



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (PARIS TIME), WEDNESDAY, JUNE 18, 2014

The Conference Board®
France Business Cycle IndicatorsSM

**THE CONFERENCE BOARD LEADING ECONOMIC INDEX®
(LEI) FOR FRANCE**
AND RELATED COMPOSITE ECONOMIC INDEXES FOR APRIL 2014

Brussels, June 18, 2014...The Conference Board Leading Economic Index® (LEI) for France remained unchanged and The Conference Board Coincident Economic Index® (CEI) increased 0.1 percent in April.

- The Conference Board LEI for France was unchanged in April. Large positive contributions from the yield spread, production expectations, and industrial new orders offset the large negative contribution from new unemployment claims. Between October 2013 and April 2014, the leading economic index advanced 1.2 percent (about a 2.4 percent annual rate), down moderately from its increase of 1.7 percent (about a 3.5 percent annual rate) during the previous six months. In addition, the strengths among the leading indicators have remained more widespread than the weaknesses in recent months.
- The Conference Board CEI for France, a measure of current economic activity, edged up in April. During the six-month period ending in April, the CEI increased 0.2 percent (about a 0.4 percent annual rate), an improvement from the small decline of 0.1 percent (about a -0.2 percent annual rate) over the previous six months. The strengths among the coincident indicators have also been more widespread than the weaknesses. Meanwhile, real GDP increased 0.1 percent (annual rate) in the first quarter of 2014, after a 0.7 percent (annual rate) increase in the fourth quarter of 2013.
- With the LEI remaining unchanged in April, its six-month growth rate has slowed compared to the previous six months. The CEI, meanwhile, has been relatively flat for the past two years, but its six-month growth rate has turned slightly positive in recent months. Taken together, the recent behavior of the composite indexes suggests that France's economy is likely to see continue moderate improvement in the near term.

LEADING INDICATORS. Five of the seven components of the leading economic index increased in April. The positive contributors to the index — in order from the largest positive contributor to the smallest — were the yield spread, production expectations, industrial new orders, the stock price index, and the ratio of the deflator of manufacturing value added to unit labor cost in manufacturing*. The negative contributors to the index — beginning with the larger negative contributor — were the inverted new unemployment claims and building permits (residential).

With no change in April, the leading economic index now stands at 118.3 (2004=100). Based on revised data, this index increased 0.4 percent in March and declined 0.2 percent in February. During the six-month span through April, the index increased 1.2 percent, and five of the seven components increased (diffusion index, six-month span equals 71.4 percent).

Please visit our website at <http://www.conference-board.org/data/bci.cfm>

Also visit the website of our research associate in France: <http://www.coe-rexecode.fr/public>

The next release is scheduled for Friday, July 18, 2014 at 4:00 A.M. ET (10:00 A.M. Paris Time)

COINCIDENT INDICATORS. Two of the four components of the coincident economic index increased in April. The positive contributors to the index were wage and salaries* and industrial production. Employment* and personal consumption of manufactured goods declined in April.

With the increase of 0.1 percent in April, the coincident economic index now stands at 103.6 (2004=100). Based on revised data, this index decreased 0.1 percent in March and remained unchanged in February. During the six-month period through April, the index increased 0.2 percent, with three of the four series making a positive contribution (diffusion index, six-month span equals 75.0 percent).

* See notes under data availability.

FOR TABLES AND CHARTS, SEE BELOW

DATA AVAILABILITY. The data series used to compute **The Conference Board Leading Economic Index®** (LEI) for France and **The Conference Board Coincident Economic Index®** (CEI) for France reported in this release are those available “as of” 10 A.M. ET on June 16, 2014. Some series are estimated as noted below.

*The series in The Conference Board LEI for France that is based on our estimates is the ratio of the deflator of manufacturing value added to unit labor cost in manufacturing. Series in The Conference Board CEI for France that are based on our estimates are number of employees and wage and salaries.

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

Further explanations of the cyclical indicator approach and the composite index methodology appear in The Conference Board’s *Business Cycle Indicators* report and website:

<http://www.conference-board.org/data/bci.cfm>

France Composite Economic Indexes: Components and Standardization Factors

	<u>Leading Economic Index</u>	<u>Factor</u>
1	Yield Spread	0.0975
2	Stock Price	0.0293
3	Building Permits	0.0361
4	New Unemployment Claims	0.1240
5	Industrial New Orders	0.0358
6	Production Expectations	0.0348
7	Ratio P/L Cost	0.6425
	<u>Coincident Economic Index</u>	<u>Factor</u>
1	Industrial Production	0.0580
2	Personal Consumption	0.0406
3	Employment (Private sector)	0.5959
4	Wage and Salaries	0.3055

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 with the release in January 2014, 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 indexes only incorporate revisions to data over the past six months.

The factors above for The Conference Board LEI for France were calculated using 1994-2012 as the sample period for measuring volatility. Separate sets of factors for the 1983-1994 period, 1976-1982 period, and 1970-1973 period are available upon request. The factors above for The Conference Board CEI for France were calculated using 1978-2012 as the sample period. Separate sets of factors for the 1972-1978 period and 1970-1972 period are available upon request. 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 France is 0.0007 (calculated from January 1970 to December 2012).

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 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 schedule for 2014 for the France “Leading Economic Indicators” news release is:

May 2014	Friday, July 18, 2014
June 2014	Friday, August 22, 2014
July 2014	Wednesday, September 24, 2014
August 2014	Friday, October 17, 2014
September 2014	Wednesday, November 19, 2014
October 2014	Wednesday, December 17, 2014

All releases are at 10:00 A.M. Paris Time.

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AVAILABLE FROM THE CONFERENCE BOARD:

France Business Cycle Indicators Internet Subscription

(Includes monthly release, data, charts and commentary)

\$ 680 (for TCB members)/\$865 (for non-TCB members) per year (1 user)

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\$65 per series downloaded

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BCI Handbook (published 2001)

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The Conference Board France Business Cycle Indicators

Table 1.--Summary of France Composite Economic Indexes

	2013							2014
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Leading index	116.9	117.1	117.5 p	118.0 p	117.8 p	118.3 p	118.3 p	
Percent change	0.8	0.2	0.3 p	0.4 p	-0.2 p	0.4 p	0.0 p	
Diffusion index	100.0	71.4	71.4	71.4	35.7	78.6	64.3	
Coincident index	103.4	103.6	103.6 p	103.6 p	103.6 p	103.5 p	103.6 p	
Percent change	0.1	0.2	0.0 p	0.0 p	0.0 p	-0.1 p	0.1 p	
Diffusion index	50.0	87.5	62.5	37.5	62.5	37.5	62.5	
	Apr to	May to	Jun to	Jul to	Aug to	Sep to	Oct to	
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Leading index								
Percent change	1.7	1.4	1.8 p	2.2 p	1.5 p	2.0 p	1.2 p	
Diffusion index	71.4	57.1	85.7	85.7	64.3	85.7	71.4	
Coincident index								
Percent change	-0.1	0.2	0.3 p	0.4 p	0.3 p	0.2 p	0.2 p	
Diffusion index	50.0	62.5	87.5	87.5	50.0	50.0	75.0	

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/index.cfm>

Source: The Conference Board

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The Conference Board France Business Cycle Indicators

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

Component	2013			2014			
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
France Leading Economic Index Component Data							
Yield Spread, 10 years minus Day-Day Loan Rate-----	2.29	2.17	2.17	2.13	2.10	1.98	1.77
Stock Price							
SBF250 Index, index 1000=12/31/1990,-----	3192.93	3239.00	3167.83	3239.94	3284.36	3328.48	3398.67
Building Permits							
Residential, (3 month moving average), S.A.-----	32917.68 r	33531.73 r	32718.22 r	31490.12 r	30458.36 r	32455.49 r	32398.22
New Unemployment Claims* thousands, (3 month moving average), S.A.-----	490.80	496.60	489.73	489.53	494.90	502.20	515.23
Industrial New Orders opinion balance,-----	-24.00	-23.00	-21.00	-19.00	-22.00	-20.00	-18.00
Production Expectations for Months Ahead							
Diffusion Index-----	7.40	4.40	5.60	10.40	7.30	8.70	11.20
Ratio Deflator of Value Added to Unit Labor Cost (2005=100), Q-----	97.16	97.25	97.31 **	97.35 **	97.37 **	97.39 **	97.40 **
LEADING INDEX (2004=100).....	116.9	117.1	117.5 p	118.0 p	117.8 p	118.3 p	118.3 p
Percent change from preceding month.....	0.8	0.2	0.3 p	0.4 p	-0.2 p	0.4 p	0.0 p
France Leading Economic Index net contributions							
Yield Spread, 10 years minus Day-Day Loan Rate-----	....	0.21	0.21	0.21	0.20	0.19	0.17
Stock Price							
SBF250 Index, index 1000=12/31/1990,-----	....	0.04	-0.07	0.07	0.04	0.04	0.06
Building Permits							
Residential, (3 month moving average), S.A.-----	....	0.07	-0.09 r	-0.14	-0.12	0.23 r	-0.01
New Unemployment Claims* thousands, (3 month moving average), S.A.-----	....	-0.15	0.17	0.01	-0.14	-0.18	-0.32
Industrial New Orders opinion balance,-----	....	0.04	0.07	0.07	-0.11	0.07	0.07
Production Expectations for Months Ahead							
Diffusion Index-----	....	-0.10	0.04	0.17	-0.11	0.05	0.09
Ratio Deflator of Value Added to Unit Labor Cost (2005=100), Q-----	....	0.06	0.04 **	0.03 **	0.02 **	0.01 **	0.01 **

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 monthly through a linear interpolation.

Data Sources: COE-Rexecode, Haver Analytics, INSEE

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 France Business Cycle Indicators

Table 3.--Data and Net Contributions for the Components of the France Coincident Economic Index

Component	2013			2014			
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
France Coincident Economic Index Component Data							
Industrial Production, Volume (2010=100). S.A.....	98.1	99.4	99.1	98.5 r	98.6 r	98.2 r	98.5
Personal Consumption of Manuf. Goods Billions of 2010 Euros, S.A.....	19.6 r	19.8 r	20.0 r	19.8 r	19.8 r	19.8 r	19.7
Number of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	15889.9	15894.9	15887.0	15879.2	15871.3	15864.0 **	15857.4 **
Wage and Salaries, Non-Financial Millions of Euros, S.A. Q.....	105165.8 r	105350.6 r	105494.8 **	105618.0 **	105730.3 **	105837.0 **	105940.7 **
COINCIDENT INDEX (2004=100).....	103.4	103.6	103.6 p	103.6 p	103.6 p	103.5 p	103.6 p
Percent change from preceding month.....	0.1	0.2	0.0 p	0.0 p	0.0 p	-0.1 p	0.1 p
France Coincident Economic Index net contributions							
Industrial Production, Volume (2010=100). S.A.....	....	0.08	-0.02	-0.04 r	0.01	-0.02 r	0.02
Personal Consumption of Manuf. Goods Billions of 2010 Euros, S.A.....	....	0.04 r	0.03 r	-0.03 r	0.00 r	0.00 r	-0.01
Number of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	....	0.02	-0.03	-0.03	-0.03	-0.03 **	-0.03 **
Wage and Salaries, Non-Financial Millions of Euros, S.A. Q.....	....	0.05	0.04 **	0.04 **	0.03 **	0.03 **	0.03 **

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 monthly through a linear interpolation.

Data Sources: COE-Rexecode, Haver Analytics, INSEE

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).

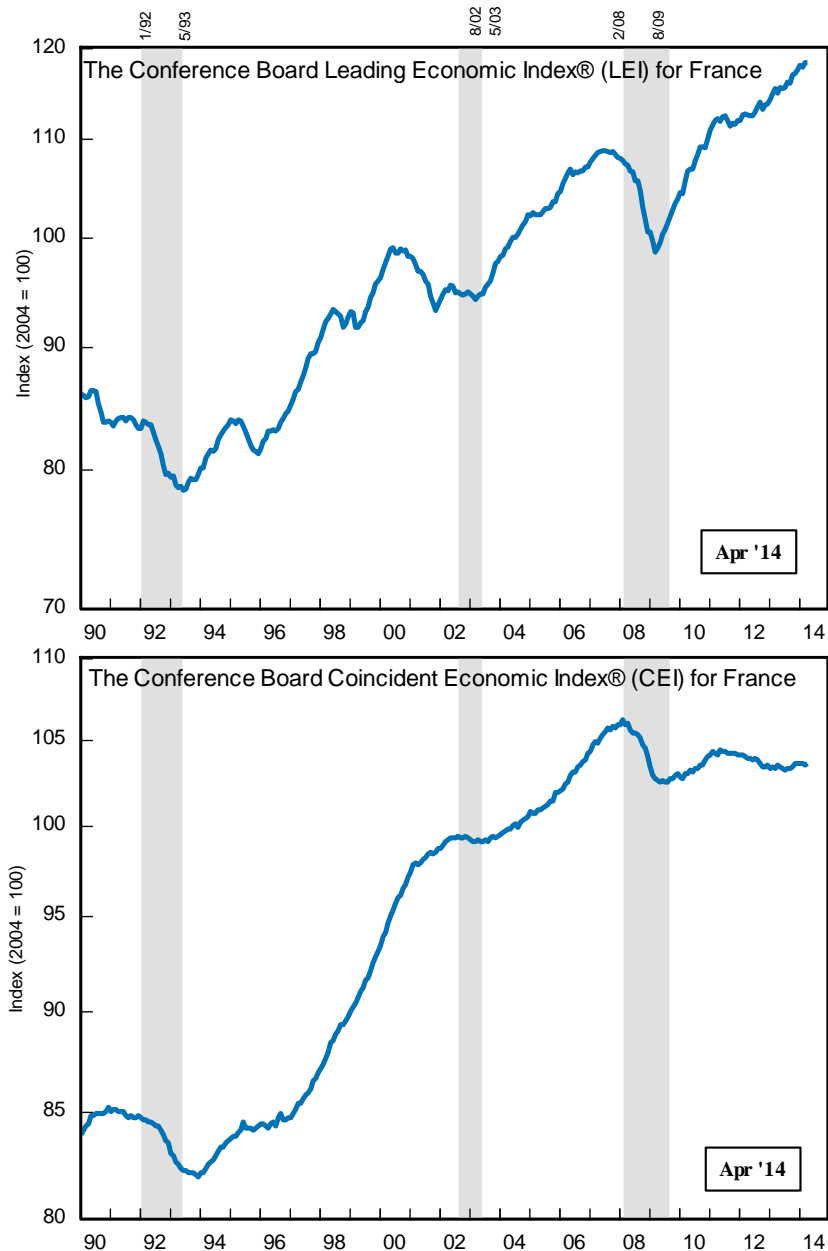
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France Composite Economic Indexes



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

Source: The Conference Board

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