



News Release

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Further information:

Carol Courter: 212-339-0232 / courter@conference-board.org

Jonathan Liu: 212-339-0257 / jonathan.liu@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 JANUARY 2015

The Conference Board Leading Economic Index[®] (LEI) for Mexico declined 2.0 percent and **The Conference Board Coincident Economic Index[®] (CEI)** increased 0.3 percent in January.

- The Conference Board LEI for Mexico fell in January, and once again oil prices were the largest negative contributor to the decrease. Moreover, December's decline in the index was revised further downward, as data for net insufficient inventories became available. Between July 2014 and January 2015, the leading economic index contracted 6.2 percent (about a -12.1 percent annual rate), substantially down from the 3.3 percent increase (about a 6.7 percent annual rate) in the previous six months. Moreover, the weaknesses among the leading indicators have become more widespread than the strengths in the last six months.
- The Conference Board CEI for Mexico, a measure of current economic activity, increased again in January. The coincident economic index grew 1.6 percent (about a 3.2 percent annual rate) between July 2014 and January 2015, about the same rate of growth as in the previous six months. Meanwhile, real GDP expanded 2.7 percent (annual rate) in the last quarter of 2014, up from 2.1 percent growth (annual rate) in the third quarter.
- The LEI for Mexico fell again in January and has declined in five of the last six months. As a result, its six-month growth rate has moved deeper into negative territory. While much of the decline in the LEI has been driven by falling oil prices, the financial sector has begun showing signs of weakness in the past two months. Meanwhile, the moderate upward trend in the CEI for Mexico continued through January. Despite the steady improvement in the CEI, the deceleration in the LEI's growth in recent months points to increasing downside pressure on Mexico's economy in the coming months.

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

With the 2.0 percent decrease in January, The Conference Board LEI for Mexico now stands at 100.6 (2010=100). Based on revised data, this index declined 3.5 percent in December and increased 1.0 percent in November. During the six-month span through January, the index decreased 6.2 percent, with three of the six components increasing (diffusion index, six-month span equals 41.7 percent).

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

With the increase of 0.3 percent in January, The Conference Board CEI for Mexico now stands at 114.6 (2010=100). Based on revised data, this index increased 0.2 percent in December and increased 0.3 percent in November. During the six-month span through January, the index increased 1.6 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. March 12, 2015. Some series are estimated as noted below.

NOTES: The series in The Conference Board CEI for Mexico that is based on The Conference Board's estimates are retail sales and industrial production. The series in The Conference Board LEI for Mexico that is based on The Conference Board's estimates are net insufficient inventories and the industrial production construction component.

Summary Table of Composite Indexes

	2014		2015		6-month
	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Jan</u>	<u>Jul to Jan</u>
Leading index	106.4	102.7	r	100.6	p
Percent Change	1.0	-3.5	r	-2.0	p
Diffusion	58.3	25.0		33.3	41.7
Coincident Index	114.1	114.3	r	114.6	p
Percent Change	0.3	0.2	r	0.3	p
Diffusion	66.7	66.7		100.0	100.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2010

Source: The Conference Board

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The next release is scheduled for Monday, April 20, 2015 at 11:00 A.M. (ET)
In Mexico – Monday, April 20, 2015 at 10:00 A.M. (Mexico City time)

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