



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (MADRID TIME), TUESDAY, DECEMBER 14, 2010

The Conference Board®
Spain Business Cycle IndicatorsSM
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX® (LEI)
FOR SPAIN
AND RELATED COMPOSITE INDEXES FOR OCTOBER 2010**

Next month's release will incorporate annual benchmark revisions to the composite indexes. These regular benchmark revisions bring the indexes up-to-date with revisions in the source data. The revisions do not change the cyclical properties of the indexes. The indexes are updated throughout the year, but only for the previous six months. Data revisions that fall outside of the moving six-month window are incorporated when the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes and their month-over-month changes will no longer be directly comparable to those issued prior to the benchmark revision.

For more information, please visit our website at <http://www.conference-board.org/data/bci.cfm> or contact indicators@conference-board.org.

BRUSSELS, December 14, 2010... The Conference Board Leading Economic Index® (LEI) for Spain declined 0.4 percent and The Conference Board Coincident Economic Index® (CEI) decreased 0.2 percent in October.

- The Conference Board LEI for Spain declined again in October. Large negative contributions from job placings, the capital equipment component of industrial production, and order books survey more than offset the gain in stock prices. Between April and October 2010, the leading economic index decreased 0.3 percent (a -0.5 percent annual rate), despite a slight improvement in the six-month growth rate in August and September. However, the number of components increasing over the last six months has been greater than the number decreasing.
- The Conference Board CEI for Spain also declined in October, and index levels were revised lower from June to September as third quarter data for final household consumption and employment became available. The six-month change in the coincident economic index stands at -1.2 percent (a -2.4 percent annual rate), a reversal from the 0.8 percent rate of growth (a 1.6 percent annual rate) during the previous six months. In addition, the weaknesses among the coincident indicators have been very widespread, with all five components declining over the past six months. At the same time, real GDP edged up at a 0.1 percent annual rate in the third quarter of 2010, following an increase of 1.1 percent annual rate in the second quarter.
- The Conference Board LEI for Spain, which increased slightly during the third quarter, has resumed declining. As a result, its six-month growth rate has become slightly negative again. Meanwhile, The Conference Board CEI for Spain, a measure of current economic activity, has been decreasing since June, and its six-month growth rate is at its lowest since September 2009. Taken together, the recent behavior of the composite indexes suggests that economic activity is likely to remain weak in the near term.

The next release is scheduled for Friday, January 14, 2011 at 10:00 A.M. (Madrid Time)

In the U.S. – January 14, 2011 at 4:00 A.M. (ET)

LEADING INDICATORS. Two of the six components that make up The Conference Board LEI for Spain increased in October. The positive contributors -- in order from the largest positive contributor -- are the Spanish equity price index and the inverted long-term government bond yield. The negative contributors -- in order from the largest negative contributor to the smallest -- are job placings, the capital equipment component of industrial production, and order books survey. The Spanish contribution to Euro M2 remained unchanged.

With the decrease of 0.4 percent in October, The Conference Board LEI for Spain now stands at 108.7 (2004=100). Based on revised data, this index declined 0.1 percent in September and increased 0.6 percent in August. During the six-month span through October, the index decreased 0.3 percent, and four of the six components advanced (diffusion index, six-month span equals 66.7 percent).

COINCIDENT INDICATORS. None of the five components that make up The Conference Board CEI for Spain increased in October. Final household consumption*, employment*, and industrial production excluding construction declined in October. Real imports and retail sales remained unchanged.

With the decrease of 0.2 percent in October, The Conference Board CEI for Spain now stands at 99.6 (2004=100). Based on revised data, this index decreased 0.4 percent in September and decreased 0.4 percent in August. During the six-month span through October, the index decreased 1.2 percent, and none of the five components advanced (diffusion index, six-month span equals 0.0 percent).

FOR TABLES AND CHARTS, SEE BELOW

DATA AVAILABILITY. The data series used to compute **The Conference Board Leading Economic Index**[®] (LEI) for Spain and **The Conference Board Coincident Economic Index**[®] (CEI) for Spain reported in the tables in this release are those available “as of” 10 A.M. (ET) December 10, 2010. Some series are estimated as noted below.

NOTES: Series in The Conference Board CEI for Spain that are based on our estimates include final household consumption, employment and real imports.

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

Spain Composite Economic Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1. Capital Equipment Component of Industrial Production	.0477
2. Contribution to Euro M2	.1933
3. Stock Price Index	.0282
4. Long term Government Bond Yield	.5398
5. Order Books Survey	.1202
6. Job Placings	.0708

<u>Coincident Economic Index</u>	
1. Final Household Consumption	.3744
2. Industrial Production, Excluding Construction	.1730
3. Retail Sales Survey	.0393
4. Real Imports	.0361
5. Employment	.3772

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 2010, 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 economic indexes only incorporate revisions to data over the past six months.) The factors above for The Conference Board LEI for Spain were calculated using the October 1997 to December 2008 period as the sample period for measuring volatility. A separate set of factors for the February 1984 to September 1997 period, is available upon request. The factors above for The Conference Board CEI for Spain were calculated using the February 1995 to December 2008 period as the sample period. Separate sets of factors for the February 1984 to January 1985 period, the February 1985 to October 1994 period, and the November 1994 to January 1995 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 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 Spain is 0.0211, calculated over the 1984-2008 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 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 economic 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 2011 schedule for “**The Conference Board Leading Economic Index**® (LEI) for Spain” news release is:

November 2010 Data.....Friday, January 14, 2011

All releases are at 10:00 A.M. (Madrid 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.

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The Conference Board Spain Business Cycle Indicators

Table 1.—Summary of Spain Composites Economic Indexes

	2010						
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.
Leading index	109.0	108.7	108.2 r	108.6	109.2 r	109.1 r	108.7
Percent change	0.1	-0.3	-0.5 r	0.4 r	0.6 r	-0.1	-0.4
Diffusion index	50.0	41.7	16.7	58.3	66.7	41.7	33.3
Coincident index	100.8	101.1	100.9 r	100.6 r	100.2 r	99.8 p	99.6 p
Percent change	0.1	0.3	-0.2 r	-0.3 r	-0.4 r	-0.4 p	-0.2 p
Diffusion index	70.0	90.0	30.0	10.0	10.0	0.0	0.0
	Oct to Apr	Nov to May	Dec to Jun	Jan to Jul	Feb to Aug	Mar to Sep	Apr to Oct
Leading index							
Percent change	-0.8	-0.5	-1.3 r	-0.8	0.2 r	0.2 r	-0.3
Diffusion index	33.3	50.0	33.3	33.3	33.3	33.3	66.7
Coincident index							
Percent change	0.8	1.2	0.8 r	0.5 r	0.0 r	-0.9 p	-1.2 p
Diffusion index	60.0	80.0	80.0	80.0	80.0	20.0	0.0

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.

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The Conference Board Spain Business Cycle Indicators

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

Component	2010						
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.
	Spain Leading Economic Index component data						
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	78.0 r	80.1 r	81.3 r	80.9 r	86.2 r	85.1 r	82.1
Spanish Contribution to Euro M2 (s.a.).....	933712.70 r	933693.83 r	930903.10 r	932341.90 r	939061.04 r	934702.46 r	934528.53
Spanish Equity Price Index.....	1086.7	966.6	960.8	1088.6	1052.7	1085.0	1111.3
Longterm Government Bond Yield (Inverted).....	3.9	4.1	4.6	4.4	4.0	4.1	4.0
Order Books Survey (3 month moving average, s.a.)....	3.20	2.484 r	1.123 r	0.011 r	-0.546 r	-1.308 r	-2.20
Job Placings (3 month moving average, s.a.).....	1186.1 r	1211.0 r	1205.3 r	1205.0	1216.1 r	1228.0 r	1190.0
LEADING INDEX (2004=100).....	109.0	108.7	108.2	108.6	109.2	109.1	108.7
Percent change from preceding month.....	0.1	-0.3	-0.5	0.4 r	0.6	-0.1	-0.4
	Spain Leading Economic Index net contributions						
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	....	0.13	0.07	-0.02 r	0.30 r	-0.06 r	-0.17
Spanish Contribution to Euro M2 (s.a.).....	....	0.00	-0.06 r	0.03	0.14 r	-0.09 r	0.00
Spanish Equity Price Index.....	....	-0.33	-0.02	0.35	-0.09	0.09	0.07
Longterm Government Bond Yield (Inverted).....	....	-0.10	-0.26	0.07	0.21	-0.03	0.03
Order Books Survey (3 month moving average, s.a.)....	....	-0.09 r	-0.16	-0.13 r	-0.07 r	-0.09 r	-0.10
Job Placings (3 month moving average, s.a.).....	....	0.15 r	-0.03	0.00	0.06 r	0.07 r	-0.22

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 a monthly series through a linear interpolation.

Data Sources: Ministerio de Economía y Hacienda, IMF, OECD, Thomson Financial

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 Spain Business Cycle Indicators

Table 3.--Data and Net Contributions for Spain Coincident Economic Index

Component	2010						
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.
Spain Coincident Economic Index component data							
Final Household Consumption (Q).....	114.4 r	114.9 r	114.5 r	114.1 r	113.6 r	113.2 **	112.9 **
Industrial Production, Excluding Construction 2005=100(3 month moving average).....	84.8	85.0 r	85.0 r	84.8 r	84.5 r	84.2 r	83.9
Real Imports, millions of Euro, 2000 prices..... (3 month moving average)	19452.40	19904.60	19664.60	19669.30	19436.90	18927.30 r	18910.00 **
Retail Sales Survey (s.a.) #.....	99.9 r	100.0 r	102.2 r	100.9 r	100.9	99.9 r	99.8
Employment (Q) (Thousands, s.a.)	18804.9 r	18800.0 r	18754.0 r	18708.0 r	18662.0 r	18617.7 **	18575.1 **
COINCIDENT INDEX (2004=100).....	100.8	101.1	100.9	100.6	100.2 r	99.8 p	99.6 p
Percent change from preceding month.....	0.1	0.3	-0.2	-0.3	-0.4 r	-0.4 p	-0.2 p
Spain Coincident Economic Index net contributions							
Final Household Consumption (Q).....	....	0.17 r	-0.13 r	-0.13 r	-0.15 r	-0.13 **	-0.11 **
Industrial Production, Excluding Construction 2005=100(3 month moving average).....	....	0.05	0.00	-0.04 r	-0.06 r	-0.06 r	-0.06
Real Imports, millions of Euro, 2000 prices.....	....	0.08	-0.04	0.00	-0.04	-0.10 r	0.00 **
Retail Sales Survey (s.a.) #.....	....	0.00	0.09	-0.05	0.00	-0.04 r	0.00
Employment (Q) (Thousands, s.a.) .....	....	-0.01 r	-0.09 r	-0.09 r	-0.09 r	-0.09 **	-0.09 **

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)

Since April 2002, the Retail Sales Survey rebased from 1995=100 to 2001=100

Data Sources: Ministerio de Economía y Hacienda, IMF, OECD, Thomson Financial

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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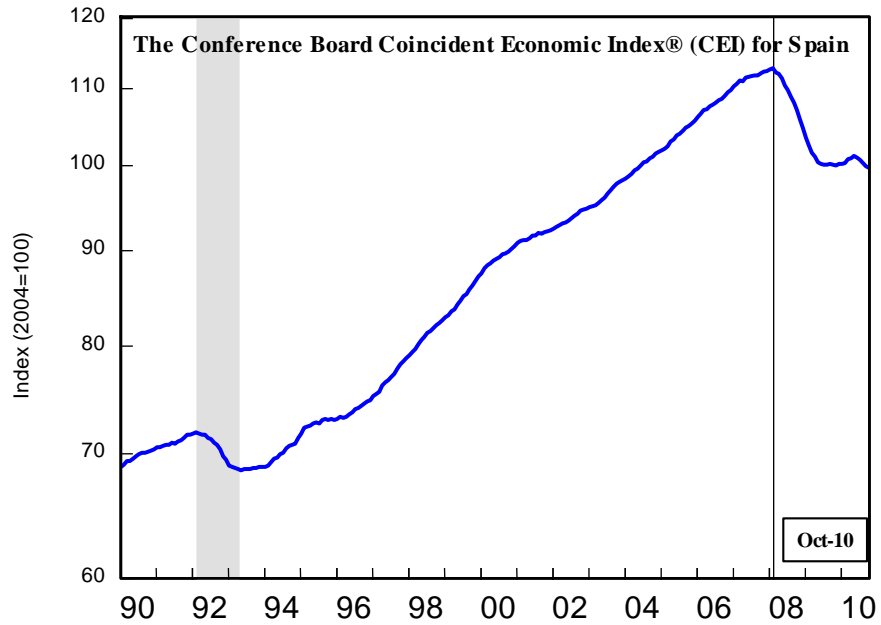
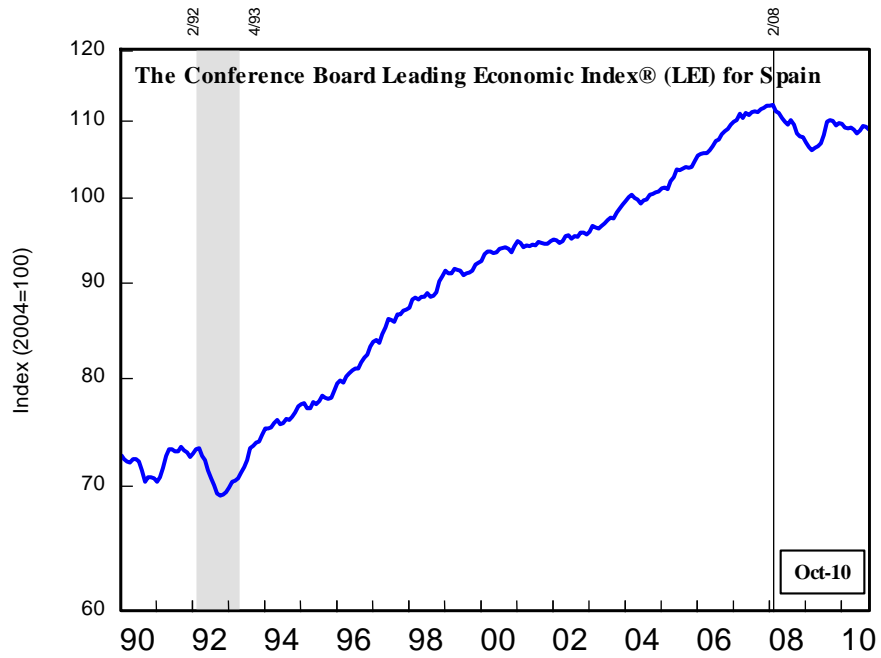
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Spain Composite Economic Indexes



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