



News Release

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The Conference Board®

Australia Business Cycle IndicatorsSM

THE CONFERENCE BOARD LEADING ECONOMIC INDEX®

(LEI) FOR AUSTRALIA

AND RELATED COMPOSITE ECONOMIC INDEXES FOR JULY 2014

The Conference Board Leading Economic Index® (LEI) for Australia increased 0.5 percent and

The Conference Board Coincident Economic Index® (CEI) increased 0.1 percent in July.

- The Conference Board LEI for Australia increased for the second consecutive month, with building approvals and money supply making the largest positive contribution in July. With this month's increase, the six-month growth rate in the leading economic index between January and July stands at 0.2 percent (about a 0.3 percent annual rate), down considerably from 2.7 percent (about a 5.5 percent annual rate) for the previous six months. The strengths among the leading indicators have become less widespread over the past six months.
- The Conference Board CEI for Australia, a measure of current economic activity, edged up in July. The coincident economic index grew 0.8 percent (about a 1.6 percent annual rate) in the six-month period through July 2014, down from 1.1 percent (about a 2.1 percent annual rate) in

the previous six months. Meanwhile, real GDP increased at a 2.0 percent annual rate in the second quarter of 2014, down from 4.3 percent (annual rate) in the first quarter.

- The Conference Board LEI for Australia increased in July, after remaining flat over the previous three months. As a result, its six-month growth rate has declined in recent months and is considerably lower compared to the second half of last year. Meanwhile, the six-month growth rate of the CEI for Australia has moderated in recent months, and is lower compared to six months ago. Taken together, the recent behavior of the composite indexes suggests that the economic expansion will continue in the near term, but is not likely to accelerate.

LEADING INDICATORS. Six of the seven components that make up The Conference Board LEI for Australia increased in July. The positive contributors to the index — in order from the largest positive contributor to the smallest — are building approvals, money supply*, share prices, the yield spread, the sales to inventories ratio*, and rural goods exports. Gross operating surplus* declined in July.

With the 0.5 percent increase in July, The Conference Board LEI for Australia now stands at 129.0 (2004=100). Based on revised data, this index increased 0.2 percent in June and declined 0.2 percent in May. During the six-month period through July, the leading economic index increased 0.2 percent, and four of the seven components increased (diffusion index, six-month span equals 57.1 percent).

COINCIDENT INDICATORS. Two of the four components that make up The Conference Board CEI for Australia increased in July. The increases - in order from the larger positive contributor to the smaller - occurred in household gross disposable income* and retail trade. Employed persons declined, and industrial production was unchanged in July.

With the increase of 0.1 percent in July, The Conference Board CEI for Australia now stands at 125.0 (2004=100). Based on revised data, this index increased 0.1 percent in June and remained unchanged in May. During the six-month period through July, the coincident economic index increased 0.8 percent, with all four components making positive contributions (diffusion index, six-month span equals 100.0 percent).

DATA AVAILABILITY. The data series used to compute **The Conference Board Leading Economic Index[®]** (LEI) for Australia and **The Conference Board Coincident Economic Index[®]** (CEI) for Australia reported in this release are those available “as of” 10 A.M. ET on September 19, 2014. Some series are estimated as noted below.

Series in The Conference Board LEI for Australia that are based on our estimates are sales to inventory ratio and gross operating surplus for private non-financial corporations, the implicit price index used to deflate rural goods exports and building approvals, and the CPI used to deflate money supply M3. Series in The Conference Board CEI for Australia that are based on our estimates are industrial production and household disposable income. CPI was used to deflate retail trade.

Summary Table of Composite Economic Indexes

		2014		6-month
	May	Jun	Jul	Jan to Jul
Leading Economic Index	128.0	128.3 p	129.0 p	
Percent Change	-0.2	0.2 p	0.5 p	0.2
Diffusion	57.1	71.4	85.7	57.1
Coincident Economic Index	124.8	124.9 p	125.0 p	
Percent Change	0.0	0.1 p	0.1 p	0.8
Diffusion	37.5	62.5	75.0	100.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board

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The next release is scheduled for October 22, 2014 at 10:00 A.M. (AEDT)
In the U.S. – October 21, 2014 at 7:00 P.M. (ET)

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