



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (MADRID TIME), TUESDAY, DECEMBER 15, 2009

The Conference Board®  
Spain Business Cycle Indicators<sup>SM</sup>  
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX™ (LEI)**  
**FOR SPAIN**  
**AND RELATED COMPOSITE 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](mailto:indicators@conference-board.org).

**BRUSSELS, December 15, 2009...** The Conference Board Leading Economic Index™ (LEI) for Spain declined 0.1 percent and The Conference Board Coincident Economic Index™ (CEI) decreased 0.3 percent in October.

- The Conference Board LEI for Spain decreased slightly in October, following four consecutive increases. Negative contributions from job placings and stock prices more than offset a positive contribution from order books survey. Between April and October 2009, the leading economic index increased by 3.2 percent (about a 6.5 percent annual rate), a reversal from the 2.6 percent decline (about a -5.1 percent annual rate) between October 2008 and April 2009. In addition, the strengths among the leading indicators have remained more widespread than the weaknesses in recent months.
- The Conference Board CEI for Spain, a measure of current economic activity, declined again in October, with employment\* continuing to make the largest negative contribution. Between April and October 2009, the coincident economic index decreased by 1.7 percent (about a -3.3 percent annual rate), slower than the 4.9 percent decline (about a -9.6 percent annual rate) during the previous six months. Additionally, the weaknesses among the coincident indicators have remained more widespread than the strengths in recent months. At the same time, real GDP contracted at a 1.2 percent annual rate during the third quarter of 2009, following a decline of 4.1 percent annual rate during the second quarter.
- After rising for four consecutive months, The Conference Board LEI for Spain fell slightly in October. As a result, its six-month growth rate also declined slightly, after reaching its highest level since 1997 in September. Meanwhile, The Conference Board CEI for Spain has been falling since its most recent peak in February 2008, though the pace of this decline has slowed in recent months. Taken together, the recent behavior of the composite indexes suggests that the pace of contraction will continue to ease and that economic activity may improve in the months ahead.

The next release is scheduled for Thursday, January 14, 2010 at 10:00 A.M. (Madrid Time)

*In the U.S. – January 14, 2010 at 4:00 A.M. (ET)*

**LEADING INDICATORS.** Three of the six components that make up The Conference Board LEI for Spain increased in October. The positive contributors—in order from the largest positive contributor to the smallest—are order books survey, the capital equipment component of industrial production and the inverted long-term government bond yield. The negative contributors—in order from the largest negative contributor to the smallest—are job placings, the Spanish equity price index and the Spanish contribution to Euro M2.

With the decrease of 0.1 percent in October, The Conference Board LEI for Spain now stands at 109.4 (2004=100). Based on revised data, this index increased 0.3 percent in September and increased 1.9 percent in August. During the six-month span through October, the index increased 3.2 percent, and four of the six components advanced (diffusion index, six-month span equals 66.7 percent).

**COINCIDENT INDICATORS.** One of the five components that make up The Conference Board CEI for Spain increased in October. Real imports\* made the only positive contribution to the index. Employment\*, industrial production (excluding construction), retail sales survey and final household consumption\* declined in October.

With the decrease of 0.3 percent in October, The Conference Board CEI for Spain now stands at 100.3 (2004=100). Based on revised data, this index decreased 0.1 percent in September and decreased 0.2 percent in August. During the six-month span through October, the index decreased 1.7 percent, and two of the five components advanced (diffusion index, six-month span equals 40.0 percent).

**FOR TABLES AND CHARTS, SEE BELOW**

**DATA AVAILABILITY.** The data series used to compute **The Conference Board Leading Economic Index™** (LEI) for Spain and **The Conference Board Coincident Economic Index™** (CEI) for Spain reported in the tables in this release are those available “as of” 10 A.M. (ET) December 11, 2009. Some series are estimated as noted below.

NOTES: Series in The Conference Board CEI for Spain based on our estimates include final household consumption, employment and real imports.

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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 Spain have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for Spain 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/>.

Spain Composite Economic 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 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 Spain 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 Conference Board CEI for Spain 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 website: <http://www.conference-board.org/economics/bci/>.

The trend adjustment factor for The Conference Board LEI for Spain 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 2010 schedule for “**The Conference Board Leading Economic Index™** (LEI) for Spain” news release is:

November 2009 Data.....	Thursday, January 14, 2010
December 2009 Data.....	Wednesday, February 17, 2010
January 2010 Data.....	Wednesday, March 17, 2010
February 2010 Data.....	Wednesday, April 14, 2010
March 2010 Data.....	Tuesday, May 18, 2010
April 2010 Data.....	Wednesday, June 16, 2010
May 2010 Data.....	Thursday, July 15, 2010
June 2010 Data.....	Thursday, August 12, 2010
July 2010 Data.....	Wednesday, September 15, 2010
August 2010 Data.....	Friday, October 15, 2010
September 2010 Data.....	Thursday, November 16, 2010
October 2010 Data.....	Tuesday, December 14, 2010

All releases are at 10:00 A.M. (Madrid Time)

### **ABOUT THE CONFERENCE BOARD**

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

Spain 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 <a href="http://www.conference-board.org/publications/describeBCI.cfm">http://www.conference-board.org/publications/describeBCI.cfm</a>)</i>	
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.

## The Conference Board Spain Business Cycle Indicators

**Table 1.—Summary of Spain Composites Economic Indexes**

	2009						
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.
Leading index	106.0	105.9	106.2	107.2	109.2	109.5	109.4 p
Percent change	0.2	-0.1	0.3	0.9	1.9	0.3	-0.1 p
Diffusion index	66.7	66.7	50.0	83.3	100.0	75.0	41.7
Coincident index	102.0	101.3 r	101.1 r	100.9 r	100.7 r	100.6 p	100.3 p
Percent change	-0.3	-0.7 r	-0.2	-0.2 r	-0.2 r	-0.1 p	-0.3 p
Diffusion index	40.0	0.0	50.0	50.0	20.0	40.0	30.0
	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	-2.6	-2.2	-1.6	0.1	2.6	3.5	3.2 p
Diffusion index	33.3	66.7	50.0	83.3	83.3	66.7	66.7
Coincident index							
Percent change	-4.9	-4.4 r	-3.8 r	-3.2 r	-2.2 r	-1.7 p	-1.7 p
Diffusion index	0.0	0.0	0.0	0.0	20.0	40.0	40.0

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	2009						
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.
Spain Leading Economic Index component data							
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	89.1	82.4	78.0	75.2 r	83.2 r	85.6	85.9
Spanish Contribution to Euro M2 (s.a.).....	967420.73 r	969236.99 r	963885.44 r	977217.26 r	984644.91 r	963785.65 r	962350.79
Spanish Equity Price Index.....	935.9	975.7	1010.7	1131.0	1187.3	1229.4	1194.2
Longterm Government Bond Yield (Inverted).....	4.0	4.1	4.3	4.0	3.8	3.8	3.8
Order Books Survey (3 month moving average, s.a.)....	-18.60	-15.958 r	-12.531	-9.268 r	-4.489 r	-1.911 r	-1.10
Job Placings (3 month moving average, s.a.).....	1101.5 r	1107.3 r	1156.9 r	1176.6 r	1202.6 r	1209.5 r	1184.1
<b>LEADING INDEX (2004=100).....</b>	<b>106.0</b>	<b>105.9</b>	<b>106.2</b>	<b>107.2</b>	<b>109.2</b>	<b>109.5</b>	<b>109.4 p</b>
Percent change from preceding month.....	0.2	-0.1	0.3	0.9	1.9	0.3	-0.1 p
Spain Leading Economic Index net contributions							
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	....	-0.57	-0.40	-0.27 r	0.74 r	0.21 r	0.03
Spanish Contribution to Euro M2 (s.a.).....	....	0.04 r	-0.11	0.26 r	0.14 r	-0.41 r	-0.03
Spanish Equity Price Index.....	....	0.12	0.10	0.31	0.13	0.10	-0.08
Longterm Government Bond Yield (Inverted).....	....	-0.03	-0.10	0.12	0.11	-0.01	0.02
Order Books Survey (3 month moving average, s.a.)....	....	0.32	0.42	0.40 r	0.58 r	0.31 r	0.10
Job Placings (3 month moving average, s.a.).....	....	0.04 r	0.31 r	0.12 r	0.15 r	0.04 r	-0.15

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	2009						
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.
Spain Coincident Economic Index component data							
Final Household Consumption (Q).....	111.8 r	111.3 r	111.3 r	111.3 r	111.2 r	111.1 **	111.1 **
Industrial Production, Excluding Construction 2005=100(3 month moving average).....	84.5	83.9 r	83.5 r	83.2 r	83.0 r	82.7 r	82.4
Real Imports, millions of Euro, 2000 prices..... (3 month moving average)	17324.40	16433.50	16563.00	16860.80	17524.90	18266.00 r	18349.80 **
Retail Sales Survey (s.a.) #.....	100.5 r	99.1	100.5	102.4	101.2 r	101.8 r	101.1
Employment (Q) (Thousands, s.a.) .....	19349.4 r	19260.0 r	19163.7 r	19067.4 r	18971.0 r	18877.1 **	18785.7 **
<b>COINCIDENT INDEX (2004=100).....</b>	<b>102.0</b>	<b>101.3</b>	<b>101.1</b>	<b>100.9</b>	<b>100.7 r</b>	<b>100.6 p</b>	<b>100.3 p</b>
Percent change from preceding month.....	-0.3	-0.7	-0.2	-0.2	-0.2 r	-0.1 p	-0.3 p
Spain Coincident Economic Index net contributions							
Final Household Consumption (Q).....	....	-0.16 r	0.00 r	0.00 r	-0.03 r	-0.02 **	-0.01 **
Industrial Production, Excluding Construction 2005=100(3 month moving average).....	....	-0.15 r	-0.11 r	-0.07 r	-0.05 r	-0.05 r	-0.08
Real Imports, millions of Euro, 2000 prices.....	....	-0.16	0.02	0.05	0.12	0.13 r	0.01 **
Retail Sales Survey (s.a.) #.....	....	-0.05	0.05	0.07	-0.04	0.02	-0.02
Employment (Q) (Thousands, s.a.) .....	....	-0.17 r	-0.19 r	-0.19 r	-0.19 r	-0.18 **	-0.18 **

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).

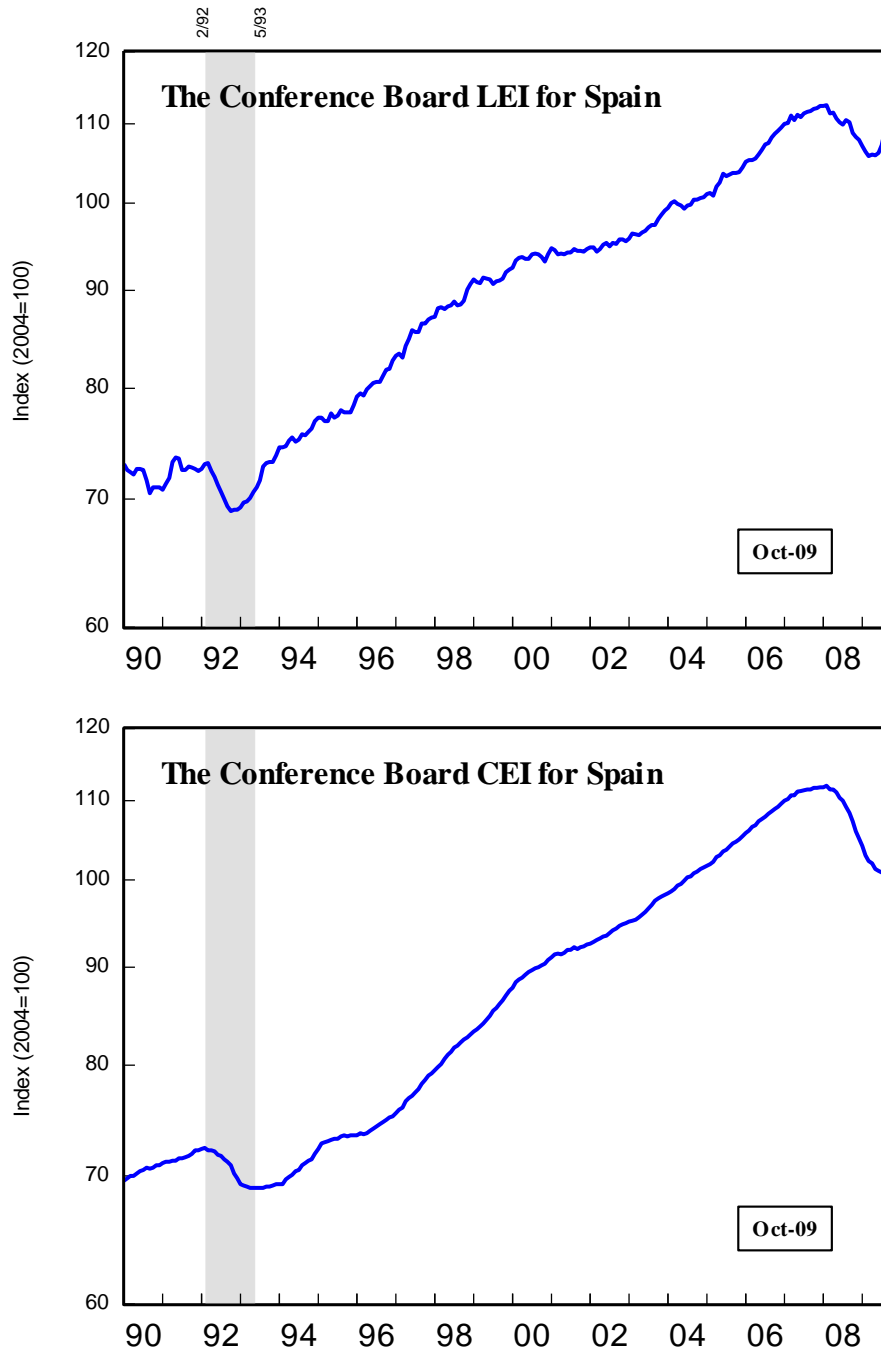
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## Spain Composite Economic Indexes



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