



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (MADRID TIME), WEDNESDAY, FEBRUARY 17, 2010

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

BRUSSELS, FEBRUARY 17, 2010... The Conference Board Leading Economic Index™ (LEI) for Spain increased 0.3 percent and The Conference Board Coincident Economic Index™ (CEI) remained unchanged in December.

- The Conference Board LEI for Spain increased in December following two consecutive declines, as order books survey made the largest positive contribution to the index. Between June and December 2009, the leading economic index increased by 2.5 percent (about a 5.1 percent annual rate), a reversal from the 0.7 percent decline (about a -1.5 percent annual rate) during the first half of 2009. In addition, the strengths among the leading indicators have remained more widespread than the weaknesses in recent months.
- The Conference Board CEI for Spain, a measure of current economic activity, remained unchanged in December, following two straight declines. Between June and December 2009, the coincident economic index decreased by 0.6 percent (about a -1.2 percent annual rate), slower than the 4.3 percent decline (about a -8.4 percent annual rate) during the previous six months. Additionally, the strengths and weaknesses among the coincident indicators have become balanced in recent months. At the same time, real GDP contracted at a 1.2 percent annual rate during the third quarter of 2009, following a decline of 4.1 percent annual rate during the second quarter.
- The Conference Board LEI for Spain decreased slightly in the fourth quarter of 2009, following a period of upward movement that began in April of that year. In addition, its six-month growth rate has slowed in recent months, after reaching its highest rate since 1994 in September. Meanwhile, The Conference Board CEI for Spain has remained on a downward trend since its peak in February 2008, though the pace of this decline has slowed during the past three quarters. Taken together, the recent behavior of the composite indexes suggests that even though the pace of contraction in the economy could continue to ease, economic activity is likely to remain weak in the near term.

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

The next release is scheduled for Wednesday, March 17, 2010 at 10:00 A.M. (Madrid Time)

In the U.S. – March 17, 2010 at 5:00 A.M. (ET)

With the increase of 0.3 percent in December, The Conference Board LEI for Spain now stands at 109.6 (2004=100). Based on revised data, this index declined 0.5 percent in November and declined 0.1 percent in October. During the six-month span through December, the index increased 2.5 percent, and four of the six components advanced (diffusion index, six-month span equals 66.7 percent).

COINCIDENT INDICATORS. Two of the five components that make up The Conference Board CEI for Spain increased in December. The positive contributors — in order from the largest positive contributor to the smallest — are retail sales survey and real imports*. Employment* and industrial production excluding construction declined in December, while final household consumption* remained unchanged.

After remaining unchanged in December, The Conference Board CEI for Spain now stands at 99.5 (2004=100). Based on revised data, this index decreased 0.2 percent in November and decreased 0.2 percent in October. During the six-month span through December, the index decreased 0.6 percent, and two of the five components advanced (diffusion index, six-month span equals 50.0 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) February 12, 2010. Some series are estimated as noted below.

NOTES: Series in The Conference Board CEI for Spain based on our estimates include final household consumption, employment and real imports.

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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 Spain have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board 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 economic index methodology appear in The Conference Board's *Business Cycle Indicators* report and website: <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	.0477
2. Contribution to Euro M2	.1933
3. Stock Price Index	.0282
4. Long term Government Bond Yield	.5398
5. Order Books Survey	.1202
6. Job Placings	.0708

<u>Coincident Economic Index</u>	
1. Final Household Consumption	.3744
2. Industrial Production, Excluding Construction	.1730
3. Retail Sales Survey	.0393
4. Real Imports	.0361
5. Employment	.3772

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 economic indexes only incorporate revisions to data over the past six months.) The factors above for The Conference Board LEI for Spain were calculated using the October 1997 to December 2008 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 The Conference Board CEI for Spain were calculated using the February 1995 to December 2008 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 website: <http://www.conference-board.org/economics/bci>.

The trend adjustment factor for The Conference Board LEI for Spain is 0.0211, calculated over the 1984-2008 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 2010 schedule for “**The Conference Board Leading Economic Index™** (LEI) for Spain” news release is:

January 2010 Data.....	Wednesday, March 17, 2010
February 2010 Data.....	Wednesday, April 14, 2010
March 2010 Data.....	Tuesday, May 18, 2010
April 2010 Data.....	Wednesday, June 16, 2010
May 2010 Data.....	Thursday, July 15, 2010
June 2010 Data.....	Thursday, August 12, 2010
July 2010 Data.....	Wednesday, September 15, 2010
August 2010 Data.....	Friday, October 15, 2010
September 2010 Data.....	Thursday, November 16, 2010
October 2010 Data.....	Tuesday, December 14, 2010

All releases are at 10:00 A.M. (Madrid 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

Spain Business Cycle Indicators Internet Subscription	\$ 635 per year (1 user)
<i>(Includes monthly release, data, charts and commentary)</i>	
Individual Data Series	\$ 35 per series downloaded
Monthly BCI Report	\$ 275 per year
<i>(Sample available at http://www.conference-board.org/publications/describeBCI.cfm)</i>	
BCI Handbook (published 2001)	\$ 20
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Business Cycle Indicators for Australia, France, Germany, Japan, Korea, Mexico, Spain and the U.K. are available at \$635 per country per year (1 user). Discounts are available to Associates of The Conference Board and accredited academic institutions.

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The Conference Board Spain Business Cycle Indicators

Table 1.--Summary of Spain Composites Economic Indexes

	Jun.	Jul.	Aug.	2009 Sep.	Oct.	Nov.	Dec.
Leading index	106.9	108.0	109.8	110.0	109.9 r	109.3	109.6 p
Percent change	0.4	1.0	1.7	0.2	-0.1 r	-0.5	0.3 p
Diffusion index	50.0	83.3	100.0	75.0	25.0	41.7	75.0
Coincident index	100.1	100.0	99.9	99.9 p	99.7 p	99.5 p	99.5 p
Percent change	-0.2	-0.1	-0.1	0.0 p	-0.2 p	-0.2 p	0.0 p
Diffusion index	50.0	50.0	30.0	60.0	40.0	40.0	50.0
	Dec to Jun	Jan to Jul	Feb to Aug	Mar to Sep	Apr to Oct	May to Nov	Jun to Dec
Leading index							
Percent change	-0.7	0.9	3.2	3.8	3.4 r	2.6	2.5 p
Diffusion index	50.0	83.3	83.3	66.7	66.7	66.7	66.7
Coincident index							
Percent change	-4.3	-3.3	-2.4	-1.6 p	-1.3 p	-0.8 p	-0.6 p
Diffusion index	0.0	0.0	20.0	40.0	40.0	20.0	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 www.conference-board.org/economics/bci

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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	2009						
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Spain Leading Economic Index component data							
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	78.8 r	75.8 r	84.2 r	86.2 r	85.9 r	78.7 r	78.0
Spanish Contribution to Euro M2 (s.a.).....	963193.97 r	976744.45 r	984362.16 r	964466.02 r	961637.30 r	951251.94 r	952009.67
Spanish Equity Price Index.....	1010.7	1131.0	1187.3	1229.4	1194.2	1215.1	1241.7
Longterm Government Bond Yield (Inverted).....	4.3	4.0	3.8	3.8	3.8	3.8	3.8
Order Books Survey (3 month moving average, s.a.)....	-12.60	-9.315	-4.550 r	-2.037 r	-1.245 r	-0.380 r	1.10
Job Placings (3 month moving average, s.a.).....	1155.6 r	1175.3 r	1202.1 r	1211.3 r	1188.7 r	1186.1 r	1191.4
LEADING INDEX (2004=100).....	106.9	108.0	109.8	110.0	109.9	109.3	109.6 p
Percent change from preceding month.....	0.4	1.0	1.7	0.2	-0.1	-0.5	0.3 p
Spain Leading Economic Index net contributions							
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	....	-0.19 r	0.50 r	0.12 r	-0.02 r	-0.42 r	-0.05
Spanish Contribution to Euro M2 (s.a.).....	....	0.27	0.15	-0.39	-0.06	-0.21 r	0.02
Spanish Equity Price Index.....	....	0.32	0.14	0.10	-0.08	0.05	0.06
Longterm Government Bond Yield (Inverted).....	....	0.13	0.12	-0.01	0.02	-0.01	-0.01
Order Books Survey (3 month moving average, s.a.)....	....	0.39	0.57 r	0.30 r	0.10 r	0.10	0.18
Job Placings (3 month moving average, s.a.).....	....	0.12	0.16 r	0.05 r	-0.13 r	-0.02	0.03

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 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	2009						
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Spain Coincident Economic Index component data							
Final Household Consumption (Q).....	111.3	111.3	111.2	111.1 **	111.1 **	111.1 **	111.1 **
Industrial Production, Excluding Construction 2005=100(3 month moving average).....	83.6	83.5 r	83.5 r	83.6 r	83.6 r	83.6 r	83.5
Real Imports, millions of Euro, 2000 prices..... (3 month moving average)	16563.00	16860.80	17524.90	18266.00	18449.60	18765.50 r	18825.30 **
Retail Sales Survey (s.a.) #.....	100.6	102.4	101.1	101.6	100.7 r	98.8 r	102.0
Employment (Q) (Thousands, s.a.)	19163.6 r	19067.5 r	18971.4 r	18877.8 **	18786.8 **	18698.1 **	18611.9 **
COINCIDENT INDEX (2004=100).....	100.1	100.0	99.9	99.9	99.7 p	99.5 p	99.5 p
Percent change from preceding month.....	-0.2	-0.1	-0.1	0.0	-0.2 p	-0.2 p	0.0 p
Spain Coincident Economic Index net contributions							
Final Household Consumption (Q).....	....	0.00	-0.03	-0.02 **	-0.01 **	-0.01 **	0.00 **
Industrial Production, Excluding Construction 2005=100(3 month moving average).....	....	-0.02 r	0.00 r	0.01 r	0.01 r	0.00 r	-0.01
Real Imports, millions of Euro, 2000 prices.....	....	0.06	0.14	0.15	0.04	0.06 r	0.01 **
Retail Sales Survey (s.a.) #.....	....	0.07	-0.05	0.02	-0.03 r	-0.08	0.13
Employment (Q) (Thousands, s.a.) .....	....	-0.19	-0.19	-0.19 **	-0.18 **	-0.18 **	-0.17 **

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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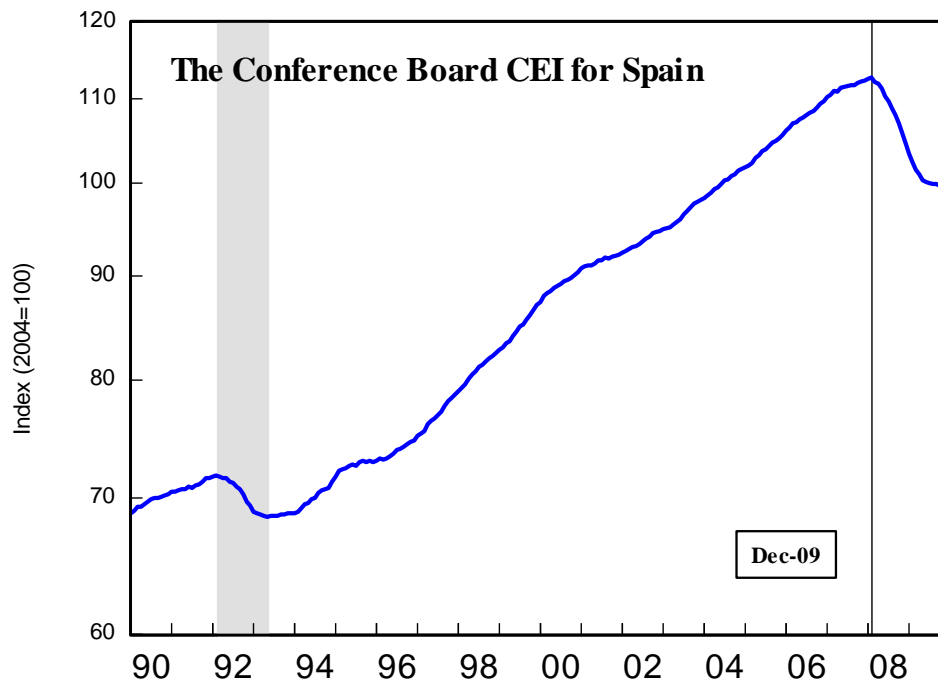
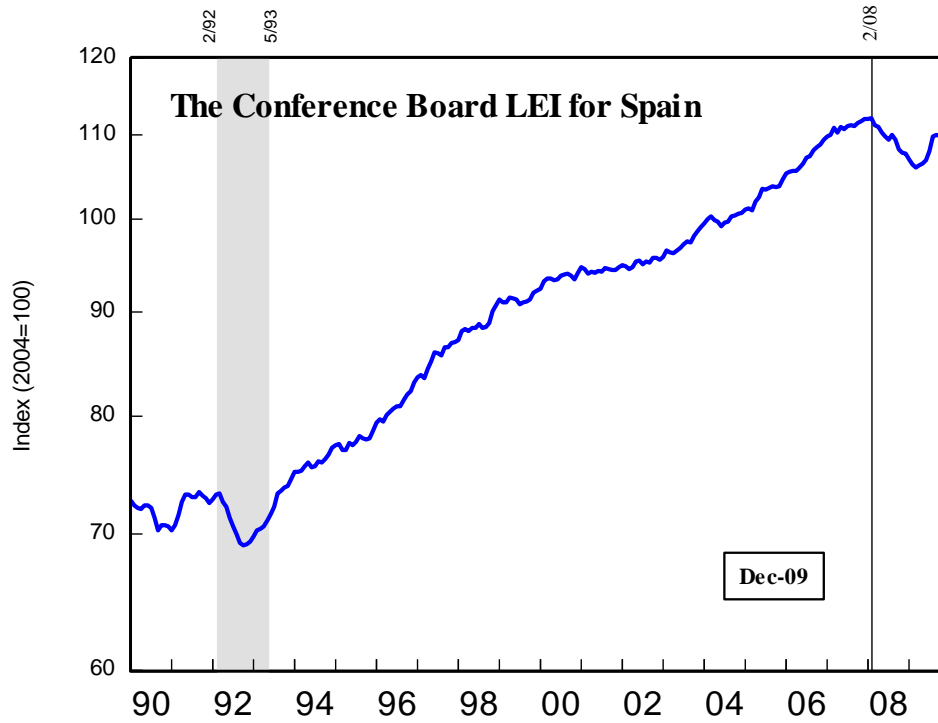
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Spain Composite Economic Indexes



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