

OECD composite leading indicators point to stable pace of expansion

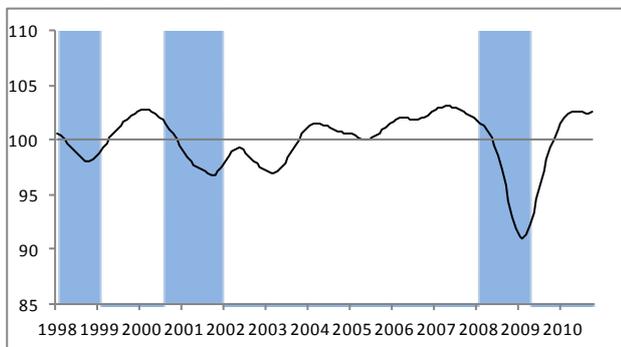
OECD composite leading indicators (CLIs), designed to anticipate turning points in economic activity, suggest a stabilisation in the pace of expansion across the OECD.

Similar to [last month's assessment](#), growth prospects vary across major economies. But tentative signs of convergence in economic cycles are appearing in many countries. The October 2010 CLIs for the **United States** and **China**, and to a lesser extent **France**, show signs of improvement compared to last month, while the CLIs for **Germany** and **Japan** show moderation towards a stable pace of expansion. The CLI also continues to point to expansion in **Russia**.

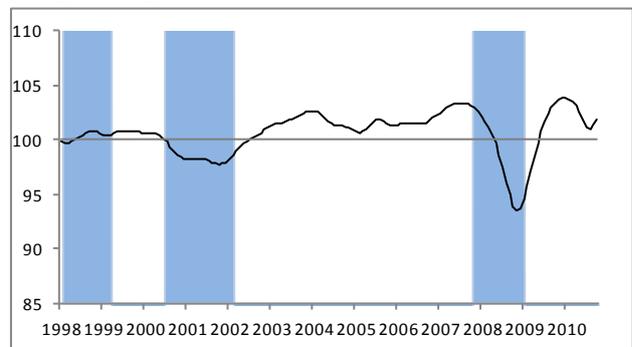
Downturn signals are still evident for **Canada**, **Italy** and **India**, while **Brazil** remains in a slowdown phase.

The OECD Development Centre's Asian Business Cycle Indicators (ABCIs) suggest that the strong recovery seen in ASEAN economies in the first half of 2010 is gradually losing momentum ([Read more](#)).

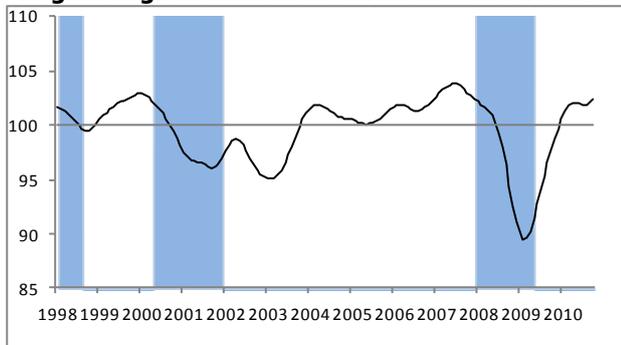
Stable pace of expansion in the OECD area



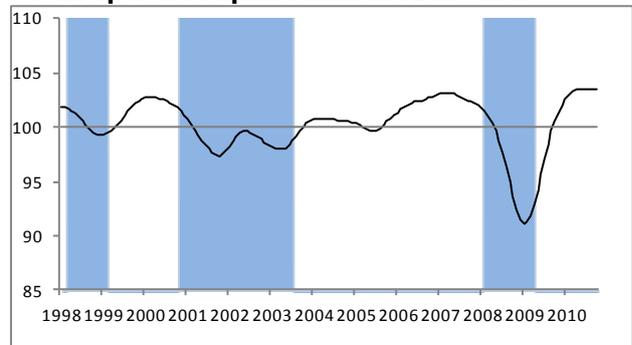
Regained growth momentum in China



Regained growth momentum in the United States



Stable pace of expansion in the Euro area



The above graphs show for each country the outlook for economic activity based on the CLIs. CLIs attempt to indicate turning points in economic activity approximately six months in advance. Shaded areas represent observed downturns (measured from peak to trough) in the de-trended industrial production (the reference series for economic activity).

Methodological Notes:

The CLI methodological notes are available at: <http://www.oecd.org/dataoecd/22/47/44728410.pdf>

Access data:

CLI data is available at: http://stats.oecd.org/wbos/default.aspx?datasetcode=MEI_CLI

The OECD Development Centre's ABCIs are available at: www.oecd.org/dev/asiapacific/abcis

Contacts:

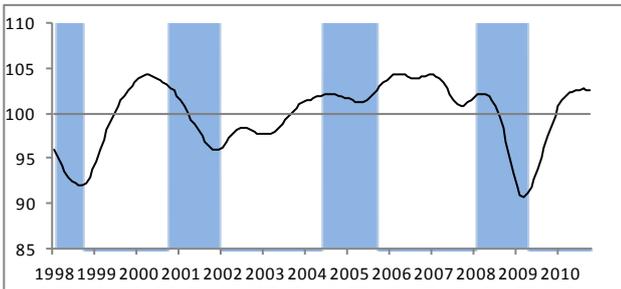
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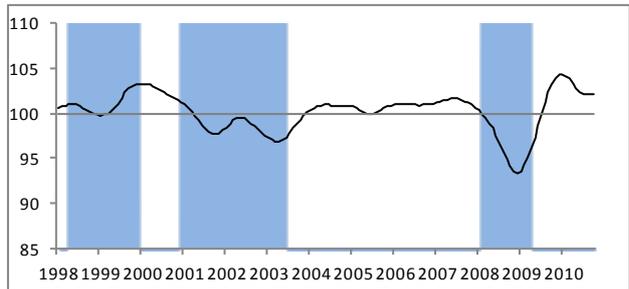
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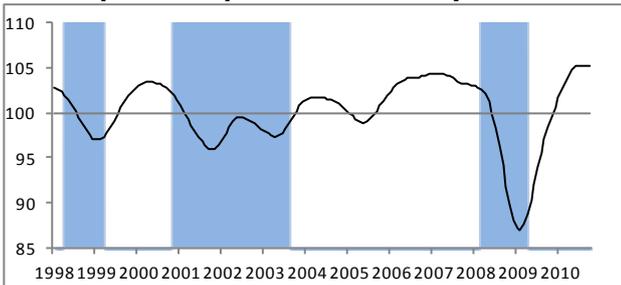
Stable pace of expansion in Japan



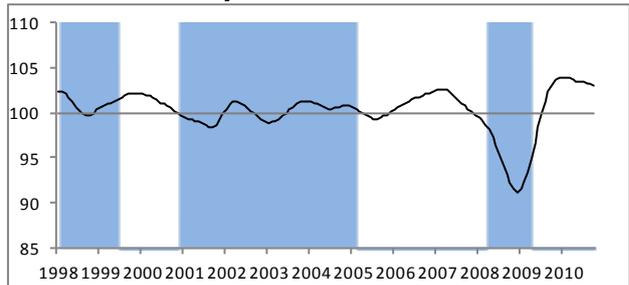
Stable pace of expansion in France



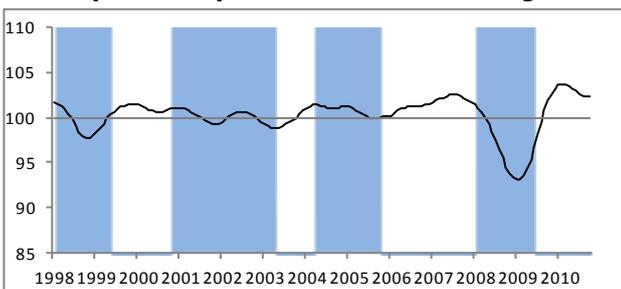
Stable pace of expansion in Germany



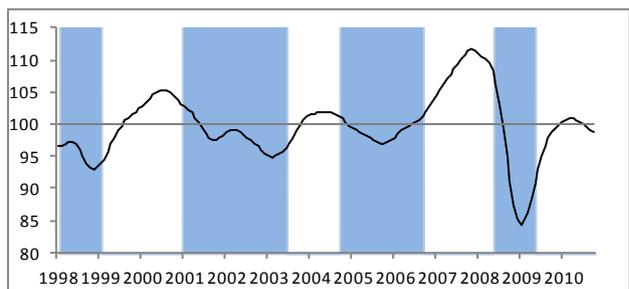
Downturn in Italy



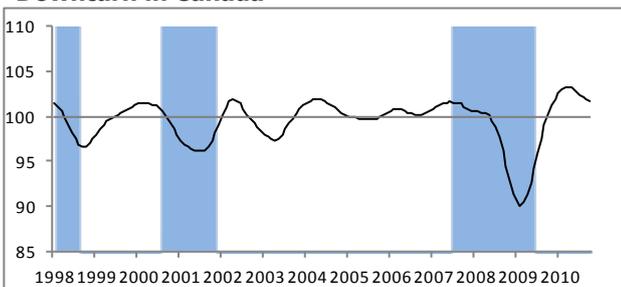
Stable pace of expansion in the United Kingdom



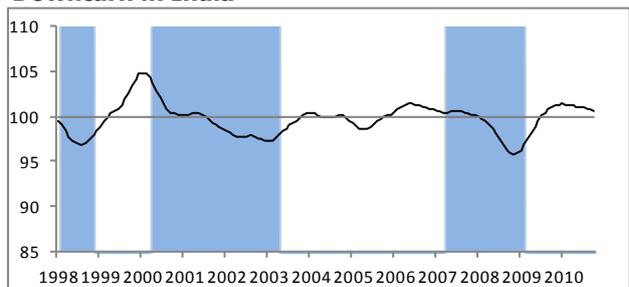
Slowdown in Brazil



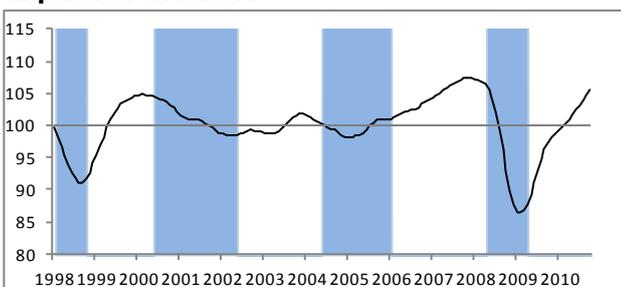
Downturn in Canada



Downturn in India



Expansion in Russia



Note: The horizontal line 100 shows the long-term trend in industrial production (the reference series). *Expansion* denotes a CLI increasing above 100; *downturn* a CLI decreasing but still above 100; *slowdown* a CLI decreasing below 100; *recovery* a CLI increasing but below 100.

Table 1: Composite Leading Indicators

	Ratio to trend, amplitude adjusted (long term average =100)					Change from previous month (points)					Year on Year change (points)	Growth cycle outlook**
	2010					2010					Latest month	
	Jun	Jul	Aug	Sep	Oct	Jun	Jul	Aug	Sep	Oct		
OECD Area	102.6	102.5	102.5	102.5	102.6	-0.1	-0.1	0.0	0.0	0.1	3.3	stable pace of expansion
Euro Area	103.5	103.5	103.4	103.4	103.4	0.0	0.0	0.0	0.0	0.0	2.9	stable pace of expansion
Major Five Asia*	101.9	101.5	101.4	101.5	101.7	-0.4	-0.3	-0.1	0.1	0.2	0.2	regained momentum
Major Seven	102.7	102.6	102.6	102.6	102.7	-0.1	-0.1	0.0	0.0	0.1	3.8	stable pace of expansion
Canada	102.8	102.4	102.0	101.8	101.7	-0.4	-0.4	-0.3	-0.2	-0.1	1.5	downturn
France	102.4	102.2	102.1	102.1	102.2	-0.4	-0.3	-0.1	0.0	0.1	-1.0	stable pace of expansion
Japan	102.6	102.7	102.7	102.7	102.6	0.1	0.1	0.1	0.0	-0.1	5.1	stable pace of expansion
Germany	105.2	105.3	105.3	105.2	105.2	0.3	0.1	0.0	-0.1	-0.1	6.8	stable pace of expansion
Italy	103.5	103.4	103.3	103.2	103.1	0.0	-0.1	-0.1	-0.1	-0.1	0.0	downturn
United Kingdom	102.9	102.6	102.4	102.3	102.3	-0.3	-0.3	-0.2	-0.1	-0.1	0.4	stable pace of expansion
United States	102.0	101.9	101.9	102.0	102.3	-0.1	-0.1	0.0	0.1	0.3	4.6	regained momentum
Brazil	100.3	99.9	99.5	99.1	98.9	-0.4	-0.4	-0.4	-0.3	-0.3	0.1	slowdown
China	101.8	101.1	100.9	101.3	101.9	-0.8	-0.7	-0.2	0.3	0.6	-1.5	regained momentum
India	101.0	101.0	100.9	100.8	100.6	0.0	0.0	-0.1	-0.1	-0.2	-0.4	downturn
Russia	102.4	103.2	104.0	104.8	105.5	0.7	0.8	0.8	0.8	0.7	8.3	expansion

* China, India, Indonesia, Japan and Korea.

** Growth cycle phases of the CLI are defined as follows: expansion (increase above 100), downturn (decrease above 100), slowdown (decrease below 100), recovery (increase below 100). CLI data for 29 OECD member countries and 6 OECD non-member economies available at: http://stats.oecd.org/wbos/default.aspx?datasetcode=MEI_CLI

Table 2: Historical Performance of CLI and Recent Cyclical Turning Points in the Reference Series

	CLI Historical Performance			Recent Turning Point dates in the reference series					
	Lead at all turning points			Dates marked with (P) are provisional turning points					
	start year	mean	st. dev.	trough	peak	trough	peak	trough	peak
OECD Area	1961	6	3.5	Jan 2002			Feb 2008	May 2009 P	
Euro Area	1963	7	3.1	Jul 2003			Mar 2008	May 2009 P	
Major Five Asia*	1983	8	5.8	Dec 2001	May 2004	Jun 2005	Jan 2008	Mar 2009 P	
Major Seven	1959	6	3.7	Jan 2002			Mar 2008	May 2009 P	
Canada	1956	8	3.7	Nov 2001			Aug 2007	Jun 2009 P	
France	1962	7	4.9	Jul 2003			Feb 2008	Apr 2009 P	
Japan	1959	6	4.5	Dec 2001			Mar 2008	Apr 2009 P	
Germany	1961	5	4.0	Jul 2003			Mar 2008	May 2009 P	
Italy	1973	7	5.8			Feb 2005	Mar 2008	May 2009 P	
United Kingdom	1958	7	5.2	Apr 2003	Apr 2004	Aug 2005	Feb 2008	Jun 2009 P	
United States	1955	5	3.4	Dec 2001			Feb 2008	May 2009 P	
Brazil	1989	5	2.3	Jun 2003	Oct 2004	Aug 2006	May 2008	Apr 2009 P	
China	1990	6	4.9	Jan 2002			Jan 2008	Feb 2009 P	
India	1994	4	2.7	Apr 2003			Mar 2007	Feb 2009 P	
Russia	1993	3	2.3	Jul 2002	Jun 2004	Sep 2005	Apr 2008	May 2009 P	

* China, India, Indonesia, Japan and Korea

P= provisional