



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. CET, THURSDAY, JANUARY 15, 2009

The Conference Board®
Spain Business Cycle IndicatorsSM

THE CONFERENCE BOARD
LEADING ECONOMIC INDEX (LEI) FOR SPAIN
AND RELATED COMPOSITE INDEXES FOR NOVEMBER 2008

This month's release incorporates annual benchmark revisions to the composite economic indexes, which bring them up-to-date with revisions in the source data. Also, the base year of the composite economic indexes has been 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 not 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 Leading Economic Index (LEI) for Spain declined 0.5 percent and The Conference Board Coincident Economic Index (CEI) decreased 0.6 percent in November.

- The leading economic index declined for the third consecutive month in November as negative contributions by the order books survey and job placings outweighed positive contributions from the Spanish contribution to Euro M2 and long-term government bond yield (inverted). Between May and November of 2008, the LEI declined by 2.1 percent (about a -4.1 percent annual rate), below the 1.2 percent decline (about a -2.5 percent annual rate) from November 2007 through May 2008. In addition, the weaknesses among the leading indicators remained widespread.
- The Coincident Economic Index fell for the seventh consecutive month in November as industrial production excluding construction and the retail sales survey made the largest negative contributions. From May to November, the CEI has declined by 3.1 percent (about a -6.0 percent annual rate), well below the 0.5 percent decline (about a -1.1 percent annual rate) for the previous six months. In addition, the weaknesses among the coincident indicators remained very widespread, with none of the components increasing. At the same time, real GDP declined at a 1.0 percent annual rate during the third quarter, down from the 1.0 percent average annual rate of growth for the first half of 2008.
- The leading economic index has been falling since the first quarter of 2008, decreasing by 3.6 percent since February, its largest decrease since 1992. The coincident economic index has also been falling since its peak in February 2008, experiencing its most severe contraction since the 1992-93 downturn. Taken together, the recent behavior of the composite indexes suggests that economic activity could contract further in the near term.

The next release is scheduled for Wednesday, February 11, 2009 at 10:00 A.M. (CET)

In the U.S. – February 11, 2009 at 4:00 A.M. (ET)

LEADING INDICATORS. Two of the six components that make up the leading economic index increased in November. The positive contributors—in order from the largest positive contributor to the smallest—are the Spanish contribution to Euro M2, and the inverted long-term government bond yield. The negative contributors—in order from the largest negative contributor to the smallest—are order books survey, job placings, and the Spanish equity price index. The capital equipment component of industrial production remained unchanged.

With the decrease of 0.5 percent in November, the leading economic index now stands at 108.4 (2004=100). Based on revised data, this index declined 1.2 percent in October and declined 0.3 percent in September. During the six-month span through November, the index decreased 2.1 percent, and two of the six components advanced (diffusion index, six-month span equals 41.7 percent).

COINCIDENT INDICATORS. One of the five components that make up the coincident economic index increased in November. The only positive contributor this month is real imports*. Industrial production excluding construction, retail sales survey, employment*, and final household consumption* declined in November.

With the decrease of 0.6 percent in November, the coincident economic index now stands at 107.7 (2004=100). Based on revised data, this index decreased 0.6 percent in October and decreased 0.5 percent in September. During the six-month span through November, the index decreased 3.1 percent, and none of the five components advanced (diffusion index, six-month span equals 0.0 percent).

FOR TABLES AND CHARTS, SEE BELOW

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. (ET) January 12, 2009. Some series are estimated as noted below.

NOTES: Series in the coincident economic index based on The Conference Board estimates include final household consumption, employment and real imports. There are no series in the leading economic index based on The Conference Board estimates.

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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 leading economic index have occurred before those in aggregate economic activity, while the cyclical turning points in the coincident economic 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/>.

Spain Composite Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1. Capital Equipment Component of Industrial Production	.0730
2. Contribution to Euro M2	.1914
3. Stock Price Index	.0278
4. Long term Government Bond Yield	.5166
5. Order Books Survey	.1215
6. Job Placings	.0698

<u>Coincident Economic Index</u>	
1. Final Household Consumption	.3619
2. Industrial Production, Excluding Construction	.2030
3. Retail Sales Survey	.0346
4. Real Imports	.0307
5. Employment	.3698

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 last revised effective with the November 2008 release, and all historical values for the two composite indexes were revised at that 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 leading economic index were calculated using the October 1997 to December 2007 period as the sample period for measuring volatility. A separate set of factors for the February 1984 to September 1997 period, is available upon request. The factors above for the coincident economic index were calculated using the February 1995 to December 2007 period as the sample period. Separate sets of factors for the February 1984 to January 1985 period, the February 1985 to October 1994 period, and the November 1994 to January 1995 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 Web site: <http://www.conference-board.org/economics/bci>.

The trend adjustment factor for the leading economic index is 0.0187, calculated over the 1984-2007 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 Spain “Leading Economic Indicators” news release is:

December 2008 Data.....	Wednesday, February 11, 2009
January 2009 Data.....	Wednesday, March 11, 2009
February 2009 Data.....	Monday, April 13, 2009
March 2009 Data.....	Tuesday, May 12, 2009
April 2009 Data.....	Wednesday, June 17, 2009
May 2009 Data.....	Monday, July 13, 2009
June 2009 Data.....	Tuesday, August 11, 2009
July 2009 Data.....	Tuesday, September 15, 2009
August 2009 Data.....	Tuesday, October 13, 2009
September 2009 Data.....	Wednesday, November 11, 2009
October 2009 Data.....	Tuesday, December 15, 2009

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

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AVAILABLE FROM THE CONFERENCE BOARD

Spain 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 Australia, 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 Spain Business Cycle Indicators

Table 1.--Summary of Spain Composites Economic Indexes

	May.	Jun.	Jul.	2008 Aug.	Sep.	Oct.	Nov.
Leading index	110.7 r	110.2 r	109.9 r	110.5 r	110.2 r	108.9 r	108.4 p
Percent change	-0.7	-0.5 r	-0.3	0.5 r	-0.3	-1.2	-0.5 p
Diffusion index	16.7	50.0	25.0	33.3	41.7	33.3	41.7
Coincident index	111.1 r	110.4 r	110.0 r	109.4 r	108.9 r	108.3 p	107.7 p
Percent change	-0.4 r	-0.6	-0.4 r	-0.5	-0.5 r	-0.6 p	-0.6 p
Diffusion index	20.0	0.0	20.0	0.0	20.0	0.0	20.0
	Nov to May	Dec to Jun	Jan to Jul	Feb to Aug	Mar to Sep	Apr to Oct	May to Nov
Leading index							
Percent change	-1.2	-2.0 r	-2.2 r	-1.8 r	-1.1 r	-2.3 r	-2.1 p
Diffusion index	16.7	16.7	16.7	16.7	33.3	16.7	41.7
Coincident index							
Percent change	-0.5 r	-1.3 r	-1.6 r	-2.3 r	-2.3 r	-2.9 p	-3.1 p
Diffusion index	60.0	10.0	0.0	0.0	20.0	0.0	0.0

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.

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The Conference Board Spain Business Cycle Indicators

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

Component	2008						
	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.
Spain Leading Index component data							
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	114.5 r	117.8 r	114.7 r	114.0 r	118.8 r	114.5 r	114.5
Spanish Contribution to Euro M2 (s.a.).....	866283.21 r	869206.71 r	887771.28 r	922023.09 r	915658.27 r	917067.31 r	927654.26
Spanish Equity Price Index.....	1460.7	1297.9	1276.5	1256.9	1175.1	978.1	950.8
Longterm Government Bond Yield (Inverted).....	4.4	4.8	4.8	4.6	4.6	4.5	4.2
Order Books Survey (3 month moving average, s.a.).....	-1.30	-3.729	-5.600	-6.038	-8.928	-11.943	-16.10
Job Placings (3 month moving average, s.a.).....	1387.0	1408.0	1353.2	1330.3	1347.8	1315.8	1268.0
LEADING INDEX (2004=100).....	110.7	110.2	109.9	110.5	110.2	108.9	108.4 p
Percent change from preceding month.....	-0.7	-0.5 r	-0.3	0.5 r	-0.3	-1.2	-0.5 p
Spain Leading index net contributions							
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	....	0.21 r	-0.20	-0.04 r	0.30 r	-0.27 r	0.00
Spanish Contribution to Euro M2 (s.a.).....	....	0.06	0.40 r	0.72 r	-0.13	0.03 r	0.22
Spanish Equity Price Index.....	....	-0.33	-0.05	-0.04	-0.19	-0.51	-0.08
Longterm Government Bond Yield (Inverted).....	....	-0.19	-0.01	0.12	-0.01	0.05	0.17
Order Books Survey (3 month moving average, s.a.).....	....	-0.29	-0.23	-0.05	-0.35	-0.37 r	-0.51
Job Placings (3 month moving average, s.a.).....	....	0.10	-0.28	-0.12	0.09	-0.17	-0.26

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 a monthly series through a linear interpolation.

Data Sources: Ministerio de Economía y Hacienda, IMF, OECD, Thomson Financial

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 Spain Business Cycle Indicators

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

Component	2008						
	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.
Spain Coincident index component data							
Final Household Consumption (Q).....	119.7	119.3	118.9	118.5	118.2	118.1 **	118.0 **
Industrial Production, Excluding Construction 2000=100(3 month moving average).....	105 r	104.1 r	102.9 r	101.8 r	100.6 r	99.3 r	97.9
Real Imports , millions of Euro, 1995 prices..... (3 month moving average)	22685.60	22248.50	21642.10	21222.60	21413.80	20537.60 r	20685.70 **
Retail Sales Survey (s.a.) #.....	109.4	105.1	110.8 r	108.6	108.4 r	107.9 r	102.6
Employment (Q) (Thousands, s.a.)	20687.0	20630.7	20574.4	20518.0	20464.6	20414.1 **	20366.3 **
COINCIDENT INDEX (2004=100).....	111.1	110.4	110.0	109.4	108.9 r	108.3 p	107.7 p
Percent change from preceding month.....	-0.4	-0.6	-0.4	-0.5	-0.5 r	-0.6 p	-0.6 p
Spain Coincident index net contributions							
Final Household Consumption (Q).....	....	-0.11	-0.12	-0.12	-0.08	-0.05 **	-0.03 **
Industrial Production, Excluding Construction 2000=100(3 month moving average).....	....	-0.23 r	-0.23 r	-0.22 r	-0.24 r	-0.27 r	-0.27
Real Imports , millions of Euro, 1995 prices.....	....	-0.06	-0.08	-0.06	0.03	-0.13 r	0.02 **
Retail Sales Survey (s.a.) #.....	....	-0.14	0.18 r	-0.07	-0.01 r	-0.02 r	-0.17
Employment (Q) (Thousands, s.a.) .....	....	-0.10	-0.10	-0.10	-0.10	-0.09 **	-0.09 **

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)

Since April 2002, the Retail Sales Survey rebased from 1995=100 to 2001=100

Data Sources: Ministerio de Economía y Hacienda, IMF, OECD, Thomson Financial

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).

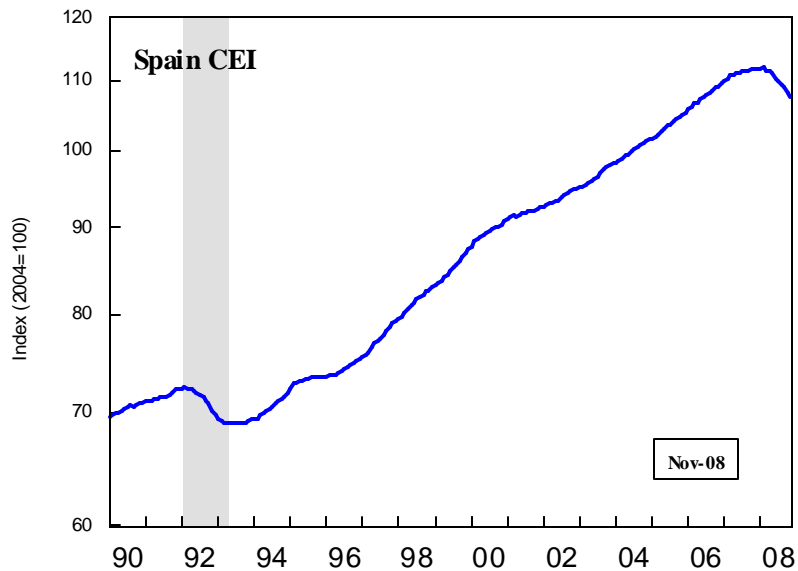
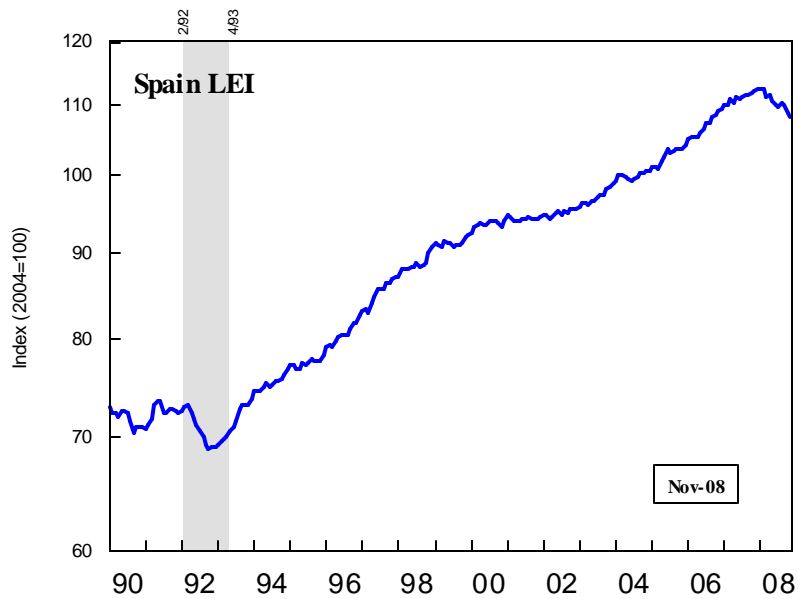
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Spain Composite Indexes

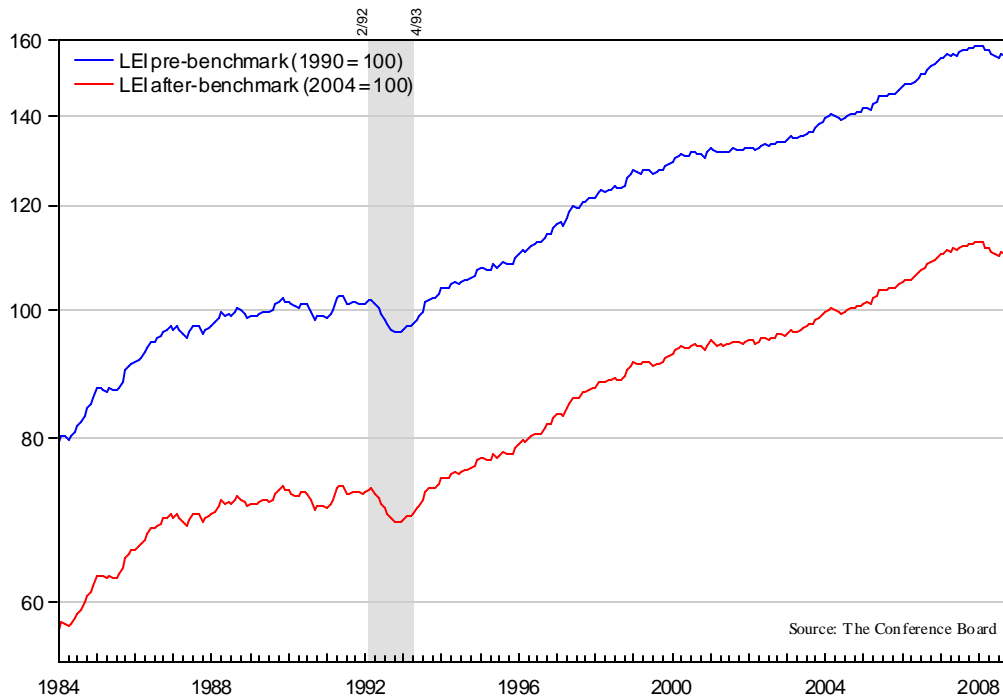


Note: The shaded areas represent business cycle recessions.
The peaks and troughs are designated by The Conference Board
based on the coincident index and real GDP.

Source: The Conference Board

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The Conference Board Leading Economic Index (LEI) for Spain before and after benchmark revision



The Conference Board Coincident Economic Index (CEI) for Spain before and after benchmark revision

