



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (CST), WEDNESDAY, NOVEMBER 24, 2010

The Conference Board®  
Mexico Business Cycle Indicators<sup>SM</sup>  
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX®**  
**(LEI) FOR MEXICO**  
**AND RELATED COMPOSITE ECONOMIC INDEXES FOR SEPTEMBER 2010**

**The Conference Board Leading Economic Index®** (LEI) for Mexico increased 0.6 percent and **The Conference Board Coincident Economic Index®** (CEI) increased 0.4 percent in September.

- The Conference Board LEI for Mexico increased for the third consecutive month in September. Industrial production (construction component), stock prices, and oil prices contributed positively to the index this month, more than offsetting the negative contributions from net insufficient inventories and the real exchange rate (inverted). The six-month growth rate in the index has slowed to 0.2 percent (about a 0.3 percent annual rate) through September 2010, down sharply from 4.3 percent (about an 8.9 percent annual rate) for the previous six months. In addition, the weaknesses among the indicators have become more widespread than the strengths in recent months.
- The Conference Board CEI for Mexico continued to increase in September, with all of its components advancing. The index grew 2.1 percent (a 4.2 percent annual rate) between March and September 2010, moderately slower than the increase of 2.8 percent (a 5.7 percent annual rate) for the previous six months. However, the strengths among the coincident indicators have remained very widespread, with all three components increasing over the past six months. Real GDP expanded at a 3.0 percent annual rate in the third quarter of 2010, following an increase of 9.5 percent annual rate in the second quarter.
- The Conference Board LEI for Mexico has risen slightly in the third quarter, after declining modestly during the summer. Its six-month growth rate has slowed sharply, and the weaknesses among its components have become more widespread than the strengths in recent months. Meanwhile, The Conference Board CEI for Mexico, a measure of current economic activity, has continued to increase, although its six-month growth rate has moderated slightly. Taken together, the behavior of the composite indexes suggests that despite the recent volatility, the economy will continue to grow, but at a modest pace in the near term.

**LEADING INDICATORS.** Three of the six components that make up The Conference Board LEI for Mexico increased in September. The positive contributors to the index—from the largest positive contributor to the smallest one—are the industrial production construction component, stock prices, and the US refiners' acquisition cost of domestic and imported crude oil. Net insufficient inventories and the (inverted) real exchange rate decreased in September. The (inverted) federal funds rate remained unchanged.

With the 0.6 percent increase in September, The Conference Board LEI for Mexico now stands at 118.0 (2004=100). Based on revised data, this index increased 0.4 percent in August and increased 0.2 percent in July. During the six-month span through September, the index increased 0.2 percent, with two of the six components increasing (diffusion index, six-month span equals 41.7 percent).

The next release is scheduled for Wednesday, December 22, 2010 at 11:00 A.M. (EST)  
*In Mexico – Wednesday, December 22, 2010 at 10:00 A.M. (CST)*

COINCIDENT INDICATORS. All three components that make up The Conference Board CEI for Mexico increased in September. The positive contributors—from the largest positive contributor to the smallest one—are number of people employed (measured by total IMSS beneficiaries), industrial production, and retail sales\*.

With the increase of 0.4 percent in September, The Conference Board CEI for Mexico now stands at 112.3 (2004=100). Based on revised data, this index increased 0.4 percent in August and increased 0.2 percent in July. During the six-month span through September, the index increased 2.1 percent, with all three components increasing (diffusion index, six-month span equals 100.0 percent).

\*See notes under data availability.

DATA AVAILABILITY. The data series used to compute the two composite indexes reported in the tables in this release are those available “as of” 10 A.M. November 22, 2010. Some series are estimated as noted below.

NOTES: The series in The Conference Board CEI for Mexico based on The Conference Board estimates is retail sales. No series were estimated in The Conference Board LEI for Mexico.

Professional Contacts at The Conference Board:  
Indicator Program: 1-212-339-0330

Media Contacts:  
Barbara Rosen: 1-212-339-0441  
Carol Courter: 1-212-339-0232

Website: <http://www.conference-board.org/data/bci.cfm>

\*\*\* \*\*

THE CYCLICAL INDICATOR APPROACH. The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading and coincident economic indexes are essentially composite averages of several individual leading or coincident indicators. (See page 3 for details.) They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component—primarily because they smooth out some of the volatility of individual components.

Historically, the cyclical turning points in The Conference Board LEI for Mexico have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for Mexico have occurred at about the same time as those in aggregate economic activity.

Further explanations of the cyclical indicator approach and the composite index methodology appear in The Conference Board’s *Business Cycle Indicators* report and Web site: <http://www.conference-board.org/data/bci.cfm>.

Mexico Composite Economic Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1. Industrial Production, Construction Component	.1826
2. Stock Prices	.0548
3. U.S. Refiners' Acquisition Cost of Domestic and Imported Crude Oil	.0793
4. Net Insufficient Inventories	.4277
5. Federal Funds Rate	.0993
6. Real Exchange Rate	.1563

<u>Coincident Economic Index</u>	
1. Industrial Production	.3888
2. Retail Sales	.1993
3. Employment	.4119

Notes:

The component factors are inversely related to the standard deviation of the month-to-month changes in each component. They are used to equalize the volatility of the contribution from each component and are “normalized” to sum to 1.

These factors were revised effective on the release for January 2010, and all historical values for the two composite economic indexes were revised at this time to reflect the changes. Under normal circumstances, updates to the leading and coincident indexes only incorporate revisions to data over the past six months. The factors above for The Conference Board LEI for Mexico were calculated using January 1990 to December 2008 as the sample period for measuring volatility. Separate sets of factors for the January 1980 to April 1981 period, May 1981 to January 1983 period, and February 1983 to January 1990 period are available upon request. The factors above for The Conference Board CEI for Mexico were calculated using February 1994 to December 2008 as the sample period. Separate sets of factors for the April 1980 to March 1986 period, and April 1986 to January 1994 period are available upon request. These multiple sample periods are the result of different starting dates for the component data. When one or more components are missing, the other factors are adjusted proportionately to ensure that the total continues to sum to 1. For additional information on the standardization factors and the index methodology visit our <http://www.conference-board.org/data/bci.cfm>.

The trend adjustment factor for The Conference Board LEI for Mexico is 0.0466 (calculated over the 1980 to 2008 period).

To address the problem of lags in available data, those leading and coincident indicators that are not available at the time of publication are estimated using statistical imputation. An autoregressive model is used to estimate each component. The resulting indexes are constructed using real and estimated data, and will be revised as the data unavailable at the time of publication become available. Such revisions are part of the monthly data revisions, now a regular part of the U.S. Business Cycle Indicators program. The main advantage of this procedure is to utilize in the leading economic index the data, such as stock prices, that are available sooner than other data on “real” aspects of the economy, such as new orders and changes in inventory. Empirical research by The Conference Board suggests there are real gains in adopting this procedure to make all the indicator series as up-to-date as possible.

## NOTICES

The 2010 schedule for “**The Conference Board Leading Economic Index<sup>®</sup> (LEI)** for Mexico” news release is:

October 2010 Data.....Wednesday, December 22, 2010

All releases are at 11:00 A.M. (ET) and 10:00 A.M. (CT).

### **About The Conference Board**

The Conference Board is a global, independent business membership and research association working in the public interest. Our mission is unique: To provide the world’s leading organizations with the practical knowledge they need to improve their performance *and* better serve society. The Conference Board is a non-advocacy, not-for-profit entity holding 501 (c) (3) tax-exempt status in the United States.

### **AVAILABLE FROM THE CONFERENCE BOARD**

#### **Mexico Business Cycle Indicators Internet Subscription**

*(Includes monthly release, data, charts and commentary)*

\$565 (for TCB members)/\$715 (for non-TCB members) per year (1 user)

#### **Individual Data Series**

\$45 (for TCB members)/\$50 (for non-TCB members) per series downloaded

#### **Monthly BCI Report**

*(Sample available at <http://www.conference-board.org/data/monthlybci.cfm>)*

\$230 (for TCB members)/\$285 (for non-TCB members) per year

#### **BCI Handbook (published 2001)**

\$25

#### **Corporate Site License**

contact Indicators Program at (212) 339-0330

Business Cycle Indicators for China, Euro Area, France, Germany, Japan, Korea, Spain, the U.K. and the U.S. are available at \$565 (for TCB members)/\$715 (for non-TCB members) per country per year (1 user). Discounts are available to accredited academic institutions.

THESE DATA ARE FOR ANALYSIS PURPOSES ONLY. NOT FOR REDISTRIBUTION, PUBLISHING, DATABASING, OR PUBLIC POSTING WITHOUT EXPRESS WRITTEN PERMISSION.

**The Conference Board Mexico Business Cycle Indicators**

**Table 1.--Summary of Mexico Composite Economic Indexes**

	2010						
	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.
Leading index	117.8	118.8	116.7	116.6	116.8 r	117.3 r	118.0
Percent change	1.2	0.8	-1.8	-0.1	0.2 r	0.4 r	0.6
Diffusion index	75.0	58.3	8.3	33.3	58.3	75.0	58.3
Coincident index	110.0	110.7	111.0 r	111.2 r	111.4	111.9 r	112.3 p
Percent change	0.5	0.6	0.3 r	0.2	0.2 r	0.4 r	0.4 p
Diffusion index	100.0	100.0	83.3	66.7	66.7	100.0	100.0
	Sep. to Mar.	Oct. to Apr.	Nov. to May.	Dec. to Jun.	Jan. to Jul.	Feb. to Aug.	Mar. to Sep.
Leading index							
Percent change	4.3	4.9	1.0	0.3	0.4	0.8	0.2
Diffusion index	91.7	91.7	58.3	41.7	58.3	66.7	41.7
Coincident index							
Percent change	2.8	3.3	2.7	2.6	2.5	2.2	2.1
Diffusion index	100.0	100.0	100.0	100.0	100.0	100.0	100.0

p Preliminary. r Revised (both noted only for index levels and one-month percent changes).

CALCULATION NOTE: The diffusion indexes measure the proportion of the components that are rising. Components that rise more than 0.05 percent are given a value of 1.0, components that change less than 0.05 percent are given a value of 0.5, and components that fall more than 0.05 percent are given a value of 0.0.

For more information, visit our Web site at [www.conference-board.org/economics/bci](http://www.conference-board.org/economics/bci)

Source: The Conference Board All Rights Reserved

© The Conference Board

**These data are protected by copyright and are for news analysis purposes only.**

**The data and analysis are not for databasing by any means, redistribution,**

**publishing, or public posting without express written permission from The Conference Board.**

THESE DATA ARE FOR ANALYSIS PURPOSES ONLY. NOT FOR REDISTRIBUTION, PUBLISHING,  
DATABASING, OR PUBLIC POSTING WITHOUT EXPRESS WRITTEN PERMISSION.

**The Conference Board Mexico Business Cycle Indicators**

**Table 2.--Data and Net Contributions for Components of the Mexico Leading Economic Index**

Component	2010						
	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.
Mexico Leading Economic Index component data							
Industrial Production, Construction Component, SA Index, 2003=100 .....	118.8 r	117.9 r	117.9 r	116.6 r	118.1 r	119.1 r	121.8
Stock Prices, IPC35 (BOLSA) October 1978=0.78 .....	33266.43	32687.32	32038.53	31156.97	32308.74	31679.85	33330.34
US Refiners' Acquisition Cost of Domestic and Imported Crude Oil US\$ per Composite Barrel .....	77.43	80.83	72.66	72.66	73.73	74.58 r	76.34
Net Insufficient Inventories Difference, (3 month moving average), Survey .....	-8.45 r	-7.80 r	-8.47 r	-7.91 r	-8.60 r	-8.25 r	-8.72
Federal Funds, Money Market Rate* Percentage, Monthly Average .....	4.92	4.94	4.94	4.94	4.92	4.90	4.90
Real Exchange Rate, (Central Bank Settlement Rate)* Peso/US\$, Monthly Average .....	19.36	18.84	19.61	19.65	19.84	19.67	19.79
<b>LEADING INDEX (2004=100).....</b>	<b>117.8</b>	<b>118.8</b>	<b>116.7</b>	<b>116.6</b>	<b>116.8 r</b>	<b>117.3 r</b>	<b>118.0</b>
Percent change from preceding month.....		0.8	-1.8	-0.1	0.2 r	0.4 r	0.6
Mexico Leading Economic Index net contributions							
Industrial Production, Construction Component, SA Index, 2003=100 .....	....	-0.14 r	-0.01	-0.19 r	0.22 r	0.16 r	0.41
Stock Prices, IPC35 (BOLSA) October 1978=0.78 .....	....	-0.10	-0.11	-0.15	0.20	-0.11	0.28
US Refiners' Acquisition Cost of Domestic and Imported Crude Oil US\$ per Composite Barrel .....	....	0.34	-0.84	0.00	0.12	0.09 r	0.18
Net Insufficient Inventories Difference, (3 month moving average), Survey .....	....	0.28	-0.29 r	0.24	-0.30 r	0.15 r	-0.20
Federal Funds, Money Market Rate* Percentage, Monthly Average .....	....	0.00	0.00	0.00	0.00	0.00	0.00
Real Exchange Rate, (Central Bank Settlement Rate)* Peso/US\$, Monthly Average .....	....	0.43	-0.63	-0.03	-0.15	0.13	-0.10

p Preliminary. r Revised. n.a. Not available.

# CPI used to calculate the EX is forecasted

\* Inverted series; a negative change in this component makes a positive contribution to the index.

\*\* Statistical Imputation (See page 2 for more details)

**Data Sources: INEGI; Bank of Mexico; U.S. Department of Energy; Thomson Financial**

© The Conference Board

These data are protected by copyright and are for news analysis purposes only.

The data and analysis are not for databasing by any means, redistribution,

publishing, or public posting without express written permission from The Conference Board.

THESE DATA ARE FOR ANALYSIS PURPOSES ONLY. NOT FOR REDISTRIBUTION, PUBLISHING, DATABASING, OR PUBLIC POSTING WITHOUT EXPRESS WRITTEN PERMISSION.

### The Conference Board Mexico Business Cycle Indicators

Table 3.--Data and Net Contributions for Mexico Coincident Economic Index

Component	2010						
	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.
Mexico Coincident Economic Index Component Data							
Industrial Production, SA Index, (2003=100), 3 month moving average	110.8 r	111.9 r	112.4 r	112.8 r	112.7 r	113.0 r	113.1
Retail Sales, SA Index, (2000=100), 3 month moving average	116.1	116.5	116.5	116.0	116.6	117.0	117.2 **
Employment, IMSS Beneficiaries Thousands, monthly average .....	14341	14409	14434	14480	14518	14594	14701
<b>COINCIDENT INDEX (2004=100)</b>	<b>110.0</b>	<b>110.7</b>	<b>111.0 r</b>	<b>111.2 r</b>	<b>111.4</b>	<b>111.9 r</b>	<b>112.3 p</b>
Percent change from preceding month.....		0.6	0.3 r	0.2	0.2 r	0.4 r	0.4 p
Mexico Coincident Economic Index net contributions							
Industrial Production, SA Index, (2003=100), 3 month moving average	....	0.38 r	0.17 r	0.14 r	-0.02 r	0.10 r	0.04
Retail Sales, SA Index, (2000=100), 3 month moving average	....	0.08	0.01	-0.09	0.11	0.07	0.03 **
Employment, IMSS Beneficiaries Thousands, monthly average .....	....	0.19	0.07	0.13	0.11	0.22	0.30

p Preliminary. r Revised. n.a. Not available.

\* Inverted series; a negative change in this component makes a positive contribution to the index.

\*\* Statistical Imputation (See page 2 for more details)

CALCULATION NOTE--The percent change in the index does not always equal the sum of the net contributions of the individual components (because of rounding effects and base value differences).

Data Sources: INEGI; IMSS; Thomson Financial

© The Conference Board

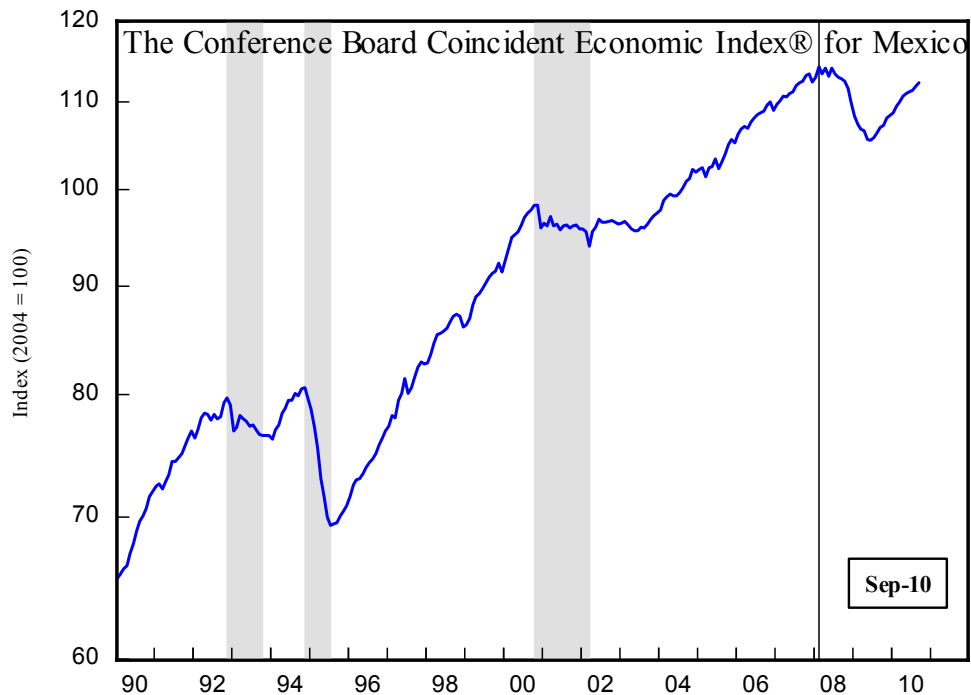
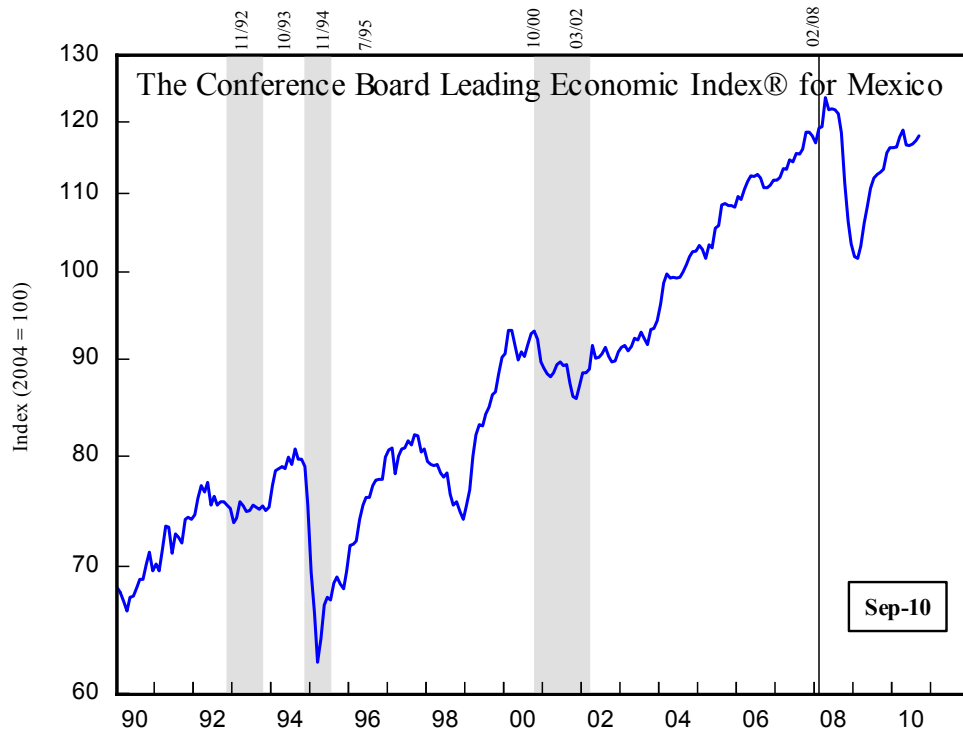
These data are protected by copyright and are for news analysis purposes only.

The data and analysis are not for databasing by any means, redistribution,

publishing, or public posting without express written permission from The Conference Board.

THESE DATA ARE FOR ANALYSIS PURPOSES ONLY. NOT FOR REDISTRIBUTION, PUBLISHING, DATABASES, OR PUBLIC POSTING WITHOUT EXPRESS WRITTEN PERMISSION.

# Mexico



Note: The shaded areas represent business cycle recessions.

The peaks and troughs are designated by The Conference Board based on the coincident index and real GDP.