The Conference Board Leading Economic Index™ (LEI) for the U.S. increased 1.2 percent, The Conference Board Coincident Economic Index™ (CEI) decreased 0.2 percent, and The Conference Board Lagging Economic Index™ (LAG) decreased 0.2 percent in May.

- The Conference Board LEI for the U.S. increased sharply for the second consecutive month in May. In addition, the strengths among its components continued to exceed the weaknesses this month. Vendor performance, the interest rate spread, real money supply, stock prices, consumer expectations, and building permits contributed positively to the index, more than offsetting the negative contributions from weekly hours and initial unemployment claims. The index rose 1.2 percent (a 2.4 percent annual rate) between November 2008 and May 2009, the first time the index has increased over a six-month period since July 2007, and the strengths among the leading indicators have become balanced with the weaknesses during this period.

- The Conference Board CEI for the U.S. continued to decrease in May, amid further declines in industrial production and employment. The six-month change in the index stands at -3.3 percent (a -6.4 percent annual rate) in the period through May, down from -2.3 percent (a -4.5 percent annual rate) during the previous six months. In May, the lagging economic index for the U.S. fell by the same amount as the coincident economic index, and the coincident-to-lagging ratio remained unchanged, as a result. Meanwhile, real GDP fell at a 5.7 percent annual rate in the first quarter of the year, following a contraction of 6.3 percent in the fourth quarter of 2008.

- The Conference Board LEI for the U.S., which had been on a general downtrend since reaching a peak in July 2007, has risen sharply in the past two months amid widespread strengths among its components. With these large and extensive increases, the six-month change in the index has become positive for the first time in two years. The Conference Board CEI for the U.S., a measure of current economic activity, remains on a decreasing trend but its pace of decline has stabilized in recent months. All in all, the behavior of the composite indexes continues to suggest that the recession that began in December 2007 will likely ease in the near term.

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

The next release is scheduled for Monday, July 20 at 10 A.M. ET.
The Conference Board LEI for the U.S. now stands at 100.2 (2004=100). Based on revised data, this index increased 1.1 percent in April and decreased 0.3 percent in March. During the six-month span through May, the leading economic index increased 1.2 percent, with five out of ten components advancing (diffusion index, six-month span equals 50 percent).

COINCIDENT INDICATORS. Two of the four indicators that make up The Conference Board CEI for the U.S. increased in May. 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 industrial production and employment.

The Conference Board CEI for the U.S. now stands at 100.7 (2004=100). This index decreased 0.3 percent in April and decreased 0.7 percent in March. During the six-month period through May, the coincident economic index decreased 3.3 percent, with none of the four components advancing (diffusion index, six-month span equals 0.0 percent).

LAGGING INDICATORS. The Conference Board LAG for the U.S. stands at 112.0 (2004=100) in May, with none of the seven components advancing. The negative contributors – beginning with the largest negative contributor – were average duration of unemployment (inverted), commercial and industrial loans outstanding*, change in labor cost per unit of output*, and change in CPI for services. The ratio of manufacturing and trade inventories to sales*, average prime rate charged by banks, and ratio of consumer installment credit to personal income* held steady in May. Based on revised data, the lagging economic index decreased 0.8 percent in April and decreased 0.6 percent in March.

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” 12 Noon on June 17, 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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Website:  www.conference-board.org/economics/bci

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

<table>
<thead>
<tr>
<th>Leading Economic Index</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Average weekly hours, manufacturing</td>
<td>0.2549</td>
</tr>
<tr>
<td>2 Average weekly initial claims for unemployment insurance</td>
<td>0.0307</td>
</tr>
<tr>
<td>3 Manufacturers’ new orders, consumer goods and materials</td>
<td>0.0774</td>
</tr>
<tr>
<td>4 Index of supplier deliveries – vendor performance</td>
<td>0.0677</td>
</tr>
<tr>
<td>5 Manufacturers’ new orders, nondefense capital goods</td>
<td>0.0180</td>
</tr>
<tr>
<td>6 Building permits, new private housing units</td>
<td>0.0270</td>
</tr>
<tr>
<td>7 Stock prices, 500 common stocks</td>
<td>0.0390</td>
</tr>
<tr>
<td>8 Money supply, M2</td>
<td>0.3580</td>
</tr>
<tr>
<td>9 Interest rate spread, 10-year Treasury bonds less federal funds</td>
<td>0.0991</td>
</tr>
<tr>
<td>10 Index of consumer expectations</td>
<td>0.0282</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Coincident Economic Index</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Employees on nonagricultural payrolls</td>
<td>0.5439</td>
</tr>
<tr>
<td>2 Personal income less transfer payments</td>
<td>0.1873</td>
</tr>
<tr>
<td>3 Industrial production</td>
<td>0.1497</td>
</tr>
<tr>
<td>4 Manufacturing and trade sales</td>
<td>0.1191</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lagging Economic Index</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Average duration of unemployment</td>
<td>0.0371</td>
</tr>
<tr>
<td>2 Inventories to sales ratio, manufacturing and trade</td>
<td>0.1238</td>
</tr>
<tr>
<td>3 Labor cost per unit of output, manufacturing</td>
<td>0.0608</td>
</tr>
<tr>
<td>4 Average prime rate</td>
<td>0.2825</td>
</tr>
<tr>
<td>5 Commercial and industrial loans</td>
<td>0.1127</td>
</tr>
<tr>
<td>6 Consumer installment credit to personal income ratio</td>
<td>0.1872</td>
</tr>
<tr>
<td>7 Consumer price index for services</td>
<td>0.1959</td>
</tr>
</tbody>
</table>

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:

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
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.

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<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nov</td>
<td>Dec</td>
</tr>
<tr>
<td><strong>Leading index</strong></td>
<td>99.0</td>
<td>98.9</td>
</tr>
<tr>
<td>Percent change</td>
<td>-.6</td>
<td>-.1</td>
</tr>
<tr>
<td>Diffusion index</td>
<td>20.0</td>
<td>30.0</td>
</tr>
<tr>
<td><strong>Coincident index</strong></td>
<td>104.1</td>
<td>103.4</td>
</tr>
<tr>
<td>Percent change</td>
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<td>-.7</td>
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<td>Diffusion index</td>
<td>25.0</td>
<td>12.5</td>
</tr>
<tr>
<td><strong>Lagging index</strong></td>
<td>114.3</td>
<td>114.2</td>
</tr>
<tr>
<td>Percent change</td>
<td>.6</td>
<td>-.1</td>
</tr>
<tr>
<td>Diffusion index</td>
<td>64.3</td>
<td>35.7</td>
</tr>
<tr>
<td><strong>Coincident-lagging</strong></td>
<td>91.1</td>
<td>90.5</td>
</tr>
<tr>
<td><strong>Ratio</strong></td>
<td></td>
<td></td>
</tr>
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</table>

**May to Nov**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nov</td>
<td>Dec</td>
</tr>
<tr>
<td><strong>Leading index</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent change</td>
<td>-.9</td>
<td>-3.1</td>
</tr>
<tr>
<td>Diffusion index</td>
<td>30.0</td>
<td>30.0</td>
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<tr>
<td><strong>Coincident index</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent change</td>
<td>-.3</td>
<td>-2.8</td>
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<tr>
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<tr>
<td><strong>Lagging index</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent change</td>
<td>2.3</td>
<td>2.2</td>
</tr>
<tr>
<td>Diffusion index</td>
<td>57.1</td>
<td>57.1</td>
</tr>
</tbody>
</table>

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

Source: The Conference Board. All rights reserved.
Table 2.—Data and Net Contributions for Components of the U.S. Leading Economic Index

<table>
<thead>
<tr>
<th>Component</th>
<th>2008</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>2009</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average weekly production wage, mfg. (hours)..........................</td>
<td>40.2</td>
<td>39.9</td>
<td>39.8</td>
<td>39.5</td>
<td>39.4</td>
<td>39.5</td>
<td>39.3</td>
<td>122,523</td>
<td>119,555</td>
<td>117,160</td>
<td>116,967</td>
<td>116,753</td>
<td>116,634</td>
<td>116,476 **</td>
</tr>
<tr>
<td>Average weekly initial claims, state unemployment insurance (thousands)*</td>
<td>519.7</td>
<td>544.0</td>
<td>580.9</td>
<td>636.8</td>
<td>658.0</td>
<td>624.4</td>
<td>632.5</td>
<td>48.6</td>
<td>45.7</td>
<td>45.3</td>
<td>46.7</td>
<td>43.6</td>
<td>44.9</td>
<td>49.8</td>
</tr>
<tr>
<td>Manufacturers' new orders, consumer goods and materials (mil. 1982 dol.)...</td>
<td>38,477</td>
<td>34,394</td>
<td>30,940</td>
<td>32,378</td>
<td>32,117</td>
<td>31,233</td>
<td>31,571 **</td>
<td>630.0</td>
<td>564.0</td>
<td>531.0</td>
<td>550.0</td>
<td>511.0</td>
<td>498.0</td>
<td>518.0</td>
</tr>
<tr>
<td>Index of supplier deliveries -- vendor performance (percent).............</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.14</td>
<td>2.26</td>
<td>2.37</td>
<td>2.65</td>
<td>2.64</td>
<td>2.78</td>
<td>3.11</td>
</tr>
<tr>
<td>Manufacturers' new orders, nondefense capital goods (mil. 1982 dol.)......</td>
<td>883.04</td>
<td>877.56</td>
<td>865.58</td>
<td>805.23</td>
<td>757.13</td>
<td>848.15</td>
<td>902.41</td>
<td>53.9</td>
<td>54.0</td>
<td>57.8</td>
<td>50.5</td>
<td>53.5</td>
<td>63.1</td>
<td>69.4</td>
</tr>
<tr>
<td>Building permits (thous.)..................................................</td>
<td>6,556.6</td>
<td>6,732.6</td>
<td>6,788.2</td>
<td>6,791.3</td>
<td>6,855.2</td>
<td>6,807.2</td>
<td>6,852.6 **</td>
<td>99.0</td>
<td>98.9</td>
<td>98.6</td>
<td>98.2</td>
<td>97.9</td>
<td>99.0</td>
<td>100.2 p</td>
</tr>
<tr>
<td>Stock prices, 500 common stocks (c) (index: 1941=10)........................</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.6</td>
<td>-0.1</td>
<td>-0.3</td>
<td>-0.4</td>
<td>-0.3</td>
<td>1.1</td>
<td>1.2 p</td>
</tr>
<tr>
<td>Money supply, M2 (bil. chn. 2000 dol.)...</td>
<td>3.14</td>
<td>2.26</td>
<td>2.37</td>
<td>2.65</td>
<td>2.64</td>
<td>2.78</td>
<td>3.11</td>
<td>53.9</td>
<td>54.0</td>
<td>57.8</td>
<td>50.5</td>
<td>53.5</td>
<td>63.1</td>
<td>69.4</td>
</tr>
<tr>
<td>Interest rate spread, 10-year Treasury bonds less federal funds...........</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.14</td>
<td>2.26</td>
<td>2.37</td>
<td>2.65</td>
<td>2.64</td>
<td>2.78</td>
<td>3.11</td>
</tr>
<tr>
<td>Index of consumer expectations (c) (2008=100).............................</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>99.0</td>
<td>98.9</td>
<td>98.6</td>
<td>98.2</td>
<td>97.9</td>
<td>99.0</td>
<td>100.2 p</td>
</tr>
<tr>
<td>LEADING INDEX (2004=100). ...............................................</td>
<td>-0.6</td>
<td>-0.1</td>
<td>-0.3</td>
<td>-0.4</td>
<td>-0.3</td>
<td>1.1</td>
<td>1.2 p</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Percent change from preceding month.. ...................................</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.14</td>
<td>2.26</td>
<td>2.37</td>
<td>2.65</td>
<td>2.64</td>
<td>2.78</td>
<td>3.11</td>
</tr>
<tr>
<td>U.S. Leading Economic Index net contributions...............................</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>99.0</td>
<td>98.9</td>
<td>98.6</td>
<td>98.2</td>
<td>97.9</td>
<td>99.0</td>
<td>100.2 p</td>
</tr>
</tbody>
</table>

* 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>
<thead>
<tr>
<th>Component</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nov</td>
<td>Dec</td>
</tr>
<tr>
<td>Employees on nonagricultural payrolls (thousands)</td>
<td>135,755</td>
<td>135,074</td>
</tr>
<tr>
<td>Personal income less transfer payments (ann. rate, bil. chn. 2000 dol.)</td>
<td>8,426.7 r</td>
<td>8,424.6 r</td>
</tr>
<tr>
<td>Industrial production (index: 2002=100)</td>
<td>104,761</td>
<td>102,365 r</td>
</tr>
<tr>
<td>Manufacturing and trade sales (mil. chn. 2000 dol.)</td>
<td>898,943</td>
<td>892,313 r</td>
</tr>
<tr>
<td>COINCIDENT INDEX (2004=100)</td>
<td>104.1</td>
<td>103.4</td>
</tr>
<tr>
<td>Percent change from preceding month</td>
<td>-0.7</td>
<td>-0.7</td>
</tr>
<tr>
<td>Average duration of unemployment (weeks)</td>
<td>18.9</td>
<td>19.7</td>
</tr>
<tr>
<td>Ratio, manufacturing and trade inventories to sales (chain 2000 dol.)</td>
<td>1.413</td>
<td>1.417</td>
</tr>
<tr>
<td>Change in index of labor cost per unit of output, mtg. (6-month percent, ann. rate)</td>
<td>13.6</td>
<td>17.4 r</td>
</tr>
<tr>
<td>Average prime rate charged by banks (percent)</td>
<td>4.00</td>
<td>3.61</td>
</tr>
<tr>
<td>Commercial and industrial loans outstanding (mil. chn. 2000 dol.)</td>
<td>838,346</td>
<td>834,424 r</td>
</tr>
<tr>
<td>Ratio, consumer installment credit outstanding to personal income (percent)</td>
<td>21.21</td>
<td>21.20 r</td>
</tr>
<tr>
<td>Change in CPI for services (6-month percent, ann. rate)</td>
<td>2.5</td>
<td>1.7</td>
</tr>
<tr>
<td>LAGGING INDEX (2004=100)</td>
<td>114.3</td>
<td>114.2</td>
</tr>
<tr>
<td>Percent change from preceding month</td>
<td>.6</td>
<td>-1</td>
</tr>
</tbody>
</table>

U.S. Lagging Economic Index component data

Average duration of unemployment (weeks) | ... | -.15 | -.02 | .00 | -.06 | -.23 | -.19 |

Ratio, manufacturing and trade inventories to sales | ... | .03 | .11 r | -.09 r | .00 r | -.01 ** | .00 ** |

Change in index of labor cost per unit of output, mtg. (percent) | ... | .23 r | .19 r | -.21 r | -.32 r | -.09 ** | -.06 ** |

Average prime rate charged by banks | ... | -.11 | -.10 | .00 | .00 | .00 | .00 |

Commercial and industrial loans outstanding | ... | -.05 | -.08 | -.33 | -.34 r | -.38 r | -.11 ** |

Ratio, consumer installment credit outstanding to personal income | ... | -.01 r | .04 r | -.04 r | -.09 r | -.21 r | -.00 ** |

Change in CPI for services | ... | -.16 | -.14 | -.04 | .00 | -.02 | -.02 |

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

** Statistical imputation (See page 3 for more details)
U.S. Composite Economic Indexes (2004=100)

Shaded areas represent recessions.     Source: The Conference Board