



News Release

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The Conference Board[®]

Mexico Business Cycle IndicatorsSM

THE CONFERENCE BOARD LEADING ECONOMIC INDEX[®] (LEI) FOR MEXICO

AND RELATED COMPOSITE ECONOMIC INDEXES FOR OCTOBER 2010

Next month's release will incorporate annual benchmark revisions to the composite indexes. These regular benchmark revisions bring the indexes up-to-date with revisions in the source data. The 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 incorporated when the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes and their month-over-month changes 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/data/bci.cfm> or contact indicators@conference-board.org.

The Conference Board Leading Economic Index[®] (LEI) for Mexico increased 1.5 percent and **The Conference Board Coincident Economic Index[®] (CEI)** increased 0.4 percent in October.

- The Conference Board LEI for Mexico increased sharply in October. Oil prices, the real exchange rate (inverted), and stock prices made large positive contributions to the index this month, more than offsetting the negative contributions from industrial production (construction component) and net insufficient inventories. The six-month change in the index stands at 0.6 percent (a 1.2 percent annual rate) in the period through October 2010, down substantially from 4.9 percent (a 9.9 percent annual rate) for the previous six months. However, the strengths among the leading indicators have been more widespread than the weaknesses over the past six months.
- The Conference Board CEI for Mexico continued to increase in October, with employment and retail sales contributing positively to the index. The index rose 2.0 percent (a 4.0 percent annual rate) between April and October 2010, slower than the growth of 3.3 percent (a 6.6 percent annual rate) for the previous six months. However, the strengths among the coincident indicators have remained very

widespread, with all three components increasing over the past six months. Real GDP expanded at a 3.0 percent annual rate in the third quarter of 2010, following an increase of 9.5 percent annual rate in the second quarter.

- The Conference Board LEI for Mexico has risen for the past four consecutive months, after declining modestly in the middle of 2010. Still, its six-month growth rate has slowed sharply from earlier this year. Meanwhile, The Conference Board CEI for Mexico, a measure of current economic activity, has continued to increase, although its six-month growth rate has gradually moderated. Taken together, the behavior of the composite indexes suggests that despite the recent volatility, the economy will continue to grow, but at a moderate pace in the near term.

LEADING INDICATORS. Three of the six components that make up The Conference Board LEI for Mexico increased in October. The positive contributors to the index—from the largest positive contributor to the smallest one—are the US refiners' acquisition cost of domestic and imported crude oil, the (inverted) real exchange rate, and stock prices. The construction component of industrial production and net insufficient inventories decreased, while the (inverted) federal funds rate remained unchanged in October.

With the 1.5 percent increase in October, The Conference Board LEI for Mexico now stands at 119.5 (2004=100). Based on revised data, this index increased 0.3 percent in September and increased 0.5 percent in August. During the six-month span through October, the index increased 0.6 percent, with four of the six components increasing (diffusion index, six-month span equals 66.7 percent).

COINCIDENT INDICATORS. Two of the three components that make up The Conference Board CEI for Mexico increased in October. The positive contributors—from the larger positive contributor—are number of people employed (measured by IMSS beneficiaries) and retail sales. Industrial production declined in October.

With the increase of 0.4 percent in October, The Conference Board CEI for Mexico now stands at 112.9 (2004=100). Based on revised data, this index increased 0.4 percent in September and increased 0.4 percent in August. During the six-month span through October, the index increased 2.0 percent, with all three components increasing (diffusion index, six-month span equals 100.0 percent).

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. December 20, 2010. Some series are estimated as noted below.

NOTES: There were no estimated series this month.

Summary Table of Composite Indexes

	<u>Aug</u>	2010 <u>Sep</u>	<u>Oct</u>	<u>6-month</u> <u>Apr. to Oct</u>
Leading index	117.3	117.7 r	119.5	
Percent Change	0.5 r	0.3 r	1.5	0.6
Diffusion	75.0 r	41.7	58.3	66.7
 Coincident Index	 111.9	 112.4 r	 112.9	
Percent Change	0.4	0.4	0.4	2.0
Diffusion	100.0	100.0	66.7	100.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board

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The next release is scheduled for Friday, January 28, 2011 at 11:00 A.M. (ET)

In Mexico – Friday, January 28, 2011 at 10:00 A.M. (CT)

About The Conference Board

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