THE CONFERENCE BOARD LEADING ECONOMIC INDEX (LEI) FOR GERMANY AND RELATED COMPOSITE ECONOMIC INDEXES FOR DECEMBER 2008

BRUSSELS, FEB. 18, 2009... The Conference Board Leading Economic Index (LEI) for Germany declined 1.9 percent and The Conference Board Coincident Economic Index (CEI) decreased 0.7 percent in December.

- The LEI for Germany continued its sharp downtrend in December as new orders in investment goods industries and consumer confidence made the largest negative contributions. During the second half of 2008, the LEI declined by 8.5 percent (about a -16.3 percent annual rate), faster than the decline of 4.5 percent (about a -8.8 percent annual rate) during the first half of 2008. However, the strengths among the leading indicators have become roughly balanced in November and December as the number of components that rose over the previous six months approximately equaled the number that fell over the same period.

- The CEI for Germany, a measure of current economic activity, declined for the fourth consecutive month in December as industrial production and manufacturing sales continued to make large negative contributions to the index. Between June and December 2008, the CEI declined by 1.7 percent (about a -3.4 percent annual rate), more than reversing its 0.8 percent increase (about a 1.5 percent annual rate) from December 2007 through June 2008. However, the strengths and weaknesses among the coincident indicators have been balanced during this period. At the same time, real GDP declined at a 5.2 percent average annual rate during the third and fourth quarters of 2008 (including a -8.2 percent annual rate during the fourth quarter), its lowest growth rate since 1963.

- The LEI has been generally declining since July 2007 and the pace of this decline has continued to accelerate in recent months as the six-month growth rate for the LEI reached its lowest level since 1974. Meanwhile, the CEI has fallen sharply since August 2008 after fluctuating around a flat trend during the first half of the year. Taken together, the persistent and deep declines of the composite economic indexes continue to suggest that the economy will stay weak through at least the first half of 2009, and that the contraction in economic activity may remain deep in the near term.

LEADING INDICATORS. Three of the seven components in The Conference Board Leading Economic Index (LEI) for Germany increased in December. The positive contributors — in order from the largest positive contributor to the smallest— are new residential construction orders*, inventory change series* and gross enterprises and properties income*. Negative contributors—in order from largest to smallest— are new orders in investment goods industries, consumer confidence, stock prices, and yield spread.
With the 1.9 percent decrease in December, the LEI now stands at 93.3 (2004=100). Based on revised data, this index declined 1.9 percent in November and declined 2.6 percent in October. During the six-month span through December, the index decreased 8.5 percent, with four of the seven components increasing (diffusion index, six-month span equals 57.1 percent).

*See notes under data availability*

**COINCIDENT INDICATORS.** None of the four components that make up The Conference Board Coincident Economic Index (CEI) for Germany increased in December. Industrial production, manufacturing sales, employed persons and retail trade declined in December.

With the 0.7 percent decrease in December, the CEI now stands at 103.9 (2004=100). Based on revised data, this index decreased 0.6 percent in November and decreased 0.3 percent in October. During the six-month period through December, the index decreased 1.7 percent, with two of the four components increasing (diffusion index, six-month span equals 50.0 percent).

*See notes under data availability.*

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**Summary Table of Composite Indexes**

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<th>2008</th>
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<tbody>
<tr>
<td></td>
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<td>Nov</td>
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<tr>
<td><strong>Leading Economic Index (LEI)</strong></td>
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<td>Percent Change</td>
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<tr>
<td>Diffusion</td>
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<td><strong>Coincident Economic Index (CEI)</strong></td>
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</tr>
<tr>
<td>Percent Change</td>
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<td>-0.6 r</td>
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<tr>
<td>Diffusion</td>
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</tr>
</tbody>
</table>

n.a. Not available  p Preliminary  r Revised

Indexes equal 100 in 2004

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The next release is scheduled for Wednesday, March 18, 2009 at 10:00 A.M. CET (5:00 A.M. ET)