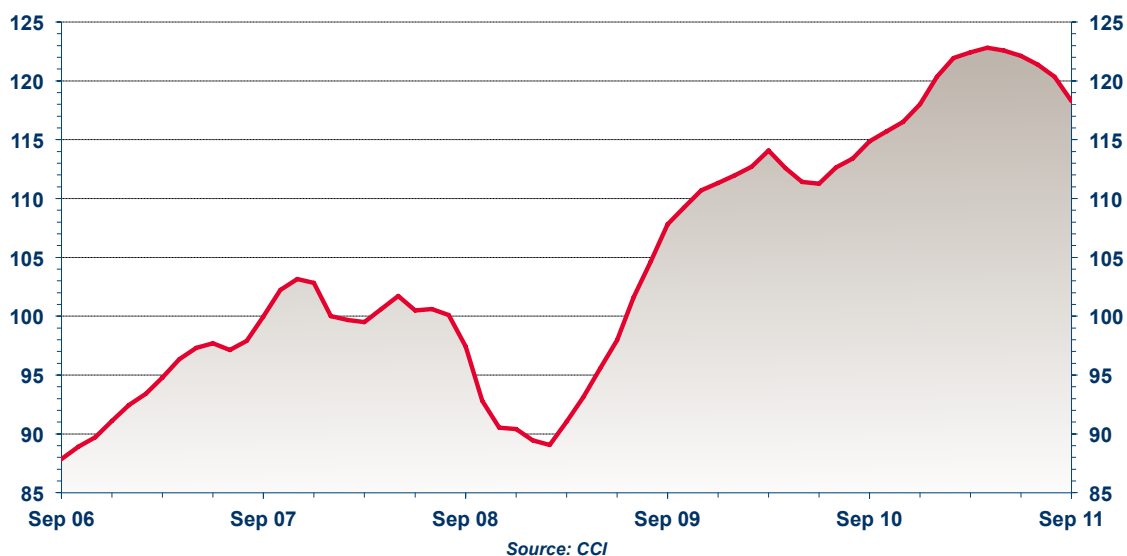


# CCI – Westpac Leading Index of WA Economic Activity



Australia's First Bank.

**CCI Leading Index of WA Economic Activity**



Source: CCI

The Westpac-CCI Leading Index of WA Economic Activity has continued to fall, with the largest monthly decrease since November 2008. The index fell by 1.7 per cent between the month of August and September. This is the fifth consecutive month of decline for the index, and reflects the continued uncertainty in global economic conditions resulting from the Eurozone debt crisis.

WA business confidence, as measured by one year expectations in the Commonwealth Bank - CCI Survey of Business Expectations, fell for the seventh month in a row taking 1.6 percentage points off of growth, the largest negative contribution it has had on the index since October 2008.

The All Ordinaries index fell for the sixth month in a row with a decrease of 6.8 per cent over

the month. This shaved 0.8 percentage points from the leading index.

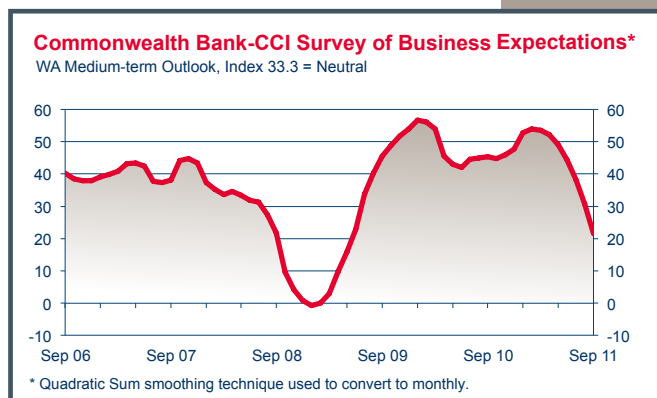
Preventing the index from falling further was Chinese industrial production which increased by 13.8 per cent over the year to September, adding 0.55 percentage points to the index. US personal consumption expenditure also increased over the month and added 0.1 percentage points to growth.

The uncertainty surrounding the European debt crisis continues to weigh upon the variables that make up the index, pointing to a weaker near term outlook for the WA economy through the first half of 2012. The impact on the WA economy will depend on the extent to which the Eurozone crisis materialises into a broader global financial crisis.

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## Insights:

- WA business confidence continues to drag on the index, taking 1.59 percentage points off the index.
- A fall in share prices led to 0.8 percentage points shaved off the index.
- WA building approvals also detracted from the index, taking 0.1 percentage points from the index.
- Meanwhile, Chinese industrial production continued to support the index, adding 0.55 percentage points to growth.
- US personal consumption ticked up for the third month in a row with a 1.1 per cent increase over the year to September. This added 0.1 percentage points to growth.
- Money supply and WA retail trade also contributed to growth, adding 0.04 and 0.02 percentage points to growth respectively.



### Data and Net Contributions for Components of the Leading Index of WA Economic Activity

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11
<b>Leading Index</b>	<b>122.8</b>	<b>122.6</b>	<b>122.1</b>	<b>121.4</b>	<b>120.3</b>	<b>118.3</b>
<b>Per cent change</b>	<b>0.3</b>	<b>-0.2</b>	<b>-0.4</b>	<b>-0.6</b>	<b>-0.8</b>	<b>-1.7</b>
	<b>Component Data</b>					
Share Prices, All Ordinaries (Index 2005 = 100)	113.0	110.4	107.5	103.8	100.8	93.9
Contribution	-0.07	-0.27	-0.32	-0.40	-0.33	-0.78
Money Supply, M3 (\$Billion, SA)	1,334	1,342	1,354	1,345	1,355	1,385
Contribution	0.01	0.02	-0.01	0.01	0.00	0.04
WA Building Approvals (\$Million, SA, 3-mth MA)	810.8	767.8	844.3	837.2	886.5	845.8
Contribution	-0.03	-0.07	0.13	-0.01	0.08	-0.07
WA Retail Trade (\$Million, SA)	2,318	2,337	2,350	2,373	2,393	2,397
Contribution	0.13	0.14	0.10	0.17	0.15	0.02
WA Survey of Business Expectations* (Medium Term Outlook, Index)	52.2	49.1	44.5	38.3	30.6	21.5
Contribution	-0.24	-0.52	-0.78	-1.04	-1.31	-1.59
China Industrial Production (Annual % Change)	13.4	13.3	15.1	14.0	13.5	13.8
Contribution	0.49	0.49	0.56	0.53	0.52	0.55
US Personal Consumption Expenditure (US\$Billion, Chained 2000 dollars, SA at annual rates)	10,670	10,690	10,668	10,764	10,789	10,857
Contribution	0.04	0.02	-0.03	0.11	0.03	0.08

\* Quarterly Series converted to monthly using an average Quadratic Sum approach.

Source: ABS, DX, US Bureau of Economic Analysis

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Note: The CCI Leading Index of WA Economic Activity has been designed to assist the decision making process of business and government. The indicator combines seven variables which have been shown using Granger Causality techniques to lead cyclical turning points in the WA economy. By combining these variables into a single index, a more powerful indicator of turning points is constructed. It provides information 9 to 12 months in advance on the state of the WA economy. (The index provides indicative measurement only and you should consider its appropriateness before making any decision. Past performance is not a guide to future performance.)