



News Release

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Further information:

Frank Tortorici (212) 339-0231

f.tortorici@conference-board.org

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The Conference Board[®]

Mexico Business Cycle IndicatorsSM

THE CONFERENCE BOARD LEADING ECONOMIC INDEX[®] (LEI) FOR MEXICO

AND RELATED COMPOSITE ECONOMIC INDEXES FOR MAY 2010

The Conference Board Leading Economic Index[®] (LEI) for Mexico declined 1.4 percent and The Conference Board Coincident Economic Index[®] (CEI) increased 0.2 percent in May.

- The Conference Board LEI for Mexico decreased sharply in May, its first decline since February 2009. The real exchange rate (inverted), oil prices, and the net insufficient inventories component made very large negative contributions to the index this month. With this month's drop, the six-month change in the index has slowed to 1.4 percent (a 2.8 percent annual rate) in the six-month period through May 2010, down sharply from 6.6 percent (a 13.7 percent annual rate) from the previous six months. However, the strengths among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for Mexico, a measure of current economic activity, continued to increase in May. Industrial production again made the largest positive contribution to the index this month. The index increased 2.5 percent (a 5.1 percent annual rate) from November 2009 to May 2010, about the same pace as the previous six months. In addition, the strengths among the coincident indicators have remained very widespread, with all three components advancing over the past six months. However, real GDP declined at a 1.4 percent annual rate in the first quarter of 2010, after expanding at a 9.0 percent average annual rate in the second half of 2009.
- The Conference Board LEI for Mexico declined sharply this month after having been on a general upward trend for more than a year. Despite recent volatility, its six-month growth rate has generally been slowing since the middle of last year, and the strengths among its components have also become less widespread lately. Meanwhile, The Conference Board CEI for Mexico has continued to increase, but its six-month growth rate has slowed somewhat in recent months. All in all, the behavior of the composite indexes suggests that economic activity will continue to expand, but perhaps at a modest pace in the near term.

LEADING INDICATORS. One of the six components that make up The Conference Board LEI for Mexico increased in May. The positive contributor to the index was industrial production (construction component). The (inverted) real exchange rate, the US refiners' acquisition cost of domestic and imported crude oil, net insufficient inventories, and stock prices decreased in May. The (inverted) federal funds rate remained unchanged.

With the 1.4 percent decrease in May, The Conference Board LEI for Mexico now stands at 117.2 (2004=100). Based on revised data, this index increased 0.8 percent in April and increased 1.3 percent in March. During the six-month span through May, the index increased 1.4 percent, with four of the six components increasing (diffusion index, six-month span equals 75.0 percent).

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

With the increase of 0.2 percent in May, The Conference Board CEI for Mexico now stands at 110.8 (2004=100). Based on revised data, this index increased 0.5 percent in April and increased 0.5 percent in March. During the six-month span through May, the index increased 2.5 percent, with all three components increasing (diffusion index, six-month span equals 100.0 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. July 26, 2010. Some series are estimated as noted below. There were no forecasted series this month.

Summary Table of Composite Indexes

	<u>Mar</u>	2010 <u>Apr</u>	<u>May</u>	6-month <u>Nov. to May</u>
Leading index	118.0 r	118.9 r	117.2	
Percent Change	1.3 r	0.8 r	-1.4	1.4
Diffusion	75.0 r	58.3	25.0	75.0
Coincident Index	110.0 r	110.6 r	110.8	
Percent Change	0.5	0.5	0.2	2.5
Diffusion	100.0	100.0	83.3	100.0

n.a. Not available p Preliminary r Revised
Indexes equal 100 in 2004

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