



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (CST), THURSDAY, JULY 30, 2009

The Conference Board®
Mexico Business Cycle Indicators™SM

**THE CONFERENCE BOARD LEADING ECONOMIC INDEX™
(LEI) FOR MEXICO
AND RELATED COMPOSITE ECONOMIC INDEXES FOR MAY 2009**

The Conference Board Leading Economic Index™ (LEI) for Mexico increased 2.4 percent and The Conference Board Coincident Economic Index™ (CEI) decreased 0.9 percent in May.

- The Conference Board LEI for Mexico increased sharply again in May. Oil prices, net insufficient inventories, stock prices, and the real effective exchange rate (inverted) all made large positive contributions, more than offsetting the large decline in the construction component of industrial production. Between November 2008 and May 2009, the leading economic index increased 1.5 percent (a 3.1 percent annual rate), a reversal from the decrease of 13.1 percent (a -24.5 percent annual rate) during the previous six-month period. In addition, the strengths among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for Mexico continued to decline in May. During the previous six months, the coincident economic index declined 5.8 percent (a -11.2 percent annual rate), faster than the decrease of 1.1 percent (a -2.1 percent annual rate) between May and November 2008. Furthermore, the weaknesses among the coincident indicators have remained very widespread, with none of the components increasing in the past six months. Meanwhile, real GDP declined at a 21.5 percent annual rate in the first quarter of 2009, following a decline of 9.8 percent annual rate in the fourth quarter of 2008.
- The Conference Board LEI for Mexico, which declined precipitously between July 2008 and February 2009, has increased sharply for the past three consecutive months. As a result, its six-month change has become positive for the first time since August 2008. Concurrently, The Conference Board CEI for Mexico, a measure of current economic activity, has been falling since June 2008. Although its decrease over the past six months is the deepest since 1995, its rate of decline has slowed somewhat in recent months. Taken together, the recent behavior of the composite economic indexes suggests that the downturn in economic activity is likely to continue in the near term, although the pace of the contraction could moderate slightly.

LEADING INDICATORS. Five of the six components that make up The Conference Board LEI for Mexico increased in May. 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, net insufficient inventories, stock prices, the (inverted) real exchange rate, and the (inverted) federal funds rate. The industrial production construction component decreased in May.

With the 2.4 percent increase in May, The Conference Board LEI for Mexico now stands at 106.5 (2004=100). Based on revised data, this index increased 3.0 percent in April and increased 1.4 percent in March. During the six-month span through May, the index increased 1.5 percent, with five of the six components increasing (diffusion index, six-month span equals 83.3 percent).

The next release is scheduled for Friday, August 28, 2009 at 11:00 A.M. (ET)

In Mexico – Friday, August 28, 2009 at 10:00 A.M. (CST)

COINCIDENT INDICATORS. None of the three components that make up The Conference Board CEI for Mexico increased in May. Industrial production, number of people employed (as measured by total IMSS beneficiaries), and retail sales all declined in May.

With the decrease of 0.9 percent in May, The Conference Board CEI for Mexico now stands at 104.6 (2004=100). Based on revised data, this index decreased 0.3 percent in April and decreased 0.7 percent in March. During the six-month span through May, the index decreased 5.8 percent, with none of the three components increasing (diffusion index, six-month span equals 0.0 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. July 27, 2009.

NOTES: With this release, none of the components in The Conference Board LEI for Mexico were based on our estimates. None of the series in The Conference Board CEI for Mexico were based on our estimates.

Summary Table of Composite Indexes

	2009			6-month <u>Nov. to May</u>
	<u>Mar</u>	<u>Apr</u>	<u>May</u>	
Leading index	101.0 r	104.0	106.5	
Percent Change	1.4 r	3.0 r	2.4	1.5
Diffusion	50.0 r	83.3	83.3	83.3
Coincident Index	105.9	105.6 r	104.6	
Percent Change	-0.7	-0.3 r	-0.9	-5.8
Diffusion	66.7	0.0	0.0	0.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board

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