



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (MADRID TIME), FRIDAY, OCTOBER 14, 2011

The Conference Board®
Spain Business Cycle IndicatorsSM
THE CONFERENCE BOARD LEADING ECONOMIC INDEX® (LEI)
FOR SPAIN
AND RELATED COMPOSITE INDEXES FOR AUGUST 2011

BRUSSELS, October 14, 2011... The Conference Board Leading Economic Index® (LEI) for Spain declined 0.2 percent and The Conference Board Coincident Economic Index® (CEI) increased 0.2 percent in August.

- The Conference Board LEI for Spain declined again in August, its third consecutive decline. Large negative contributions from stock prices and the order books survey component more than offset the positive contribution from the long-term government bond yield (inverted). In the six-month period ending August 2011, the leading economic index declined 1.9 percent (about a -3.9 percent annual rate), weaker than the decline of 0.5 percent (about a -0.9 percent annual rate) during the previous six months. In addition, the weaknesses among the leading indicators have been more widespread than the strengths in recent months.
- The Conference Board CEI for Spain, a measure of current economic activity, increased in August after remaining flat in July. Between February and August 2011, the coincident economic index increased 0.5 percent (about a 1.0 percent annual rate), an improvement from the decline of 0.1 percent (about a -0.2 percent annual rate) between August 2010 and February 2011. However, the weaknesses among the coincident indicators have been more widespread than the strengths in recent months. Meanwhile, real GDP increased at a 0.6 percent annual rate in the second quarter of 2011, following growth of 1.5 percent annual rate in the first quarter.
- The Conference Board LEI for Spain continued to decline this month, its fifth decline in the past six months amid widespread weaknesses among its components. As a result, its six-month growth rate is now at its lowest level since 2009. Although preliminary data indicates The Conference Board CEI for Spain increased in August, with widespread strengths among its components, the gains were mainly due to household consumption* and employment*. Taken together, the recent behavior of the composite indexes and their components suggests that economic activity will remain slow, and could even get weaker, in the near term.

LEADING INDICATORS. One of the six components that make up The Conference Board LEI for Spain increased in August. The inverted long-term government bond yield was the only positive contributor to the index this month. The negative contributors — in order from the largest negative contributor to the smallest — are the Spanish equity price index, order books survey, the capital equipment component of industrial production, job placings, and the Spanish contribution to Euro M2.

The next release is scheduled for Wednesday, November 16, 2011 at 10:00 A.M. (Madrid Time)

In the U.S. – Wednesday, November 16, 2011 at 4:00 A.M. (ET)

With the decrease of 0.2 percent in August, The Conference Board LEI for Spain now stands at 105.7 (2004=100). Based on revised data, this index declined 0.8 percent in July and declined 0.3 percent in June. During the six-month span through August, the index decreased 1.9 percent, and two of the six components advanced (diffusion index, six-month span equals 41.7 percent).

COINCIDENT INDICATORS. Three of the five components that make up The Conference Board CEI for Spain increased in August. The positive contributors — in order from the largest positive contributor to the smallest — are final household consumption*, retail sales survey, and employment*. Industrial production excluding construction and real imports* declined in August.

With the increase of 0.2 percent in August, The Conference Board CEI for Spain now stands at 101.6 (2004=100). Based on revised data, this index remained unchanged in July and decreased 0.1 percent in June. During the six-month span through August, the index increased 0.5 percent, and two of the five components advanced (diffusion index, six-month span equals 40.0 percent).

FOR TABLES AND CHARTS, SEE BELOW

DATA AVAILABILITY. The data series used to compute **The Conference Board Leading Economic Index[®]** (LEI) for Spain and **The Conference Board Coincident Economic Index[®]** (CEI) for Spain reported in the tables in this release are those available “as of” 10 A.M. (ET) October 12, 2011. Some series are estimated as noted below.

NOTES: Series in The Conference Board CEI for Spain that are based on our estimates include final household consumption, employment and real imports.

For more information:

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THE CYCLICAL INDICATOR APPROACH. The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading and coincident economic indexes are essentially composite averages of several individual leading or coincident indicators. (See page 3 for details.) They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component—primarily because they smooth out some of the volatility of individual components.

Historically, the cyclical turning points in The Conference Board LEI for Spain have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for Spain have occurred at about the same time as those in aggregate economic activity.

Further explanations of the cyclical indicator approach and the composite economic index methodology appear in The Conference Board’s *Business Cycle Indicators* report and website: <http://www.conference-board.org/data/bci.cfm>.

Spain Composite Economic Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1. Capital Equipment Component of Industrial Production	0.0471
2. Contribution to Euro M2	0.1923
3. Stock Price Index	0.0282
4. Long term Government Bond Yield	0.5492
5. Order Books Survey	0.1128
6. Job Placings	0.0704
<u>Coincident Economic Index</u>	
1. Final Household Consumption	0.3896
2. Industrial Production, Excluding Construction	0.1571
3. Retail Sales Survey	0.0433
4. Real Imports	0.0390
5. Employment	0.3710

Notes:

The component factors are inversely related to the standard deviation of the month-to-month changes in each component. They are used to equalize the volatility of the contribution from each component and are “normalized” to sum to 1.

These factors were revised effective on the release for January 2011, and all historical values for the two composite indexes were revised at this time to reflect the changes. (Under normal circumstances, updates to the leading and coincident economic indexes only incorporate revisions to data over the past six months.) The factors above for The Conference Board LEI for Spain were calculated using the October 1997 to December 2009 period as the sample period for measuring volatility. A separate set of factors for the February 1984 to September 1997 period, is available upon request. The factors above for The Conference Board CEI for Spain were calculated using the February 1995 to December 2009 period as the sample period. Separate sets of factors for the February 1984 to January 1985 period, the February 1985 to October 1994 period, and the November 1994 to January 1995 period are available upon request. These multiple sample periods are the result of different starting dates for the component data. When one or more components are missing, the other factors are adjusted proportionately to ensure that the total continues to sum to 1. For additional information on the standardization factors and the index methodology visit our website: <http://www.conference-board.org/data/bci.cfm>.

The trend adjustment factor for The Conference Board LEI for Spain is 0.0066, calculated over the 1984-2009 period.

To address the problem of lags in available data, those leading and coincident indicators that are not available at the time of publication are estimated using statistical imputation. An autoregressive model is used to estimate each component. The resulting indexes are constructed using real and estimated data, and will be revised as the data unavailable at the time of publication become available. Such revisions are part of the monthly data revisions, now a regular part of the U.S. Business Cycle Indicators program. The main advantage of this procedure is to utilize in the leading economic index the data, such as stock prices, that are available sooner than other data on “real” aspects of the economy, such as new orders and changes in inventory. Empirical research by The Conference Board suggests there are real gains in adopting this procedure to make all the indicator series as up-to-date as possible.

NOTICES

The 2011 schedule for “**The Conference Board Leading Economic Index**® (LEI) for Spain” news release is:

September 2011 Data.....Wednesday, November 16, 2011
October 2011 Data.....Wednesday, December 14, 2011

All releases are at 10:00 A.M. (Madrid Time)

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The Conference Board Spain Business Cycle Indicators

Table 1.--Summary of Spain Composites Economic Indexes

	2011						
	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.
Leading index	107.8	107.3	107.1	107.1	106.8	105.9 r	105.7
Percent change	0.1	-0.5	-0.2	0.0	-0.3	-0.8 r	-0.2
Diffusion index	66.7	25.0	33.3	41.7	33.3	16.7	16.7
Coincident index	101.1	101.4 r	101.4	101.5 r	101.4 p	101.4 p	101.6 p
Percent change	-0.1	0.3 r	0.0 r	0.1 r	-0.1 p	0.0 p	0.2 p
Diffusion index	60.0	90.0	60.0	60.0	40.0	40.0	70.0

	Aug to	Sep to	Oct to	Nov to	Dec to	Jan to	Feb to
	Feb	Mar	Apr	May	Jun	Jul	Aug
Leading index							
Percent change	-0.5	-0.8	-0.6	0.6	0.2	-1.7 r	-1.9
Diffusion index	33.3	33.3	50.0	66.7	50.0	33.3	41.7
Coincident index							
Percent change	-0.1	0.3 r	0.4	0.4 r	0.3 p	0.2 p	0.5 p
Diffusion index	50.0	70.0	60.0	60.0	60.0	40.0	40.0

p Preliminary. r Revised (noted only for index levels and one-month percent changes).

CALCULATION NOTE: The diffusion indexes measure the proportion of the components that are rising. Components that rise

more than 0.05 percent are given a value of 1.0, components that change less than 0.05 percent are given a value of 0.5, and components that fall more than 0.05 percent are given a value of 0.0.

For more information, visit our Web site at <http://www.conference-board.org/data/bci.cfm>

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The Conference Board Spain Business Cycle Indicators

Table 2.--Data and Net Contributions for Components of the Spain Leading Economic Index

Component	2011						
	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.
Spain Leading Economic Index component data							
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	83.2 r	84.9 r	84.8 r	87.6 r	88.2 r	88.3 r	87.0
Spanish Contribution to Euro M2 (s.a.).....	931354.75 r	929578.09 r	913364.24 r	904846.57 r	899862.80 r	893059.19 r	892330.24
Spanish Equity Price Index.....	1111.3	1079.0	1109.4	1066.4	1049.8	973.3	881.4
Longterm Government Bond Yield (Inverted).....	5.3	5.3	5.3	5.3	5.5	5.8	5.3
Order Books Survey (3 month moving average, s.a.)....	4.50	1.228 r	1.126 r	-0.367 r	-1.209 r	-3.179 r	-4.20
Job Placings (3 month moving average, s.a.).....	1194.6 r	1181.7 r	1198.5 r	1246.8 r	1258.9 r	1244.9 r	1238.6
LEADING INDEX (2004=100).....	107.8	107.3	107.1	107.1	106.8	105.9	105.7
Percent change from preceding month.....	0.1	-0.5	-0.2	0.0	-0.3	-0.8 r	-0.2
Spain Leading Economic Index net contributions							
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	....	0.09	0.00 r	0.15	0.03	0.01 r	-0.07
Spanish Contribution to Euro M2 (s.a.).....	....	-0.04	-0.34 r	-0.18	-0.11	-0.15 r	-0.02
Spanish Equity Price Index.....	....	-0.08	0.08	-0.11	-0.04	-0.21	-0.28
Longterm Government Bond Yield (Inverted).....	....	0.01	-0.04	0.01	-0.09	-0.19	0.32
Order Books Survey (3 month moving average, s.a.)....	....	-0.37 r	-0.01 r	-0.17 r	-0.10 r	-0.22 r	-0.11
Job Placings (3 month moving average, s.a.).....	....	-0.08	0.10	0.28	0.07	-0.08	-0.04

p Preliminary. r Revised. s.a. Seasonally Adjusted

* Inverted series; a negative change in this component makes a positive contribution to the index.

** Statistical Imputation (See page 2 for more details)

Q Quarterly series; these series are converted to a monthly series through a linear interpolation.

Data Sources: Ministerio de Economía y Hacienda, IMF, OECD, Thomson Financial

CALCULATION NOTE--The percent change in the index does not always equal the sum of the net contributions of the individual components (because of rounding effects and base value differences).

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The Conference Board Spain Business Cycle Indicators

Table 3.--Data and Net Contributions for Spain Coincident Economic Index

Component	2011						
	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.
Spain Coincident Economic Index component data							
Final Household Consumption (Q).....	114.0	114.2	114.4	114.7	114.9 **	115.1 **	115.4 **
Industrial Production, Excluding Construction 2005=100(3 month moving average).....	84.8 r	84.7 r	84.7 r	84.6 r	84.5	84.5 r	84.5
Real Imports, millions of Euro, 2000 prices..... (3 month moving average)	20442.90	20862.40	20441.30	20596.80	19975.30	19418.00 r	19392.40 **
Retail Sales Survey (s.a.) #.....	99.4	99.9	100.7 r	98.0	97.5 r	97.3 r	99.0
Employment (Q) (Thousands, s.a.)	18562.6	18587.9	18613.2	18638.5	18662.8 **	18686.1 **	18708.4 **
COINCIDENT INDEX (2004=100).....	101.1	101.4	101.4	101.5	101.4 p	101.4 p	101.6 p
Percent change from preceding month.....	-0.1	0.3	0.0	0.1	-0.1 p	0.0 p	0.2 p
Spain Coincident Economic Index net contributions							
Final Household Consumption (Q).....	....	0.06	0.07	0.09	0.08 **	0.08 **	0.08 **
Industrial Production, Excluding Construction 2005=100(3 month moving average).....	....	0.00 r	-0.01 r	-0.01 r	-0.01 r	-0.01 r	-0.01
Real Imports, millions of Euro, 2000 prices.....	....	0.08	-0.08	0.03	-0.12	-0.11 r	-0.01 **
Retail Sales Survey (s.a.) #.....	....	0.02	0.04 r	-0.12	-0.02 r	-0.01 r	0.07
Employment (Q) (Thousands, s.a.) .....	....	0.05	0.05	0.05	0.05 **	0.05 **	0.04 **

p Preliminary. r Revised. s.a. Seasonally Adjusted

* Inverted series; a negative change in this component makes a positive contribution to the index.

** Statistical Imputation (See page 2 for more details)

Since April 2002, the Retail Sales Survey rebased from 1995=100 to 2001=100

Data Sources: Ministerio de Economía y Hacienda, IMF, OECD, Thomson Financial

CALCULATION NOTE--The percent change in the index does not always equal the sum of the net contributions of the individual components (because of rounding effects and base value differences).

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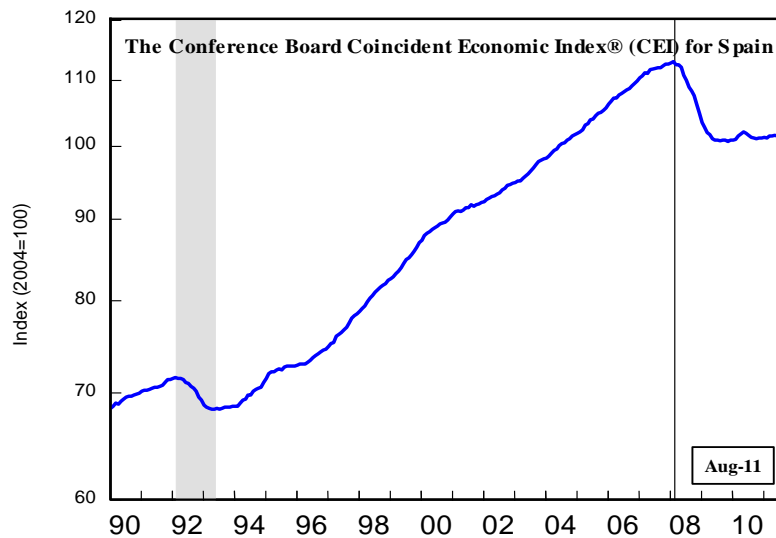
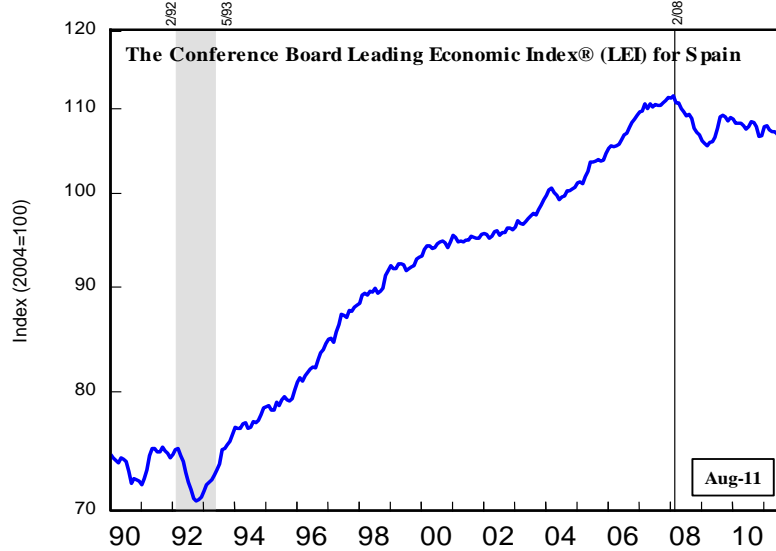
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Spain Composite Economic Indexes



Note: The shaded areas represent business cycle recessions. Source: The Conference Board
 The peaks and troughs are designated by The Conference Board based on the coincident index and real GDP.

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