THE CONFERENCE BOARD

FOR RELEASE: 9:30 A.M. (ET), WEDNESDAY, MAY 27, 2015

The Conference Board®
Germany Business Cycle Indicators℠

THE CONFERENCE BOARD LEADING ECONOMIC INDEX® (LEI) FOR GERMANY

AND RELATED COMPOSITE ECONOMIC INDEXES FOR MARCH 2015

New York, May 27, 2015… **The Conference Board Leading Economic Index®** (LEI) for Germany increased 0.5 percent and **The Conference Board Coincident Economic Index®** (CEI) decreased 0.2 percent in March.

- The Conference Board LEI for Germany increased again in March. Large positive contributions from stock prices and consumer confidence more than offset the negative contribution from new orders for investment goods. Between September 2014 and March 2015, the leading economic index increased 2.6 percent (about a 5.2 percent annual rate), a reversal from its decrease of 1.9 percent (about a -3.9 percent annual rate) over the prior six months. Moreover, the strengths among the leading indicators have become more widespread than the weaknesses in recent months.
- The Conference Board CEI for Germany, a measure of current economic activity, declined. In the six-month period ending in March 2015, the coincident economic index increased 0.7 percent (about a 1.3 percent annual rate), after no improvement over the previous six months. In addition, the strengths among the coincident indicators have been very widespread with all components advancing. Meanwhile, real GDP expanded by 1.1 percent (annual rate) in the first quarter this year, slower than its growth of 2.8 percent (annual rate) in the fourth quarter of 2014.
- In March, the LEI for Germany increased for the fifth consecutive month, and the strengths among the components have become more widespread. As a result, its six-month growth rate has improved. Meanwhile, despite a small decline in March, the CEI has been modestly advancing and the strengths among its components remain widespread. Taken together, the recent behavior of the composite indexes suggests that the economy should continue to expand in the near-term, and the pace of growth could possibly even improve.

LEADING INDICATORS. Six of the seven components in The Conference Board LEI for Germany increased in March. The positive contributors — in order from the largest positive contributor to the smallest— were stock prices, consumer confidence, new residential construction orders*, inventory change*, gross enterprises and properties income*, and the yield spread. The only negative contributor was new orders in investment goods industries.

With the 0.5 percent increase in March, The Conference Board LEI for Germany now stands at 108.5 (2010=100). Based on revised data, this index increased 0.7 percent in February and increased 0.4 percent in January. During the six-month span through March, the index increased 2.6 percent, with five of the seven components increasing (diffusion index, six-month span equals 71.4 percent).

The next release is scheduled for Monday, June 22, 2015 at 3:30 P.M. (Berlin time)
In the U.S. – Monday, June 22, 2015 at 9:30 A.M. (ET)

COINCIDENT INDICATORS. Two of the four components that make up The Conference Board CEI for Germany increased in March. The positive contributors were manufacturing sales and employed persons. Retail trade and industrial production declined in March.

With the 0.2 percent decrease in March, The Conference Board CEI for Germany now stands at 105.1 (2010=100). Based on revised data, this index increased 0.1 percent in February and remained unchanged in January. During the six-month period through March, the index increased 0.7 percent, with all four components increasing (diffusion index, six-month span equals 100.0 percent).

** See notes under data availability.*

FOR TABLES AND CHARTS, SEE BELOW

DATA AVAILABILITY The data series used to compute **The Conference Board Leading Economic Index®** (LEI) for Germany and **The Conference Board Coincident Economic Index®** (CEI) for Germany reported in this release are those available "as of" 10:00 A.M. ET May 21, 2015. Some series are estimated as noted below.

NOTES: Series in The Conference Board LEI for Germany that are based on our estimates are inventory change, new residential construction orders, and gross enterprises and properties income.

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THE CYCLICAL INDICATOR APPROACH. The composite 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 Germany have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for Germany 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 website: http://www.conference-board.org/data/bci.cfm.

Germany Composite Indexes: Components and Standardization Factors

	Leading Economic Index	Factor
1	New Orders for Investment Goods	0.1320
2	Yield Spread	0.1471
3	Consumer Confidence Index	0.1684
4	Inventory Change	0.2698
5	New Residential Construction Order	0.0858
6	Stock Price Index	0.0498
7	Gross Enterprises and Property Income	0.1471

	Coincident Economic Index	Factor
1	Industrial Production	0.0872
2	Employed Persons	0.7556
3	Retail Trade	0.0939
4	Manufacturing Sales	0.0633

Notes:
The standardization 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 with the release in January 2015, 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 Germany were calculated using April 1991 to December 2013 (except January to February 1999) as the sample period for measuring volatility. Separate sets of factors are available for February 1965 to March 1971, April 1971 to January 1973, February 1973 to January 1974, February 1974 to November 1990, December 1990 to February 1991, March 1991 and January to February 1999. The factors above for The Conference Board CEI for Germany were calculated using February 1994 to December 2013 as the sample period. Separate sets of factors are available for February 1965 to December 1990, January 1991 to February 1991, March 1991, April 1991 and May 1991 to January 1994. These additional 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 website: http://www.conference-board.org/data/bci.cfm.

The trend adjustment factors for The Conference Board LEI for Germany are -0.2276 for the 1965-1990 period and -0.1733 for the 1991-2013 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 Conference Board Leading Economic Index® (LEI) for Germany news release schedule for 2015:

Monday, June 22, 2015	For April 2015 data
Tuesday, July 14, 2015	For May 2015 data
Friday, August 14, 2015	For Jane 2015 data
Friday, September 11, 2015	For July 2015 data
Thursday, October 15, 2015	For August 2015 data
Monday, November 23, 2015	For September 2015 data
Friday, December 18, 2015	For October 2015 data

All releases are at 9:30 A.M. (ET)

ABOUT THE CONFERENCE BOARD

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AVAILABLE FROM THE CONFERENCE BOARD:

Germany Business Cycle Indicators Internet Subscription
(Includes monthly release, data, charts and commentary)
$ 714 (for TCB members)/$ 908 (for non-TCB members) per year (1 user)

Individual Data Series
$ 68 per series downloaded

Monthly BCI Report (PDF)
(Sample available at http://www.conference-board.org/publications/publicationdetail.cfm?publicationid=852)
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The Conference Board Germany Business Cycle Indicators

Table 1.--Summary of Germany Composite Economic Indexes

	2014				2015		
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Leading index	105.8	105.5	106.1	106.9 p	107.3 p	108.0 p	108.5 p
Percent change	0.1	-0.3	0.6	0.8 p	0.4 p	0.7 p	0.5 p
Diffusion index	64.3	50.0	64.3	92.9	85.7	78.6	85.7
Coincident index	104.4	104.7	105.0	105.2	105.2 r	105.3 r	105.1
Percent change	0.0	0.3	0.3	0.2	0.0 r	0.1	-0.2
Diffusion index	75.0	75.0	87.5	100.0	37.5	50.0	37.5

	Mar to Sep	Apr to Oct	May to Nov	Jun to Dec	Jul to Jan	Aug to Feb	Sep to Mar
Leading index							
Percent change	-1.9	-2.2	-1.7	-0.7 p	0.2 p	2.2 p	2.6 p
Diffusion index	28.6	14.3	28.6	42.9	57.1	71.4	71.4
Coincident index							
Percent change	0.0	0.2	0.6	0.6	0.5 r	0.9 r	0.7
Diffusion index	25.0	50.0	75.0	100.0	87.5	100.0	100.0

p Preliminary. r Revised (both 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.

For more information, visit our Web site at ttp://www.conference-board.org/data/index.cfm

Source: The Conference Board

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The Conference Board Germany Business Cycle Indicators

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

Component	2014 Sep.	Oct.	Nov.	Dec.	Jan.	2015 Feb.	Mar.
	Germany Leading Economic Index component data						
New Orders, Investment Goods Industries, Volume, 2010=100 (3 month moving average).....	115.20	113.83	114.80 r	116.63	116.03 r	115.87 r	114.63
Yield 10-Year Minus 3-Month Time Deposits Rate, Percent, ...	0.8	0.7	0.6	0.5	0.3	0.3	0.2
Consumer Confidence Index.....	106.84	107.05	106.57	106.68	107.43	107.38	109.15
Inventory Change Contribution to real GDP change, Percent (Q).....	-0.79	-0.82	-0.86	-0.74 **	-0.54 **	-0.29 **	-0.04 **
New Residential Construction Orders 2010=100, (3 month moving average).....	122.70	127.67	134.33	141.60	144.90	149.60 r	151.33 **
Stock Price Index 1980=100, ...	457.42	427.44	452.64	468.46	484.01	523.67	559.79
Gross Enterprises and Properties Income Bill., 2010 Euro (Q).....	161.89	161.00	160.11	160.04 **	160.25 **	160.56 **	160.89 **
**LEADING INDEX (2010=100)..... Percent change from preceding month.....	**105.8** 0.1	**105.5** -0.3	**106.1** 0.6	**106.9 p** 0.8	**107.3 p** 0.4	**108.0 p** 0.7 p	**108.5 p** 0.5 p
	Germany Leading Economic Index net contributions						
New Orders, Investment Goods Industries, Volume, 2010=100 (3 month moving average).....		-0.16	0.11	0.21	-0.07 r	-0.02 r	-0.14
Yield 10-Year Minus 3-Month Time Deposits Rate, Percent, ...		0.10	0.09	0.08	0.05	0.04	0.03
Consumer Confidence Index.....		0.03	-0.08	0.02	0.12	-0.01	0.28
Inventory Change Contribution to real GDP change, Percent (Q).....		-0.01	-0.01	0.03 **	0.06 **	0.07 **	0.07 **
New Residential Construction Orders 2010=100, (3 month moving average).....		0.34	0.44	0.45	0.20	0.27 r	0.10 **
Stock Price Index 1980=100, ...		-0.34	0.29	0.17	0.16	0.39	0.33
Gross Enterprises and Properties Income Bill., 2010 Euro (Q).....		-0.08	-0.08	-0.01 **	0.02 **	0.03 **	0.03 **

p Preliminary. r Revised. n.a. Not available.

* 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: Deutsche Bundesbank, Haver Analytics, IFO Institute

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The Conference Board Germany Business Cycle Indicators

Table 3.--Data and Net Contributions for Components of the Germany Coincident Economic Index

Component	2014 Sep.	Oct.	Nov.	Dec.	Jan.	2015 Feb.	Mar.
	Germany Coincident Economic Index Component Data						
Industrial Production, (2010=100).....	107.5 r	107.8 r	108.0 r	109.1 r	109.0 r	109.0 r	108.5
Employed Persons, Thousands #.....	42641.0 r	42676.0 r	42697.0 r	42727.0 r	42712.0 r	42719.0 r	42730.0
Retail Trade, Volume, (2010=100).....	101.7	103.6 r	104.4	105.3 r	106.1	105.9 r	104.4
Manufacturing Sales, Volume, (2010=100, 3 month moving average).....	106.1 r	105.5 r	107.9	108.4 r	107.6 r	108.4 r	108.9
COINCIDENT INDEX (2010=100).....	**104.4**	**104.7**	**105.0**	**105.2**	**105.2** r	**105.3** r	**105.1**
Percent change from preceding month.....	0.0	0.3	0.3	0.2	0.0 r	0.1	-0.2
	Germany Coincident Economic Index net contributions						
Industrial Production, (2010=100).....	....	0.02 r	0.02 r	0.09	-0.01 r	0.00 r	-0.04
Employed Persons, Thousands #.....	....	0.06 r	0.04 r	0.05 r	-0.03 r	0.01 r	0.02
Retail Trade, Volume, (2010=100).....	....	0.17 r	0.07 r	0.08 r	0.07 r	-0.02 r	-0.13
Manufacturing Sales, Volume, (2010=100, 3 month moving average).....	....	-0.04	0.14	0.03 r	-0.04 r	0.04	0.03

p Preliminary. r Revised. n.a. Not available.

* 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 monthly through a linear interpolation.

Data Sources: Deutsche Bundesbank, Haver Analytics, Statistisches Bundesamt

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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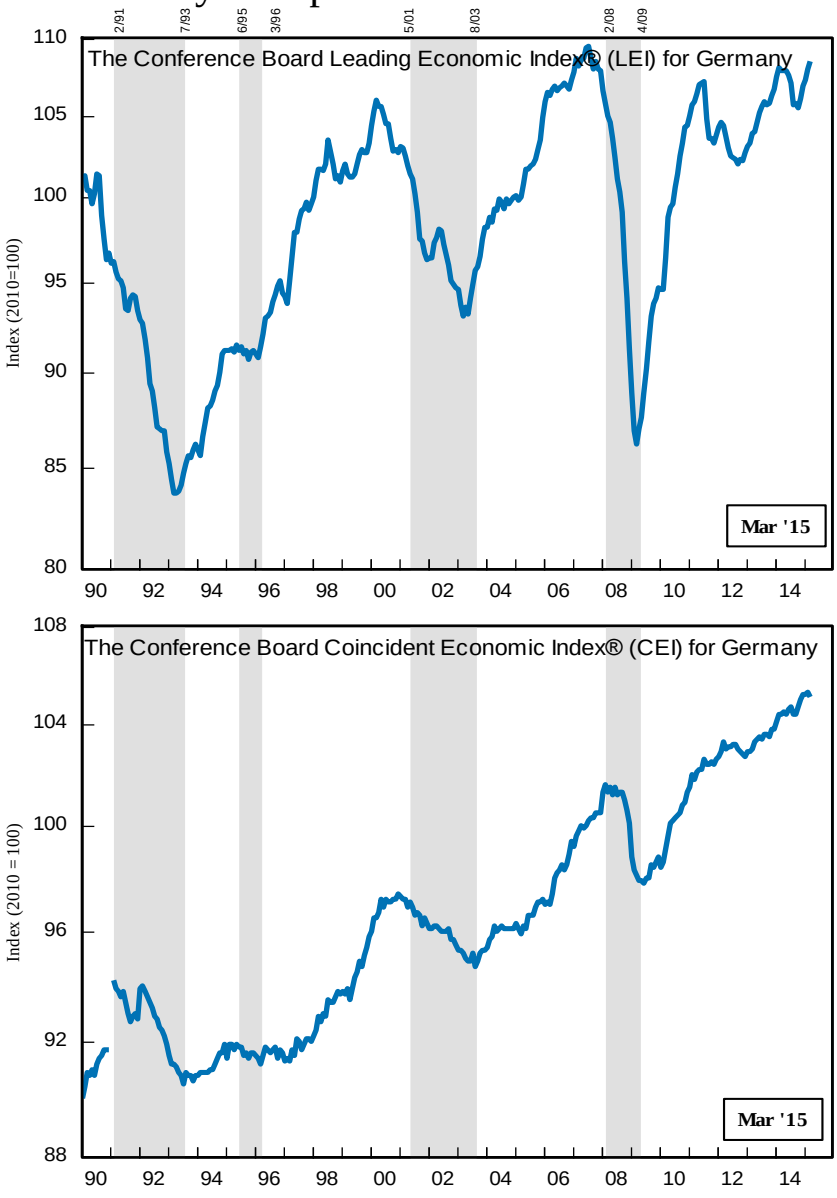
Germany Composite Economic Indexes



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

* There is a discontinuity in the indexes in Jan-1991 due to reunification of Eastern and Western Germany

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