



THE CONFERENCE BOARD

FOR RELEASE: 9:30 A.M. (ET), MONDAY, FEBRUARY 23, 2015

The Conference Board®

France Business Cycle IndicatorsSM

**THE CONFERENCE BOARD LEADING ECONOMIC INDEX®
(LEI) FOR FRANCE**

AND RELATED COMPOSITE ECONOMIC INDEXES FOR DECEMBER 2014

New York, February 23, 2015...The Conference Board Leading Economic Index® (LEI) for France remained unchanged and **The Conference Board Coincident Economic Index®** (CEI) increased 0.1 percent in December.

- The Conference Board LEI for France was unchanged in December. Positive contributions from the yield spread, stock prices and the ratio deflator of value added to unit labor cost in manufacturing offset negative contributions from production expectations, new unemployment claims (inverted) and building permits (residential). In the second half of 2014, the leading economic index grew by 0.9 percent (about a 1.8 percent annual rate), up from 0.1 percent (about a 0.2 percent annual rate) over the previous six months. In addition, the strengths among the leading indicators have become more widespread than the weaknesses over the past six months.
- The Conference Board CEI for France, a measure of current economic activity, edged up in December. However, the coincident economic index remained unchanged over the past year, but the strengths among its components have become much more widespread than the weaknesses in recent months. Meanwhile, real GDP improved 0.3 percent (annual rate) in the fourth quarter of 2014, after advancing at 1.1 percent (annual rate) in the third quarter.
- Despite no change in December, the six-month growth rate of the LEI for France has improved in recent months, and the strengths among its components have become more widespread in the second half of 2014. Meanwhile, the CEI has been flat for more than a year. Taken together, the composite indexes suggest that economic activity will continue to expand in the near term, but at a moderate pace.

LEADING INDICATORS. Three of the seven components that make up The Conference Board LEI for France increased in December. The positive contributors to the index—in order from the largest positive contributor to the smallest—are the yield spread, the stock price index, and the ratio deflator of value added to unit labor cost in manufacturing*. The negative contributors to the index—beginning with the largest negative contributor—are production expectations, new unemployment claims (inverted), and building permits (residential), while industrial new orders remained unchanged in December.

With no change in December, the leading economic index now stands at 110.0 (2010=100). Based on revised data, this index declined 0.1 percent in November and increased 0.1 percent in October. During the six-month span through December, the index increased 0.9 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-rexencode.fr/public>

The next release is scheduled for Wednesday, March 25, 2015 at 2:30 P.M. Paris time (9:30 A.M. ET)

COINCIDENT INDICATORS. Two of the four components that make up The Conference Board CEI for France increased in December. The positive contributors to the index were industrial production and wage and salaries*. Personal consumption of manufactured goods and employment* remained unchanged in December.

With the increase of 0.1 percent in December, the coincident economic index now stands at 100.1 (2010=100). Based on revised data, this index was unchanged in November and increased 0.1 percent in October. During the six-month period through December, the index remained unchanged, with three of the four series making positive contributions (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 February 17, 2015. 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	0.0976
2	Stock Price	0.0295
3	Building Permits	0.0352
4	New Unemployment Claims	0.1240
5	Industrial New Orders	0.0354
6	Production Expectations	0.0347
7	Ratio P/L Cost	0.6436

	<u>Coincident Economic Index</u>	<u>Factor</u>
1	Industrial Production	0.0576
2	Personal Consumption	0.0400
3	Employment (Private sector)	0.5971
4	Wage and Salaries	0.3053

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 2015, 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 1994-2013 as the sample period for measuring volatility. Separate sets of factors for the 1983-1994 period, 1976-1982 period, and 1970-1976 period are available upon request. The factors above for The Conference Board CEI for France were calculated using 1978-2013 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 -0.0069 (calculated from January 1970 to December 2013).

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 Conference Board Leading Economic Index[®] (LEI) for France news release schedule for 2015:

Wednesday, March 25, 2015	For January 2015 data
Friday, April 24, 2015	For February 2015 data
Friday, May 22, 2015	For March 2015 data
Wednesday, June 24, 2015	For April 2015 data
Thursday, July 16, 2015	For May 2015 data
Friday, August 21, 2015	For June 2015 data
Tuesday, September 22, 2015	For July 2015 data
Monday, October 19, 2015	For August 2015 data
Friday, November 20, 2015	For September 2015 data
Friday, December 18, 2015	For October 2015 data

All releases are at 9:30 A.M. ET.

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AVAILABLE FROM THE CONFERENCE BOARD:

France Business Cycle Indicators Internet Subscription

(Includes monthly release, data, charts and commentary)

\$ 714 (for TCB members)/\$ 908 (for non-TCB members) per year (1 user)

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Business Cycle Indicators for the U.S., Brazil, China, the Euro Area, France, Germany, India, Japan, Korea, Mexico, Spain, and U.K. are available at \$ 714 (for TCB members)/\$ 908 (for non-TCB members) per country per year (1 user). Discounts are available to Associates of The Conference Board and accredited academic institutions.

The Conference Board France Business Cycle Indicators

Table 1.--Summary of France Composite Economic Indexes

	Jun.	Jul.	Aug.	2014 Sep.	Oct.	Nov.	Dec.
Leading index	109.0	109.6	109.7	110.0 p	110.1 p	110.0 p	110.0 p
Percent change	0.0	0.6	0.1	0.3 p	0.1 p	-0.1 p	0.0 p
Diffusion index	57.1	71.4	64.3	57.1	64.3	64.3	42.9
Coincident index	100.1	100.0	100.0	99.9 p	100.0 p	100.0 p	100.1 p
Percent change	0.1	-0.1	0.0	-0.1 p	0.1 p	0.0 p	0.1 p
Diffusion index	75.0	37.5	37.5	62.5	62.5	62.5	87.5
	Dec to Jun	Jan to Jul	Feb to Aug	Mar to Sep	Apr to Oct	May to Nov	Jun to Dec
Leading index							
Percent change	0.1	0.4	0.7	0.7 p	0.8 p	0.9 p	0.9 p
Diffusion index	28.6	42.9	28.6	64.3	42.9	71.4	71.4
Coincident index							
Percent change	0.0	0.0	0.0	-0.2 p	-0.1 p	0.0 p	0.0 p
Diffusion index	25.0	62.5	50.0	50.0	50.0	75.0	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	2014						
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
France Leading Economic Index Component Data							
Yield Spread, 10 years minus Day-Day Loan Rate-----	1.64	1.52	1.39	1.35	1.27	1.15	0.95
Stock Price SBF250 Index, index 1000=12/31/1990,-----	3466.18	3348.21	3248.78	3373.14	3148.18	3258.67	3277.17
Building Permits Residential, (3 month moving average), S.A.-----	31833.86 r	33284.66 r	34019.28 r	32966.06 r	31644.96 r	29350.63 r	29253.43
New Unemployment Claims* thousands, (3 month moving average), S.A.-----	508.33	501.07	498.80	501.03	495.97	501.33	503.00
Industrial New Orders opinion balance,-----	-27.00	-23.00	-23.00	-24.00	-23.00	-20.00	-20.00
Production Expectations for Months Ahead Diffusion Index-----	3.30	3.20	-1.90	2.80	7.00	8.00	6.10
Ratio Deflator of Value Added to Unit Labor Cost (2005=100), Q-----	96.86 r	96.94	97.03	97.09 **	97.13 **	97.16 **	97.18 **
LEADING INDEX (2010=100).....	109.0	109.6	109.7	110.0 p	110.1 p	110.0 p	110.0 p
Percent change from preceding month.....	0.0	0.6	0.1	0.3 p	0.1 p	-0.1 p	0.0 p
France Leading Economic Index net contributions							
Yield Spread, 10 years minus Day-Day Loan Rate-----	....	0.15	0.14	0.13	0.12	0.11	0.09
Stock Price SBF250 Index, index 1000=12/31/1990,-----	....	-0.10	-0.09	0.11	-0.20	0.10	0.02
Building Permits Residential, (3 month moving average), S.A.-----	....	0.16	0.08 r	-0.11 r	-0.14 r	-0.26 r	-0.01
New Unemployment Claims* thousands, (3 month moving average), S.A.-----	....	0.18	0.06	-0.06	0.13	-0.13	-0.04
Industrial New Orders opinion balance,-----	....	0.14	0.00	-0.04	0.04	0.11	0.00
Production Expectations for Months Ahead Diffusion Index-----	....	0.00	-0.18	0.16	0.15	0.03	-0.07
Ratio Deflator of Value Added to Unit Labor Cost (2005=100), Q-----	....	0.06	0.06	0.04 **	0.03 **	0.02 **	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	2014						
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
France Coincident Economic Index Component Data							
Industrial Production, Volume (2010=100). S.A.....	97.9 r	98.4 r	98.2 r	98.3 r	97.5 r	97.3 r	98.8
Personal Consumption of Manuf. Goods Billions of 2010 Euros, S.A.....	19.9	19.8	20.0	19.7	19.9 r	20.0	20.0
Number of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	15862.0	15843.6	15825.2	15823.5 r	15821.8 r	15820.1 r	15819.4 **
Wage and Salaries, Non-Financial Millions of Euros, S.A. Q.....	106105.4 r	106075.6 r	106092.0 r	106151.2 **	106239.7 **	106350.4 **	106477.3 **
COINCIDENT INDEX (2010=100).....	100.1	100.0	100.0	99.9 p	100.0 p	100.0 p	100.1 p
Percent change from preceding month.....	0.1	-0.1	0.0	-0.1 p	0.1 p	0.0 p	0.1 p
France Coincident Economic Index net contributions							
Industrial Production, Volume (2010=100). S.A.....	....	0.03 r	-0.01	0.01 r	-0.05 r	-0.01 r	0.09
Personal Consumption of Manuf. Goods Billions of 2010 Euros, S.A.....	....	0.00 r	0.04	-0.07	0.04	0.02 r	0.00
Number of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	....	-0.07	-0.07	-0.01 r	-0.01 r	-0.01 r	0.00 **
Wage and Salaries, Non-Financial Millions of Euros, S.A. Q.....	....	-0.01	0.00 r	0.02 **	0.03 **	0.03 **	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 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).

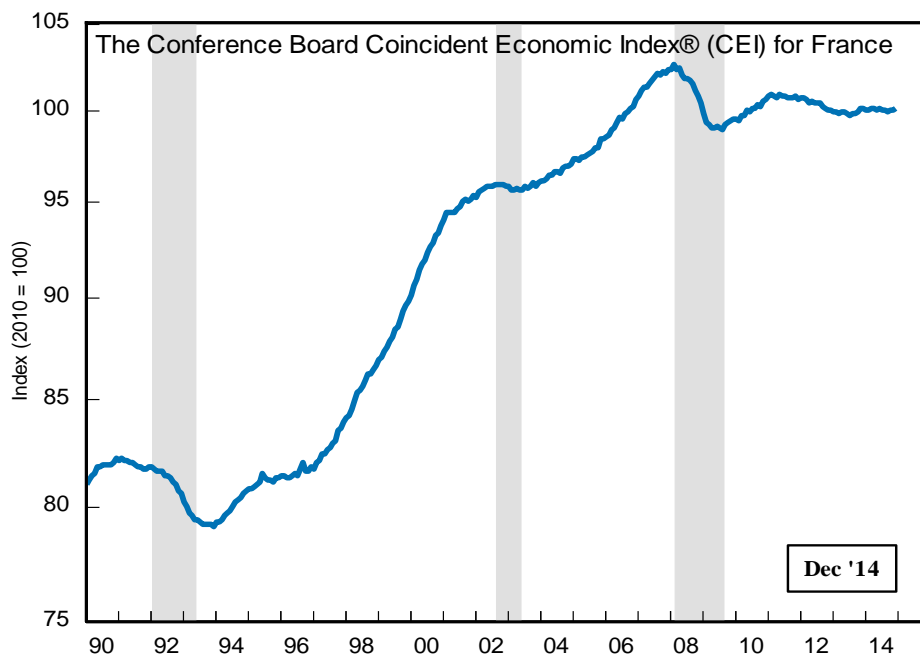
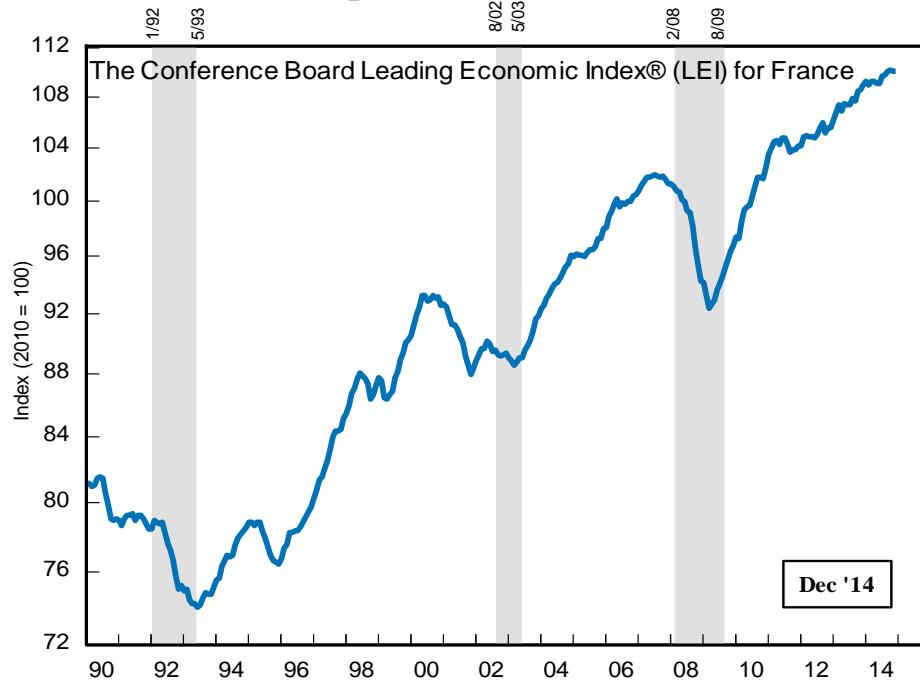
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France Composite Economic Indexes



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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