



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. KST, FRIDAY, MARCH 12, 2010

The Conference Board®
Korea Business Cycle IndicatorsSM
THE CONFERENCE BOARD LEADING ECONOMIC INDEX®
(LEI) FOR KOREA
AND RELATED COMPOSITE ECONOMIC INDEXES FOR JANUARY 2010

The Conference Board Leading Economic Index® (LEI) for Korea increased 0.3 percent and **The Conference Board Coincident Economic Index®** (CEI) for Korea declined 0.4 percent in January.

- The Conference Board LEI for Korea increased slightly in January, and it has been on an upward trend for a year. This month, gains in letter of credit arrivals and real exports more than offset the large negative contributions from stock prices and the (inverted) index of inventories to shipments. The leading economic index increased by 7.1 percent (about a 14.7 percent annual rate) in the six-month period ending in January 2010, slightly higher than the increase of 5.9 percent (about a 12.2 percent annual rate) for the previous six months ending in July 2009. In addition, the strengths among the leading indicators have remained widespread in recent months.
- The Conference Board CEI for Korea, a measure of current economic activity, declined in January for the first time since December 2008. The wholesale and retail sales component, industrial production, and total employment all made large negative contributions to the index this month. With the decline in January, the six-month growth rate of the coincident economic index continued to slow -- to 1.7 percent (about a 3.5 percent annual rate), down from 3.7 percent (about a 7.6 percent annual rate) for the previous six months. At the same time, real GDP growth also slowed substantially, to 0.7 percent (annual rate) in the fourth quarter of 2009, following the rapid increases of 13.6 percent (annual rate) in the third quarter and the 5.6 percent average annual rate in the first half of the year.
- The Conference Board LEI for Korea has been on an upward trend for a year now, and is back to its July 2008 level. Meanwhile, The Conference Board CEI for Korea declined this month, and its six-month growth rate has continued to slow. Taken together, the current behavior of the composite indexes and their components suggests that economic activity will continue to improve, but perhaps at a modest pace in the near term.

LEADING INDICATORS. Four of the seven components that make up The Conference Board LEI for Korea increased in January. The positive contributors – from the largest positive contributor to the smallest – were letter of credit arrivals, real exports FOB, private construction orders*, and value of machinery orders*. Negative contributors – from the largest negative contributor to the smallest – were stock prices, the (inverted) index of inventories to shipments, and the (inverted) yield of government public bonds.

With the 0.3 percent increase in January, The Conference Board LEI for Korea now stands at 114.7 (2004=100). Based on revised data, this index increased 2.1 percent in December and increased 1.8 percent in November. During the six-month span through January, the leading economic index increased 7.1 percent, with five of the seven components advancing (diffusion index, six-month span equals 85.7 percent).

COINCIDENT INDICATORS. Only one of the four components that make up The Conference Board CEI for Korea increased in January. The positive contributor was monthly cash earnings. The wholesale and retail sales component, industrial production and total employment declined in January.

With the 0.4 percent decrease in January, The Conference Board CEI for Korea now stands at 110.6 (2004=100). Based on revised data, this index increased 0.3 percent in December and increased 0.9 percent in November. During the six-month span through January, the coincident economic index increased 1.7 percent, with three of the four components advancing (diffusion index, six-month span equals 75.0 percent).

DATA AVAILABILITY. The data series used to compute **The Conference Board Leading Economic Index[®]** (LEI) and **The Conference Board Coincident Economic Index[®]** (CEI) for Korea reported in this release are those available “as of” 10 A.M. (ET) on March 10, 2010.

* The series in the coincident economic index based on The Conference Board’s estimates is monthly cash earnings. The series in the leading economic index based on The Conference Board’s estimates are private construction orders and value of machinery orders.

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Summary Table of Composite Economic Indexes

	2009		2010	6-month
	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Jul to Jan</u>
Leading Economic index (LEI)	112.0 r	114.4 r	114.7	
Percent Change	1.8	2.1	0.3	7.1
Diffusion	71.4	92.9	64.3	85.7
Coincident Economic Index (CEI)	110.7 r	111.0 p	110.6 p	
Percent Change	0.9 p	0.3 p	-0.4 p	1.7 p
Diffusion	50.0	50.0	25.0	75.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board All Rights Reserved

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For more information visit our Website: www.conference-board.org/economics/bci/

The next release is scheduled for Friday, April 9, 2010 at 10:00 A.M. (KST)

In the U.S – Thursday, April 8, 2010 at 9:00 P.M (DST)