



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (BERLIN TIME), WEDNESDAY, SEPTEMBER 23, 2009

The Conference Board®
Germany Business Cycle IndicatorsSM
THE CONFERENCE BOARD LEADING ECONOMIC INDEXTM
(LEI) FOR GERMANY
AND RELATED COMPOSITE ECONOMIC INDEXES FOR JULY 2009

BRUSSELS, September 23, 2009... The Conference Board Leading Economic IndexTM (LEI) for Germany increased 1.1 percent and The Conference Board Coincident Economic IndexTM (CEI) remained unchanged in July.

- The Conference Board LEI for Germany increased for the fourth consecutive month in July as new orders in investment goods industries, the yield spread and consumer confidence made the largest positive contributions. Between January and July 2009, the leading economic index increased by 0.7 percent (about a 1.4 percent annual rate), a reversal from the 12.2 percent decline (about a -22.9 percent annual rate) between July 2008 and January 2009. In addition, the strengths among the leading indicators have become more widespread than the weaknesses over the past six months.
- The Conference Board CEI for Germany, a measure of current economic activity, remained unchanged in July after decreasing slightly in June. Positive contributions from retail trade and manufacturing sales were offset by negative contributions from industrial production and employment. Between January and July 2009, the coincident economic index declined by 0.8 percent (about a -1.6 percent annual rate), slower than the 2.8 percent decline (about a -5.6 percent annual rate) between July 2008 and January 2009. However, the weaknesses among the coincident indicators have remained very widespread, with all four components decreasing during the past six months. Meanwhile, real GDP rose at a 1.3 percent annual rate during the second quarter of 2009, its first increase since the first quarter of 2008, after falling at a 13.4 percent annual rate during the first quarter of this year.
- After a long downtrend between July 2007 and March 2009, The Conference Board LEI for Germany has risen during the past four months. As a result, its six-month growth rate has become positive for the first time since October 2007. The Conference Board CEI for Germany has been essentially flat since March 2009 after falling rapidly between August 2008 and February 2009. Taken together, the recent behavior of the composite economic indexes suggests that the downturn in economic activity could be bottoming out and that economic conditions will likely improve in the months ahead.

The next release is scheduled for Tuesday, October 20, 2009 at 10:00 A.M. (Berlin Time)

In the U.S. – Tuesday, October 20, 2009 at 4:00 A.M. (ET)

LEADING INDICATORS. Six of the seven components in The Conference Board LEI for Germany increased in July. The positive contributors — in order from the largest positive contributor to the smallest— are new orders in investment goods industries, yield spread, consumer confidence, new residential construction orders*, inventory change series* and stock prices. Gross enterprises and properties income* was the only negative contributor this month.

With the 1.1 percent increase in July, The Conference Board LEI for Germany now stands at 89.1 (2004=100). Based on revised data, this index increased 1.1 percent in June and increased 0.6 percent in May. During the six-month span through July, the index increased 0.7 percent, with five of the seven components increasing (diffusion index, six-month span equals 71.4 percent).

**See notes under data availability*

COINCIDENT INDICATORS. Two of the four components that make up The Conference Board CEI for Germany increased in July. The positive contributors were retail trade and manufacturing sales. Industrial production and employed persons declined in July.

After remaining unchanged in July, The Conference Board CEI for Germany now stands at 101.7 (2004=100). Based on revised data, this index decreased 0.1 percent in June and increased 0.3 percent in May. During the six-month period through July, the index decreased 0.8 percent, with none of the four components increasing (diffusion index, six-month span equals 0.0 percent).

** See notes under data availability.*

FOR TABLES AND CHARTS, SEE BELOW

DATA AVAILABILITY The data series used to compute **The Conference Board Leading Economic Index™** (LEI) for Germany and **The Conference Board Coincident Economic Index™** (CEI) for Germany reported in this release are those available “as of” 10:00 A.M. ET September 18, 2009. Some series are estimated as noted below.

NOTES: Series in The Conference Board LEI for Germany that are based on our estimates are inventory change, new residential construction orders, and gross enterprises and properties income.

#

For more information:

The Conference Board Europe: + 32 2 675 5405

Email: indicators@conference-board.org

Website: <http://www.conference-board.org/economics/bci/>

*** *** ***

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

Germany Composite Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1. New Orders, Investment Goods	0.1536
2. Yield Spread cumulated, 10 year minus 3 month	0.1419
3. Change in Inventories	0.2549
4. Gross Enterprise and Property Income	0.1288
5. Stock Prices	0.0529
6. New Orders, Residential Construction	0.0913
7. Consumer Confidence Index	0.1765
 <u>Coincident Economic Index</u>	
1. Industrial Production	0.1028
2. Manufacturing Sales	0.0624
3. Retail Trade	0.0804
4. Persons Employed	0.7544

Notes:

The standardization 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 Germany were calculated using April 1991 to December 2007 as the sample period for measuring volatility. Separate sets of factors are available for February 1965 to March 1971, April 1971 to January 1973, February 1973 to January 1974, February 1974 to November 1990, December 1990 to February 1991 and March 1991. The factors above for The Conference Board CEI for Germany were calculated using the February 1994-December 2007 period as the sample period. Separate sets of factors are available for February 1965 to December 1990, January 1991 to February 1991, March 1991, April 1991 and May 1991 to January 1994. These additional 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 factors for The Conference Board LEI for Germany are -0.2274 for the 1965-1990 period and -0.1919 for the 1991-2007 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 Conference Board Leading Economic Index™** (LEI) for Germany” news release is:

August 2009 Data.....	Tuesday, October 20, 2009
September 2009 Data.....	Wednesday, November 18, 2009
October 2009 Data.....	Tuesday, December 22, 2009

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

Germany 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 http://www.conference-board.org/publications/describeBCI.cfm)</i>	
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.

THESE DATA ARE FOR ANALYSIS PURPOSES ONLY. NOT FOR REDISTRIBUTION, PUBLISHING, DATABASING, OR PUBLIC POSTING WITHOUT EXPRESS WRITTEN PERMISSION.

The Conference Board Germany Business Cycle Indicators

Table 1.--Summary of Germany Composite Economic Indexes

	2009						
	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.
Leading index	88.5	86.4 r	85.7 r	86.6 r	87.1	88.1 p	89.1 p
Percent change	-3.0	-2.4 r	-0.8 r	1.1 r	0.6 r	1.1 p	1.1 p
Diffusion index	14.3	14.3	28.6	57.1	57.1	71.4	85.7
Coincident index	102.5	101.9	101.7	101.5	101.8 r	101.7 r	101.7 p
Percent change	-1.3	-0.6	-0.2	-0.2	0.3 r	-0.1	0.0 p
Diffusion index	12.5	12.5	25.0	50.0	37.5	50.0	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	-12.2	-13.9 r	-13.5 r	-10.0 r	-7.5	-3.4 p	0.7 p
Diffusion index	28.6	21.4	14.3	14.3	28.6	42.9	71.4
Coincident index							
Percent change	-2.8	-3.6	-3.6	-3.4	-2.6 r	-2.0 r	-0.8 p
Diffusion index	25.0	12.5	0.0	25.0	0.0	0.0	0.0

p Preliminary. r Revised (both 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 www.conference-board.org/economics/bci

Source: The Conference Board

All rights reserved

© The Conference Board

These data are protected by copyright and are for news analysis purposes only.

The data and analysis are not for databasing by any means, redistribution, publishing, or public posting without express written permission from The Conference Board.

The Conference Board Germany Business Cycle Indicators

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

Component	2009						
	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.
Germany Leading Economic Index component data							
New Orders, Investment Goods Industries, Volume, 2005=100 (3 month moving average).....	83.07	78.23 r	76.90 r	77.20 r	78.83 r	80.43	83.80
Yield 10-Year Minus 3-Month Time							
Deposits Rate, Percent,	0.6	1.2	1.4	1.7	2.1	2.2	2.4
Consumer Confidence Index.....	85.30	84.30	83.30	81.80	81.30	84.30	85.70
Inventory Change							
Contribution to real GDP change, Percent (Q).....	0.7 r	0.4 r	0.1 r	-0.2 r	-0.6 r	-0.7 **	-0.6 **
New Residential Construction Orders 2005=100, (3 month moving average).....	78.93	74.40	76.10	83.17	85.00	86.47 r	86.98 **
Stock Price Index							
1980=100,	250.54	235.01	218.22	248.72	262.19	263.52	264.68
Gross Enterprises and Properties Income Bill., 1999 Euro (Q).....	136.67 r	133.10 r	131.66 r	130.22 r	128.77 r	128.13 **	127.81 **
LEADING INDEX (2004=100).....	88.5	86.4 r	85.7 r	86.6 r	87.1	88.1 p	89.1 p
Percent change from preceding month.....		-2.4 r	-0.8 r	1.1 r	0.6 r	1.1 p	1.1 p
Germany Leading Economic Index net contributions							
New Orders, Investment Goods Industries, Volume, 2005=100 (3 month moving average).....		-0.92 r	-0.26	0.06 r	0.32 r	0.31 r	0.63
Yield 10-Year Minus 3-Month Time							
Deposits Rate, Percent,		0.17	0.20	0.24	0.30	0.32	0.34
Consumer Confidence Index.....		-0.21	-0.21	-0.32	-0.11	0.64	0.29
Inventory Change							
Contribution to real GDP change, Percent (Q).....		-0.07 r	-0.08 r	-0.08 r	-0.10 r	-0.02 **	0.02 **
New Residential Construction Orders 2005=100, (3 month moving average).....		-0.54	0.21	0.81	0.20	0.16 r	0.05 **
Stock Price Index							
1980=100,		-0.34	-0.39	0.69	0.28	0.03	0.02
Gross Enterprises and Properties Income Bill., 1999 Euro (Q).....		-0.34 r	-0.14 r	-0.14	-0.14 r	-0.06 **	-0.03 **

p Preliminary. r Revised. n.a. Not available.

* 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: Deutsche Bundesbank, Thomson Financial, IFO Institute

© The Conference Board

These data are protected by copyright and are for news analysis purposes only.

The data and analysis are not for databasing by any means, redistribution, publishing, or public posting without express written permission from The Conference Board.

The Conference Board Germany Business Cycle Indicators

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

Component	Jan.	Feb.	Mar.	2009 Apr.	May.	Jun.	Jul.
Germany Coincident Economic Index Component Data							
Industrial Production, (2005=100).....	94.1 r	90.9 r	91.4 r	88.8 r	92.8 r	93.5 r	92.7
Employed Persons, Thousands #.....	40277.0 r	40281.0 r	40251.0	40230.0 r	40187.0 r	40143.0 r	40109.0
Retail Trade, Volume, (2005=100).....	95.5	95.4	95.3	96.4	95.4	94.5 r	95.2
Manufacturing Sales, Volume, (2005=100, 3 month moving average).....	96.7 r	93.0	90.2 r	90.6 r	90.6 r	90.8 r	91.6
COINCIDENT INDEX (2004=100).....	102.5	101.9	101.7	101.5	101.8 r	101.7 r	101.7 p
Percent change from preceding month.....		-0.6	-0.2	-0.2	0.3 r	-0.1	0.0 p
Germany Coincident Economic Index net contributions							
Industrial Production, (2005=100).....	....	-0.36 r	0.06 r	-0.30 r	0.45 r	0.08 r	-0.09
Employed Persons, Thousands #.....	....	0.01	-0.06	-0.04 r	-0.08 r	-0.08	-0.06
Retail Trade, Volume, (2005=100).....	....	-0.01	-0.01	0.09	-0.08	-0.08 r	0.06
Manufacturing Sales, Volume, (2005=100, 3 month moving average).....	....	-0.24	-0.20 r	0.03 r	0.00 r	0.02	0.05

p Preliminary. r Revised. n.a. Not available.

* 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: Deutsche Bundesbank, Thomson Financial, Statistisches Bundesamt

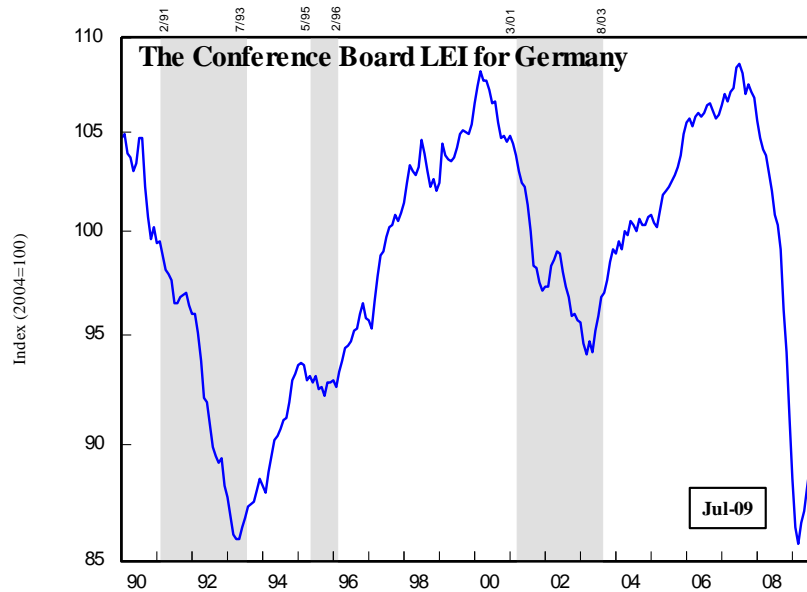
CALCULATION NOTE--The percent change in the index does not always equal the sum of the net contributions of the individual components (because of rounding effects and base value differences).

© The Conference Board

These data are protected by copyright and are for news analysis purposes only.

The data and analysis are not for databasing by any means, redistribution, publishing, or public posting without express written permission from The Conference Board.

Germany 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

* There is a discontinuity in the indexes in Jan-1991 due to reunification
of Eastern and Western Germany