FOR RELEASE: 10:00 A.M. GMT, THURSDAY, JUNE 11, 2009

The Conference Board®
The U.K. Business Cycle Indicators℠
THE CONFERENCE BOARD LEADING ECONOMIC INDEX™ (LEI) FOR THE UNITED KINGDOM
AND RELATED COMPOSITE ECONOMIC INDEXES FOR APRIL 2009

BRUSSELS, June 11, 2009… **The Conference Board Leading Economic Index™** (LEI) for the U.K. increased 0.9 percent, and **The Conference Board Coincident Economic Index™** (CEI) increased 0.1 percent in April.

- The Conference Board LEI for the U.K. increased in April for the first time since October 2007 as positive contributions from consumer confidence, stock prices, the yield spread and volume of expected output more than offset a negative contribution by order book volume. Between October 2008 and April 2009, the leading economic index decreased 3.0 percent (about a -6.0 percent annual rate), slower than the 6.3 percent decrease (about a -12.2 percent annual rate) between April 2008 and October 2008. However, the weaknesses among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for the U.K., a measure of current economic activity, increased for a second consecutive month in April. During the past six months, the coincident economic index decreased by 0.4 percent (about a -0.8 percent annual rate), after remaining unchanged during the previous six months. Additionally, the strengths and weaknesses among the coincident indicators have remained balanced in recent months. Meanwhile, real GDP contracted at a 7.4 percent annual rate during the first quarter of 2009, its largest quarterly decline since 1979, following a decline of 5.9 percent annual rate in the fourth quarter of 2008.
- Though The Conference Board LEI for the U.K. has been trending downward since its peak in June 2007, the pace of this decline has moderated significantly in recent months. The Conference Board CEI for the U.K. has declined slightly since December 2008, after remaining essentially flat during the second half of last year. Taken together, the recent behavior of the composite economic indexes suggests that the contraction in economic activity should continue in the near term but will likely become less deep in the months ahead.

LEADING INDICATORS. Six of the seven components that make up The Conference Board LEI for the U.K. increased in April. The positive contributors – from the largest positive contributor to the smallest – were consumer confidence, stock prices, yield spread, volume of expected output, productivity for the whole economy* and operating surplus of corporations*. The only negative contributor was order book volume.

The next release is scheduled for Thursday, July 9, 2009 at 10:00 A.M. (GMT)
In the U.S. – July 9, 2009 at 5:00 A.M. (ET)

With the 0.9 percent increase in April, The Conference Board LEI for the U.K. now stands at 92.2 (2004=100). Based on revised data, this index declined 0.5 percent in March and declined 0.6 percent in February. During the six-month span through April, the leading economic index decreased 3.0 percent, with two of the seven components advancing (diffusion index, six-month span equals 28.6 percent).

COINCIDENT INDICATORS. All four components that make up The Conference Board CEI for the U.K. increased in April. The positive contributors – from the largest positive contributor to the smallest – were retail sales, real household disposable income*, employment* and industrial production.

With the increase of 0.1 percent in April, The Conference Board CEI for the U.K. now stands at 103.7 (2004=100). Based on revised data, this index increased 0.1 percent in March and decreased 0.3 percent in February. During the six-month period through April, the coincident economic index decreased 0.4 percent, with two of the four components advancing (diffusion index, six-month span equals 50.0 percent).

DATA AVAILABILITY:

The data series used to compute **The Conference Board Leading Economic Index™** (LEI) for the U.K. and **The Conference Board Coincident Economic Index™** (CEI) for the U.K. reported in this release are those available "as of" 10 A.M. ET on Wednesday June 10, 2009. Some series are estimated as noted below.

* Series in The Conference Board LEI for the U.K. that are based on our estimates are productivity for the whole economy, and operating surplus of corporations. Series in The Conference Board CEI for the U.K. that are based on our estimates are employment and real household disposable income.

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

U.K. Composite Economic Indexes: Components and Standardization Factors

Leading Economic Index	Factor
1 Order Book Volume	0.0608
2 Expected Output Volume	0.0480
3 Consumer Confidence	0.0996
4 All Share Price Index	0.0341
5 Yield Spread	0.0838
6 Productivity, Whole Economy	0.5587
7 Operating Surplus, Corporations	0.1150

Coincident Economic Index	
1 Industrial Production	0.0583
2 Retail Sales	0.0566
3 Employment	0.7297
4 Real Household Disposable Income	0.1553

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 with the January 2009 release, and all historical values for the two composite economic 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 leading economic index were calculated using 1977-2007 as the sample period for measuring volatility. Separate sets of factors for the 1975-1977 period, the 1974-1975 period, as well as the 1970-1974 period, are available upon request. The factors above for the coincident economic index were calculated using 1992-2007 as the sample period; separate sets of factors for the 1978-1992 period and the 1970-1978 period are available upon request. These multiple 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 their total continues to sum to 1. For additional information on the standardization factors and the index methodology visit our Web site: http://www.conference-board.org/economics/bci/.

The trend adjustment factor for the leading index is -0.0672, calculated over the 1970-2007 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 monthly data revisions are now a regular part of the U.S. Business Cycle and Global Indicators program. The main advantage of this procedure is to utilize in the leading economic index the data such as bond yields, stock prices, and change in consumer confidence that are available sooner than other data on "real" aspects of the economy such as housing starts and new orders. 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 next release for **The Conference Board Leading Economic Index^{TM}** (LEI) for the U.K. is:

May 2009 Data	Thursday, July 09, 2009
June 2009 Data	Thursday, August 06, 2009
July 2009 Data	Thursday, September 10, 2009
August 2009 Data	Thursday, October 08, 2009
September 2009 Data	Tuesday, November 10, 2009
October 2009 Data	Thursday, December 10, 2009

All releases are at 5:00 A.M. (ET), 10:00 A.M. (GMT)

ABOUT THE CONFERENCE BOARD

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U.K. 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.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 U.K. Business Cycle Indicators

Table 1.--Summary of U.K. Composite Economic Indexes

	2008			2009			
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Leading index	95.1	93.9	93.1 p	92.5 p	91.9 p	91.4 p	92.2 p
Percent change	-2.0	-1.3	-0.9 p	-0.6 p	-0.6 p	-0.5 p	0.9 p
Diffusion index	28.6	28.6	28.6	28.6	14.3	42.9	78.6
Coincident index	104.1	104.0	104.1 p	103.8 p	103.5 p	103.6 p	103.7 p
Percent change	0.1	-0.1	0.1 p	-0.3 p	-0.3 p	0.1 p	0.1 p
Diffusion index	62.5	50.0	75.0	50.0	25.0	62.5	87.5

	Apr to Oct	May to Nov	Jun to Dec	Jul to Jan	Aug to Feb	Sep to Mar	Oct to Apr
Leading index							
Percent change	-6.3	-6.8	-6.6	-6.5	-6.5	-5.8	-3.0
Diffusion index	28.6	28.6	28.6	28.6	28.6	28.6	28.6
Coincident index							
Percent change	0.0	-0.3	0.0	-0.2	-0.5	-0.4	-0.4
Diffusion index	50.0	25.0	50.0	50.0	25.0	50.0	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 w w w .conference-board.org/economics/bci

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The Conference Board U.K. Business Cycle Indicators

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

Component	Oct. 2008	Nov.	Dec.	Jan. 2009	Feb.	Mar.	Apr.
	U.K. Leading Economic Index component data						
Order Book Volume, CBI Monthly Enquiry (3 month moving average).....	-26.0	-34.3	-37.3	-40.3	-46.3	-54.0	-57.0
Volume of Expected Output, CBI Monthly Enquiry (3 month moving average).....	-20.0	-29.7	-38.3	-42.3	-43.0	-45.0	-41.3
Consumer Confidence (3 month moving average).......................	-24.4	-25.3	-27.4	-30.2	-31.8	-31.5	-27.1
Stock prices, FTSE all share prices index (Apr. 10, 1962=100)................................	2162.6	2110.7	2127.3	2147.3	2046.2	1902.0	2063.5
Yield Spread, 10 years minus Bank Rate…………………………………	0.0	1.0	1.5	2.1	2.6	2.7	2.9
Productivity, Whole Economy Index (2003=100, Q)	106.4	105.9	105.6 **	105.4 **	105.3 **	105.3 **	105.3 **
Total Gross Operating Surplus of Corporations (Deflated with IPD, Q)	73614.5	74321.7	74270.4	74219.3	74161.8	74166.1 **	74209.1 **
LEADING INDEX (2004=100).....................	**95.1**	**93.9**	**93.1** p	**92.5** p	**91.9** p	**91.4** p	**92.2** p
Percent change from preceding month.............		-1.3	-0.9 p	-0.6 p	-0.6 p	-0.5 p	0.9 p
	U.K. Leading Economic Index net contributions						
Order Book Volume, CBI Monthly Enquiry (3 month moving average).....	....	-0.50	-0.18	-0.18	-0.36	-0.47	-0.18
Volume of Expected Output, CBI Monthly Enquiry (3 month moving average).....	....	-0.47	-0.41	-0.19	-0.03	-0.10	0.18
Consumer Confidence (3 month moving average).......................	....	-0.09	-0.21	-0.28	-0.16	0.03	0.44
Stock prices, FTSE all share prices index (Apr. 10, 1962=100)................................	....	-0.08	0.03	0.03	-0.16	-0.25	0.28
Yield Spread, 10 years minus Bank Rate…………………………………	....	0.08	0.13	0.18	0.22	0.23	0.24
Productivity, Whole Economy Index (2003=100, Q)	....	-0.26	-0.16 **	-0.09 **	-0.05 **	-0.01 **	0.01 **
Total Gross Operating Surplus of Corporations (Deflated with IPD, Q)	....	0.11	-0.01	-0.01	-0.01	0.00 **	0.01 **

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

*   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: National Statistics, Thomson Financial, Bank of England, Confederation of British Industry and The European Commission

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 U.K. Business Cycle Indicators

Table 3.--Data and Net Contributions of the U.K. Coincident Economic Index

Component	2008 Oct.	Nov.	Dec.	2009 Jan.	Feb.	Mar.	Apr.
	U.K Coincident Economic Index component data						
Industrial Production (2003=100)..........	95.5 r	93.0 r	91.4 r	88.8 r	88.2 r	88.0 r	88.2
Retail Sales, Volume (2000=100).........	110.1 r	110.2	111.5 r	112.3 r	109.9 r	111.2 r	112.2
Employment, (average, thousands)..........	29393.0	29361.0	29379.0	29267.0	29204.0 r	29195.7 **	29204.5 **
Real Household Disposable Income (2003 Constant Price, Q)..................	208838.0	210759.0	212027.2 **	212930.9 **	213631.3 **	214218.5 **	214742.8 **
COINCIDENT INDEX (2004=100)..........	**104.1**	**104.0**	**104.1** p	**103.8** p	**103.5** p	**103.6** p	**103.7** p
Percent change from preceding mont		-0.1	0.1 p	-0.3 p	-0.3 p	0.1 p	0.1 p
	U.K. Coincident Economic Index net contributions						
Industrial Production (2003=100)..........	....	-0.15 r	-0.10 r	-0.17	-0.04	-0.01 r	0.01
Retail Sales, Volume (2000=100).........	....	0.01 r	0.07	0.04 r	-0.12	0.07	0.05
Employment, (average, thousands)..........	....	-0.08	0.04	-0.28	-0.16 r	-0.02 **	0.02 **
Real Household Disposable Income (2003 Constant Price, Q)..................	....	0.14	0.09 **	0.07 **	0.05 **	0.04 **	0.04 **

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

*   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.

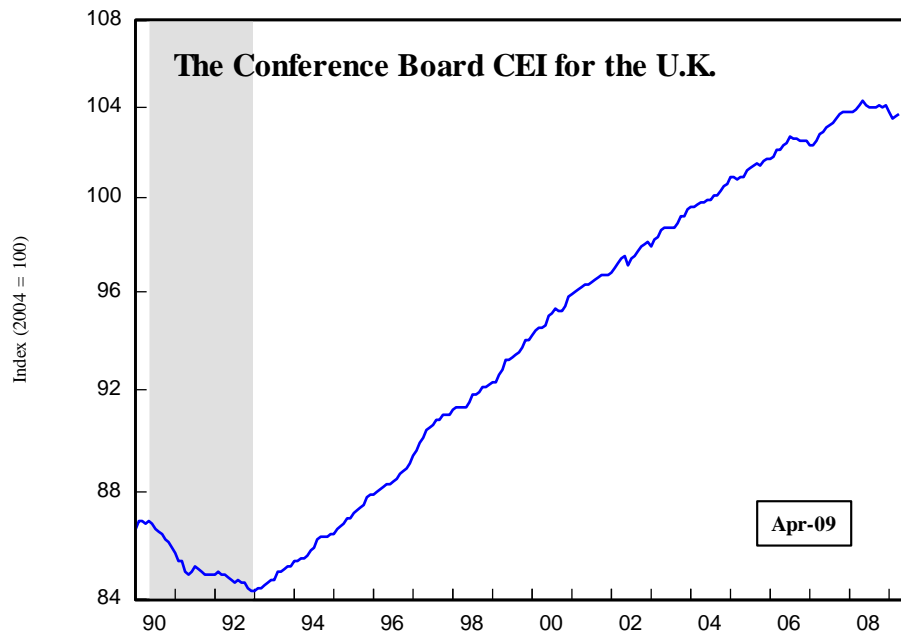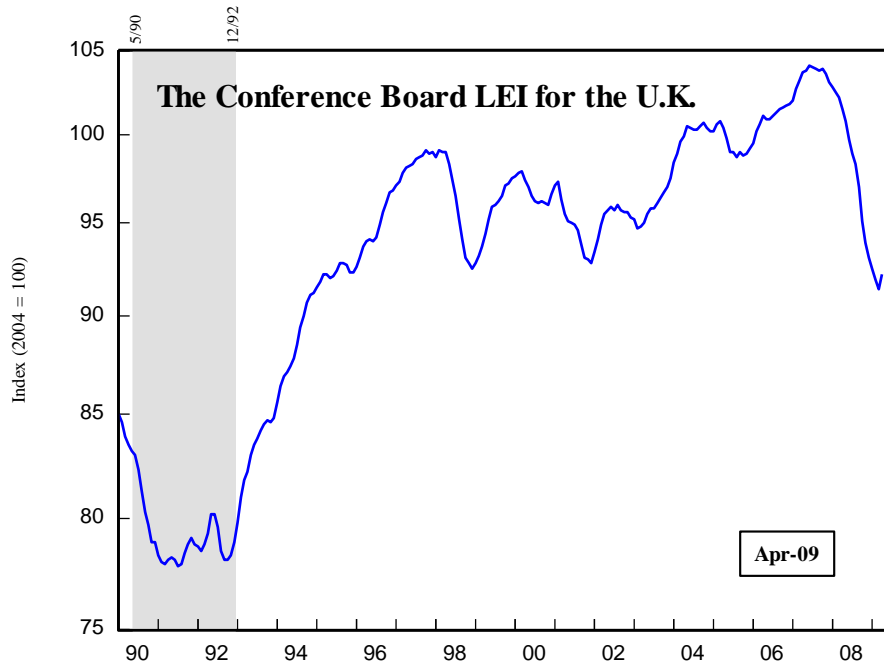**Data Sources:** National Statistics, Thomson Financial

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).

United Kingdom 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