



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. ET, Monday, April 20, 2009

The Conference Board®
U.S. Business Cycle IndicatorsSM
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX™
(LEI) FOR THE UNITED STATES
AND RELATED COMPOSITE ECONOMIC INDEXES FOR MARCH 2009**

The Conference Board Leading Economic Index™ (LEI) for the U.S. decreased 0.3 percent, **The Conference Board Coincident Economic Index™ (CEI)** decreased 0.4 percent and **The Conference Board Lagging Economic Index™ (LAG)** decreased 0.4 percent in March.

- The Conference Board LEI for the U.S. declined again in March, and the index has not risen in the past nine months. Building permits, stock prices, and the index of supplier deliveries made large negative contributions to the index this month, more than offsetting continued positive contributions from real money supply and the yield spread. In the six months through March, the index fell 2.5 percent (about a -4.9 percent annual rate), faster than the decrease of 1.4 percent (a -2.7 percent annual rate) for the previous six months. In addition, the weaknesses among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for the U.S. continued falling in March, driven by further declines in employment and industrial production. In the six months through March, the index decreased 3.0 percent (about a -5.8 percent annual rate), faster than the decline of 2.0 percent (a -3.9 percent annual rate) for the previous six months. In March, the lagging economic index for the U.S. fell by the same amount as the coincident economic index, and as a result, the coincident to lagging ratio remained unchanged. Meanwhile, real GDP contracted at an average annual rate of 3.5 percent in the second half of 2008 (including a decline of 6.3 percent annual rate in the fourth quarter).
- The Conference Board LEI for the U.S. remains on a general downtrend that began in July 2007, with widespread weaknesses among its components. However, its rate of decline has moderated somewhat this year. The Conference Board CEI for the U.S. has been on a declining trend since November 2007, although it has also decreased at a modestly slower pace in recent months. All in all, the behavior of the composite economic indexes suggests that the economic recession that started in December 2007 will continue in the near term, but that the contraction in activity could become less severe in upcoming months.

LEADING INDICATORS. Three of the ten indicators that make up The Conference Board LEI for the U.S. increased in March. The positive contributors – beginning with the largest positive contributor – were real money supply*, interest rate spread, and the index of consumer expectations. The negative contributors – beginning with the largest negative contributor – were building permits, stock prices, index of supplier deliveries (vendor performance), average weekly manufacturing hours, average weekly initial claims for unemployment insurance (inverted), and manufacturers' new orders for nondefense capital goods*. Manufacturers' new orders for consumer goods and materials* held steady in March.

The next release is scheduled for May 21, Thursday at 10 A.M. ET.

The Conference Board LEI for the U.S. now stands at 98.1 (2004=100). Based on revised data, this index decreased 0.2 percent in February and decreased 0.2 percent in January. During the six-month span through March, the leading economic index decreased 2.5 percent, with two out of ten components advancing (diffusion index, six-month span equals 20 percent).

COINCIDENT INDICATORS. Two of the four indicators that make up The Conference Board CEI for the U.S. increased in March. The positive contributors to the index – beginning with the largest positive contributor – were personal income less transfer payments* and manufacturing and trade sales*. The negative contributors – beginning with the largest negative contributor – were employees on nonagricultural payrolls and industrial production.

The Conference Board CEI for the U.S. now stands at 101.5 (2004=100). This index decreased 0.6 percent in February and decreased 0.9 percent in January. During the six-month period through March, the coincident economic index decreased 3.0 percent, with none of the four components advancing (diffusion index, six-month span equals 0 percent).

LAGGING INDICATORS. The Conference Board LAG for the U.S. stands at 113.3 (2004=100) in March, with one of the seven components advancing. The positive contributor to the index was the ratio of consumer installment credit to personal income*. The negative contributors – beginning with the largest negative contributor – were commercial and industrial loans outstanding*, change in labor cost per unit of output*, and average duration of unemployment (inverted). The average prime rate charged by banks, ratio of manufacturing and trade inventories to sales* and change in CPI for services* held steady in March. Based on revised data, the lagging economic index decreased 0.3 percent in February and decreased 0.2 percent in January.

DATA AVAILABILITY AND NOTES.

The data series used to compute **The Conference Board Leading Economic Index™** (LEI) for the U.S., **The Conference Board Coincident Economic Index™** (CEI) for the U.S. and **The Conference Board Lagging Economic Index™** (LAG) for the U.S. and reported in the tables in this release are those available “as of” 5 pm on April 16, 2009. Some series are estimated as noted below.

* Series in The Conference Board LEI for the U.S. based on our estimates are manufacturers’ new orders for consumer goods and materials, manufacturers’ new orders for nondefense capital goods, and the personal consumption expenditure used to deflate the money supply. Series in The Conference Board CEI for the U.S. that are based on our estimates are personal income less transfer payments and manufacturing and trade sales. Series in The Conference Board LAG for the U.S. that are based on our estimates are inventories to sales ratio, consumer installment credit to income ratio, change in labor cost per unit of output, and the personal consumption expenditure used to deflate commercial and industrial loans outstanding.

The procedure used to estimate the current month’s personal consumption expenditure deflator (used in the calculation of real money supply and commercial and industrial loans outstanding) now incorporates the current month’s consumer price index when it is available before the release of The Conference Board LEI for the U.S.

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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, coincident, and lagging economic indexes are essentially composite averages of several individual leading, coincident, or lagging 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.S. have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for the U.S. have occurred at about the same time as those in aggregate economic activity. The cyclical turning points in The Conference Board LAG for the U.S. generally have occurred after those in aggregate economic activity.

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

<u>Leading Economic Index</u>	<u>Factor</u>
1 Average weekly hours, manufacturing	0.2549
2 Average weekly initial claims for unemployment insurance	0.0307
3 Manufacturers' new orders, consumer goods and materials	0.0774
4 Index of supplier deliveries – vendor performance	0.0677
5 Manufacturers' new orders, nondefense capital goods	0.0180
6 Building permits, new private housing units	0.0270
7 Stock prices, 500 common stocks	0.0390
8 Money supply, M2	0.3580
9 Interest rate spread, 10-year Treasury bonds less federal funds	0.0991
10 Index of consumer expectations	0.0282
 <u>Coincident Economic Index</u>	
1 Employees on nonagricultural payrolls	0.5439
2 Personal income less transfer payments	0.1873
3 Industrial production	0.1497
4 Manufacturing and trade sales	0.1191
 <u>Lagging Economic Index</u>	
1 Average duration of unemployment	0.0371
2 Inventories to sales ratio, manufacturing and trade	0.1238
3 Labor cost per unit of output, manufacturing	0.0608
4 Average prime rate	0.2825
5 Commercial and industrial loans	0.1127
6 Consumer installment credit to personal income ratio	0.1872
7 Consumer price index for services	0.1959

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. When one or more components are missing, the other factors are adjusted proportionately to ensure that the total continues to sum to 1.

These factors were revised effective on the release for January 2009, and all historical values for the three composite economic indexes were revised at this time to reflect the changes. (Under normal circumstances, updates to the leading, coincident, and lagging economic indexes only incorporate revisions to data over the past six months.) The factors for The Conference Board LEI for the U.S. were calculated using 1984-2007 as the sample period for measuring volatility. A separate set of factors for the 1959-1983 period is available upon request. The primary sample period for the coincident and lagging economic indexes was 1959-2007. For additional information on the standardization factors and the index methodology see: “Benchmark Revisions in the Composite Indexes,” *Business Cycle Indicators* December 1997 and “Technical Appendix: Calculating the Composite Indexes” *Business Cycle Indicators* December 1996, or the Web site: www.conference-board.org/economics/bci.

The trend adjustment factor for The Conference Board LEI for the U.S is -0.0101, and the trend adjustment factor for The Conference Board LAG for the U.S is 0.1615.

To address the problem of lags in available data, those leading, coincident and lagging indicators that are not available at the time of publication are estimated using statistical imputation. An autoregressive model is used to estimate each unavailable component. The resulting indexes are therefore constructed using real and estimated data, and will be revised as the unavailable data during 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 data such as stock prices, interest rate spread, and manufacturing hours that are available sooner than other data on real aspects of the economy such as manufacturers’ new orders. Empirical research by The Conference Board suggests that there are real gains in adopting this procedure to make all the indicator series as up-to-date as possible.

The Conference Board Leading Economic Index™ (LEI) for the U.S. news release schedule for 2009:

Thursday, May 21, 2009	for April 2009 data
Thursday, June 18, 2009	for May 2009 data
Monday, July 20, 2009	for June 2009 data
Thursday, August 20, 2009	for July 2009 data
Monday, September 21, 2009	for August 2009 data
Thursday, October 22, 2009	for September 2009 data
Thursday, November 19, 2009	for October 2009 data
Thursday, December 17, 2009	for November 2009 data

All releases are at 10:00 AM ET.

About The Conference Board

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AVAILABLE FROM THE CONFERENCE BOARD

U.S. 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 http://www.conference-board.org/publications/describeBCI.cfm)</i>	\$ 275 per year
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.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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Table 1.--Summary of U.S. Composite Economic Indexes

	2008							2009
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Leading index	100.6	99.6	98.8 r	98.8	98.6 r	98.4 r	98.1 p	
Percent change	.0	-1.0	-.8 r	.0 r	-.2 r	-.2 r	-.3 p	
Diffusion index	40.0	20.0	20.0	30.0	30.0	55.0	35.0	
Coincident index	104.6	104.8	104.2	103.4 r	102.5 r	101.9 p	101.5 p	
Percent change	-1.1	.2	-.6	-.8 r	-.9 r	-.6 p	-.4 p	
Diffusion index	0.0	75.0	25.0	0.0	0.0	25.0	50.0	
Lagging index	113.5	113.6	114.3	114.2	114.0 r	113.7 p	113.3 p	
Percent change	.4	.1	.6	-.1	-.2	-.3 p	-.4 p	
Diffusion index	50.0	14.3	71.4	42.9	28.6	21.4	28.6	
Coincident-lagging ratio	92.2	92.3	91.2	90.5 r	89.9 r	89.6 p	89.6 p	
	Mar to	Apr to	May to	Jun to	Jul to	Aug to	Sep to	
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Leading index								
Percent change	-1.4	-2.4	-3.1	-3.2	-2.8	-2.2	-2.5	
Diffusion index	30.0	30.0	30.0	30.0	30.0	20.0	20.0	
Coincident index								
Percent change	-2.0	-1.8	-2.2	-2.8	-3.5	-3.7	-3.0	
Diffusion index	.0	.0	25.0	25.0	25.0	.0	.0	
Lagging index								
Percent change	1.2	1.4	2.3	2.2	1.3	.6	-.2	
Diffusion index	57.1	42.9	57.1	57.1	42.9	57.1	42.9	

p Preliminary. r Revised (noted only for index levels and one-month percent changes). c Corrected.

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.

The full history of composite and diffusion indexes is available by subscription on our web site at www.conference-board.org/economics/bci

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

Component	2008						2009
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
U.S. Leading Economic Index component data							
Average workweek, production workers, mfg. (hours).....	40.5	40.4	40.2	39.9	39.8	39.5 r	39.3
Average weekly initial claims, state unemployment insurance (thousands)*.....	470.4 r	480.1 r	519.7 r	544.0 r	580.9 r	636.8 r	658.0
Manufacturers' new orders, consumer goods and materials (mil. 1982 dol.).....	127,953	125,642 r	121,833	119,344	117,160 r	118,085 r	118,040 **
Index of supplier deliveries -- vendor performance (percent).....	51.8	49.3	48.6	45.7	45.3	46.7	43.6
Manufacturers' new orders, nondefense capital goods (mil. 1982 dol.).....	43,708	40,619 r	38,502	34,504	30,940 r	33,357 r	32,437 **
Building permits (thous.).....	805	730	615	547	531	564 r	513
Stock prices, 500 common stocks (c) (index: 1941-43=10).....	1,217.01	968.80	883.04	877.56	865.58	805.23	757.13
Money supply, M2 (bil. chn. 2000 dol.).....	6,321.5 r	6,444.1 r	6,556.5 r	6,732.4 r	6,784.4 r	6,786.3 r	6,850.2 **
Interest rate spread, 10-year Treasury bonds less federal funds.....	1.88	2.84	3.14	2.26	2.37	2.65	2.64
Index of consumer expectations (c) (1966:1=100).....	67.2	57.0	53.9	54.0	57.8	50.5	53.5
LEADING INDEX (2004=100).....	100.6	99.6	98.8 r	98.8	98.6 r	98.4 r	98.1 p
Percent change from preceding month.....	0.0	-1.0	-0.8 r	0.0 r	-0.2 r	-0.2 r	-0.3 p
U.S. Leading Economic Index net contributions							
Average workweek, production workers, mfg.....	....	-.06 r	-.13	-.19	-.06	-.19 r	-.13
Average weekly initial claims, state unemployment insurance.....	....	-.06 r	-.24 r	-.14 r	-.20 r	-.28 r	-.10
Manufacturers' new orders, consumer goods and materials.....	....	-.14 r	-.24	-.16	-.14 r	.06 r	.00 **
Index of supplier deliveries -- (vendor performance).....	....	-.17	-.05	-.20	-.03	.09	-.21
Manufacturers' new orders, nondefense capital goods.....	....	-.13	-.10 r	-.20	-.20 r	.14 r	-.05 **
Building permits.....	....	-.26	-.46	-.32	-.08	.16 r	-.26
Stock prices, 500 common stocks (c)	....	-.89	-.36	-.02	-.05	-.28	-.24
Money supply, M2.....	....	.69 r	.62 r	.95 r	.28	.01	.34 **
Interest rate spread, 10-year Treasury bonds less federal funds.....	....	.28	.31	.22	.23	.26	.26
Index of consumer expectations (c)	....	-.29	-.09	.00	.11	-.21	.08

p Preliminary. r Revised. c Corrected.

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

** Statistical Imputation (See page 3 for more details)

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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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Table 3.--Data and Net Contributions for Components of the U.S. Coincident Economic Index and the U.S. Lagging Economic Index

Component	2008						2009
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
U.S. Coincident Economic Index component data							
Employees on nonagricultural payrolls (thousands).....	136,732	136,352	135,755	135,074	134,333 r	133,682 r	133,019
Personal income less transfer payments (ann. rate, bil. chn. 2000 dol.).....	8,355.9	8,394.4 r	8,435.0 r	8,422.7 r	8,371.3 r	8,304.8 r	8,342.4 **
Industrial production (index: 2002=100).....	104.837	106.163 r	104.838 r	102.521 r	100.326 r	98.838 r	97.376
Manufacturing and trade sales (mil. chn. 2000 dol.).....	918,093	919,896 r	898,943 r	892,313 r	883,865 r	886,517 **	887,390 **
COINCIDENT INDEX (2004=100).....	104.6	104.8	104.2	103.4 r	102.5 r	101.9 p	101.5 p
Percent change from preceding month.....	-1.1	0.2	-0.6	-0.8 r	-0.9 r	-0.6 p	-0.4 p
U.S. Coincident Economic Index net contributions							
Employees on nonagricultural payrolls.....	....	-.15	-.24	-.27	-.30 r	-.26	-.27
Personal income less transfer payments.....	....	.09 r	.09 r	-.03 r	-.11 r	-.15 r	.08 **
Industrial production.....	....	.19 r	-.19	-.33 r	-.32 r	-.22 r	-.22
Manufacturing and trade sales.....	....	.02	-.27 r	-.09 r	-.11 r	.04 **	.01 **
U.S. Lagging Economic Index component data							
Average duration of unemployment (weeks)*.....	18.7	19.8	18.9	19.7	19.8	19.8	20.1
Ratio, manufacturing and trade inventories to sales (chain 2000 dol.).....	1.383	1.379 r	1.413 r	1.417 r	1.426 r	1.424 **	1.424 **
Change in index of labor cost per unit of output, mfg. (6-month percent, ann. rate).....	11.8 r	9.8 r	12.5 r	15.50 r	14.5 **	13.2 **	12.0 **
Average prime rate charged by banks (percent).....	5.00	4.56	4.00	3.61	3.25	3.25	3.25
Commercial and industrial loans outstanding (mil. chn. 2000 dol.).....	794,412 r	829,700 r	838,098 r	834,507 r	828,367 r	803,504 r	779,141 **
Ratio, consumer installment credit out- standing to personal income (percent).....	21.19	21.17	21.19 r	21.22 r	21.25 r	21.24 r	21.25 **
Change in CPI for services (6-month percent, ann. rate).....	3.9	3.4	2.5	1.7	1.0	.8	.8
LAGGING INDEX (2004=100).....	113.5	113.6	114.3	114.2	114.0 r	113.7 p	113.3 p
Percent change from preceding month.....	.4	.1	.6	-.1	-.2 r	-.3 p	-.4 p
U.S. Lagging Economic Index net contributions							
Average duration of unemployment.....	....	-.21	.17	-.15	-.02	.00	-.06
Ratio, manufacturing and trade inventories to sales.....	....	-.04 r	.30 r	.03 r	.08 r	-.02 **	.00 **
Change in index of labor cost per unit of output, mfg.....	....	-.12 r	.16 r	.18 r	-.06 **	-.08 **	-.07 **
Average prime rate charged by banks.....	....	-.12	-.16	-.11	-.10	.00	.00
Commercial and industrial loans outstanding.....	....	.49 r	.11	-.05	-.08	-.34	-.35 **
Ratio, consumer installment credit out- standing to personal income.....	....	-.02	.02	.03	.03	-.01	.01 **
Change in CPI for services.....	....	-.10	-.18 r	-.16	-.14	-.04	.00

CPI Consumer Price Index. For additional notes see table 2.

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

** Statistical Imputation (See page 3 for more details)

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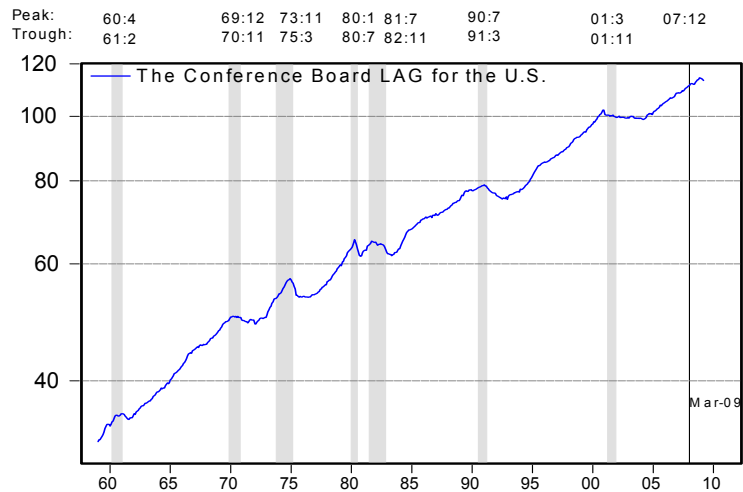
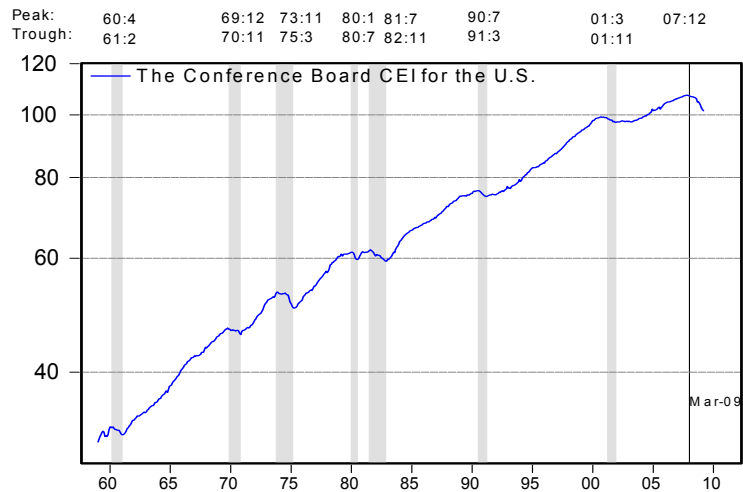
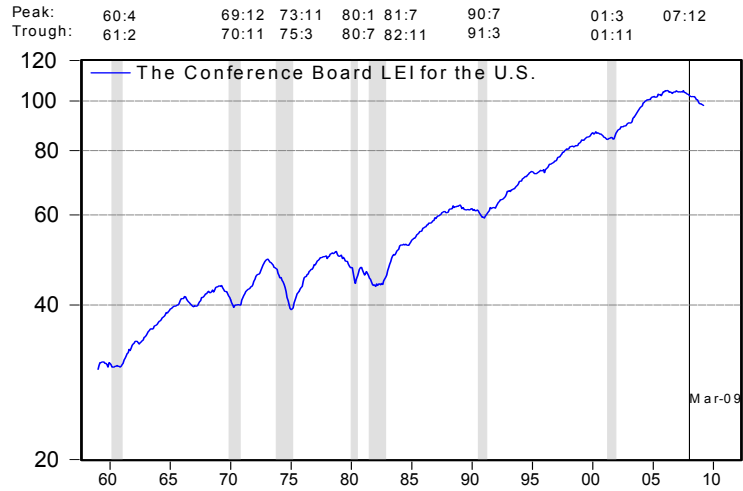
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U.S. Composite Economic Indexes (2004=100)



Shaded areas represent recessions.

Source: The Conference Board