News Release

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Using the Composite Indexes: *The* Leading Economic Index (LEI) *provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term. The* Coincident Economic Index (CEI) *provides an indication of the current state of the economy. Additional details are below.*

The Conference Board Leading Economic Index® (LEI) for Japan Decreased Sharply in June

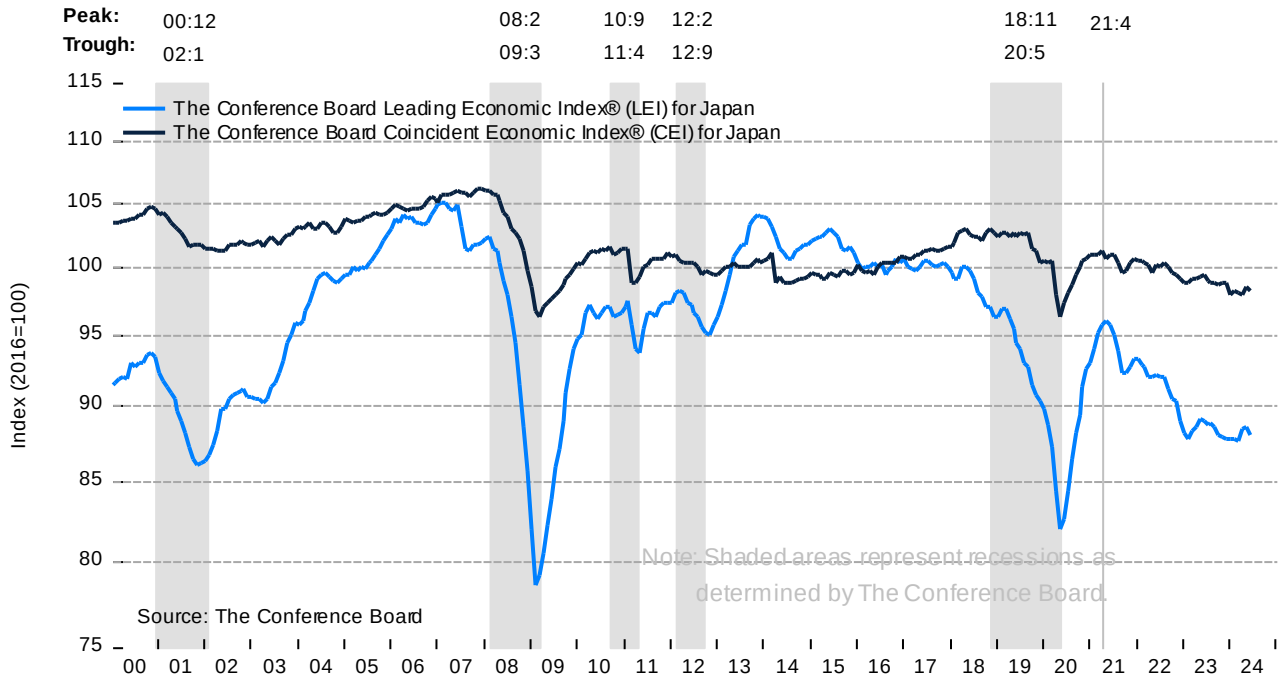
The Conference Board Leading Economic Index® (LEI) for Japan decreased by 0.6 percent in June 2024 to 88.0 (2016=100), after an upwardly revised 0.1 percent increase in May. Over the first half of 2024, the LEI for Japan rose by 0.2 percent, after declining by 1.3 percent over the second half of the last year.

The Conference Board Coincident Economic Index® (CEI) for Japan declined by 0.3 percent to 98.1 (2016=100) in June 2024, partially reversing a 0.5 percent increase in May. As a result, the CEI contracted by 0.6 percent over the first half of this year, following a similar 0.6 percent decline over the second half of 2023.

"The LEI for Japan dipped in June, reversing over half the gains of the past two months" said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board**. "The continued weakness in the suspension of transactions, which is an equivalent of bankruptcies, and another drop in housing starts drove the decline. In addition, new orders for machinery and construction that supported the Index in the previous three months also contributed negatively in June. While still slightly positive, the Index growth on a six-month basis has been losing steam and the annual growth rate has become more negative, recording its largest decline since December of last year. Overall, the Index points to weakening growth ahead. Going forward the headwinds may be compounded by the impact of the recent interest rate hike and the stock market crash in early August (both not yet reflected in the data used for this report)."

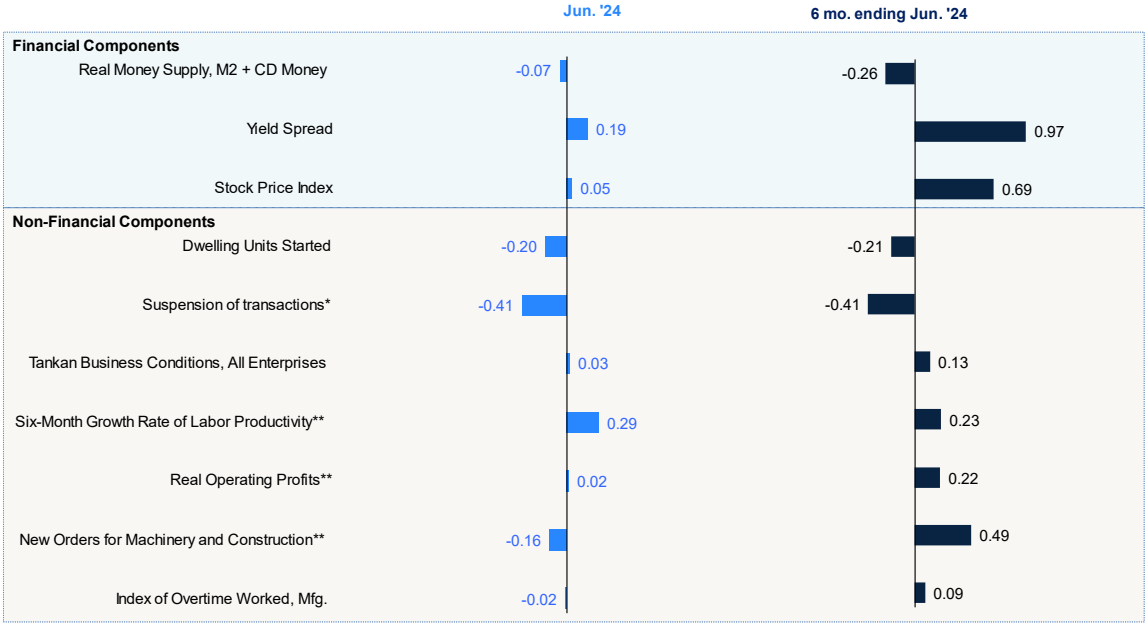
The next release is scheduled for Tuesday, September 10, 2024, at 10:30 A.M. ET.

Both LEI and the CEI for Japan fell in June



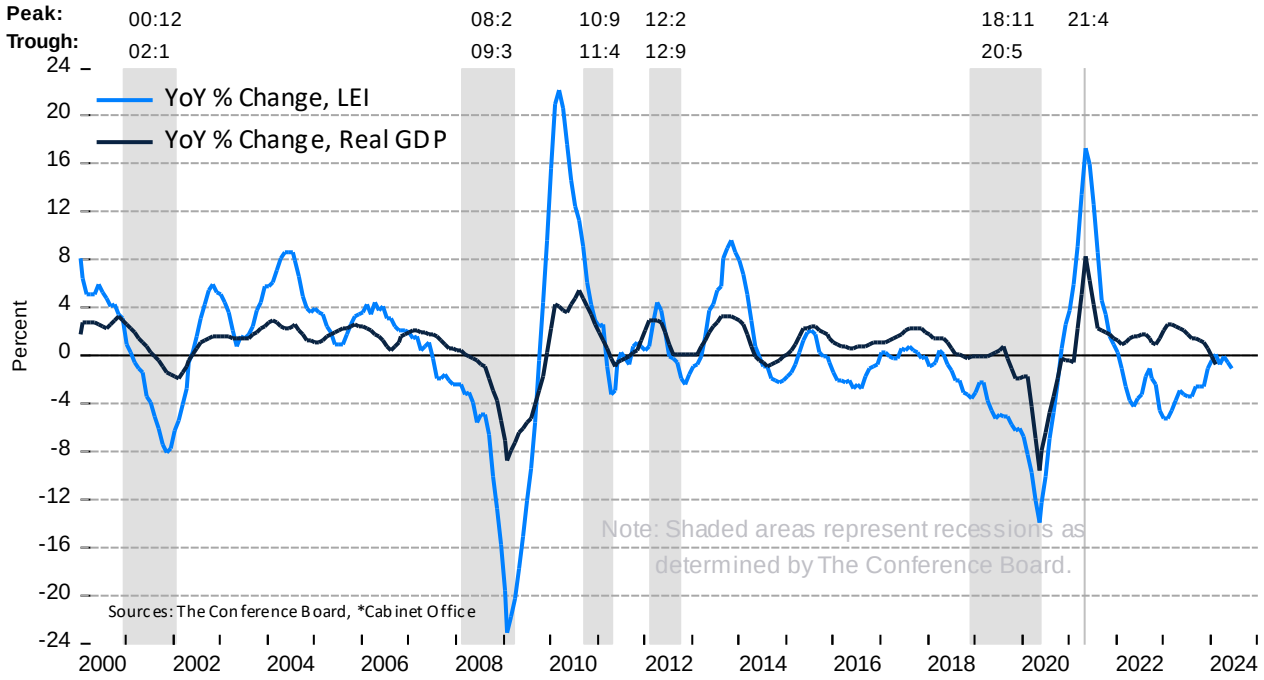
As in the previous month, the suspension of transactions and dwelling units started were the two weakest components of the LEI

The Conference Board Leading Economic Index® and Component Contributions (Percent)



Source: The Conference Board
* Inverted series; a negative change in this component makes a positive contribution.
** Statistical imputation
LEI change might not equal sum of its contributions due to application of trend adjustment factor

The annual growth rate of Japan's LEI recorded its largest decline so far in 2024



About The Conference Board *Leading Economic Index®* (LEI) and *Coincident Economic Index®* (CEI) for Japan.
The composite economic indexes are key elements in an analytic system designed to signal peaks and troughs in the business cycle. Comprised of multiple independent indicators, the indexes are constructed to summarize and reveal common turning points in the economy in a clearer and more convincing manner than any individual component.

The CEI reflects current economic conditions and is highly correlated with real GDP. The LEI is a predictive tool that anticipates—or "leads"—turning points in the business cycle by around four months.

The ten components of the ***Leading Economic Index®* for Japan.** are:

- Real Money Supply, M2 + CD Money
- Yield Spread, (10 year gov bonds minus Uncollateralized: Overnight Rate)
- Stock Price Index
- Dwelling Units Started
- Suspension of transactions
- Tankan Business Conditions, All Enterprises, All Industries
- Six-Month Growth Rate of Labor Productivity Mfg
- Real Operating Profits
- New Orders for Machinery and Construction
- Index of Overtime Worked, Mfg

The four components of the ***Coincident Economic Index®* for Japan.** are:

- Number of Employed Persons
- Industrial Production
- Wage and Salary Income
- Real Retail, Wholesale, and Manuf. Sales

To access data, please visit: https://data-central.conference-board.org/

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