



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 AUGUST 2014

The Conference Board Leading Economic Index® (LEI) for Mexico declined 0.2 percent and **The Conference Board Coincident Economic Index® (CEI)** increased 0.2 percent in August.

- The Conference Board LEI for Mexico fell slightly in August following no change in July. Large declines in net insufficient inventories, oil prices, and the (inverted) real exchange rate more than offset positive contributions from stock prices and the construction component of industrial production. Despite the small decline, between February and August 2014, the leading economic index grew by 3.6 percent (about a 7.2 percent annual rate), reversing its decline of 2.0 percent (about a -4.0 percent annual rate) for the previous six months. Moreover, the strengths among the leading indicators have remained more widespread than the weaknesses in recent months.
- The Conference Board CEI for Mexico, a measure of current economic activity, increased again in August. The coincident economic index grew by 2.0 percent (about a 3.9 percent annual rate) during the six-month period ending August 2014, faster than its growth of 0.8 percent (about a 1.6 percent annual rate) over the previous six months. Meanwhile, real GDP expanded by 4.2 percent (annual rate) in the second quarter of 2014, up from 1.8 percent (annual rate) in the first quarter of the year.
- The LEI for Mexico declined slightly in August and was flat in July, following sharp gains in the second quarter of this year. Nevertheless, its six-month growth rate continues to accelerate, with widespread strengths among the leading indicators. Meanwhile, the CEI for Mexico increased in August, and its six-month growth has also picked up. Taken together, the recent improvement in the growth of the LEI and CEI suggests that economic activity should continue to expand through the rest of the year, but an acceleration is unlikely.

LEADING INDICATORS. Two of the six components that make up The Conference Board LEI for Mexico increased in August. The positive contributors to the index—from the larger positive contributor to the smaller one—are stock prices and the industrial production construction component. Net

insufficient inventories, the US refiners' acquisition cost of domestic and imported crude oil, and the (inverted) real exchange rate decreased in August. The (inverted) federal funds rate remained unchanged.

With the 0.2 percent decrease in August, The Conference Board LEI for Mexico now stands at 125.4 (2004=100). Based on revised data, this index remained unchanged in July and increased 1.8 percent in June. During the six-month span through August, the index increased 3.6 percent, with five of the six components increasing (diffusion index, six-month span equals 83.3 percent).

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

With the increase of 0.2 percent in August, The Conference Board CEI for Mexico now stands at 125.2 (2004=100). Based on revised data, this index increased 0.2 percent in July and increased 0.4 percent in June. During the six-month span through August, the index increased 2.0 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. October 16, 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

	2014			6-month
	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Feb to Aug</u>
Leading index	125.7 r	125.7 r	125.4	
Percent Change	1.8	0.0 r	-0.2	3.6
Diffusion	83.3	66.7	41.7	83.3
Coincident Index	124.7	125.0 r	125.2 p	
Percent Change	0.4	0.2	0.2 p	2.0 p
Diffusion	100.0	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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The next release is scheduled for Friday, November 14, 2014 at 11:00 A.M. (ET)
In Mexico – Friday, November 14, 2014 at 10:00 A.M. (Mexico City time)

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