



## News Release

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The Conference Board<sup>®</sup>

Mexico Business Cycle Indicators<sup>SM</sup>

### **THE CONFERENCE BOARD LEADING ECONOMIC INDEX<sup>®</sup> (LEI) FOR MEXICO AND RELATED COMPOSITE ECONOMIC INDEXES FOR OCTOBER 2014**

**The Conference Board Leading Economic Index<sup>®</sup> (LEI)** for Mexico declined 1.3 percent and **The Conference Board Coincident Economic Index<sup>®</sup> (CEI)** increased 0.2 percent in October.

Next month's release will incorporate annual benchmark revisions to the composite economic indexes, which bring them up-to-date with revisions in the source data. Also, with this benchmark revision, the base year of the composite indexes will be changed to 2010 = 100 from 2004 = 100. These revisions do not change the cyclical properties of the indexes. The indexes are updated throughout the year, but only for the previous six months. Data revisions that fall outside of the moving six-month window are not incorporated until the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes, in levels and month-on-month changes, will not be directly comparable to those issued prior to the benchmark revision.

For more information, please visit our website at <http://www.conference-board.org/data/bci.cfm> or contact us at [indicators@conference-board.org](mailto:indicators@conference-board.org).

- The Conference Board LEI for Mexico fell sharply in October for the third straight month, driven by very large declines in oil prices, net insufficient inventories, and the real exchange rate. Despite the decrease this month, the leading economic index grew by 0.5 percent (about a 1.0 percent annual rate) between April and October 2014, an improvement from the decline of 1.1 percent (about a -2.1 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 slightly in October. Between April and October 2014, the coincident economic index grew by 1.9 percent (about a 3.9 percent annual rate), faster than its growth of 1.2 percent (about a 2.5 percent (annual rate) over the previous six months. Meanwhile, real GDP expanded by 2.0 percent (annual rate) in the third quarter of 2014, down from the 3.6 percent growth (annual rate) reached in the second quarter.

- The LEI for Mexico has declined in the past three consecutive months, as falling oil prices, higher levels of inventories, and devaluation of the Mexican peso continue to drag down the index. As a result, the six-month growth rate of the LEI has moderated compared to the first half of the year. Meanwhile, the CEI for Mexico continues on a slightly upward trend. Despite the steady growth in the CEI, the recent slowing in the rate of growth in the LEI, and persistent weakness in oil prices, suggest that although Mexico's economic expansion should continue into early 2015, the pace of growth is unlikely to accelerate.

**LEADING INDICATORS.** Two of the six components that make up The Conference Board LEI for Mexico increased in October. The positive contributors to the index—from the larger positive contributor to the smaller one—are the industrial production construction component and stock prices. US refiners' acquisition cost of domestic and imported crude oil, net insufficient inventories\*, and the (inverted) real exchange rate decreased in October. The (inverted) federal funds rate remained unchanged.

With the 1.3 percent decrease in October, The Conference Board LEI for Mexico now stands at 122.9 (2004=100). Based on revised data, this index declined 0.5 percent in both September and August. During the six-month span through October, the index increased 0.5 percent, with four of the six components increasing (diffusion index, six-month span equals 66.7 percent).

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

With the increase of 0.2 percent in October, The Conference Board CEI for Mexico now stands at 125.9 (2004=100). Based on revised data, this index increased 0.3 percent in both September and August. During the six-month span through October, the index increased 1.9 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. December 15, 2014. Some series are estimated as noted below.

The series in The Conference Board LEI for Mexico that is based on The Conference Board's estimates is net insufficient inventories. The series in The Conference Board CEI for Mexico is based on The Conference Board's estimates is retail sales.

## Summary Table of Composite Indexes

	<u>Aug</u>	<u>2014</u> <u>Sep</u>	<u>Oct</u>	<u>6-month</u> <u>Apr to Oct</u>
<b>Leading index</b>	125.1 r	124.5 r	122.9 p	
Percent Change	-0.5 r	-0.5 r	-1.3 p	0.5 p
Diffusion	41.7 r	8.3	41.7	66.7
<b>Coincident Index</b>	125.2 r	125.6	125.9 p	
Percent Change	0.3 r	0.3 r	0.2 p	1.9 p
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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The next release is scheduled for Friday, January 16, 2015 at 11:00 A.M. (ET)  
*In Mexico – Friday, January 16, 2015 at 10:00 A.M. (Mexico City time)*

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