

**News Release**

**OECD Composite Leading Indicators signal continued positive outlook for OECD area, China and India in April 2006**

Moderate expansion lies ahead in the OECD area according to the latest composite leading indicators (CLIs). April data show improved performance in the CLI's six month rate of change in the Euro area, United Kingdom and Japan but slightly weakening performance in Canada and the United States. The latest data for major OECD non-member economies point to continued strong expansion in China and moderate expansion in India.

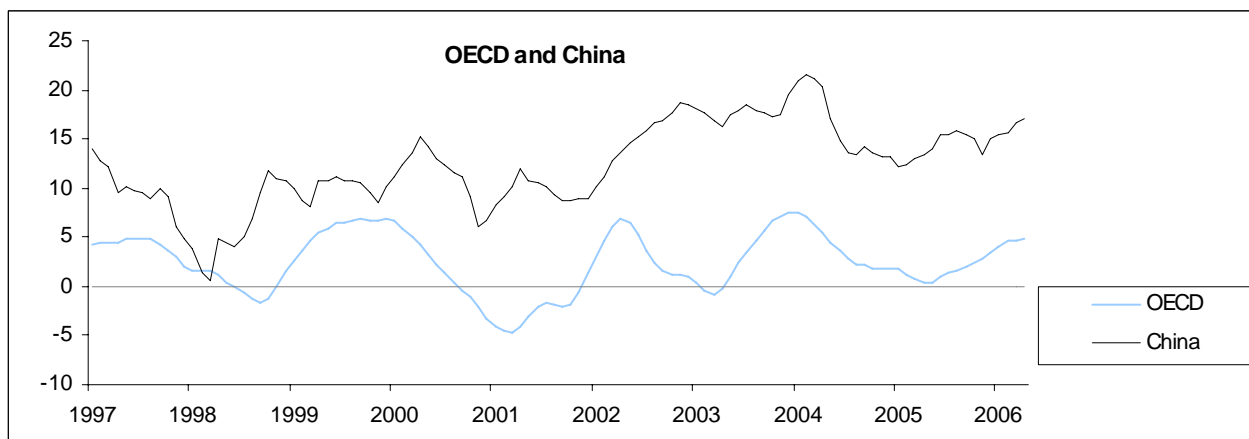
The CLI for the **OECD area** rose by 0.5 point in April to 110.1 from 109.6 in March. Its six-month rate of change rose for the twelfth consecutive month.

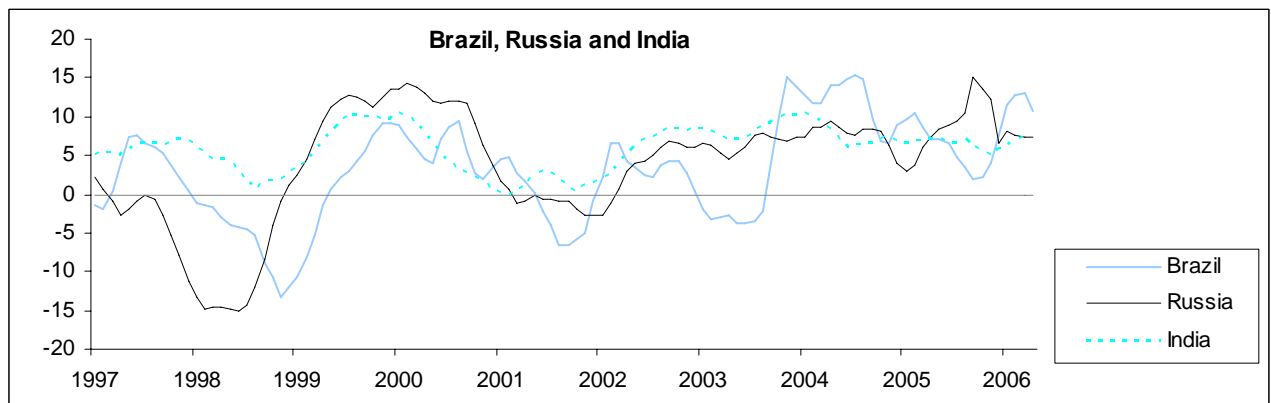
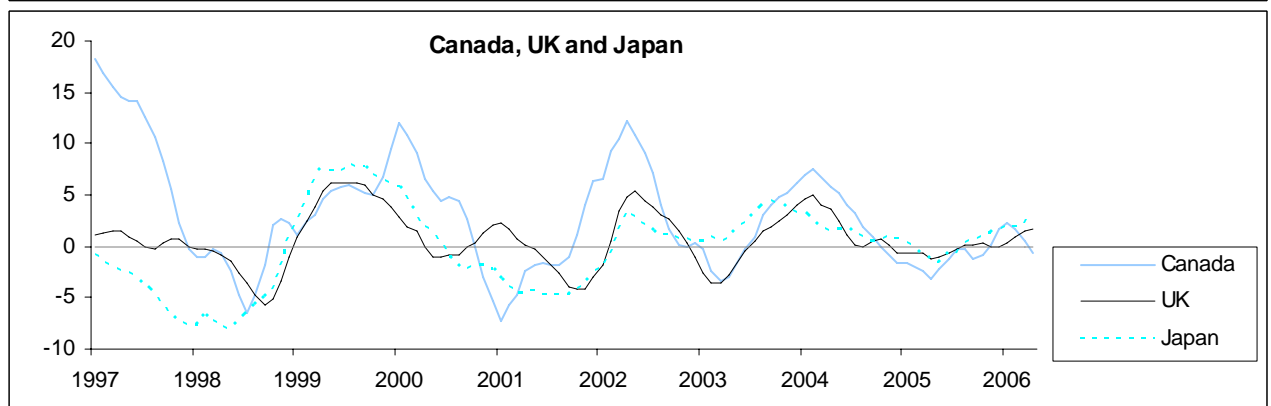
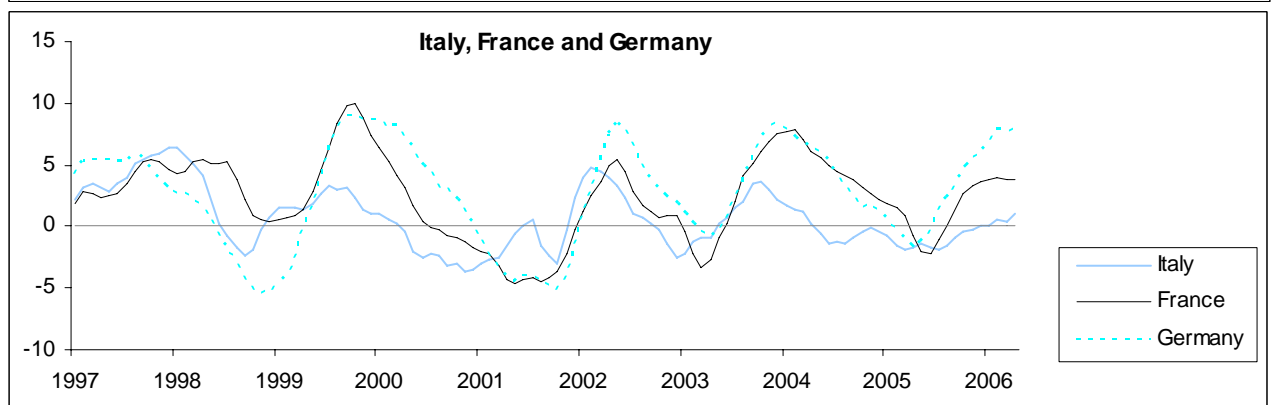
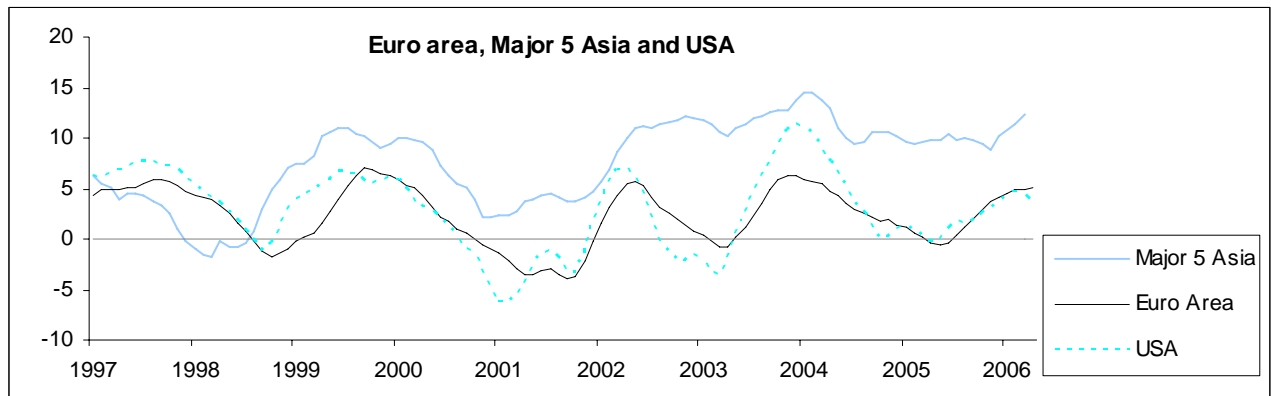
The CLI for the **United States** decreased by 0.1 point in April and its six-month rate of change was down for the second consecutive month. The **Euro area's** CLI increased by 0.5 point in April and its six-month rate of change rose for the eleventh consecutive month. In April, the CLI for **Japan** rose by 0.7 point and its six-month rate of change has shown an upward trend since June 2005.

The CLI for the **United Kingdom** increased by 0.2 point in April and its six-month rate of change shows a slight upward trend since May 2005. The CLI for **Canada** fell by 0.6 point in April and its six-month rate of change was down for the third consecutive month. For **France** the CLI rose by 0.2 point in April with its six-month rate of change showing an upward trend since July 2005. The CLI for **Germany** increased by 0.7 point in April and its six-month rate of change shows an upward trend since May 2005. For **Italy** the CLI rose by 0.4 point in April and its six-month rate of change shows an upward trend since August 2005.

The CLI for **China** rose by a strong 3.1 points in April and its six-month rate of change was up for the fifth consecutive month. The CLI for **India** increased by 1.1 point in March and its six-month rate of change rose for the fourth consecutive month. The CLI for **Russia** increased by 1.1 point in April but its six-month rate of change shows a downward trend since October 2005. In April the CLI for **Brazil** decreased by 0.5 point and its six-month rate of change was down following five months of increases.

**Charts: Trend restored CLI (annualised 6-month rate of change)**  
*Percentage change*





**Table 1: Trend restored Composite Leading Indicators**

	2005									2006			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>OECD Area</b>	105.4	105.6	106.0	106.3	106.5	106.8	107.2	107.7	108.1	108.7	109.2	109.6	110.1
<b>EU 15</b>	104.2	104.2	104.4	104.8	105.3	105.8	106.3	106.7	107.0	107.4	107.9	108.3	108.7
<b>Euro Area</b>	104.4	104.4	104.5	104.9	105.4	106.0	106.6	107.1	107.5	107.9	108.5	108.8	109.3
<b>Major Seven</b>	101.9	102.0	102.3	102.7	102.9	103.1	103.5	103.9	104.3	104.7	105.1	105.2	105.4
<b>Canada</b>	101.1	101.4	101.7	102.1	102.0	101.4	101.4	101.9	102.7	103.0	102.8	102.2	101.6
<b>France</b>	104.6	104.0	103.9	104.4	105.1	105.8	106.6	107.0	107.3	107.6	107.8	108.0	108.2
<b>Germany</b>	105.8	106.0	106.6	107.5	108.1	108.7	109.6	110.4	110.9	111.6	112.7	113.2	113.9
<b>Italy</b>	96.7	96.8	96.5	96.4	96.4	96.6	96.8	96.8	96.9	96.8	97.0	96.9	97.3
<b>Japan</b>	99.3	99.2	99.6	99.6	100.0	100.3	100.4	100.6	100.9	101.0	101.1	101.3	102.0
<b>United Kingdom</b>	100.1	100.0	100.1	100.3	100.5	100.5	100.6	100.4	100.3	100.5	100.8	101.2	101.4
<b>United States</b>	102.9	103.0	103.6	104.1	104.0	104.3	104.8	105.3	105.8	106.4	106.9	107.0	106.9
<b>Major Five Asia*</b>	150.9	152.1	153.7	154.6	156.1	157.1	158.1	158.9	161.0	162.8	164.7	166.8	
<b>Brazil</b>	122.2	123.0	123.5	123.1	122.7	122.2	122.7	124.3	127.4	130.4	132.2	133.2	132.7
<b>China</b>	187.7	190.0	193.4	195.5	198.4	200.3	202.3	203.0	206.8	209.7	212.4	216.0	219.1
<b>India</b>	131.6	132.4	133.1	133.6	134.7	134.8	135.2	135.4	136.5	137.4	138.7	139.8	
<b>Russia</b>	127.4	128.6	129.8	131.0	132.5	136.3	136.4	136.7	134.2	136.2	136.9	137.9	139.0

\* China, India, Indonesia, Japan and Korea

CLI data for 29 OECD member countries and 6 OECD Non-member economies available at:

[http://www.oecd.org/document/49/0,2340,en\\_2649\\_34349\\_36881713\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/49/0,2340,en_2649_34349_36881713_1_1_1_1,00.html)

**Table 2: Six-month rate of change of the trend restored CLI (annualised)**  
*Percentage change*

	2005									2006			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>OECD Area</b>	0.3	0.4	1.0	1.4	1.6	2.0	2.4	2.9	3.3	4.0	4.6	4.7	4.9
<b>EU 15</b>	-0.3	-0.4	-0.1	0.6	1.4	2.0	2.8	3.2	3.5	3.9	4.4	4.5	4.7
<b>Euro Area</b>	-0.4	-0.6	-0.3	0.4	1.2	2.0	3.0	3.6	4.0	4.4	4.9	4.9	5.1
<b>Major Seven</b>	-1.0	-0.9	-0.1	0.6	0.9	1.3	1.9	2.4	2.9	3.4	3.7	3.6	3.5
<b>Canada</b>	-3.1	-2.2	-1.3	-0.3	-0.3	-1.1	-0.9	0.1	1.7	2.3	1.7	0.5	-0.7
<b>France</b>	-0.8	-2.0	-2.1	-1.2	0.0	1.3	2.7	3.3	3.6	3.9	3.9	3.9	3.8
<b>Germany</b>	-1.7	-1.3	-0.2	1.4	2.4	3.3	4.5	5.6	6.0	6.7	7.8	7.7	7.9
<b>Italy</b>	-1.7	-1.4	-1.7	-1.8	-1.5	-0.9	-0.5	-0.3	0.1	0.0	0.5	0.4	1.1
<b>Japan</b>	-1.5	-1.5	-0.7	-0.6	0.3	0.8	1.0	1.3	1.7	1.9	1.9	2.2	3.2
<b>United Kingdom</b>	-1.1	-1.0	-0.7	-0.2	0.1	0.1	0.3	0.0	-0.1	0.3	0.8	1.4	1.7
<b>United States</b>	-0.3	0.0	1.0	1.8	1.6	1.8	2.5	3.0	3.6	4.4	4.7	4.3	3.6
<b>Major Five Asia*</b>	9.7	9.8	10.3	9.9	10.1	9.7	9.5	8.9	10.1	10.8	11.4	12.3	
<b>Brazil</b>	7.0	7.1	6.6	4.8	3.4	2.1	2.1	3.9	7.7	11.4	12.8	13.1	10.7
<b>China</b>	13.4	13.9	15.5	15.4	15.9	15.4	15.0	13.4	14.9	15.5	15.7	16.6	17.0
<b>India</b>	7.0	7.1	6.9	6.5	7.0	6.0	5.5	5.0	5.7	6.1	6.8	7.4	
<b>Russia</b>	7.4	8.3	9.0	9.5	10.5	15.1	13.5	12.3	6.7	8.2	7.6	7.4	7.5

\* China, India, Indonesia, Japan and Korea

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## Methodological Notes

The OECD CLI is designed to provide early signals of turning points (peaks and troughs) between expansions and slowdowns of economic activity. The CLI is an instrument of analysis that has to be used carefully. The OECD CLI is designed to provide qualitative information on short-term economic movements rather than quantitative measures. Therefore, the main message of CLI movements over time is the direction up or down rather than levels.

The OECD uses the six-month rate of change of the CLI as its preferred pointer to possible turning points. This rate is calculated on the trend restored CLI and thus includes long-term growth rate in addition to purely cyclical movements. The six-month rate of change of the CLI is calculated by using the ratio between the figure for a given month  $m$  and the average of the figures from  $m-12$  to  $m-1$ . Thus, the six-month rate of change is less volatile and provides earlier and clearer signals for future turning points than the CLI itself. In practice, turning points in GDP have been found about six to nine months (on average) after the signals of turning points had been detected in the six-month rate of change. The OECD has compiled CLIs, which summarise information contained in a number of key short-term economic indicators known to be linked to GDP, for 23 member countries since the 1980s.

The CLIs are aggregated time series, and have been compiled using a modified version of the method developed by the US National Bureau of Economic Research. In general, the index of industrial production covering all industry sectors (IIP) is used as a proxy measure for GDP as historical turning points of IIP have coincided with those of the entire economies for most OECD countries. The CLI comprises a set of component series selected from a wide range of key short-term economic indicators (224 in total, about 5-10 for each country). The component series selected are those known to provide an indication of future economic activity. They will also be suitable when changes in economic structures occur in future.

The OECD has developed CLIs for the major six OECD non-member economies (Brazil, China, India, Indonesia, Russian Federation and South Africa) monitored by the organisation and six recently new OECD member countries (Korea, New Zealand, Czech Republic, Hungary, Poland and Slovak Republic). CLI's for above countries were published for the first time in April 2006. Detailed methodological information on compilation of CLIs for these 12 countries can be found on the OECD web site at <http://www.oecd.org/dataoecd/35/22/36414874.pdf>.

The **OECD-Total** covers the following 29 countries: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, and United States.

The **G7 area** covers Canada, France, Germany, Italy, Japan, United Kingdom and United States.

The **Euro area** covers the following 12 countries: Austria, Belgium, Finland, France, Germany, Greece, Italy, Ireland, Luxembourg, the Netherlands, Portugal, and Spain.

The **EU15 area** covers the Euro area plus Denmark, Sweden, and United Kingdom.

The **Major Five Asia area** covers China, India, Indonesia, Japan and Korea.

This news release can be found on the [OECD Internet Site](#)

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**Next release: 7 July 2006**