

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 Inched Down in May

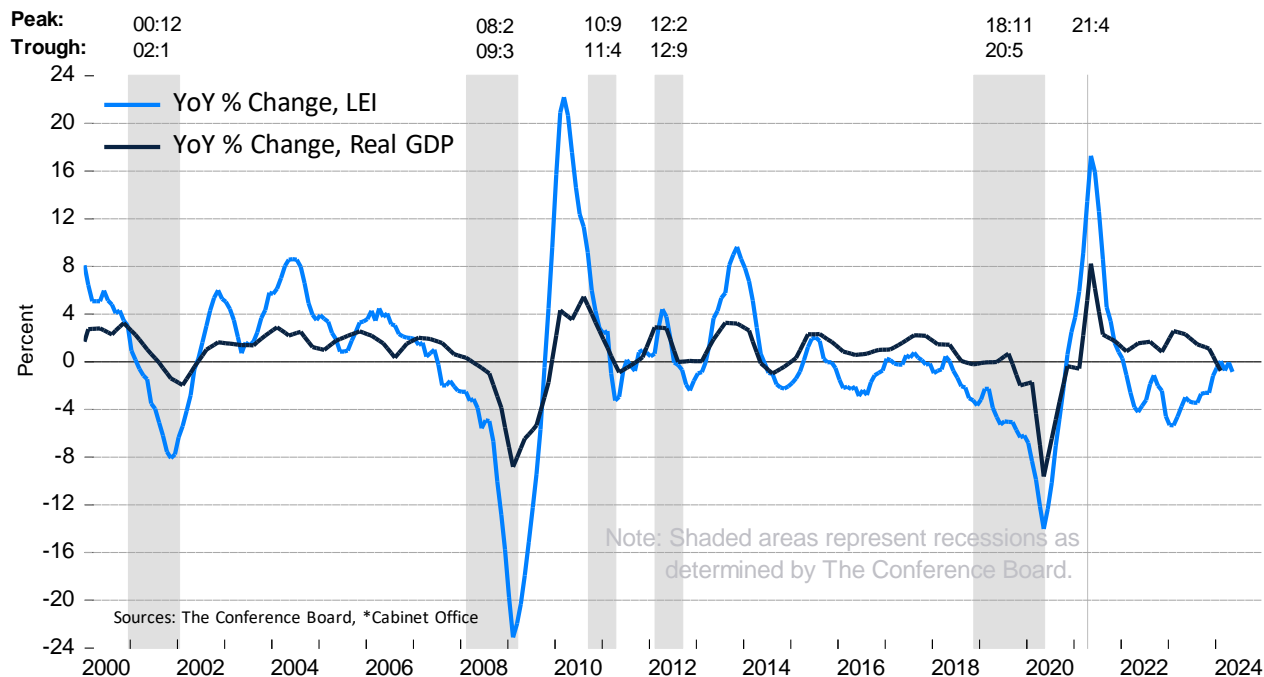
The Conference Board Leading Economic Index® (LEI) for Japan declined slightly by 0.1 percent in May 2024 to 88.3 (2016=100), after an upwardly revised increase of 0.9 percent in April. Over the six-month period ending in May 2024, the LEI for Japan grew up by 0.5 percent, partly reversing the 1.3 percent contraction over the previous six months.

The Conference Board Coincident Economic Index® (CEI) for Japan increased by 0.5 percent to 98.8 (2016=100) in May 2024, more than offsetting a decline of 0.1 percent in April. Over the six-month period from November 2023 to May 2024, the CEI for Japan rose slightly by 0.1 percent, after falling by 0.5 percent over the previous six months.

“Japan’s LEI inched down in May,” said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board.** “The rise in the suspension of transactions, which is an equivalent of bankruptcies, a drop in housing starts and declining real money supply fueled weakness in the Index. The Index is still declining on a year-over-year basis. However, it has recovered from its low point in March and is higher than it was 6 months ago even after the May decline. Overall, this suggests that headwinds to growth, while still present, have most likely subsided. After a close to 3 percent (annual rate) contraction in Q1 GDP, the Conference Board currently expects, that Japan GDP will recover in following quarters.”

The next release is scheduled for Monday, August 12, 2024, at 10:30 A.M. ET.

The annual growth rate of Japan's LEI has been hovering slightly below zero since the beginning of the year



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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