



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. KST, WEDNESDAY, AUGUST 12, 2009

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

The Conference Board Leading Economic Index™ (LEI) for Korea increased 1.5 percent and **The Conference Board Coincident Economic Index™ (CEI)** increased 1.3 percent in June.

- The Conference Board LEI for Korea increased for the fifth consecutive month in June. Large positive contributions from real exports, the index of inventories to shipments (inverted), value of machinery orders, and letter of credit arrivals more than offset negative contributions from private construction orders, the yield on government bonds (inverted), and stock prices. With June's gain, the six-month growth rate in the leading economic index continued to pick up, to 4.0 percent (about an 8.2 percent annual rate) for the first half of 2009 – back to the rate last seen in October 2007. In addition, the strengths among the leading indicators have been widespread during this period.
- The Conference Board CEI for Korea, a measure of current economic activity, also continued to increase in June. Industrial production and total employment both made large contributions to the index this month, while wholesale and retail sales also increased. The six-month growth rate of the index has also continued to pick up, to 3.7 percent (a 7.6 percent annual rate) for the period through June 2009, a reversal of the 3.9 percent decline for the second half of 2008. At the same time, real GDP grew at a 9.7 percent annual rate in the second quarter of 2009 – its highest growth since 2003 and well above the 0.5 percent annual rate of increase in the first quarter of the year.
- After declining sharply in the fourth quarter of 2008, both composite indexes for Korea have risen significantly this year. In addition, their growth rates have continued to accelerate amid widespread strength among their components. Taken together, the current behavior of the composite indexes suggests that the improvement in economic activity will likely continue in upcoming months.

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

With the 1.5 percent increase in June, The Conference Board LEI for Korea now stands at 105.6 (2004=100). Based on revised data, this index increased 0.6 percent in May and increased 2.0 percent in April. During the six-month span through June, the leading economic index increased 4.0 percent, with six of the seven components advancing (diffusion index, six-month span equals 85.7 percent).

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

With the 1.3 percent increase in June, The Conference Board CEI for Korea now stands at 108.5 (2004=100). Based on revised data, this index increased 0.7 percent in May and increased 0.7 percent in April. During the six-month span through June, the coincident economic index increased 3.7 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 August 10, 2009.

* The series in the coincident economic index based on The Conference Board’s estimates is monthly cash earnings.

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Summary Table of Composite Economic Indexes

	<u>Apr</u>	<u>2009</u> <u>May</u>	<u>Jun</u>	<u>6-month</u> <u>Dec to Jun</u>
Leading Economic index (LEI)	103.4 r	104.0	105.6	
Percent Change	2.0	0.6 r	1.5	4.0
Diffusion	85.7	71.4 r	57.1	85.7
Coincident Economic Index (CEI)	106.4 r	107.1 p	108.5 p	
Percent Change	0.7	0.7 p	1.3 p	3.7 p
Diffusion	75.0	87.5	100.0	75.0

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2004

Source: The Conference Board

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The next release is scheduled for Wednesday, September 16, 2009 at 10:00 A.M. (KST)

In the U.S – Tuesday, September 15, 2009 at 9:00 P.M (ET)