



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (CST), THURSDAY, OCTOBER 29, 2009

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

The Conference Board Leading Economic Index™ (LEI) for Mexico increased 1.1 percent and **The Conference Board Coincident Economic Index™ (CEI)** increased 0.6 percent in August.

- The Conference Board LEI for Mexico increased for the sixth consecutive month in August. Apart from the construction component of industrial production, most of the leading indicators contributed positively to the index this month. The leading economic index increased 11.7 percent (about a 24.9 percent annual rate) between February and August 2009, a sharp reversal from the decrease of 17.1 percent (about a -31.2 percent annual rate) for the previous six months. In addition, the strengths among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for Mexico increased for the second straight month in August, with all its components making positive contributions. Between February and August 2009, the coincident economic index decreased 0.9 percent (about a -1.9 percent annual rate), slower than the decline of 5.0 percent (about a -9.7 percent annual rate) during the previous six months. However, the weaknesses among the coincident indicators have remained very widespread, with none of the components increasing over 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 sharply for half a year now amid widespread strength among its components. Meanwhile, The Conference Board CEI for Mexico has increased for the past two months, after declining continuously since the middle of last year. All in all, the recent behavior of the composite indexes suggests that the downturn in economic activity is bottoming out, and that the economy may begin to recover soon.

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

With the 1.1 percent increase in August, The Conference Board LEI for Mexico now stands at 111.3 (2004=100). Based on revised data, this index increased 1.2 percent in July and increased 2.2 percent in June. During the six-month span through August, the index increased 11.7 percent, with five of the six components increasing (diffusion index, six-month span equals 83.3 percent).

The next release is scheduled for Monday, November 23, 2009 at 11:00 A.M. (ET)
In Mexico – Monday, November 23, 2009 at 10:00 A.M. (CST)

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

With the increase of 0.6 percent in August, The Conference Board CEI for Mexico now stands at 105.6 (2004=100). Based on revised data, this index increased 0.4 percent in July and decreased 0.1 percent in June. During the six-month span through August, the index decreased 0.9 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. October 27, 2009. Some series are estimated as noted below.

Summary Table of Composite Indexes

	2009			6-month
	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Feb to Aug</u>
Leading index	108.8 r	110.1 r	111.3	
Percent Change	2.2 r	1.2 r	1.1	11.7
Diffusion	83.3 r	83.3	75.0	83.3
Coincident Index	104.6	105.0	105.6	
Percent Change	-0.1	0.4	0.6	-0.9
Diffusion	33.3	83.3	100.0	0.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board

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Professional Contacts at The Conference Board:
Indicator Program: 1-212-339-0330

Media Contacts:
Frank Tortorici: 1-212-339-0231
Carol Courter: 1-212-339-0232