



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (PARIS TIME), TUESDAY, SEPTEMBER 21, 2010

The Conference Board<sup>®</sup>  
France Business Cycle Indicators<sup>SM</sup>  
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX<sup>®</sup>**  
**(LEI) FOR FRANCE**  
**AND RELATED COMPOSITE ECONOMIC INDEXES FOR JULY 2010**

**Brussels, September 21, 2010...** The Conference Board Leading Economic Index<sup>®</sup> (LEI) for France increased 0.9 percent and The Conference Board Coincident Economic Index<sup>®</sup> (CEI) increased 0.1 percent in July.

- The Conference Board LEI for France increased in July after declining in June. Positive contributions from the yield spread, building permits (residential), and industrial new orders more than offset a slight decline in stock prices. Between January and July 2010, the leading economic index increased 2.9 percent (about a 5.9 percent annual rate), down from an increase of 4.0 percent (about an 8.1 percent annual rate) during the previous six-month period. In addition, the weaknesses among the leading indicators have remained more widespread than the strengths in recent months.
- The Conference Board CEI for France, a measure of current economic activity, also increased in July. In the six-month period ending in July 2010, the coincident economic index increased 0.4 percent (about a 0.8 percent annual rate), higher than the increase of 0.1 percent (about a 0.2 percent annual rate) between July 2009 and January 2010. In addition, the strengths among the coincident indicators have remained widespread in recent months. At the same time, real GDP increased at a 2.5 percent annual rate in the second quarter of 2010, up from an increase of 0.7 percent annual rate in the first quarter.
- The Conference Board LEI for France picked up in July following a decline in June. However, its six-month growth rate has been moderating since reaching a high in October 2009, while the weaknesses among its components have been widespread in recent months. Meanwhile, The Conference Board CEI for France has increased slightly in 2010 after remaining essentially flat in the last half of 2009. Taken together, the recent behavior of the composite indexes suggests that economic activity should continue to grow, albeit moderately, in the near term.

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

With the increase of 0.9 percent in July, the leading economic index now stands at 110.1 (2004=100). Based on revised data, this index declined 0.3 percent in June and increased 0.3 percent in May. During the six-month span through July, the index increased 2.9 percent, and three of the seven components increased (diffusion index, six-month span equals 42.9 percent).

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.rexecode.fr/index.jsv>  
The next release is scheduled for Wednesday, October 20, 2010 at 4:00 A.M. ET (10:00 A.M. Paris Time)

**COINCIDENT INDICATORS.** All four components of the coincident economic index increased in July. The positive contributors to the index -- in order from the largest positive contributor to the smallest -- are industrial production, wage and salaries\*, personal consumption expenditures\*, and employment\*.

With the increase of 0.1 percent in July, the coincident economic index now stands at 104.0 (2004=100). Based on revised data, this index decreased 0.1 percent in June and increased 0.3 percent in May. During the six-month period through July, the index increased 0.4 percent, with three of the four series making a positive contribution (diffusion index, six-month span equals 75.0 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 September 16, 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, wage and salaries, and personal consumption expenditures.

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.

For more information:

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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 schedule for 2010 for the France “Leading Economic Indicators” news release is:

August 2010 .....Wednesday, October 20, 2010  
September 2010 .....Monday, November 22, 2010  
October 2010 .....Monday, December 20, 2010

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.

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## The Conference Board France Business Cycle Indicators

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

	2010						
	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.
Leading index	107.0	107.0	108.3 p	109.1 p	109.4 p	109.1 p	110.1 p
Percent change	0.8	0.0	1.2 p	0.7 p	0.3 p	-0.3 p	0.9 p
Diffusion index	64.3	28.6	78.6	64.3	42.9	14.3	64.3
Coincident index	103.6	103.6	103.8	103.7	104.0	103.9 p	104.0 p
Percent change	0.0	0.0	0.2	-0.1	0.3	-0.1 p	0.1 p
Diffusion index	62.5	50.0	87.5	50.0	100.0	37.5	87.5
	Jul. to Jan	Aug. to Feb	Sep. to Mar	Oct. to Apr	Nov. to May	Dec. to Jun	Jan. to Jul
Leading index							
Percent change	4.0	3.1	3.5 p	3.5 p	3.4 p	2.7 p	2.9 p
Diffusion index	57.1	71.4	71.4	71.4	42.9	42.9	42.9
Coincident index							
Percent change	0.1	0.2	0.4	0.3	0.4	0.3 p	0.4 p
Diffusion index	50.0	100.0	75.0	62.5	75.0	75.0	75.0

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 Components of the France Leading Economic Index

Component	2010						
	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.
France Leading Economic Index Component Data							
Yield Spread, 10 years minus Day-Day Loan Rate-----	3.19	3.10	3.09	3.05	2.73	2.72	2.50
Stock Price SBF250 Index, index 1000=12/31/1990,-----	2793.09	2639.22	2808.31	2861.37	2582.22	2579.55	2568.33
Building Permits Residential, (3 month moving average), S.A.-----	33730.36 r	34354.08 r	36275.27 r	38351.53 r	39973.68 r	38181.09 r	40518.86
New Unemployment Claims* thousands, (3 month moving average), S.A.-----	505.53	496.33	492.03	491.00	497.47	497.87	492.37
Industrial New Orders opinion balance,-----	-43.00	-48.00	-43.00	-38.00	-32.00	-35.00	-30.00
Production Expectations for Months Ahead Diffusion Index-----	3.10	-1.70	4.00	2.30	3.80	-4.20	-2.20
Ratio Deflator of Value Added to Unit Labor Cost (1995=100), Q-----	99.76	99.59	99.47 **	99.39 **	99.33 **	99.29 **	99.26 **
<b>LEADING INDEX (2004=100).....</b>	<b>107.0</b>	<b>107.0</b>	<b>108.3 p</b>	<b>109.1 p</b>	<b>109.4 p</b>	<b>109.1 p</b>	<b>110.1 p</b>
Percent change from preceding month.....	0.8	0.0	1.2 p	0.7 p	0.3 p	-0.3 p	0.9 p
France Leading Economic Index net contributions							
Yield Spread, 10 years minus Day-Day Loan Rate-----	....	0.33	0.32	0.32	0.29	0.28	0.26
Stock Price SBF250 Index, index 1000=12/31/1990,-----	....	-0.17	0.19	0.06	-0.31	0.00	-0.01
Building Permits Residential, (3 month moving average), S.A.-----	....	0.07 r	0.21 r	0.22 r	0.16 r	-0.18 r	0.23
New Unemployment Claims* thousands, (3 month moving average), S.A.-----	....	0.23	0.11	0.03	-0.17	-0.01	0.14
Industrial New Orders opinion balance,-----	....	-0.22	0.22	0.22	0.27	-0.13	0.22
Production Expectations for Months Ahead Diffusion Index-----	....	-0.17	0.20	-0.06	0.05	-0.28	0.07
Ratio Deflator of Value Added to Unit Labor Cost (1995=100), Q-----	....	-0.11	-0.07 **	-0.05 **	-0.04 **	-0.03 **	-0.02 **

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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## The Conference Board France Business Cycle Indicators

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

Component	2010						
	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.
	France Coincident Economic Index Component Data						
Industrial Production, Volume (2005=100). S.A.....	90.8	91.0 r	91.8 r	91.5 r	93.0	91.4	92.2
Personal Consumption of Manuf. Goods Billions of Euros, S.A.....	22.3	21.9	22.3	22.0	22.1	21.8	22.0 **
Number of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	15877.8 r	15889.8 r	15897.8 r	15905.8 r	15913.8 r	15920.8 **	15927.0 **
Wage and Salaries, Financial and Non-Financial Millions of Euros, S.A. Q.....	108098.0 r	107999.1 r	107986.2 r	108079.8 r	108335.5 r	108529.6 **	108691.4 **
<b>COINCIDENT INDEX (2004=100).....</b>	<b>103.6</b>	<b>103.6</b>	<b>103.8</b>	<b>103.7</b>	<b>104.0</b>	<b>103.9 p</b>	<b>104.0 p</b>
Percent change from preceding month.....	0.0	0.0	0.2	-0.1	0.3	-0.1 p	0.1 p
	France Coincident Economic Index net contributions						
Industrial Production, Volume (2005=100). S.A.....	....	.01	.05	-.02 r	.10 r	-.11	.05
Personal Consumption of Manuf. Goods Billions of Euros, S.A.....	....	-.08	.08	-.07	.03	-.07	.04 **
Number of Employees in the Private Sector Thous. Of Employees, S.A. Q.....	....	.04 r	.03 r	.03 r	.03 r	.03 **	.02 **
Wage and Salaries, Financial and Non-Financial Millions of Euros, S.A. Q.....	....	-.03	.00	.03	.08 r	.06 **	.05 **

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).

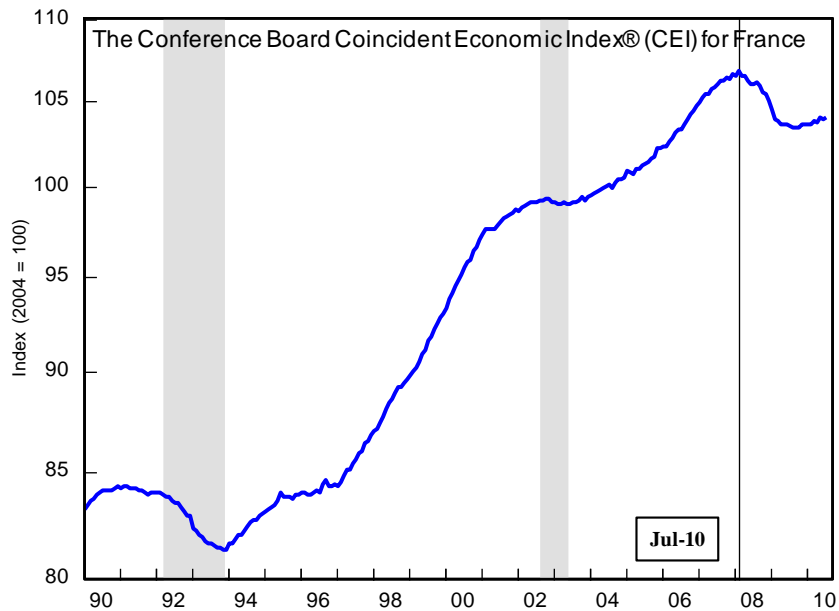
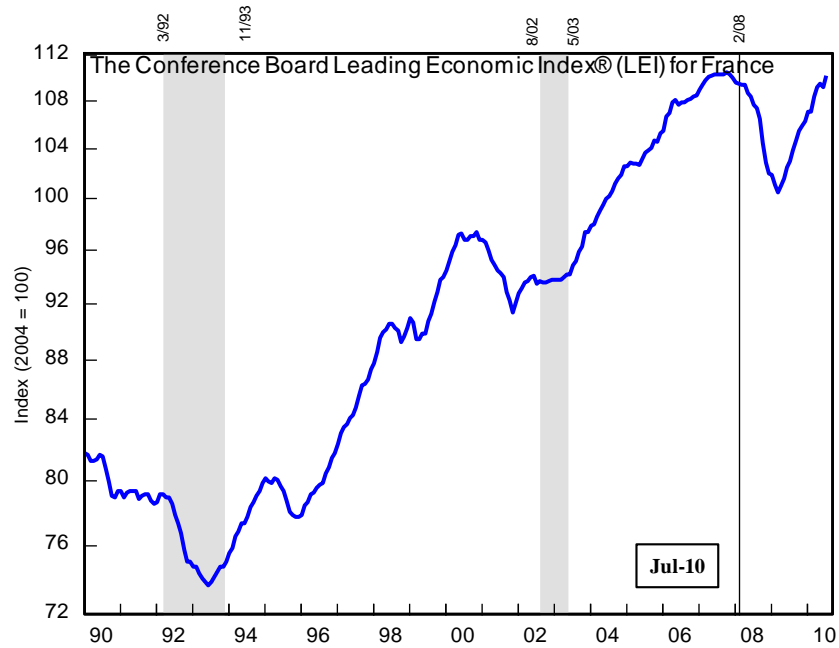
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## France Composite Economic Indexes



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