

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 in October

Next month's release of the composite economic indexes will incorporate annual benchmark revisions which bring them up-to-date with revisions in the source data. These revisions do not change the cyclical properties of the indexes. The indexes are updated throughout the year, but only for the previous six months. Data revisions that fall outside of the moving six-month window are not incorporated until the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes, in levels and month-on-month changes, will not be directly comparable to those issued prior to the benchmark revision.

For more information, please visit <https://www.conference-board.org/topics/business-cycle-indicators/> or contact us at indicators@conference-board.org.

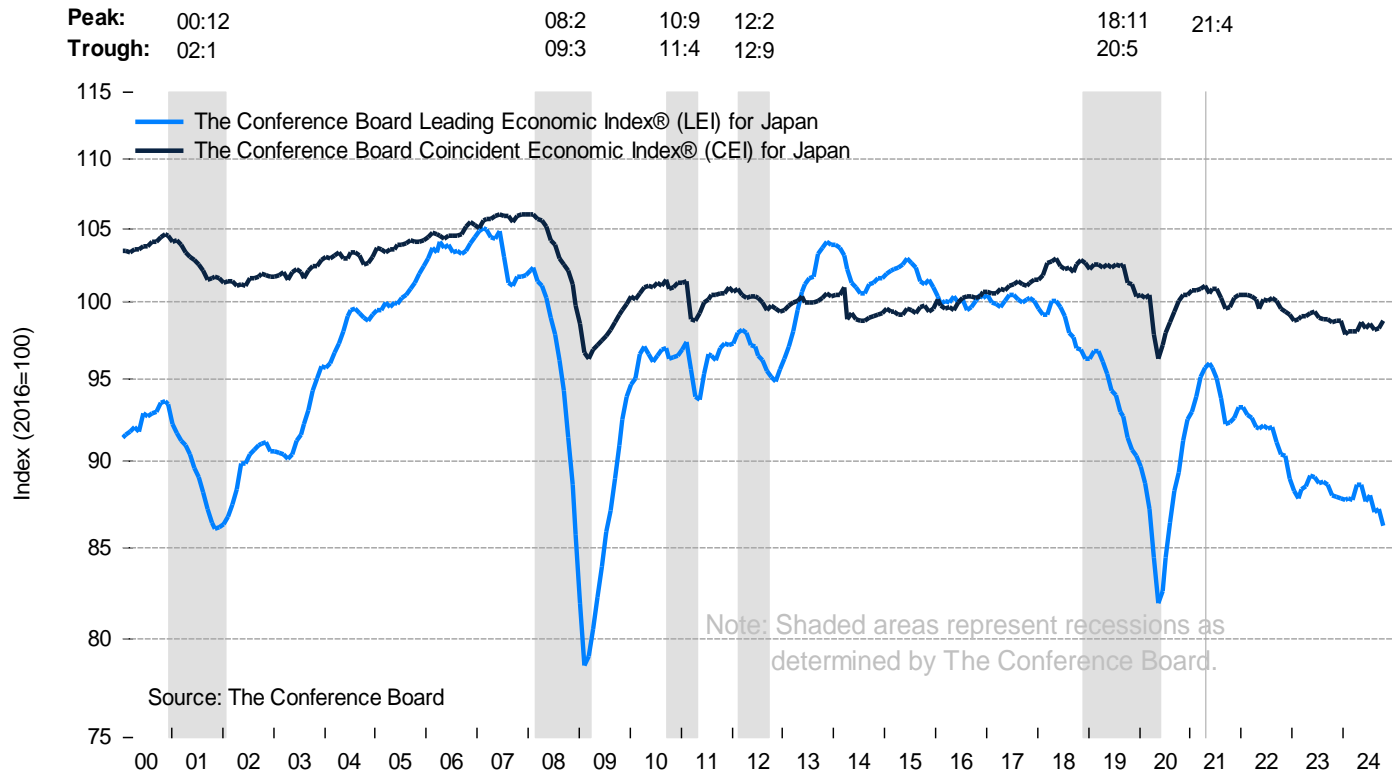
The Conference Board Leading Economic Index® (LEI) for Japan decreased by 1.1% in October 2024 to 86.2 (2016=100), after a 0.2% increase in September. Over the six-month period between April and October 2024, the LEI for Japan declined by 2.7%, more than reversing the 0.7% increase over the previous six-month period between October 2023 and April 2024.

The Conference Board Coincident Economic Index® (CEI) for Japan rose by 0.4% to 98.7 (2016=100) in October 2024 to 98.7 (2016=100), following an increase of 0.1% in September. The CEI for Japan went up by 0.6% over the six-month period from April to October 2024, reversing the 0.5% decline over the previous six-month period.

“Japan LEI declined substantially for the third time in the past few months,” said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board.** “Six of ten components of the Index contributed negatively in October, with new orders for machinery and construction and labor productivity being the weakest ones. As new orders and labor productivity contribute to the LEI as 3-month moving averages, the recovery in monthly data for October was not sufficient to reverse August's dip due to the disruptions of production related to typhoons. As such the most recent significant dip in LEI is temporary and should ease in the coming month or two. The strongest hold continued to come from the yield spread, but for the first time since the mid-summer financial market turmoil stock price also supported the Index. GDP growth was weaker than expected in Q3, with the economy losing some momentum. The Conference Board currently forecasts real GDP growth for Japan in 2024 to be negative at -0.3%, but to recover to 1% growth in 2025.”

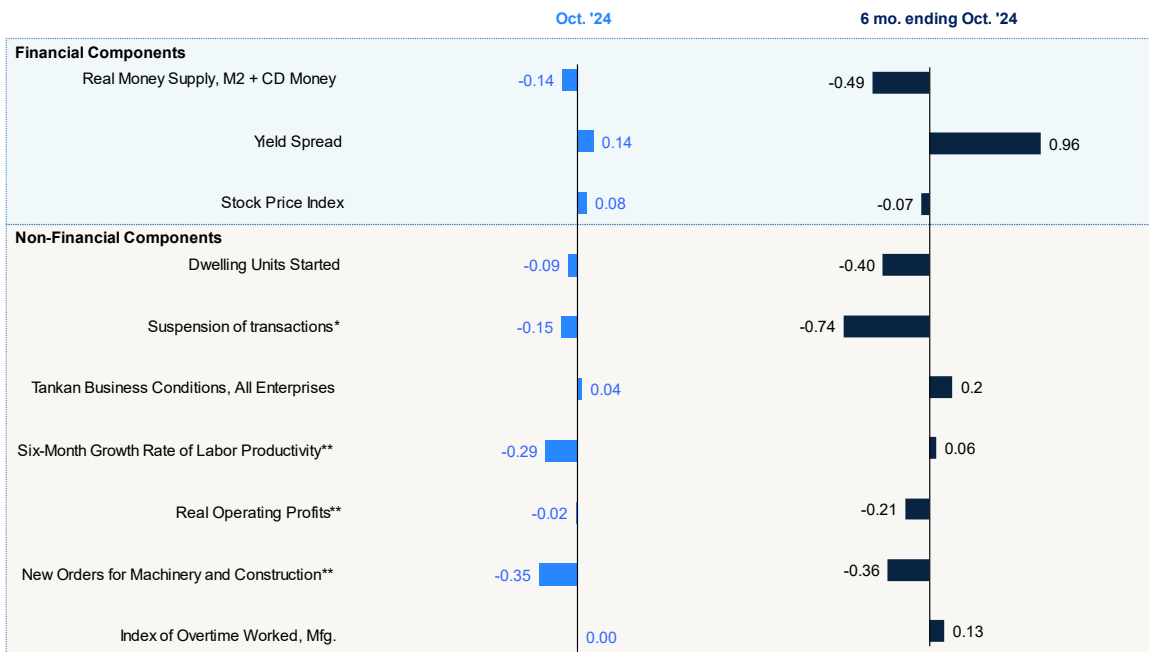
The next release is scheduled for Monday, January 13, 2025, at 10:30 A.M. ET.

The Japan LEI decreased again in October



New Orders for Machinery and Construction and Labor Productivity heavily weighed on the Index in October

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



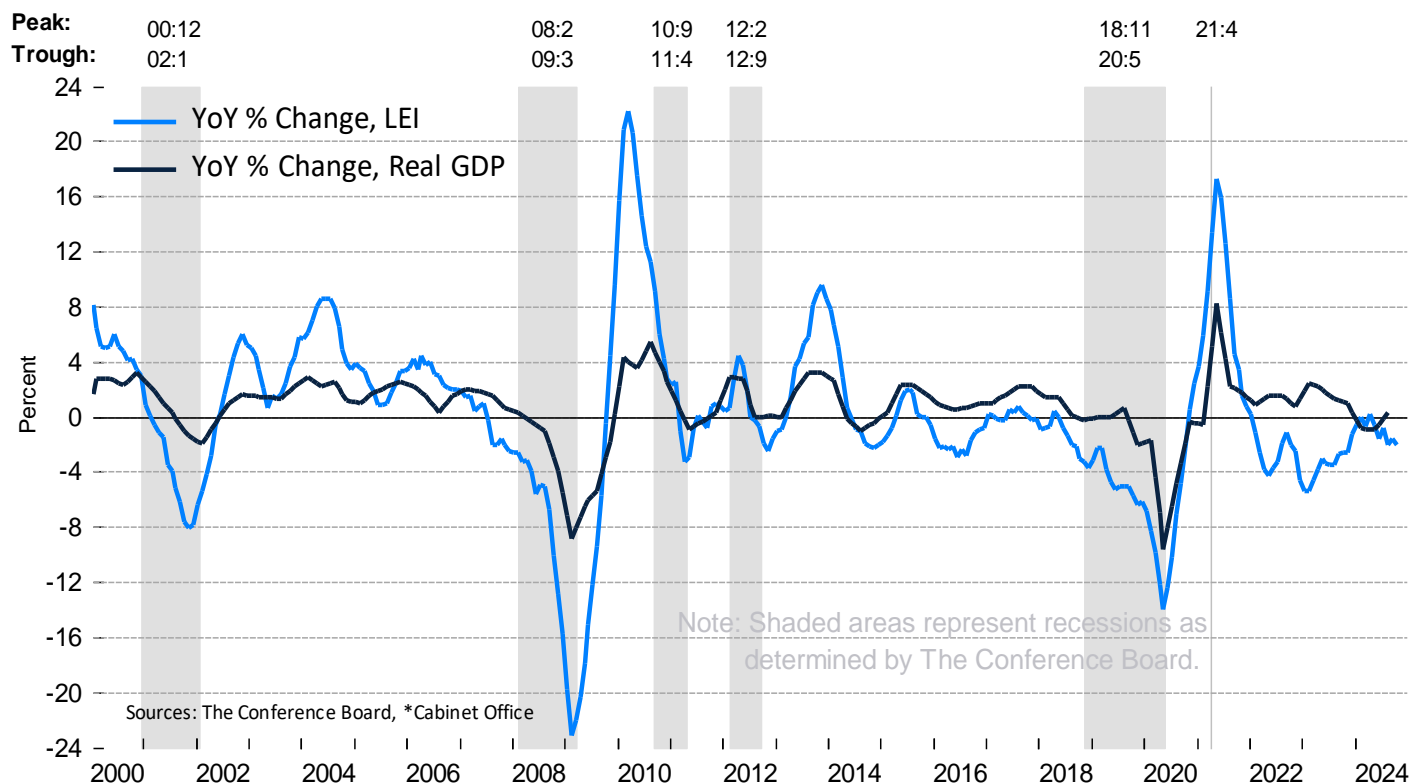
Source: The Conference Board

* 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 is still negative, suggesting that future economic activity will remain challenged



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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