



News Release

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The Conference Board[®]
Mexico Business Cycle IndicatorsSM

THE CONFERENCE BOARD LEADING ECONOMIC INDEX[®] (LEI) FOR MEXICO AND RELATED COMPOSITE ECONOMIC INDEXES FOR JULY 2010

The Conference Board Leading Economic Index[®] (LEI) for Mexico increased 0.3 percent and The Conference Board Coincident Economic Index[®] (CEI) increased 0.3 percent in July.

- The Conference Board LEI for Mexico increased in July, following two consecutive monthly declines. Index levels were revised down slightly for the past several months as a result of revisions to underlying data. In July, oil prices, stock prices, and industrial production (construction component) contributed positively to the index, more than offsetting the negative contributions from net insufficient inventories and the real exchange rate (inverted). Between January and July 2010, the leading economic index increased 0.5 percent (a 1.0 percent annual rate), sharply lower than the increase of 3.7 percent (a 7.6 percent annual rate) for the previous six months. However, the strengths among the leading indicators have been widespread in recent months.
- The Conference Board CEI for Mexico continued to increase in July as all its components advanced. Between January and July 2010, the coincident economic index increased 2.5 percent (a 5.0 percent annual rate), in line with the increase of 2.7 percent (a 5.6 percent annual rate) for the previous six months. In addition, the strengths among the coincident indicators have remained very widespread, with all three components increasing over the past six months. Real GDP increased at a 13.5 percent annual rate in the second quarter of 2010, following a decline of 2.5 percent annual rate in the previous quarter.
- After remaining on an upward trend from early 2009 through April 2010, The Conference Board LEI for Mexico has been largely flat, with its six-month growth rate slowing substantially as a result. Meanwhile, The Conference Board CEI for Mexico has continued to increase, and its six-month growth rate has remained fairly stable this year. Taken together, the behavior of the composite indexes still suggests that economic activity is likely to continue recovering, but at a slower pace in the near term.

The next release is scheduled for Thursday, October 28, 2010 at 11:00 A.M. (ET)
In Mexico – Thursday, October 28, 2010 at 10:00 A.M. (CT)

LEADING INDICATORS. Three of the six components that make up The Conference Board LEI for Mexico increased in July. The positive contributors to the index—from the largest positive contributor to the smallest one—are the US refiners’ acquisition cost of domestic and imported crude oil, stock prices, and the industrial production construction component. Net insufficient inventories and the (inverted) real exchange rate decreased, while the (inverted) federal funds rate remained unchanged in July.

With the 0.3 percent increase in July, The Conference Board LEI for Mexico now stands at 116.9 (2004=100). Based on revised data, this index declined 0.1 percent in June and declined 1.8 percent in May. During the six-month span through July, the index increased 0.5 percent, with four of the six components increasing (diffusion index, six-month span equals 75.0 percent).

COINCIDENT INDICATORS. All three components that make up The Conference Board CEI for Mexico increased in July. The positive contributors —from the largest positive contributor to the smallest one—are number of people employed (measured by IMSS beneficiaries), retail sales, and industrial production.

With the increase of 0.3 percent in July, The Conference Board CEI for Mexico now stands at 111.4 (2004=100). Based on revised data, this index increased 0.2 percent in June and increased 0.2 percent in May. During the six-month span through July, the index increased 2.5 percent, with all three components increasing (diffusion index, six-month span equals 100.0 percent).

DATA AVAILABILITY. The data series used to compute the two composite indexes reported in the tables in this release are those available “as of” 10 A.M. September 28, 2010. There were no estimated series for this month.

Summary Table of Composite Indexes

	<u>May</u>	<u>2010</u> <u>Jun</u>	<u>Jul</u>	<u>6-month</u> <u>Jan. to Jul</u>
Leading index	116.7 r	116.6 r	116.9	
Percent Change	-1.8	-0.1 r	0.3	0.5
Diffusion	8.3	33.3	58.3	75.0
Coincident Index	110.9	111.1 r	111.4	
Percent Change	0.2	0.2 r	0.3	2.5
Diffusion	83.3	66.7	100.0	100.0

n.a. Not available p Preliminary r Revised
Indexes equal 100 in 2004

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