



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (PARIS TIME), MONDAY, NOVEMBER 22, 2010

The Conference Board®  
France Business Cycle Indicators<sup>SM</sup>  
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX®  
(LEI) FOR FRANCE**  
**AND RELATED COMPOSITE ECONOMIC INDEXES FOR SEPTEMBER 2010**

**Brussels, November 22, 2010...**The Conference Board Leading Economic Index® (LEI) for France increased 0.8 percent and The Conference Board Coincident Economic Index® (CEI) increased 0.2 percent in September.

- The Conference Board LEI for France increased sharply again for the third consecutive month in September. Almost all components contributed positively to the index this month. Between March and September 2010, the leading economic index increased 3.4 percent (a 6.9 percent annual rate), about the same rate as the previous six months. However, the strengths among the leading indicators have only been slightly more widespread than the weaknesses in recent months.
- The Conference Board CEI for France, a measure of current economic activity, increased as well in September after no change in the previous month. Between March and September 2010, the coincident economic index increased 0.7 percent (a 1.4 percent annual rate), modestly faster than the increase of 0.4 percent (a 0.8 percent annual rate) between September 2009 and March 2010. In addition, the strengths among the coincident indicators have been very widespread in recent months. At the same time, real GDP increased at a 1.4 percent annual rate in the third quarter of 2010, following a revised increase of 2.7 percent annual rate in the previous quarter.
- The Conference Board LEI for France has been on an upward trend since April 2009, and the index is now 1.4 percent above its most recent peak in October 2007. However, its six-month growth has moderated slightly from the very fast pace reached late last year. Meanwhile, The Conference Board CEI for France has been increasing moderately in 2010, with its six-month growth rate picking up somewhat in recent months. Taken together, the behavior of the composite indexes suggests that economic activity should continue to grow moderately in the near term.

**LEADING INDICATORS.** Six of the seven components of the leading economic index increased in September. The positive contributors to the index— in order from the largest positive contributor to the smallest— are the yield spread, industrial new orders, building permits (residential), the stock price index, production expectations, and the (inverted) new unemployment claims. The ratio of the deflator of manufacturing value added to unit labor cost in manufacturing\* made a negative contribution to the index in September.

Please visit our website at <http://www.conference-board.org/data/bci.cfm>

Also, visit the website of our research associate in France: <http://www.coe-rexecode.fr/public>

The next release is scheduled for Monday, December 20, 2010 at 4:00 A.M. ET (10:00 A.M. Paris Time)

With the increase of 0.8 percent in September, the leading economic index now stands at 112.0 (2004=100). Based on revised data, this index increased 0.9 percent in August and increased 0.9 percent in July. During the six-month span through September, the index increased 3.4 percent, and four of the seven components increased (diffusion index, six-month span equals 57.1 percent).

COINCIDENT INDICATORS. All four components of the coincident economic index--personal consumption\*, employment\*, wages and salaries, and industrial production--increased in September.

With the increase of 0.2 percent in September, the coincident economic index now stands at 104.5 (2004=100). Based on revised data, this index remained unchanged in August and increased 0.2 percent in July. During the six-month period through September, the index increased 0.7 percent, with all four series making a positive contribution (diffusion index, six-month span equals 100.0 percent).

\* See notes under data availability.

FOR TABLES AND CHARTS, SEE BELOW

DATA AVAILABILITY. The data series used to compute **The Conference Board Leading Economic Index<sup>®</sup>** (LEI) for France and **The Conference Board Coincident Economic Index<sup>®</sup>** (CEI) for France reported in this release are those available “as of” 10 A.M. ET on November 18, 2010. Some series are estimated as noted below.

\*The series in The Conference Board LEI for France that is based on our estimates is the ratio of the deflator of manufacturing value added to unit labor cost in manufacturing. Series in The Conference Board CEI for France that are based on our estimates are number of employees and wage and salaries.

Prior to March 2009, the residential building permits component of The Conference Board LEI for France is calculated as permits granted minus permits cancelled. From March 2009 going forward, the permits granted series replaces residential building permits because of delays in the publication of permits cancelled data by the source agency. The same standardization factor is applied to both series because their volatilities are similar. If the missing series becomes available, the original definition of the housing permits series may be restored at the next benchmark revision.

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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 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 France have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for France 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 website:  
<http://www.conference-board.org/data/bci.cfm>

France Composite Economic Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1. Yield Spread, 10 year minus Day-Day Loan	.1047
2. Stock Price SBF 250 Index	.0307
3. Building Permits, residential	.0388
4. New Unemployment Claims	.1279
5. Industrial New Orders	.0446
6. Production Expectations	.0355
7. Ratio Deflator of Manuf. Value Added to Unit Labor Cost	.6178

<u>Coincident Economic Index</u>	
1. Industrial Production	.0609
2. Personal Consumption	.0489
3. Number of Employees	.5710
4. Wage and Salaries	.3192

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 indexes only incorporate revisions to data over the past six months. The factors above for The Conference Board LEI for France were calculated using 1983-2008 as the sample period for measuring volatility. Separate sets of factors for the 1976-1982 period and 1970-1976 period are available upon request. The factors above for The Conference Board CEI for France were calculated using 1978-2008 as the sample period. Separate sets of factors for the 1972-1978 period and 1970-1972 period are available upon request. 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/data/bci.cfm>.

The trend adjustment factor for The Conference Board LEI for France is 0.0283 (calculated from January 1970 to December 2007).

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 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 schedule for 2010 for the France “Leading Economic Indicators” news release is:

October 2010 ..... Monday, December 20, 2010

All releases are at 10:00 A.M. Paris 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:**

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\$565 (for TCB members)/\$715 (for non-TCB members) per year (1 user)

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### **BCI Handbook (published 2001)**

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## The Conference Board France Business Cycle Indicators

**Table 1.—Summary of France Composite Economic Indexes**

	2010						
	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.
Leading index	108.3	109.2	109.4 r	109.1 p	110.1 p	111.1 p	112.0 p
Percent change	1.2	0.8	0.2 r	-0.3 p	0.9 p	0.9 p	0.8 p
Diffusion index	78.6	64.3	42.9	7.1	64.3	64.3	85.7
Coincident index	103.8	103.9	104.2	104.1	104.3 r	104.3 r	104.5 p
Percent change	0.2	0.1	0.3	-0.1	0.2 r	0.0	0.2 p
Diffusion index	100.0	50.0	100.0	37.5	87.5	50.0	100.0
	Sep. to Mar	Oct. to Apr	Nov. to May	Dec. to Jun	Jan. to Jul	Feb. to Aug	Mar. to Sep
Leading index							
Percent change	3.5	3.6	3.4 r	2.7 p	2.9 p	3.8 p	3.4 p
Diffusion index	71.4	71.4	42.9	42.9	42.9	57.1	57.1
Coincident index							
Percent change	0.4	0.5	0.6	0.5	0.7 r	0.7 r	0.7 p
Diffusion index	100.0	75.0	75.0	75.0	100.0	100.0	100.0

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 <http://www.conference-board.org/economics/bci>

Source: The Conference Board

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## The Conference Board France Business Cycle Indicators

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

Component	2010						
	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.
	France Leading Economic Index Component Data						
Yield Spread, 10 years minus							
Day-Day Loan Rate-----	3.09	3.05	2.73	2.72	2.50	2.25	2.23
Stock Price							
SBF250 Index, index 1000=12/31/1990,-----	2808.31	2861.37	2582.22	2579.55	2568.33	2619.89	2703.54
Building Permits							
Residential, (3 month moving average), S.A.-----	36108.29 r	38108.91 r	39534.33 r	37835.28 r	40373.71 r	39657.78 r	40907.97
New Unemployment Claims*							
thousands, (3 month moving average), S.A.-----	492.03	491.00	497.47	497.87	492.37	486.77	484.50
Industrial New Orders							
opinion balance,-----	-43.00	-38.00	-32.00	-35.00	-30.00	-27.00	-23.00
Production Expectations for Months Ahead							
Diffusion Index-----	4.00	2.30	3.80	-4.20	-2.20	7.60	10.30
Ratio Deflator of Value Added to Unit Labor Cost							
(1995=100), Q-----	99.20 r	99.13 r	99.05 r	98.99 **	98.95 **	98.92 **	98.89 **
<b>LEADING INDEX (2004=100).....</b>	<b>108.3</b>	<b>109.2</b>	<b>109.4 r</b>	<b>109.1 p</b>	<b>110.1 p</b>	<b>111.1 p</b>	<b>112.0 p</b>
Percent change from preceding month.....	1.2	0.8	0.2 r	-0.3 p	0.9 p	0.9 p	0.8 p
	France Leading Economic Index net contributions						
Yield Spread, 10 years minus							
Day-Day Loan Rate-----	....	0.32	0.29	0.28	0.26	0.24	0.23
Stock Price							
SBF250 Index, index 1000=12/31/1990,-----	....	0.06	-0.31	0.00	-0.01	0.06	0.10
Building Permits							
Residential, (3 month moving average), S.A.-----	....	0.21	0.14 r	-0.17 r	0.25	-0.07	0.12
New Unemployment Claims*							
thousands, (3 month moving average), S.A.-----	....	0.03	-0.17	-0.01	0.14	0.15	0.06
Industrial New Orders							
opinion balance,-----	....	0.22	0.27	-0.13	0.22	0.13	0.18
Production Expectations for Months Ahead							
Diffusion Index-----	....	-0.06	0.05	-0.28	0.07	0.35	0.10
Ratio Deflator of Value Added to Unit Labor Cost							
(1995=100), Q-----	....	-0.05 r	-0.05 r	-0.04 **	-0.02 **	-0.02 **	-0.02 **

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 monthly through a linear interpolation.

Data Sources: COE-Rexecode, Thomson Financial, INSEE

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 France Business Cycle Indicators

Table 3.—Data and Net Contributions for Components of the France Coincident Economic Index

Component	2010						
	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.
	France Coincident Economic Index Component Data						
Industrial Production, Volume (2005=100). S.A.....	92.0	91.6 r	93.1 r	91.6 r	92.4 r	92.4 r	92.5
Personal Consumption of Manuf. Goods Billions of Euros, S.A.....	22.3	22.0	22.2 r	21.8	22.4	22.0	22.4
Number of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	15897.8	15905.8	15913.8	15928.7 r	15943.5 r	15958.4 r	15971.4 **
Wage and Salaries, Financial and Non-Financial Millions of Euros, S.A. Q.....	109362.9 r	109772.1 r	110181.2 r	110204.8 r	110228.4 r	110252.0 r	110329.9 **
<b>COINCIDENT INDEX (2004=100).....</b>	<b>103.8</b>	<b>103.9</b>	<b>104.2</b>	<b>104.1</b>	<b>104.3 r</b>	<b>104.3 r</b>	<b>104.5 p</b>
Percent change from preceding month.....	0.2	0.1	0.3	-0.1	0.2 r	0.0	0.2 p
	France Coincident Economic Index net contributions						
Industrial Production, Volume (2005=100). S.A.....	....	-.03 r	.10 r	-.10	.05	.00	.01
Personal Consumption of Manuf. Goods Billions of Euros, S.A.....	....	-.06	.03	-.09 r	.14 r	-.08	.07
Number of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	....	.03	.03	.05 r	.05 r	.05 r	.05 **
Wage and Salaries, Financial and Non-Financial Millions of Euros, S.A. Q.....	....	.12 r	.12 r	.01 r	.01 r	.01 r	.02 **

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 monthly through a linear interpolation.

Data Sources: COE-Rexecode, Thomson Financial, INSEE

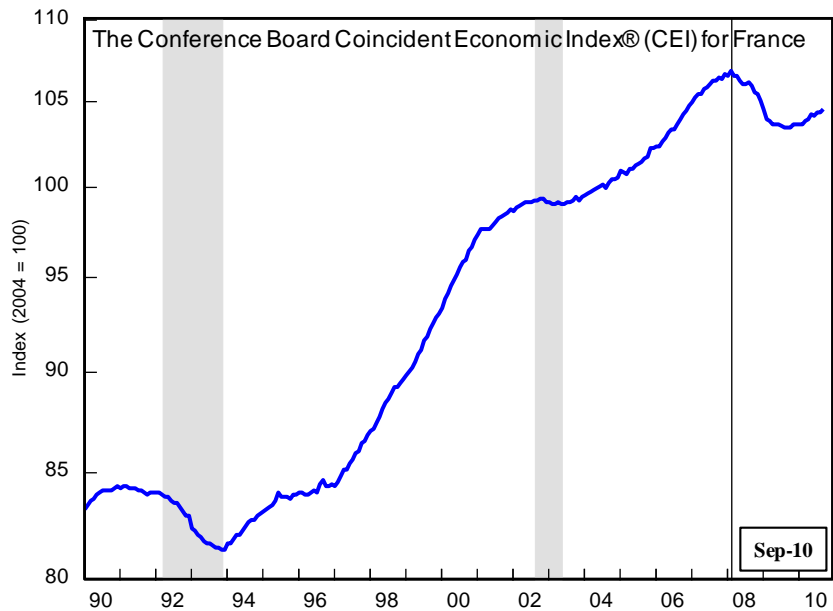
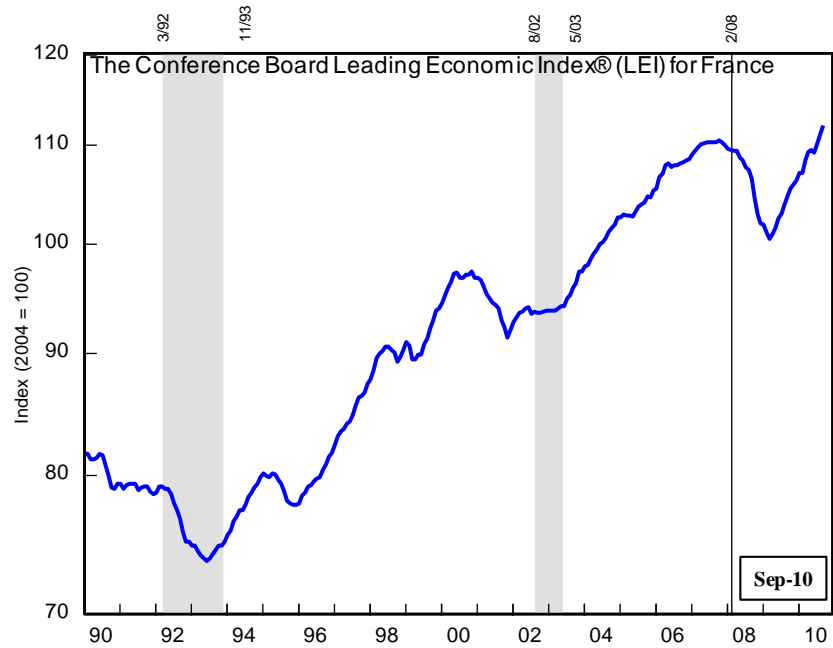
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## France Composite Economic Indexes



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