



News Release

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The Conference Board<sup>®</sup>

Japan Business Cycle Indicators<sup>SM</sup>

**THE CONFERENCE BOARD LEADING ECONOMIC INDEX<sup>®</sup> (LEI) FOR  
JAPAN  
AND RELATED COMPOSITE ECONOMIC INDEXES FOR JULY 2015**

**The Conference Board Leading Economic Index<sup>®</sup> (LEI)** for Japan decreased 0.1 percent and **The Conference Board Coincident Economic Index<sup>®</sup> (CEI)** decreased 0.1 percent in July.

- The Conference Board LEI for Japan declined slightly in July. The index was revised upward between March and June after second quarter data for operating profits became available. Dwelling units started and new orders for machinery and construction made large negative contributions to the index this month, more than offsetting the large positive contribution from (inverted) business failures. The leading economic index rose by 0.9 percent (about a 1.8 percent annual rate) between January and July 2015, lower than the increase of 1.7 percent (about a 3.4 percent annual rate) over the prior six months. However, the strengths among the leading indicators continue to be more widespread than the weaknesses.
- The Conference Board CEI for Japan, a measure of current economic activity, also decreased slightly in July. The coincident economic index contracted by 0.2 percent (about a -0.4 percent annual rate) during the six months ending in July 2015, after increasing by 1.2 percent (about a 2.5 percent annual rate) over the preceding six months. The strengths among the coincident indicators have become balanced with the weaknesses in recent months. At the same time, real GDP contracted by 1.2 percent (annual rate) in the second quarter of 2015, after expanding by 4.5 percent (annual rate) in the first quarter.
- The Conference Board LEI for Japan decreased in July. Its six-month growth rate remains in positive territory, but has slowed considerably compared to the last half of 2014. The CEI also declined, and as a result its six-month growth rate has turned slightly negative. Despite slight

declines in both indexes in July, the positive six-month growth and widespread strength in the LEI suggests that the current economic contraction is unlikely to persist through the end of 2015.

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

With the decrease of 0.1 percent in July, The Conference Board LEI for Japan now stands at 104.2 (2010=100). Based on revised data, this index increased 0.8 percent in June and increased 0.1 percent in May. During the six-month span through July, the index increased 0.9 percent, and nine of the ten components advanced (diffusion index, six-month span equals 90.0 percent).

**COINCIDENT INDICATORS.** Two of the four components that make up The Conference Board CEI for Japan increased in July. The positive contributors to the index were wage and salary income and the retail, wholesale, and manufacturing sales\* component. Number of employed persons and industrial production declined in July.

With the decrease of 0.1 percent in July, The Conference Board CEI for Japan now stands at 98.4 (2010=100). Based on revised data, this index increased 0.6 percent in June and decreased 0.1 percent in May. During the six-month span through July, the index decreased 0.2 percent, and two of the four components advanced (diffusion index, six-month span equals 50.0 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” 9:00 P.M. ET September 11, 2015. Some series are estimated as noted below.

The series in The Conference Board LEI that are based on our estimates are the six-month growth rate of labor productivity, 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

	2015			6-month Jan to Jul
	May	Jun	Jul	
<b>Leading Economic Index (LEI)</b>	103.5	r 104.3	p 104.2	p
Percent Change	0.1	r 0.8	p -0.1	p 0.9
Diffusion	50.0	90.0	70.0	90.0
<b>Coincident Economic Index (CEI)</b>	97.9	r 98.5	p 98.4	p
Percent Change	-0.1	r 0.6	p -0.1	p -0.2
Diffusion	25.0	100.0	50.0	50.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2010

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The next release is scheduled for Wednesday, October 14, 2015 at 10:00 A.M. (JST)

*In the U.S* – Tuesday, October 13, 2015 at 9:00 P.M. (ET)

For more information, visit The Conference Board website: <http://www.conference-board.org/data/bci.cfm>

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