



News Release

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The Conference Board[®]

Japan Business Cycle IndicatorsSM

**THE CONFERENCE BOARD LEADING ECONOMIC INDEX[®] (LEI) FOR
JAPAN
AND RELATED COMPOSITE ECONOMIC INDEXES FOR DECEMBER 2014**

The Conference Board Leading Economic Index[®] (LEI) for Japan decreased 0.2 percent and **The Conference Board Coincident Economic Index[®] (CEI)** increased 0.6 percent in December.

- The Conference Board LEI for Japan declined slightly in December, with the Tankan business conditions survey, labor productivity, and new orders for machinery and construction being the most negative contributors to the index. Despite December's decline, the leading economic index rose 0.9 percent (about a 1.8 percent annual rate) from July to December 2014, a reversal from the decline of 3.1 percent (about a -6.1 percent annual rate) over the first half of 2014. Moreover, the strengths among the leading indicators continue to be widespread.
- The Conference Board CEI for Japan, a measure of current economic activity, improved substantially in December, with the majority of components contributing positively to the index. As a result, its six-month growth rate improved to 0.7 percent (a 1.4 percent annual rate) over the second half of 2014, a reversal from the contraction of 1.5 percent (about a -3.0 percent annual rate) in the first half of last year. In addition, the strengths among the coincident economic indicators have become very widespread in the last six months. Real GDP declined 1.9 percent (annual rate) in the third quarter of 2014.
- The Conference Board LEI for Japan has been on an upward trend since August of 2014, with widespread strengths among its components and an improved six-month growth rate. At the same time, the Conference Board CEI for Japan has bounced back from November's decline and its growth is now positive compared to six months ago. Taken together, the recent behavior of both indexes suggests a pickup in economic activity is very likely in the months ahead.

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

With the decrease of 0.2 percent in December, The Conference Board LEI for Japan now stands at 103.2 (2010=100). Based on revised data, this index increased 0.6 percent in November and increased 0.2 percent in October. During the six-month span through December, the index increased 0.9 percent, and six of the ten components advanced (diffusion index, six-month span equals 65.0 percent).

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

With the increase of 0.6 percent in December, The Conference Board CEI for Japan now stands at 98.2 (2010=100). Based on revised data, this index decreased 0.2 percent in November and remained unchanged in October. During the six-month span through December, the index increased 0.7 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” 2:00 P.M. ET February 9, 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

	2014			6-month Jun to Dec
	Oct	Nov	Dec	
Leading Economic Index (LEI)	102.8 p	103.4 p	103.2 p	
Percent Change	0.2 p	0.6 p	-0.2 p	0.9 p
Diffusion	90.0	80.0	60.0	65.0
Coincident Economic Index (CEI)	97.8 p	97.6 p	98.2 p	
Percent Change	0.0 p	-0.2 p	0.6 p	0.7 p
Diffusion	75.0	25.0	87.5	75.0

n.a. Not available p Preliminary r Revised
Indexes equal 100 in 2010

Source: The Conference Board All Rights Reserved

The next release is scheduled for Friday, March 13, 2015 at 10:00 A.M. (JST)

In the U.S – Thursday, March 12, 2015 at 9:00 P.M. (EDT)

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

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