



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (CST), THURSDAY, SEPTEMBER 24, 2009

The Conference Board®
Mexico Business Cycle IndicatorsSM
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX™
(LEI) FOR MEXICO**
AND RELATED COMPOSITE ECONOMIC INDEXES FOR JULY 2009

The Conference Board Leading Economic Index™ (LEI) for Mexico increased 1.3 percent and **The Conference Board Coincident Economic Index™ (CEI)** increased 0.4 percent in July.

- The Conference Board LEI for Mexico increased for the fifth consecutive month in July. Net insufficient inventories, stock prices and the construction component of industrial production made large positive contributions to the index this month, more than offsetting the negative contribution from oil prices. The leading economic index rose 10.3 percent (about a 21.7 percent annual rate) between January and July 2009, a sharp reversal from the decline of 17.5 percent (about a -31.9 percent annual rate) during the previous six months. In addition, the strengths among the leading indicators have been very widespread, with all the components increasing over the past six months.
- The Conference Board CEI for Mexico also increased in July, its first increase in a year. Industrial production rose for the first time since June 2008. The coincident economic index decreased 2.3 percent (a -4.6 percent annual rate) between January and July 2009, slower than the decline of 4.4 percent (about a -8.7 percent annual rate) for the previous six months. However, 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 4.4 percent annual rate in the second quarter of 2009, a large improvement from the contraction of 21.2 percent annual rate in the first quarter of the year.
- The Conference Board LEI for Mexico, which was on a steep downtrend between July 2008 and February 2009, has risen for five months now. The six-month growth rate in the index has continued to accelerate, and it has reached the highest rate since 1999. Meanwhile, the decline in The Conference Board CEI for Mexico has slowed in recent months, and the index increased for the first time in a year this month. All in all, the recent behavior of the composite indexes suggests that the downturn in economic activity could be bottoming out, and that economic conditions may continue improving in the near term.

LEADING INDICATORS. Five of the six components that make up The Conference Board LEI for Mexico increased in July. The positive contributors to the index—from the largest positive contributor to the smallest one—are net insufficient inventories, stock prices, the industrial production construction component, the (inverted) federal funds rate, and the (inverted) real exchange rate. The US refiners' acquisition cost of domestic and imported crude oil decreased in July.

The next release is scheduled for Thursday, October 29, 2009 at 11:00 A.M. (ET)
In Mexico – Thursday, October 29, 2009 at 10:00 A.M. (CST)

With the 1.3 percent increase in July, The Conference Board LEI for Mexico now stands at 110.3 (2004=100). Based on revised data, this index increased 2.3 percent in June and increased 2.3 percent in May. During the six-month span through July, the index increased 10.3 percent, with six of the six components increasing (diffusion index, six-month span equals 100.0 percent).

COINCIDENT INDICATORS. Two of the three components that make up The Conference Board CEI for Mexico increased in July. The positive contributors—from the largest positive contributor to the smallest—are industrial production and number of people employed (measured by IMSS beneficiaries). Retail sales* declined.

With the increase of 0.4 percent in July, The Conference Board CEI for Mexico now stands at 105.0 (2004=100). Based on revised data, this index decreased 0.1 percent in June and decreased 0.9 percent in May. During the six-month span through July, the index decreased 2.3 percent, with none of the three components increasing (diffusion index, six-month span equals 0.0 percent).

*See notes under data availability.

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. September 22, 2009. Some series are estimated as noted below.

NOTES: The series in The Conference Board CEI for Mexico based on The Conference Board estimates is retail sales.

Summary Table of Composite Indexes

	2009			6-month
	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Jan. to Jul</u>
Leading index	106.5 r	108.9 r	110.3	
Percent Change	2.3	2.3	1.3	10.3
Diffusion	83.3	83.3	83.3	100.0
Coincident Index	104.7	104.6 r	105.0 p	
Percent Change	-0.9	-0.1 r	0.4 p	-2.3 p
Diffusion	.0	16.7	66.7	0.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board

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