



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (BERLIN TIME), TUESDAY, DECEMBER 22, 2009

The Conference Board®
Germany Business Cycle IndicatorsSM
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX™ (LEI)
FOR GERMANY
AND RELATED COMPOSITE ECONOMIC INDEXES FOR OCTOBER 2009**

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. 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 directly 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.

BRUSSELS, December 22, 2009... **The Conference Board Leading Economic Index™ (LEI)** for Germany increased 0.6 percent and **The Conference Board Coincident Economic Index™ (CEI)** decreased 0.3 percent in October.

- The Conference Board LEI for Germany increased again in October with the yield spread and consumer confidence again making the largest positive contributions. The index was revised up between May and September after new data for gross enterprises and properties income became available. Between April and October 2009, the leading economic index increased by 8.0 percent (about a 16.6 percent annual rate), a sharp reversal from the 10.0 percent decline (about a -19.0 percent annual rate) between October 2008 and April 2009. In addition, the strengths among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for Germany, a measure of current economic activity, decreased in October after increasing in September. Between April and October 2009, the coincident economic index increased by 0.4 percent (about a 0.8 percent annual rate), after declining 3.4 percent (about a -6.7 percent annual rate) during the previous six months. Additionally, the strengths and weaknesses among the leading indicators have remained balanced in recent months. At the same time, real GDP increased at a 2.9 percent annual rate during the third quarter of 2009, after rising at a 1.8 percent annual rate during the second quarter.
- After a long downtrend between July 2007 and March 2009, The Conference Board LEI has grown rapidly since April, though the pace of this growth has slowed in October. As a result, its six-month growth rate remains near its highest level since 1983. Despite falling this month, the six-month growth rate for The Conference Board CEI for Germany remains positive. Taken together, the recent behavior of the composite economic indexes suggests that economic conditions will continue to improve in the near term.

The next release is scheduled for Friday, January 22, 2010 at 10:00 A.M. (Berlin Time)

In the U.S. – Friday, January 22, 2010 at 4:00 A.M. (ET)

LEADING INDICATORS. Six of the seven components in The Conference Board LEI for Germany increased in October. The positive contributors — in order from the largest positive contributor to the smallest— are the yield spread, consumer confidence, stock prices, gross enterprises and properties income*, inventory change series* and new residential construction orders*. New orders in investment goods industries was the only negative contributor in October.

With the 0.6 percent increase in October, The Conference Board LEI for Germany now stands at 93.5 (2004=100). Based on revised data, this index increased 1.4 percent in September and increased 1.9 percent in August. During the six-month span through October, the index increased 8.0 percent, with six of the seven components increasing (diffusion index, six-month span equals 92.9 percent).

COINCIDENT INDICATORS. None of the four components that make up The Conference Board CEI for Germany increased in October. Industrial production, employed persons and manufacturing sales declined in October, while retail trade remained unchanged.

With the 0.3 percent decrease in October, The Conference Board CEI for Germany now stands at 101.9 (2004=100). Based on revised data, this index increased 0.4 percent in September and decreased 0.1 percent in August. During the six-month period through October, the index increased 0.4 percent, with two of the four components increasing (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 to compute **The Conference Board Leading Economic Index™** (LEI) for Germany and **The Conference Board Coincident Economic Index™** (CEI) for Germany reported in this release are those available “as of” 10:00 A.M. ET December 18, 2009. Some series are estimated as noted below.

NOTES: Series in The Conference Board LEI for Germany that are based on our estimates are inventory change, new residential construction orders, and gross enterprises and properties income.

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

Further explanations of the cyclical indicator approach and the composite economic index methodology appear in The Conference Board's *Business Cycle Indicators* report and website: <http://www.conference-board.org/economics/bci/>.

Germany Composite Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1. New Orders, Investment Goods	0.1536
2. Yield Spread cumulated, 10 year minus 3 month	0.1419
3. Change in Inventories	0.2549
4. Gross Enterprise and Property Income	0.1288
5. Stock Prices	0.0529
6. New Orders, Residential Construction	0.0913
7. Consumer Confidence Index	0.1765
<u>Coincident Economic Index</u>	
1. Industrial Production	0.1028
2. Manufacturing Sales	0.0624
3. Retail Trade	0.0804
4. Persons Employed	0.7544

Notes:

The standardization 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 2009, and all historical values for the two composite indexes were revised at this time to reflect the changes. (Under normal circumstances, updates to the leading and coincident economic indexes only incorporate revisions to data over the past six months.) The factors above for The Conference Board LEI for Germany were calculated using April 1991 to December 2007 as the sample period for measuring volatility. Separate sets of factors are available for February 1965 to March 1971, April 1971 to January 1973, February 1973 to January 1974, February 1974 to November 1990, December 1990 to February 1991 and March 1991. The factors above for The Conference Board CEI for Germany were calculated using the February 1994-December 2007 period as the sample period. Separate sets of factors are available for February 1965 to December 1990, January 1991 to February 1991, March 1991, April 1991 and May 1991 to January 1994. These additional 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 website: <http://www.conference-board.org/economics/bci/>.

The trend adjustment factors for The Conference Board LEI for Germany are -0.2274 for the 1965-1990 period and -0.1919 for the 1991-2007 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™** (LEI) for Germany” news release is:

November 2009 Data.....	Friday, January 22, 2010
December 2009 Data.....	Wednesday, February 24, 2010
January 2010 Data.....	Wednesday, March 24, 2010
February 2010 Data.....	Thursday, April 22, 2010
March 2010 Data.....	Friday, May 21, 2010
April 2010 Data.....	Tuesday, June 22, 2010
May 2010 Data.....	Tuesday, July 20, 2010
June 2010 Data.....	Friday, August 20, 2010
July 2010 Data.....	Wednesday, September 22, 2010
August 2010 Data.....	Friday, October 22, 2010
September 2010 Data.....	Tuesday, November 23, 2010
October 2010 Data.....	Tuesday, December 21, 2010

All releases are at 4:00 A.M. (ET), 10:00 A.M. (Berlin Time)

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:

Germany Business Cycle Indicators Internet Subscription	\$ 635 per year (1 user)
<i>(Includes monthly release, data, charts and commentary)</i>	
Individual Data Series	\$ 35 per series downloaded
Monthly BCI Report	\$ 275 per year
<i>(Sample available at http://www.conference-board.org/publications/describeBCI.cfm)</i>	
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.

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The Conference Board Germany Business Cycle Indicators

Table 1.--Summary of Germany Composite Economic Indexes

	2009						
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.
Leading index	86.6	87.2 r	88.6 r	89.9 r	91.6 r	92.9 p	93.5 p
Percent change	1.1	0.7 r	1.6 r	1.5 r	1.9 r	1.4 p	0.6 p
Diffusion index	57.1	57.1	85.7	78.6	92.9	92.9	78.6
Coincident index	101.5	101.9 r	101.9	101.9	101.8	102.2 r	101.9 p
Percent change	-0.2	0.4 r	0.0 r	0.0	-0.1	0.4 r	-0.3 p
Diffusion index	62.5	50.0	50.0	50.0	25.0	75.0	12.5
	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	-10.0	-7.4 r	-2.9 r	1.6 r	6.0 r	8.4 p	8.0 p
Diffusion index	14.3	28.6	42.9	85.7	85.7	85.7	92.9
Coincident index							
Percent change	-3.4	-2.5 r	-1.8	-0.6	-0.1	0.5 r	0.4 p
Diffusion index	0.0	0.0	0.0	0.0	25.0	50.0	50.0

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

Source: The Conference Board

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The Conference Board Germany Business Cycle Indicators

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

Component	2009						
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.
Germany Leading Economic Index component data							
New Orders, Investment Goods Industries, Volume, 2005=100 (3 month moving average).....	77.20	78.83	80.43	83.60	86.10	87.73 r	87.33
Yield 10-Year Minus 3-Month Time							
Deposits Rate, Percent,	1.7	2.1	2.2	2.4	2.5	2.5	2.5
Consumer Confidence Index.....	81.80	81.30	84.30	85.70	87.20	89.20	90.70
Inventory Change							
Contribution to real GDP change, Percent (Q).....	-0.4 r	-0.7 r	-0.8 r	-0.8 r	-0.8 r	-0.7 **	-0.4 **
New Residential Construction Orders 2005=100, (3 month moving average).....	83.17	85.00	86.47	85.57	86.93	87.83 r	88.11 **
Stock Price Index							
1980=100,	248.72	262.19	263.52	264.68	289.02	300.96	306.93
Gross Enterprises and Properties Income							
Bill., 1999 Euro (Q).....	132.16 r	131.78 r	136.39 r	141.01 r	145.63 r	147.87 **	148.98 **
LEADING INDEX (2004=100).....	86.6	87.2 r	88.6 r	89.9 r	91.6 r	92.9 p	93.5 p
Percent change from preceding month.....		0.7 r	1.6 r	1.5 r	1.9 r	1.4 p	0.6 p
Germany Leading Economic Index net contributions							
New Orders, Investment Goods Industries, Volume, 2005=100 (3 month moving average).....		0.32	0.31	0.59	0.45	0.29 r	-0.07
Yield 10-Year Minus 3-Month Time							
Deposits Rate, Percent,		0.30	0.32	0.34	0.35	0.35	0.35
Consumer Confidence Index.....		-0.11	0.64	0.29	0.31	0.40	0.29
Inventory Change							
Contribution to real GDP change, Percent (Q).....		-0.08 r	-0.02	0.00 r	-0.01 r	0.04 **	0.06 **
New Residential Construction Orders 2005=100, (3 month moving average).....		0.20	0.16	-0.10	0.14	0.09 r	0.03 **
Stock Price Index							
1980=100,		0.28	0.03	0.02	0.47	0.21	0.10
Gross Enterprises and Properties Income							
Bill., 1999 Euro (Q).....		-0.04 r	0.44 r	0.43 r	0.42 r	0.20 **	0.10 **

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)

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

Data Sources: Deutsche Bundesbank, Thomson Financial, IFO Institute

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The Conference Board Germany Business Cycle Indicators

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

Component	Apr.	May.	Jun.	2009		Sep.	Oct.
				Jul.	Aug.		
Germany Coincident Economic Index Component Data							
Industrial Production, (2005=100).....	88.7	92.7	93.8	92.9	94.6	97.5 r	95.7
Employed Persons, Thousands #.....	40270.0 r	40233.0 r	40201.0 r	40179.0 r	40136.0 r	40098.0 r	40069.0
Retail Trade, Volume, (2005=100).....	98.4 r	97.8 r	96.9 r	98.0 r	96.5 r	97.0 r	97.0
Manufacturing Sales, Volume, (2005=100, 3 month moving average).....	90.8 r	91.2 r	91.7 r	92.4 r	92.3 r	93.1 r	92.8
COINCIDENT INDEX (2004=100).....	101.5	101.9 r	101.9	101.9	101.8	102.2 r	101.9 p
Percent change from preceding month.....		0.4 r	0.0 r	0.0	-0.1	0.4 r	-0.3 p
Germany Coincident Economic Index net contributions							
Industrial Production, (2005=100).....	....	0.45	0.12	-0.10	0.19	0.31 r	-0.19
Employed Persons, Thousands #.....	....	-0.07	-0.06	-0.04	-0.08 r	-0.07 r	-0.05
Retail Trade, Volume, (2005=100).....	....	-0.05 r	-0.07 r	0.09 r	-0.12 r	0.04 r	0.00
Manufacturing Sales, Volume, (2005=100, 3 month moving average).....	....	0.03	0.03	0.05 r	-0.01	0.05	-0.02

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)

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

Data Sources: Deutsche Bundesbank, Thomson Financial, Statistisches Bundesamt

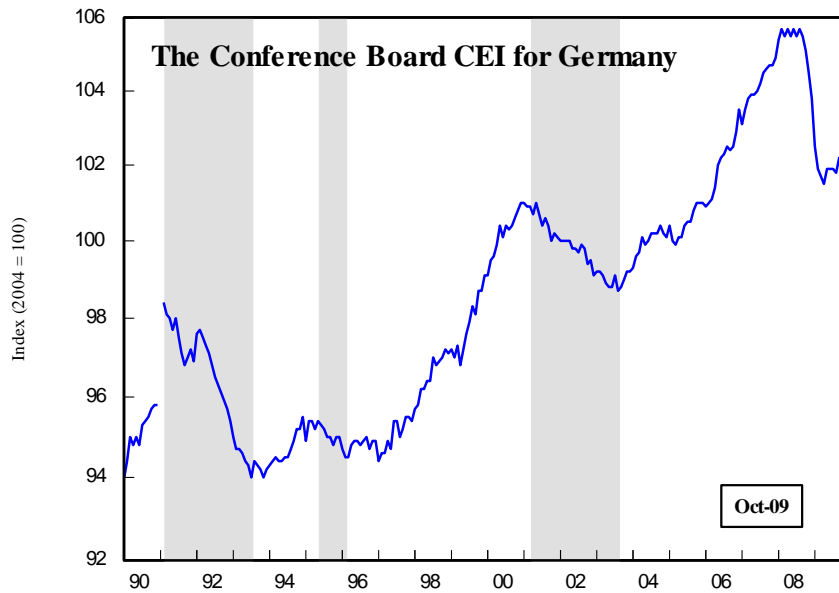
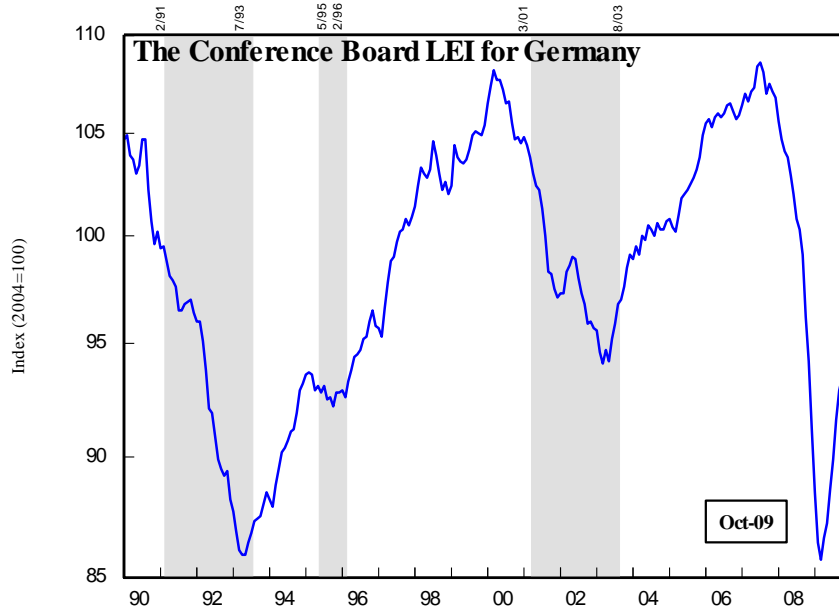
CALCULATION NOTE--The percent change in the index does not always equal the sum of the net contributions of the individual components (because of rounding effects and base value differences).

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Germany Composite Economic Indexes



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

* There is a discontinuity in the indexes in Jan-1991 due to reunification of Eastern and Western Germany