



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. KST, WEDNESDAY, JULY 15, 2009

The Conference Board®
Korea Business Cycle IndicatorsSM
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX™
(LEI) FOR KOREA**
AND RELATED COMPOSITE ECONOMIC INDEXES FOR MAY 2009

The Conference Board Leading Economic Index™ (LEI) for Korea increased 0.7 percent and **The Conference Board Coincident Economic Index™ (CEI)** for Korea increased 0.6 percent in May.

- The Conference Board LEI for Korea increased for the fourth consecutive month in May. Letter of credit arrivals, real exports, value of machinery orders, the index of inventories to shipments (inverted) and stock prices continued to contribute positively to the index. With this month's gain, the six-month growth rate of the leading economic index has turned positive for the first time since February last year. The index increased 1.2 percent (about a 2.3 percent annual rate) between November 2008 and May 2009, well above the 10.8 percent decline in the previous six months. Moreover, the strengths among the leading indicators have remained slightly more widespread than the weaknesses during this period.
- The Conference Board CEI for Korea, a measure of current economic activity, also continued to increase in May. Wholesale and retail trade again made a large contribution to the index this month, while industrial production rose slightly following sharp gains in the previous three months. The six-month growth rate of the index has also become positive – it increased to 1.0 percent (a 2.1 percent annual rate) for the period through May 2009, up from -3.3 percent for the previous six months. At the same time, real GDP grew at a 0.5 percent annual rate in the first quarter of 2009, up from the 18.8 percent annual rate of decline in the fourth quarter of 2008.
- After declining sharply in the fourth quarter of 2008, both composite indexes for Korea have risen for four consecutive months, and their six-month growth rates have also become positive. All in all, the current behavior of the composite indexes and their components suggest that economic activity is likely to improve slightly in upcoming months.

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

With the 0.7 percent increase in May, The Conference Board LEI for Korea now stands at 104.0 (2004=100). Based on revised data, this index increased 2.0 percent in April and increased 0.4 percent in March. During the six-month span through May, the leading economic index increased 1.2 percent, with four of the seven components advancing (diffusion index, six-month span equals 57.1 percent).

COINCIDENT INDICATORS. Three of the four components that make up The Conference Board CEI for Korea increased in May. The positive contributors– in order from the largest positive contributor to the smallest – were the wholesale and retail sales component, monthly cash earnings*, and industrial production. Total employment declined in May.

With the 0.6 percent increase in May, The Conference Board CEI for Korea now stands at 107.1 (2004=100). Based on revised data, this index increased 0.7 percent in April and increased 0.8 percent in March. During the six-month span through May, the coincident economic index increased 1.0 percent, with two of the four components advancing (diffusion index, six-month span equals 50.0 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 July 13, 2009.

* The series in the coincident economic index based on The Conference Board’s estimates is monthly cash earnings. There is no forecasted series in the leading economic index.

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Summary Table of Composite Economic Indexes

	<u>Mar</u>	<u>2009</u> <u>Apr</u>	<u>May</u>	<u>6-month</u> <u>Nov to May</u>
Leading Economic index (LEI)	101.3	103.3 r	104.0	
Percent Change	0.4 r	2.0 r	0.7	1.2
Diffusion	57.1 r	85.7 r	71.4	57.1
Coincident Economic Index (CEI)	105.8 r	106.5 p	107.1 p	
Percent Change	0.8 r	0.7 p	0.6 p	1.0 p
Diffusion	75.0	62.5	75.0	50.0

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

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

The next release is scheduled for Wednesday, August 12, 2009 at 10:00 A.M. (KST)
In the U.S – Tuesday, August 11, 2009 at 9:00 P.M (EST)