



News Release

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Further information:

Carol Courter: 212-339-0232 / courter@conference-board.org

Jonathan Liu: 212-339-0257 / jonathan.liu@conference-board.org

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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 DECEMBER 2014

The Conference Board Leading Economic Index[®] (LEI) for Mexico declined 2.6 percent and **The Conference Board Coincident Economic Index[®] (CEI)** increased 0.3 percent in December.

- The Conference Board LEI for Mexico fell sharply in December due to large negative contributions from oil prices and the real exchange rate. However, November's small decline in the index was revised up to a gain, as actual data for net insufficient inventories became available. With the decrease in December, the leading economic index fell by 3.4 percent (about a -6.8 percent annual rate) in the second half of 2014, substantially down from the 1.9 percent increase (about a 3.8 percent annual rate) in the first half of last year. However, the strengths among the leading indicators have remained more widespread than the weaknesses in recent months.
- The Conference Board CEI for Mexico, a measure of current economic activity, increased again in December. During the second half of 2014, the coincident economic index grew by 1.8 percent (about a 3.6 percent annual rate), slightly better than its increase of 1.6 percent (about a 3.3 percent annual rate) in the first half of last year. Meanwhile, real GDP expanded by 2.0 percent (annual rate) in the third quarter of 2014, down from 3.6 percent (annual rate) in the second quarter.
- The LEI for Mexico fell sharply in December, with falling oil prices being the main driver. As a result, the six-month growth rate of the LEI has moved into negative territory. Meanwhile, the moderate upward trend in the CEI for Mexico continued through December and as a result its six-month rate of increase has held steady. Although the rate of growth in the LEI has declined sharply in recent months, the strengths in the leading indicators remain widespread. In addition, the improvements in the CEI have been moderate, but steady. Mexico's current rate of economic expansion is likely to continue in the months ahead, but it will face downside risks due to low oil prices.

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

With the 2.6 percent decrease in December, The Conference Board LEI for Mexico now stands at 103.6 (2010=100). Based on revised data, this index increased 1.0 percent in November and declined 0.8 percent in October. During the six-month span through December, the index decreased 3.4 percent, with four of the six components increasing (diffusion index, six-month span equals 66.7 percent).

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

With the increase of 0.3 percent in December, The Conference Board CEI for Mexico now stands at 114.4 (2010=100). Based on revised data, this index increased 0.2 percent in November and increased 0.3 percent in October. During the six-month span through December, the index increased 1.8 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. February 13, 2015. Some series are estimated as noted below.

NOTES: The series in The Conference Board CEI for Mexico that is based on The Conference Board’s estimates is retail sales. The series in The Conference Board LEI for Mexico that is based on The Conference Board’s estimates is net insufficient inventories.

Summary Table of Composite Indexes

	2014			6-month <u>Jun to</u> <u>Dec</u>
	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	
Leading index	105.3 r	106.4 r	103.6 p	
Percent Change	-0.8 r	1.0 r	-2.6 p	-3.4 p
Diffusion	58.3 r	58.3	41.7	66.7
Coincident Index	113.9	114.1	114.4 p	
Percent Change	0.3	0.2	0.3 p	1.8 p
Diffusion	66.7	83.3	100.0	100.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2010

Source: The Conference Board

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The next release is scheduled for Friday, March 13, 2015 at 12:00 P.M. (ET)
In Mexico – Friday, March 13, 2015 at 10:00 A.M. (Mexico City time)

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