THE CONFERENCE BOARD

The Conference Board®
France Business Cycle Indicators℠
THE CONFERENCE BOARD LEADING ECONOMIC INDEX™ (LEI) FOR FRANCE
AND RELATED COMPOSITE ECONOMIC INDEXES FOR JULY 2009

Brussels, September 22, 2009…The Conference Board Leading Economic Index™ (LEI) for France increased 0.5 percent and **The Conference Board Coincident Economic Index™** (CEI) decreased 0.1 percent in July.

- The Conference Board LEI for France increased for the fourth consecutive month as the yield spread, industrial new orders and new unemployment claims (inverted) made the largest positive contributions. Between January and July 2009, the leading economic index increased by 1.5 percent (about a 3.0 percent annual rate), a large improvement over the 5.4 percent decline (about a -10.4 percent annual rate) between July 2008 and January 2009. In addition, the strengths among the leading indicators have become more widespread than the weaknesses in recent months.

- The Conference Board CEI for France, a measure of current economic activity, declined in July after increasing in May and June. The six-month decline in the coincident economic index now stands at 0.8 percent (about a -1.5 percent annual rate), slower than the 1.7 percent decline (about a -3.4 percent annual rate) during the previous six months. Additionally, the strengths and weaknesses among the leading indicators have become balanced in recent months. At the same time, real GDP increased at a 1.4 percent annual rate during the second quarter of 2009, its first quarterly increase since the beginning of 2008, following a contraction of 5.3 percent annual rate during the first quarter.

- After falling from November 2007 through March 2009, The Conference Board LEI for France has strengthened during the past four months. As a result, its six-month growth rate has reached its highest level since August 2007. Meanwhile, The Conference Board CEI for France has been essentially flat since the end of the first quarter after trending downward for a year following its peak in February 2008. Taken together, the recent behavior of the composite economic indexes suggests that the downturn in economic activity is bottoming out, and that the economy may be moving closer to a recovery.

LEADING INDICATORS. Four of the seven components of the leading economic index increased in July. The positive contributors to the index— in order from the largest positive contributor to the smallest— are the yield spread, industrial new orders, the inverted new unemployment claims and building permits (residential)*. The negative contributors to the index— beginning with the largest negative contributor— are production expectations, the stock price index and the ratio of the deflator of manufacturing value added to unit labor cost for manufacturing*.

With the increase of 0.5 percent in July, the leading economic index now stands at 102.0 (2004=100). Based on revised data, the index increased 0.9 percent in June and increased 0.7 percent in May. During the six-month span through July, the index increased 1.5 percent, and four of the seven components increased (diffusion index, six-month span equals 57.1 percent).

COINCIDENT INDICATORS. Two of the four components of the coincident economic index increased in July. The positive contributors to the index were wage and salaries* and industrial production. Employment* and personal consumption* declined in July.

With the decrease of 0.1 percent in July, the coincident economic index now stands at 103.2 (2004=100). Based on revised data, this index increased 0.1 percent in June and increased 0.1 percent in May. During the six-month period through July, the index decreased 0.8 percent, with two of the four series making a positive contribution (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 to compute **The Conference Board Leading Economic Index™** (LEI) for France and **The Conference Board Coincident Economic Index™** (CEI) for France reported in this release are those available "as of" 10 A.M. ET on September 18, 2009. Some series are estimated as noted below.

*Series in The Conference Board LEI for France that are based on our estimates are ratio deflator of manufacturing value added to unit labor cost in manufacturing and building permits (residential). Series in The Conference Board CEI for France that are based on our estimates are number of employees, personal consumption and wage and salaries.

The building permits component of **The Conference Board Leading Economic Index™** (LEI) for France is forecasted for the months of March, April, May, June and July. This is due to partial data availability for the component from the source agency. Once all data has been made available, the series will be updated at that time.

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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 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 France have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for France 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 website: http://www.conference-board.org/economics/bci/

France Composite Economic Indexes: Components and Standardization Factors

Leading Economic Index	Factor
1. Yield Spread, 10 year minus Day-Day Loan	.1018
2. Stock Price SBF 250 Index	.0311
3. Building Permits, residential	.0380
4. New Unemployment Claims	.1283
5. Industrial New Orders	.0457
6. Production Expectations	.0356
7. Ratio Deflator of Manuf. Value Added to Unit Labor Cost	.6195

Coincident Economic Index	
1. Industrial Production	.0600
2. Personal Consumptions	.0517
3. Number of Employees	.5886
4. Wage and Salaries	.2997

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 indexes only incorporate revisions to data over the past six months.
The factors above for The Conference Board LEI for France were calculated using 1983-2007 as the sample period for measuring volatility. Separate sets of factors for the 1976-1982 period and 1970-1976 period are available upon request. The factors above for The Conference Board CEI for France were calculated using 1978-2007 as the sample period. Separate sets of factors for the 1972-1978 period and 1970-1972 period are available upon request. 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 France is 0.0149 (calculated from January 1970 to December 2007).

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 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 schedule for 2009 for the France "Leading Economic Indicators" news release is:

August 2009 Data……….Wednesday, October 21, 2009
September 2009 Data……….Tuesday, November 17, 2009
October 2009 Data……….Wednesday, December 16, 2009

All releases are at 4:00 A.M. ET (10:00 A.M. Paris 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:

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

Table 1.--Summary of France Composite Economic Indexes

	Jan.	Feb.	Mar.	2009 Apr.	May.	Jun.	Jul.
Leading index	100.5	99.7	99.3 p	99.9 p	100.6 p	101.5 p	102.0 p
Percent change	0.0	-0.8	-0.4 p	0.6 p	0.7 p	0.9 p	0.5 p
Diffusion index	35.7	28.6	42.9	71.4	78.6	78.6	64.3
Coincident index	104.0	103.4	103.3 r	103.1 r	103.2 r	103.3 p	103.2 p
Percent change	-0.6	-0.6	-0.1 r	-0.2	0.1 r	0.1 p	-0.1 p
Diffusion index	25.0	0.0	50.0	50.0	50.0	75.0	50.0

	Jul. to Jan	Aug. to Feb	Sep. to Mar	Oct. to Apr	Nov. to May	Dec. to Jun	Jan. to Jul
Leading index							
Percent change	-5.4	-5.8	-5.3 p	-3.0 p	-0.8 p	1.0 p	1.5 p
Diffusion index	14.3	14.3	14.3	14.3	28.6	42.9	57.1
Coincident index							
Percent change	-1.7	-2.3	-2.2 r	-2.0 r	-1.7 r	-1.2 p	-0.8 p
Diffusion index	50.0	0.0	0.0	25.0	25.0	25.0	50.0

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.

For more information, visit our Web site at http://w w w .conference-board.org/economics/bci

Source: The Conference Board

The Conference Board France Business Cycle Indicators

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

Component	2009						
	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.
	France Leading Economic Index Component Data						
Yield Spread, 10 years minus Day-Day Loan Rate--	1.78 r	2.44	2.59	2.82	3.01	3.20	3.31
Stock Price SBF250 Index, index 1000=12/31/1990,--------------------------------	2182.19	2051.78	1919.76	2124.95	2292.63	2296.83	2278.63
Building Permits Residential, thousands, (3 month moving average), S.A.-----------	26.97	26.28	26.31 **	26.50 **	26.72 **	26.95 **	27.17 **
New Unemployment Claims* thousands, (3 month moving average), S.A.-----------------------------	469.70	480.03	495.47	504.53	501.63	488.47	483.60
Industrial New Orders opinion balance,--	-52.00	-61.00	-64.00	-63.00	-64.00	-65.00	-62.00
Production Expectations for Months Ahead Diffusion Index--	-31.80	-30.50	-28.90	-23.40	-19.70	-13.70	-17.50
Ratio Deflator of Value Added to Unit Labor Cost (1995=100), Q---	100.94	100.84	100.77 **	100.71 **	100.67 **	100.64 **	100.61 **
LEADING INDEX (2004=100)..................................	**100.5**	**99.7**	**99.3 p**	**99.9 p**	**100.6 p**	**101.5 p**	**102.0 p**
Percent change from preceding month................................	0.0	-0.8	-0.4 p	0.6 p	0.7 p	0.9 p	0.5 p
	France Leading Economic Index net contributions						
Yield Spread, 10 years minus Day-Day Loan Rate--	....	0.25	0.26	0.29	0.31	0.33	0.34
Stock Price SBF250 Index, index 1000=12/31/1990,--------------------------------	....	-0.19	-0.21	0.32	0.24	0.01	-0.02
Building Permits Residential, thousands, (3 month moving average), S.A.-----------	....	-0.10	0.00 **	0.03 **	0.03 **	0.03 **	0.03 **
New Unemployment Claims* thousands, (3 month moving average), S.A.-----------------------------	....	-0.28	-0.41	-0.23	0.07	0.34	0.13
Industrial New Orders opinion balance,--	....	-0.41	-0.14	0.05	-0.05	-0.05	0.14
Production Expectations for Months Ahead Diffusion Index--	....	0.05	0.06	0.20	0.13	0.21	-0.14
Ratio Deflator of Value Added to Unit Labor Cost (1995=100), Q---	....	-0.06	-0.04 **	-0.03 **	-0.03 **	-0.02 **	-0.02 **

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 monthly through a linear interpolation.

Data Sources: COE-Rexecode, Thomson Financial, INSEE

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).

The Conference Board France Business Cycle Indicators

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

Component	2009						
	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.
	France Coincident Economic Index Component Data						
Industrial Production, Volume (2005=100). S.A..............................	87.5	87.2 r	85.5	84.4 r	86.9 r	87.1 r	87.2
Personal Consumption of Manuf. Goods Billions of Euros, S.A..............................	21.9	21.4	21.6	21.7	21.7	22.0	21.9 **
Number of Employees in the Private Sector Thous. Of Employees, S.A. Q...................................	16307.1 r	16245.1 r	16207.2 r	16169.4 r	16131.5 r	16098.4 **	16069.4 **
Wage and Salaries, Financial and Non-Financial Millions of Euros, S.A. Q..	109703.3 r	109025.3 r	109295.8 r	109546.8 r	109790.9 r	109994.5 **	110177.2 **
COINCIDENT INDEX (2004=100).....................	**104.0**	**103.4**	**103.3 r**	**103.1 r**	**103.2 r**	**103.3 p**	**103.2 p**
Percent change from preceding month............	-0.6	-0.6	-0.1 r	-0.2	0.1 r	0.1 p	-0.1 p
	France Coincident Economic Index net contributions						
Industrial Production, Volume (2005=100). S.A..............................	....	-.02 r	-.12 r	-.08	.18 r	.01 r	.01
Personal Consumption of Manuf. Goods Billions of Euros, S.A..............................	....	-.11	.04	.03	-.01	.07	-.01 **
Number of Employees in the Private Sector Thous. Of Employees, S.A. Q...........................	....	-.22 r	-.14 r	-.14 r	-.14 r	-.12 **	-.11 **
Wage and Salaries, Financial and Non-Financial Millions of Euros, S.A. Q...................................	....	-.19	.07	.07 r	.07	.06 **	.05 **

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 monthly through a linear interpolation.

Data Sources: COE-Rexecode, Thomson Financial, INSEE

CALCULATION NOTE--The percent change in the index does not always equal the sum of the net contributions

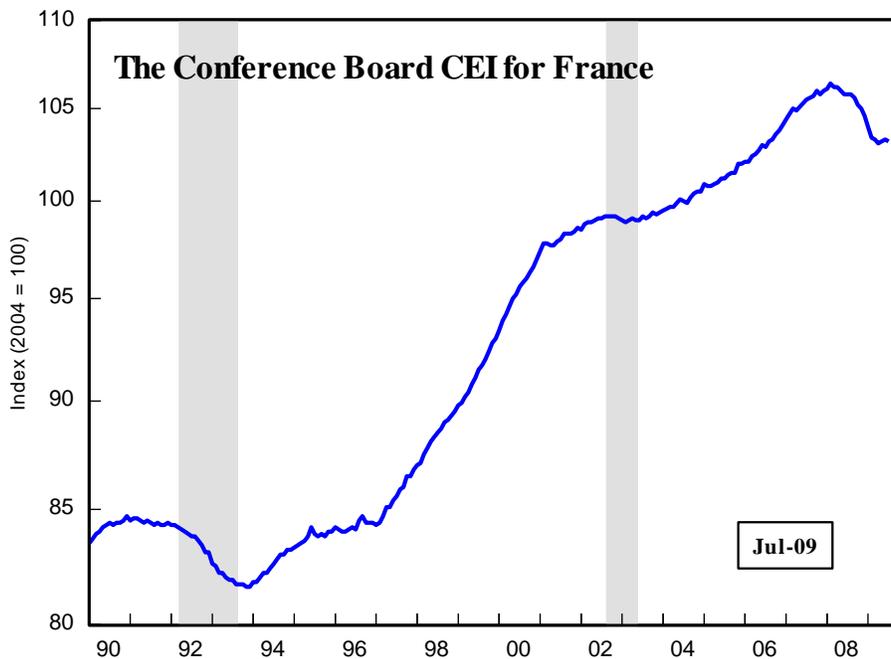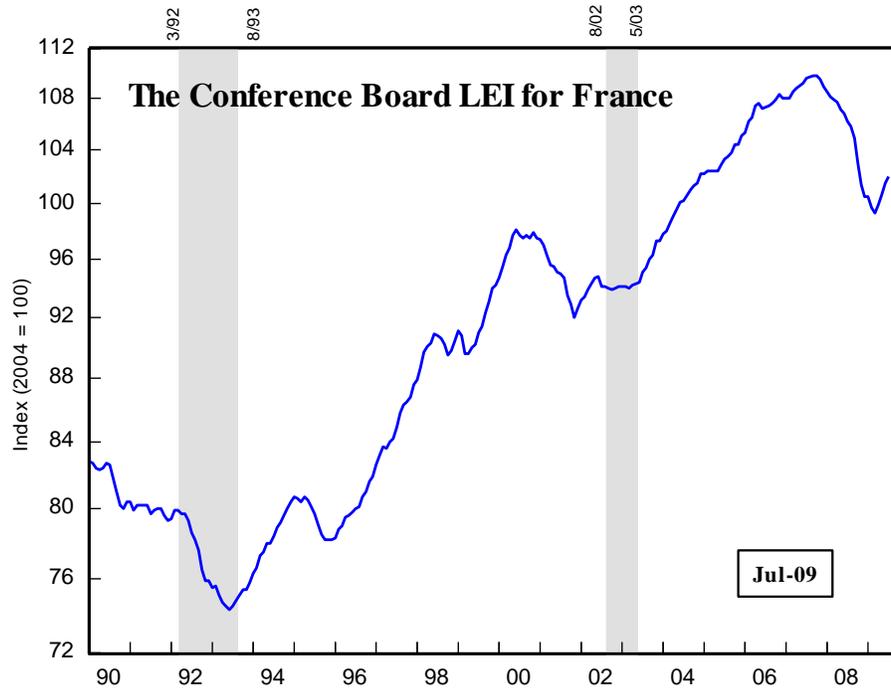of the individual components (because of rounding effects and base value differences).

France Composite Economic Indexes

The Conference Board LEI for France

Index (2004 = 100)

3/92   8/93   8/02   5/03

Jul-09

90   92   94   96   98   00   02   04   06   08

The Conference Board CEI for France

Index (2004 = 100)

Jul-09

90   92   94   96   98   00   02   04   06   08

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