



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (CST), FRIDAY, FEBRUARY 27, 2009

The Conference Board®  
Mexico Business Cycle Indicators<sup>SM</sup>  
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX™  
(LEI) FOR MEXICO**  
AND RELATED COMPOSITE ECONOMIC INDEXES FOR DECEMBER 2008

**The Conference Board Leading Economic Index™** (LEI) for Mexico declined 2.6 percent and **The Conference Board Coincident Economic Index™** (CEI) for Mexico decreased 1.5 percent in December.

- TCB's LEI for Mexico declined sharply again in December. Oil prices continued to make a very large negative contribution to the index, followed by the construction component of industrial production, the real exchange rate, and the net insufficient inventories component. During the last half of 2008, TCB's LEI for Mexico declined by 15.5 percent (a -28.7 percent annual rate), considerably lower than the 3.7 percent rate (a 7.5 percent annual rate) between December 2007 and June 2008. In addition, weaknesses among the leading indicators have remained very widespread, with all components declining over the past six months.
- TCB's CEI for Mexico also declined sharply in December, as a result of large decreases in employment, industrial production, and retail sales. Between June and December 2008, TCB's CEI for Mexico declined 3.5 percent (a -6.9 percent annual rate), well below the increase of 2.3 percent annual rate during the first half of 2008. In addition, weaknesses among the coincident indicators remain very widespread, with none of the components increasing in recent months. Meanwhile, real GDP growth slowed to a 1.7 percent average annual rate in the second and third quarters of 2008, well below the 4.3 percent average annual rate of growth for the second half of 2007.
- After reaching its highest level in April 2008, **The Conference Board Leading Economic Index™** (LEI) for Mexico has weakened significantly, with its rate of decline accelerating very rapidly in recent months. At the same time, **The Conference Board Coincident Economic Index™** (CEI) for Mexico has been falling since June 2008. Taken together, the recent behavior of the composite economic indexes suggests that economic activity should remain weak going forward, and that there are increasing risks for further deterioration in the near term.

**LEADING INDICATORS.** One of the six components that make up The Conference Board Leading Economic Index™ (LEI) for Mexico increased in December. The positive contributor to the index was the stock price component. The US refiners' acquisition cost of domestic and imported crude oil, the industrial production construction component, the (inverted) real exchange rate, and net insufficient inventories component decreased in December. The (inverted) federal funds rate remained unchanged.

The next release is scheduled for Friday, March 27, 2009 at 10:00 A.M. (CST)  
*In the U.S. – Friday, March 27, 2009 at 12:00 P.M. (ET)*

With the 2.6 percent decrease in December, TCB's LEI for Mexico now stands at 102.2 (2004=100). Based on revised data, this index declined 4.6 percent in November and declined 6.2 percent in October. During the six-month span through December, the index decreased 15.5 percent, with none of the six components increasing (diffusion index, six-month span equals 0.0 percent).

\*See notes under data availability.

**COINCIDENT INDICATORS.** None of the three components that make up The Conference Board Coincident Economic Index™ (CEI) for Mexico increased in December. The number of people employed (as measured by total IMSS beneficiaries), industrial production and retail sales all declined in December.

With the decrease of 1.5 percent in December, TCB's CEI for Mexico now stands at 109.2 (2004=100). Based on revised data, this index decreased 0.8 percent in November and decreased 0.3 percent in October. During the six-month span through December, the index decreased 3.5 percent, with none of the three components increasing (diffusion index, six-month span equals 0.0 percent).

\*See notes under data availability.

**DATA AVAILABILITY.** The data series used by The Conference Board to compute The Conference Board Leading Economic Index™ (LEI) for Mexico and The Conference Board Coincident Economic Index™ (CEI) for Mexico reported in this release are those available "as of" 10 A.M. ET on February 24, 2009. Some series are estimated as noted below.

NOTES: With this month's release, none of the components in The Conference Board Leading Economic Index™ (LEI) for Mexico were based on The Conference Board estimates. None of the components in The Conference Board Coincident Economic Index™ (CEI) for Mexico were based on The Conference Board estimates.

### Summary Table of Composite Indexes

	<u>Oct</u>	<u>2008</u> <u>Nov</u>	<u>Dec</u>	<u>6-month</u> <u>Jun. to Dec</u>
<b>Leading index</b>	110.0 r	104.9 r	102.2	
Percent Change	-6.2 r	-4.6 r	-2.6	-15.5
Diffusion	25.0 r	16.7	25.0	0.0
<b>Coincident Index</b>	111.8 r	110.9 r	109.2	
Percent Change	-0.3	-0.8 r	-1.5	-3.5
Diffusion	33.3	.0	.0	0.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board

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