



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 SEPTEMBER 2015**

**The Conference Board Leading Economic Index<sup>®</sup> (LEI)** for Japan decreased 0.8 percent and **The Conference Board Coincident Economic Index<sup>®</sup> (CEI)** increased 0.5 percent in September.

- The Conference Board LEI for Japan declined in September, with large negative contributions from stock prices, the six-month growth rate of labor productivity and new orders for machinery and construction more than offsetting the large positive contribution from (inverted) business failures. The leading economic index rose by 0.2 percent (about a 0.4 percent annual rate) between March and September 2015, moderately lower than the increase of 0.4 percent (about a 0.8 percent annual rate) over the prior six months. The strengths among the leading indicators continue to be slightly more widespread than the weaknesses.
- The Conference Board CEI for Japan, a measure of current economic activity, increased in September. The coincident economic index rose 0.5 percent (about a 1.0 percent annual rate) during the six months ending in September 2015, moderately better than the increase of 0.3 percent (about a 0.6 percent annual rate) over the prior six months. The strengths among the coincident indicators have remained more widespread than the weaknesses. Meanwhile, real GDP contracted by 1.2 percent (annual rate) in the second quarter, after expanding by 4.5 percent (annual rate) in the first quarter.
- The Conference Board LEI for Japan decreased in September. Even though the LEI's six-month growth rate remained slightly positive, the rate of improvement has slowed compared to six months ago. At the same time, the CEI rose in September, and its six-month change has

increased slightly. The recent decline in the LEI, along with its moderating growth, suggests that economic activity may improve in the near-term, but downside risks still remain.

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

With the decrease of 0.8 percent in September, The Conference Board LEI for Japan now stands at 103.3 (2010=100). Based on revised data, this index increased 0.1 percent in August and decreased 0.3 percent in July. During the six-month span through September, the index increased 0.2 percent, and six of the ten components advanced (diffusion index, six-month span equals 60.0 percent).

**COINCIDENT INDICATORS.** All 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 number of employed persons, wage and salary income, industrial production, and the retail, wholesale, and manufacturing sales\* component.

With the increase of 0.5 percent in September, The Conference Board CEI for Japan now stands at 98.6 (2010=100). Based on revised data, this index decreased 0.2 percent in August and decreased 0.1 percent in July. During the six-month span through September, the index increased 0.5 percent, and two of the four components advanced (diffusion index, six-month span equals 62.5 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 November 12, 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 Mar to Sep
	Jul		Aug		Sep		
<b>Leading Economic Index (LEI)</b>	104.0	p	104.1	p	103.3	p	
Percent Change	-0.3	p	0.1	p	-0.8	p	0.2 p
Diffusion	60.0		70.0		50.0		60.0
<b>Coincident Economic Index (CEI)</b>	98.3	p	98.1	p	98.6	p	
Percent Change	-0.1	p	-0.2	p	0.5	p	0.5 p
Diffusion	50.0		37.5		100.0		62.5

n.a. Not available    p Preliminary    r Revised

Indexes equal 100 in 2010

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The next release is scheduled for Friday, December 11, 2015 at 10:00 A.M. (JST)  
*In the U.S* – Thursday, December 10, 2015 at 8:00 P.M. (ET)

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

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