



News Release

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The Conference Board®

Mexico Business Cycle Indicators SM

THE CONFERENCE BOARD LEADING ECONOMIC INDEX® (LEI) FOR MEXICO AND RELATED COMPOSITE ECONOMIC INDEXES FOR MAY 2014

The Conference Board Leading Economic Index® (LEI) for Mexico increased 0.7 percent and **The Conference Board Coincident Economic Index® (CEI)** increased 0.4 percent in May.

- The Conference Board LEI for Mexico increased again in May, with the net insufficient inventories, oil prices, and stock prices making the largest positive contributions. Despite this month's increase, the leading economic index fell 0.8 percent (about a -1.6 percent annual rate) between November 2013 and May 2014, only a slight improvement from the decline of 1.0 percent (about a -1.9 percent annual rate) for the previous six months. Nevertheless, the strengths among the leading indicators have been marginally more widespread than the weaknesses in the last six months.
- The Conference Board CEI for Mexico, a measure of current economic activity, also increased in May. In the six-month period ending May 2014, the coincident economic index grew 1.5 percent (about a 3.0 percent annual rate), about double the increase of 0.7 percent (about a 1.5 percent annual rate) for the previous six months. Meanwhile, real GDP grew by a 1.1 percent annual rate in the first quarter of 2014, up from the 0.5 percent increase (annual rate) in the fourth quarter of last year.
- The LEI for Mexico increased in May for the second consecutive month. Although the six-month change in the index remains negative, the rate of decline has been easing rapidly from earlier this year. Meanwhile, the rate of growth in the CEI has continued to pick up, with widespread strengths among its components. Taken together, the recent improvement in both the LEI and the CEI suggests that the rate of economic expansion will likely pick up in the coming months.

LEADING INDICATORS. Four of the six components that make up The Conference Board LEI for Mexico increased in May. The positive contributors to the index—from the largest positive contributor to the smallest one—are net insufficient inventories, the US refiners' acquisition cost of domestic and

imported crude oil, stock prices, and the (inverted) real exchange rate. The industrial production construction component decreased in May, while the (inverted) federal funds rate remained unchanged.

With the 0.7 percent increase in May, The Conference Board LEI for Mexico now stands at 122.7 (2004=100). Based on revised data, this index increased 0.8 percent in April and declined 0.1 percent in March. During the six-month span through May, the index decreased 0.8 percent, with three of the six components increasing (diffusion index, six-month span equals 58.3 percent).

COINCIDENT INDICATORS. All 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 number of people employed (measured by IMSS beneficiaries), industrial production, and retail sales.

With the increase of 0.4 percent in May, The Conference Board CEI for Mexico now stands at 124.2 (2004=100). Based on revised data, this index increased 0.4 percent in April and increased 0.3 percent in March. During the six-month span through May, the index increased 1.5 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 10, 2014. Some series are estimated as noted below.

NOTES: There are no forecasted series in The Conference Board LEI. The series in The Conference Board CEI for Mexico is based on The Conference Board’s estimates for retail sales.

Summary Table of Composite Indexes

	<u>Mar</u>	2014 <u>Apr</u>	<u>May</u>	6-month <u>Nov to May</u>
Leading index	120.9	121.9 r	122.7	
Percent Change	-0.1	0.8 r	0.7	-0.8
Diffusion	75.0	91.7	75.0	58.3
Coincident Index	123.2	123.7 r	124.2 p	
Percent Change	0.3	0.4 r	0.4 p	1.5 p
Diffusion	66.7	100.0	100.0	100.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board

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<p>The next release is scheduled for Friday, August 22, 2014 at 11:00 A.M. (ET) <i>In Mexico – Friday, August 22, 2014 at 10:00 A.M. (Mexico City time)</i></p>
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