



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (PARIS TIME), TUESDAY, NOVEMBER 17, 2009

The Conference Board®  
France Business Cycle Indicators<sup>SM</sup>  
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX™  
(LEI) FOR FRANCE**  
AND RELATED COMPOSITE ECONOMIC INDEXES FOR SEPTEMBER 2009

**Brussels, November 17, 2009...**The Conference Board Leading Economic Index™ (LEI) for France increased 1.2 percent and The Conference Board Coincident Economic Index™ (CEI) remained unchanged in September.

- The Conference Board LEI for France increased for the sixth consecutive month in September. Large positive contributions from production expectations, the yield spread and industrial new orders more than offset a substantial negative contribution from new unemployment claims. Between March and September 2009, the leading economic index increased by 4.1 percent (about an 8.4 percent annual rate), a reversal from the 5.2 percent decline (about a -10.2 percent annual rate) between September 2008 and March 2009. In addition, the strengths among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for France, a measure of current economic activity, remained unchanged for a third consecutive month in September. Between March and September 2009, the coincident economic index was flat, after falling by 2.3 percent (about a -4.5 percent annual rate) during the previous six months. Additionally, the strengths and weaknesses among the coincident indicators have become balanced in recent months. At the same time, real GDP expanded at a 1.1 percent annual rate in the third quarter of 2009, the same rate of increase as in the quarter before.
- After falling from November 2007 through March 2009, The Conference Board LEI has risen sharply during the past two quarters. As a result, its six-month growth rate has reached its highest level since 2000. Meanwhile, the Conference Board CEI has remained flat since March after trending downward for more than a year. Taken together, the recent behavior of the composite economic indexes suggests that economic conditions will continue to improve in the near term.

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

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

Also visit the web site of our research associate in France: <http://www.rexecode.fr/index.jsv>

The next release is scheduled for Wednesday, December 16, 2009 at 4:00 A.M. ET (10:00 A.M. Paris Time)

With the increase of 1.2 percent in September, the leading economic index now stands at 103.5 (2004=100). Based on revised data, the index increased 0.8 percent in August and increased 0.4 percent in July. During the six-month span through September, the leading economic index increased 4.1 percent, and five of the seven components increased (diffusion index, six-month span equals 71.4 percent).

**COINCIDENT INDICATORS.** One of the four components of the coincident economic index increased in September. Personal consumption\* was the only positive contributor. Industrial production, wage and salaries\* and employment\* declined in September.

After remaining unchanged in September, the coincident economic index now stands at 103.2 (2004=100). Based on revised data, this index also remained unchanged in both August and July. During the six-month period through September, the coincident index was flat, with two of the four series making a positive contribution (diffusion index, six-month span equals 50.0 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 November 16, 2009. Some series are estimated as noted below.

\*Series in The Conference Board LEI for France that are based on our estimates are building permits (residential) and the ratio 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.

The building permits (residential) component of **The Conference Board Leading Economic Index™** (LEI) for France has been forecasted for the months between March and September. This series normally reflects the difference between the quantity of housing permits authorized and housing permits cancelled. Because the publication of new data for the housing permits cancelled series has been delayed by the source agency, the missing data for this series have been estimated by The Conference Board. The actual data for the housing permits authorized series are used in calculating the estimate for the series.

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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/economics/bci/>

France Composite Economic Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1. Yield Spread, 10 year minus Day-Day Loan	.1018
2. Stock Price SBF 250 Index	.0311
3. Building Permits, residential	.0380
4. New Unemployment Claims	.1283
5. Industrial New Orders	.0457
6. Production Expectations	.0356
7. Ratio Deflator of Manuf. Value Added to Unit Labor Cost	.6195

<u>Coincident Economic Index</u>	
1. Industrial Production	.0600
2. Personal Consumptions	.0517
3. Number of Employees	.5886
4. Wage and Salaries	.2997

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 2009, 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 1983-2007 as the sample period for measuring volatility. Separate sets of factors for the 1976-1982 period and 1970-1976 period are available upon request. The factors above for The Conference Board CEI for France were calculated using 1978-2007 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/economics/bci>.

The trend adjustment factor for The Conference Board LEI for France is 0.0149 (calculated from January 1970 to December 2007).

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 2009 for the France “Leading Economic Indicators” news release is:

October 2009 Data.....Wednesday, December 16, 2009

All releases are at 4:00 A.M. ET (10:00 A.M. Paris Time).

## **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:**

France Business Cycle Indicators Internet Subscription	\$ 635 per year (1 user)
<i>(Includes monthly release, data, charts and commentary)</i>	
Individual Data Series	\$ 35 per series downloaded
Monthly BCI Report	\$ 275 per year
<i>(Sample available at <a href="http://www.conference-board.org/publications/describeBCI.cfm">http://www.conference-board.org/publications/describeBCI.cfm</a>)</i>	
BCI Handbook (published 2001)	\$ 20
Corporate Site License	contact Indicators Program at (212) 339-0330

Business Cycle Indicators for France, Germany, Japan, Korea, Mexico, Spain and the U.K. are available at \$635 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

	2009						
	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.
Leading index	99.4	99.7 p	100.3 p	101.1 p	101.5 p	102.3 p	103.5 p
Percent change	-0.3	0.3 p	0.6 p	0.8 p	0.4 p	0.8 p	1.2 p
Diffusion index	42.9	71.4	71.4	71.4	64.3	50.0	71.4
Coincident index	103.2	103.1 r	103.1 r	103.2 r	103.2 r	103.2 r	103.2 p
Percent change	-0.2	-0.1 r	0.0	0.1 r	0.0 r	0.0	0.0 p
Diffusion index	37.5	37.5	37.5	75.0	62.5	37.5	37.5
	Sep. to Mar	Oct. to Apr	Nov. to May	Dec. to Jun	Jan. to Jul	Feb. to Aug	Mar. to Sep
Leading index							
Percent change	-5.2	-3.2 p	-1.1 p	0.6 p	1.0 p	2.6 p	4.1 p
Diffusion index	14.3	14.3	28.6	50.0	57.1	71.4	71.4
Coincident index							
Percent change	-2.3	-2.0 r	-1.8 r	-1.3 r	-0.8 r	-0.2 r	0.0 p
Diffusion index	0.0	25.0	25.0	25.0	25.0	50.0	50.0

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/economics/bci>

Source: The Conference Board

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## The Conference Board France Business Cycle Indicators

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

Component	2009						
	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.
France Leading Economic Index Component Data							
Yield Spread, 10 years minus							
Day-Day Loan Rate-----	2.59	2.82	3.01	3.20	3.31	3.22	3.20
Stock Price							
SBF250 Index, index 1000=12/31/1990,-----	1919.76	2124.95	2292.63	2296.83	2278.63	2513.81	2705.35
Building Permits							
Residential, thousands, (3 month moving average), S.A.-----	23.65 **	21.73 **	20.28 **	19.70 **	19.89 **	19.46 **	20.91 **
New Unemployment Claims*							
thousands, (3 month moving average), S.A.-----	495.47	504.53	501.63	488.47	483.60	493.00	509.23
Industrial New Orders							
opinion balance,-----	-64.00	-63.00	-64.00	-65.00	-63.00	-59.00	-52.00
Production Expectations for Months Ahead							
Diffusion Index-----	-28.90	-23.40	-19.70	-13.70	-17.50	-11.90	2.30
Ratio Deflator of Value Added to Unit Labor Cost							
(1995=100), Q-----	100.55 r	100.65 r	100.76 r	100.83 **	100.86 **	100.88 **	100.88 **
<b>LEADING INDEX (2004=100).....</b>	<b>99.4</b>	<b>99.7 p</b>	<b>100.3 p</b>	<b>101.1 p</b>	<b>101.5 p</b>	<b>102.3 p</b>	<b>103.5 p</b>
Percent change from preceding month.....	-0.3	0.3 p	0.6 p	0.8 p	0.4 p	0.8 p	1.2 p
France Leading Economic Index net contributions							
Yield Spread, 10 years minus							
Day-Day Loan Rate-----	....	0.29	0.31	0.33	0.34	0.33	0.33
Stock Price							
SBF250 Index, index 1000=12/31/1990,-----	....	0.32	0.24	0.01	-0.02	0.31	0.23
Building Permits							
Residential, thousands, (3 month moving average), S.A.-----	....	-0.32 **	-0.26 **	-0.11 **	0.04 **	-0.08 **	0.27 **
New Unemployment Claims*							
thousands, (3 month moving average), S.A.-----	....	-0.23	0.07	0.34	0.13	-0.25	-0.42
Industrial New Orders							
opinion balance,-----	....	0.05	-0.05	-0.05	0.09	0.18	0.32
Production Expectations for Months Ahead							
Diffusion Index-----	....	0.20	0.13	0.21	-0.14	0.20	0.51
Ratio Deflator of Value Added to Unit Labor Cost							
(1995=100), Q-----	....	0.07 r	0.07 r	0.04 **	0.02 **	0.01 **	0.00 **

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, Thomson Financial, 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 Components of the France Coincident Economic Index

Component	2009						
	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.
	France Coincident Economic Index Component Data						
Industrial Production, Volume (2005=100). S.A.....	86.4 r	85.3 r	87.3 r	87.4 r	88.0	90.5 r	89.1
Personal Consumption of Manuf. Goods Billions of Euros, S.A.....	21.6	21.7	21.7	22.0	21.8 r	21.5	22.0
Number of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	16216.6 r	16188.2 r	16159.7 r	16157.9 r	16156.0 r	16154.2 r	16152.7 **
Wage and Salaries, Financial and Non-Financial Millions of Euros, S.A. Q.....	109082.5 r	109079.9 r	109070.8 r	109089.8 r	109230.0 r	108948.6 r	108863.4 **
<b>COINCIDENT INDEX (2004=100).....</b>	<b>103.2</b>	<b>103.1 r</b>	<b>103.1 r</b>	<b>103.2 r</b>	<b>103.2 p</b>	<b>103.2 p</b>	<b>103.2 p</b>
Percent change from preceding month.....	-0.2	-0.1 r	0.0	0.1 r	0.0 p	0.0 p	0.0 p
	France Coincident Economic Index net contributions						
Industrial Production, Volume (2005=100). S.A.....	....	-08	.14 r	.01 r	.04 r	.17 r	-09
Personal Consumption of Manuf. Goods Billions of Euros, S.A.....	....	.03	-01 r	.07 r	-05 r	-05	.12
Number of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	....	-10 r	-10 r	-01 r	-01 r	-01 r	-01 **
Wage and Salaries, Financial and Non-Financial Millions of Euros, S.A. Q.....	....	.00	.00	.01 r	.04 r	-.08 r	-.02 **

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, Thomson Financial, INSEE

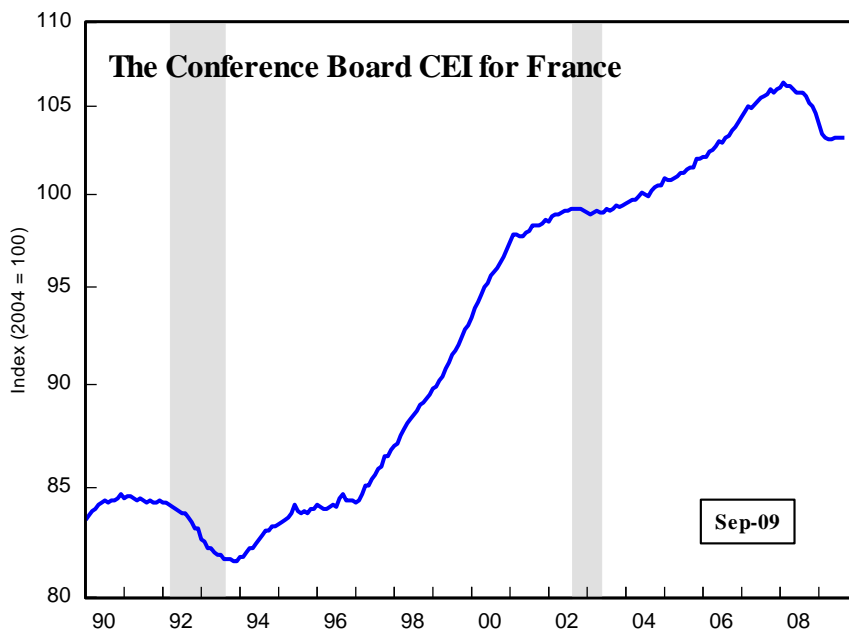
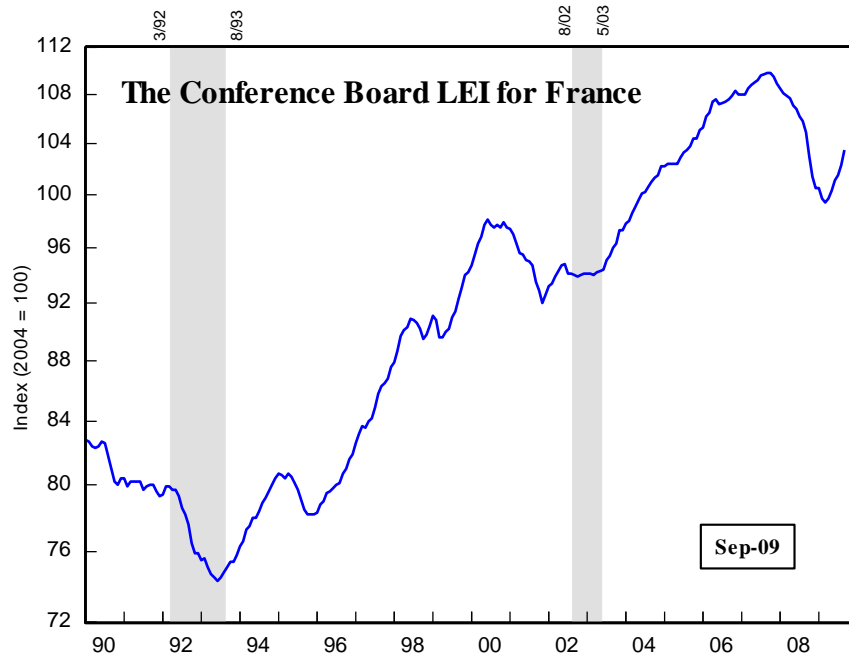
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## France Composite Economic Indexes



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