strongly since March this year, and its six-month growth rate has continued to accelerate. Meanwhile, The Conference Board CEI for Japan also began to increase in the second quarter, and its six-month growth rate has picked up further. Taken together, the behavior of the composite indexes suggests that economic activity will likely continue to improve, but perhaps at a modest pace in the near term.

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

With the increase of 2.4 percent in September, The Conference Board LEI for Japan now stands at 86.1 (2004=100). Based on revised data, this index increased 2.9 percent in August and increased 3.5 percent in July. During the six-month span through September, the index increased 18.6 percent, and eight of the ten components advanced (diffusion index, six-month span equals 80.0 percent).

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

With the increase of 0.2 percent in September, The Conference Board CEI for Japan now stands at 94.8 (2004=100). Based on revised data, this index increased 0.4 percent in August and increased 0.4 percent in July. During the six-month span through September, the index increased 2.6 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 November 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

	2009			6-month
	Jul	Aug	Sep	Mar to Sep
<b>Leading Economic index (LEI)</b>	81.7 p	84.1 p	86.1 p	
Percent Change	3.5 p	2.9 p	2.4 p	18.6 p
Diffusion	90.0	80.0	75.0	80.0
<b>Coincident Economic Index (CEI)</b>	94.2 p	94.6 p	94.8 p	
Percent Change	0.4 p	0.4 p	0.2 p	2.6 p
Diffusion	87.5	75.0	75.0	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 Wednesday, December 9, 2009 at 10:00 A.M. (JST)  
*In the U.S* – Tuesday, December 8, 2009 at 8:00 P.M (ET)