

News Release

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For Release 10:30 AM ET, July 9, 2025

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 Fell Further in May

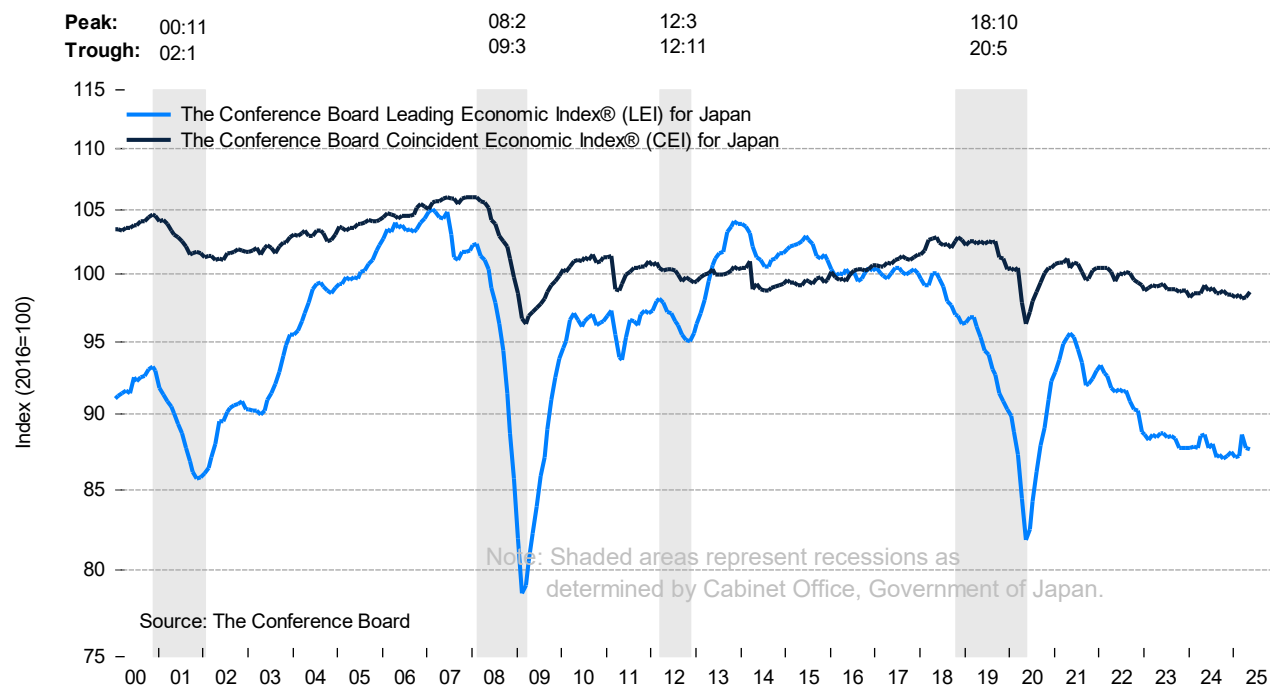
The Conference Board Leading Economic Index® (LEI) for Japan ticked down by 0.1% in May 2025 to 87.6 (2016=100), after falling by 1.0% increase in April. However, over the six months period between November 2024 and May 2025, the LEI for Japan rose by 0.5%, an improvement from a decline of 1.6% over the previous six months between May and November 2024.

The Conference Board Coincident Economic Index® (CEI) for Japan increased by 0.3% in May 2025 to 98.6 (2016=100), after rising by 0.1% in March. As a result, the CEI for Japan improved by 0.2% over the six-month period from November 2024 and May 2025, a reversal from the 0.7% contraction over the previous six-month period (May to November 2024).

“The Japan LEI inched further down in May” said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board.** “The 8 out of 10 components were either unchanged or improved, but that was not enough to offset the largest negative impact from new construction. Housing starts continued to decline in May, hitting the 40,000-unit range, the lowest monthly level since January 1963. This decline reflects the full enforcement of revised building laws on April 1st, which already led to a surge in March right before the new laws applied, followed by a huge downward correction in April. Also increasing CPI inflation lowered the real money supply, which was the other negative contributor to the LEI. Despite consecutive monthly declines, the LEI growth remained slightly positive on the 6-month basis but was negative on an annual basis. Considering the most recent weaknesses in LEI and persisting trade tensions with US, The Conference Board expects Japan growth at around 1% in 2025 but notes significant downside risks.”

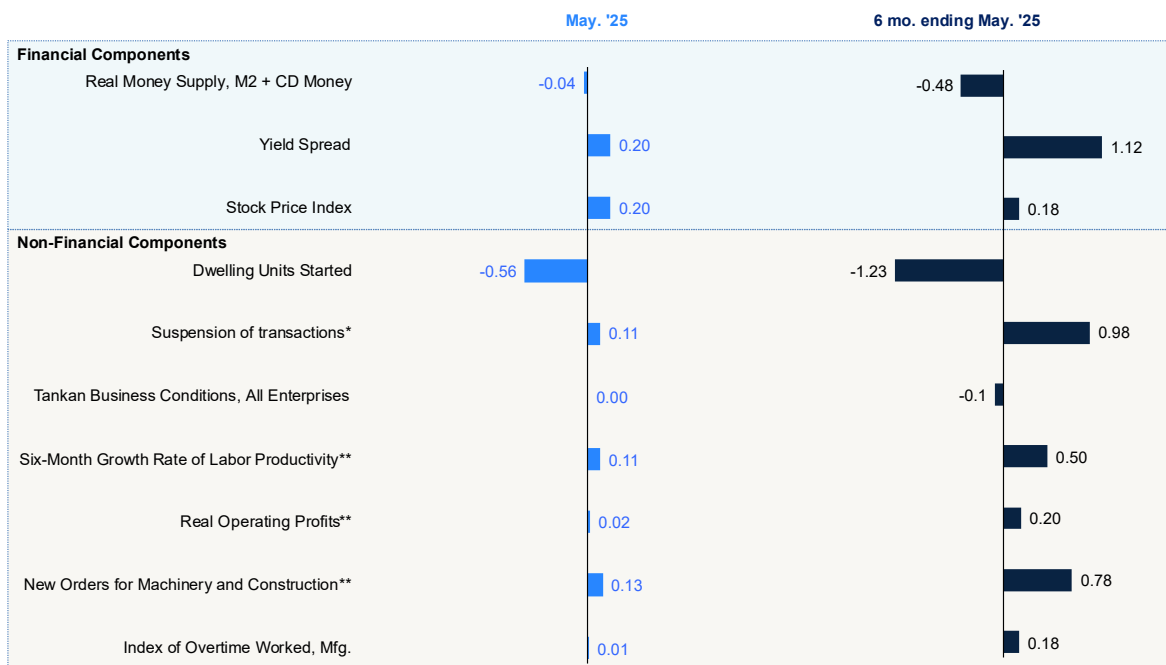
The next release is scheduled for Tuesday, August 12, 2025, at 10:30 A.M. ET.

The Japan LEI inched down further in May



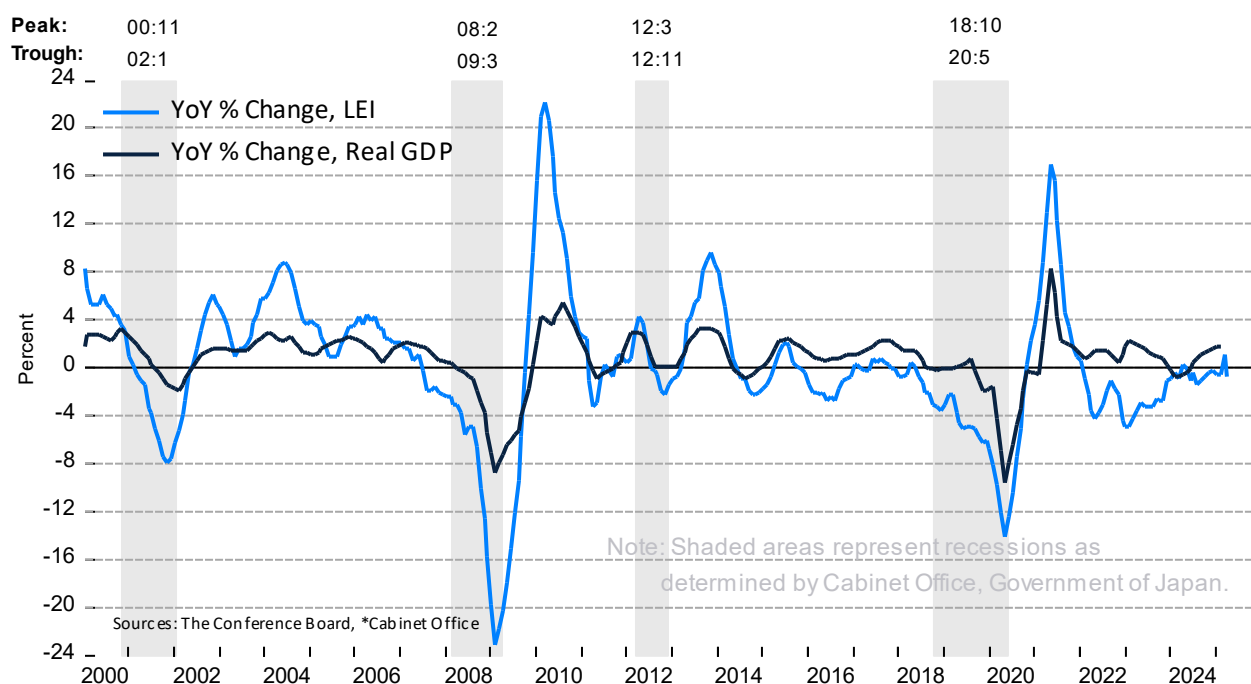
New construction continued to drive the LEI down in May

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 of Japan LEI fell further into negative territory, indicating headwinds to growth ahead



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/>

About The Conference Board

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