



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. (BERLIN TIME), TUESDAY, AUGUST 18, 2009

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

BRUSSELS, August 18, 2009... The Conference Board Leading Economic Index™ (LEI) for Germany increased 1.1 percent and The Conference Board Coincident Economic Index™ (CEI) decreased 0.1 percent in June.

- The Conference Board LEI for Germany increased for the third consecutive month in June as consumer confidence, new orders in investment goods industries and the yield spread made the largest positive contributions. The six-month decline in the leading economic index stands at 3.4 percent (about a -6.7 percent annual rate) for the period through June, far slower than the 13.8 percent decline (about a -25.7 percent annual rate) between September 2008 and March 2009. In addition, the strengths among the leading indicators have grown more widespread lately, though the weaknesses exceeded them slightly over the last six months.
- The Conference Board CEI for Germany, a measure of current economic activity, fell in June, following its first gain in nine months in May. Employment and retail trade made the largest negative contributions to the index. Between December 2008 and June 2009, the coincident economic index declined by 2.1 percent (about a -4.2 percent annual rate), slower than the 3.6 percent decline (about a -7.1 percent annual rate) in the six-month period through March. However, the weaknesses among the coincident indicators have remained very widespread, with all four components decreasing during the past six months. Meanwhile, real GDP rose at a 1.3 percent annual rate during the second quarter of 2009, its first increase since the first quarter of 2008, after falling at a 13.4 percent annual rate during the first quarter of 2009.
- After a long downtrend between July 2007 and March 2009, The Conference Board LEI for Germany has strengthened during the past quarter. As a result, the pace of its six-month contraction has slowed substantially in recent months. The Conference Board CEI for Germany has been generally falling since August 2008; however the pace of this decline has moderated recently. Taken together, the recent behavior of the composite indexes suggests that although the downturn in economic activity is likely to continue in the near term, economic conditions will likely improve in the months ahead.

The next release is scheduled for Wednesday, September 23, 2009 at 10:00 A.M. (Berlin Time)
In the U.S. – Wednesday, September 23, 2009 at 4:00 A.M. (ET)

LEADING INDICATORS. Six of the seven components in The Conference Board LEI for Germany increased in June. The positive contributors — in order from the largest positive contributor to the smallest— are consumer confidence, new orders in investment goods industries, yield spread, new residential construction orders*, inventory change series*, and stock prices. Gross enterprises and properties income* was the only negative contributor in June.

With the 1.1 percent increase in June, The Conference Board LEI for Germany now stands at 88.1 (2004=100). Based on revised data, this index increased 0.8 percent in May and increased 1.2 percent in April. During the six-month span through June, the index decreased 3.4 percent, with three of the seven components increasing (diffusion index, six-month span equals 42.9 percent).

**See notes under data availability*

COINCIDENT INDICATORS. One of the four components that make up The Conference Board CEI for Germany increased in June. Manufacturing sales was the only positive contributor. Retail trade, employed persons, and industrial production declined in June.

With the 0.1 percent decrease in June, The Conference Board CEI for Germany now stands at 101.6 (2004=100). Based on revised data, this index increased 0.2 percent in May and decreased 0.2 percent in April. During the six-month period through June, the index decreased 2.1 percent, with none of the four components increasing (diffusion index, six-month span equals 0.0 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™** (LEI) for Germany and **The Conference Board Coincident Economic Index™** (CEI) for Germany reported in this release are those available “as of” 10:00 A.M. ET August 14, 2009. Some series are estimated as noted below.

NOTES: Series in The Conference Board LEI for Germany that are based on our estimates are inventory change, new residential construction orders, and gross enterprises and properties income.

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THE CYCLICAL INDICATOR APPROACH. The composite 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 Germany have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for Germany 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 Web site: <http://www.conference-board.org/economics/bci/>.

Germany Composite Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1. New Orders, Investment Goods	0.1536
2. Yield Spread cumulated, 10 year minus 3 month	0.1419
3. Change in Inventories	0.2549
4. Gross Enterprise and Property Income	0.1288
5. Stock Prices	0.0529
6. New Orders, Residential Construction	0.0913
7. Consumer Confidence Index	0.1765

<u>Coincident Economic Index</u>	
1. Industrial Production	0.1028
2. Manufacturing Sales	0.0624
3. Retail Trade	0.0804
4. Persons Employed	0.7544

Notes:

The standardization 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 Germany were calculated using April 1991 to December 2007 as the sample period for measuring volatility. Separate sets of factors are available for February 1965 to March 1971, April 1971 to January 1973, February 1973 to January 1974, February 1974 to November 1990, December 1990 to February 1991 and March 1991. The factors above for The Conference Board CEI for Germany were calculated using the February 1994-December 2007 period as the sample period. Separate sets of factors are available for February 1965 to December 1990, January 1991 to February 1991, March 1991, April 1991 and May 1991 to January 1994. These additional 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 factors for The Conference Board LEI for Germany are -0.2274 for the 1965-1990 period and -0.1919 for the 1991-2007 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 Germany” news release is:

July 2009 Data.....	Wednesday, September 23, 2009
August 2009 Data.....	Tuesday, October 20, 2009
September 2009 Data.....	Wednesday, November 18, 2009
October 2009 Data.....	Tuesday, December 22, 2009

All releases are at 4:00 A.M. (ET), 10:00 A.M. (Berlin 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:

Germany 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
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Business Cycle Indicators for 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.

The Conference Board Germany Business Cycle Indicators

Table 1.--Summary of Germany Composite Economic Indexes

	2008			2009			
	Dec.	Jan.	Feb.	Mar.	Apr.	May.	Jun.
Leading index	91.2	88.5 r	86.2 r	85.4 p	86.4 p	87.1 p	88.1 p
Percent change	-3.2	-3.0 r	-2.6	-0.9 p	1.2 p	0.8 p	1.1 p
Diffusion index	14.3	14.3	14.3	35.7	64.3	71.4	85.7
Coincident index	103.8	102.5 r	101.9 r	101.7 r	101.5 r	101.7 r	101.6 p
Percent change	-0.7	-1.3	-0.6 r	-0.2	-0.2	0.2	-0.1 p
Diffusion index	37.5	12.5	12.5	25.0	50.0	25.0	25.0

	Jun to	Jul to	Aug to	Sep to	Oct to	Nov to	Dec to
	Dec	Jan	Feb	Mar	Apr	May	Jun
Leading index							
Percent change	-10.6	-12.2 r	-14.1 r	-13.8 p	-10.2 p	-7.5 p	-3.4 p
Diffusion index	28.6	28.6	28.6	14.3	14.3	28.6	42.9
Coincident index							
Percent change	-1.8	-2.8 r	-3.6 r	-3.6 r	-3.4 r	-2.7 r	-2.1 p
Diffusion index	50.0	25.0	12.5	0.0	25.0	0.0	0.0

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.

For more information, visit our Web site at www.conference-board.org/economics/bci

Source: The Conference Board

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The Conference Board Germany Business Cycle Indicators

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

Component	2008			2009			
	Dec.	Jan.	Feb.	Mar.	Apr.	May.	Jun.
Germany Leading Economic Index component data							
New Orders, Investment Goods Industries, Volume, 2005=100 (3 month moving average).....	89.77	83.07	78.10	76.80	76.97	78.70	80.37
Yield 10-Year Minus 3-Month Time Deposits Rate, Percent,	-0.2	0.6	1.2	1.4	1.7	2.1	2.2
Consumer Confidence Index.....	87.70	85.30	84.30	83.30	81.80	81.30	84.30
Inventory Change Contribution to real GDP change, Percent (Q).....	1.2	0.9	0.7	0.7 **	0.7 **	0.8 **	0.9 **
New Residential Construction Orders 2005=100, (3 month moving average).....	82.97	78.93	74.40	76.10	83.17	85.00 r	85.65 **
Stock Price Index 1980=100,	256.46	250.54	235.01	218.22	248.72	262.19	263.52
Gross Enterprises and Properties Income Bill., 1999 Euro (Q).....	138.43 r	133.03 r	127.62 r	124.92 **	123.60 **	122.94 **	122.62 **
LEADING INDEX (2004=100).....	91.2	88.5 r	86.2 r	85.4 p	86.4 p	87.1 p	88.1 p
Percent change from preceding month.....		-3.0 r	-2.6	-0.9	1.2 r	0.8 p	1.1 p
Germany Leading Economic Index net contributions							
New Orders, Investment Goods Industries, Volume, 2005=100 (3 month moving average).....		-1.19	-0.95	-0.26	0.03	0.34 r	0.32
Yield 10-Year Minus 3-Month Time Deposits Rate, Percent,		0.09	0.17	0.20	0.24	0.30	0.32
Consumer Confidence Index.....		-0.49	-0.21	-0.21	-0.32	-0.11	0.64
Inventory Change Contribution to real GDP change, Percent (Q).....		-0.08	-0.05	-0.01 **	0.01 **	0.02 **	0.03 **
New Residential Construction Orders 2005=100, (3 month moving average).....		-0.46	-0.54	0.21	0.81	0.20 r	0.07 **
Stock Price Index 1980=100,		-0.12	-0.34	-0.39	0.69	0.28	0.03
Gross Enterprises and Properties Income Bill., 1999 Euro (Q).....		-0.51 r	-0.53 r	-0.28 **	-0.14 **	-0.07 **	-0.03 **

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)

Q Quarterly series; these series are converted to a monthly series through a linear interpolation.

Data Sources: Deutsche Bundesbank, Thomson Financial, IFO Institute

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The Conference Board Germany Business Cycle Indicators

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

Component	2008	2009					Jun.
	Dec.	Jan.	Feb.	Mar.	Apr.	May.	
-----Germany Coincident Economic Index Component Data-----							
Industrial Production, (2005=100).....	100.8	94.5	91.3	91.6	89.2	93.0 r	92.9
Employed Persons, Thousands #.....	40291.0 r	40278.0 r	40282.0 r	40251.0 r	40226.0 r	40188.0 r	40146.0
Retail Trade, Volume, (2005=100).....	96.5	95.5 r	95.4 r	95.3 r	96.4 r	95.4 r	94.2
Manufacturing Sales, Volume, (2005=100, 3 month moving average).....	103.5	96.6 r	93.0 r	90.0 r	90.3 r	90.1 r	90.4
COINCIDENT INDEX (2004=100).....	103.8	102.5 r	101.9 r	101.7 r	101.5 r	101.7 r	101.6 p
Percent change from preceding month.....		-1.3	-0.6 r	-0.2	-0.2	0.2	-0.1 p
-----Germany Coincident Economic Index net contributions-----							
Industrial Production, (2005=100).....	....	-0.66	-0.35	0.03	-0.27	0.43 r	-0.01
Employed Persons, Thousands #.....	....	-0.02 r	0.01 r	-0.06 r	-0.05 r	-0.07 r	-0.08
Retail Trade, Volume, (2005=100).....	....	-0.08 r	-0.01 r	-0.01 r	0.09 r	-0.08 r	-0.10
Manufacturing Sales, Volume, (2005=100, 3 month moving average).....	....	-0.43 r	-0.24 r	-0.21	0.02 r	-0.01	0.02

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)

Q Quarterly series; these series are converted to monthly through a linear interpolation.

Data Sources: Deutsche Bundesbank, Thomson Financial, Statistisches Bundesamt

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).

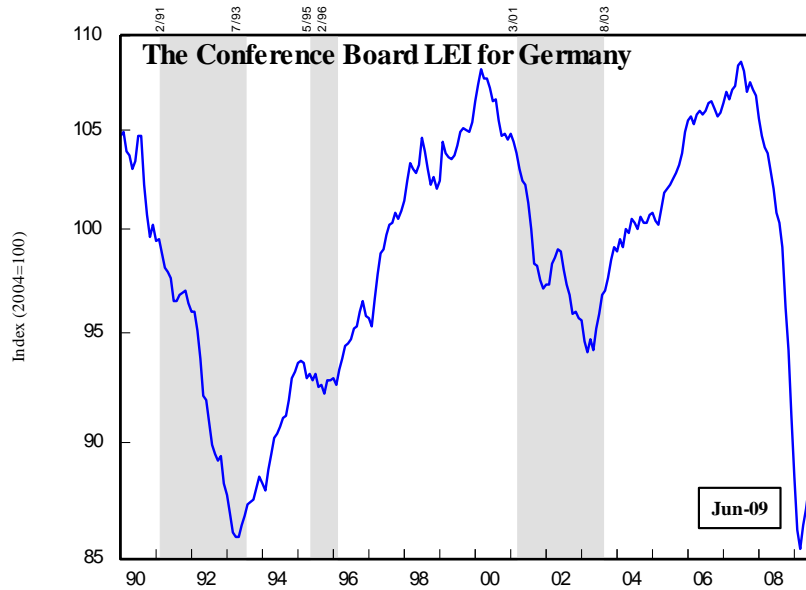
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Germany Composite Economic Indexes



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

* There is a discontinuity in the indexes in Jan-1991 due to reunification of Eastern and Western Germany