



THE CONFERENCE BOARD

FOR RELEASE: 9:30 A.M. ET, WEDNESDAY, DECEMBER 17, 2008

The Conference Board®
France Business Cycle IndicatorsSM

FRANCE LEADING ECONOMIC INDICATORS AND RELATED COMPOSITE INDEXES FOR OCTOBER 2008

Next month's release will incorporate annual benchmark revisions to the composite indexes, which bring them up-to-date with revisions in the source data. Also, the base year of the composite indexes will be changed to 2004=100 from 1990=100. 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 will no longer be comparable to those issued prior to the benchmark revision.

For more information, please visit our website at <http://www.conference-board.org/economics/bci/> or contact us at indicators@conference-board.org.

The Conference Board reports today that the leading index for France declined 1.9 percent and the coincident index decreased 0.1 percent in October.

- The leading index declined sharply in October, the twelfth consecutive monthly decline and the largest since 1973. Stock prices, production expectations, new unemployment claims (inverted), industrial new orders, and building permits all made very large negative contributions. As a result, the leading index declined 4.4 percent during the six-month period ending in October (about a -8.7 percent annual rate), well below the 4.1 percent annual rate of decline between October 2007 and April 2008. In addition, the weaknesses among the leading indicators have become more widespread in recent months.
- The coincident index also declined in October after remaining unchanged in August and September. Industrial production made the largest negative contribution to the index. Between April and October 2008, the coincident index declined 0.4 percent (about a -0.8 percent annual rate), below the 0.2 percent rate of increase (about a 0.5 percent annual rate) that prevailed during the previous six months. Meanwhile, real GDP declined at a 0.3 percent average annual rate during the second and third quarter of 2008 (including a 0.6 percent annual rate of growth during the third quarter), well below the 1.5 percent average annual rate of growth for the previous two quarters.
- The leading index has been trending downward for the past year, and weaknesses among its components have remained consistently widespread during this period. In recent months, the pace of this decline has intensified. Subsequently, the coincident index, a measure of current economic activity, has begun to decrease this year, and its six-month change has remained slightly negative since June. The recent behavior of the composite indexes suggests that economic weakness is likely to continue through the end of the year and into the first half of 2009 and that economic conditions could deteriorate further in the near term.

LEADING INDICATORS. One of the seven components of the leading index increased in October. The positive contributor to the index was the yield spread. The negative contributors to the index— beginning with the largest negative contributor— are the stock price index, production expectations, the inverted new unemployment claims, industrial new orders, building permits (residential) and the ratio of the deflator of manufacturing value added to unit labor cost for manufacturing*.

With the decrease of 1.9 percent in October, the leading index now stands at 122.5 (1990=100). Based on revised data, this index declined 0.6 percent in September and declined 0.4 percent in August. During the six-month span through October, the leading index decreased 4.4 percent, and one of the seven components increased (diffusion index, six-month span equals 14.3 percent).

Please visit our website at <http://www.conference-board.org/economics/bci>
Also visit the web site of our research associate in France: <http://www.rexecode.fr/index.jsv>
The next release is scheduled for Wednesday, January 21, 2009 at 4:00 A.M. ET (10:00 A.M. CET).

COINCIDENT INDICATORS. One of the four components of the coincident index increased in October. The positive contributor to the index was the wage and salaries* component. Industrial production, personal consumption and employment*declined in October.

With the decrease of 0.1 percent in October, the coincident index now stands at 122.8 (1990=100). Based on revised data, this index remained unchanged in September and remained unchanged in August. During the six-month period through October, the coincident index decreased -0.4 percent, with four of the four series making a positive contribution (diffusion index, six-month span equals 50.0 percent).

* See notes under data availability.

FOR TABLES AND CHARTS, SEE BELOW

DATA AVAILABILITY. The data series used by The Conference Board to compute the two composite indexes reported in the tables in this release are those available “as of” 10 A.M. ET on December 15, 2008. Some series are estimated as noted below.

NOTES: Series in the leading index that are based on The Conference Board estimates are ratio deflator of manufacturing value added to unit labor cost in manufacturing. Series in the coincident index that are based on The Conference Board estimates are number of employees and wage and salaries.

With the May 2006 release the FRANCE LEADING ECONOMIC INDICATORS AND RELATED COMPOSITE INDEXES underwent a benchmark revision. For more information on these benchmark revisions please visit our website at:

<http://www.conference-board.org/economics/bci/update.cfm?cid=3>

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THE CYCLICAL INDICATOR APPROACH. The composite indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading and coincident indexes are essentially composite averages of several 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 leading index have occurred before those in aggregate economic activity, while the cyclical turning points in the coincident index 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/economics/bci/>.

France Composite Indexes: Components and Standardization Factors

<u>Leading Index</u>	<u>Factor</u>
1. Yield Spread, 10 year minus Day-Day Loan	.1073
2. Stock Price SBF 250 Index	.0328
3. Building Permits, residential	.0409
4. New Unemployment Claims	.1176
5. Industrial New Orders	.0482
6. Production Expectations	.0382
7. Ratio Deflator of Manuf. Value Added to Unit Labor Cost	.6150

<u>Coincident Index</u>	
1. Industrial Production	.0640
2. Personal Consumptions	.0355
3. Number of Employees	.6072
4. Wage and Salaries	.2933

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. 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 leading index were calculated using 1986-2004 as the sample period for measuring volatility. A separate set of factors for the 1976-1986 period and 1970-1976 period is available upon request. The factors above for the coincident index were calculated using 1972-2004 as the sample period. A separate set of factors for the 1970-1972 period is available upon request. When one or more components is 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 Web site: <http://www.conference-board.org/economics/bci>.

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 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 schedule for 2009 for the France “Leading Economic Indicators” news release is:

November 2008 DataWednesday, January 21, 2009
December 2008 Data.....Tuesday, February 17, 2009
January 2009 Data.....Tuesday, March 17, 2009
February 2009 Data.....Wednesday, April 22, 2009
March 2009 Data.....Wednesday, May 20, 2009
April 2009 Data.....Tuesday, June 23, 2009
May 2009 Data.....Wednesday, July 22, 2009
June 2009 Data.....Wednesday, August 19, 2009
July 2009 Data.....Tuesday, September 22, 2009
August 2009 Data.....Wednesday, October 21, 2009
September 2009 Data.....Tuesday, November 17, 2009
October 2009 Data.....Wednesday, December 16, 2009

All releases are at 4:00 A.M. ET (10:30 A.M. CET).

About The Conference Board

For over 90 years, The Conference Board has created and disseminated knowledge about management and the marketplace to help businesses strengthen their performance and better serve society. The Conference Board operates as a global independent membership organization working in the public interest. It publishes information and analysis, makes economics-based forecasts and assesses trends, and facilitates learning by creating dynamic communities of interest that bring together senior executives from around the world. The Conference Board is a not-for-profit organization and holds 501(c)(3) tax-exempt status in the United States. For additional information about The Conference Board and how it can meet your needs, visit our website at www.conference-board.org.

AVAILABLE FROM THE CONFERENCE BOARD:

France Business Cycle Indicators Internet Subscription <i>(Includes monthly release, data, charts and commentary)</i>	\$ 635 per year (1 user)
Individual Data Series	\$ 35 per series downloaded
Monthly BCI Report <i>(Sample available at http://www.conference-board.org/publications/describeBCI.cfm)</i>	\$ 275 per year
BCI Handbook (published 2001)	\$ 20
Corporate Site License	contact Indicators Program at (212) 339-0330

Business Cycle Indicators for France, Germany, Japan, Korea, Mexico, Spain and the U.K. are available at \$635 per country per year (1 user). Discounts are available to Associates of The Conference Board and accredited academic institutions.

The Conference Board France Business Cycle Indicators

Table 1.--Summary of France Composite Indexes

	2008						
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.
Leading index	128.2	127.4	127.0 p	126.1 p	125.6 p	124.9 p	122.5 p
Percent change	-0.2	-0.6	-0.3 p	-0.7 p	-0.4 p	-0.6 p	-1.9 p
Diffusion index	42.9	42.9	28.6	14.3	21.4	28.6	21.4
Coincident index	123.3	123.0	122.8 r	122.9 r	122.9 r	122.9 p	122.8 p
Percent change	0.0	-0.2	-0.2 r	0.1	0.0	0.0 p	-0.1 p
Diffusion index	37.5	25.0	12.5	75.0	37.5	62.5	37.5
	Oct. to Apr	Nov. to May	Dec. to Jun	Jan. to Jul	Feb. to Aug	Mar. to Sep	Apr. to Oct
Leading index							
Percent change	-2.1	-2.5	-2.2 p	-2.5 p	-2.5 p	-2.8 p	-4.4 p
Diffusion index	14.3	14.3	14.3	14.3	21.4	28.6	14.3
Coincident index							
Percent change	0.2	0.2	-0.2	-0.2	-0.5 r	-0.3 p	-0.4 p
Diffusion index	50.0	75.0	25.0	25.0	.0	37.5	50.0

p Preliminary. r Revised (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 <http://www.conference-board.org/economics/bci>

Source: The Conference Board

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The Conference Board France Business Cycle Indicators

Table 2.--Data and Net Contributions for Components of the France Leading Index

Component	2008						
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.
France Leading Index Component Data							
Yield Spread, 10 years minus Day-Day Loan Rate-----	0.28	0.38	0.73 r	0.50	0.10	0.07	0.36
Stock Price SBF250 Index, index 1000=12/31/1990,-----	3461.66	3557.68	3310.65	3027.15	3107.54	2998.79	2457.92
Building Permits Residential, thousands, (3 month moving average), S.A.-----	35.88 r	34.81	34.01	33.28	32.10	30.18	29.01
New Unemployment Claims* thousands, (3 month moving average), S.A.-----	375.43	371.30	366.87	361.63	362.87	364.50	375.93
Industrial New Orders opinion balance,-----	-5.00	-10.00	-13.00	-19.00	-23.00	-26.00	-31.00
Production Expectations for Months Ahead Diffusion Index-----	18.00	6.50	5.90	-0.10	-3.30	-2.60	-16.30
Ratio Deflator of Value Added to Unit Labor Cost (1995=100), Q-----	101.44	101.32	101.23 **	101.17 **	101.12 **	101.08 **	101.05 **
LEADING INDEX (1990=100).....	128.2	127.4	127.0 p	126.1 p	125.6 p	124.9 p	122.5 p
Percent change from preceding month.....	-0.2	-0.6	-0.3 p	-0.7 p	-0.4 p	-0.6 p	-1.9 p
France Leading index net contributions							
Yield Spread, 10 years minus Day-Day Loan Rate-----	....	0.04	0.08	0.05	0.01	0.01	0.04
Stock Price SBF250 Index, index 1000=12/31/1990,-----	....	0.09	-0.24	-0.29	0.09	-0.12	-0.65
Building Permits Residential, thousands, (3 month moving average), S.A.-----	....	-0.12	-0.10 r	-0.09	-0.15	-0.25	-0.16
New Unemployment Claims* thousands, (3 month moving average), S.A.-----	....	0.13	0.14	0.17	-0.04	-0.05	-0.36
Industrial New Orders opinion balance,-----	....	-0.24	-0.14	-0.29	-0.19	-0.14	-0.24
Production Expectations for Months Ahead Diffusion Index-----	....	-0.44	-0.02	-0.23	-0.12	0.03	-0.52
Ratio Deflator of Value Added to Unit Labor Cost (1995=100), Q-----	....	-0.07	-0.05 **	-0.04 **	-0.03 **	-0.02 **	-0.02 **

p Preliminary. r Revised. s.a. Seasonally Adjusted

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

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

Q Quarterly series; these series are converted to monthly through a linear interpolation.

Data Sources: Rexecode, Thomson Financial, INSEE

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).

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The Conference Board France Business Cycle Indicators

Table 3.--Data and Net Contributions for Components of the France Coincident Index

Component	2008						
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.
France Coincident Index Component Data							
Industrial Production, Volume (2000=100). S.A.....	105.7 r	102.5 r	101.7 r	103.0 r	102.5 r	101.7 r	99.0
Personal Consumption of Manuf. Goods Billions of Euros, S.A.....	21.6	22.0	21.9	22.0	21.9	22.0 r	21.9
Numbers of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	16049.0	16039.8	16036.2	16032.6	16029.0	16025.8 **	16022.9 **
Wage and Salaries, Financial and Non-Financial Millions of Euros, S.A. Q.....	109503.2 r	109302.1 r	109010.8 r	108992.4 r	109241.9 r	109455.4 **	109649.9 **
COINCIDENT INDEX (1990=100)	123.3	123.0	122.8 r	122.9 r	122.9 r	122.9 p	122.8 p
Percent change from preceding month.....	0.0	-0.2	-0.2 r	0.1	0.0	0.0 p	-0.1 p
France Coincident index net contributions							
Industrial Production, Volume (2000=100). S.A.....	....	-.20 r	-.05	.08	-.03 r	-.05 r	-.17
Personal Consumption of Manuf. Goods Billions of Euros, S.A.....	....	.06	-.02	.01	-.01	.02	-.01
Numbers of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	....	-.03	-.01	-.01	-.01	-.01 **	-.01 **
Wage and Salaries, Financial and Non-Financial Millions of Euros, S.A. Q.....	....	-.05	-.08 r	.00 r	.07 r	.06 **	.05 **

p Preliminary. r Revised. s.a. Seasonally adjusted

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

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

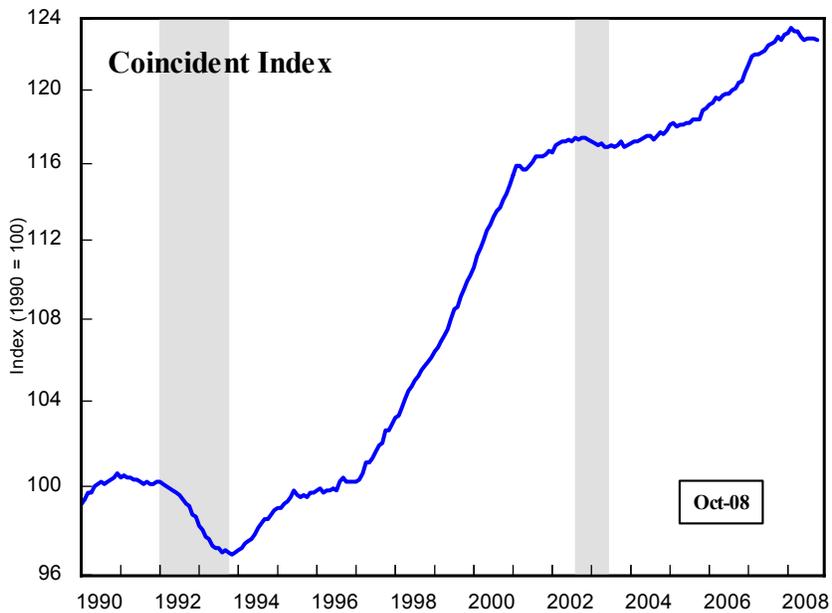
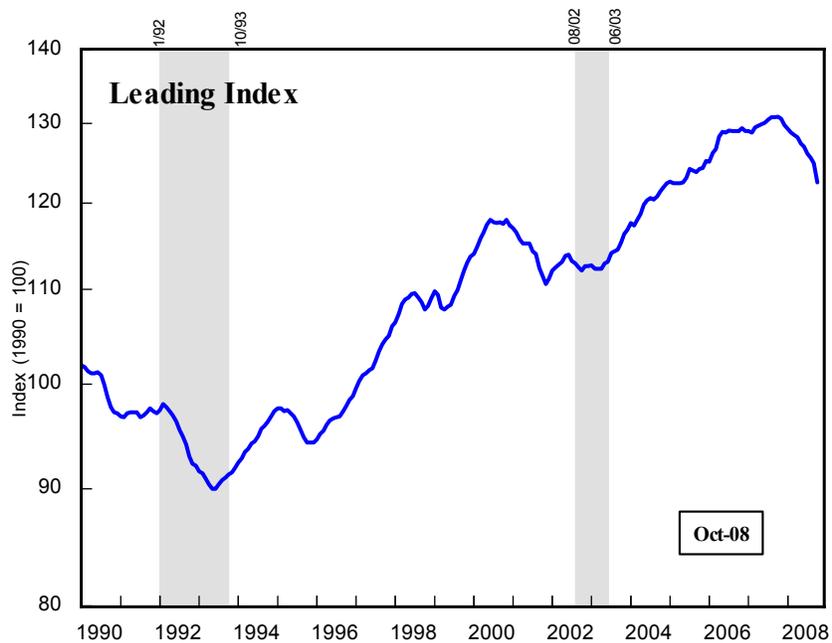
Q Quarterly series; these series are converted to monthly through a linear interpolation.

Data Sources: Rexecode, Thomson Financial, INSEE

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).

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France



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.

Source: The Conference Board