



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (PARIS TIME), MONDAY, DECEMBER 20, 2010

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 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](mailto:indicators@conference-board.org).

**Brussels, December 20, 2010...** The Conference Board Leading Economic Index® (LEI) for France increased 0.1 percent and The Conference Board Coincident Economic Index® (CEI) remained unchanged in October.

- The Conference Board LEI for France rose slightly in October, following three consecutive strong monthly increases. Positive contributions from the yield spread and production expectations more than offset the large decline in building permits. Between April and October 2010, the leading economic index increased 2.7 percent (a 5.4 percent annual rate), modestly slower than the growth of 3.6 percent (a 7.3 percent annual rate) during the previous six months. In addition, the weaknesses among the leading indicators have been slightly more widespread than the strengths in recent months.
- The Conference Board CEI for France, a measure of current economic activity, remained unchanged in October after increasing slightly in September. During the last six months, the coincident economic index rose by 0.4 percent (a 0.8 percent annual rate), in line with the 1.0 percent annual rate of growth between October 2009 and April 2010. In addition, the strengths among the coincident indicators have remained very widespread in recent months, with all four components increasing over the past six months. At the same time, real GDP grew at a 1.4 percent annual rate in the third quarter of 2010, following an increase of 2.7 percent annual rate in the second quarter.
- The Conference Board LEI for France remains on an upward trend that began in April 2009. However, its six-month growth rate has moderated from the very fast pace reached late last year. Meanwhile, The Conference Board CEI for France has increased slightly in 2010, though its six-month growth rate has slowed somewhat as well. Taken together, the behavior of the composite indexes suggests that economic activity should continue to grow moderately in the near term.

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

Also, visit the website of our research associate in France: <http://www.coe-rexecode.fr/public>

The next release is scheduled for Friday, January 21, 2011 at 4:00 A.M. ET (10:00 A.M. Paris Time)

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

With the increase of 0.1 percent in October, the leading economic index now stands at 112.1 (2004=100). Based on revised data, this index increased 0.8 percent in September and increased 0.9 percent in August. During the six-month span through October, the index increased 2.7 percent, and three of the seven components increased (diffusion index, six-month span equals 42.9 percent).

**COINCIDENT INDICATORS.** Two of the four components of the coincident economic index increased in October. The positive contributors to the index were wage and salaries\* and employment\*. Industrial production and personal consumption\* declined in October.

After remaining unchanged in October, the coincident economic index now stands at 104.3 (2004=100). Based on revised data, this index increased 0.1 percent in September and decreased 0.1 percent in August. During the six-month period through October, the index increased 0.4 percent, and all four components increased (diffusion index, six-month span equals 100.0 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**<sup>®</sup> (LEI) for France and **The Conference Board Coincident Economic Index**<sup>®</sup> (CEI) for France reported in this release are those available “as of” 10 A.M. ET on December 15, 2010. Some series are estimated as noted below.

\*The series in The Conference Board LEI for France that is based on our estimates is the ratio of the 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.

Prior to March 2009, the residential building permits component of The Conference Board LEI for France is calculated as permits granted minus permits cancelled. From March 2009 going forward, the permits granted series replaces residential building permits because of delays in the publication of permits cancelled data by the source agency. The same standardization factor is applied to both series because their volatilities are similar. If the missing series becomes available, the original definition of the housing permits series may be restored at the next benchmark revision.

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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/data/bci.cfm>

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	.1047
2. Stock Price SBF 250 Index	.0307
3. Building Permits, residential	.0388
4. New Unemployment Claims	.1279
5. Industrial New Orders	.0446
6. Production Expectations	.0355
7. Ratio Deflator of Manuf. Value Added to Unit Labor Cost	.6178

<u>Coincident Economic Index</u>	
1. Industrial Production	.0609
2. Personal Consumptions	.0489
3. Number of Employees	.5710
4. Wage and Salaries	.3192

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 indexes only incorporate revisions to data over the past six months.

The factors above for The Conference Board LEI for France were calculated using 1983-2008 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 1978-2008 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/data/bci.cfm>.

The trend adjustment factor for The Conference Board LEI for France is 0.0283 (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 2011 release schedule for the France “Leading Economic Indicators” news release is:

November 2010 Data	.....	Friday, January 21, 2011
December 2010 Data	.....	Wednesday, February 16, 2011
January 2011 Data	.....	Friday, March 18, 2011
February 2011 Data	.....	Friday, April 22, 2011
March 2011 Data	.....	Friday, May 20, 2011
April 2011 Data	.....	Monday, June 20, 2011
May 2011 Data	.....	Friday, July 22, 2011
June 2011 Data	.....	Friday, August 19, 2011
July 2011 Data	.....	Wednesday, September 21, 2011
August 2011 Data	.....	Friday, October 21, 2011
September 2011 Data	.....	Monday, November 21, 2011
October 2011 Data	.....	Monday, December 19, 2011

All releases are at 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**

*(Includes monthly release, data, charts and commentary)*

\$565 (for TCB members)/\$715 (for non-TCB members) per year (1 user)

### **Individual Data Series**

\$45 (for TCB members)/\$50 (for non-TCB members) per series downloaded

### **Monthly BCI Report**

*(Sample available at <http://www.conference-board.org/data/monthlybci.cfm>)*

\$230 (for TCB members)/\$285 (for non-TCB members) per year

### **BCI Handbook (published 2001)**

\$25

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Business Cycle Indicators for China, Euro Area, Germany, Japan, Korea, Mexico, Spain, the U.K. and the U.S. are available at \$565 (for TCB members)/\$715 (for non-TCB members) per country per year (1 user). Discounts are available to accredited academic institutions.

## The Conference Board France Business Cycle Indicators

**Table 1.--Summary of France Composite Economic Indexes**

	2010						
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.
Leading index	109.2	109.4	109.1 p	110.1 p	111.1 p	112.0 p	112.1 p
Percent change	0.8	0.2	-0.3 p	0.9 p	0.9 p	0.8 p	0.1 p
Diffusion index	64.3	42.9	7.1	64.3	64.3	85.7	50.0
Coincident index	103.9	104.2	104.1	104.3	104.2 r	104.3 p	104.3 p
Percent change	0.1	0.3	-0.1	0.2	-0.1 r	0.1 p	0.0 p
Diffusion index	50.0	100.0	37.5	62.5	37.5	75.0	37.5
	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	3.6	3.4	2.7 p	2.9 p	3.8 p	3.4 p	2.7 p
Diffusion index	71.4	42.9	42.9	42.9	57.1	57.1	42.9
Coincident index							
Percent change	0.5	0.6	0.5	0.7	0.6 r	0.5 p	0.4 p
Diffusion index	75.0	75.0	75.0	100.0	100.0	100.0	100.0

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 the Components of the France Leading Economic Index

Component	2010						
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.
France Leading Economic Index Component Data							
Yield Spread, 10 years minus Day-Day Loan Rate-----	3.05	2.73	2.72	2.50	2.25	2.23	2.01
Stock Price SBF250 Index, index 1000=12/31/1990,-----	2861.37	2582.22	2579.55	2568.33	2619.89	2703.54	2768.68
Building Permits Residential, (3 month moving average), S.A.-----	38114.26 r	39557.62 r	37708.93 r	40289.09 r	39568.27 r	40876.05 r	37494.60
New Unemployment Claims* thousands, (3 month moving average), S.A.-----	491.00	497.47	497.87	492.37	486.77	484.50	483.60
Industrial New Orders opinion balance,-----	-38.00	-32.00	-35.00	-30.00	-27.00	-23.00	-24.00
Production Expectations for Months Ahead Diffusion Index-----	2.30	3.80	-4.20	-2.20	7.60	10.30	15.70
Ratio Deflator of Value Added to Unit Labor Cost (1995=100), Q-----	99.13	99.05	98.99 **	98.95 **	98.92 **	98.89 **	98.87 **
<b>LEADING INDEX (2004=100).....</b>	<b>109.2</b>	<b>109.4</b>	<b>109.1 p</b>	<b>110.1 p</b>	<b>111.1 p</b>	<b>112.0 p</b>	<b>112.1 p</b>
Percent change from preceding month.....	0.8	0.2	-0.3 p	0.9 p	0.9 p	0.8 p	0.1 p
France Leading Economic Index net contributions							
Yield Spread, 10 years minus Day-Day Loan Rate-----	....	0.29	0.28	0.26	0.24	0.23	0.21
Stock Price SBF250 Index, index 1000=12/31/1990,-----	....	-0.31	0.00	-0.01	0.06	0.10	0.07
Building Permits Residential, (3 month moving average), S.A.-----	....	0.14	-0.19 r	0.26 r	-0.07	0.13 r	-0.33
New Unemployment Claims* thousands, (3 month moving average), S.A.-----	....	-0.17	-0.01	0.14	0.15	0.06	0.02
Industrial New Orders opinion balance,-----	....	0.27	-0.13	0.22	0.13	0.18	-0.04
Production Expectations for Months Ahead Diffusion Index-----	....	0.05	-0.28	0.07	0.35	0.10	0.19
Ratio Deflator of Value Added to Unit Labor Cost (1995=100), Q-----	....	-0.05	-0.04 **	-0.03 **	-0.02 **	-0.02 **	-0.01 **

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 the Components of the France Coincident Economic Index

Component	2010						
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.
France Coincident Economic Index Component Data							
Industrial Production, Volume (2005=100). S.A.....	91.6	93.1	91.7 r	92.6 r	92.7 r	92.8 r	92.1
Personal Consumption of Manuf. Goods Billions of Euros, S.A.....	22.0	22.2	21.8	22.4	22.0	22.4	22.3
Number of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	15905.3 r	15918.2 r	15924.6 r	15930.9 r	15937.3 r	15942.9 **	15947.8 **
Wage and Salaries, Financial and Non-Financial Millions of Euros, S.A. Q.....	108938.7 r	109408.5 r	109514.5 r	109407.3 r	109293.9 r	109295.4 **	109357.1 **
<b>COINCIDENT INDEX (2004=100).....</b>	<b>103.9</b>	<b>104.2</b>	<b>104.1</b>	<b>104.3</b>	<b>104.2 r</b>	<b>104.3 p</b>	<b>104.3 p</b>
Percent change from preceding month.....	0.1	0.3	-0.1	0.2	-0.1 r	0.1 p	0.0 p
France Coincident Economic Index net contributions							
Industrial Production, Volume (2005=100). S.A.....	....	.10	-.09 r	.06 r	.01 r	.01	-.05
Personal Consumption of Manuf. Goods Billions of Euros, S.A.....	....	.03	-.09	.14	-.08	.08 r	-.03
Number of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	....	.05 r	.02 r	.02 r	.02 r	.02 **	.02 **
Wage and Salaries, Financial and Non-Financial Millions of Euros, S.A. Q.....	....	.14 r	.03 r	-.03 r	-.03 r	.00 **	.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

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).

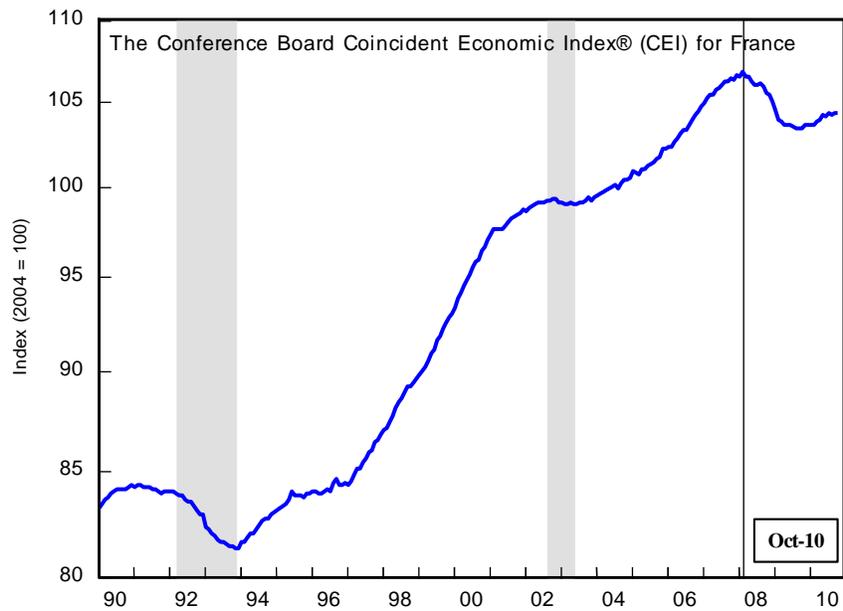
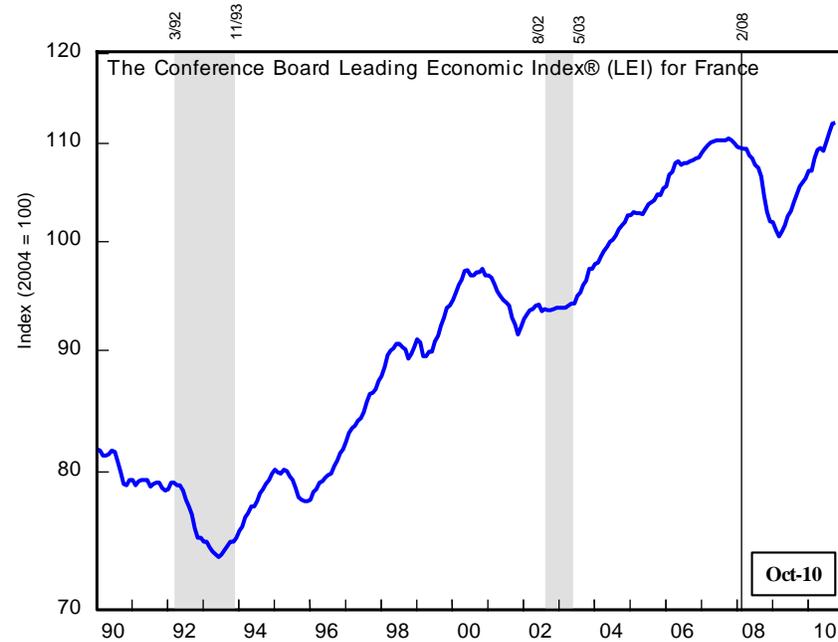
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## France Composite Economic Indexes



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