



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. CET, WEDNESDAY, JUNE 17, 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 APRIL 2009**

**BRUSSELS, June 17, 2009...** The Conference Board Leading Economic Index™ (LEI) for Spain increased 0.2 percent. The Conference Board Coincident Economic Index™ (CEI) decreased 0.5 percent in April.

- The Conference Board LEI for Spain increased in April, following seven consecutive declines. Positive contributions from stock prices and the order books survey more than offset negative contributions from the capital equipment component of industrial production and the Spanish contribution to Euro money supply (M2). Between October 2008 and April 2009, the leading economic index decreased by 2.6 percent (about a -5.1 percent annual rate), only slightly faster than the 2.4 percent decline (about a -4.8 percent annual rate) between April and October 2008. In addition, the weaknesses among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for Spain, a measure of current economic activity, decreased again in April. Industrial production (excluding construction) continued to make the largest negative contribution to the index. Between October 2008 and April 2009, the coincident economic index fell 4.8 percent (about a -9.5 percent annual rate), faster than the 3.8 percent decline (about a -7.4 percent annual rate) for the previous six months. Additionally, the weaknesses among the coincident indicators remained very widespread, with none of the components increasing during the past six months. At the same time, real GDP contracted at a 7.4 percent annual rate during the first quarter of 2009, its largest quarterly decline since 1991, following a decline of 3.8 percent annual rate during the fourth quarter of 2008.
- Although The Conference Board LEI for Spain increased slightly this month, it has been trending downward for more than a year amid widespread weakness among its components. However, the pace of contraction has moderated somewhat in recent months. The Conference Board CEI for Spain has also been on a downtrend since its most recent peak in February 2008, and its six-month growth rate remains near its 25-year low. Taken together, the recent behavior of the composite economic indexes suggests that, although the pace of contraction may moderate slightly, the downturn in economic activity is likely to continue in the near term.

The next release is scheduled for Monday, July 13, 2009 at 10:00 A.M. (CET)

*In the U.S. – July 13, 2009 at 4:00 A.M. (ET)*

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

With the increase of 0.2 percent in April, The Conference Board LEI for Spain now stands at 106.0 (2004=100). Based on revised data, this index declined 0.6 percent in March and declined 0.7 percent in February. During the six-month span through April, the index decreased 2.6 percent, and two of the six components advanced (diffusion index, six-month span equals 33.3 percent).

COINCIDENT INDICATORS. One of the five components that make up The Conference Board CEI for Spain increased in April. The retail sales survey was the only positive contributor to the index this month. Industrial production excluding construction, final household consumption\*, and employment\* declined in April, while real imports\* remained unchanged.

With the decrease of 0.5 percent in April, The Conference Board CEI for Spain now stands at 102.1 (2004=100). Based on revised data, this index decreased 0.8 percent in March and decreased 0.8 percent in February. During the six-month span through April, the index decreased 4.8 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) June 15, 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. There are no series in The Conference Board LEI for Spain based on our estimates.

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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 Web site: <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 Web site: <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:

May 2009 Data.....	Monday, July 13, 2009
June 2009 Data.....	Tuesday, August 11, 2009
July 2009 Data.....	Tuesday, September 15, 2009
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. (CET)

### **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.

## The Conference Board Spain Business Cycle Indicators

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

	2008		2009		Feb.	Mar.	Apr.
	Oct.	Nov.	Dec.	Jan.			
Leading index	108.8	108.3	108.0 r	107.1	106.4 r	105.8 r	106.0 p
Percent change	-1.3	-0.5	-0.3 r	-0.8 r	-0.7	-0.6 r	0.2 p
Diffusion index	33.3	33.3	50.0	16.7	16.7	66.7	58.3
Coincident index	107.3	106.0	105.1 r	104.2 r	103.4 r	102.6 p	102.1 p
Percent change	-1.0	-1.2	-0.8 r	-0.9 r	-0.8 r	-0.8 p	-0.5 p
Diffusion index	0.0	0.0	20.0	20.0	20.0	0.0	20.0

	Apr to	May to	Jun to	Jul to	Aug to	Sep to	Oct to
	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Leading index							
Percent change	-2.4	-2.2	-2.0 r	-2.5	-3.7 r	-4.0 r	-2.6 p
Diffusion index	16.7	33.3	33.3	33.3	33.3	33.3	33.3
Coincident index							
Percent change	-3.8	-4.6	-4.8 r	-5.3 r	-5.3 r	-5.4 p	-4.8 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	2008			2009			
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
----- Spain Leading Economic Index component data -----							
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	114.4 r	113.0 r	108.7 r	103.6 r	98.8 r	93.7 r	90.4
Spanish Contribution to Euro M2 (s.a.).....	915689.47 r	926650.43 r	937349.85 r	958754.81 r	964830.69 r	972904.70 r	968844.56
Spanish Equity Price Index.....	978.1	950.8	976.0	898.0	803.9	820.7	935.9
Longterm Government Bond Yield (Inverted).....	4.5	4.2	3.9	4.2	4.2	4.1	4.0
Order Books Survey (3 month moving average, s.a.).....	-11.80	-15.954 r	-18.614	-19.466 r	-20.496	-20.327	-19.40
Job Placings (3 month moving average, s.a.).....	1311.8 r	1261.2 r	1236.0 r	1168.7 r	1163.5 r	1083.8 r	1084.3
<b>LEADING INDEX (2004=100).....</b>	<b>108.8</b>	<b>108.3</b>	<b>108.0</b>	<b>107.1</b>	<b>106.4</b>	<b>105.8</b>	<b>106.0 p</b>
Percent change from preceding month.....	-1.3	-0.5	-0.3	-0.8 r	-0.7	-0.6 r	0.2 p
----- Spain Leading Economic Index net contributions -----							
Capital Equipment Component of Industrial Production(3 month moving average, s.a.).....	....	-0.09 r	-0.29	-0.35 r	-0.35 r	-0.39 r	-0.26
Spanish Contribution to Euro M2 (s.a.).....	....	0.23 r	0.22 r	0.43 r	0.12 r	0.16 r	-0.08
Spanish Equity Price Index.....	....	-0.08	0.07	-0.23	-0.31	0.06	0.36
Longterm Government Bond Yield (Inverted).....	....	0.17	0.15	-0.15	-0.04	0.09	0.03
Order Books Survey (3 month moving average, s.a.).....	....	-0.50	-0.32 r	-0.10	-0.13	0.02	0.11
Job Placings (3 month moving average, s.a.).....	....	-0.27	-0.14 r	-0.39 r	-0.03 r	-0.50 r	0.00

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	2008			2009			
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
----- Spain Coincident Economic Index component data -----							
Final Household Consumption (Q).....	117.0	116.5	115.8 r	115.1 r	114.5 r	114.0 **	113.5 **
Industrial Production, Excluding Construction 2005=100(3 month moving average).....	95	92.9 r	90.6 r	88.5 r	86.6 r	85.0 r	83.7
Real Imports , millions of Euro, 2000 prices..... (3 month moving average)	20407.90	19557.30	18869.00	17870.90	18197.90	17247.40 r	17236.50 **
Retail Sales Survey (s.a.) #.....	106.6 r	102.2 r	102.9 r	104.1 r	100.8	99.4 r	100.2
Employment (Q) (Thousands, s.a.) .....	20212.0 r	20068.0 r	20037.3 r	20006.6 r	19976.0 r	19948.4 **	19923.6 **
<b>COINCIDENT INDEX (2004=100).....</b>	<b>107.3</b>	<b>106.0</b>	<b>105.1</b>	<b>104.2</b>	<b>103.4 r</b>	<b>102.6 p</b>	<b>102.1 p</b>
Percent change from preceding month.....	-1.0	-1.2	-0.8	-0.9	-0.8 r	-0.8 p	-0.5 p
----- Spain Coincident Economic Index net contributions -----							
Final Household Consumption (Q).....	....	-0.15	-0.22 r	-0.22 r	-0.19 r	-0.16 **	-0.14 **
Industrial Production, Excluding Construction 2005=100(3 month moving average).....	....	-0.48 r	-0.50 r	-0.48 r	-0.44 r	-0.38 r	-0.32
Real Imports , millions of Euro, 2000 prices.....	....	-0.13	-0.11	-0.17	0.06	-0.16 r	0.00 **
Retail Sales Survey (s.a.) #.....	....	-0.15 r	0.02 r	0.04 r	-0.11 r	-0.05	0.03
Employment (Q) (Thousands, s.a.) .....	....	-0.26	-0.06 r	-0.06 r	-0.06 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).

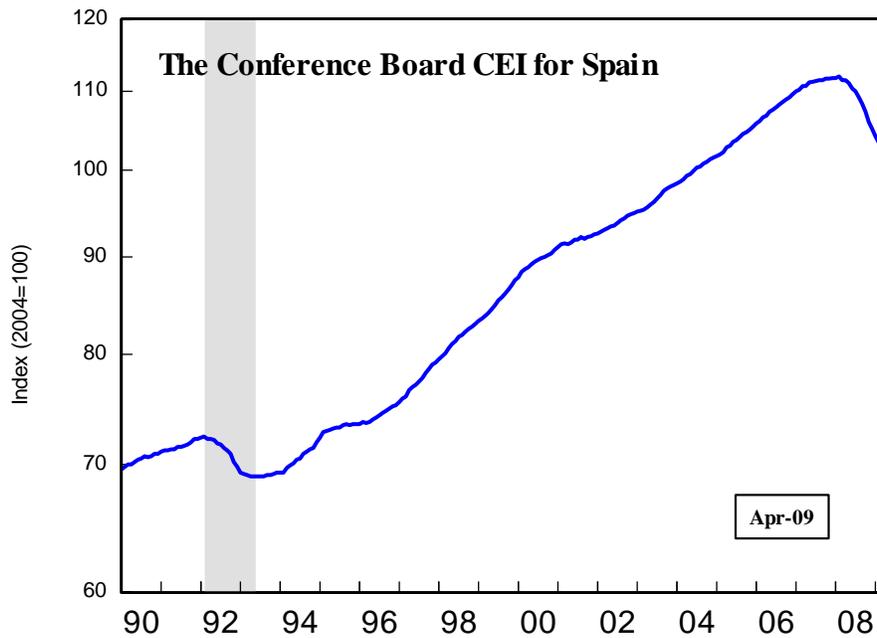
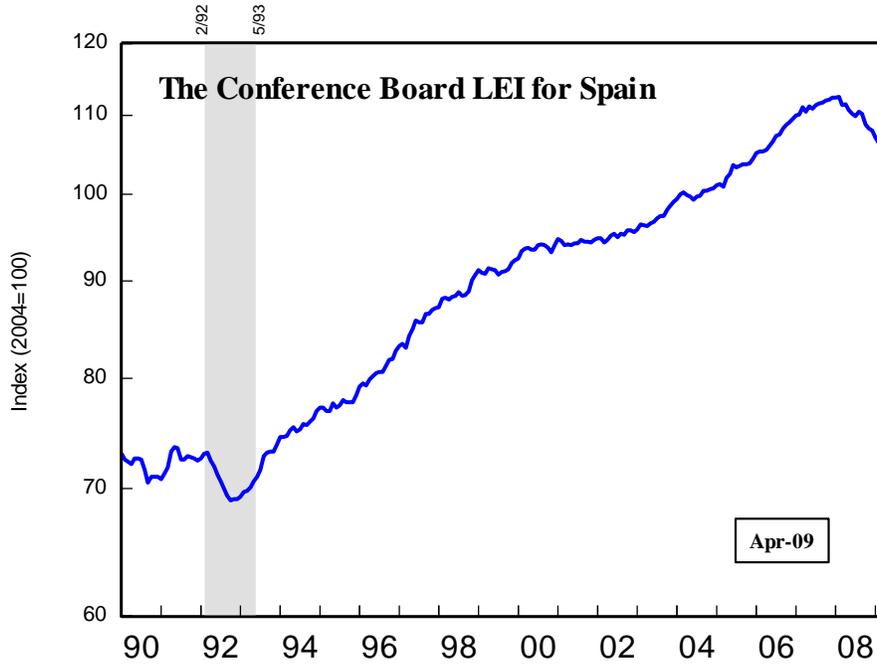
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## Spain Composite Economic Indexes



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