



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (MADRID TIME), TUESDAY, SEPTEMBER 15, 2009

The Conference Board®  
Spain Business Cycle Indicators<sup>SM</sup>  
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX™ (LEI)  
FOR SPAIN  
AND RELATED COMPOSITE INDEXES FOR JULY 2009**

**BRUSSELS, September 15, 2009...** The Conference Board Leading Economic Index™ (LEI) for Spain increased 0.9 percent. The Conference Board Coincident Economic Index™ (CEI) decreased 0.2 percent in July.

- The Conference Board LEI for Spain increased for the second consecutive month in July. Large positive contributions from order books survey, stock prices, and the Spanish contribution to Euro money supply (M2) more than offset a substantial negative contribution from the capital equipment component of industrial production. From January to July 2009, the leading economic index remained unchanged, after declining by 2.5 percent (about a -5.0 percent annual rate) from July 2008 to January 2009. In addition, the strengths among the leading indicators have become widespread in recent months.
- The Conference Board CEI for Spain, a measure of current economic activity, declined again in July, with industrial production (excluding construction) continuing to make the largest negative contribution. Between January and July 2009, the coincident economic index fell by 3.2 percent (about a -6.2 percent annual rate), slower than the 5.3 percent decline (about a -10.3 percent annual rate) for the previous six months. Additionally, the weaknesses among the coincident indicators have remained very widespread, with none of the components increasing during the past six months. At the same time, real GDP contracted at a 4.2 percent annual rate during the second quarter of 2009, following a decline of 6.2 percent annual rate for the first quarter.
- After trending downward for more than a year, The Conference Board LEI for Spain remained almost flat during the second quarter before recording its largest increase since 2005 this month. Overall, the index was unchanged over the past six months. Meanwhile, The Conference Board CEI for Spain has been falling since its most recent peak in February 2008, though the rate of its decline has moderated during the past few months. Taken together, the recent behavior of the composite economic indexes suggests that the pace of contraction will continue to moderate in the near term.

The next release is scheduled for Tuesday, October 13, 2009 at 10:00 A.M. (Madrid Time)  
*In the U.S. – October 13, 2009 at 4:00 A.M. (ET)*

**LEADING INDICATORS.** Five of the six components that make up The Conference Board LEI for Spain increased in July. The positive contributors—in order from the largest positive contributor to the smallest—are order books survey, the Spanish equity price index, the Spanish contribution to Euro M2, job placings, and the (inverted) long-term government bond yield. The capital equipment component of industrial production was the only negative contributor in July.

With the increase of 0.9 percent in July, The Conference Board LEI for Spain now stands at 107.1 (2004=100). Based on revised data, this index increased 0.2 percent in June and declined 0.1 percent in May. During the six-month span through July, the index remained unchanged, and five of the six components advanced (diffusion index, six-month span equals 83.3 percent).

**COINCIDENT INDICATORS.** Three of the five components that make up The Conference Board CEI for Spain increased in July. The positive contributors — in order from the largest positive contributor to the smallest — are retail sales survey, employment\*, and real imports\*. Industrial production excluding construction and final household consumption\* declined in July.

With the decrease of 0.2 percent in July, The Conference Board CEI for Spain now stands at 100.9 (2004=100). Based on revised data, this index decreased 0.2 percent in June and decreased 0.6 percent in May. During the six-month span through July, the index decreased 3.2 percent, and none of the five components advanced (diffusion index, six-month span equals 0.0 percent).

**FOR TABLES AND CHARTS, SEE BELOW**

**DATA AVAILABILITY.** The data series used to compute **The Conference Board Leading Economic Index™** (LEI) for Spain and **The Conference Board Coincident Economic Index™** (CEI) for Spain reported in the tables in this release are those available “as of” 10 A.M. (ET) September 11, 2009. Some series are estimated as noted below.

NOTES: Series in The Conference Board CEI for Spain based on our estimates include final household consumption, employment, and real imports.

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

Spain Composite Economic Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1. Capital Equipment Component of Industrial Production	.0730
2. Contribution to Euro M2	.1914
3. Stock Price Index	.0278
4. Long term Government Bond Yield	.5166
5. Order Books Survey	.1215
6. Job Placings	.0698
<u>Coincident Economic Index</u>	
1. Final Household Consumption	.3619
2. Industrial Production, Excluding Construction	.2030
3. Retail Sales Survey	.0346
4. Real Imports	.0307
5. Employment	.3698

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 2009, 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 economic indexes only incorporate revisions to data over the past six months.) The factors above for The Conference Board LEI for Spain were calculated using the October 1997 to December 2007 period as the sample period for measuring volatility. A separate set of factors for the February 1984 to September 1997 period, is available upon request. The factors above for The Conference Board CEI for Spain were calculated using the February 1995 to December 2007 period as the sample period. Separate sets of factors for the February 1984 to January 1985 period, the February 1985 to October 1994 period, and the November 1994 to January 1995 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 website: <http://www.conference-board.org/economics/bci/>.

The trend adjustment factor for The Conference Board LEI for Spain is 0.0187, calculated over the 1984-2007 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 2009 schedule for “**The Conference Board Leading Economic Index™** (LEI) for Spain” news release is:

August 2009 Data..... Tuesday, October 13, 2009  
September 2009 Data..... Wednesday, November 11, 2009  
October 2009 Data..... Tuesday, December 15, 2009

All releases are at 10:00 A.M. (Madrid Time)

### **ABOUT THE CONFERENCE BOARD**

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### **AVAILABLE FROM THE CONFERENCE BOARD**

Spain Business Cycle Indicators Internet Subscription <i>(Includes monthly release, data, charts and commentary)</i>	\$ 635 per year (1 user)
Individual Data Series	\$ 35 per series downloaded
Monthly BCI Report <i>(Sample available at <a href="http://www.conference-board.org/publications/describeBCI.cfm">http://www.conference-board.org/publications/describeBCI.cfm</a>)</i>	\$ 275 per year
BCI Handbook (published 2001)	\$ 20
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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 Spain Business Cycle Indicators

**Table 1.—Summary of Spain Composites Economic Indexes**

	2009						
	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.
Leading index	107.1	106.4 r	105.8 r	106.0 r	105.9 r	106.1 r	107.1 p
Percent change	-0.7	-0.7	-0.6	0.2	-0.1	0.2	0.9 p
Diffusion index	16.7	16.7	66.7	66.7	66.7	50.0	83.3
Coincident index	104.2	103.0 r	102.3 r	101.9 r	101.3 r	101.1 p	100.9 p
Percent change	-0.9	-1.2 r	-0.7 r	-0.4 r	-0.6	-0.2 p	-0.2 p
Diffusion index	20.0	20.0	20.0	60.0	20.0	60.0	60.0
	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	-2.5	-3.7 r	-4.0 r	-2.6 r	-2.2 r	-1.7 r	0.0 p
Diffusion index	33.3	33.3	33.3	33.3	50.0	50.0	83.3
Coincident index							
Percent change	-5.3	-5.7 r	-5.6 r	-5.0 r	-4.4 r	-3.8 p	-3.2 p
Diffusion index	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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.

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## The Conference Board Spain Business Cycle Indicators

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

Component	2009						
	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.
Spain Leading Economic Index component data							
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	103.7 r	98.9 r	93.3 r	89.2 r	82.6 r	77.7 r	73.8
Spanish Contribution to Euro M2 (s.a.).....	958668.48 r	965021.34 r	973041.30 r	968189.90 r	969446.40 r	963745.36 r	978416.35
Spanish Equity Price Index.....	898.0	803.9	820.7	935.9	975.7	1010.7	1131.0
Longterm Government Bond Yield (Inverted).....	4.2	4.2	4.1	4.0	4.1	4.3	4.0
Order Books Survey (3 month moving average, s.a.)....	-19.30	-20.328 r	-19.964 r	-18.893 r	-16.243 r	-12.747 r	-9.40
Job Placings (3 month moving average, s.a.).....	1166.9 r	1163.3 r	1085.8 r	1098.0 r	1102.2 r	1151.3 r	1173.1
<b>LEADING INDEX (2004=100).....</b>	<b>107.1</b>	<b>106.4</b>	<b>105.8</b>	<b>106.0</b>	<b>105.9</b>	<b>106.1</b>	<b>107.1 p</b>
Percent change from preceding month.....	-0.7	-0.7	-0.6	0.2	-0.1	0.2	0.9 p
Spain Leading Economic Index net contributions							
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	....	-0.35	-0.42 r	-0.33 r	-0.55 r	-0.45 r	-0.38
Spanish Contribution to Euro M2 (s.a.).....	....	0.13	0.16 r	-0.10	0.02 r	-0.11 r	0.29
Spanish Equity Price Index.....	....	-0.31	0.06	0.36	0.12	0.10	0.31
Longterm Government Bond Yield (Inverted).....	....	-0.04	0.09	0.03	-0.03	-0.10	0.12
Order Books Survey (3 month moving average, s.a.)....	....	-0.12 r	0.04	0.13	0.32	0.42	0.41
Job Placings (3 month moving average, s.a.).....	....	-0.02 r	-0.48 r	0.08	0.03	0.30 r	0.13

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 a monthly series through a linear interpolation.

**Data Sources:** Ministerio de Economía y Hacienda, IMF, OECD, 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).

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## The Conference Board Spain Business Cycle Indicators

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

Component	2009						
	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.
Spain Coincident Economic Index component data							
Final Household Consumption (Q).....	114.1 r	113.2 r	112.7 r	112.1 r	111.5 r	110.9 **	110.5 **
Industrial Production, Excluding Construction 2005=100(3 month moving average).....	88.6	86.8 r	85.4 r	84.2 r	83.3 r	82.5 r	81.8
Real Imports, millions of Euro, 2000 prices..... (3 month moving average)	17870.90	18197.90	17247.40	17324.40	16433.50	16563.00 r	16598.10 **
Retail Sales Survey (s.a.) #.....	104.4 r	100.8 r	99.6	100.3 r	99.0 r	100.4 r	102.3
Employment (Q) (Thousands, s.a.) .....	19646.6 r	19436.0 r	19464.0 r	19492.0 r	19520.0 r	19547.5 **	19574.4 **
<b>COINCIDENT INDEX (2004=100).....</b>	<b>104.2</b>	<b>103.0</b>	<b>102.3</b>	<b>101.9</b>	<b>101.3 r</b>	<b>101.1 p</b>	<b>100.9 p</b>
Percent change from preceding month.....	-0.9	-1.2	-0.7	-0.4	-0.6	-0.2 p	-0.2 p
Spain Coincident Economic Index net contributions							
Final Household Consumption (Q).....	....	-0.27 r	-0.17 r	-0.19 r	-0.20 r	-0.18 **	-0.16 **
Industrial Production, Excluding Construction 2005=100(3 month moving average).....	....	-0.41 r	-0.35 r	-0.28 r	-0.22 r	-0.19 r	-0.19
Real Imports, millions of Euro, 2000 prices.....	....	0.06	-0.16	0.01	-0.16	0.02 r	0.01 **
Retail Sales Survey (s.a.) #.....	....	-0.12 r	-0.04	0.02	-0.04 r	0.05 r	0.07
Employment (Q) (Thousands, s.a.) .....	....	-0.40 r	0.05 r	0.05 r	0.05 r	0.05 **	0.05 **

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)

# Since April 2002, the Retail Sales Survey rebased from 1995=100 to 2001=100

**Data Sources:** Ministerio de Economía y Hacienda, IMF, OECD, 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).

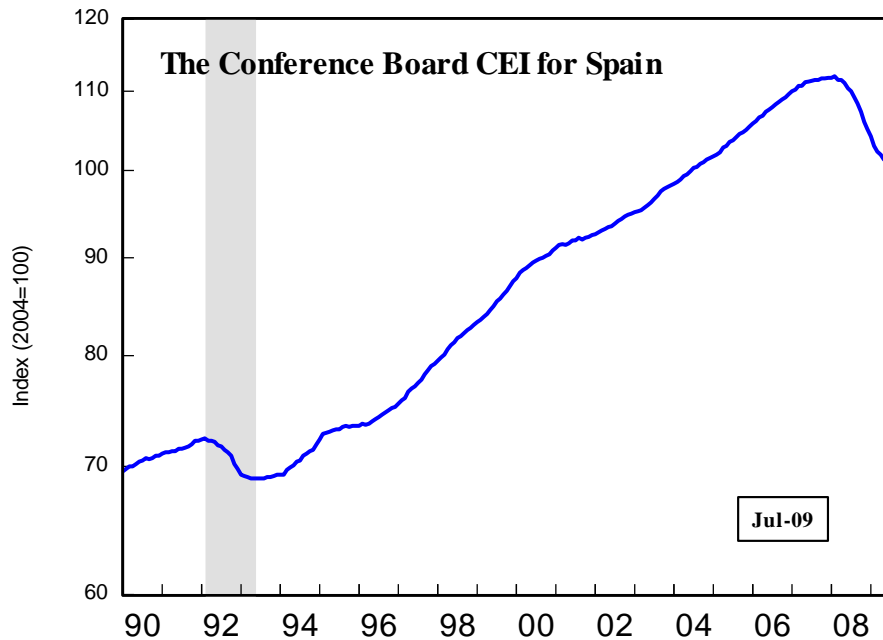
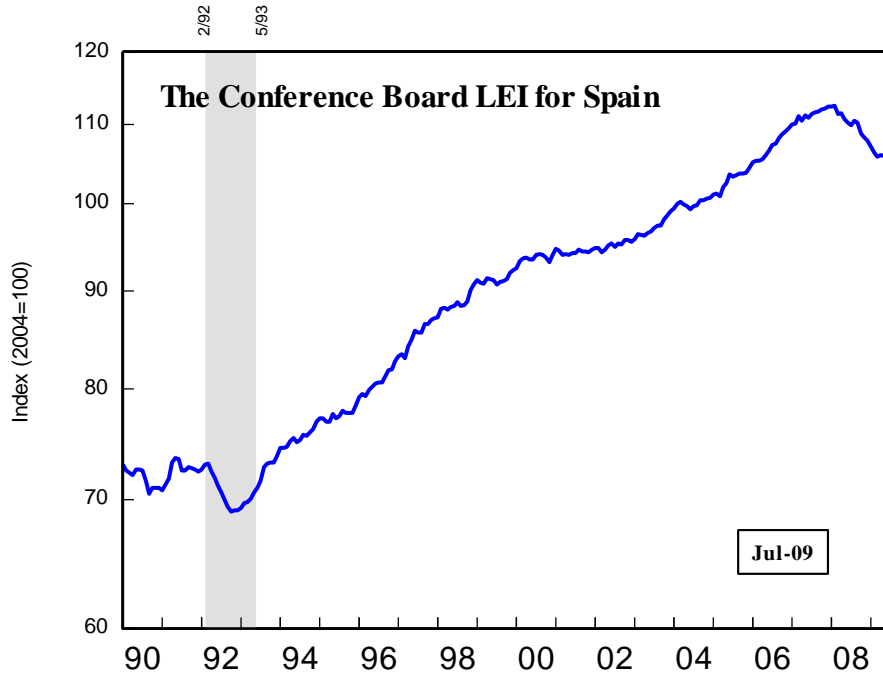
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## Spain Composite Economic Indexes



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