



THE CONFERENCE BOARD

The Conference Board Leading Economic Index (LEI) for the Euro Area

The Conference Board is launching a new monthly Leading Economic Index (LEI) for the Euro Area, adding to its portfolio of LEIs for the United States, the United Kingdom, Germany, France, Spain, Japan, Australia, Korea, and Mexico.

All LEIs are released monthly at 10 a.m. in the time zone of the geographic area they cover. The releases are posted and archived, with a calendar, at www.conference-board.org/economics/indicators.cfm.

The new LEI aggregates individual economic indicators that measure activity in the Euro Area as a whole (rather than activity within the member countries). Plotted back to 1987, it has successfully signaled turning points in the business cycles of the bloc of countries that now constitute the Euro Area, including the current downturn, the 2000-03 slowdown and 1992-93 recession.

In 2007, the Euro Area LEI showed that the region was also experiencing the housing weakness that began the previous year in the United States; it began pointing to considerable weakness in the region's economy overall as early as January 2008, and suggests no change in this trend at least into the first half of 2009. The index reached its highest value in June 2007 and had fallen more than 11 percent by October 2008 (second in magnitude only to its decline preceding the 1992-93 recession.) The corresponding monthly measure of current economic conditions, ***The Conference Board Coincident Economic Index*** (CEI) for the Euro Area, has remained essentially flat throughout 2008; this is the measure that will eventually, along with quarterly GDP data, denote the beginning and duration of the current recession.

All of The Conference Board Leading Economic Indexes (LEIs) aggregate carefully selected indicators that accurately measure various aspects of economic activity in their respective countries or geographic areas. Aggregating them into composite indexes gives a clearer picture of the economic cycle, reducing the "noise" – erratic movements from one month to another due to, for example, sampling errors, a strike, or delivery of a large order – that might obscure underlying trends. Selection of the component indicators follows the National Bureau of Economic Research (NBER) approach to cyclical indicators and takes into consideration economic relevance, cyclical timing, conformity, consistency, and statistical adequacy. This approach produces an international portfolio of directly comparable indexes.

The components of ***The Conference Board Leading Economic Index*** (LEI) for the Euro Area are:

- Economic Sentiment Index
- Index of Housing Permits Granted measured in square meters
- Index of Capital Goods New Orders
- The Dow Jones EURO STOXX® Index
- Money supply (M2) for the Euro Area
- Interest rate spread
- Eurozone Manufacturing Purchasing Managers' Index
- Eurozone Service Sector Future Business Activity Expectations Index

The first public release of this index will be on 28 January 2009.

For more information or to receive the monthly release, email Frank Tortorici, Director, Public and Media Relations, f.tortorici@conference-board.org.

The Conference Board Economic Indicators

The Conference Board has a long tradition of producing objective and reliable economic measurement, forecasting and analysis, all of which aids analysts, forecasters and planners in business, academia, and the public sector.

Its widely watched economic indicators include **The Conference Board Leading Economic Index** (LEI) for the United States, as well as LEIs for the United Kingdom, Germany, France, Spain, Japan, Australia, Korea, Mexico, and (as of January 2009) the Euro Area. All LEIs are calculated in New York and released monthly at 10 a.m. in the time zone of the geographic area they cover. The full release calendar is posted online at www.conference-board.org/economics/indicators.cfm.

Each LEI aggregates a group of five to 10 carefully selected indicators that measure different aspects of economic activity in their respective country or geographic area. Each of these individual indicators has a proven track record of accuracy in its own sphere; aggregating them into composite indexes gives a clearer picture of the economic cycle. Aggregation reduces “noise” – erratic movements from one month to another such as sampling errors or events like a major strike or delivery of a large order – which might obscure underlying trends. The Conference Board LEIs consistently anticipate peaks and troughs in the business cycles of the areas they cover.

The Conference Board Business Cycle Indicators (BCI) also include Coincident Economic Indexes (CEIs), monthly measures of current economic activity, for the same 10 countries/regions. The U.S. Department of Commerce awarded production of the U.S. LEI and maintenance of the related BCI Database to The Conference Board in 1996. Since then, The Conference Board has expanded the program to include the 10 countries/regions listed above, as well as an experimental index for China.

The Conference Board also produces other well-known indicators such as the **Consumer Confidence Index**[™], the **Employment Trends Index (ETI)**[™], the **CEO Confidence Survey**, the **Consumer Internet Barometer**, and the **Help-Wanted Online Data Series**[™], as well as economic research across a wide range of areas, notably an annual report on global productivity.