



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (CST), THURSDAY, JANUARY 28, 2010

The Conference Board®
Mexico Business Cycle IndicatorsSM
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX™
(LEI) FOR MEXICO**
AND RELATED COMPOSITE ECONOMIC INDEXES FOR NOVEMBER 2009

This month's release incorporates annual benchmark revisions to the composite economic indexes, which bring them up-to-date with revisions in the source data. These 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 not incorporated until the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes will not be comparable to those issued prior to the benchmark revision.

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

The Conference Board Leading Economic Index™ (LEI) for Mexico increased 2.3 percent and **The Conference Board Coincident Economic Index™ (CEI)** increased 0.8 percent in November.

- The Conference Board LEI for Mexico continued to increase in November. Apart from the federal funds money market rate, which was largely unchanged, all the components contributed positively to the index this month. The six-month growth rate in the index has slowed in recent months -- to 7.0 percent (a 14.5 percent annual rate) for the period through November 2009, down from 10.0 percent (about a 21.0 percent annual rate) between January and July 2009. However, the strengths among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for Mexico also increased in November, with all its components making positive contributions. The coincident economic index increased 2.3 percent (a 4.6 percent annual rate) between May and November 2009, a sharp reversal from the decline of 5.4 percent (a -10.5 percent annual rate) from November 2008 to May 2009. In addition, the strengths among the coincident indicators have remained widespread in recent months. Meanwhile, real GDP expanded at a 12.2 percent annual rate in the third quarter of 2009, its first increase in a year.
- The Conference Board LEI for Mexico has risen for the past nine months amid widespread strength among its components. However, its growth has slowed from the rapid rates earlier in 2009. Meanwhile, The Conference Board CEI for Mexico began increasing in July 2009, and its six-month growth rate has picked up lately. All in all, the recent behavior of the composite indexes suggests that economic conditions will continue to improve in the near term.

The next release is scheduled for Thursday, February 25, 2010 at 11:00 A.M. (ET)
In Mexico – Thursday, February 25, 2010 at 10:00 A.M. (CST)

LEADING INDICATORS. Five of the six components that make up The Conference Board LEI for Mexico increased in November. The positive contributors to the index—from the largest positive contributor to the smallest one—are net insufficient inventories, the US refiners' acquisition cost of domestic and imported crude oil, stock prices, the (inverted) real exchange rate, and the industrial production construction component. The (inverted) federal funds rate remained unchanged.

With the 2.3 percent increase in November, The Conference Board LEI for Mexico now stands at 116.0 (2004=100). Based on revised data, this index increased 0.3 percent in October and increased 0.3 percent in September. During the six-month span through November, the index increased 7.0 percent, with five of the six components increasing (diffusion index, six-month span equals 83.3 percent).

COINCIDENT INDICATORS. All the components that make up The Conference Board CEI for Mexico increased in November. The positive contributors —from the largest positive contributor to the smallest—are industrial production, number of people employed (measured by IMSS total beneficiaries), and retail sales.

With the increase of 0.8 percent in November, The Conference Board CEI for Mexico now stands at 108.0 (2004=100). Based on revised data, this index remained unchanged in October and increased 0.6 percent in September. During the six-month span through November, the index increased 2.3 percent, with two of the three components increasing (diffusion index, six-month span equals 66.7 percent).

DATA AVAILABILITY. The data series used to compute the two composite indexes reported in the tables in this release are those available “as of” 10 A.M. January 25, 2009. None of the series were estimated this month.

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

Mexico Composite Economic Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1. Industrial Production, Construction Component	.1826
2. Stock Prices	.0548
3. U.S. Refiners' Acquisition Cost of Domestic and Imported Crude Oil	.0793
4. Net Insufficient Inventories	.4277
5. Federal Funds Rate	.0993
6. Real Exchange Rate	.1563

<u>Coincident Economic Index</u>	
1. Industrial Production	.3888
2. Retail Sales	.1993
3. Employment	.4119

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 economic 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 Mexico were calculated using January 1990 to December 2008 as the sample period for measuring volatility. Separate sets of factors for the January 1980 to April 1981 period, May 1981 to January 1983 period, and February 1983 to January 1990 period are available upon request. The factors above for The Conference Board CEI for Mexico were calculated using February 1994 to December 2008 as the sample period. Separate sets of factors for the April 1980 to March 1986 period, and April 1986 to January 1994 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 Web site: <http://www.conference-board.org/economics/bci>.

The trend adjustment factor for The Conference Board LEI for Mexico is 0.0466 (calculated over the 1980 to 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 2010 schedule for “**The Conference Board Leading Economic Index™ (LEI)** for Mexico” news release is:

December 2009 Data	Thursday, February 25, 2010
January 2010 Data.....	Wednesday, March 24, 2010
February 2010 Data.....	Thursday, April 29, 2010
March 2010 Data.....	Thursday, May 27, 2010
April 2010 Data.....	Thursday, June 24, 2010
May 2010 Data.....	Thursday, July 29, 2010
June 2010 Data.....	Tuesday, August 24, 2010
July 2010 Data.....	Thursday, September 30, 2010
August 2010 Data.....	Thursday, October 28, 2010
September 2010 Data.....	Wednesday, November 24, 2010
October 2010 Data.....	Wednesday, December 22, 2010

All releases are at 11:00 A.M. (ET) and 10:00 A.M. (CST).

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

Mexico Business Cycle Indicators Internet Subscription	\$ 635 per year (1 user)
<i>(Includes monthly release, data, charts and commentary)</i>	
Individual Data Series	\$ 35 per series downloaded
Monthly BCI Report	\$ 275 per year
<i>(Sample available at http://www.conference-board.org/publications/describeBCI.cfm)</i>	
BCI Handbook (published 2001)	\$ 20
Corporate Site License	contact Indicators Program at (212) 339-0330

Business Cycle Indicators for Australia, 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.

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The Conference Board Mexico Business Cycle Indicators

Table 1.--Summary of Mexico Composite Economic Indexes

	2009						
	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.
Leading index	108.4	110.7	112.1	112.8	113.1	113.4	116.0
Percent change	2.2	2.1	1.3	0.6	0.3	0.3	2.3
Diffusion index	83.3	83.3	83.3	75.0	41.7	41.7	91.7
Coincident index	105.6	105.5	105.9	106.5	107.1	107.1	108.0
Percent change	-0.9	-0.1	0.4	0.6	0.6	0.0	0.8
Diffusion index	0.0	16.7	100.0	100.0	66.7	33.3	100.0
	Nov. to May.	Dec. to Jun.	Jan. to Jul.	Feb. to Aug.	Mar. to Sep.	Apr. to Oct.	May. to Nov.
Leading index							
Percent change	1.9	7.0	10.0	10.9	9.6	6.9	7.0
Diffusion index	83.3	83.3	100.0	83.3	83.3	83.3	83.3
Coincident index							
Percent change	-5.4	-4.0	-2.2	-0.8	0.3	0.5	2.3
Diffusion index	0.0	0.0	0.0	0.0	33.3	66.7	66.7

p Preliminary. r Revised (both 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 Mexico Business Cycle Indicators

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

Component	2009						
	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.
Mexico Leading Economic Index component data							
Industrial Production, Construction Component, SA Index, 2003=100	111.9	115.4 r	116.4 r	112.5	112.1	110.7 r	111.4
Stock Prices, IPC35 (BOLSA) October 1978=0.78	24331.71	24368.38	27043.50	28129.95	29232.24	28646.03	30957.11
US Refiners' Acquisition Cost of Domestic and Imported Crude Oil US\$ per Composite Barrel	55.96	65.71	63.58	67.99	67.74	72.05 r	76.85
Net Insufficient Inventories Difference, (3 month moving average), Survey	-13.94 r	-13.04 r	-11.40 r	-11.28 r	-10.13 r	-10.32 r	-8.04
Federal Funds, Money Market Rate* Percentage, Monthly Average	5.78	5.26	4.92	4.89	4.91	4.91	4.93
Real Exchange Rate, (Central Bank Settlement Rate)* Peso/US\$, Monthly Average	20.81	21.12	21.10	20.57	21.13	20.91	20.68
LEADING INDEX (2004=100).....	108.4	110.7	112.1	112.8	113.1	113.4	116.0
Percent change from preceding month.....		2.1	1.3	0.6	0.3	0.3	2.3
Mexico Leading Economic Index net contributions							
Industrial Production, Construction Component, SA Index, 2003=100 .....	....	0.56 r	0.15 r	-0.62	-0.06	-0.24 r	0.12
Stock Prices, IPC35 (BOLSA) October 1978=0.78 .....	....	0.01	0.57	0.22 r	0.21	-0.11	0.42
US Refiners' Acquisition Cost of Domestic and Imported Crude Oil US\$ per Composite Barrel .....	....	1.27 r	-0.26 r	0.53 r	-0.03	0.49 r	0.51
Net Insufficient Inventories Difference, (3 month moving average), Survey .....	....	0.38	0.70 r	0.05 r	0.49 r	-0.08 r	0.98
Federal Funds, Money Market Rate* Percentage, Monthly Average .....	....	0.05	0.03	0.00	0.00	0.00	0.00
Real Exchange Rate, (Central Bank Settlement Rate)* Peso/US\$, Monthly Average .....	....	-0.23	0.01	0.40	-0.42	0.16	0.17

p Preliminary. r Revised. n.a. Not available.

CPI used to calculate the EX is forecasted

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

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

Data Sources: INEGI; Bank of Mexico; U.S. Department of Energy; Thomson Financial

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The Conference Board Mexico Business Cycle Indicators

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

Component	2009						
	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.
Mexico Coincident Economic Index Component Data							
Industrial Production, SA Index, (2003=100), 3 month moving average	103.9 r	103.8	104.8 r	105.7	106.9 r	106.5 r	107.7
Retail Sales, SA Index, (2000=100), 3 month moving average	114.1	113.6 r	113.7	114.3 r	113.8 r	113.0 r	113.6
Employment, IMSS Beneficiaries Thousands, monthly average	13868	13871	13887	13919	13992	14074	14192
COINCIDENT INDEX (2004=100)	105.6	105.5	105.9	106.5	107.1	107.1	108.0
Percent change from preceding month.....		-0.1	0.4	0.6	0.6	0.0	0.8
Mexico Coincident Economic Index net contributions							
Industrial Production, SA Index, (2003=100), 3 month moving average	....	-0.03	0.36	0.34 r	0.42 r	-0.13 r	0.45
Retail Sales, SA Index, (2000=100), 3 month moving average	....	-0.08	0.01 r	0.10	-0.08 r	-0.13 r	0.10
Employment, IMSS Beneficiaries Thousands, monthly average .....	....	0.01	0.05	0.09 r	0.22	0.24	0.34

p Preliminary. r Revised. n.a. Not available.

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

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

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).

Data Sources: INEGI; IMSS; Thomson Financial

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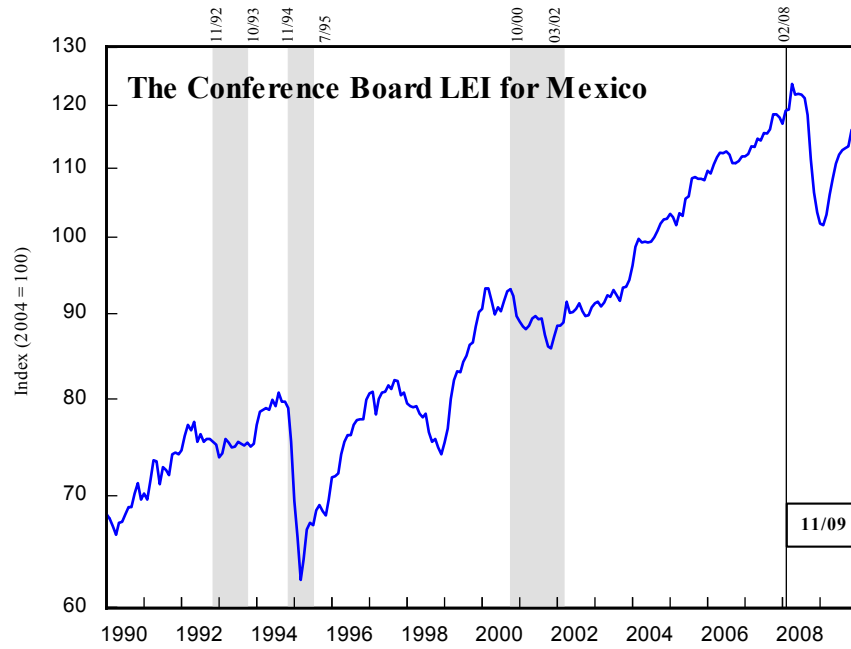
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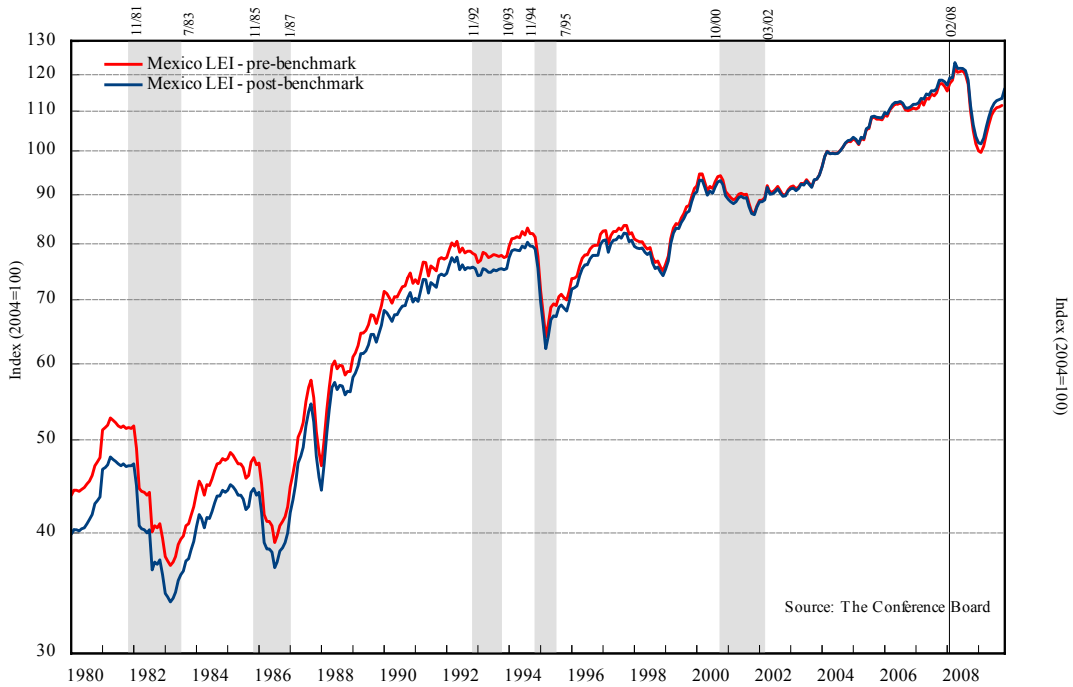
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Mexico

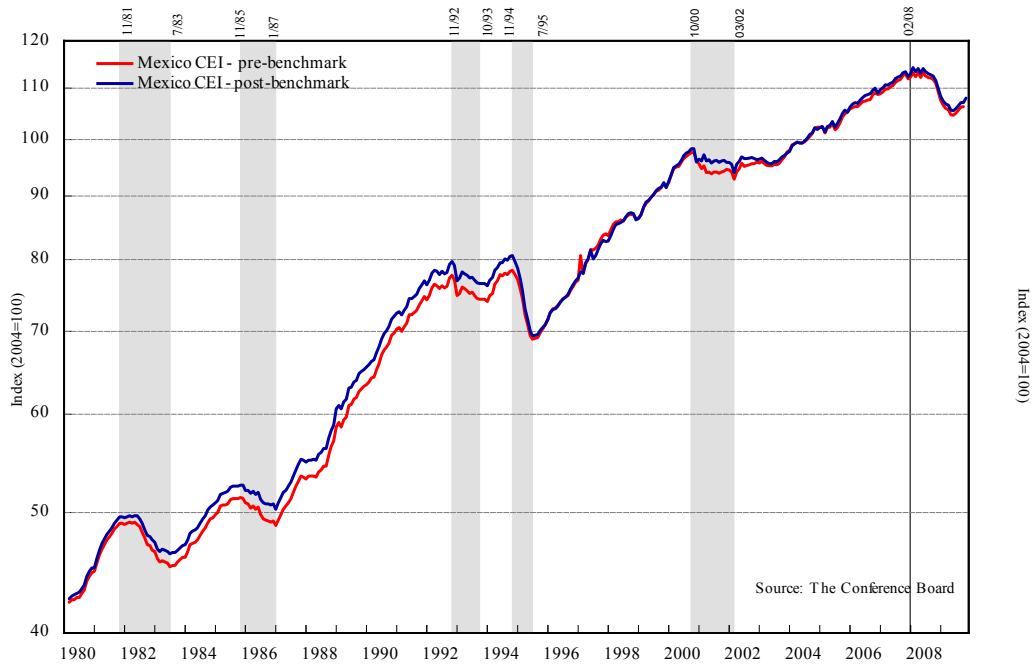


Note: The shaded areas represent business cycle recessions.

The Conference Board Leading Economic Index™ (LEI) for Mexico before and after benchmark revision.



The Conference Board Coincident Economic Index™ (CEI) for Mexico before and after benchmark revision.



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.