



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. CET, WEDNESDAY, APRIL 22, 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 FEBRUARY 2009**

**Brussels, Apr. 22, 2009...**The Conference Board Leading Economic Index™ (LEI) for France declined 0.7 percent and The Conference Board Coincident Economic Index™ (CEI) decreased 0.2 percent in February.

- The Conference Board LEI for France declined in February and index levels for September 2008 through January 2009 were revised downward as new quarterly data became available for the ratio of the deflator of value added to unit labor cost component. In February, industrial new orders, new unemployment claims (inverted), stock prices, and building permits contributed negatively to the index. Between August 2008 and February 2009, the leading economic index declined 6.0 percent (a -11.7 percent annual rate), well below the 2.1 percent decline (a -4.2 percent annual rate) during the previous six-month period. In addition, the weaknesses among the leading indicators remained widespread in recent months.
- The Conference Board CEI for France, a measure of current economic activity, declined for the sixth consecutive month in February, as a result of negative contributions from employment, personal consumption, and industrial production. In addition, the weaknesses among the coincident indicators have remained widespread in recent months. The six-month change in the coincident economic index has fallen to -1.2 percent (a -2.4 percent annual rate), down from -0.6 percent (a -1.1 percent annual rate) between February and August 2008. Meanwhile, real GDP declined at a 1.9 percent average annual rate in the last half of 2008 (declining at a 4.4 percent annual rate in the fourth quarter of 2008), its lowest average annual rate over two quarters since 1993.
- The decline in The Conference Board LEI for France has been the deepest since the 1974-75 downturn. As a result of persistent and widespread weakness among its components, the index has fallen 9.5 percent from its most recent peak in October 2007. Meanwhile, The Conference Board CEI for France has decreased 1.8 percent from its most recent peak in February 2008. The recent behavior of the composite economic indexes suggests that the contraction in economic activity is likely to continue through the first half of 2009 and that economic conditions could deteriorate further in the near term.

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

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, May 20, 2009 at 10:00 A.M.CET (4:00 A.M. New York)

With the decrease of 0.7 percent in February, The Conference Board LEI for France now stands at 99.4 (2004=100). Based on revised data, the index declined 0.1 percent in January and declined 1.0 percent in December. During the six-month span through February, the leading economic index decreased 6.0 percent, and one of the seven components increased (diffusion index, six-month span equals 14.3 percent).

COINCIDENT INDICATORS. One of the four components of The Conference Board CEI for France increased in February. The positive contributor to the index was the wage and salaries\* component. Employment\*, personal consumption, and industrial production declined in February.

With the decrease of 0.2 percent in February, The Conference Board CEI for France now stands at 104.5 (2004=100). Based on revised data, this index decreased 0.2 percent in January and decreased 0.2 percent in December. During the six-month period through February, the coincident economic index decreased 1.2 percent, with one of the four series making a positive contribution (diffusion index, six-month span equals 25.0 percent).

\* See notes under data availability.

#### FOR TABLES AND CHARTS, SEE BELOW

DATA AVAILABILITY. The data series used by **The Conference Board 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 April 17, 2009. Some series are estimated as noted below.

\*Series in The Conference Board LEI for France that are based on The Conference Board estimates are ratio deflator of manufacturing value added to unit labor cost in manufacturing. Series in The Conference Board CEI for France that are based on The Conference Board 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 Web site:

<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 Consumption	.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 Web site: <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:

March 2009 Data.....Wednesday, May 20, 2009  
April 2009 Data.....Tuesday, June 23, 2009  
May 2009 Data.....Wednesday, July 22, 2009  
June 2009 Data.....Wednesday, August 19, 2009  
July 2009 Data.....Tuesday, September 22, 2009  
August 2009 Data.....Wednesday, October 21, 2009  
September 2009 Data.....Tuesday, November 17, 2009  
October 2009 Data.....Wednesday, December 16, 2009

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

## About The Conference Board

For over 90 years, The Conference Board has created and disseminated knowledge about management and the marketplace to help businesses strengthen their performance and better serve society. The Conference Board operates as a global independent membership organization working in the public interest. It publishes information and analysis, makes economics-based forecasts and assesses trends, and facilitates learning by creating dynamic communities of interest that bring together senior executives from around the world. The Conference Board is a not-for-profit organization and holds 501(c)(3) tax-exempt status in the United States. For additional information about The Conference Board and how it can meet your needs, visit our website at [www.conference-board.org](http://www.conference-board.org).

## AVAILABLE FROM THE CONFERENCE BOARD:

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

	2008					2009	
	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
Leading index	105.8	104.9 r	102.9 r	101.2 r	100.2 p	100.1 p	99.4 p
Percent change	-0.4	-0.9 r	-1.9 r	-1.7 r	-1.0 p	-0.1 p	-0.7 p
Diffusion index	35.7	21.4	14.3	14.3	14.3	35.7	28.6
Coincident index	105.8	105.6 r	105.3 r	105.1 r	104.9 p	104.7 p	104.5 p
Percent change	0.0	-0.2 r	-0.3	-0.2 r	-0.2 p	-0.2 p	-0.2 p
Diffusion index	50.0	50.0	25.0	50.0	25.0	50.0	25.0
	Feb. to Aug	Mar. to Sep	Apr. to Oct	May to Nov	Jun. to Dec	Jul. to Jan	Aug. to Feb
Leading index							
Percent change	-2.1	-2.8 r	-4.5 r	-5.5 r	-6.2 p	-5.7 p	-6.0 p
Diffusion index	21.4	28.6	14.3	14.3	14.3	14.3	14.3
Coincident index							
Percent change	-0.6	-0.6 r	-0.8	-0.8 r	-0.9 p	-1.0 p	-1.2 p
Diffusion index	.0	25.0	50.0	25.0	25.0	50.0	25.0

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>

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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	2008					2009	
	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
France Leading Economic Index Component Data							
Yield Spread, 10 years minus Day-Day Loan Rate-----	0.10	0.07	0.36	0.78	1.06	1.79	2.44
Stock Price SBF250 Index, index 1000=12/31/1990,-----	3107.54	2998.79	2457.92	2295.16	2227.74	2182.19	2051.78
Building Permits Residential, thousands, (3 month moving average), S.A.-----	31.98 r	30.05 r	28.87	28.00	27.66	26.97	26.28
New Unemployment Claims* thousands, (3 month moving average), S.A.-----	439.27 r	446.70 r	453.33 r	461.47 r	461.80 r	469.70 r	480.03
Industrial New Orders opinion balance,-----	-23.00	-26.00	-31.00	-43.00	-56.00	-52.00	-61.00
Production Expectations for Months Ahead Diffusion Index-----	-3.30	-2.60	-16.30	-25.90	-31.80	-31.80	-30.50
Ratio Deflator of Value Added to Unit Labor Cost (1995=100), Q-----	101.54	101.11 r	100.67 r	100.24 r	99.95 **	99.75 **	99.61 **
<b>LEADING INDEX (2004=100).....</b>	<b>105.8</b>	<b>104.9 r</b>	<b>102.9 r</b>	<b>101.2 r</b>	<b>100.2 p</b>	<b>100.1 p</b>	<b>99.4 p</b>
Percent change from preceding month.....	-0.4	-0.9 r	-1.9 r	-1.7 r	-1.0 p	-0.1 p	-0.7 p
France Leading Economic Index net contributions							
Yield Spread, 10 years minus Day-Day Loan Rate-----	....	0.01	0.04	0.08	0.11	0.18	0.25
Stock Price SBF250 Index, index 1000=12/31/1990,-----	....	-0.11	-0.62	-0.21	-0.09	-0.06	-0.19
Building Permits Residential, thousands, (3 month moving average), S.A.-----	....	-0.24	-0.15	-0.12 r	-0.05 r	-0.10	-0.10
New Unemployment Claims* thousands, (3 month moving average), S.A.-----	....	-0.22 r	-0.19 r	-0.23 r	-0.01 r	-0.22 r	-0.28
Industrial New Orders opinion balance,-----	....	-0.14	-0.23	-0.55	-0.59	0.18	-0.41
Production Expectations for Months Ahead Diffusion Index-----	....	0.02	-0.49	-0.34	-0.21	0.00	0.05
Ratio Deflator of Value Added to Unit Labor Cost (1995=100), Q-----	....	-0.26 r	-0.27 r	-0.27 r	-0.18 **	-0.12 **	-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)

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).

## The Conference Board France Business Cycle Indicators

**Table 3.--Data and Net Contributions for Components of the France Coincident Economic Index**

Component	2008					2009	
	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
France Coincident Economic Index Component Data							
Industrial Production, Volume (2000=100). S.A.....	101.5	99.9	96.3 r	93.6 r	92.1 r	88.5 r	88.1
Personal Consumption of Manuf. Goods Billions of Euros, S.A.....	21.9	22.0	21.9	21.9	21.7	22.1	21.6
Numbers of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	16006.8 r	15967.7 r	15928.5 r	15889.4 r	15853.3 **	15819.8 **	15789.0 **
Wage and Salaries, Financial and Non-Financial Millions of Euros, S.A. Q.....	109127.5 r	109251.1 r	109463.9 r	109978.9 r	110333.8 **	110605.3 **	110833.6 **
<b>COINCIDENT INDEX (2004=100).....</b>	<b>105.8</b>	<b>105.6 r</b>	<b>105.3 r</b>	<b>105.1 r</b>	<b>104.9 p</b>	<b>104.7 p</b>	<b>104.5 p</b>
Percent change from preceding month.....	0.0	-0.2 r	-0.3	-0.2 r	-0.2 p	-0.2 p	-0.2 p
France Coincident Economic Index net contributions							
Industrial Production, Volume (2000=100). S.A.....	....	-.10	-.22 r	-.17	-.10 r	-.24 r	-.03
Personal Consumption of Manuf. Goods Billions of Euros, S.A.....	....	.03	-.03	.00	-.04 r	.09	-.10
Numbers of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	....	-.14 r	-.14 r	-.14 r	-.13 **	-.12 **	-.11 **
Wage and Salaries, Financial and Non-Financial Millions of Euros, S.A. Q.....	....	.03 r	.06 r	.14 r	.10 **	.07 **	.06 **

p Preliminary. r Revised. s.a. Seasonally adjusted

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

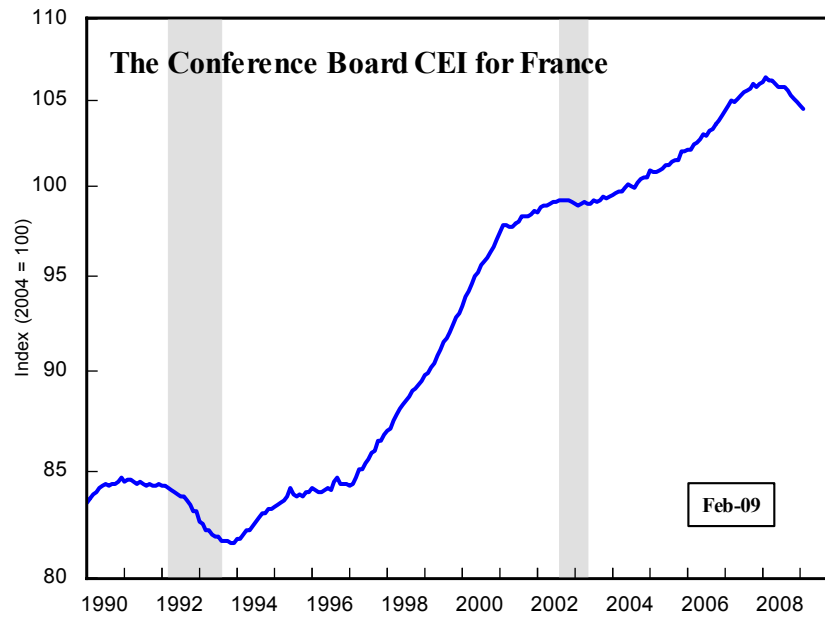
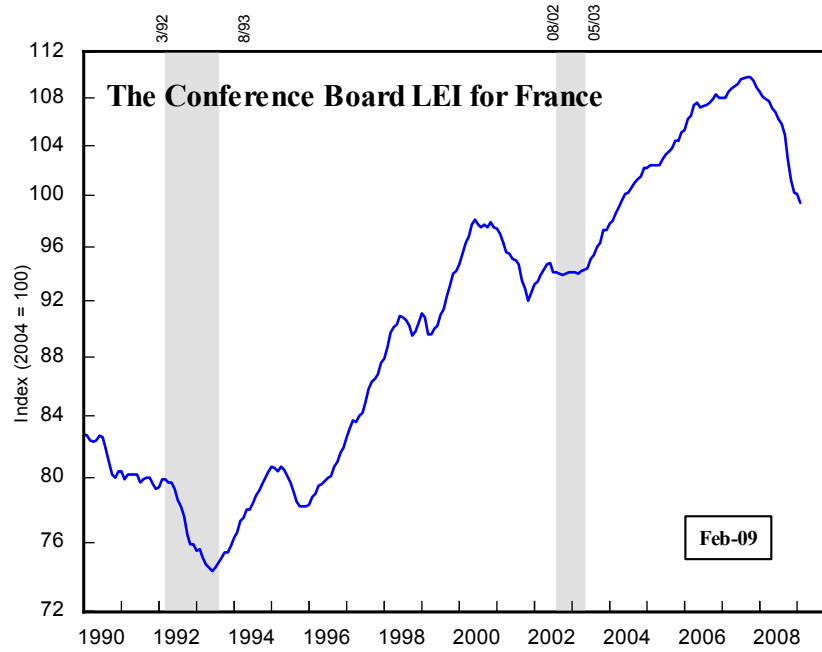
\*\* Statistical Imputation (See page 2 for more details)

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).

# France



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