



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (PARIS TIME), MONDAY, JUNE 21, 2010

The Conference Board®  
France Business Cycle Indicators<sup>SM</sup>  
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX®**  
**(LEI) FOR FRANCE**  
AND RELATED COMPOSITE ECONOMIC INDEXES FOR APRIL 2010

**Brussels, June 21, 2010...** The Conference Board Leading Economic Index® (LEI) for France increased 0.8 percent and The Conference Board Coincident Economic Index® (CEI) remained unchanged in April.

- The Conference Board LEI for France increased again in April, with the yield spread, industrial new orders and building permits (residential) making the largest positive contributions. Between October 2009 and April 2010, the leading economic index increased by 3.8 percent (about a 7.7 percent annual rate), slightly slower than the 4.5 percent increase (about a 9.1 percent annual rate) between April and October 2009. In addition, the strengths among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for France, a measure of current economic activity, remained unchanged in April after increasing in March. Between October 2009 and April 2010, the index increased by 0.4 percent (about a 0.8 percent annual rate), a reversal from the decline of 0.2 percent (about a -0.4 percent annual rate) during the previous six months. Additionally, the strengths among the coincident indicators have been very widespread in recent months. At the same time, real GDP expanded at a 0.5 percent annual rate in the first quarter of 2010, slowing from an increase of 2.2 percent annual rate during the fourth quarter of 2009.
- The Conference Board LEI for France has risen sharply for more than a year, and its six-month growth rate remains near the high it reached in October 2009. Meanwhile, The Conference Board CEI for France has picked up during the past six months, after a long period of decline. Taken together, the recent behavior of the composite indexes suggests that the improvement in economic activity should continue in the near term.

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

Please visit our website at <http://www.conference-board.org/economics/bci>

Also visit the website of our research associate in France: <http://www.rexecode.fr/index.jsv>

The next release is scheduled for Monday, July 19, 2010 at 4:00 A.M. ET (10:00 A.M. Paris Time)

With the increase of 0.8 percent in April, the leading economic index now stands at 109.4 (2004=100). Based on revised data, this index increased 1.3 percent in March and remained unchanged in February. During the six-month span through April, the index increased 3.8 percent, and five of the seven components increased (diffusion index, six-month span equals 71.4 percent).

COINCIDENT INDICATORS. Two of the four components of the coincident economic index increased in April. The positive contributors to the index were wage and salaries\* and employment\*. Personal consumption and industrial production declined in April.

After remaining unchanged in April, the coincident economic index now stands at 103.8 (2004=100). Based on revised data, this index increased 0.2 percent in March and decreased 0.1 percent in February. During the six-month period through April, the index increased 0.4 percent, with three of the four series making a positive contribution (diffusion index, six-month span equals 75.0 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**<sup>®</sup> (LEI) for France and **The Conference Board Coincident Economic Index**<sup>®</sup> (CEI) for France reported in this release are those available “as of” 10 A.M. ET on June 16, 2010. Some series are estimated as noted below.

\*The series in The Conference Board LEI for France that is based on our estimates is the ratio of the deflator of manufacturing value added to unit labor cost in manufacturing. Series in The Conference Board CEI for France that are based on our estimates are number of employees and wage and salaries.

Prior to March 2009, the residential building permits component of The Conference Board LEI for France is calculated as permits granted minus permits cancelled. From March 2009 going forward, the permits granted series replaces residential building permits because of delays in the publication of permits cancelled data by the source agency. The same standardization factor is applied to both series because their volatilities are similar. If the missing series becomes available, the original definition of the housing permits series may be restored at the next benchmark revision.

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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

| <u>Leading Economic Index</u>                              | <u>Factor</u> |
|--|---------------|
| 1. Yield Spread, 10 year minus Day-Day Loan                | .1047         |
| 2. Stock Price SBF 250 Index                               | .0307         |
| 3. Building Permits, residential                           | .0388         |
| 4. New Unemployment Claims                                 | .1279         |
| 5. Industrial New Orders                                   | .0446         |
| 6. Production Expectations                                 | .0355         |
| 7. Ratio Deflator of Manuf. Value Added to Unit Labor Cost | .6178         |

| <u>Coincident Economic Index</u> |       |
|----------------------------------|-------|
| 1. Industrial Production         | .0609 |
| 2. Personal Consumptions         | .0489 |
| 3. Number of Employees           | .5710 |
| 4. Wage and Salaries             | .3192 |

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 2010, 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 1983-2008 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 1978-2008 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 0.0283 (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 2010 for the France “Leading Economic Indicators” news release is:

May 2010 ..... Monday, July 19, 2010  
June 2010 ..... Wednesday, August 18, 2010  
July 2010 ..... Tuesday, September 21, 2010  
August 2010 ..... Wednesday, October 20, 2010  
September 2010 ..... Monday, November 22, 2010  
October 2010 ..... Monday, December 20, 2010

All releases are at 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<br><i>(Includes monthly release, data, charts and commentary)</i>   | \$ 635 per year (1 user)                     |
| Individual Data Series   | \$ 35 per series downloaded                  |
| Monthly BCI Report<br><i>(Sample available at <a href="http://www.conference-board.org/publications/describeBCI.cfm">http://www.conference-board.org/publications/describeBCI.cfm</a>)</i> | \$ 275 per year                              |
| BCI Handbook (published 2001)  | \$ 20  |
| Corporate Site License   | contact Indicators Program at (212) 339-0330 |

Business Cycle Indicators for China, Euro Area, Germany, Japan, Korea, Mexico, Spain, the U.K. and the U.S. 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**

|                  | 2009           |                |                | 2010           |                |                |                |
|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                  | Oct.           | Nov.           | Dec.           | Jan.           | Feb.           | Mar.           | Apr.           |
| Leading index    | 105.4          | 105.8          | 106.2 p        | 107.1 p        | 107.1 p        | 108.5 p        | 109.4 p        |
| Percent change   | 0.8            | 0.4            | 0.4 p          | 0.8 p          | 0.0 p          | 1.3 p          | 0.8 p          |
| Diffusion index  | 64.3           | 42.9           | 64.3           | 64.3           | 28.6           | 78.6           | 71.4           |
| Coincident index | 103.4          | 103.6 r        | 103.6 r        | 103.7 r        | 103.6 r        | 103.8 p        | 103.8 p        |
| Percent change   | 0.0            | 0.2 r          | 0.0            | 0.1 r          | -0.1           | 0.2 p          | 0.0 p          |
| Diffusion index  | 50.0           | 87.5           | 75.0           | 75.0           | 62.5           | 87.5           | 37.5           |
|                  | Apr. to<br>Oct | May. to<br>Nov | Jun. to<br>Dec | Jul. to<br>Jan | Aug. to<br>Feb | Sep. to<br>Mar | Oct. to<br>Apr |
| Leading index    |                |                |                |                |                |                |                |
| Percent change   | 4.5            | 4.2            | 3.7 p          | 4.1 p          | 3.2 p          | 3.7 p          | 3.8 p          |
| Diffusion index  | 71.4           | 71.4           | 57.1           | 57.1           | 71.4           | 71.4           | 71.4           |
| Coincident index |                |                |                |                |                |                |                |
| Percent change   | -0.2           | 0.0 r          | 0.0 r          | 0.2 r          | 0.2 r          | 0.4 p          | 0.4 p          |
| Diffusion index  | 75.0           | 75.0           | 75.0           | 75.0           | 100.0          | 100.0          | 75.0           |

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://www.conference-board.org/economics/bci>

Source: The Conference Board

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## The Conference Board France Business Cycle Indicators

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

| Component  | 2009         |              |                | 2010           |                |                |                |
|--|--------------|--------------|----------------|----------------|----------------|----------------|----------------|
|  | Oct.         | Nov.         | Dec.           | Jan.           | Feb.           | Mar.           | Apr.           |
| France Leading Economic Index Component Data     |              |              |                |                |                |                |                |
| Yield Spread, 10 years minus                     |              |              |                |                |                |                |                |
| Day-Day Loan Rate-----                           | 3.20         | 3.19         | 3.15           | 3.19           | 3.10           | 3.09           | 3.05           |
| Stock Price                                      |              |              |                |                |                |                |                |
| SBF250 Index, index 1000=12/31/1990,-----        | 2702.05      | 2669.95      | 2732.20        | 2793.09        | 2639.22        | 2808.31        | 2861.37        |
| Building Permits                                 |              |              |                |                |                |                |                |
| Residential, (3 month moving average), S.A.----- | 33893.12 r   | 34456.12 r   | 34914.98 r     | 33494.42 r     | 34364.45 r     | 36422.08 r     | 38514.93       |
| New Unemployment Claims*                         |              |              |                |                |                |                |                |
| thousands, (3 month moving average), S.A.-----   | 514.33       | 516.07       | 511.37         | 505.53         | 496.33         | 492.03         | 491.00         |
| Industrial New Orders                            |              |              |                |                |                |                |                |
| opinion balance,-----                            | -53.00 r     | -53.00 r     | -52.00         | -43.00 r       | -48.00         | -43.00 r       | -38.00         |
| Production Expectations for Months Ahead         |              |              |                |                |                |                |                |
| Diffusion Index-----                             | 0.50         | 5.50         | 1.30           | 3.10           | -1.70          | 4.00           | 2.30           |
| Ratio Deflator of Value Added to Unit Labor Cost |              |              |                |                |                |                |                |
| (1995=100), Q-----                               | 100.12       | 99.90        | 99.75 **       | 99.65 **       | 99.58 **       | 99.52 **       | 99.48 **       |
| <b>LEADING INDEX (2004=100).....</b>             | <b>105.4</b> | <b>105.8</b> | <b>106.2 p</b> | <b>107.1 p</b> | <b>107.1 p</b> | <b>108.5 p</b> | <b>109.4 p</b> |
| Percent change from preceding month.....         | 0.8          | 0.4          | 0.4 p          | 0.8 p          | 0.0 p          | 1.3 p          | 0.8 p          |
| France Leading Economic Index net contributions  |              |              |                |                |                |                |                |
| Yield Spread, 10 years minus                     |              |              |                |                |                |                |                |
| Day-Day Loan Rate-----                           | ....         | 0.33         | 0.33           | 0.33           | 0.33           | 0.32           | 0.32           |
| Stock Price                                      |              |              |                |                |                |                |                |
| SBF250 Index, index 1000=12/31/1990,-----        | ....         | -0.04        | 0.07           | 0.07           | -0.17          | 0.19           | 0.06           |
| Building Permits                                 |              |              |                |                |                |                |                |
| Residential, (3 month moving average), S.A.----- | ....         | 0.06 r       | 0.05 r         | -0.16 r        | 0.10 r         | 0.23 r         | 0.22           |
| New Unemployment Claims*                         |              |              |                |                |                |                |                |
| thousands, (3 month moving average), S.A.-----   | ....         | -0.04        | 0.12           | 0.15           | 0.23           | 0.11           | 0.03           |
| Industrial New Orders                            |              |              |                |                |                |                |                |
| opinion balance,-----                            | ....         | 0.00         | 0.04 r         | 0.40 r         | -0.22 r        | 0.22 r         | 0.22           |
| Production Expectations for Months Ahead         |              |              |                |                |                |                |                |
| Diffusion Index-----                             | ....         | 0.18         | -0.15          | 0.06           | -0.17          | 0.20           | -0.06          |
| Ratio Deflator of Value Added to Unit Labor Cost |              |              |                |                |                |                |                |
| (1995=100), Q-----                               | ....         | -0.14        | -0.09 **       | -0.06 **       | -0.04 **       | -0.03 **       | -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).

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## The Conference Board France Business Cycle Indicators

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

| Component  | 2009   |                |                | 2010           |                |                |                |
|--|--|----------------|----------------|----------------|----------------|----------------|----------------|
|  | Oct.   | Nov.           | Dec.           | Jan.           | Feb.           | Mar.           | Apr.           |
|  | France Coincident Economic Index Component Data    |                |                |                |                |                |                |
| Industrial Production, Volume<br>(2005=100). S.A.....                            | 88.6 r   | 89.7 r         | 89.4 r         | 90.4 r         | 90.5 r         | 91.7 r         | 91.4           |
| Personal Consumption of Manuf. Goods<br>Billions of Euros, S.A.....              | 22.3   | 22.6 r         | 22.8           | 22.3 r         | 21.9           | 22.3 r         | 22.0           |
| Number of Employees in the Private Sector<br>Thous. Of Employees, S.A. Q.....    | 15853.4 r  | 15850.9 r      | 15858.9 r      | 15866.9 r      | 15874.9 r      | 15881.9 **     | 15888.0 **     |
| Wage and Salaries, Financial and Non-Financial<br>Millions of Euros, S.A. Q..... | 108217.0 r   | 108313.3 r     | 108377.0 r     | 108477.9 r     | 108465.6 r     | 108520.7 **    | 108610.9 **    |
| <b>COINCIDENT INDEX (2004=100).....</b>  | <b>103.4</b>                                       | <b>103.6 r</b> | <b>103.6 r</b> | <b>103.7 r</b> | <b>103.6 r</b> | <b>103.8 p</b> | <b>103.8 p</b> |
| Percent change from preceding month.....   | 0.0  | 0.2 r          | 0.0            | 0.1 r          | -0.1           | 0.2 p          | 0.0 p          |
|  | France Coincident Economic Index net contributions |                |                |                |                |                |                |
| Industrial Production, Volume<br>(2005=100). S.A.....                            | ....   | .08 r          | -.02 r         | .07            | .01 r          | .08 r          | -.02           |
| Personal Consumption of Manuf. Goods<br>Billions of Euros, S.A.....              | ....   | .05 r          | .06            | -.12           | -.08 r         | .08 r          | -.06           |
| Number of Employees in the Private Sector<br>Thous. Of Employees, S.A. Q.....    | ....   | -.01 r         | .03 r          | .03 r          | .03 r          | .03 **         | .02 **         |
| Wage and Salaries, Financial and Non-Financial<br>Millions of Euros, S.A. Q..... | ....   | .03 r          | .02 r          | .03 r          | .00 r          | .02 **         | .03 **         |

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).

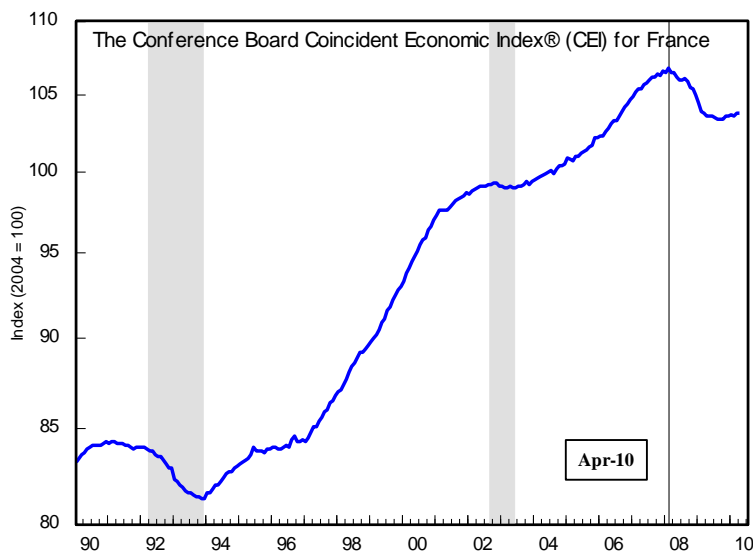
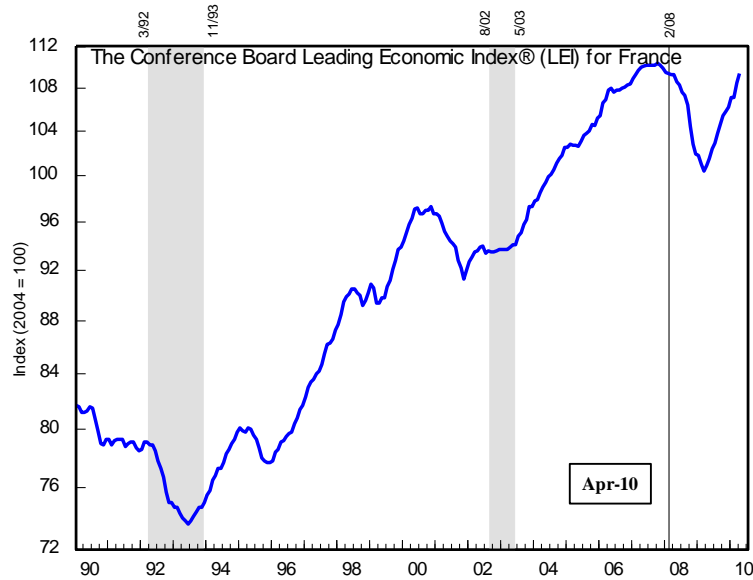
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## France Composite Economic Indexes



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