



THE CONFERENCE BOARD

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The Conference Board Leading Economic Index for the Euro Area

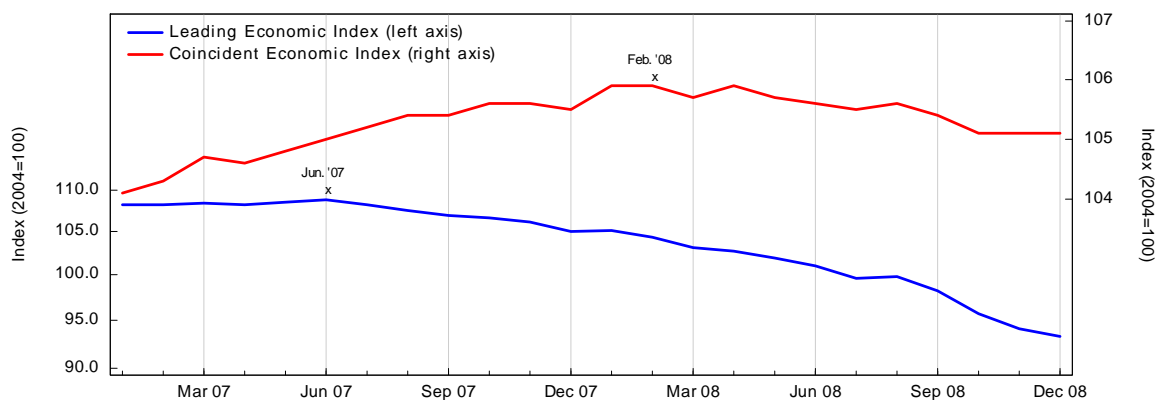
Shows Continuing Contraction

BRUSSELS, Jan. 28, 2009... The Conference Board Leading Economic Index (LEI) for the Euro Area declined a further 0.9 percent in December to 93.3 (2004 = 100), following a 1.7 percent fall in November and a 2.5 percent drop in October. Falling economic sentiment and stock prices more than offset large positive contributions from inflation-adjusted money supply and the interest rate spread.

The Euro Area LEI, published for the first time today, has been declining since June 2007, falling by more than 14.0 percent since then, and the rate of this decline has accelerated in recent months. A previous decline of this magnitude preceded the region's 1992-93 recession. Meanwhile, The Conference Board Coincident Economic Index (CEI) for the Euro Area, a measure of current economic activity, was unchanged in December after falling 0.3 percent in October to 105.1 in November (2004 = 100).*

“The Conference Board Leading Economic Index for the Euro Area indicates that there is no improvement in sight,” said Jean-Claude Manini, The Conference Board’s Senior Economist for Europe. “The effects of an expansionary policy mix may kick in later this year, and lead to some recovery in output, but employment growth will remain sluggish. While the worst of the downturn may be behind us, the recession will likely deepen through at least the first half of 2009.”

Euro Area LEI Points to a Deep Contraction



Source: The Conference Board, Inc.

The Conference Board Euro Area LEI aggregates eight economic indicators that measure activity in the Euro Area as a whole (rather than indicators of individual member countries), each of which has proven accurate on its own. Aggregating individual indicators into a composite index filters out so-called “noise” to show underlying trends more clearly.

About The Conference Board Leading Economic Index for the Euro Area

The Conference Board Leading Economic Index for the Euro Area was launched in January 2009. Plotted back to 1987, this index has successfully signaled turning points in the business cycle of the bloc of countries that now constitute the Euro Area, defined by the common currency zone.

The Conference Board currently produces leading economic indexes for nine other individual countries, including the U.S., the U.K., Germany, France, Spain, Japan, Australia, Korea and Mexico.

The eight components of The Conference Board Leading Economic Index for the Euro Area include:

- Economic Sentiment Index (source: European Commission DG-ECFIN)
- Index of Residential Building Permits Granted (source: Eurostat)
- Index of Capital Goods New Orders (source: Eurostat)
- Dow Jones EURO STOXX® Index (source: STOXX Limited)
- Money Supply (M2) (source: European Central Bank)
- Interest Rate Spread (source: ECB)
- Eurozone Manufacturing Purchasing Managers’ Index (source: Markit Economics)
- Eurozone Service Sector Future Business Activity Expectations Index (source: Markit Economics)

Click [here](#) for The Conference Board calendar of 2009 indicator releases.

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* Series in the Euro Area LEI that are based on The Conference Board estimates are real money supply, residential building permits and new orders of capital goods. All series in the Euro Area CEI are based on The Conference Board estimates (employment, industrial production, retail trade and manufacturing turnover).

Summary Table of Composite Indexes

	2008			6-month Jun to Dec
	Oct	Nov	Dec	
Leading Economic Index (LEI)	95.7 p	94.1 p	93.3 p	
Percent Change	-2.5 p	-1.7 p	-0.9 p	-7.6 p
Diffusion	25.0	37.5	62.5	12.5
Coincident Economic Index (CEI)	105.1 p	105.1 p	105.1 p	
Percent Change	-0.3 p	0.0 p	0.0 p	-0.5 p
Diffusion	12.5	62.5	37.5	37.5

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

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