



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. CET, WEDNESDAY, MARCH 18, 2009

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

BRUSSELS, MAR. 18, 2009... The Conference Board Leading Economic Index™ (LEI) for Germany declined 2.2 percent and The Conference Board Coincident Economic Index™ (CEI) decreased 1.4 percent in January.

- The Conference Board LEI for Germany continued declining in January, with new orders in investment goods industries and consumer confidence making the largest negative contributions to the index. Between July 2008 and January 2009, the leading economic index declined by 11.1 percent (about a -21.0 percent annual rate), well below the 4.5 percent decline (about a -8.9 percent annual rate) between January and July 2008. In addition, the weaknesses among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for Germany, a measure of current economic activity, registered its largest monthly decline in its 44 year history in January. All four components declined and industrial production and manufacturing sales made the largest negative contributions. Between July 2008 and January 2009, the coincident economic index decreased by 2.9 percent (about a -5.8 percent annual rate), far below the 0.1 percent increase (about a 0.2 percent annual rate) during the previous six months. At the same time, real GDP declined at an average annual rate of 5.2 percent during the second half of 2008 (including a -8.2 annual rate during the fourth quarter), its largest two-quarter contraction since 1963.
- The Conference Board LEI for Germany has been generally falling since July 2007. The pace of this decline has continued to accelerate in recent months and the six-month growth rate for the index has dropped to the lowest level in its 44 year history. Meanwhile, The Conference Board CEI for Germany has fallen sharply since August 2008. Taken together, the persistent and deep declines in the composite economic indexes continue to suggest that the economic downturn should continue through at least the first half of 2009, and that the contraction in economic activity may remain deep in the near term.

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

The next release is scheduled for Tuesday, April 21, 2009 at 10:00 A.M. (CET)

In the U.S. – Tuesday, April 21, 2009 at 4:00 A.M. (ET)

With the 2.2 percent decrease in January, The Conference Board LEI for Germany now stands at 89.6 (2004=100). Based on revised data, this index declined 2.8 percent in December and declined 2.2 percent in November. During the six-month span through January, the index decreased 11.1 percent, with two of the seven components increasing (diffusion index, six-month span equals 28.6 percent).

**See notes under data availability*

COINCIDENT INDICATORS. None of the four components that make up The Conference Board CEI for Germany increased in January. The negative contributors were industrial production, manufacturing sales, employed persons, and retail trade.

With the 1.4 percent decrease in January, The Conference Board CEI for Germany now stands at 102.4 (2004=100). Based on revised data, this index decreased 0.6 percent in December and decreased 0.6 percent in November. During the six-month period through January, the index decreased 2.9 percent, with none of the four components increasing (diffusion index, six-month span equals 12.5 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 March 16, 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 series, new residential construction orders, and gross enterprises and properties income. There are no series in The Conference Board CEI for Germany that are based on estimates.

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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 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 Web site: <http://www.conference-board.org/economics/bci/>.

Germany Composite Economic 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 sales	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 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 Web site: <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 2009 schedule for “**The Conference Board Leading Economic Index™** (LEI) for Germany” news release is:

February 2009 Data.....	Tuesday, April 21, 2009
March 2009 Data.....	Tuesday, May 19, 2009
April 2009 Data.....	Wednesday, June 24, 2009
May 2009 Data.....	Tuesday, July 21, 2009
June 2009 Data.....	Tuesday, August 18, 2009
July 2009 Data.....	Wednesday, September 23, 2009
August 2009 Data.....	Tuesday, October 20, 2009
September 2009 Data.....	Wednesday, November 18, 2009
October 2009 Data.....	Tuesday, December 22, 2009

All releases are at 10:00 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:

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.

The Conference Board Germany Business Cycle Indicators

Table 1.--Summary of Germany Composite Economic Indexes

	2008							2009
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	
Leading index	100.8	100.3 r	99.2 r	96.3 r	94.2 r	91.6 p	89.6 p	
Percent change	-1.2	-0.5 r	-1.1 r	-2.9 r	-2.2 r	-2.8 p	-2.2 p	
Diffusion index	35.7	28.6	35.7	14.3	42.9	28.6	28.6	
Coincident index	105.5	105.7 r	105.5	105.1 r	104.5 r	103.9	102.4 p	
Percent change	-0.2	0.2 r	-0.2 r	-0.4 r	-0.6	-0.6 r	-1.4 p	
Diffusion index	50.0	62.5	37.5	12.5	25.0	25.0	0.0	
	Jan to	Feb to	Mar to	Apr to	May to	Jun to	Jul to	
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Leading index								
Percent change	-4.5	-4.2 r	-4.7 r	-7.2 r	-8.5 r	-10.2 p	-11.1 p	
Diffusion index	35.7	14.3	14.3	14.3	35.7	28.6	28.6	
Coincident index								
Percent change	0.1	0.0 r	0.0	-0.6 r	-0.9	-1.7	-2.9 p	
Diffusion index	50.0	25.0	50.0	50.0	25.0	50.0	12.5	

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	Jul.	Aug.	Sep.	2008 Oct.	Nov.	Dec.	2009 Jan.
Germany Leading Economic Index component data							
New Orders, Investment Goods Industries, Volume, 2005=100 (3 month moving average).....	115.43 r	114.77 r	111.07 r	105.70 r	96.77 r	89.53 r	82.90
Yield 10-Year Minus 3-Month Time Deposits Rate, Percent,	-0.5	-0.8	-0.9	-1.2	-0.7	-0.2	0.6
Consumer Confidence Index.....	95.10	94.10	94.10	92.60	91.20	87.70	85.30
Inventory Change Mill., 1999 Euro(Q).....	0.3	0.5 r	0.8 r	1.1 r	1.5 r	1.8 **	1.9 **
New Residential Construction Orders 2000=100, (3 month moving average).....	48.87	48.80	49.53	48.93	50.53	47.47 r	46.02 **
Stock Price Index 1980=100,	367.59	371.43	353.14	279.51	261.00	256.46	250.54
Gross Enterprises and Properties Income Mill., 1999 Euro (Q).....	151.20 r	150.87 r	147.72 r	144.56 r	141.41 r	140.01 **	139.41 **
LEADING INDEX (2004=100).....	100.8	100.3 r	99.2 r	96.3 r	94.2 r	91.6 p	89.6 p
Percent change from preceding month.....		-0.5 r	-1.1 r	-2.9 r	-2.2 r	-2.8 p	-2.2 p
Germany Leading Economic Index net contributions							
New Orders, Investment Goods Industries, Volume, 2005=100 (3 month moving average).....		-0.09 r	-0.50 r	-0.76 r	-1.35 r	-1.19 r	-1.18
Yield 10-Year Minus 3-Month Time Deposits Rate, Percent,		-0.11	-0.13	-0.17	-0.10	-0.03	0.09
Consumer Confidence Index.....		-0.19	0.00	-0.28	-0.27	-0.69	-0.49
Inventory Change Mill., 1999 Euro (Q).....		0.05 r	0.08 r	0.08 r	0.10 r	0.06 **	0.04 **
New Residential Construction Orders 2000=100, (3 month moving average).....		-0.01	0.14	-0.11	0.29	-0.57 r	-0.28 **
Stock Price Index 1980=100,		0.05	-0.27	-1.23	-0.36	-0.09	-0.12
Gross Enterprises and Properties Income Mill., 1999 Euro (Q).....		-0.03 r	-0.27 r	-0.28 r	-0.28 r	-0.13 **	-0.06 **

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	Jul.	Aug.	Sep.	2008			2009
				Oct.	Nov.	Dec.	Jan.
Germany Coincident Economic Index Component Data							
Industrial Production, (2005=100).....	111.6 r	114.1 r	111.6 r	109.3 r	104.9 r	100.8 r	93.2
Employed Persons, Thousands #.....	40297.0 r	40315.0 r	40333.0 r	40344.0 r	40327.0 r	40295.0 r	40211.0
Retail Trade, Volume, (2000=100).....	96.1 r	96.3 r	97.1 r	96.2 r	96.2 r	96.7 r	96.1
Manufacturing Sales, Volume, (2005=100, 3 month moving average).....	113.9 r	112.3 r	111.7 r	110.2 r	108.3 r	104.4 r	97.3
COINCIDENT INDEX (2004=100).....	105.5	105.7 r	105.5	105.1 r	104.5 r	103.9	102.4 p
Percent change from preceding month.....		0.2 r	-0.2 r	-0.4 r	-0.6	-0.6 r	-1.4 p
Germany Coincident Economic Index net contributions							
Industrial Production, (2005=100).....	....	0.23 r	-0.23 r	-0.21 r	-0.42 r	-0.41 r	-0.81
Employed Persons, Thousands #.....	....	0.03 r	0.03 r	0.02 r	-0.03 r	-0.06 r	-0.16
Retail Trade, Volume, (2000=100).....	....	0.02 r	0.07 r	-0.07	0.00 r	0.04 r	-0.05
Manufacturing Sales, Volume, (2005=100, 3 month moving average).....	....	-0.09 r	-0.03	-0.08 r	-0.11	-0.23 r	-0.44

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

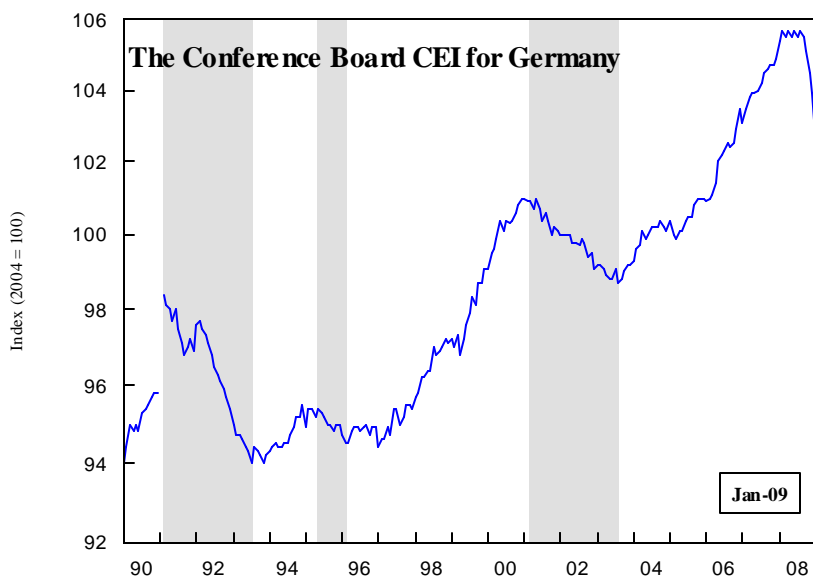
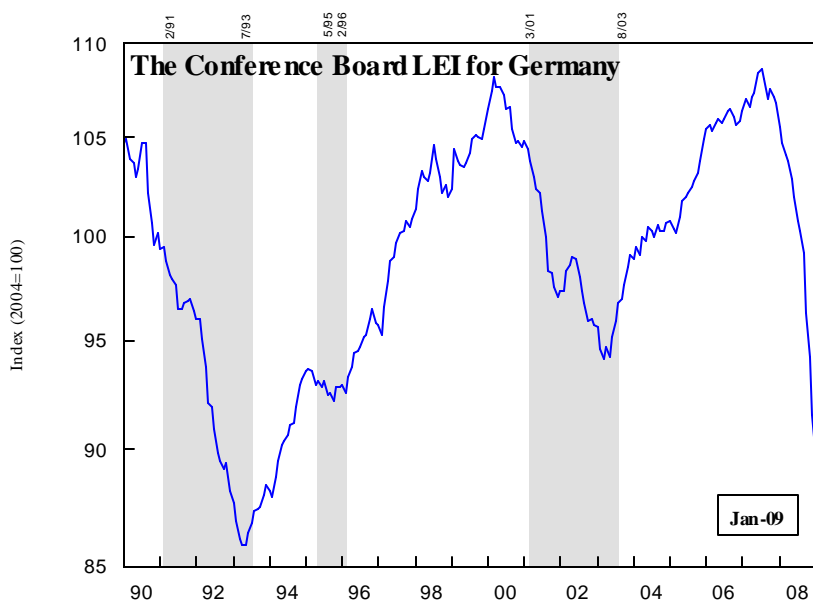
CALCULATION NOTE--The percent change in the index does not always equal the sum of the net contributions of the individual components (because of rounding effects and base value differences).

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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