



THE CONFERENCE BOARD

FOR RELEASE: 9:30 A.M. (ET), MONDAY, MARCH 16, 2015

The Conference Board®
The U.K. Business Cycle IndicatorsSM
THE CONFERENCE BOARD LEADING ECONOMIC INDEX®
(LEI) FOR THE UNITED KINGDOM
AND RELATED COMPOSITE ECONOMIC INDEXES FOR JANUARY 2015

NEW YORK, March 16, 2015... The Conference Board Leading Economic Index® (LEI) for the U.K. increased 0.2 percent, and The Conference Board Coincident Economic Index® (CEI) increased 0.1 percent in January.

- The Conference Board LEI for the U.K. increased in January. The leading index was revised downward between August and November, after fourth quarter data for total gross operating surplus of corporations became available. In the six-month period ending January 2015, the leading economic index declined 0.8 percent (about a -1.6 percent annual rate), a reversal from its increase of 2.0 percent (about a 4.0 percent annual rate) over the prior six months. Meanwhile, the weaknesses among the leading indicators have become more widespread than the strengths in the past six months.
- The Conference Board CEI for the U.K., a measure of current economic activity, improved slightly in January. Between July 2014 and January 2015, the coincident economic index increased 0.9 percent (about a 1.7 percent annual rate), down from 1.4 percent (about a 2.7 percent annual rate) over the prior six months. The strengths among the coincident indicators have remained more widespread than the weaknesses in recent months. Meanwhile, real GDP grew 2.3 percent (annual rate) in the fourth quarter of 2014, unchanged from the third quarter.
- The LEI for the U.K. increased slightly in January, but its six-month growth rate remains in negative territory. Meanwhile, the CEI has been increasing moderately, but its six-month growth rate is down from the first half of 2014. Taken together, the current behavior of the composite indexes suggests that economic growth will continue at a moderate pace, which may not accelerate in the near term.

LEADING INDICATORS. Four of the seven components that make up The Conference Board LEI for the U.K. increased in January. The positive contributors—from the largest positive contributor to the smallest—were order book volume, the yield spread, productivity for the whole economy*, and stock prices. The negative contributors—from the larger negative contributor to the smaller—were volume of expected output and consumer confidence. Total gross operating surplus of corporations* remained unchanged in January.

With the 0.2 percent increase in January, The Conference Board LEI for the U.K. now stands at 111.7 (2010=100). Based on revised data, this index remained unchanged in December and declined 0.4 percent in November. During the six-month span through January, the leading economic index decreased 0.8 percent, with two of the seven components advancing (diffusion index, six-month span equals 28.6 percent).

The next release is scheduled for Wednesday, April 15, 2015 at 2:30 P.M. (London time)
In the U.S. – April 15, 2015 at 9:30 A.M. (ET)

COINCIDENT INDICATORS. Two of the four components that make up The Conference Board CEI for the U.K. increased in January. The positive contributors—from the larger positive contributor to the smaller—were employment* and real household disposable income*. Retail sales and industrial production declined in January.

With the increase of 0.1 percent in January, The Conference Board CEI for the U.K. now stands at 105.1 (2010=100). Based on revised data, this index increased 0.2 percent in December and increased 0.4 percent in November. During the six-month period through January, the coincident economic index increased 0.9 percent, with three of the four components advancing (diffusion index, six-month span equals 87.5 percent).

DATA AVAILABILITY:

The data series used to compute **The Conference Board Leading Economic Index**[®] (LEI) for the U.K. and **The Conference Board Coincident Economic Index**[®] (CEI) for the U.K. reported in this release are those available “as of” 10 A.M. ET on Wednesday, March 11, 2015. Some series are estimated as noted below.

* Series in The Conference Board LEI for the U.K. that are based on our estimates are productivity for the whole economy and total gross operating surplus of corporations. Series in The Conference Board CEI for the U.K. that are based on our estimates are employment and real household disposable income.

For more information:

The Conference Board Europe: + 32 2 675 5405
Email: indicators@conference-board.org
Website <http://www.conference-board.org/data/bci.cfm/>

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 the U.K. have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for the U.K. 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>.

U.K. Composite Economic Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>		<u>Factor</u>
1	Order Book Volume	0.0576
2	Expected Output Volume	0.0456
3	Consumer Confidence	0.0977
4	All Share Price Index	0.0351
5	Yield Spread	0.0861
6	Productivity, Whole Economy	0.5608
7	Operating Surplus, Corporations	0.1171
 <u>Coincident Economic Index</u>		
1	Industrial Production	0.0695
2	Retail Sales	0.0655
3	Employment	0.6930
4	Real Household Disposable Income	0.1720

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 economic 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 leading economic index were calculated using 1977-2013 as the sample period for measuring volatility. Separate sets of factors for the 1975-1977 period, the 1974-1975 period, as well as the 1970-1974 period, are available upon request. The factors above for the coincident economic index were calculated using 1992-2013 as the sample period; separate sets of factors for the 1978-1992 period and the 1970-1978 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 their 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 leading index is -0.085, calculated over the 1970-2013 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 monthly data revisions are now a regular part of the U.S. Business Cycle and Global Indicators program. The main advantage of this procedure is to utilize in the leading economic index the data such as bond yields, stock prices, and change in consumer confidence that are available sooner than other data on “real” aspects of the economy such as housing starts and new orders. 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 the U.K. news release schedule for 2015:

Wednesday, April 15, 2015	For	February	2015	data
Friday, May 15, 2015	For	March	2015	data
Tuesday, June 16, 2015	For	April	2015	data
Thursday, July 16, 2015	For	May	2015	data
Tuesday, August 11, 2015	For	June	2015	data
Tuesday, September 15, 2015	For	July	2015	data
Monday, October 12, 2015	For	August	2015	data
Friday, November 13, 2015	For	October	2015	data
Tuesday, December 15, 2015	For	September	2015	data

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

ABOUT THE CONFERENCE BOARD

The Conference Board is a global, independent business membership and research association working in the public interest. Our mission is unique: To provide the world's leading organizations with the practical knowledge they need to improve their performance *and* better serve society. The Conference Board is a non-advocacy, not-for-profit entity holding 501 (c) (3) tax-exempt status in the United States.

AVAILABLE FROM THE CONFERENCE BOARD

U.K. 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)

Individual Data Series

\$68 per series downloaded

Monthly BCI Report(PDF)

(Sample available at [http://www.conference-](http://www.conference-board.org/publications/publicationdetail.cfm?publicationid=852)

board.org/publications/publicationdetail.cfm?publicationid=852)

\$ 289 (for TCB members)/\$ 357 (for non-TCB members) per year

BCI Handbook (published 2001) PDF only – website download

Corporate Site License

Contact Indicators Program at Indicators@conference-board.org

Business Cycle Indicators for the U.S., China, the Euro Area, France, Germany, Korea, Mexico, Brazil, Japan, U.K., Spain and India 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 U.K. Business Cycle Indicators

Table 1.--Summary of U.K. Composite Economic Indexes

	2014						2015
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Leading index	112.6	112.9 r	112.4 p	112.0 p	111.5 p	111.5 p	111.7 p
Percent change	0.2	0.3 r	-0.4 p	-0.4 p	-0.4 p	0.0 p	0.2 p
Diffusion index	42.9	42.9	42.9	42.9	42.9	42.9	64.3
Coincident index	104.2	104.3	104.3 p	104.4 p	104.8 p	105.0 p	105.1 p
Percent change	0.2	0.1	0.0 p	0.1 p	0.4 p	0.2 p	0.1 p
Diffusion index	75.0	62.5	62.5	62.5	87.5	75.0	50.0
	Jan to	Feb to	Mar to	Apr to	May to	Jun to	Jul to
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Leading index							
Percent change	2.0	2.1 r	1.4 p	0.6 p	-0.2 p	-0.8 p	-0.8 p
Diffusion index	85.7	71.4	85.7	42.9	28.6	28.6	28.6
Coincident index							
Percent change	1.4	1.3	0.9 p	0.5 p	0.8 p	1.0 p	0.9 p
Diffusion index	100.0	75.0	100.0	100.0	100.0	100.0	87.5

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>

Source: The Conference Board All Rights Reserved

© The Conference Board 2015. All data contained in this table are protected by United States and international copyright laws. The data displayed are provided for informational purposes only and may only be accessed, reviewed, and/or used in accordance with, and the permission of, The Conference Board consistent with a subscriber or license agreement and the Terms of Use displayed on our website at www.conference-board.org. The data and analysis contained herein may not be used, redistributed, published, or posted by any means without express written permission from The Conference Board.

COPYRIGHT TERMS OF USE. All material in this data table, this press release, and on Our Sites are protected by United States and international copyright laws. You must abide by all copyright notices and restrictions contained in Our Sites. You may not reproduce, distribute (in any form including over any local area or other network or service), display, perform, create derivative works of, sell, license, extract for use in a database, or otherwise use any materials (including computer programs and other code) in this data table, this press release, and on Our Sites (collectively, "Site Material"), except that you may download Site Material in the form of one machine readable copy that you will use only for personal, noncommercial purposes, and only if you do not alter Site Material or remove any trademark, copyright or other notice displayed on the Site Material. If you are a subscriber to any of the services offered on Our Sites, you may be permitted to use Site Material, according to the terms of your subscription agreement.

TRADEMARKS. "THE CONFERENCE BOARD", the TORCH LOGO, "THE CONFERENCE BOARD LEADING ECONOMIC INDEX", "THE CONFERENCE BOARD COINCIDENT ECONOMIC INDEX", "THE CONFERENCE BOARD LAGGING ECONOMIC INDEX", and any other logos, indicia and trademarks featured in this data table, this press release, or on Our Sites are trademarks owned by The Conference Board, Inc. in the United States and other countries ("Our Trademarks"). You may not use Our Trademarks in connection with any product or service that does not belong to us or in any manner that is likely to cause confusion among users about whether The Conference Board is the source, sponsor, or endorser of the product or service, nor in any manner that disparages or discredits us.

Violators of these rights will be prosecuted to the full extent of the law. Nothing herein shall restrict the use of the information by news journalists using the information in a legitimate news publication or periodical.

The Conference Board U.K. Business Cycle Indicators

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

Component	2014						2015
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
U.K. Leading Economic Index component data							
Order Book Volume, CBI Monthly Enquiry (3 month moving average).....	4.3	8.0	3.0	0.3	-2.3	0.7	4.0
Volume of Expected Output, CBI Monthly Enquiry (3 month moving average).....	30.0	29.7	28.0	25.3	19.0	15.3	13.7
Consumer Confidence (3 month moving average).....	6.6	6.3	5.0	5.1	3.8	3.6	2.9
Stock prices, FTSE all share prices index (Apr. 10, 1962=100).....	3610.3	3582.2	3613.8	3422.7	3550.8	3511.4	3556.4
Yield Spread, 10 years minus Bank Rate ***.....	2.2 r	2.0	2.0	1.8 r	1.7	1.4	1.1
Productivity, Whole Economy Index (2010=100, Q)	100.3	100.4	100.5 **	100.6 **	100.7 **	100.9 **	101.0 **
Total Gross Operating Surplus of Corporations (Deflated with IPD, Q)	92932.6 r	92653.4 r	91925.5 r	91196.7 r	90459.2 r	90154.6 **	90178.2 **
LEADING INDEX (2010=100).....	112.6	112.9 r	112.4 p	112.0 p	111.5 p	111.5 p	111.7 p
Percent change from preceding month.....	0.2	0.3 r	-0.4 p	-0.4 p	-0.4 p	0.0 p	0.2 p
U.K. Leading Economic Index net contributions							
Order Book Volume, CBI Monthly Enquiry (3 month moving average).....	....	0.21	-0.29	-0.16	-0.15	0.17	0.19
Volume of Expected Output, CBI Monthly Enquiry (3 month moving average).....	....	-0.01	-0.08	-0.12	-0.29	-0.17	-0.07
Consumer Confidence (3 month moving average).....	....	-0.03	-0.13	0.01	-0.13	-0.02	-0.07
Stock prices, FTSE all share prices index (Apr. 10, 1962=100).....	....	-0.03	0.03	-0.19	0.13	-0.04	0.04
Yield Spread, 10 years minus Bank Rate ***.....	....	0.17	0.17	0.15	0.15	0.12	0.09
Productivity, Whole Economy Index (2010=100, Q)	....	0.08	0.05 **	0.06 **	0.07 **	0.07 **	0.08 **
Total Gross Operating Surplus of Corporations (Deflated with IPD, Q)	....	-0.04 r	-0.09 r	-0.09 r	-0.10 r	-0.04 **	0.00 **

p Preliminary. r Revised. n.a. Not available. c Corrected.

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

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

*** Bank of England revised 10 years government securities nominal par yield back to 2010.

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

Data Sources: National Statistics, Haver Analytics, Bank of England, Confederation of British Industry and The European Commission

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).

© The Conference Board 2015. All data contained in this table are protected by United States and international copyright laws. The data displayed are provided for informational purposes only and may only be accessed, reviewed, and/or used in accordance with, and the permission of, The Conference Board consistent with a subscriber or license agreement and the Terms of Use displayed on our website at www.conference-board.org. The data and analysis contained herein may not be used, redistributed, published, or posted by any means without express written permission from The Conference Board.

COPYRIGHT TERMS OF USE. All material in this data table, this press release, and on Our Sites are protected by United States and international copyright laws. You must abide by all copyright notices and restrictions contained in Our Sites. You may not reproduce, distribute (in any form including over any local area or other network or service), display, perform, create derivative works of, sell, license, extract for use in a database, or otherwise use any materials (including computer programs and other code) in this data table, this press release, and on Our Sites (collectively, "Site Material"), except that you may download Site Material in the form of one machine readable copy that you will use only for personal, noncommercial purposes, and only if you do not alter Site Material or remove any trademark, copyright or other notice displayed on the Site Material. If you are a subscriber to any of the services offered on Our Sites, you may be permitted to use Site Material, according to the terms of your subscription agreement.

TRADEMARKS. "THE CONFERENCE BOARD", the TORCH LOGO, "THE CONFERENCE BOARD LEADING ECONOMIC INDEX", "THE CONFERENCE BOARD COINCIDENT ECONOMIC INDEX", "THE CONFERENCE BOARD LAGGING ECONOMIC INDEX", and any other logos, indicia and trademarks featured in this data table, this press release, or on Our Sites are trademarks owned by The Conference Board, Inc. in the United States and other countries ("Our Trademarks"). You may not use Our Trademarks in connection with any product or service that does not belong to us or in any manner that is likely to cause confusion among users about whether The Conference Board is the source, sponsor, or endorser of the product or service, nor in any manner that disparages or discredits us.

Violators of these rights will be prosecuted to the full extent of the law. Nothing herein shall restrict the use of the information by news journalists using the information in a legitimate news publication or periodical.

The Conference Board U.K. Business Cycle Indicators

Table 3.—Data and Net Contributions of the U.K. Coincident Economic Index

Component	2014						2015
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
U.K. Coincident Economic Index component data							
Industrial Production (2010=100).....	98.4 r	98.1 r	98.7 r	98.6 r	98.6 r	98.5 r	98.4
Retail Sales, Volume (2010=100).....	106.0	106.5 r	106.0 r	107.3 r	109.0 r	109.2 r	108.9
Employment (average, thousands).....	30763.0	30793.0	30796.0	30801.0	30896.0 r	30942.2 **	30979.6 **
Real Household Disposable Income (2010 Chain Price, Q).....	277490.0	277440.0	277742.2 **	278304.1 **	278966.7 **	279636.5 **	280286.0 **
COINCIDENT INDEX (2010=100).....	104.2	104.3	104.3 p	104.4 p	104.8 p	105.0 p	105.1 p
Percent change from preceding month..	0.2	0.1	0.0 p	0.1 p	0.4 p	0.2 p	0.1 p
U.K. Coincident Economic Index net contributions							
Industrial Production (2010=100).....	....	-0.02	0.04 r	-0.01	0.00	-0.01	-0.01
Retail Sales, Volume (2010=100).....	....	0.03 r	-0.03 r	0.08 r	0.10	0.01 r	-0.02
Employment (average, thousands).....	....	0.07	0.01	0.01	0.21 r	0.10 **	0.08 **
Real Household Disposable Income (2010 Chain Price, Q).....	....	0.00	0.02 **	0.03 **	0.04 **	0.04 **	0.04 **

p Preliminary. r Revised. n.a. Not available. c Corrected.

* 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: National Statistics, Haver Analytics

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).

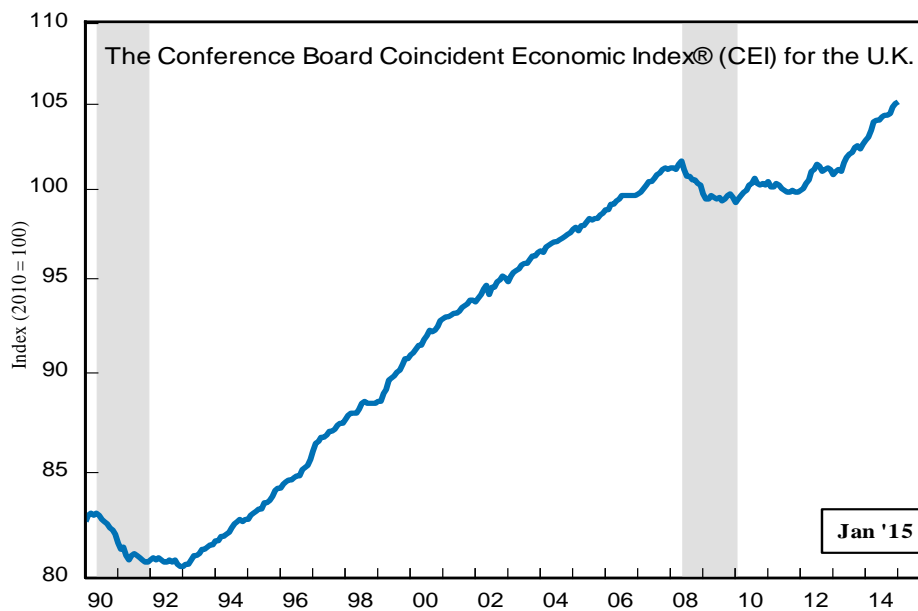
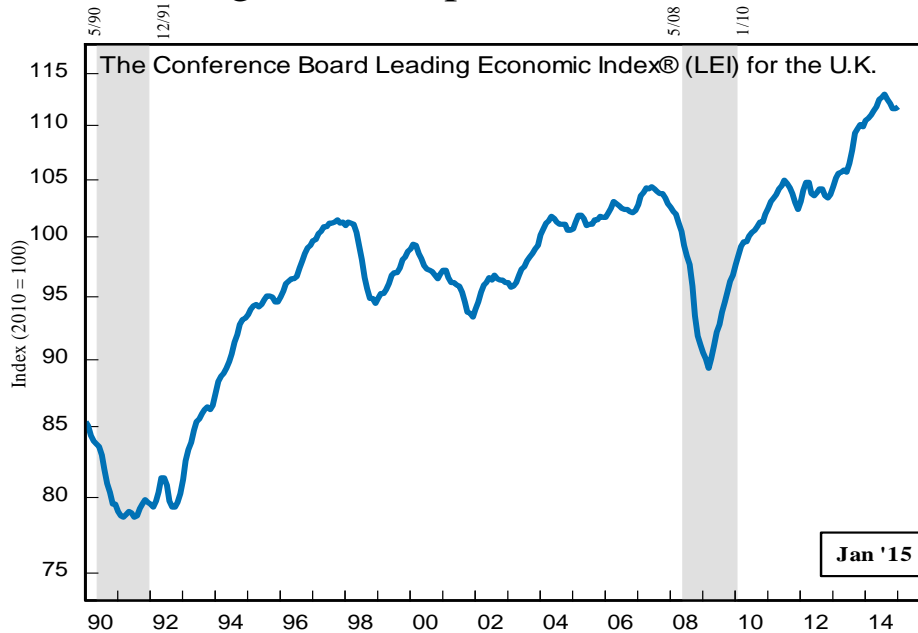
© The Conference Board 2015. All data contained in this table are protected by United States and international copyright laws. The data displayed are provided for informational purposes only and may only be accessed, reviewed, and/or used in accordance with, and the permission of, The Conference Board consistent with a subscriber or license agreement and the Terms of Use displayed on our website at www.conference-board.org. The data and analysis contained herein may not be used, redistributed, published, or posted by any means without express written permission from The Conference Board.

COPYRIGHT TERMS OF USE. All material in this data table, this press release, and on Our Sites are protected by United States and international copyright laws. You must abide by all copyright notices and restrictions contained in Our Sites. You may not reproduce, distribute (in any form including over any local area or other network or service), display, perform, create derivative works of, sell, license, extract for use in a database, or otherwise use any materials (including computer programs and other code) in this data table, this press release, and on Our Sites (collectively, "Site Material"), except that you may download Site Material in the form of one machine readable copy that you will use only for personal, noncommercial purposes, and only if you do not alter Site Material or remove any trademark, copyright or other notice displayed on the Site Material. If you are a subscriber to any of the services offered on Our Sites, you may be permitted to use Site Material, according to the terms of your subscription agreement.

TRADEMARKS. "THE CONFERENCE BOARD", the TORCH LOGO, "THE CONFERENCE BOARD LEADING ECONOMIC INDEX", "THE CONFERENCE BOARD COINCIDENT ECONOMIC INDEX", "THE CONFERENCE BOARD LAGGING ECONOMIC INDEX", and any other logos, indicia and trademarks featured in this data table, this press release, or on Our Sites are trademarks owned by The Conference Board, Inc. in the United States and other countries ("Our Trademarks"). You may not use Our Trademarks in connection with any product or service that does not belong to us or in any manner that is likely to cause confusion among users about whether The Conference Board is the source, sponsor, or endorser of the product or service, nor in any manner that disparages or discredits us.

Violators of these rights will be prosecuted to the full extent of the law. Nothing herein shall restrict the use of the information by news journalists using the information in a legitimate news publication or periodical.

United Kingdom 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

© The Conference Board 2015. All data contained in this table are protected by United States and international copyright laws. The data displayed are provided for informational purposes only and may only be accessed, reviewed, and/or used in accordance with, and the permission of, The Conference Board consistent with a subscriber or license agreement and the Terms of Use displayed on our website at www.conference-board.org. The data and analysis contained herein may not be used, redistributed, published, or posted by any means without express written permission from The Conference Board.

COPYRIGHT TERMS OF USE. All material in this data table, this press release, and on Our Sites are protected by United States and international copyright laws. You must abide by all copyright notices and restrictions contained in Our Sites. You may not reproduce, distribute (in any form including over any local area or other network or service), display, perform, create derivative works of, sell, license, extract for use in a database, or otherwise use any materials (including computer programs and other code) in this data table, this press release, and on Our Sites (collectively, "Site Material"), except that you may download Site Material in the form of one machine readable copy that you will use only for personal, noncommercial purposes, and only if you do not alter Site Material or remove any trademark, copyright or other notice displayed on the Site Material. If you are a subscriber to any of the services offered on Our Sites, you may be permitted to use Site Material, according to the terms of your subscription agreement.

TRADEMARKS. "THE CONFERENCE BOARD", the TORCH LOGO, "THE CONFERENCE BOARD LEADING ECONOMIC INDEX", "THE CONFERENCE BOARD COINCIDENT ECONOMIC INDEX", "THE CONFERENCE BOARD LAGGING ECONOMIC INDEX", and any other logos, indicia and trademarks featured in this data table, this press release, or on Our Sites are trademarks owned by The Conference Board, Inc. in the United States and other countries ("Our Trademarks"). You may not use Our Trademarks in connection with any product or service that does not belong to us or in any manner that is likely to cause confusion among users about whether The Conference Board is the source, sponsor, or endorser of the product or service, nor in any manner that disparages or discredits us.

Violators of these rights will be prosecuted to the full extent of the law. Nothing herein shall restrict the use of the information by news journalists using the information in a legitimate news publication or periodical.