



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. CET, WEDNESDAY, MARCH 11, 2009

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

BRUSSELS, MAR. 11, 2009... The Conference Board Leading Economic Index™ (LEI) for Spain declined 0.5 percent. The Conference Board Coincident Economic Index™ (CEI) for Spain decreased 0.8 percent in January.

- TCB LEI for Spain decreased for a fifth consecutive month as negative contributions by job placings, stock prices, long-term government bond yield (inverted) and the order books survey more than offset a large positive contribution by the Spanish contribution to Euro money supply (M2). Between July 2008 and January 2009, TCB LEI for Spain declined by 2.2 percent (about a -4.3 percent annual rate), about the same rate of decline as that between January 2008 and July 2008. In addition, the weaknesses among the leading indicators have been widespread in recent months.
- TCB CEI for Spain, a measure of current economic activity, decreased for the ninth consecutive month in January, according to preliminary estimates. The index was also revised downwards from September 2008 through December 2008 as fourth quarter data for employment and final household consumption became available. During the past six months, TCB CEI for Spain has fallen by 5.0 percent (about a -9.8 percent annual rate), well below the 1.6 percent decline (about a -3.2 percent annual rate) for the previous six months. Additionally, the weaknesses among the coincident indicators have remained very widespread in recent months, with none of the components increasing. At the same time, real GDP contracted at a 2.5 percent average annual rate during the third and fourth quarter of 2008 (including a -3.8 percent annual rate during the fourth quarter), its lowest two quarter growth rate since 1993.
- TCB LEI for Spain has been falling since the first quarter of 2008, decreasing by 4.4 percent during this period, its largest decline since 1992. TCB CEI for Spain has also been falling since its most recent peak in February 2008. This decline has accelerated in recent months with the six-month growth rate for the index now at the lowest level in its 25 year history. Taken together, the recent behavior of the composite economic indexes suggests that the contraction in economic activity should continue in the near term.

LEADING INDICATORS. Two of the six components that make up TCB LEI for Spain increased in January. The positive contributors—in order from the largest positive contributor to the smallest—are the Spanish contribution to Euro M2, and the capital equipment component of industrial production*. The negative contributors—in order from the largest negative contributor to the smallest—are job placings, the Spanish equity price index, the inverted long-term government bond yield and order books survey.

The next release is scheduled for Monday, April 13, 2009 at 10:00 A.M. (CET)

In the U.S. – Monday, April 13, 2009 at 4:00 A.M. (ET)

With the decrease of 0.5 percent in January, TCB LEI for Spain now stands at 107.5 (2004=100). Based on revised data, this index declined 0.4 percent in December and declined 0.5 percent in November. During the six-month span through January, the index decreased 2.2 percent, and two of the six components advanced (diffusion index, six-month span equals 33.3 percent).

COINCIDENT INDICATORS. None of the five components that make up TCB CEI for Spain increased in January. Industrial production excluding construction*, employment*, final household consumption*, and retail sales survey* declined in January. Real imports* remained unchanged.

With the decrease of 0.8 percent in January, TCB CEI for Spain now stands at 104.5 (2004=100). Based on revised data, this index decreased 0.8 percent in December and decreased 1.1 percent in November. During the six-month span through January, the index decreased 5.0 percent, and none of the five components advanced (diffusion index, six-month span equals 0.0 percent).

FOR TABLES AND CHARTS, SEE BELOW

DATA AVAILABILITY. The data series used to compute **The Conference Board Leading Economic Index™** (LEI) for Spain and **The Conference Board Coincident Economic Index™** (CEI) for Spain reported in the tables in this release are those available “as of” 10 A.M. (ET) March 9, 2009. Some series are estimated as noted below.

NOTES: Series in TCB CEI for Spain based on The Conference Board estimates include final household consumption, industrial production excluding construction, retail sales survey, employment and real imports. All of the series in TCB CEI for Spain are based on estimates this month because of upcoming benchmark revisions. The series in TCB LEI for Spain based on The Conference Board estimates is the capital equipment component of industrial production.

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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 TCB LEI for Spain have occurred before those in aggregate economic activity, while the cyclical turning points in TCB CEI for Spain 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 Web site: <http://www.conference-board.org/economics/bci/>.

Spain Composite Economic Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1. Capital Equipment Component of Industrial Production	.0730
2. Contribution to Euro M2	.1914
3. Stock Price Index	.0278
4. Long term Government Bond Yield	.5166
5. Order Books Survey	.1215
6. Job Placings	.0698

<u>Coincident Economic Index</u>	
1. Final Household Consumption	.3619
2. Industrial Production, Excluding Construction	.2030
3. Retail Sales Survey	.0346
4. Real Imports	.0307
5. Employment	.3698

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 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 TCB LEI for Spain were calculated using the October 1997 to December 2007 period as the sample period for measuring volatility. A separate set of factors for the February 1984 to September 1997 period, is available upon request. The factors above for TCB CEI for Spain were calculated using the February 1995 to December 2007 period as the sample period. Separate sets of factors for the February 1984 to January 1985 period, the February 1985 to October 1994 period, and the November 1994 to January 1995 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 the 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 TCB LEI for Spain is 0.0187, calculated over the 1984-2007 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 Spain” news release is:

February 2009 Data.....	Monday, April 13, 2009
March 2009 Data.....	Tuesday, May 12, 2009
April 2009 Data.....	Wednesday, June 17, 2009
May 2009 Data.....	Monday, July 13, 2009
June 2009 Data.....	Tuesday, August 11, 2009
July 2009 Data.....	Tuesday, September 15, 2009
August 2009 Data.....	Tuesday, October 13, 2009
September 2009 Data.....	Wednesday, November 11, 2009
October 2009 Data.....	Tuesday, December 15, 2009

All releases are at 10:00 A.M. (CET)

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Monthly BCI Report <i>(Sample available at http://www.conference-board.org/publications/describeBCI.cfm)</i>	\$ 275 per year
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The Conference Board Spain Business Cycle Indicators

Table 1.--Summary of Spain Composites Economic Indexes

	2008							2009
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	
Leading index	109.9	110.5	110.3 r	108.9	108.4	108.0 r	107.5 p	
Percent change	-0.3	0.5	-0.2 r	-1.3 r	-0.5	-0.4 r	-0.5 p	
Diffusion index	25.0	33.3	41.7	25.0	50.0	50.0	33.3	
Coincident index	110.0	109.2 r	108.5 r	107.4 r	106.2 r	105.3 p	104.5 p	
Percent change	-0.4	-0.7 r	-0.6 r	-1.0 r	-1.1 r	-0.8 p	-0.8 p	
Diffusion index	20.0	0.0	20.0	0.0	0.0	20.0	10.0	
	Jan to Jul	Feb to Aug	Mar to Sep	Apr to Oct	May to Nov	Jun to Dec	Jul to Jan	
Leading index								
Percent change	-2.2	-1.8	-1.0 r	-2.3	-2.1	-2.0 r	-2.2 p	
Diffusion index	16.7	16.7	33.3	16.7	50.0	33.3	33.3	
Coincident index								
Percent change	-1.6	-2.5 r	-2.7 r	-3.7 r	-4.4 r	-4.6 p	-5.0 p	
Diffusion index	0.0	0.0	20.0	0.0	0.0	0.0	0.0	

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.

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The Conference Board Spain Business Cycle Indicators

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

Component	2008						2009
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Spain Leading Economic Index component data							
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	114.6	114.0	118.9	114.1	114.3	108.6	108.7 **
Spanish Contribution to Euro M2 (s.a.).....	887360.00 r	921864.87 r	916071.80 r	916421.82 r	926752.27 r	937561.01 r	958421.92
Spanish Equity Price Index.....	1276.5	1256.9	1175.1	978.1	950.8	976.0	898.0
Longterm Government Bond Yield (Inverted).....	4.8	4.6	4.6	4.5	4.2	3.9	4.2
Order Books Survey (3 month moving average, s.a.).....	-5.60	-6.027	-8.928	-11.921	-16.065	-18.645 r	-19.50
Job Placings (3 month moving average, s.a.).....	1353.4 r	1329.2 r	1345.8 r	1311.9 r	1262.9 r	1233.5 r	1167.4
LEADING INDEX (2004=100).....	109.9	110.5	110.3	108.9	108.4	108.0	107.5 p
Percent change from preceding month.....	-0.3	0.5	-0.2	-1.3 r	-0.5	-0.4 r	-0.5 p
Spain Leading Economic Index net contributions							
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	....	-0.04	0.31	-0.30	0.01	-0.38	0.01 **
Spanish Contribution to Euro M2 (s.a.).....	....	0.73	-0.12 r	0.01 r	0.21 r	0.22 r	0.42
Spanish Equity Price Index.....	....	-0.04	-0.19	-0.51	-0.08	0.07	-0.23
Longterm Government Bond Yield (Inverted).....	....	0.12	-0.01	0.05	0.17	0.15	-0.15
Order Books Survey (3 month moving average, s.a.).....	....	-0.05	-0.35	-0.36	-0.50	-0.31 r	-0.11
Job Placings (3 month moving average, s.a.).....	....	-0.13	0.09	-0.18	-0.27	-0.16 r	-0.38

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 a monthly series through a linear interpolation.

Data Sources: Ministerio de Economía y Hacienda, IMF, OECD, 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).

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The Conference Board Spain Business Cycle Indicators

Table 3.--Data and Net Contributions for Spain Coincident Economic Index

Component	2008						2009
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Spain Coincident Economic Index component data							
Final Household Consumption (Q).....	118.6 r	118.2 r	117.6 r	117.0 r	116.5 r	116.1 **	115.8 **
Industrial Production, Excluding Construction 2000=100(3 month moving average).....	103	101.1	99.6	97.9	96.0	94.1	92.4 **
Real Imports , millions of Euro, 1995 prices..... (3 month moving average)	21642.10	21222.60	21413.80	20537.60	19527.80	18708.60 r	18705.70 **
Retail Sales Survey (s.a.) #.....	110.8	108.5	108.3	107.6	102.5	103.8	103.4 **
Employment (Q) (Thousands, s.a.)	20557.0	20493.0 r	20352.3 r	20211.6 r	20071.0 r	19930.3 **	19789.4 **
COINCIDENT INDEX (2004=100).....	110.0	109.2	108.5	107.4	106.2 r	105.3 p	104.5 p
Percent change from preceding month.....	-0.4	-0.7	-0.6	-1.0	-1.1 r	-0.8 p	-0.8 p
Spain Coincident Economic Index net contributions							
Final Household Consumption (Q).....	....	-0.13 r	-0.18 r	-0.19 r	-0.15 r	-0.12 **	-0.10 **
Industrial Production, Excluding Construction 2000=100(3 month moving average).....	....	-0.28	-0.31	-0.36	-0.40	-0.39	-0.38 **
Real Imports , millions of Euro, 1995 prices.....	....	-0.06	0.03	-0.13	-0.15	-0.13 r	0.00 **
Retail Sales Survey (s.a.) #.....	....	-0.07	-0.01	-0.02	-0.17	0.04	-0.01 **
Employment (Q) (Thousands, s.a.) .....	....	-0.12 r	-0.25 r	-0.26 r	-0.26 r	-0.26 **	-0.26 **

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)

Since April 2002, the Retail Sales Survey rebased from 1995=100 to 2001=100

Data Sources: Ministerio de Economía y Hacienda, IMF, OECD, 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).

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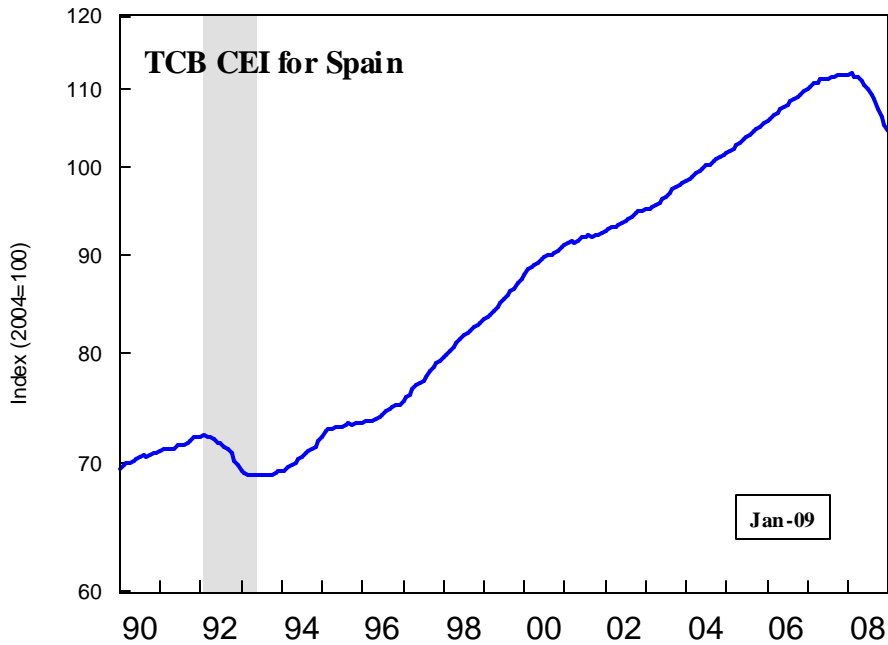
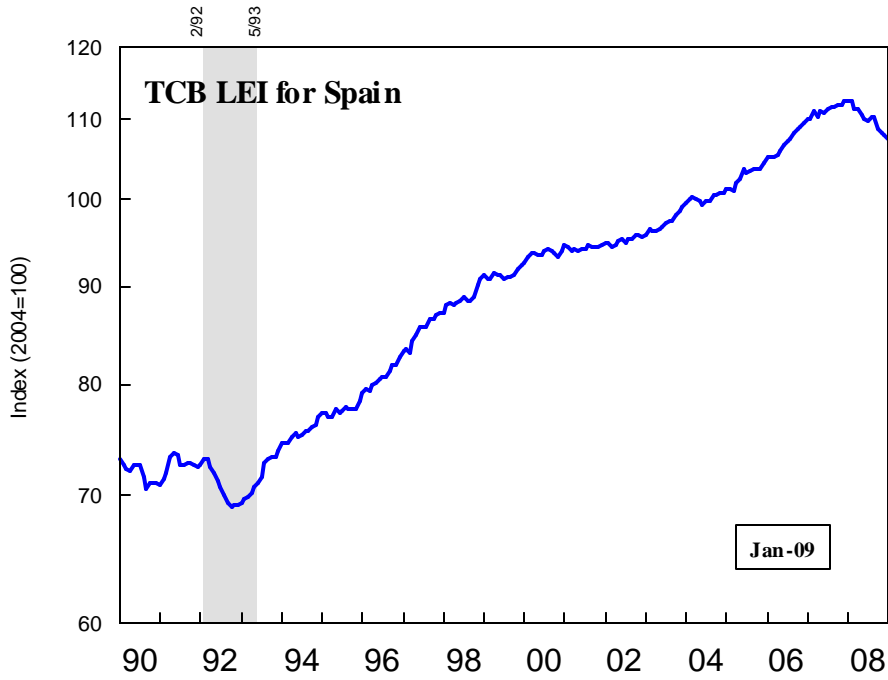
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Spain Composite Economic Indexes



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