THE CONFERENCE BOARD

The Conference Board®
The U.K. Business Cycle Indicators℠
THE CONFERENCE BOARD LEADING ECONOMIC INDEX®
(LEI) FOR THE UNITED KINGDOM
AND RELATED COMPOSITE ECONOMIC INDEXES FOR JANUARY 2010

BRUSSELS, March 16, 2010… **The Conference Board Leading Economic Index®** (LEI) for the U.K. increased 0.8 percent, and **The Conference Board Coincident Economic Index®** (CEI) remained unchanged in January.

- The Conference Board LEI for the U.K. increased again in January, with the yield spread, order book volume and consumer confidence making the largest positive contributions. Between July 2009 and January 2010, the leading economic index increased by 5.7 percent (about an 11.7 percent annual rate), faster than the 2.0 percent increase (about a 4.1 percent annual rate) between January and July 2009. In addition, the strengths among the leading indicators have remained very widespread, with all of the components improving during the past six months.

- The Conference Board CEI for the U.K., a measure of current economic activity, remained unchanged for a second consecutive month in January. Between July 2009 and January 2010, the coincident economic index increased by 0.1 percent (about a 0.2 percent annual rate), after falling by 0.3 percent (about a -0.6 percent annual rate) during the previous six months. However, the weaknesses among the coincident indicators have become more widespread than the strengths in recent months. At the same time, real GDP grew at an upwardly revised 1.2 percent annual rate during the fourth quarter of 2009, its first increase since the first quarter of 2008.

- After a long period of decline, The Conference Board LEI for the U.K. has risen sharply during the past ten months. However, the pace of its six-month increase has slowed slightly from October 2009 when it reached its highest rate since 1978. Meanwhile, The Conference Board CEI for the U.K. rose slightly between May and September 2009, though it has been generally flat since then. Taken together, the recent behavior of the composite indexes suggests that economic conditions will continue to improve in the months ahead.

LEADING INDICATORS. Six of the seven components that make up The Conference Board LEI for the U.K. increased in January. The positive contributors – from the largest positive contributor to the smallest – were the yield spread, order book volume, consumer confidence, stock prices, total gross operating surplus of corporations* and productivity for the whole economy*. Volume of expected output remained unchanged in January.

The next release is scheduled for Monday, April 12, 2010 at 10:00 A.M. (London Time)
In the U.S. – April 12, 2010 at 5:00 A.M. (ET)

With the 0.8 percent increase in January, The Conference Board LEI for the U.K. now stands at 100.0 (2004=100). Based on revised data, this index increased 0.4 percent in December and increased 1.0 percent in November. During the six-month span through January, the leading economic index increased 5.7 percent, with all seven components advancing (diffusion index, six-month span equals 100.0 percent).

COINCIDENT INDICATORS. Two of the four components that make up The Conference Board CEI for the U.K. increased in January. The positive contributors – from the largest positive contributor to the smallest – were real household disposable income* and employment*. Retail sales and industrial production declined in January.

After remaining unchanged in January, The Conference Board CEI for the U.K. now stands at 102.7 (2004=100). Based on revised data, this index remained unchanged in December and increased 0.1 percent in November. During the six-month period through January, the coincident economic index increased 0.1 percent, with one of the four components advancing (diffusion index, six-month span equals 37.5 percent).

DATA AVAILABILITY:

The data series used to compute **The Conference Board Leading Economic Index**[®] (LEI) for the U.K. and **The Conference Board Coincident Economic Index**[®] (CEI) for the U.K. reported in this release are those available "as of" 10 A.M. ET on Thursday, March 11, 2010. Some series are estimated as noted below.

* Series in The Conference Board LEI for the U.K. that are based on our estimates are productivity for the whole economy and total gross operating surplus of corporations. Series in The Conference Board CEI for the U.K. that are based on our estimates are employment and real household disposable income.

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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 the U.K. have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for the U.K. have occurred at about the same time as those in aggregate economic activity.

Further explanations of the cyclical indicator approach and the composite economic index methodology appear in The Conference Board's *Business Cycle Indicators* report and website: http://www.conference-board.org/economics/bci/.

U.K. Composite Economic Indexes: Components and Standardization Factors

Leading Economic Index	Factor
1 Order Book Volume	0.0593
2 Expected Output Volume	0.0478
3 Consumer Confidence	0.0993
4 All Share Price Index	0.0340
5 Yield Spread	0.0866
6 Productivity, Whole Economy	0.5549
7 Operating Surplus, Corporations	0.1181

Coincident Economic Index	
1 Industrial Production	0.0596
2 Retail Sales	0.0572
3 Employment	0.7240
4 Real Household Disposable Income	0.1592

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 with the January 2010 release, 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 economic indexes only incorporate revisions to data over the past six months.) The factors above for the leading economic index were calculated using 1977-2008 as the sample period for measuring volatility. Separate sets of factors for the 1975-1977 period, the 1974-1975 period, as well as the 1970-1974 period, are available upon request. The factors above for the coincident economic index were calculated using 1992-2008 as the sample period; separate sets of factors for the 1978-1992 period and the 1970-1978 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 their 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/economics/bci/.

The trend adjustment factor for the leading index is -0.0464, calculated over the 1970-2008 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 monthly data revisions are now a regular part of the U.S. Business Cycle and Global Indicators program. The main advantage of this procedure is to utilize in the leading economic index the data such as bond yields, stock prices, and change in consumer confidence that are available sooner than other data on "real" aspects of the economy such as housing starts and new orders. 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 next release for **The Conference Board Leading Economic Index®** (LEI) for the U.K. is:

February 2010 Data	Monday, April 12, 2010
March 2010 Data	Friday, May 14, 2010
April 2010 Data	Tuesday, June 15, 2010
May 2010 Data	Tuesday, July 13, 2010
June 2010 Data	Tuesday, August 10, 2010
July 2010 Data	Friday, September 10, 2010
August 2010 Data	Wednesday, October 13, 2010
September 2010 Data	Friday, November 12, 2010
October 2010 Data	Thursday, December 9, 2010

All releases are at 10:00 A.M. (London 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

U.K. Business Cycle Indicators Internet Subscription	$ 635 per year (1 user)
(Includes monthly release, data, charts and commentary)	
Individual Data Series	$ 35 per series downloaded
Monthly BCI Report	$ 275 per year
(Sample available at http://www.conference-board.org/publications/describeBCI.cfm)	
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.S. 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 U.K. Business Cycle Indicators

Table 1.--Summary of U.K. Composite Economic Indexes

| | 2009 | | | | | | 2010 |
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Leading index	94.6	95.5 r	96.7 p	97.8 p	98.8 p	99.2 p	100.0 p
Percent change	0.7	1.0 r	1.3 p	1.1 p	1.0 p	0.4 p	0.8 p
Diffusion index	85.7	85.7	92.9	85.7	100.0	85.7	92.9
Coincident index	102.6	102.4	102.6 p	102.6 p	102.7 p	102.7 p	102.7 p
Percent change	0.3	-0.2	0.2 p	0.0 p	0.1 p	0.0 p	0.0 p
Diffusion index	100.0	37.5	87.5	75.0	62.5	62.5	37.5

	Jan to Jul	Feb to Aug	Mar to Sep	Apr to Oct	May to Nov	Jun to Dec	Jul to Jan
Leading index							
Percent change	2.0	4.1 r	6.1 p	6.5 p	6.5 p	5.6 p	5.7 p
Diffusion index	57.1	71.4	85.7	100.0	100.0	100.0	100.0
Coincident index							
Percent change	-0.3	-0.2	0.1 p	0.2 p	0.5 p	0.4 p	0.1 p
Diffusion index	50.0	50.0	50.0	50.0	50.0	75.0	37.5

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 www.conference-board.org/economics/bci

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The Conference Board U.K. Business Cycle Indicators

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

Component	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	2010 Jan.
				2009			
			U.K. Leading Economic Index component data				
Order Book Volume, CBI Monthly Enquiry (3 month moving average).....	-55.3	-54.7	-53.7	-51.0	-48.0	-46.0	-42.0
Volume of Expected Output, CBI Monthly Enquiry (3 month moving average).....	-16.0	-12.0	-7.0	-1.0	2.0	0.3	0.3
Consumer Confidence (3 month moving average).......................	-18.3	-16.8	-14.1	-11.5	-8.9	-8.8	-7.7
Stock prices, FTSE all share prices index (Apr. 10, 1962=100)................................	2232.1	2442.8	2586.3	2650.7	2680.7	2711.9	2767.3
Yield Spread, 10 years minus Bank Rate……………………………………	3.3	3.2	3.2	3.1	3.3	3.4	3.5
Productivity, Whole Economy Index (2005=100, Q)	100.2	100.3	100.4 **	100.4 **	100.5 **	100.6 **	100.7 **
Total Gross Operating Surplus of Corporations (Deflated with IPD, Q)	71202.7 r	71272.2 r	72016.6 r	72756.9 r	73487.6 r	73976.2 **	74310.2 **
LEADING INDEX (2004=100).....................	**94.6**	**95.5** r	**96.7** p	**97.8** p	**98.8** p	**99.2** p	**100.0** p
Percent change from preceding month.............		1.0 r	1.3 p	1.1 p	1.0 p	0.4 p	0.8 p
			U.K. Leading Economic Index net contributions				
Order Book Volume, CBI Monthly Enquiry (3 month moving average).....	....	0.04	0.06	0.16	0.18	0.12	0.24
Volume of Expected Output, CBI Monthly Enquiry (3 month moving average).....	....	0.19	0.24	0.29	0.14	-0.08	0.00
Consumer Confidence (3 month moving average).......................	....	0.15	0.27	0.26	0.26	0.01	0.11
Stock prices, FTSE all share prices index (Apr. 10, 1962=100)................................	....	0.31	0.19	0.08	0.04	0.04	0.07
Yield Spread, 10 years minus Bank Rate……………………………………	....	0.28	0.28	0.27	0.29	0.29	0.30
Productivity, Whole Economy Index (2005=100, Q)	....	0.03	0.04 **	0.04 **	0.04 **	0.04 **	0.05 **
Total Gross Operating Surplus of Corporations (Deflated with IPD, Q)	....	0.01 r	0.12 r	0.12 r	0.12 r	0.08 **	0.05 **

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

* 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 a monthly series through a linear interpolation.

Data Sources: National Statistics, Thomson Financial, Bank of England, Confederation of British Industry and The European Commission

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 U.K. Business Cycle Indicators

Table 3.--Data and Net Contributions of the U.K. Coincident Economic Index

Component	Jul.	Aug.	Sep.	2009 Oct.	Nov.	Dec.	2010 Jan.
			U.K Coincident Economic Index component data				
Industrial Production (2005=100).........	87.8	85.5	86.6 r	86.6 r	87.0	87.4	87.0
Retail Sales, Volume (2005=100).........	111.3 r	111.0 r	111.3 r	112.1 r	111.7 r	111.4 r	109.4
Employment, (average, thousands)..........	28930.0 r	28917.0 r	28914.0 r	28914.0 r	28905.0 r	28908.9 **	28917.8 **
Real Household Disposable Income (2005 Constant Price, Q)..................	219491.0	220373.0	221078.4 **	221684.7 **	222235.6 **	222755.6 **	223258.6 **
COINCIDENT INDEX (2004=100)..........	**102.6**	**102.4**	**102.6** p	**102.6** p	**102.7** p	**102.7** p	**102.7** p
Percent change from preceding mont		-0.2	0.2 p	0.0 p	0.1 p	0.0 p	0.0 p
			U.K. Coincident Economic Index net contributions				
Industrial Production (2005=100).........	....	-0.16	0.08	0.00	0.03 r	0.03	-0.03
Retail Sales, Volume (2005=100).........	....	-0.02 r	0.02	0.04 r	-0.02	-0.02 r	-0.10
Employment, (average, thousands)..........	....	-0.03 r	-0.01 r	0.00 r	-0.02 r	0.01 **	0.02 **
Real Household Disposable Income (2005 Constant Price, Q)..................	....	0.06	0.05 **	0.04 **	0.04 **	0.04 **	0.04 **

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

*   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.

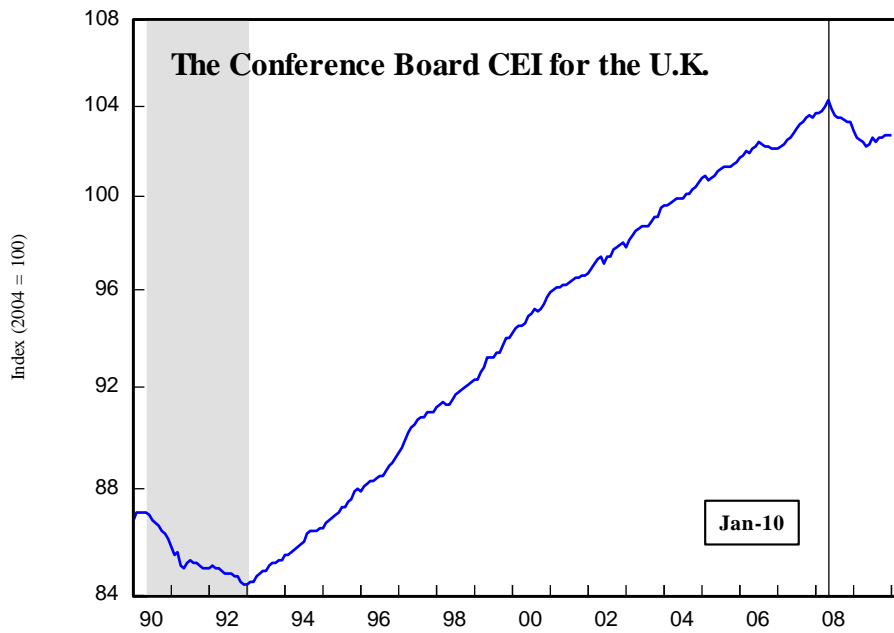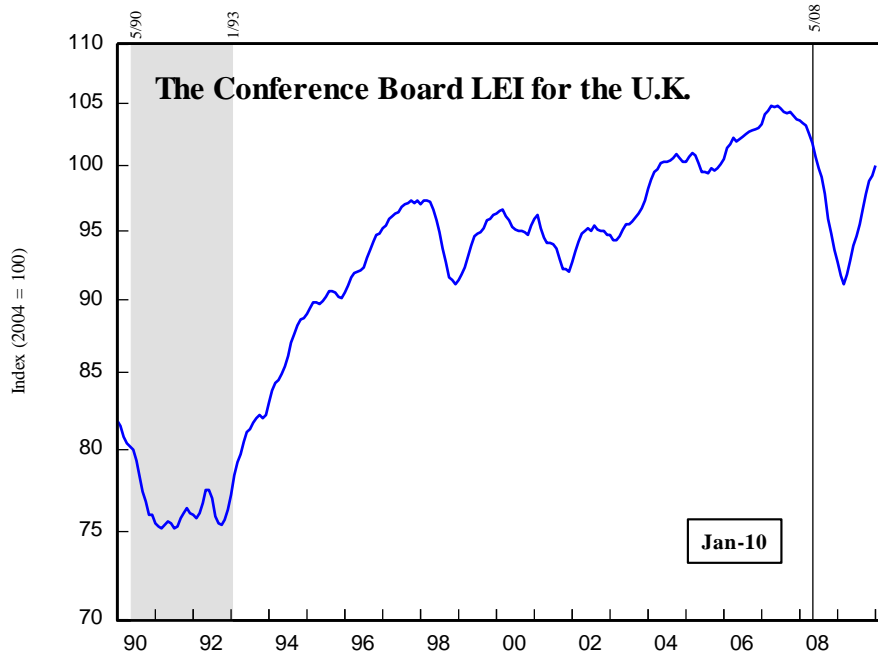**Data Sources:** National Statistics, Thomson Financial

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).

United Kingdom Composite Economic Indexes

The Conference Board LEI for the U.K.

Index (2004 = 100)

Jan-10

5/90 1/93 5/08

The Conference Board CEI for the U.K.

Index (2004 = 100)

Jan-10

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